CIRCULAR DATED 10 NOVEMBER 2010

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

Singapore Exchange Securities Trading Limited (the "**SGX-ST**") takes no responsibility for the accuracy of any statements or opinions made, or reports contained, in this Circular. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Approval in-principle has been obtained from the SGX-ST on 3 November 2010 for the listing and quotation of the new units in First Real Estate Investment Trust ("**First REIT**", and the new units in First REIT, the "**Rights Units**") to be issued for the purpose of the Rights Issue (as defined herein) 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.

If you have sold or transferred all your units in First REIT ("**Units**"), you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular is not for distribution, directly or indirectly, in or into the United States and does not constitute an offer of securities into the United States. The "nil-paid" rights entitlements and the Rights Units have not been and will not be registered under the U.S. Securities Act of 1933 (as amended) ("**Securities Act**") or under the securities laws of any state or other jurisdiction of the United States. The "nil-paid" rights entitlements and the Rights Units may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. There will be no public offer of securities in the United States.

FIRST REIT

FIRST REAL ESTATE INVESTMENT TRUST

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

MANAGED BY

BOWSPRIT CAPITAL CORPORATION LIMITED

CIRCULAR TO UNITHOLDERS

IN RELATION TO

(1) THE PROPOSED ACQUISITION OF MOCHTAR RIADY COMPREHENSIVE CANCER CENTRE;

(2) THE PROPOSED ACQUISITION OF SILOAM HOSPITALS LIPPO CIKARANG;

(3) THE PROPOSED FULLY UNDERWRITTEN RENOUNCEABLE RIGHTS ISSUE; AND

(4) THE PROPOSED WHITEWASH RESOLUTION IN RELATION TO THE WAIVER OF THE RIGHTS OF INDEPENDENT UNITHOLDERS TO RECEIVE A MANDATORY OFFER FROM PT LIPPO KARAWACI TBK AND PARTIES ACTING IN CONCERT WITH IT FOR THE REMAINING UNITS NOT OWNED OR CONTROLLED BY THEM PURSUANT TO THE RIGHTS ISSUE.

Joint Lead Managers and Underwriters

OCBC Bank

CREDIT SUISSE

Independent Financial Adviser to the Independent Directors of Bowsprit Capital Corporation Limited

STIRLING COLEMAN
施霖高诚
(Incorporated in the Republic of Singapore)
(Company Registration Number: 200105040N)
www.stirlingcoleman.com

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	27 November 2010 at 2.00 p.m.
Date and time of Extraordinary General Meeting	:	29 November 2010 at 2.00 p.m.
Place of Extraordinary General Meeting	:	Mandarin Ballroom 2, Level 6, Main Tower, Mandarin Orchard Singapore, 333 Orchard Road, Singapore 238867

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CORPORATE INFORMATION

Directors of Bowsprit Capital Corporation Limited (the manager of First REIT (the "Manager"))	:	Mr Albert Saychuan Cheok (Chairman and Independent Director) Mr Goh Tiam Lock (Independent Director) Mr Markus Parmadi (Non-Executive Director) Mr Mag Rainer Silhavy (Non-Executive Director) Mr Douglas Chew (Alternate Director to Mr Mag Rainer Silhavy) Dr Ronnie Tan Keh Poo (Chief Executive Officer and Director)
Registered office of the Manager	:	1 Phillip Street #15-00 Singapore 048692
Trustee of First REIT (the "Trustee")	:	HSBC Institutional Trust Services (Singapore) Limited 21 Collyer Quay #14-01 HSBC Building Singapore 049320
Legal Adviser for the Rights Issue and the Acquisitions (as defined herein), and to the Manager	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Joint Lead Managers and Underwriters for the Rights Issue (the "Joint Lead Managers and Underwriters")	:	Oversea-Chinese Banking Corporation Limited 65 Chulia Street #26-00 OCBC Centre Singapore 049513 Credit Suisse (Singapore) Limited One Raffles Link #03/#04-01 Singapore 039393
Legal Adviser to the Manager and the Trustee for the Acquisitions as to Indonesian Law	:	Makes & Partners Menara Batavia, 7th Floor Jl. KH. Mas Mansyur Kav. 126 Jakarta 10220, Indonesia
Legal Adviser to the Joint Lead Managers and Underwriters as to Singapore Law	:	Allen & Overy LLP 24 Raffles Place #22-00 Clifford Centre Singapore 048621
Legal Adviser to the Trustee as to Singapore law	:	Shook Lin & Bok LLP 1 Robinson Road #18-00 AIA Tower Singapore 048542
Independent Financial Adviser to the Independent Directors of the Manager and the Trustee in relation to the SHLC Acquisition, the SHLC Master Lease, the MRCCC Master Lease and the Whitewash Resolution (each as defined herein)	:	Stirling Coleman Capital Limited 4 Shenton Way, #07-03 SGX Centre 2 Singapore 068807

Independent Reporting Accountants	:	RSM Chio Lim LLP 8 Wilkie Road #04-08 Wilkie Edge Singapore 228095
Independent Singapore Tax Adviser	:	Ernst & Young LLP One Raffles Quay North Tower, Level 18 Singapore 048583
Independent Indonesia Tax Adviser	:	PB & Co Menara Imperium 27th Floor Jl. H.R. Rasuna Said Kav. 1 Jakarta 12980 Indonesia
Independent Valuers	:	KJPP Willson & Rekan Wisma Nugra Santana #17-08, Jl. Jend. Sudirman Kav. 7-8, Jakarta 10220, Indonesia (appointed by the Manager for the valuation of Mochtar Riady Comprehensive Cancer Centre) KJPP Damianus Ambur Kawasan Bisnis Granadha Lt.12B Jl. Jenderal Sudirman Kav. 50. Jakarta 12930, Indonesia (appointed by the Manager for the valuation of Siloam Hospitals Lippo Cikarang) KJPP Rengganis, Hamid & Rekan Menara Kuningan 8th Floor, Jl. HR. Rasuna said Blok X-7 Kav. 5. Jakarta 12940, Indonesia (appointed by the Trustee for the valuation of Mochtar Riady Comprehensive Cancer Centre) KJPP Willson & Rekan Wisma Nugra Santana #17-08, Jl. Jend. Sudirman Kav. 7-8, Jakarta 10220, Indonesia (appointed by the Trustee for the valuation of Siloam Hospitals Lippo Cikarang)
Independent Healthcare Research Consultant for the Indonesia Healthcare Market Review Report (the "Independent Healthcare Research Consultant")	:	Frost & Sullivan 100 Beach Road #29-01/11 Shaw Tower Singapore 189702
Unit Registrar and Unit Transfer Office	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623

SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the full text of this Circular. Meanings of defined terms may be found in the Glossary on pages 63 to 73 of this Circular.

INTRODUCTION

First REIT's investment policy is 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[1]. In furtherance of First REIT's investment policy, the Manager is seeking the approval of unitholders of First REIT ("**Unitholders**") for the following resolutions:

(a) Resolution 1: The MRCCC Acquisition (Ordinary Resolution[2]) (conditional upon Resolutions 2, 3 and 4);

(b) Resolution 2: The SHLC Acquisition (Ordinary Resolution) (conditional upon Resolutions 1, 3 and 4);

(c) Resolution 3: The Rights Issue (Ordinary Resolution) (conditional upon Resolutions 1, 2 and 4); and

(d) Resolution 4: The Whitewash Resolution (Ordinary Resolution).

Unitholders should note that resolutions 1, 2 and 3 are each conditional on the other. Unitholders should also note that resolutions 1, 2 and 3 are each also conditional upon resolution 4.

BACKGROUND AND RATIONALE OF APPROVALS SOUGHT

As part of First REIT's growth strategy, the Manager is committed to pursuing acquisition opportunities that will enhance First REIT's asset base and maintain an attractive cash flow and yield profile. Further to this growth strategy, the Manager is seeking to acquire:

(1) Mochtar Riady Comprehensive Cancer Centre, which is located at Jalan Garnisun Dalam RT. 010/001 Kelurahan Karet Semanggi, Kecamatan Setiabudi, South Jakarta, Indonesia ("**MRCCC**", and the proposed acquisition of MRCCC, the "**MRCCC Acquisition**") for a purchase consideration of S$170.5 million (the "**MRCCC Purchase Consideration**") from Wincatch Limited ("**Wincatch**"), which wholly owns MRCCC. Wincatch is not related to any of the Manager, the Sponsor of First REIT, PT Lippo Karawaci Tbk ("**Lippo**") or the Trustee[3]. The acquisition of MRCCC will be carried out by First REIT indirectly via the acquisition of Gold Capital Pte. Ltd., a company incorporated in Singapore on 27 July 2007 ("**Gold**") which, directly and through its wholly-owned subsidiary, Higrade Capital Pte. Ltd., a company incorporated in Singapore on 31 July 2007 ("**Higrade**"), wholly-owns PT Primatama Cemerlang, a company incorporated in Indonesia on 19 June 2007 ("**PC**") which in turn holds MRCCC; and

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1 Including, but not limited to, hospitals, nursing homes, medical clinics, pharmacies, laboratories, diagnostic/imaging facilities and real estate and/or real estate related assets used in connection with healthcare research, education, lifestyle and wellness management, manufacture, distribution or storage of pharmaceuticals, drugs, medicine and other healthcare goods and devices and such other ancillary activities relating to the primary objective, whether wholly or partially owned, and whether directly or indirectly held through the ownership of special purpose vehicles whose primary purpose is to hold or own real estate.

2 "**Ordinary Resolution**" refers to a resolution proposed and passed as such by a majority being more than 50.0% of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the trust deed dated 19 October 2006 constituting First REIT (as amended) (the "**Trust Deed**").

3 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.

(2) Siloam Hospitals Lippo Cikarang, which is located at Jalan Mohammad Husni Thamrin Kav.105, Lippo Cikarang, Bekasi 17550, Indonesia ("**SHLC**", and the proposed acquisition of SHLC, the "**SHLC Acquisition**") for a purchase consideration of S$35.0 million (the "**SHLC Purchase Consideration**") from PT East Jakarta Medika ("**EJM**"), which is 90.8% owned by Lippo. First REIT will acquire SHLC through its indirect wholly-owned subsidiary, PT Graha Pilar Sejahtera, a company incorporated in Indonesia on 23 March 2007 ("**GPS**") which is held by Platinum Strategic Investments Pte. Ltd., a company incorporated in Singapore on 31 July 2007 ("**Platinum**") which, directly and through its wholly-owned subsidiary, Ultra Investments Pte. Ltd., a company incorporated in Singapore on 6 August 2007 ("**Ultra**"), wholly-owns GPS.

To part finance the MRCCC Acquisition and the SHLC Acquisition[1] (collectively, the "**Acquisitions**"), the Manager is proposing to raise approximately S$172.8 million by issuing 345,664,382 Rights Units on a renounceable and underwritten basis to Eligible Unitholders (as defined herein) (the "**Rights Issue**") 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.

The Acquisitions and the Rights Issue are collectively referred to in this Circular as the "**Transactions**".

RESOLUTION 1: THE MRCCC ACQUISITION

Overview

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. Its Centre of Excellence[2] in comprehensive cancer services will be equipped with state of the art cancer treatment and diagnostic facilities.

The total cost of the MRCCC Acquisition, comprising the MRCCC Purchase Consideration, the acquisition fee in relation to the MRCCC Acquisition (the "**MRCCC Acquisition Fee**") payable to the Manager pursuant to 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**").

First REIT will, upon acquiring MRCCC, hold MRCCC under a 'Right to Build' (*Hak Guna Bangunan* or "**HGB**") title which will expire on 27 August 2015. 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.

(See paragraph 2 of the Letter to Unitholders for details on the MRCCC Acquisition)

Master Lease

In relation to the MRCCC Acquisition, a conditional master lease agreement (the "**MRCCC Master Lease Agreement**") has been entered into between PC and Lippo (as the MRCCC master lessee) on 8 November 2010 pursuant to which a master lease in relation to MRCCC will 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. (See paragraph 2.7 of the Letter to Unitholders for details on the terms of the MRCCC Master Lease)

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1 The net proceeds of the Rights Issue will be used to fully finance the SHLC Acquisition Cost (as defined herein) and part finance the MRCCC Acquisition Cost (as defined herein).

2 The term "Centre of Excellence" is used to describe a particular area of medical specialization, proficiency and excellence, with the relevant specialist doctors, nursing staff and state-of the-art medical equipment and facilities, at a hospital.

Valuation

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

The following table sets out the appraised values, the respective dates of such appraisal and purchase consideration of MRCCC:

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

The MRCCC Purchase Consideration is below the two independent valuations obtained in relation to MRCCC and represents a discount of 19.7% to S$212.3 million, which is the average of the two independent valuations of MRCCC.

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.

Interested Person Transaction[1] and Interested Party Transaction[2]

As at 4 November 2010, being the latest practicable date prior to the printing of this Circular (the "**Latest Practicable Date**"), 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 the SGX-ST ("**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 Person[3] of First REIT.

As such, the MRCCC Master Lease will constitute an Interested Person Transaction under Chapter 9 of the Listing Manual for which Unitholders' approval is required. Accordingly, the approval of Unitholders is sought for the MRCCC Acquisition. (See paragraph 4 of the Letter to Unitholders for further details)

For the avoidance of doubt, the MRCCC Acquisition is not an Interested Person Transaction or an Interested Party Transaction under the Listing Manual and the guidelines for real estate investment trusts as found in Appendix 2 of the Code on Collective Investment Schemes (the "**Property Funds Appendix**") issued by the Monetary Authority of Singapore (the "**MAS**") in relation to real estate investment trusts, 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. Nonetheless, the Manager is seeking the approval of the MRCCC Acquisition so as to take Unitholders' views of the MRCCC Acquisition into account.

UNITHOLDERS SHOULD NOTE THAT THE MRCCC ACQUISITION AND THE MRCCC MASTER LEASE ARE INTER-CONDITIONAL AND THAT BY APPROVING THE MRCCC ACQUISITION, THEY WOULD ALSO BE DEEMED TO HAVE APPROVED THE MRCCC MASTER LEASE.

1 "**Interested Person Transaction**" has the meaning ascribed to it in the Listing Manual.

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

3 "**Interested Person**" has the meaning ascribed to it in the Listing Manual.

UNITHOLDERS SHOULD ALSO NOTE THAT RESOLUTION 1 (THE MRCCC ACQUISITION) IS SUBJECT TO AND CONTINGENT UPON THE PASSING OF RESOLUTION 2 (THE SHLC ACQUISITION), RESOLUTION 3 (THE RIGHTS ISSUE) AND RESOLUTION 4 (THE WHITEWASH RESOLUTION).

RESOLUTION 2: THE SHLC ACQUISITION

Overview

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 2010[1]. 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.

The total cost of the SHLC Acquisition, comprising the SHLC Purchase Consideration, the acquisition fee in relation to the SHLC Acquisition (the "**SHLC Acquisition Fee**")[2] payable to the Manager pursuant to the Trust Deed 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**").

First REIT will, upon acquiring SHLC, hold SHLC under a HGB title which will expire on 5 May 2023[3].

(See paragraph 3 of the Letter to Unitholders for details on the SHLC Acquisition)

Master Lease

In relation to the SHLC Acquisition, a conditional master lease agreement (the "**SHLC Master Lease Agreement**") has been entered into between GPS and Lippo (as the SHLC master lessee) on 8 November 2010 pursuant to which a master lease in relation to SHLC will be granted to Lippo 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.

(See paragraph 3.7 of the Letter to Unitholders for details on the terms of the SHLC Master Lease)

Valuation

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

W&R, Damianus and Rengganis are collectively referred to in this Circular as the "**Independent Valuers**".

1 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.

2 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 Units (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.

3 The HGB titles in respect of MRCCC and SHLC were granted by the Badan Pertanahan Nasional, (national land office of Indonesia) (the "**National Land Office**") at different times. In addition, the National Land Office has the discretion to determine the tenure of the HGB titles to be granted subject to the relevant maximum limit. For the above reasons, the tenure of the HGB titles for SHLC and MRCCC are not the same. 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. The Manager understands from its experience that this is the standard industry practice for properties in Indonesia like MRCCC and SHLC.

The following table sets out the appraised values, the respective dates of such appraisal and purchase consideration of SHLC:

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

The SHLC Purchase Consideration is below the two independent valuations obtained in relation to SHLC and represents a discount of 13.8% to S$40.6 million, which is the average of the two independent valuations of SHLC.

Method of Financing

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

Interested Person Transaction and Interested Party Transaction

As at the Latest Practicable Date, Lippo directly and/or through its subsidiaries and through its interest in the Manager, has deemed 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.

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 and an Interested Party[1] 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 is sought for the SHLC Acquisition and the SHLC Master Lease. (See paragraph 4 of the Letter to Unitholders for further details)

UNITHOLDERS SHOULD NOTE THAT THE SHLC ACQUISITION AND THE SHLC MASTER LEASE ARE INTER-CONDITIONAL AND THAT BY APPROVING THE SHLC ACQUISITION, THEY WOULD ALSO BE DEEMED TO HAVE APPROVED THE SHLC MASTER LEASE.

UNITHOLDERS SHOULD NOTE THAT RESOLUTION 2 (THE SHLC ACQUISITION) IS SUBJECT TO AND CONTINGENT UPON THE PASSING OF RESOLUTION 1 (THE MRCCC ACQUISITION), RESOLUTION 3 (THE RIGHTS ISSUE) AND RESOLUTION 4 (THE WHITEWASH RESOLUTION).

RESOLUTION 3: THE RIGHTS ISSUE

Overview

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 the Issue Price of S$0.50 per Rights Unit, fractional entitlements to be disregarded.

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

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.

Use of proceeds

The Rights Issue will raise gross proceeds of approximately S$172.8 million of which net proceeds of approximately S$168.0 million will be used to fully finance the SHLC Acquisition Cost and part finance the MRCCC Acquisition Cost. The aggregate of the MRCCC Acquisition Cost and the SHLC Acquisition Cost is S$210.5 million.

Issue Price

The Issue Price represents a discount of 47.37% to the closing price of S$0.95 per Unit on the SGX-ST on the Latest Practicable Date. (the "**Closing Price**").

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

$$\text{TERP} = \frac{\text{Market capitalisation of First REIT}^{1} + \text{Gross proceeds from the Rights Issue}}{\text{Units in issue after the Rights Issue}^{2}}$$

Underwriting of the Rights Issue

The Rights Issue will be 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. (See paragraph 5.6 of the Letter to Unitholders for further details)

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.

Commitment of Lippo

To demonstrate its support for First REIT and the Rights Issue, Lippo which owns 60,131,506[3] Units representing 21.74% of the voting rights of First REIT as at the Latest Practicable Date has:

(i) provided an irrevocable undertaking to the Manager and the Joint Lead Managers and Underwriters on 8 November 2010 (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 (as defined herein); and

(ii) entered into a commitment agreement with the Joint Lead Managers and Underwriters on 8 November 2010 (the "**Commitment Agreement**"), pursuant to which Lippo agrees 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

1 Based on the Closing Price.

2 Comprising Existing Units as at the Latest Practicable Date and the Rights Units.

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 the Manager.

up to approximately 135,250,000 Rights Units representing 50.0% of the difference between the total number of Units under the Rights Issue[1] and the number of Proportionate Rights Units (the "**Commitment Rights Units**"), subject to the passing of the Whitewash Resolution.

The Joint Lead Managers and Underwriters will pay certain fees to Lippo pursuant to the Commitment Agreement. (See paragraph 5.6 of the Letter to Unitholders for further details)

Rationale for the Transactions

The Manager believes that a rights issue is the most appropriate method of part financing the Acquisitions[2]. By using the proceeds from the Rights Issue for the Acquisitions, First REIT will be able to broaden its capital base and provide greater financial flexibility to pursue opportunities including asset enhancements as well as future potential acquisitions.

In addition, Unitholders will be provided with the opportunity to subscribe for their *pro rata* entitlement to the Rights Units at an Issue Price of S$0.50 which is at a discount of 47.37% to the Closing Price and a discount of 28.57% to the TERP per Unit.

The Issue Price is at a discount of 34.21% to the pro forma net asset value ("**NAV**") per Unit of S$0.76 after completion of the Transactions as at 31 December 2009 and 30 September 2010.

Unitholders who do not wish to subscribe for the Rights Units may choose to renounce their provisional allotments of Rights Units in favour of a third party or sell their *pro rata* rights entitlements ("**Rights Entitlements**") during the "nil-paid" rights trading period to realise the value of their Rights Entitlements. In addition, Unitholders are entitled to apply for Excess Rights Units[3].

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

(i) opportunity to purchase attractive and high quality properties at prices below valuation;

(ii) 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 to expiry;

(iii) unique opportunity to acquire two quality hospitals in Jakarta, Indonesia;

(iv) 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;

(v) increased market capitalisation and potential increased liquidity through the Rights Issue;

(vi) yield accretive acquisition with expected increase in distribution yield to Unitholders for the full financial year from 1 January 2011 to 31 December 2011 (the "**Projection Year 2011**");

(vii) 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; and

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1 Based on the 345,664,382 Rights Units which are fully underwritten by the Joint Lead Managers and Underwriters under the terms and conditions of the Underwriting Agreement.

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

3 "**Excess Rights Units**" means the Rights Units represented by the provisional allotments (A) of (i) Eligible Unitholders who decline, do not accept, and elect not to renounce or sell their Rights Entitlements under the Rights Issue (during the "nil-paid" rights trading period prescribed by the SGX-ST) and/or (ii) Ineligible Unitholders (as defined herein) which have not been sold during the "nil-paid" rights trading period or (B) that have not been validly taken up by the original allottees, renouncees of the provisional allotments or the purchasers of the "nil-paid" rights units.

(viii) increase in attractiveness of the Enlarged Portfolio[1] given the reduction in the weighted average age of the properties in the Enlarged Portfolio after the completion of the Acquisitions.

(See paragraph 6 of the Letter to Unitholders for further details)

Status of Rights Issue

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, including the right to any distributions which may accrue for the period from 1 October 2010 to 31 December 2010 as well as distributions thereafter.

Unitholders should note that by approving the Rights Issue, they are also approving the issuance of the Rights Units which will rank *pari passu* in all respects with the existing Units in issue as at the date of issue of the Rights Units, including the right to any distributions which may accrue for the period from 1 October 2010 to 31 December 2010, notwithstanding that the Rights Units are expected to be issued in December 2010.

UNITHOLDERS SHOULD NOTE THAT RESOLUTION 3 (THE RIGHTS ISSUE) IS SUBJECT TO AND CONTINGENT UPON THE PASSING OF RESOLUTION 1 (THE MRCCC ACQUISITION), RESOLUTION 2 (THE SHLC ACQUISITION) AND RESOLUTION 4 (THE WHITEWASH RESOLUTION).

RESOLUTION 4: THE WHITEWASH RESOLUTION

Waiver of the Singapore Code of Take-overs and Mergers

The Securities Industry Council (the "**SIC**") has on 4 November 2010 granted a waiver (the "**SIC Waiver**") of the requirement by Lippo and parties acting in concert with Lippo to make a mandatory offer ("**Mandatory Offer**") for the remaining Units not owned or controlled by Lippo and parties acting in concert with Lippo, in the event that they incur an obligation to make a Mandatory Offer pursuant to Rule 14 of the Singapore Code of Take-overs and Mergers (the "**Code**") as a result of:

(i) the Lippo Entities taking up the Proportionate Rights Units allotted and issued to them pursuant to the Irrevocable Undertaking; and/or

(ii) the Lippo Entities subscribing for the Commitment Rights Units pursuant to the Commitment Agreement; and/or

(iii) the Lippo Entities acquiring Rights Units through, if applicable:

 (a) applying for any Excess Rights Units under the Rights Issue (the "**Lippo Excess Application**" and the Excess Rights Units applied for under the Lippo Excess Application, the "**Lippo Excess Rights Units**"); and/or

 (b) acquiring any Lippo Nil-Paid Rights Units[2] under the Rights Issue; and/or

(iv) the receipt by the Manager in its own capacity of the SHLC Acquisition Fee Units and/or the MRCCC Acquisition Fee Units,

subject to the satisfaction of the conditions specified in the SIC Waiver (as set out in paragraph 9.2 of the Letter to Unitholders) including the approval of the Whitewash Resolution by Independent Unitholders (as defined herein) at a general meeting of Unitholders (Resolution 4).

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1 "**Enlarged Portfolio**" consists of MRCCC, SHLC and the Existing Portfolio (as defined herein).

2 "**Lippo Nil-Paid Rights Units**" means the "nil-paid" rights entitlements acquired by Lippo on the open market during the "nil-paid" rights trading period or otherwise by way of private arrangement and the subsequent exercise of the "nil-paid" rights entitlements to acquire Rights Units.

For the avoidance of doubt, the Lippo Excess Rights Units and the purchase of Lippo Nil-Paid Rights would be offset against the Proportionate Rights Units and the Commitment Rights Units which Lippo has committed to subscribe for pursuant to the Irrevocable Undertaking and the Commitment Agreement.

The Manager proposes to seek approval from Unitholders other than Lippo, parties acting in concert with Lippo and parties which are not independent of Lippo (the "**Independent Unitholders**") for a waiver of their right to receive 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, in the event that they incur an obligation to make a Mandatory Offer as a result of:

(i) the Lippo Entities taking up the Proportionate Rights Units allotted and issued to them pursuant to the Irrevocable Undertaking; and/or

(ii) the Lippo Entities subscribing for the Commitment Rights Units pursuant to the Commitment Agreement; and/or

(iii) the Lippo Entities acquiring Rights Units through:

 (a) if applicable, applying for the Lippo Excess Rights Units pursuant to the Lippo Excess Application; and/or

 (b) if applicable, acquiring any Lippo Nil-Paid Rights Units under the Rights Issue; and/or

(iv) the receipt by the Manager in its own capacity of the SHLC Acquisition Fee Units and/or the MRCCC Acquisition Fee Units.

Rule 14.1(a) of the Code states that Lippo and parties acting in concert with Lippo would be required to make a Mandatory Offer if the Lippo Entities acquire additional Units which increase their aggregate unitholdings in First REIT to 30.0% or more.

Unless waived by the SIC, pursuant to Rule 14.1(a) of the Code, Lippo and parties acting in concert with Lippo would then be required to make a Mandatory Offer. The SIC has granted this waiver subject to the satisfaction of the conditions specified in the SIC Waiver (as set out in paragraph 9.2 of the Letter to Unitholders) including the Whitewash Resolution being approved by Independent Unitholders at the extraordinary general meeting of Unitholders to be held at Mandarin Ballroom 2, Level 6, Main Tower, Mandarin Orchard Singapore, 333 Orchard Road, Singapore 238867 at 2.00 p.m. on 29 November 2010 (the "**Extraordinary General Meeting**").

Assuming that all Unitholders (including the Lippo Entities) accept their provisional allotments under the Rights Issue in full and the Manager receives (in its own capacity) the MRCCC Acquisition Fee Units and the SHLC Acquisition Fee Units, the unitholdings of the Lippo Entities immediately after the completion of the Rights Issue and upon the acceptance of all of their provisional allotments under the Rights Issue (being 138,231,603 Units) will be approximately 22.1% of the enlarged unitholdings after the Rights Issue and the issue of the MRCCC Acquisition Fee Units and the SHLC Acquisition Fee Units.

The unitholdings of the Lippo Entities under the Rights Issue are set out in paragraph 9.1 of the Letter to Unitholders.

Rationale for the Whitewash Resolution

The Whitewash Resolution is to enable Lippo to, either by itself and/or through one or more of the Subscribing Subsidiaries to, (i) subscribe for the Proportionate Rights Units and the Commitment Rights Units, (ii) apply for the Excess Rights Units and/or (iii) acquire "nil-paid" rights, and the rationale for enabling Lippo to do so is set out in paragraph 9.3 of the Letter to Unitholders.

(See paragraph 9 of the Letter to Unitholders for further details)

INDICATIVE TIMETABLE

Event		Date and Time
Last date and time for lodgement of Proxy Forms	:	27 November 2010 at 2.00 p.m.
Date and time of Extraordinary General Meeting	:	29 November 2010 at 2.00 p.m.
Place of the Extraordinary General Meeting	:	Mandarin Ballroom 2, Level 6, Main Tower, Mandarin Orchard Singapore, 333 Orchard Road, Singapore 238867
The Rights Issue:		
Date on which the Transfer Books and Register of Unitholders of First REIT will be closed to determine the provisional allotments of Eligible Unitholders under the Rights Issue	:	3 December 2010
Commencement of "nil-paid" rights trading period	:	8 December 2010
Close of "nil-paid" rights trading period	:	16 December 2010
Close of the Rights Issue	:	22 December 2010
Expected date of issue of the Rights Units	:	30 December 2010
Completion of the MRCCC Acquisition and the SHLC Acquisition	:	31 December 2010
Expected date of commencement of trading of the Rights Units on the SGX-ST	:	31 December 2010

The timetable for the events which are scheduled to take place after the Extraordinary General Meeting is indicative only and is subject to change at the Manager's absolute discretion. Any changes (including any determination of the relevant dates) to the timetable above will be announced on the SGXNET.

FIRST REAL ESTATE INVESTMENT TRUST

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

Directors of the Manager	***Registered Office***
Mr Albert Saychuan Cheok (Chairman and Independent Director)	1 Phillip Street
Mr Goh Tiam Lock (Independent Director)	#15-00
Mr Markus Parmadi (Non-Executive Director)	Singapore 048692
Mr Mag Rainer Silhavy (Non-Executive Director)	
Mr Douglas Chew (Alternate Director to Mr Mag Rainer Silhavy)	
Dr Ronnie Tan Keh Poo (Chief Executive Officer and Director)	

10 November 2010

To: Unitholders of First Real Estate Investment Trust

Dear Sir/Madam

1. SUMMARY OF APPROVALS REQUIRED

The Manager is seeking approval from Unitholders by way of an Ordinary Resolution at the Extraordinary General Meeting for the following resolutions:

(i) Resolution 1: The MRCCC Acquisition (which is conditional upon the passing of Resolutions 2, 3 and 4);

(ii) Resolution 2: The SHLC Acquisition (which is conditional upon the passing of Resolutions 1, 3 and 4);

(iii) Resolution 3: The Rights Issue (which is conditional upon the passing of Resolutions 1, 2 and 4); and

(iv) Resolution 4: The Whitewash Resolution.

The following paragraphs set forth key information relating to each of the above-mentioned resolutions.

2. THE PROPOSED MRCCC ACQUISITION

2.1. Description of MRCCC

Mochtar Riady Comprehensive Cancer Centre is located at Jalan Garnisun Dalam RT. 010/001 Kelurahan Karet Semanggi, Kecamatan Setiabudi, South Jakarta, Indonesia. 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. Its Centre of Excellence in comprehensive cancer services will be equipped with state of the art cancer treatment and diagnostic facilities. (See **Appendix A** of this Circular for further details on MRCCC)

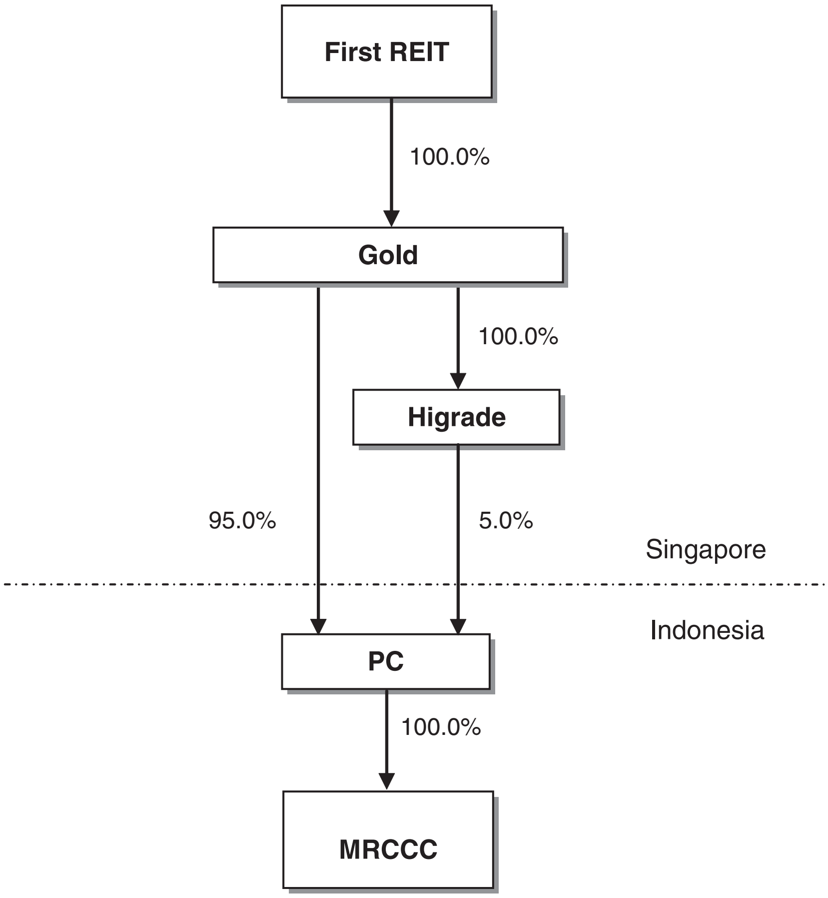
2.2. Structure of the MRCCC Acquisition

MRCCC is 100.0% owned by PC which is a special purpose vehicle incorporated in Indonesia for the purpose of holding MRCCC. PC is in turn 95.0% and 5.0% owned by Gold and Higrade respectively[1]. Gold and Higrade are companies incorporated in Singapore. Higrade is a wholly-owned subsidiary of Gold, and Gold is wholly-owned by Wincatch. First REIT proposes to acquire MRCCC through the acquisition of the entire issued share capital of Gold from Wincatch.

1 Pursuant to Indonesian Company Law article 7(1) an Indonesian company must be held by two or more individuals and/or companies. The proposed holding structure of MRCCC is consistent with those of First REIT's Existing Portfolio.

On 8 November 2010, the Trustee entered into a conditional sale and purchase agreement with Wincatch ("**MRCCC SPA**") pursuant to which First REIT proposes to acquire Gold at the MRCCC Purchase Consideration.

The following chart sets out the structure under which MRCCC will be held by First REIT upon completion of the MRCCC Acquisition, as well as the resulting shareholding and ownership interest in the entities set out below.



2.3. Valuation and Purchase Consideration

The MRCCC Purchase Consideration was arrived at on a willing-buyer willing-seller basis after taking into account the two independent valuations of MRCCC by W&R and Rengganis which were commissioned by the Manager and the Trustee respectively. The valuations were derived by W&R and Rengganis using the "Income Method" of valuation utilising discounted cash flow analysis as the subject property will be under a master lease agreement with the hospital operator as the master tenant. This method considers the subject property as an income producing property.

(See **Appendix B** for details on the Independent Valuers' respective valuations)

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

The MRCCC Purchase Consideration is below the two independent valuations obtained in relation to MRCCC and represents a discount of 19.7% to S$212.3 million, which is the average of the two independent valuations of MRCCC.

2.4. Experience and track record of the Independent Valuers

See paragraph 3.4 below for details of the experience and track record of the Independent Valuers.

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 given at the Extraordinary General Meeting for the MRCCC Acquisition;

2.5.2. the approval by Unitholders given at the Extraordinary General Meeting for the SHLC Acquisition;

2.5.3. the approval by Unitholders given at the Extraordinary General Meeting for the Rights Issue for purposes of part financing the Acquisitions[1];

2.5.4. the approval by Unitholders given at the Extraordinary General Meeting for the Whitewash Resolution;

2.5.5. First REIT securing sufficient financing to undertake the Acquisitions and the agreements for such financing not having been terminated and being unconditional in all respects;

2.5.6. Wincatch having obtained from the National Land Office, the in-principle approval for the renewal of the HGB title in relation to MRCCC; and

2.5.7. 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.

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 Agreement

In relation to the MRCCC Acquisition, the MRCCC Master Lease Agreement has been entered into between PC and Lippo (as the MRCCC master lessee) on 8 November 2010 pursuant to which the MRCCC Master Lease will be granted to Lippo 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.

2.7.1. Base Rent

The MRCCC Master Lease is granted at an annual base rent of S$18,635,000 (the "**MRCCC Base Rent**"), an amount which was arrived at after the Manager had set a required initial yield which was then negotiated and agreed upon with Lippo on an arms' length basis. In the absence of direct hospital asset comparables, the Manager had used one of its existing properties, Siloam Hospitals Lippo Village ("**SHLV**"), for which the tenant is currently paying S$3.75 per sq ft per month, as a comparison with MRCCC for which the tenant will be paying S$3.80 per sq ft per month based on the contracted base rent. As the yield in relation to the annual base rent of MRCCC meets the Manager's commercial requirements and is in line with current market rates, the Manager is of the view that it is reasonable.

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

(See paragraph 2.7.11 below for the opinion of the audit committee of the Manager, being Mr Albert Saychuan Cheok, Mr Goh Tiam Lock and Mr Markus Parmadi (the "**Audit Committee**") on the MRCCC Base Rent for the first year of the MRCCC Master Lease)

The MRCCC Base Rent is payable quarterly in advance and will be subject to increase every year thereafter at a rate equal to twice the percentage increase of the Consumer Price Index of Singapore (the "**Singapore CPI**") for the preceding calendar year, subject to a floor of 0% and a cap of 2.0%. Rental escalation in relation to MRCCC is pegged to the Singapore CPI as the rental is payable in Singapore dollars, as is the case with the Existing Portfolio. The historical trends of the Singapore CPI (the average Singapore CPI was approximately 1.3% over the 15-year period between 1995 and 2009) provide assurance that the rental adjustments will be relatively stable compared with the Consumer Price Index of Indonesia (the "**Indonesian CPI**"). This is in line with First REIT's intent to offer stable distributions to investors. As MRCCC's annual rental income is denominated in Singapore dollars, there is no risk of exchange rate exposure vis-à-vis the Indonesian Rupiah. Accordingly, in Singapore dollar terms, there would be no real reduction in the rental rate when compared to the long run inflation rate in Singapore.

The Manager is also of the view that the cap of 2.0% is reasonable as it is consistent with the Existing Portfolio. For the avoidance of doubt, a negative Singapore CPI will not decrease the annual base rent in relation to MRCCC.

2.7.2. Variable Rent

Variable rent is payable quarterly in advance and no variable rent will be payable in the first year of the MRCCC Master Lease. Variable rent for the second, third and fourth year of the MRCCC Master Lease will be based on audited gross revenue growth of MRCCC as described in paragraph 2.7.3. Thereafter, variable rent will be based on aggregate audited gross revenue growth of MRCCC and SHLC and the ratio of the MRCCC Total Rent[1] for the preceding year of the MRCCC Master Lease will be applied to apportion the variable rent payable in a year as described in paragraph 2.7.4[2, 3].

2.7.3. Computation of Variable Rent for the Second to Fourth Year of the MRCCC Master Lease

Variable rent for the second, third and fourth year of the MRCCC Master Lease will be paid according to the exchange rate of S$1.00 is to Rp. 6,600 (which shall be fixed for the entire lease term) and will be calculated as follows:

(i) If audited gross revenue of MRCCC of the preceding financial year exceeds the audited gross revenue of MRCCC of the further preceding financial year by more than 5.0% but less than 15.0%, the variable rent shall be the amount which is 0.75% of the audited gross revenue of MRCCC of the preceding financial year.

(ii) If audited gross revenue of MRCCC of the preceding financial year exceeds the audited gross revenue of MRCCC of the further preceding financial year by 15.0% or more but less than 30.0%, the variable rent shall be the amount which is 1.25% of the audited gross revenue of MRCCC of the preceding financial year.

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1 "**MRCCC Total Rent**" refers to the sum of the MRCCC Base Rent and MRCCC's variable rent.

2 The gross revenue growth of MRCCC is included in the computation of the variable rent of SHLC and vice versa to ensure that the variable rent of each of MRCCC and SHLC remain stable should the rental any one of them experience low growth for any reason. Such method of computation for purposes of stabilisation of variable rent is similar to the computation of variable rent for the Existing Portfolio. The rationale for inclusion only in the fifth year is to allow for the stabilization of MRCCC's operations as MRCCC is only expected to begin operations in December 2010.

3 As computation of the variable rent of MRCCC will be based on the aggregate revenue growth of MRCCC and SHLC (collectively, the "**Properties**"), the ratio of the MRCCC Total Rent paid in the preceding year is employed in order to obtain a fair apportionment of variable rent that Lippo is required to pay for MRCCC. Based on this method of computation, an aggregate amount of the variable rent in relation to the Properties will be arrived at. Accordingly, apportionment is necessary to determine the variable rent payable for MRCCC.

(iii) If audited gross revenue of MRCCC of the preceding financial year exceeds the audited gross revenue of MRCCC of the further preceding financial year by 30.0% or more, the variable rent shall be the amount which is 2.0% of the audited gross revenue of MRCCC of the preceding financial year.

For the avoidance of doubt, when the audited gross revenue of MRCCC of the preceding financial year does not exceed the audited gross revenue of MRCCC of the further preceding financial year by more than 5.0%, no variable rent is payable.

2.7.4. Computation of Variable Rent from the Fifth Year of the MRCCC Master Lease

Variable rent from the fifth year of the MRCCC Master Lease will be computed in two steps. The variable rent in respect of MRCCC is first computed and is used to derive the amount to be paid as variable rent for MRCCC through apportionment which is discussed in paragraph 2.7.5 below. The variable rent in respect of MRCCC from the fifth year of the MRCCC Master Lease onwards is derived as follows:

(i) If audited aggregate gross revenue of the Properties of the preceding financial year exceeds the audited aggregate gross revenue of the Properties of the further preceding financial year by more than 5.0% but less than 15.0%, the variable rent shall be the amount which is 0.75% of the audited aggregate gross revenue of the Properties of the preceding financial year.

(ii) If audited aggregate gross revenue of the Properties of the preceding financial year exceeds the audited aggregate gross revenue of the Properties of the further preceding financial year by 15.0% or more but less than 30.0%, the variable rent shall be the amount which is 1.25% of the audited aggregate gross revenue of the Properties of the preceding financial year.

(iii) If audited aggregate gross revenue of the Properties of the preceding financial year exceeds the audited aggregate gross revenue of the Properties of the further preceding financial year by 30.0% or more, the variable rent shall be the amount which is 2.0% of the audited aggregate gross revenue of the Properties of the preceding financial year.

For the avoidance of doubt, when the audited aggregate gross revenue of the Properties of the preceding financial year does not exceed the audited aggregate gross revenue of the Properties of the further preceding financial year by more than 5.0%, no variable rent is payable.

2.7.5. Apportionment of Variable Rent

From the fifth year of the MRCCC Master Lease onwards, the variable rent payable for MRCCC is computed as follows:

$$\text{Variable rent payable for MRCCC} = \quad VR \quad \times \frac{A}{B}$$

Where:

VR is the variable rent payable for both MRCCC and SHLC;

A is the aggregate of the MRCCC Base Rent and the variable rent paid for MRCCC in the preceding year of the MRCCC Master Lease; and

B is the aggregate of the MRCCC Base Rent, the SHLC Base Rent (as defined herein) and the variable rent payable for both MRCCC and SHLC in the preceding year of the MRCCC Master Lease.

2.7.6. Illustration of Computation of Variable Rent

(i) **Assumptions**

The following is an illustration of the computation of the variable rent in relation to MRCCC for the second and fifth year of the MRCCC Master Lease based on the assumptions that:

in relation to the second year of the MRCCC Master Lease

(a) the MRCCC Master Lease commenced on 1 January 2010;

(b) the second year of the MRCCC Master Lease will commence on 1 January 2011;

(c) MRCCC was not operational for the financial year ended 31 December 2009 ("**FY2009**") and accordingly, its revenue for FY2009 is nil;

(d) MRCCC's revenue for the financial year ending 31 December 2010 ("**FY2010**") is Rp. 10,000,000,000;

(e) further to paragraphs 2.7.6(i)(c) and (d) above, MRCCC's revenue growth for FY2010 over that of FY2009 is 100.0%;

in relation to the fifth year of the MRCCC Master Lease

(f) the fifth year of the MRCCC Master Lease will commence on 1 January 2014;

(g) the aggregate rental (including base and variable rent) paid in relation to MRCCC in the fourth year of lease is S$19,802,884[1];

(h) the aggregate rental (including base and variable rent) paid in relation to SHLC in the fourth year of the MRCCC Master Lease is S$4,014,995[1];

(i) MRCCC's revenues for the financial year ending 31 December 2012 ("**FY2012**") and for the financial year ending 31 December 2013 ("**FY2013**") are Rp. 14,400,000,000 and Rp. 17,280,000,000 respectively;

(j) SHLC's revenues for FY2012 and FY2013 are Rp. 8,640,000,000 and Rp. 11,232,000,000 respectively;

(k) further to paragraphs 2.7.6(i)(i) and (j) above, the aggregate revenues for the Properties for FY2012 and FY2013 are Rp. 23,040,000,000 and Rp. 28,512,000,000 respectively; and

(l) further to paragraph 2.7.6(i)(k) above, the Properties' revenue growth for FY2013 over that of FY2012 is approximately 23.8%.

(ii) **Variable rent for the second year**

Based on the assumptions set out in paragraph 2.7.6(i) above, the variable rent in respect of the Properties for the second year of the MRCCC Master Lease will be 2.0% of Rp. 10,000,000,000 (i.e. Rp. 200,000,000 or approximately S$30,303[1]). The rate of 2.0% is derived from the terms of the MRCCC Master Lease Agreement for computation of MRCCC's variable rent as set out in paragraph 2.7.3(iii) above.

1 Based on the fixed exchange rate of S$1.00 : Rp. 6,600.

(iii) **Variable rent for the fifth year**

Step 1

Based on the assumptions set out in paragraph 2.7.6(i) above, the variable rent in respect of the Properties for the fifth year of the MRCCC Master Lease will be 1.25% of Rp. 28,512,000,000[1] (i.e. Rp. 356,400,000). The rate of 1.25% is part of the terms of the MRCCC Master Lease Agreement for computation of MRCCC's variable rent as set out in paragraph 2.7.4(ii) above.

Step 2

The variable rent payable for MRCCC for the fifth year of the MRCCC Master Lease is computed as follows:

$$\text{Rp. } 356{,}400{,}000^{(1)} \times \frac{(\text{S\$}19{,}802{,}884)^{(2),(4)}}{(\text{S\$}19{,}802{,}884 + \text{S\$}4{,}014{,}995)^{(3),(4)}} = \text{Rp. } 296{,}321{,}425 \text{ (or approximately S\$}44{,}897)^{(4)}$$

Notes:

(1) The total variable rent payable in respect of the Properties in the fifth year of the MRCCC Master Lease.

(2) The aggregate rental (including base and variable rent) paid in relation to MRCCC in the fourth year of the MRCCC Master Lease.

(3) The aggregate of the rental (including base and variable rent) paid in relation to MRCCC and SHLC in the fourth year of the MRCCC Master Lease.

(4) Based on the fixed exchange rate of S$1.00 : Rp. 6,600.

2.7.7. Assignment/Subletting

Lippo, as master lessee, may sublet MRCCC to sub-tenants of good repute and sound financial standing, subject to such conditions as PC may reasonably impose.

PC's prior written consent is required for any assignment of the MRCCC Master Lease by Lippo, except in the case of an assignment by Lippo to its subsidiary. In an assignment by Lippo to its subsidiary, PC's consent is not required but such assignment shall be subject to a condition that in the event of default by the assignee, the lease will revert to Lippo as the lessee.

2.7.8. Maintenance and other Operating Expenses of MRCCC

The costs of maintenance and operating expenses of in relation to MRCCC will be borne by Lippo, as the master tenant, as is the case with the properties in First REIT's Existing Portfolio. Accordingly, First REIT will not be affected by any cost escalation in Indonesia of maintenance and operating expenses in relation to MRCCC.

2.7.9. Conditions Precedent

Completion of the MRCCC Master Lease Agreement is conditional upon the fulfilment or waiver (as the case may be) of, among others, the following:

(i) the approval by Unitholders given at an Extraordinary General Meeting for the MRCCC Acquisition;

(ii) the approval by Unitholders given at an Extraordinary General Meeting for the SHLC Acquisition;

1 Rp. 28,512,000,000 is the aggregate revenue of the Properties for FY2013.

(iii) the approval by Unitholders given at an Extraordinary General Meeting for the Rights Issue for purposes of part financing the Acquisitions[1];

(iv) the approval by Unitholders given at an Extraordinary General Meeting for the Whitewash Resolution;

(v) First REIT securing sufficient financing to undertake the Acquisitions and the agreements for such financing not having been terminated and being unconditional in all respects; and

(vi) 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.

2.7.10. Renewal of HGB Title

The renewal of the HGB title is an administrative procedure. In this regard, two HGB titles relating to the land on which one of the properties of First REIT's Existing Portfolio, Siloam Hospitals Surabaya, was built, expired on 1 February 2009 and 19 September 2010 and the Manager had successfully renewed both titles to 31 January 2029 and 18 September 2030 respectively.

The application for an extension of an HGB title is required to be made no later than two years prior to the expiration of the initial term, at the National Land Office. Application for such extension is usually applied for closer to two years prior to the expiration of the relevant HGB title. Upon the expiration of the extension, a new HGB title relating to the same land parcel may be granted.

The National Land Office tends to grant an extension of HGB titles, subject to there being no changes in zoning policies by the government, abandonment of the land, destruction of land, egregious breaches to the conditions of the current HGB title by the owners of the land, and revocation of the HGB title due to public interest considerations.

Under the MRCCC SPA, Wincatch has, at its cost, initiated the process of renewal of the HGB title for at least 20 years. Wincatch has also undertaken under the MRCCC SPA to pay all fees, premiums, commissions, charges, taxes and other costs incurred in relation to this renewal which would include, *inter alia*, payments to the local Indonesian land authority and any other related fees[2].

In addition to the above, the MRCCC Master Lease Agreement also provides for termination in the event a renewal of the HGB title in relation to MRCCC is not obtained.

The MRCCC Master Lease Agreement is subject to the renewal of MRCCC's HGB title.

(See paragraph 2.11 below for some details relating to HGB titles)

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

2 The application for an extension of an HGB title is required to be made no later than two years prior to the expiration of the initial term, at the National Land Office. Upon the expiration of the extension, a new HGB title may be granted on the same land. The National Land Office tends to grant an extension of HGB titles, subject to no changes in zoning policies by the government, abandonment of the land, destruction of land, egregious breaches to the conditions of the current HGB title by the owners of the land, and revocation of the HGB title due to public interest considerations.

2.7.11. Audit Committee's opinion on the MRCCC Base Rent for the first year of the MRCCC Master Lease

The Audit Committee is of the opinion that it is reasonable to benchmark MRCCC to SHLV for the following reasons:

(i) both MRCCC and SHLV are tertiary-care hospitals which are providing or (in the case of MRCCC) will provide advanced and high-quality medical care and facilities;

(ii) both MRCCC and SHLV are high-quality buildings with premium external and internal finishes comparable to that of five-star hotels;

(iii) each of MRCCC and SHLV serve the upper to high-income patient brackets within the catchment areas of the Central Business District, South Jakarta and Lippo Village Township respectively; and

(iv) aside from SHLV, the Manager is not aware of any other hospital similar to MRCCC in Jakarta currently having a sale and leaseback arrangement denominated in Singapore dollars.

In view of the above reasons and SHLV's current passing rental of S$3.75 per sq ft per month, the Audit Committee is also of the opinion that MRCCC's rental rate of S$3.80 per sq ft per month for the first year of the MRCCC Master Lease under the MRCCC Master Lease Agreement is reasonable.

2.8. Completion

Completion of the sale and purchase of MRCCC under the MRCCC SPA is expected to take place after the date of issue of the Rights Units and after the conditions precedent set out in the MRCCC SPA have been fulfilled.

2.9. Costs of the MRCCC Acquisition

The MRCCC Acquisition Cost is currently estimated to be approximately S$174.6 million, comprising the following:

2.9.1. the MRCCC Purchase Consideration of S$170.5 million;

2.9.2. the MRCCC Acquisition Fee of approximately S$1.7 million payable to the Manager pursuant to Clause 14.2.1 of the Trust Deed which shall be payable in the form of the MRCCC Acquisition Fee Units; and

2.9.3. the estimated professional and other fees and expenses of approximately S$2.4 million[1] incurred by First REIT in connection with the MRCCC Acquisition.

2.10. Method of Financing

The Manager intends to finance the MRCCC Acquisition Cost in cash from 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.

(See paragraph 5 for details of the Rights Issue)

2.11. HGB Title

First REIT will, upon acquiring MRCCC, hold MRCCC under a HGB title expiring on 27 August 2015. 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. This right is transferable and may be encumbered.

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1 It is expected that most of the professional and other fees and expenses in connection with the MRCCC Acquisition will be incurred by First REIT even if the Manager does not proceed with the MRCCC Acquisition.

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. The application for an extension must be made no later than two years prior to the expiration of the initial term. Upon the expiration of the extension, a new HGB title may be granted on the same land. The application for the new HGB should be made no later than two years prior to the expiration of the extension. The cost of extension is determined based on certain formula as stipulated by the National Land Office.

As stated in paragraph 2.7.10 above, Wincatch has undertaken under the MRCCC SPA to pay all fees, premiums, commissions, charges, taxes and other costs incurred in relation to the renewal of the HGB title relating to MRCCC (which would include, *inter alia*, payments to the local Indonesian land authority and any other related fees) of approximately Rp. 322,000,000 (approximately S$48,789[1]).

The Manager had previously successfully renewed the HGB titles of Siloam Hospitals Surabaya. Siloam Hospitals Surabaya is held under HGB Certificate No. 325 / Gubeng, HGB Certificate No. 343 / Gubeng, HGB Certificate No. 340 / Gubeng, HGB Certificate No. 476 / Gubeng, HGB Certificate No. 494 / Gubeng, HGB Certificate No. 408 / Gubeng, HGB Certificate No. 410 / Gubeng, HGB Certificate No. 243K / Gubeng and HGB Certificate No. 264 / Gubeng. Two of these HGB titles, being HGB Certificate No.243K / Gubeng and HGB Certificate No.264 / Gubeng, expired on 1 February 2009 and 19 September 2010 respectively. The Manager had on 12 November 2008 and 20 November 2008 successfully renewed both HGB Certificate No.243K / Gubeng and HGB Certificate No.264 / Gubeng till 31 January 2029 and 18 September 2030 respectively.

3. THE PROPOSED SHLC ACQUISITION

3.1. Description of SHLC

Siloam Hospitals Lippo Cikarang is located at Jalan Mohammad Husni Thamrin Kav.105, Lippo Cikarang, Bekasi 17550, Indonesia. 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 2010[2]. 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. (See **Appendix A** of this Circular for further details on SHLC)

3.2. Structure of the SHLC Acquisition

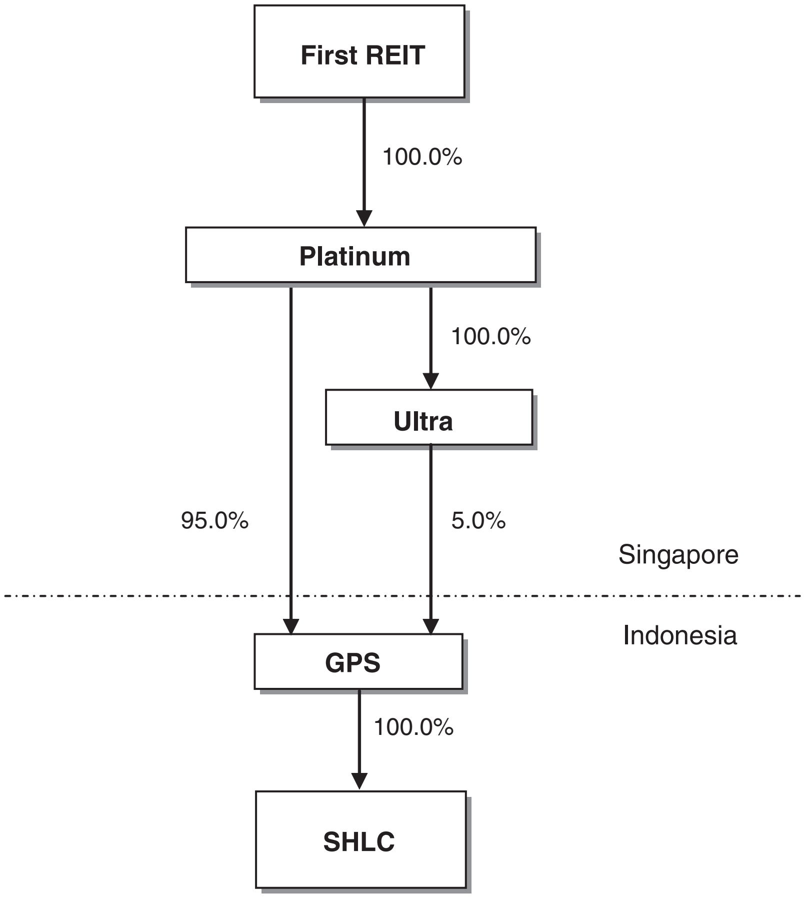
First REIT will acquire SHLC through its indirect wholly-owned subsidiary, GPS which is 95.0% and 5.0% held by Platinum and Ultra (Platinum's wholly-owned subsidiary) respectively[3]. Platinum is wholly-owned by First REIT. On 8 November 2010, the GPS entered into a conditional sale and purchase agreement with EJM, which is 90.8% owned by Lippo ("**SHLC SPA**") pursuant to which First REIT proposes to acquire SHLC at the SHLC Purchase Consideration.

The following chart sets out the structure under which SHLC will be held by First REIT upon completion of the SHLC Acquisition, as well as the resulting shareholding and ownership interest in the entities set out below.

1 Based on the fixed exchange rate of S$1.00 : Rp.6,600.

2 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.

3 Pursuant to Indonesian Company Law article 7(1) an Indonesian company must be held by 2 or more individuals and/or companies. The proposed holding structure of SHLC is consistent with those of First REIT's Existing Portfolio.



3.3. Valuation and Purchase Consideration

The SHLC Purchase Consideration was arrived at on a willing-buyer willing-seller basis after taking into account the two independent valuations of SHLC by Damianus and W&R which were commissioned by the Manager and the Trustee respectively. The valuations were derived by Damianus and W&R using the "Income Method" of valuation utilising discounted cash flow analysis as the subject property will be under a master lease agreement with the hospital operator as the master tenant. This method considers the subject property as an income producing property.

(See **Appendix B** for details on the Independent Valuers' respective valuations)

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

The SHLC Purchase Consideration is below the two independent valuations obtained in relation to SHLC and represents a discount of 13.8% to S$40.6 million, which is the average of the two independent valuations of SHLC.

3.4. Experience and track record of the Independent Valuers

Further to the decree of the Ministry of Finance, Indonesia ("**MOF Indonesia**"), (No. 125/PMK.01/2008) on public appraisal services (the "**Decree**"), public appraisers are not permitted to provide appraisal services in Indonesia unless they have the status of Kantor Jasa Penilai Publik ("**KJPP**") or Accredited Public Appraiser Firms, to provide such appraisal services. The Decree does not address the issue of foreign appraisers, but is intended to regulate the conduct of public appraisal services in Indonesia and it is likely that all relevant Indonesian governmental authorities would only recognise and accept appraisal reports from appraisers with KJPP status. As international valuers do not have KJPP status, the Independent Valuers were engaged.

W&R

W&R was established in 2009, in accordance with the Decree and provides property valuation and consultancy services. W&R, formerly the valuation department of PT Willson Properti Advisindo which was established in 2001, is registered with the Masyarakat Profesi Penilai Indonesia (the Indonesian Society of Appraisers) ("**MAPPI**") and is also a licensed public valuer/appraiser with the MOF Indonesia. Its valuation staff has international and domestic experience and its clientele include major international and local companies.

Rengganis

Rengganis was established in 2008, in accordance with the Decree and provides independent valuation and advisory services. Rengganis, formerly the valuation department of PT Heburinas Nusantara which was established in 1984, is registered with MAPPI and is also a licensed public valuer with MOF Indonesia. Its valuation staff has international and domestic experience and its clientele include major international and local companies.

Damianus

Damianus was established in 2009, in accordance with the Decree and provides property valuation and consultancy services. Damianus, formerly valuation department of PT Citra Bahana Penilai which was established in 2001, is registered with MAPPI and is also a licensed public valuer with MOF Indonesia. Its valuation staff has international and domestic experience and its clientele include major international and local companies.

The Independent Valuers were engaged based on factors including the following:

(i) the Independent Valuers are registered with MAPPI and are also licensed public valuers with the MOF Indonesia as compared to international/foreign valuers not registered with MAPPI or licensed with the MOF Indonesia and which are accordingly, are not recognised by MOF Indonesia as licensed valuers/appraisers;

(ii) the established track records and competence of the Independent Valuers each of which is a KJPP firm which has serviced major international and local institutional clients in valuations across various sectors of real estate including special properties such as healthcare properties; and

(iii) the international and domestic experience and educational qualifications of the valuation staff of the Independent Valuers.

3.5. Conditions Precedent for the Completion of the SHLC Acquisition

Completion of the sale and purchase of SHLC under the SHLC SPA are 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 the Extraordinary General Meeting for the SHLC Acquisition;

3.5.2. the approval by Unitholders given at the Extraordinary General Meeting for the MRCCC Acquisition;

3.5.3. the approval by Unitholders given at the Extraordinary General Meeting for the Rights Issue for purposes of part financing the Acquisitions[1];

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

3.5.4. the approval by Unitholders given at the Extraordinary General Meeting for the Whitewash Resolution;

3.5.5. First REIT securing sufficient financing to undertake the Acquisitions and the agreements for such financing not having been terminated and being unconditional in all respects; and

3.5.6. 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.

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 Agreement

In relation to the SHLC Acquisition, the SHLC Master Lease Agreement has been entered into between GPS and Lippo (as the SHLC master lessee) on 8 November 2010 pursuant to which the SHLC Master Lease will be granted to Lippo 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.

3.7.1. Base Rent

The SHLC Master Lease is granted at an annual base rent of S$3,768,000 (the "**SHLC Base Rent**") an amount which was arrived at after the Manager had set a required initial yield which was then negotiated and agreed upon with Lippo on an arms' length basis. In the absence of direct hospital comparables, the Manager had used one of its existing properties, Siloam Hospitals Surabaya, for which the tenant is currently paying S$2.48 per sq ft per month, to compare with SHLC for which the tenant will be paying S$2.62 per sq ft per month based on the contracted base rent. As the yield in relation to the annual base rent of SHLC meets the Manager's commercial requirements and is in line with current market rates, the Manager is of view that it is reasonable.

(See paragraph 3.7.10 below for the opinion of the Audit Committee on the SHLC Base Rent for the first year of the SHLC Master Lease)

The SHLC Base Rent is payable quarterly in advance and will be subject to increase every year thereafter at a rate equal to twice the percentage increase of the Singapore CPI for the preceding calendar year, subject to a floor of 0% and a cap of 2.0%. Rental escalation in relation to SHLC is pegged to the Singapore CPI as the rental is payable in Singapore dollars, as is the case with the Existing Portfolio. The historical trends of the Singapore CPI (the average Singapore CPI was approximately 1.3% over the 15-year period between 1995 and 2009) provide assurance that the rental adjustments will be relatively stable compared with the Indonesian CPI. This is in line with First REIT's intent to offer stable distributions to investors. As SHLC's annual rental income is denominated in Singapore dollars, there is no risk of exchange rate exposure vis-à-vis the Indonesian Rupiah. Accordingly, in Singapore dollar terms, there would be no real reduction in the rental rate when compared to the long run inflation rate in Singapore.

The Manager is also of the view that the cap of 2.0% is reasonable as it is also consistent with the Existing Portfolio. For the avoidance of doubt, a negative Singapore CPI will not decrease the annual base rent in relation to SHLC.

3.7.2. Variable Rent

Variable rent is payable quarterly in advance and no variable rent will be payable in the first year of the SHLC Master Lease. Variable rent for the second, third and fourth year of the SHLC Master Lease will be based on audited gross revenue growth of SHLC as described in paragraph 3.7.3. Thereafter, variable rent will be based on aggregate audited gross revenue growth of SHLC and MRCCC and the ratio of the SHLC Total Rent[1] for the preceding year of the SHLC Master Lease will be applied to apportion the variable rent payable in a year as described in paragraph 3.7.4[2, 3].

3.7.3. Computation of Variable Rent for the Second to Fourth Year of the SHLC Master Lease

Variable rent for the second, third and fourth year of the SHLC Master Lease will be paid according to the exchange rate of S$1.00 is to Rp. 6,600 (which shall be fixed for the entire lease term) and will be calculated as follows:

(i) If audited gross revenue of SHLC of the preceding financial year exceeds the audited gross revenue of SHLC of the further preceding financial year by more than 5.0% but less than 15.0%, the variable rent shall be the amount which is 0.75% of the audited gross revenue of SHLC of the preceding financial year.

(ii) If audited gross revenue of SHLC of the preceding financial year exceeds the audited gross revenue of SHLC of the further preceding financial year by 15.0% or more but less than 30.0%, the variable rent shall be the amount which is 1.25% of the audited gross revenue of SHLC of the preceding financial year.

(iii) If audited gross revenue of SHLC of the preceding financial year exceeds the audited gross revenue of SHLC of the further preceding financial year by 30.0% or more, the variable rent shall be the amount which is 2.0% of the audited gross revenue of SHLC of the preceding financial year.

For the avoidance of doubt, when the audited gross revenue of SHLC of the preceding financial year does not exceed the audited gross revenue of SHLC of the further preceding financial year by more than 5.0%, no variable rent is payable.

3.7.4. Computation of Variable Rent from the Fifth Year of the SHLC Master Lease

Variable rent from the fifth year of the SHLC Master Lease will be computed in two steps. The variable rent in respect of SHLC is first computed, and is used to derive the amount to be paid as variable rent for SHLC through apportionment which is discussed in paragraph 3.7.5 below. The variable rent in respect of SHLC from the fifth year of the SHLC Master Lease onwards is derived as follows:

(i) If audited aggregate gross revenue of the Properties of the preceding financial year exceeds the audited aggregate gross revenue of the Properties of the further preceding financial year by more than 5.0% but less than 15.0%, the variable rent shall be the amount which is 0.75% of the audited aggregate gross revenue of the Properties of the preceding financial year.

(ii) If audited aggregate gross revenue of the Properties of the preceding financial year exceeds the audited aggregate gross revenue of the Properties of the further preceding financial year by 15.0% or more but less than 30.0%, the variable rent shall be the amount which is 1.25% of the audited aggregate gross revenue of the Properties of the preceding financial year.

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1 "**SHLC Total Rent**" refers to the sum of the SHLC Base Rent and SHLC's variable rent.

2 The gross revenue growth of MRCCC is included in the computation of the variable rent of SHLC and vice versa to ensure that the variable rent of each of MRCCC and SHLC remain stable should the rental any one of them experience low growth for any reason. Such method of computation for purposes of stabilization of variable rent is similar to the computation of variable rent for the Existing Portfolio. The rationale for inclusion only in the fifth year is to allow for the stabilization of MRCCC's operations as MRCCC is only expected to begin operations in December 2010.

3 As computation of the variable rent of SHLC will be based on the aggregate revenue growth of the Properties, the ratio of the SHLC Total Rent paid in the preceding year is employed in order to obtain a fair apportionment of variable rent that Lippo is required to pay for SHLC. Based on this method of computation, an aggregate amount of the variable rent in relation to the Properties will be arrived at. Accordingly, apportionment is necessary to determine the variable rent payable by Lippo for SHLC.

(iii) If audited aggregate gross revenue of the Properties of the preceding financial year exceeds the audited aggregate gross revenue of the Properties of the further preceding financial year by 30.0% or more, the variable rent shall be the amount which is 2.0% of the audited aggregate gross revenue of the Properties of the preceding financial year.

For the avoidance of doubt, when the audited aggregate gross revenue of the Properties of the preceding financial year does not exceed the audited aggregate gross revenue of the Properties of the further preceding financial year by more than 5.0%, no variable rent is payable.

3.7.5. Apportionment of Variable Rent

From the fifth year of the SHLC Master Lease onwards, the variable rent payable for SHLC is computed as follows:

$$\text{Variable rent payable for SHLC} = \quad VR \quad \times \frac{A}{B}$$

Where:

VR is the variable rent payable for both MRCCC and SHLC;

A is the aggregate of the SHLC Base Rent and the variable rent paid for SHLC in the preceding year of the SHLC Master Lease; and

B is the aggregate of the MRCCC Base Rent, the SHLC Base Rent and the variable rent payable for both MRCCC and SHLC in the preceding year of the SHLC Master Lease.

3.7.6. Illustration of Computation of Variable Rent

(i) **Assumptions**

The following is an illustration of the computation of the variable rent in relation to SHLC for the second and fifth year of the SHLC Master Lease based on the assumptions that:

in relation to the second year of the SHLC Master Lease

(a) the SHLC Master Lease commenced on 1 January 2010;

(b) the second year of the SHLC Master Lease will commence on 1 January 2011;

(c) SHLC's revenues for FY2009 and FY2010 are Rp. 5,000,000,000 and Rp. 6,000,000,000 respectively;

(d) further to paragraphs 3.7.6(i)(c) above, SHLC's revenue growth for FY2010 over that of FY2009 is 20.0%;

in relation to the fifth year of the SHLC Master Lease

(e) the fifth year of the SHLC Master Lease will commence on 1 January 2014;

(f) the aggregate rental (including base and variable rent) paid in relation to MRCCC in the fourth year of the SHLC Master Lease is S$19,802,884[1];

(g) the aggregate rental (including base and variable rent) paid in relation to SHLC in the fourth year of the SHLC Master Lease is S$4,014,995[1];

1 Based on the fixed exchange rate of S$1.00 : Rp. 6,600.

(h) MRCCC's revenues for FY2012 and FY2013 are Rp. 14,400,000,000 and Rp. 17,280,000,000 respectively;

(i) SHLC's revenues for FY2012 and FY2013 are Rp. 8,640,000,000 and Rp. 11,232,000,000 respectively;

(j) further to paragraphs 3.7.6(i)(h) and (i) above, the aggregate revenues for the Properties for FY2012 and FY2013 are Rp. 23,040,000,000 and Rp. 28,512,000,000 respectively; and

(k) further to paragraph 3.7.6(i)(j) above, the Properties' revenue growth for FY2013 over that of FY2012 is approximately 23.8%.

(ii) **Variable rent for the second year**

Based on the assumptions set out in paragraph 3.7.6(i) above, the variable rent in respect of SHLC for the second year of the SHLC Master Lease will be 1.25% of Rp. 6,000,000,000 (i.e. Rp. 75,000,000 or approximately S$11,364[1]). The rate of 1.25% is derived from the terms of the SHLC Master Lease Agreement for computation of SHLC's variable rent as set out in paragraph 3.7.3(ii) above.

(iii) **Variable rent for the fifth year**

Step 1

Based on the assumptions set out in paragraph 3.7.6(i) above, the variable rent in respect of the Properties for the fifth year of the SHLC Master Lease will be 1.25% of Rp. 28,512,000,000[2] (i.e. Rp. 356,400,000). The rate of 1.25% is part of the terms of the SHLC Master Lease Agreement for computation of SHLC's variable rent as set out in paragraph 3.7.4(ii) above.

Step 2

The variable rent payable for SHLC for the fifth year of the SHLC Master Lease is computed as follows:

$$\text{Rp. } 356{,}400{,}000^{(1)} \times \frac{(\text{S\$}4{,}014{,}995)^{(2),(4)}}{(\text{S\$}19{,}802{,}884 + \text{S\$}4{,}014{,}995)^{(3),(4)}} = \text{Rp. } 60{,}078{,}575 \text{ (or approximately S\$}9{,}103)^{(4)}$$

Notes:

(1) The total variable rent payable in respect of the Properties in the fifth year of the SHLC Master Lease.

(2) The aggregate rental (including base and variable rent) paid in relation to SHLC in the fourth year of the SHLC Master Lease.

(3) The aggregate of the rental (including base and variable rent) paid in relation to MRCCC and SHLC in the fourth year of the SHLC Master Lease.

(4) Based on the fixed exchange rate of S$1.00 : Rp. 6,600.

3.7.7. Assignment/Subletting

Lippo, as master lessee, may sublet SHLC to sub-tenants of good repute and sound financial standing, subject to such conditions as GPS may reasonably impose.

1 Based on the fixed exchange rate of S$1.00 : Rp. 6,600.

2 Rp. 28,512,000,000 is the aggregate revenue of the Properties for FY2013.

GPS's prior written consent is required for any assignment of the lease by Lippo, except in the case of an assignment by Lippo to its subsidiary. In an assignment by Lippo to its subsidiary, GPS's consent is not required but such assignment shall be subject to a condition that in the event of default by the assignee, the lease will revert to Lippo as the lessee.

3.7.8. Maintenance and other Operating Expenses of SHLC

The costs of maintenance and operating expenses of in relation to SHLC will be borne by Lippo, as the master tenant, as is the case with the properties in First REIT's Existing Portfolio. Accordingly, First REIT will not be affected by any cost escalation in Indonesia of maintenance and operating expenses in relation to SHLC.

3.7.9. Conditions Precedent

Completion of the SHLC Master Lease Agreement is conditional upon the fulfilment or waiver (as the case may be) of, among others, the following:

(i) the approval by Unitholders given at an Extraordinary General Meeting for the SHLC Acquisition;

(ii) the approval by Unitholders given at an Extraordinary General Meeting for the MRCCC Acquisition;

(iii) the approval by Unitholders given at an Extraordinary General Meeting for the Rights Issue for purposes of part financing the Acquisitions[1];

(iv) the approval by Unitholders given at an Extraordinary General Meeting for the Whitewash Resolution;

(v) other approvals (if required) of the SHLC Master Lease including those of the MAS and the SGX-ST;

(vi) First REIT securing sufficient financing to undertake the Acquisitions and the agreements for such financing not having been terminated and being unconditional in all respects; and

(vii) 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.

3.7.10. Audit Committee's opinion on the SHLC Base Rent for the first year of the SHLC Master Lease

The Audit Committee is of the opinion that it is reasonable to benchmark SHLC to Siloam Hospitals Surabaya ("**SHS**") which is located in Surabaya, for the following reasons:

(i) both SHLC and SHS are secondary-care hospitals providing a good standard of medical care and facilities;

(ii) both SHLC and SHS are built of functional quality and external and internal finishes comparable to three-star hotels;

(iii) both SHLC and SHS serve the middle-income patient bracket within their respective catchment areas of Lippo Cikarang Township and Surabaya, which is the second largest city in Indonesia; and

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

(iv) aside from SHS, the Manager is not aware of any other hospitals similar to SHLC in Jakarta or Surabaya, currently having a sale and leaseback arrangement denominated in Singapore dollars.

In view of the above reasons and SHS' current passing rental of S$2.48 per sq ft per month, the Audit Committee is also of the opinion that SHLC's rental rate of S$2.62 per sq ft per month for the first year of the SHLC Master Lease under the SHLC Master Lease Agreement is reasonable.

3.8. Completion

Completion of the sale and purchase of SHLC under the SHLC SPA is expected to take place after the date of issue of the Rights Units and after the conditions precedent set out in the SHLC SPA have been fulfilled.

3.9. Costs of the SHLC Acquisition

The SHLC Acquisition Cost is currently estimated to be approximately S$35.9 million, comprising:

3.9.1. the SHLC Purchase Consideration of S$35.0 million;

3.9.2. the SHLC Acquisition Fee of approximately S$350,000 payable to the Manager pursuant to Clause 14.2.1 of the Trust Deed which shall be payable in the form of the SHLC Acquisition Fee Units[1]; and

3.9.3. the estimated professional and other fees and expenses of approximately S$550,000[2] incurred by First REIT in connection with the SHLC Acquisition.

3.10. Method of Financing

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

(See paragraph 5 for details of the Rights Issue)

3.11. HGB Title

First REIT will, upon acquiring SHLC, hold SHLC under a HGB title which will expire on 5 May 2023[3].

The SHLC Master Lease Agreement is subject to the renewal of SHLC's HGB title.

(See paragraph 2.11 above for some details relating to HGB titles)

1 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.

2 It is expected that most of the professional and other fees and expenses in connection with the SHLC Acquisition will be incurred by First REIT even if the Manager does not proceed with the SHLC Acquisition.

3 The HGB titles in respect of MRCCC and SHLC were granted by the National Land Office at different times. In addition, the National Land Office has the discretion to determine the tenure of the HGB titles to be granted subject to the relevant maximum limit. For the above reasons, the tenure of the HGB titles for SHLC and MRCCC are not the same. 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. The Manager understands from its experience that this is the standard industry practice for properties in Indonesia like MRCCC and SHLC.

4. REQUIREMENT FOR UNITHOLDERS' APPROVAL

4.1. Interested Person Transaction and Interested Party Transaction

Under Chapter 9 of the Listing Manual, where First REIT proposes to enter into a transaction with an Interested Person and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S$100,000 with the same Interested Person during the same financial year) is equal to or exceeds 5.0% of First REIT's latest audited net tangible assets ("**NTA**"), Unitholders' approval is required in respect of the transaction.

Based on the audited financial statements of First REIT and its subsidiaries for FY2009 (the "**FY2009 Audited Consolidated Financial Statements**"), the NTA of First REIT was S$271.0 million as at 31 December 2009. Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by First REIT with an Interested Person is, either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S$100,000) entered into with the same Interested Person during the current financial year, equal to or in excess of S$13.6 million, such a transaction would be subject to Unitholders' approval.

Paragraph 5 of the Property Funds Appendix also imposes a requirement for Unitholders' approval for an Interested Party Transaction by First REIT which value exceeds 5.0% of First REIT's latest audited NAV. Based on the FY2009 Audited Consolidated Financial Statements, the NAV of First REIT was S$271.0 million as at 31 December 2009. Accordingly, if the value of a transaction which is proposed to be entered into by First REIT with an Interested Party is equal to or greater than S$13.6 million, such a transaction would be subject to Unitholders' approval.

4.1.1. The MRCCC Acquisition

As at the Latest Practicable Date, 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[1].

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 Person of First REIT.

The value of the MRCCC Master Lease is approximately S$18.6 million for the first year of the MRCCC Master Lease, which represents approximately 6.9% of First REIT's latest audited NTA. The term of the MRCCC Master Lease is 15 years. Given that the value of the MRCCC Master Lease will exceed 5.0% of First REIT's latest audited NTA, the MRCCC Master Lease will constitute an Interested Person Transaction under Chapter 9 of the Listing Manual for which Unitholders' approval is required. In compliance with the requirements of the Listing Manual, therefore, the approval of Unitholders is sought for the MRCCC Master Lease.

For the avoidance of doubt, the MRCCC Acquisition is not an Interested Person Transaction or Interested Party Transaction under the Listing Manual and 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. However, the Manager is seeking the approval of the MRCCC Acquisition so as to take Unitholders' view of the MRCCC Acquisition into account.

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1 It should also be noted that, based on information available to the Manager at the Latest Practicable Date, Raiffeisen Zentralbank Österreich AG holds:

(a) through its indirect wholly-owned subsidiary Capital Bloom Investments Limited, 1,138,293,750 shares (representing approximately 6.6%) of the total number of shares in issue in Lippo;

(b) through its wholly-owned subsidiary Golden Rainbow International Limited, 25,000,000 Units (representing approximately 9.04%) of the total number of Units in issue in First REIT; and

(c) through its indirect wholly-owned subsidiary Golden Decade International Limited, 100,000 shares (representing approximately 10.0%) of the total number of shares in issue in the Manager.

UNITHOLDERS SHOULD NOTE THAT BY APPROVING THE MRCCC ACQUISITION, THEY WOULD ALSO BE DEEMED TO HAVE APPROVED THE MRCCC MASTER LEASE.

4.1.2. The SHLC Acquisition

As at the Latest Practicable Date, Lippo directly and/or through its subsidiaries and through its interest in the Manager, has deemed 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 and the Manager, under both the Listing Manual and 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 and an Interested Party of First REIT.

Given the SHLC Purchase Consideration of S$35.0 million (which is 12.9% of the NTA and NAV respectively of First REIT as at 31 December 2009, the value of the SHLC Acquisition will in aggregate exceed (i) 5.0% of First REIT's latest audited NTA and (ii) 5.0% of First REIT's latest audited NAV. As such, the SHLC Acquisition will constitute an Interested Person Transaction under Chapter 9 of the Listing Manual and an Interested Party Transaction under paragraph 5 of the Property Funds Appendix.

In compliance with the requirements of the Listing Manual and the Property Funds Appendix, the Manager is therefore seeking Unitholders' approval for the SHLC Acquisition.

The value of the SHLC Master Lease is approximately S$3.8 million for the first year of the SHLC Master Lease, which represents approximately 1.4% of First REIT's latest audited NTA. The term of the SHLC Master Lease is 15 years. As the SHLC Master Lease will constitute an Interested Person Transaction under Chapter 9 of the Listing Manual for which Unitholders' approval is required, the approval of Unitholders is sought for the SHLC Master Lease.

UNITHOLDERS SHOULD NOTE THAT BY APPROVING THE SHLC ACQUISITION, THEY WOULD ALSO BE DEEMED TO HAVE APPROVED THE SHLC MASTER LEASE.

4.2. Existing Interested Person Transactions

First REIT has not entered into any Interested Person Transaction with Lippo and/or any associate of Lippo in the current financial year.

4.3. Fees Payable to the Manager

Upon completion, the Manager will be entitled under the Trust Deed to receive (i) the MRCCC Acquisition Fee of approximately S$1.7 million, which is equal to 1.0% of the MRCCC Purchase Consideration under the MRCCC SPA and (ii) the SHLC Acquisition Fee of approximately S$350,000, which is equal to 1.0% of the SHLC Purchase Consideration under the SHLC SPA. The MRCCC Acquisition Fee shall be payable to the Manager in the form of the MRCCC Acquisition Fee Units. 2,435,714[1] Units are expected to be issued to the Manager.

As the SHLC Acquisition will constitute an Interested Party Transaction under the Property Funds Appendix, the SHLC Acquisition Fee shall be payable to the Manager in the form of the SHLC Acquisition Fee Units. The SHLC Acquisition Fee Units shall not be sold within one year from their date of issuance, in accordance with paragraph 5.6 of the Property Funds Appendix which applies to Interested Party Transactions. 500,000[1] Units are expected to be issued to the Manager.

1 While Clause 14.2.1(i) of the Trust Deed allows the Manager to receive the MRCCC Acquisition Fee Units at the Issue Price of S$0.50 per Unit, the Manager has elected to receive the Acquisition Fee Units at the higher TERP of S$0.70 per Unit instead. The issue price for the MRCCC Acquisition Fee Units has been based on the TERP of S$0.70 per Unit calculated using the Closing Price.

After completion, the Manager will also be entitled under the Trust Deed to receive from First REIT, management fees attributable to the Properties comprising a base fee of 0.4% per annum of the value of the Properties and a performance fee of 5.0% per annum of the Net Property Income[1] of the Properties. The Manager will be entitled to the management fees attributable to the Properties in the future for so long as the Properties continue to form part of the investment portfolio of First REIT.

4.4. Approval by Unitholders

In approving the Acquisitions, Unitholders are deemed to have approved all documents which are required to be executed by the parties in order to give effect to the Acquisitions including the MRCCC Master Lease and the SHLC Master Lease. These agreements are therefore, not subject to Rules 905 and 906 of the Listing Manual (which require First REIT to make an announcement or obtain the approval of Unitholders depending on the materiality of the Interested Person Transactions) insofar as there are no subsequent changes to the rental, rates and/or basis of the fees charged thereunder which will adversely affect First REIT. Future renewal or extension of the agreements will be subject to Rules 905 and 906 of the Listing Manual.

4.5. Advice of the Independent Financial Adviser

4.5.1. The MRCCC Master Lease

The Manager has appointed Stirling Coleman Capital Limited as the independent financial adviser (the "**IFA**") to advise the independent directors of the Manager (being Mr Albert Saychuan Cheok and Mr Goh Tiam Lock) (collectively, the "**Independent Directors**") and the Trustee as to whether the MRCCC Master Lease is (a) on normal commercial terms and (b) prejudicial to the interests of First REIT and the Unitholders.

Having considered the factors and made the assumptions set out in its letter, and subject to the qualifications set out therein, the IFA is of the opinion that the MRCCC Master Lease is based on normal commercial terms and not prejudicial to the interests of First REIT and the Unitholders. Accordingly, the IFA is of the view that the Independent Directors should recommend that Independent Unitholders vote in favour of the MRCCC Master Lease.

A copy of the letter from the IFA to the Independent Directors and the Trustee (the "**IFA Letter**"), containing its advice in full, is set out in **Appendix D** of this Circular.

4.5.2. The SHLC Acquisition

The Manager has appointed the IFA to advise the Independent Directors and the Trustee as to whether the SHLC Acquisition and the SHLC Master Lease are (a) on normal commercial terms and (b) prejudicial to the interests of First REIT and the Unitholders.

Having considered the factors and made the assumptions set out in its letter, and subject to the qualifications set out therein, the IFA is of the opinion that the SHLC Acquisition (including the SHLC Master Lease) are based on normal commercial terms and not prejudicial to the interests of First REIT and the Unitholders. Accordingly, the IFA is of the view that the Independent Directors should recommend that Independent Unitholders vote in favour of the SHLC Acquisition (including the SHLC Master Lease).

A copy of the IFA Letter, containing its advice in full, is set out in **Appendix D** of this Circular.

1 "**Net Property Income**" consists of contracted rent under the master lease agreements in relation to the Enlarged Portfolio which comprises base rent and variable rent (where applicable) ("**Gross Rental Income**") less other property expenses (where applicable).

4.6. Interests of Directors[1] and Substantial Unitholders[2]

4.6.1. Interests of Directors of the Manager

As at the Latest Practicable Date, 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	%(1)
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 Chew.....	–	–	–	–	–	–
Dr Ronnie Tan Keh Poo	–	–	552,000(2)	0.20	552,000	0.20

Notes:

(1) Percentage interest is based on 276,531,506 Units in issue as at the Latest Practicable Date.

(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 SHLC Acquisition.

4.6.2. Interests of Substantial Unitholders

As at the Latest Practicable Date, the details of the unitholdings of the Substantial Unitholders 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.	–	60,131,506(2)	21.74%	60,131,506	21.74%
PT Lippo Karawaci Tbk........................	–	60,131,506 (3)	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%

1 "**Directors**" refers to directors of the Manager.

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

Notes:

(1) The percentage interest is based on 276,531,506 Units in issue as at the Latest Practicable Date.

(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 Latest Practicable Date, 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.

4.7. 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.

4.8. Major Transactions

4.8.1. Chapter 10 of the Listing Manual

(i) Chapter 10 of the Listing Manual governs the acquisition or disposal of assets, including options to acquire or dispose of assets, by First REIT. Such transactions are classified into the following categories:

(a) non-discloseable transactions;

(b) discloseable transactions;

(c) major transactions; and

(d) very substantial acquisitions or reverse takeovers.

(ii) A proposed acquisition by First REIT may fall into any of the categories set out in sub-paragraph 4.8.1(i) above depending on the size of the relative figures computed on the following bases of comparison:

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

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

Where any of the relative figures computed on the bases set out above is 20.0% or more, the transaction is classified as a "major transaction" under Rule 1014 of the Listing Manual which would be subject to the approval of Unitholders, unless such transaction is in the ordinary course of First REIT's business.

(iii) While the relative figures in relation to the MRCCC Acquisition computed on the bases set out in paragraph 4.8.1(i) above exceed 20.0%, 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. The relative figures in relation to the SHLC Acquisition computed on the bases set out in paragraph 4.8.1(i) above do not exceed 20.0%. However, for purposes of illustration to Unitholders, the relative figures for the Acquisitions using the applicable bases of comparison described in sub-paragraphs 4.8.1(ii)(a) and 4.8.1(ii)(b) are set out in the table below.

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.

(6) Based on Units in issue as at the Latest Practicable Date.

5. DETAILS OF THE RIGHTS ISSUE

5.1. The Rights Issue

The Manager is proposing the Rights Issue on a basis of five (5) Rights Units for every four (4) Existing Units held as at the Rights Issue Books Closure Date to raise gross proceeds of approximately S$172.8 million comprising an offer of 345,664,382 Rights Units to be made on a fully underwritten and renounceable basis to Eligible Unitholders.

5.2. Principal Terms of the Rights Issue

The following is a summary of the principal terms and conditions of the Rights Issue:

Issue Size : The Rights Issue is expected to raise gross proceeds of approximately S$172.8 million.

The number of Rights Units to be issued under the Rights Issue is 345,664,382, which will be fully underwritten by the Joint Lead Managers and Underwriters on the terms and conditions set out in the Underwriting Agreement.

In order for the Rights Issue to proceed on an underwritten basis, as described in this Circular, the Manager is therefore seeking approval from Independent Unitholders for Resolution 4 (the Whitewash Resolution).

Basis of Provisional Allotments	:	Each Eligible Unitholder is entitled to subscribe for five (5) Rights Units for every four (4) Existing Units standing to the credit of his securities account with The Central Depository (Pte) Limited ("**CDP**" and the securities account, the "**Securities Account**") as at the Rights Issue Books Closure Date.
Issue Price	:	S$0.50 per Rights Unit. The Rights Units are payable in full upon acceptance and/or application. The Issue Price represents a discount of approximately 47.37% to the Closing Price and a discount of approximately 28.57% to the TERP per Unit.
Status of the 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, including the right to any distributions which may accrue for the period from 1 October 2010 to 31 December 2010 as well as all distributions thereafter. Eligible Unitholders who validly accept in full, their Rights Entitlements, will receive such amount of the accrued distributions for the period from 1 July 2010 to 30 September 2010 which they would have been entitled to had the Rights Issue not occurred. Eligible Unitholders who decide not to accept in full their Rights Entitlements can, where applicable, make arrangements to trade them on the SGX-ST under the book-entry (scripless) settlement system. The Manager may also, at its absolute discretion, make arrangements for the Rights Entitlements which would otherwise have been allotted to Ineligible Unitholders to be sold "nil-paid" on the SGX-ST under the book-entry (scripless) settlement system. For Ineligible Unitholders, the Manager may, at its absolute discretion and if it is practicable to do so, arrange for the "nil-paid" rights which would otherwise have been provisionally allotted to Ineligible Unitholders to be sold "nil-paid' on the SGX-ST as soon as practicable after dealings in the "nil-paid" rights commence. Such sales may, however, only be effected if the Manager, in its absolute discretion, determines that the proceeds from such sales can at least cover the expenses to be incurred in relation thereto. **Unitholders should note that by approving the Rights Issue, they are also approving the issuance of the Rights Units which will rank *pari passu* in all respects with the existing Units in issue as at the date of issue of the Rights Units, including the right to any distributions which may accrue for the period from 1 October 2010 to 31 December 2010, notwithstanding that the Rights Units are expected to be issued in December 2010.**

Eligible Unitholders	:	Eligible Unitholders are Unitholders with Units standing to the credit of their Securities Account and whose registered addresses with CDP are in Singapore as at the Rights Issue Books Closure Date or who have, at least three Market Days[1] 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 the Joint Lead Managers and Underwriters, in its sole discretion determine, may be offered Rights Units without breaching applicable securities laws.
Entitlement of Eligible Unitholders	:	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 Rights Entitlements and are eligible to apply for the Excess Rights Units. The procedures for acceptance, excess applications and payment by Eligible Unitholders will be set out in the offer information statement in connection with the Rights Issue to be issued by the Manager to Eligible Unitholders and lodged with the MAS (the "**Offer Information Statement**").
Ineligible Unitholders	:	No provisional allotment of Rights Units will be made to Ineligible Unitholders and no purported acceptance thereof or application thereof by Ineligible Unitholders will be valid. Ineligible Unitholders should refer to the paragraphs under the heading "Ineligible Unitholders" below.
Trading of the Rights Units/ Trading of Rights Entitlements	:	The Rights Units and the Rights Entitlements will be traded on the Main Board of the SGX-ST under the book-entry (scripless) settlement system. For the purposes of trading on the Main Board of the SGX-ST, each board lot of Units will comprise 1,000 Units or Rights Entitlements. All dealings in and transactions (including transfers) of the Rights Units effected through the SGX-ST and/or CDP shall be made in accordance with the "Terms and Conditions for Operation of Securities Account with CDP", as the same may be amended from time to time, copies of which are available from CDP.
Trading of Odd Lots of Units	:	Eligible Unitholders who hold odd lots of Units (that is, lots other than board lots of 1,000 Units) and who wish to trade in odd lots are able to trade odd lots of Units on the SGX-ST's Unit Share Market. The Unit Share Market is a ready market for trading of odd lots of Units with a minimum size of one Unit.
Governing Law	:	Laws of the Republic of Singapore.

1 "**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.

The above terms and conditions of the Rights Issue are subject to such changes as the Manager may deem fit. The final terms and conditions of the Rights Issue will be set out in the Offer Information Statement to be despatched by the Manager to Eligible Unitholders in due course, subject to the approval of Unitholders for Resolution 1 (the MRCCC Acquisition), Resolution 2 (the SHLC Acquisition), Resolution 3 (the Rights Issue) and Resolution 4 (the Whitewash Resolution).

The Rights Issue is conditional upon, *inter alia*, the following:

(i) approval of the Unitholders at the Extraordinary General Meeting (which is subject to and conditional upon the passing of Resolution 1 (the MRCCC Acquisition), Resolution 2 (the SHLC Acquisition) and Resolution 4 (the Whitewash Resolution)); and

(ii) lodgement of the Offer Information Statement with the MAS.

AS THE RIGHTS ISSUE IS MADE ON A RENOUNCEABLE BASIS, THE PROVISIONAL ALLOTMENTS OF RIGHTS UNITS CAN BE RENOUNCED IN FAVOUR OF A THIRD PARTY OR TRADED ON THE SGX-ST.

5.2.1. Eligible Unitholders

Eligible Unitholders are Unitholders with Units standing to the credit of their Securities Account and whose registered addresses with CDP are in Singapore as at the Rights Issue Books Closure Date or who have, at least three Market Days 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, in consultation with the Joint Lead Managers and Underwriters determine, may be offered Rights Units without breaching applicable securities laws.

Eligible Unitholders will be at liberty to accept in part or in full, decline or otherwise renounce or trade (during the "nil-paid" rights trading period prescribed by the SGX-ST) their Rights Entitlements and are eligible to apply for Excess Rights Units in excess of their Rights Entitlements under the Rights Issue.

Eligible Unitholders who have subscribed for or purchased Units under the Central Provident Fund ("CPF") Investment Scheme ("CPFIS") and/or the Supplementary Retirement Scheme ("SRS") can only accept their Rights Entitlements by instructing the relevant banks in which they hold their CPFIS accounts and/or SRS accounts to do so on their behalf. Any application made directly to CDP or through automated teller machines will be rejected.

Unitholders holding Units through a finance company or depository agent may only subscribe for the Rights Entitlements through their respective finance company or depository agent.

Subscription for the Rights Entitlements arising from Units acquired under the CPFIS Ordinary Account ("CPFIS-OA"), where the Rights Entitlements are of a type included under the CPFIS-OA, can only be made using CPF funds. In the event of insufficient CPF funds or stock limit, Unitholders should top-up their CPF funds with the relevant bank in which they hold their CPFIS accounts to ensure that they may subscribe for their Rights Entitlements.

5.2.2. Ineligible Unitholders

No provisional allotment of Rights Units will be made to Unitholders other than Eligible Unitholders ("**Ineligible Unitholders**") and no purported acceptance thereof or application therefore by Ineligible Unitholders will be valid.

The making of the Rights Issue may be prohibited or restricted in certain jurisdictions under their relevant securities laws. Thus, for practical reasons and in order to avoid any violation of the securities legislation or other relevant laws applicable in countries (other than in Singapore) where Unitholders may have as their addresses registered with CDP, the Rights Issue will not be extended to Ineligible Unitholders. Save as provided herein, Ineligible Unitholders who wish to participate in the Rights Issue will have to provide CDP with addresses in Singapore for the service of notices and documents and any other evidence of eligibility at least three Market Days prior to the Rights Issue Books Closure Date. Save as provided herein and for the avoidance of doubt, the Ineligible Unitholders are not eligible to participate in the Rights Issue.

The "nil-paid" Rights Entitlements and the Rights Units will not be registered under the Securities Act, or under the securities laws of any state of the U.S. and, accordingly, they may not be offered, sold, resold, granted, delivered, allotted, taken up, transferred or renounced, directly or indirectly, in the U.S. or to U.S. persons (as defined in Regulation S under the Securities Act), except pursuant to an exemption from the registration requirements of the Securities Act.

If it is practicable to do so, the Manager may, at its absolute discretion, arrange for Rights Entitlements which would otherwise have been allotted to Ineligible Unitholders to be sold "nil-paid" on the SGX-ST as soon as practicable after dealings in the Rights Entitlements commence. Such sales may, however, only be effected if the Manager, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account expenses to be incurred in relation thereto.

The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Ineligible Unitholders in proportion to their respective unitholdings determined as at the Rights Issue Books Closure Date and sent to them by ordinary post, provided that where the amount to be distributed to any Ineligible Unitholder is less than S$10.00, the Manager shall be entitled to retain or deal with such net proceeds as the Manager may, in its absolute discretion, deem fit for the sole benefit of First REIT and no Ineligible Unitholder shall have any claim whatsoever against the Manager, the Joint Lead Managers and Underwriters, the Trustee or CDP in connection herewith.

5.3. Issue Price

The Issue Price represents a discount of:

(i) 47.37% to the Closing Price;

(ii) 28.57% to the TERP per Unit. For the avoidance of doubt, the TERP is calculated as follows:

$$\text{TERP} = \frac{\text{Market capitalisation of First REIT}^{1} + \text{Gross proceeds from the Rights Issue}}{\text{Units in issue after the Rights Issue}^{2}}$$

(iii) 34.21% to the pro forma NAV per Unit after completion of the Transactions of S$0.76 per Unit as at 31 December 2009 and 30 September 2010.

5.4. Use of Proceeds

The Manager expects to raise gross proceeds of approximately S$172.8 million and net proceeds of approximately S$168.0 million under the Rights Issue.

The Manager intends to utilise the net proceeds of approximately S$168.0 million from the Rights Issue to fully finance the SHLC Acquisition Cost and part finance the MRCCC Acquisition Cost. The aggregate of the MRCCC Acquisition Cost and the SHLC Acquisition Cost is S$210.5 million.

1 Based on the Closing Price.

2 Comprising Existing Units as at the Latest Practicable Date and the Rights Units.

Pending deployment, the net proceeds from the Rights Issue may be deposited with banks and/or financial institutions, or used for any other purpose on a short-term basis as the Manager may, in its absolute discretion, deem fit.

The Manager will make periodic announcements on the utilisation of the net proceeds of the Rights Issue via SGXNET as and when such funds are materially utilised.

It should be noted that First REIT is currently not under pressure from its bankers to repay any of its existing borrowings and has sufficient resources to meet its current capital commitments. The Manager is of the opinion that, after taking into consideration First REIT's internal resources and its available loan facilities and the net proceeds of the Rights Issue, the working capital available to First REIT is sufficient to meet its present obligations as and when they fall due.

(See paragraphs 7 and 8 for an illustration of the financial impact of the Transactions)

5.5. Costs of the Rights Issue

If First REIT proceeds with the Rights Issue, First REIT will have to bear total costs and expenses of approximately S$4.8 million consisting of:

(i) management, underwriting and selling commissions and related expenses of S$4.1 million (excluding goods and service tax payable); and

(ii) estimated advisory, professional and other fees and expenses of approximately S$0.7 million (excluding goods and service tax payable) in connection with the Rights Issue,

together with any goods and services tax payable thereon.

5.6. Underwriting of the Rights Issue and the Commitment of Lippo

5.6.1. 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 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 of 75,164,382 Units representing approximately 21.74% of the Rights Units (which is equivalent to approximately S$0.56 million);

(iii) 2.00% of the Issue Price multiplied by the number of 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); and

(iv) 2.00% 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 (sub-paragraphs 5.6.1(ii), 5.6.1(iii) and 5.6.1(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 breaches by the Manager of certain terms of the Underwriting Agreement, certain material adverse changes relating to First REIT and events of a *force majeure* nature. However, 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.

5.6.2. Commitment of Lippo

To demonstrate its support for First REIT and the Rights Issue, Lippo, which owns an aggregate indirect interest in 60,131,506 Units[1] (comprising approximately 21.74% of the total number of Units in issue) as at the Latest Practicable Date), has:

(i) provided the Irrevocable Undertaking, pursuant to which Lippo will procure that the Subscribing Subsidiaries subscribe for the Proportionate Rights Units, subject to the passing of the Whitewash Resolution; and

(ii) entered into the Commitment Agreement with the Joint Lead Managers and Underwriters, pursuant to which Lippo agrees, either directly or indirectly through one or more of the Subscribing Subsidiaries, to subscribe for 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),

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.

5.7. Excess Rights Units

Lippo may directly and/or through the Subscribing Subsidiaries, choose to apply for Excess Rights Units. In the allotment of Excess Rights Units, preference will be given to the rounding of odd lots, followed by allotment to the Unitholders who are neither Substantial Unitholders nor Directors. Lippo, the Subscribing Subsidiaries, other Substantial Unitholders and Directors will rank last in priority. (See paragraphs 5.6 and 9 of the Letter to Unitholders for further details)

5.8. Nil-Paid Rights

The Lippo Entities may acquire the Lippo Nil-Paid Rights Units.

For the avoidance of doubt, the Lippo Excess Rights Units and the purchase of Lippo Nil-Paid Rights would be offset against the Proportionate Rights Units and the Commitment Rights Units which Lippo has committed to subscribe for pursuant to the Irrevocable Undertaking and the Commitment Agreement.

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1 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.

5.9. Status of the 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, including the right to any distributions which may accrue for the period from 1 October 2010 to 31 December 2010 as well as all distributions thereafter.

Unitholders should note that by approving the Rights Issue, they are also approving the issuance of the Rights Units which will rank *pari passu* in all respects with the existing Units in issue as at the date of issue of the Rights Units, including the right to any distributions which may accrue for the period from 1 October 2010 to 31 December 2010, notwithstanding that the Rights Units are expected to be issued in December 2010.

5.10. Lock-up Arrangement

5.10.1. Pursuant to the Commitment Agreement, Lippo has agreed that, unless required by applicable laws and regulations, it will not, without the prior written consent of the Joint Lead Managers and Underwriters, offer, pledge, sell or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of (whether directly or indirectly) any Units held as at the settlement date of the Rights Issue by it and/or any of its associates, existing subsidiaries and/or new subsidiaries to be set up by Lippo to hold any of the Rights Units to or in favour of any party other than its related corporations, enter into a transaction (including a derivative transaction) with a similar economic effect to the foregoing and make any announcements in connection with any of the foregoing transactions, from the date of the Commitment Agreement until the date falling 180 days after the date on which the Rights Units are listed on the SGX-ST. The restrictions set out in this paragraph do not apply to the pledge or grant of any security over the Units subject to the lock-up for Lippo's general financing purposes, provided that the person in whose favour such pledge or security is made has executed and delivered to the Joint Lead Managers and Underwriters an undertaking that the restrictions described in this paragraph will remain in effect for the remainder of the Lock-up.

5.10.2. Pursuant to the Underwriting Agreement, the Manager has agreed that it will not, without the prior written consent of the Joint Lead Managers and Underwriters, directly or indirectly offer, issue, contract to issue, grant any option to purchase any Units (or any securities convertible into or exchangeable for Units or which carry rights to subscribe for Units), enter into a transaction (including a derivative transaction) with a similar economic effect to the foregoing or publicly announce any intention to do any of the above, during the period commencing from the date of the Underwriting Agreement until the date falling 180 days after the date on which the Rights Units are listed on the SGX-ST, other than as required by applicable laws and regulations. The restrictions set out in this paragraph do not apply to the Rights Units to be offered under the Rights Issue and the Units to be issued to the Manager in full or part payment of the Manager's fees under the Trust Deed.

5.11. Waiver from the Singapore Code on Take-overs and Mergers

On 4 November 2010, the SIC granted the SIC Waiver of the requirement by Lippo and parties acting in concert with it to make a Mandatory Offer for Units under the Code as a result of:

(i) the Lippo Entities taking up the Proportionate Rights Units pursuant to the Irrevocable Undertaking; and/or

(ii) the Lippo Entities subscribing for the Commitment Rights Units pursuant to the Commitment Agreement; and/or

(iii) the Lippo Entities acquiring Rights Units through, if applicable:

  (a) applying for the Lippo Excess Rights Units pursuant to the Lippo Excess Application, and/or;

  (b) acquiring the Lippo Nil-Paid Rights Units under the Rights Issue; and/or

(iv) the receipt by the Manager in its own capacity of the SHLC Acquisition Fee Units and/or the MRCCC Acquisition Fee Units,

subject to, *inter alia*, the approval of Resolution 4 (the Whitewash Resolution) by Independent Unitholders at a general meeting.

5.12. 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 Circular (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.

5.13. Approval in-Principle

Approval in-principle has been obtained from the SGX-ST on 3 November 2010 for the listing and quotation of the Rights Units on the Main Board of the SGX-ST. The SGX-ST's approval in-principle is not an indication of the merits of the Rights Issue, the Rights Units, First REIT and/or its subsidiaries.

The details of the conditions imposed by the SGX-ST's in-principle approval of the listing and quotation of the Rights Units are, *inter alia*, as follows:

(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 fulfil 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.

6. RATIONALE FOR THE TRANSACTIONS

The Manager believes that the Transactions will bring 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[1], 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.

(See paragraph 3 of **Appendix A** for further details regarding the Existing Portfolio)

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 to expiry

The MRCCC Master Lease and the SHLC Master Lease will be beneficial to First REIT as the Properties are expected to provide stability in First REIT's Gross Rental Income 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 the 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 to expiry of the Enlarged Portfolio will increase to approximately 12.4 years after the 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.

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

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 Property[1] 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 sqm after the completion of the Acquisitions from 83,638.2 sqm before the Acquisitions. The total number of hospital beds for the Indonesian properties will increase by 43.8% from 537 to 772.

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 properties. With an enlarged asset base, the operator of MRCCC and SHLC will also enjoy greater operating synergies in the long term which would indirectly benefit First REIT through higher variable rent and potential capital appreciation.

(See **Appendix A** for details in relation to the Properties as well as First REIT's Existing Portfolio)

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

To part finance the Acquisitions[2], 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 Latest Practicable Date. 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. Yield accretive acquisition with expected increase in distribution yield to Unitholders for Projection Year 2011

The Manager expects that the Acquisitions will improve the distribution yield to Unitholders due to the yield accretive nature of the Acquisitions. To illustrate the yield accretive nature of the Acquisitions which is part financed from a combination of debt financing and proceeds from the Rights Issue, the tables below show First REIT's forecast annualized distribution per Unit ("**DPU**") for the Projection Year 2011 in relation to the Enlarged Portfolio based on an Issue Price of S$0.50 per Rights Unit.

The following table has been prepared based on the assumptions set out above and have been examined by the independent reporting accountants, being RSM Chio Lim LLP (the "**Independent Reporting Accountants**"), and should be read together with the assumptions set out in paragraph 8 below and the report set out in **Appendix E**, "Independent Reporting Accountants' Report on the Profit Forecast and Profit Projection".

1 "**Deposited Property**" refers to the gross assets of First REIT, including the properties and the Authorised Investments (as defined herein) for the time being held or deemed to be held upon the trusts under the Trust Deed.

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

Projection Year 2011

	Projection Year 2011	
	Existing Portfolio	Enlarged Portfolio
	Before the Transactions	After the Transactions (1)
DPU (cents)	8.14	6.40
Distribution Yield (%)	8.57(2)	9.14(3)
Aggregate Leverage(4) (%)	18.60	17.25

Notes:

(1) Assuming that the Transactions are completed on 1 January 2011.

(2) Distribution yield before the Transactions is calculated based on the Closing Price.

(3) Distribution yield after the Transactions is based on the TERP of S$0.70 per Unit.

(4) "**Aggregate Leverage**" refers to the ratio of the value of total borrowings and deferred payments (if any) to the value of the Deposited Property.

Upon completion of the Transactions, First REIT's Aggregate Leverage will be lowered from 18.60% to 17.25% for the Projection Year 2011. Accordingly, First REIT's statement of financial position will be strengthened, leaving sufficient capability for debt financing should the need for such financing arises in the future.

6.7. 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.

MRCCC will be the first private cancer centre and treatment facilities with comprehensive 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 MRCCC and SHLC are expected to enhance the diversification of First REIT's portfolio across locations and medical specialisations.

6.8. 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 2010[1]. 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

1 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.

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 (or about 32.8%) from that of the Existing Portfolio.

7. PRO FORMA FINANCIAL INFORMATION

7.1. Pro Forma Financial Effects of the Transactions

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

(i) the FY2009 Audited Consolidated Financial Statements;

(ii) the unaudited financial statements of First REIT and its subsidiaries for the nine months 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;

(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 Manager[1];

(d) approximately 2.9 million new Units are issued as payment for the MRCCC Acquisition Fee and the SHLC Acquisition Fee 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; and

(f) borrowing costs 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 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:

	FY2009	
	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.

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

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

Pro forma NAV per Unit

The pro forma financial effects of the Acquisitions on the 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.

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.

(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	–	–

	As at 30 September 2010	
	Actual	**As Adjusted for the Transactions**
	(S$ '000)	(S$ '000)
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. PROFIT FORECAST AND PROFIT PROJECTION

8.1. Assumptions

Statements contained in this section that are not historical facts may be forward-looking statements. Such statements are based on the assumptions set forth in this section and are subject to certain risks and uncertainties which could cause actual results to differ materially from those forecasted and projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by any of First REIT, the Manager, the Trustee, the Joint Lead Managers and Underwriters or any other person, nor that these results will be achieved or are likely to be achieved. Investors in the Units or the Rights Units are cautioned not to place undue reliance on these forward-looking statements which are made only as of the date of this Circular.

None of First REIT, the Manager, the Trustee or the Joint Lead Managers and Underwriters guarantees the performance of First REIT, the repayment of capital or the payment of any distributions, or any particular return on the Units or the Rights Units. The forecast and projected yields presented below are strictly for illustrative purposes only.

The major assumptions made in the preparation of the profit projection and profit forecast for the Acquisitions and the Existing Portfolio are set out below. The Manager considers these assumptions to be appropriate and reasonable as at the date of this Circular.

8.1.1. Gross Revenue (as defined herein) comprises the income derived from the Gross Rental Income of the Existing Portfolio to Lippo under the Master Lease Agreements[1] for the full financial year from 1 January 2010 to 31 December 2010 (the "**Forecast Year 2010**"). For the Projection Year FY2011, the Gross Revenue includes income derived from the Gross Rental Income of MRCCC and SHLC to Lippo under the MRCCC Master Lease Agreement and the SHLC Master Lease Agreement respectively in addition to the Gross Rental Income from the Existing Portfolio;

8.1.2. the lessee is required to pay rent on a monthly or quarterly basis in advance;

8.1.3. in relation to the Gross Rental Income for properties in Indonesia:

(a) base rent is computed as follows:

(i) base rent for the first year of the lease is fixed;

1 "**Master Lease Agreements**" refer to the four lease agreements dated 23 October 2006 entered into between Lippo and the Indonesian SPCs in relation to the Existing Portfolio, and "**Master Lease Agreement**" means any one of them. "**Indonesian SPCs**" refer to the four companies incorporated in Indonesia, being (i) PT Sentra Dinamika Perkasa, (ii) PT Graha Indah Pratama, (iii) PT Tata Prima Indah, and (iv) PT Karya Sentra Sejahtera and "**Indonesian SPC**" means any one of them.

(ii) subsequently, base rent for the year is computed by multiplying base rent of the preceding year to two times the percentage variation in the Singapore CPI for the preceding calendar year, subject to a cap of 2.0%;

(iii) if the percentage variation in the Singapore CPI for the preceding calendar year is negative, there will be no increase in base rent for the year; and

(iv) the base rent increment is 2.0% for the Forecast Year 2010. There is no base rent increment for the Projection Year 2011 as the aggregate Singapore CPI percentage variation for FY2009 is negative;

(b) variable rent is computed based on the percentage of the audited Gross Revenue growth in relation to the properties in the preceding financial year:

(i) if the audited Gross Revenue growth in the preceding financial year is less than 5.0%, no variable rent is payable;

(ii) if the audited Gross Revenue growth in the preceding financial year is more than 5.0% and less than 15.0%, the variable rent payable will be 0.75% of audited Gross Revenue in the preceding financial year;

(iii) if the audited Gross Revenue growth in the preceding financial year is between 15.0% or more and less than 30.0%, the variable rent payable will be 1.25% of audited Gross Revenue in the preceding financial year;

(iv) if the audited Gross Revenue growth in the preceding financial year is 30.0% or more, the variable rent payable will be 2.0% of audited Gross Revenue in the preceding financial year;

8.1.4. Gross Revenue growth in relation to First REIT's properties is 19.5% and 15.0% for the Forecast Year 2010 and the Project Year 2011 respectively. As such, variable rent increment factor of 1.25% is applied for the above periods;

8.1.5. fixed exchange rates of S$1.00 to Rp. 5,624 for the master leases of the Existing Portfolio and S$1.00 to Rp. 6,600 for the MRCCC Master Lease and the SHLC Master Lease for the 15-year lease term;

8.1.6. in relation to the Gross Rental Income for properties in Singapore, rental rates will be increased by 2.0% on the preceding year every year;

8.1.7. direct operating expenses of First REIT and its subsidiaries which comprise advertising costs, accounting and administrative costs and professional fees increase by about 10.0% per year;

8.1.8. under the Trust Deed, the Manager's management fee comprises of (a) a base fee of 0.4% per annum of the total assets of First REIT and (b) a performance fee of 5.0% of the Net Property Income of First REIT;

8.1.9. the Manager may elect to receive its management fees in cash or in Units or a combination of cash and Units (as it may in its sole discretion determine), having regard to the distribution yields to Unitholders and the cash flows of First REIT. The Manager elects to receive 60.0% and 100.0% of the management fees in Units for the Forecast Year 2010 and for the Projection Year 2011 which will be issued at the volume-weighted average traded price of S$0.9479 and the TERP of S$0.70 respectively;

8.1.10. under the Trust Deed, the Trustee's fees shall not exceed 0.1% of the total assets of First REIT and shall not be less than S$10,000 per month. For the Forecast Year 2010, the Trustee's fees are computed based on a minimum sum of S$10,000 per month. For the Projection Year 2011, the Trustee's fees are expected to be computed based on 0.03% per annum of the total assets of First REIT;

8.1.11. finance costs comprise interest expenses on borrowing and amortisation of borrowing costs. The range of interest rates on the borrowing for Forecast Year 2010 is from 3.87% to 4.11% per annum and interest rates on the borrowing for Projection Year 2011 is 4.00% per annum;

8.1.12. other expenses of First REIT and its subsidiaries which comprise of recurring expenses such as annual listing fees, audit and tax advisory fees, valuation fees, costs associated to preparation and distribution of reports to Unitholders, investor communication costs and other miscellaneous expenses increase by about 10.0% per year;

8.1.13. income tax relating to the corporate tax is incurred by the special purpose companies incorporated in Indonesia on the rental income earned at a rate of 10.0%. The income tax on interest income earned on cash balances with banks is at a rate of 20.0%;

8.1.14. withholding tax on dividend and interest payment relating to tax withheld by the special purpose companies incorporated in Indonesia on the dividend and interest payments to the special purpose companies incorporated in Singapore are at a reduced rate of 10.0% under the tax treaty between Singapore and Indonesia;

8.1.15. the Pacific Cancer Centre @ Adam Road is expected to receive temporary occupation permit and enter into a supplement lease in July 2011;

8.1.16. the Lentor Residence is expected to receive temporary occupation permit and enter into a supplement lease in September 2011;

8.1.17. volume-weighted average traded price for the 10 market days before the Latest Practicable Date of S$0.9479 used in the computation of the payment of the Manager's management fee in Units for the fourth quarter of the Forecast Year 2010 and the TERP of S$0.70 per Unit for the Projection Year 2011;

8.1.18. the Manager has assumed no change in applicable accounting standards or other financial reporting requirements that may have a material effect on the forecast or projected total return; and

8.1.19. others:

(a) there will be no disposal in the Existing Portfolio throughout these periods;

(b) no further capital will be raised during the periods;

(c) there will be no change to tax exemption and the tax approval granted to First REIT;

(d) all leases and licences are enforceable and will be performed in accordance with their terms; and

(e) 100.0% of the tax-exempt income (after deduction of applicable expenses) and capital receipts available for distribution will be distributed to the Unitholders.

8.2. Forecast and Projected Statements of Total Return

The following table shows First REIT's forecast and projected statements of total return for the Forecast Year 2010 and the Projection Year 2011. The forecast and projected results for the Forecast Year 2010 and the Projection Year 2011 are based on the assumptions set out above and have been examined by the Independent Reporting Accountants and should be read together with the report set out in **Appendix E**, "Independent Reporting Accountants' Report on the Profit Forecast and Profit Projection" as well as the assumptions set out in paragraph 8.1.

Forecast and Projected Statements of Total Return

	Forecast Year 2010	Projection Year 2011
	(S$ '000)	(S$ '000)
Gross Revenue	30,274	54,509
Property Operating Expenses	(393)	(503)
Net Property Income	29,881	54,006
Interest Income	24	19
Manager's Management Fees	(2,942)	(5,242)
Trustee's Fees	(121)	(190)
Finance Costs	(2,272)	(4,517)
Other Expenses	(487)	(407)
Net Income before the Undernoted	24,083	43,669
Increase in Fair Value of Investment Properties	–	46,790
Total Return for the Year before Income Tax	24,083	90,459
Income Tax for the Year	(4,974)	(22,476)
Total Return for the Year after Income Tax	19,109	67,983

Forecast and Projected Statements of Distribution

	Forecast Year 2010	Projection Year 2011
	(S$ '000)	(S$ '000)
Total Return for the Year after Income Tax	19,109	67,983
Add/ (less) non-cash items and other adjustments:		
- Management fees payable in units	934	4,755
- Change in fair value of investment property, net of tax	–	(33,060)
- Deferred rental income of property under asset enhancement	1,220	590
- Other adjustments	31	(13)
Total Return Available for Distribution to Unitholders	21,294	40,255

	Forecast Year 2010	Projection Year 2011
Number of Units eligible for distribution ('000)	276,774	629,262
DPU (cents)	7.69	6.40
Closing Price/TERP (cents)	95.0	70.0
Annualised distribution yield (%)	8.09	9.14

Gross Revenue and Net Property Income Contribution of MRCCC and SHLC

The forecast and projected contribution of each of MRCCC and SHLC to Gross Revenue[1] is as follows:

	Forecast Year 2010		Projection Year 2011	
	(S$'000)	(%)	(S$'000)	(%)
Existing eight properties	30,274	100.0	32,106	58.9
MRCCC	–	–	18,635	34.2
SHLC	–	–	3,768	6.9
Total	**30,274**	**100.0**	**54,509**	**100.0**

The forecast and projected contribution of each of MRCCC and SHLC to Net Property Income is as follows:

	Forecast Year 2010		Projection Year 2011	
	(S$'000)	(%)	(S$'000)	(%)
Existing eight properties	29,881	100.0	31,743	58.8
MRCCC	–	–	18,552	34.3
SHLC	–	–	3,711	6.9
Total	**29,881**	**100.0**	**54,006**	**100.0**

9. THE PROPOSED WHITEWASH RESOLUTION

9.1. Rule 14 of the Code

In order for the Rights Issue to proceed on an underwritten basis, the Manager is seeking approval from Independent Unitholders for a waiver of their rights to receive a Mandatory Offer from Lippo and parties acting in concert with it for all the remaining issued Units not owned or controlled by Lippo and parties acting in concert with it, in the event that the Lippo Entities incur a mandatory bid obligation pursuant to Rule 14 of the Code as a result of:

(i) the Lippo Entities taking up the Proportionate Rights Units allotted and issued to them pursuant to the Irrevocable Undertaking; and/or

(ii) the Lippo Entities subscribing for the Commitment Rights Units pursuant to the Commitment Agreement; and/or

(iii) the Lippo Entities acquiring Rights Units through, if applicable:

(a) applying for the Lippo Excess Rights Units pursuant to the Lippo Excess Application; and/or

(b) acquiring any Lippo Nil-Paid Rights Units under the Rights Issue; and/or

(iv) the receipt by the Manager in its own capacity of the SHLC Acquisition Fee Units and/or the MRCCC Acquisition Fee Units.

1 "**Gross Revenue**" consists of Gross Rental Income and (where applicable) other income earned from First REIT's properties.

The Lippo Entities may possibly, upon:

(a) the Lippo Entities taking up the Proportionate Rights Units allotted and issued to them pursuant to the Irrevocable Undertaking; and/or

(b) the Lippo Entities subscribing for the Commitment Rights Units pursuant to the Commitment Agreement; and/or

(c) the Lippo Entities acquiring Rights Units through, if applicable:

  (i) applying for the Lippo Excess Rights Units pursuant to the Lippo Excess Application; and/or

  (ii) acquiring any Lippo Nil-Paid Rights Units under the Rights Issue; and/or

(d) the receipt by the Manager in its own capacity of the SHLC Acquisition Fee Units and/or the MRCCC Acquisition Fee Units,

end up acquiring additional Units which exceeds the threshold pursuant to Rule 14.1(a) of the Code.

Rule 14.1(a) of the Code states that Lippo and parties acting in concert with it would be required to make a Mandatory Offer if the Lippo Entities acquire additional Units which increases their aggregate unitholding in First REIT to 30.0% or more.

Unless waived by the SIC, pursuant to Rule 14.1(a) of the Code, Lippo and parties acting in concert with it would then be required to make a Mandatory Offer. The SIC has granted this waiver on 4 November 2010 subject to, *inter alia*, Resolution 4 (the Whitewash Resolution) being approved by Independent Unitholders at an Extraordinary General Meeting.

As at the Latest Practicable Date, Lippo, through (i) its indirect wholly-owned subsidiary, Bridgewater International Ltd and (ii) the Manager, holds an aggregate indirect interest in 60,131,506 Units[1] (comprising approximately 21.74% of the total number of Units in issue) as at the Latest Practicable Date), with Bridgewater International Ltd having a direct interest in 55,000,000 Units and the Manager having a direct interest in 5,131,506 Units.

If all Unitholders (including the Lippo Entities) accept their Rights Entitlements in full, and the Manager receives (in its own capacity) the MRCCC Acquisition Fee Units and the SHLC Acquisition Fee Units, the unitholdings of the Lippo Entities after the completion of the Rights Issue and upon the acceptance of all of their provisional allotments under the Rights Issue will be approximately 22.1% of the enlarged unitholdings after the Rights Issue and the issue of the MRCCC Acquisition Fee Units and the SHLC Acquisition Fee Units ("**Whitewash Scenario 1**").

In the scenario where the Lippo Entities subscribe for not only their Proportionate Rights Units but also subscribe for all the Commitment Rights Units pursuant to the Commitment Agreement and the Manager receives (in its own capacity) the MRCCC Acquisition Fee Units and the SHLC Acquisition Fee Units, (being an aggregate of 273,481,603 Units) and assuming that the Lippo Entities do not apply for any Excess Rights Units and/or acquire any Lippo Nil-Paid Rights Units under the Rights Issue, the aggregated unitholding of the Lippo Entities immediately after the completion of the Rights Issue and upon the subscription for all of the Rights Units will be approximately 43.75% of the enlarged unitholdings after the Rights Issue and the issue of the MRCCC Acquisition Fee Units and the SHLC Acquisition Fee Units ("**Whitewash Scenario 2**").

The maximum possible increase in the unitholdings of the Lippo Entities would occur in the scenario where (i) none of the other Unitholders subscribe for their Rights Entitlements, (ii) the Manager receives (in its own capacity) the MRCCC Acquisition Fee Units and the SHLC Acquisition Fee Units, (iii) the Lippo Entities subscribe for all the Proportionate Rights Units pursuant to the Irrevocable Undertaking, (iv) the Lippo Entities subscribe for all of the Commitment Rights Units

1 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.

pursuant to the Commitment Agreement and (v) apply for and receive such maximum number of Excess Rights Units and/or acquire any Lippo Nil-Paid Rights Units under the Rights Issue, without breaching the "public" float requirement set out in Rule 723 of the Listing Manual (i.e. such that 100.0% of the Rights Units are taken up by the Lippo Entities), being an aggregate of 408,731,603 Rights Units, the aggregated unitholding of the Lippo Entities immediately after the completion of the Rights Issue will be 65.38% of the enlarged unitholdings after the Rights Issue and the issue of the MRCCC Acquisition Fee Units and the SHLC Acquisition Fee Units and the SHLC Acquisition Fee Units ("**Whitewash Scenario 3**").

The following table sets out the respective unitholdings of the Lippo Entities in the scenarios outlined above, based on the Rights Ratio for the Rights Issue.

		Immediately after the Rights Issue and issuance of the MRCCC Acquisition Fee Units and the SHLC Acquisition Fee Units		
	Before the Rights Issue	**Whitewash Scenario 1**	**Whitewash Scenario 2**	**Whitewash Scenario 3**
Issued Units	276,531,506	625,131,603	625,131,603	625,131,603
Number of Units held by the Lippo Entities	60,131,506	138,231,603	273,481,603	408,731,603
Number of Units held by Unitholders, other than the Lippo Entities	216,400,000	486,900,000	351,650,000	216,400,000
% of issued Units held by the Lippo Entities	21.74	22.11	43.75	65.38
% of Issued Units held by Unitholders, other than the Lippo Entities	78.26	77.89	56.25	34.62

9.2. Application for Waiver from Rule 14 of the Code

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 it to make a Mandatory Offer under Rule 14 of the Code should the obligation to do so arise as a result of the Rights Issue. The SIC granted the SIC Waiver on 4 November 2010, subject to, *inter alia*, the satisfaction of the following conditions:

(i) a majority of Unitholders present and voting at a general meeting, held before the Rights Issue, approve by way of a poll, the Whitewash Resolution to waive their rights to receive a general offer from Lippo and parties acting in concert with it;

(ii) the Whitewash Resolution is separate from other resolutions;

(iii) Lippo, parties acting in concert with it and parties not independent of them abstain from voting on the Whitewash Resolution;

(iv) Lippo and parties acting in concert with it did not acquire or are not to acquire any Units or instruments convertible into and options in respect of Units (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Units which have been disclosed in this Circular):

(a) during the period between the announcement of the Rights Issue and the date Unitholders' approval is obtained for the Whitewash Resolution; and

(b) in the six months prior to the announcement of the Rights Issue, but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Manager in relation to the Rights Issue;

(v) First REIT appoints an independent financial adviser to advise the Independent Unitholders on the Whitewash Resolution;

(vi) First REIT sets out clearly in this Circular:

(a) details of the Rights Issue including the Irrevocable Undertaking and the Commitment Agreement;

(b) the dilution effect of issuing the Rights Units to existing Unitholders of voting rights in First REIT;

(c) the number and percentage of Units as well as the number of instruments convertible into, rights to subscribe for and options in respect of Units held by Lippo and parties acting in concert with it as at the Latest Practicable Date;

(d) the number and percentage of Units to be issued to Lippo and parties acting in concert with it;

(e) a specific and prominent reference to the fact that the acquisition of the Rights Units by the Lippo Entities could result in the Lippo Entities holding Units carrying over 49.0% of the voting rights of First REIT based on its enlarged issued unitholdings and the Lippo Entities will be free to acquire further Units without incurring any obligation under Rule 14 of the Code to make a general offer for First REIT; and

(f) a specific and prominent statement that Unitholders, by voting for the Whitewash Resolution, are waiving their rights to a general offer from Lippo and parties acting in concert with it at the highest price paid or agreed to be paid by Lippo and parties acting in concert with it for Units in the six months preceding the commencement of the offer;

(vii) this Circular states that the waiver granted by SIC to Lippo and parties acting in concert with it from the requirement to make a general offer under Rule 14 of the Code is subject to the conditions set out in sub-paragraphs 9.2(i) to 9.2(vi)(a) – (f) above;

(viii) First REIT obtains SIC's approval in advance for the paragraphs of this Circular that refer to the Whitewash Resolution; and

(ix) to rely on the Whitewash Resolution, the acquisitions of Rights Units by the Lippo Entities must be completed within three months of the date of approval of the Whitewash Resolution.

To the best of the knowledge of the Manager and Lippo, Lippo and parties acting in concert with it hold, in aggregate, 60,131,506 Units representing 21.74% of the voting rights of First REIT as at the Latest Practicable Date.

Independent Unitholders should note that by voting for the Whitewash Resolution, they are waiving their rights to receive a Mandatory Offer from Lippo and parties acting in concert with it at the highest price paid or agreed to be paid by Lippo and parties acting in concert with it for Units in the six months preceding the acceptance by the Lippo Entities of all of their provisional allotments under the Rights Issue and (i) the subscription for the Commitment Rights Units pursuant to the Commitment Agreement, (ii) application by the Lippo Entities of the Lippo Excess Rights Units pursuant to the Rights Issue and/or (iii) acquisition of Lippo Nil-Paid Rights Units pursuant to the Rights Issue[1].

Independent Unitholders should further note that in the event that:

(i) the Manager receives the MRCCC Acquisition Fee Units and the SHLC Acquisition Fee Units and the Lippo Entities subscribe for not only their provisional allotments but also subscribe for all the Commitment Rights Units pursuant to the Commitment Agreement (being an

1 Save for the Management Fee Units, the Lippo Entities have not acquired any Units in the last six months prior to the Latest Practicable Date.

aggregate of 273,481,603 Rights Units) and assuming that the Lippo Entities do not apply for any Excess Rights Units and/or acquire any Lippo Nil-Paid Rights Units under the Rights Issue, the aggregated unitholding of the Lippo Entities immediately after the completion of the Rights Issue and upon the subscription for all of the Rights Units will be 43.75% of the enlarged unitholdings after the Rights Issue and the issue of the MRCCC Acquisition Fee Units and the SHLC Acquisition Fee Units; and

(ii) the Manager receives the MRCCC Acquisition Fee Units and the SHLC Acquisition Fee Units and none of the other Unitholders subscribe for their provisional allotments under the Rights Issue and the Lippo Entities (i) subscribe for their provisional allotments of Rights Units, (ii) subscribe for all of the Commitment Rights Units pursuant to the Commitment Agreement and (iii) apply for and receive such maximum number of Excess Rights Units and/or acquire any Lippo Nil-Paid Rights Units under the Rights Issue, without breaching the "public" float requirement set out in Rule 723 of the Listing Manual, being an aggregate of 408,731,603 Rights Units, the aggregated unitholding of the Lippo Entities immediately after the completion of the Rights Issue will be 65.38% of the enlarged unitholdings after the Rights Issue and the issue of the MRCCC and SHLC Acquisition Fee Units.

As the Lippo Entities would then hold more than 49.0% of the issued Units under both the scenarios (ii) above, they would be free to thereafter acquire further Units without incurring any obligation under Rule 14 of the Code to make a Mandatory Offer.

By voting in favour of the Whitewash Resolution, Independent Unitholders could also be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilutive effect resulting from the acceptance by the Lippo Entities of all of their provisional allotments and (i) the subscription for the Commitment Rights Units pursuant to the Commitment Agreement (ii) application by the Lippo Entities of the Lippo Excess Rights Units pursuant to the Rights Issue and/or (iii) acquisition of Lippo Nil-Paid Rights Units pursuant to the Rights Issue.

9.3. Rationale for the Whitewash Resolution

The Whitewash Resolution is to enable Lippo, either by itself and/or through one or more of the Subscribing Subsidiaries, to:

(i) subscribe for the Proportionate Rights Units pursuant to the Irrevocable Undertaking and the Commitment Rights Units pursuant to the Commitment Agreement; and/or

(ii) apply for the Lippo Excess Rights Units and/or acquire the Lippo Nil-Paid Rights Units pursuant to the Rights Issue.

The rationale for allowing Lippo to, either by itself and/or through one or more of the Subscribing Subsidiaries, (i) subscribe for the Proportionate Rights Units pursuant to the Irrevocable Undertaking and the Commitment Rights Units pursuant to the Commitment Agreement and/or (ii) apply for the Lippo Excess Rights Units and/or acquire the Lippo Nil-Paid Rights Units, is set out below.

Rationale to subscribe for the Proportionate Rights Units and the Commitment Rights Units

Given the recent months of market uncertainty and volatility and the resulting challenging market conditions, the Joint Lead Managers and Underwriters have confirmed that they will only underwrite the Rights Issue if Lippo enters into the Commitment Agreement. By committing to this arrangement, Lippo is demonstrating its support for First REIT and facilitating the underwriting of the Rights Issue by the Joint Lead Managers and Underwriters, thereby enhancing the chances of a successful Rights Issue.

Rationale to allow Lippo to apply for Lippo Excess Rights Units and/or acquire the Lippo Nil-Paid Rights Units

The Manager is of the view that the Lippo Entities should not be treated differently from any other Unitholder and should be given the opportunity to apply for Excess Rights Units. In addition, any Lippo Excess Application, to be made by Lippo at its discretion, will further demonstrate Lippo's support for and confidence in the Rights Issue and its long-term commitment to First REIT and will enhancing the chances of a successful Rights Issue. In the allotment of Excess Rights Units, preference will be given to the rounding of odd lots (if any), followed by allotment to the Unitholders who are neither Substantial Unitholders nor Directors. Lippo, the Subscribing Subsidiaries, other Substantial Unitholders and Directors will rank last in priority.

The Manager is also of the view that the Lippo Entities should not be treated differently from any other Unitholder and should be given the opportunity to acquire Lippo Nil-Paid Rights Units and that allowing the Lippo Entities to acquire Lippo Nil-Paid Rights Units in the open market or otherwise by way of private arrangement would enhance liquidity in relation to the Lippo Nil-Paid Rights Units. The liquidity of the market in the Lippo Nil-Paid Rights Units is important because any illiquidity will impact upon the ability of a Unitholder who wishes to realise part or all of its Nil-Paid Rights Units to do so without losing value.

9.4. Advice of the Independent Financial Adviser

The Manager has appointed the IFA to advise the Independent Directors and the Trustee in relation to the Whitewash Resolution. A copy of the IFA Letter to the Independent Directors and the Trustee, containing its advice in full, is set out in **Appendix D** of this Circular and Unitholders are advised to read the IFA Letter carefully.

Having considered the factors and made the assumptions set out in its letter, and subject to the qualifications set out therein, the IFA is of the view that Resolution 4 (the Whitewash Resolution) taken in the context of the Rights Issue, is not prejudicial to the interests of Independent Unitholders.

The IFA is of the view that the Independent Directors can recommend that Independent Unitholders vote in favour of Resolution 4 (the Whitewash Resolution) to be proposed at the Extraordinary General Meeting.

10. RECOMMENDATIONS

10.1. On the MRCCC Acquisition

The Independent Directors have considered the relevant factors, including:

(i) the opinion of the IFA that the MRCCC Master Lease is based on normal commercial terms and not prejudicial to the interests of First REIT and the Unitholders and that it is accordingly of the view that the Independent Directors should recommend that Independent Unitholders vote in favour of the MRCCC Master Lease (the IFA's opinion on the MRCCC Master Lease is set out in the IFA Letter in **Appendix D** of this Circular); and

(ii) the rationale for the MRCCC Acquisition as set out in paragraph 6 above,

and believe that the MRCCC Acquisition and the MRCCC Master Lease would not be prejudicial to the interests of First REIT or its minority Unitholders.

Accordingly, the Independent Directors recommend that Unitholders vote at the Extraordinary General Meeting in favour of Resolution 1 (in relation to the MRCCC Acquisition).

10.2. On the SHLC Acquisition

The Independent Directors have considered the relevant factors, including:

(i) the opinion of the IFA that the SHLC Acquisition (including the SHLC Master Lease) are based on normal commercial terms and not prejudicial to the interests of First REIT and the Unitholders (the IFA's opinion on the SHLC Acquisition and the SHLC Master Lease are set out in the IFA Letter in **Appendix D** of this Circular); and

(ii) the rationale for the SHLC Acquisition as set out in paragraph 6 above, and believe that the SHLC Acquisition and the SHLC Master Lease are based on normal commercial terms and would not be prejudicial to the interests of First REIT or its minority Unitholders.

Accordingly, the Independent Directors recommend that Unitholders vote at the Extraordinary General Meeting in favour of Resolution 2 (in relation to the SHLC Acquisition).

10.3. On the Rights Issue

The Directors have considered the relevant factors, including the rationale for the Rights Issue as set out in paragraph 6 above, and recommend that Unitholders vote at the Extraordinary General Meeting in favour of Resolution 3 (in relation to the Rights Issue).

10.4. On the Whitewash Resolution

The Independent Directors have considered the relevant factors, including the opinion of the IFA as set out in the IFA Letter in **Appendix D** of this Circular and the rationale for the Whitewash Resolution as set out in paragraph 9.3 above, and believe that the Whitewash Resolution would not be prejudicial to the interests of First REIT or its minority Unitholders.

Accordingly, the Independent Directors recommend that Independent Unitholders vote in favour of Resolution 4 (the Whitewash Resolution).

11. EXTRAORDINARY GENERAL MEETING

The Extraordinary General Meeting will be held at 2.00 p.m. on 29 November 2010 at Mandarin Ballroom 2, Level 6, Main Tower, Mandarin Orchard Singapore, 333 Orchard Road, Singapore 238867, for the purpose of considering and, if thought fit, passing with or without modification, the resolutions set out in the Notice of Extraordinary General Meeting, which is set out on pages H-1 to H-3 of this Circular.

A Depositor shall not be regarded as a Unitholder entitled to attend the Extraordinary General Meeting and to speak and vote unless he is shown to have Units entered against his name in the Depository Register, as certified by CDP as at 2.00 p.m. on 27 November 2010, being 48 hours before the Extraordinary General Meeting.

Unitholders should note that:

(i) Resolution 1 (the MRCCC Acquisition), Resolution 2 (the SHLC Acquisition) and Resolution 3 (the Rights Issue) are subject to and contingent upon each other. In the event that First REIT fails to obtain Unitholders' approval for any of Resolution 1 (the MRCCC Acquisition), Resolution 2 (the SHLC Acquisition) and Resolution 3 (the Rights Issue), First REIT will not proceed with any of Resolution 1 (the MRCCC Acquisition), Resolution 2 (the SHLC Acquisition) and Resolution 3 (the Rights Issue); and

(ii) Resolution 1 (the MRCCC Acquisition), Resolution 2 (the SHLC Acquisition) and Resolution 3 (the Rights Issue) are subject to and contingent upon Resolution 4 (the Whitewash Resolution) being passed. In the event First REIT fails to obtain Unitholders' approval for Resolution 4 (the Whitewash Resolution), First REIT will not proceed with any of Resolution 1 (the MRCCC Acquisition), Resolution 2 (the SHLC Acquisition) and Resolution 3 (the Rights Issue).

12. ABSTENTIONS FROM VOTING

12.1. Relationship between Lippo, the Manager and First REIT

As at the Latest Practicable Date, 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.

12.2. Abstention from Voting in relation to the MRCCC Acquisition

Given that the MRCCC Master Lease Agreement will be entered into with Lippo which is a controlling Unitholder of First REIT as well as a controlling shareholder of the Manager, Lippo, Bridgewater International Ltd and the Manager will abstain from voting at the Extraordinary General Meeting on Resolution 1 (the MRCCC Acquisition).

12.3. Abstention from Voting in relation to the SHLC Acquisition

Given that SHLC will be acquired from EJM which is a subsidiary of Lippo and that the SHLC Master Lease Agreement will be entered into with EJM, Lippo, Bridgewater International Ltd and the Manager will abstain from voting at the Extraordinary General Meeting on Resolution 2 (the SHLC Acquisition).

12.4. Abstention from Voting in relation to the Whitewash Resolution

Pursuant to the SIC Waiver granted in relation to Resolution 4 (the Whitewash Resolution), Lippo, parties acting in concert with it (as determined for the purposes of the Rights Issue) and parties not independent of Lippo (including Bridgewater International Ltd and the Manager) are required to abstain from voting on Resolution 4 (the Whitewash Resolution).

13. ACTION TO BE TAKEN BY UNITHOLDERS

You will find enclosed in this Circular the Notice of Extraordinary General Meeting and a Proxy Form.

If a Unitholder is unable to attend the Extraordinary General Meeting and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the enclosed Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the office of the Unit Registrar at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not later than 2.00 p.m. on 27 November 2010, being 48 hours before the time fixed for the Extraordinary General Meeting. The completion and return of the Proxy Form by a Unitholder will not prevent him from attending and voting in person if he so wishes.

14. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the MRCCC Acquisition, the MRCCC Master Lease, the SHLC Acquisition, the SHLC Master Lease, the Whitewash Resolution, First REIT and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure that such information is accurately extracted from such sources and/or, as the case may be, reflected or reproduced in this Circular in its proper form and context.

15. JOINT LEAD MANAGERS AND UNDERWRITERS' RESPONSIBILITY STATEMENTS

The Joint Lead Managers and Underwriters confirm that, to the best of their knowledge and belief, based on information made available by the Manager, the information about the Rights Issue contained in paragraph 5 above constitutes full and true disclosure of all material facts about the Rights Issue as at the date of this Circular and the Joint Lead Managers and Underwriters are not aware of any facts the omission of which would make any statement about the Rights Issue contained in the said paragraphs misleading as at the date of this Circular.

16. CONSENTS

Each of the IFA, the Independent Valuers, the Independent Reporting Accountants, the Independent Healthcare Research Consultant and PB & Co as the independent Indonesian tax adviser (the "**Independent Indonesia Tax Adviser**") has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and, respectively, the IFA Letter, the Valuation

Summary Reports, the Full Valuation Reports, the Independent Reporting Accountants' Report on the Profit Forecast and Profit Projection, the Indonesian Healthcare Market Review Report and the Independent Indonesian Taxation Report, and all references thereto, in the form and context in which they are included in this Circular.

17. DOCUMENTS ON DISPLAY

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 this Circular up to and including the date falling three months after the date of this 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 by the Independent Reporting Accountants, RSM Chio Lim LLP;

(x) the Indonesia Healthcare Market Review Report by the Independent Healthcare Research Consultant, Frost & Sullivan;

(xi) the FY2009 Audited Consolidated Financial Statements;

(xii) the 9M2010 Unaudited Financial Statements;

(xiii) the Independent Indonesian Taxation Report by the Independent Indonesian Tax Adviser, PB & Co; and

(xiv) the IFA Letter from the IFA, Stirling Coleman Capital Limited.

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.

Yours faithfully

BOWSPRIT CAPITAL CORPORATION LIMITED
(as manager of First Real Estate Investment Trust)
Company registration number: 200607070D

Dr Ronnie Tan Keh Poo
Chief Executive Officer and Director

IMPORTANT NOTICE

The value of Units and the income from them may fall as well as rise. 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.

The past performance of First REIT is not necessarily indicative of the future performance of First REIT.

This Circular 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. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.

If you have sold or transferred all your Units, you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular is not for distribution, directly or indirectly, in or into the United States and does not constitute an offer of securities into the United States. The "nil-paid" rights entitlements and the Rights Units have not been and will not be registered under the Securities Act or under the securities laws of any state or other jurisdiction of the United States. The "nil-paid" rights entitlements and the Rights Units may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. There will be no public offer of securities in the United States.

GLOSSARY

In this Circular, the following definitions apply throughout unless otherwise stated:

9M2010 Unaudited Financial Statements	:	The unaudited financial statements of First REIT and its subsidiaries for the nine months ended 30 September 2010
Acquisitions	:	The MRCCC Acquisition and the SHLC Acquisition
Aggregate Leverage	:	The ratio of the value of total borrowings and deferred payments (if any) to the value of the Deposited Property
Audit Committee	:	The audit committee of the Manager, comprising Mr Albert Saychuan Cheok, Mr Goh Tiam Lock and Mr Markus Parmadi
Authorised Investments	:	Refers to, in general:

(i) real estate, whether freehold or leasehold, in or outside Indonesia, held singly or jointly, and/or by way of direct ownership or by a shareholding in a special purpose vehicle;

(ii) any improvement or extension of or addition to, or reconstruction, refurbishment, retrofitting, renovation or other development of any real estate or any building thereon;

(iii) real estate related assets, wherever the issuers, assets or securities are incorporated, located, issued or traded;

(iv) listed or unlisted debt securities and listed shares or stock and (if permitted by the MAS) unlisted shares or stock of or issued by local or foreign non-property companies or corporations;

(v) government securities (issued on behalf of the Singapore Government or governments of other countries) and securities issued by a supra-national agency or a Singapore statutory board;

(vi) cash and cash equivalent items;

(vii) financial derivatives only for the purposes of (a) hedging existing positions in First REIT's portfolio where there is a strong correlation to the underlying investments or (b) efficient portfolio management, provided that such derivatives are not used to gear the overall portfolio of First REIT or intended to be borrowings of the First REIT; and

(viii) any other investment not covered by paragraphs (i) to (vii) of this definition but specified as a permissible investment in the Property Funds Appendix and selected by the Manager for investment by First REIT and approved by the Trustee in writing

Board	:	The board of directors of the Manager
CDP	:	The Central Depository (Pte) Limited
Circular	:	This circular to Unitholders dated 10 November 2010
Closing Price	:	The closing price of S$0.95 per Unit on the SGX-ST on the Latest Practicable Date
Code	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
Commitment Agreement	:	The commitment agreement dated 8 November 2010 entered into between Lippo and the Joint Lead Managers and Underwriters pursuant to which Lippo agrees either directly or indirectly through one or more of the Subscribing Subsidiaries to subscribe for the Commitment Rights Units, subject to the passing of the Whitewash Resolution
Commitment Rights Units	:	Approximately 135,250,000 Rights Units representing 50.0% of the difference between the total number of Units under the Rights Issue[1] and the number of Proportionate Rights Units
CPF	:	Central Provident Fund
CPFIS	:	CPF Investment Scheme
CPFIS-OA	:	CPFIS-Ordinary Account
Damianus	:	KJPP Damianus Ambur
Decree	:	Indonesian Ministry of Finance decree (No. 125/PMK.01/2008) on public appraisal services
Deposited Property	:	The gross assets of First REIT, including the properties and the Authorised Investments for the time being held or deemed to be held upon the trusts under the Trust Deed
Directors	:	The directors of the Manager
DPU	:	Distribution per Unit
EJM	:	PT East Jakarta Medika
Eligible Unitholders	:	Unitholders with Units standing to the credit of their Securities Account and whose registered addresses with CDP are in Singapore as the Rights Issue Books Closure Date or who have, at least three Market Days 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, in consultation with the Joint Lead Managers and Underwriters determine, in its sole discretion, may be offered Rights Units without breaching applicable securities laws

1 Based on the 345,664,382 Rights Units which are fully underwritten by the Joint Lead Managers and Underwriters under the terms and conditions of the Underwriting Agreement.

Enlarged Portfolio	:	Consists of MRCCC, SHLC and the Existing Portfolio
Excess Rights Units	:	The Rights Units represented by the provisional allotments (A) of (i) Eligible Unitholders who decline, do not accept, and elect not to renounce or sell their Rights Entitlements under the Rights Issue (during the "nil-paid" rights trading period prescribed by the SGX-ST) and/or (ii) Ineligible Unitholders which have not been sold during the "nil-paid" rights trading period or (B) that have not been validly taken up by the original allottees, renouncees of the provisional allotments or the purchasers of the "nil-paid" rights units
Existing Portfolio	:	The portfolio of properties currently held by First REIT, consisting of Siloam Hospitals Lippo Village, Siloam Hospitals Kebon Jeruk, Siloam Hospitals Surabaya, Imperial Aryaduta Hotel & Country Club, Pacific Healthcare Nursing Home @ Bukit Merah, Pacific Healthcare Nursing Home II @ Bukit Panjang, The Lentor Residence and Pacific Cancer Centre @ Adam Road
Existing Units	:	The Units in issue as at the Rights Issue Books Closure Date
Extraordinary General Meeting	:	The extraordinary general meeting of Unitholders to be held at Mandarin Ballroom 2, Level 6, Main Tower, Mandarin Orchard Singapore, 333 Orchard Road, Singapore 238867 at 2.00 p.m. on 29 November 2010
First REIT	:	First Real Estate Investment Trust, a unit trust constituted in the Republic of Singapore pursuant to the Trust Deed
Forecast Year 2010	:	The full financial year from 1 January 2010 to 31 December 2010
FY2009	:	First REIT's financial year ended 31 December 2009
FY2009 Audited Consolidated Financial Statements	:	The audited financial statements of First REIT and its subsidiaries for FY2009
FY2010	:	First REIT's financial year ending 31 December 2010
FY2012	:	First REIT's financial year ending 31 December 2012
FY2013	:	First REIT's financial year ending 31 December 2013
Gold	:	Gold Capital Pte. Ltd.
GPS	:	PT Graha Pilar Sejahtera
Gross Rental Income	:	Contracted rent under the master lease agreements in relation to the Enlarged Portfolio which comprises base rent and variable rent (where applicable)
Gross Revenue	:	Consists of Gross Rental Income and (where applicable) other income earned from First REIT's properties

HGB	:	*Hak Guna Bangunan* (Right to Build)
Higrade	:	Higrade Capital Pte. Ltd.
IFA	:	Stirling Coleman Capital Limited as the independent financial adviser
IFA Letter	:	The letter from the IFA to the Independent Directors containing its advice in relation to the MRCCC Master Lease, the SHLC Acquisition, the SHLC Master Lease and the Whitewash Resolution
Independent Directors	:	The independent directors of the Manager, being Mr Albert Saychuan Cheok and Mr Goh Tiam Lock
Independent Healthcare Research Consultant	:	Frost & Sullivan
Independent Indonesian Tax Adviser	:	PB & Co
Independent Reporting Accountants	:	RSM Chio Lim LLP
Independent Unitholders	:	Unitholders other than Lippo, parties acting in concert with Lippo and parties which are not independent of Lippo
Independent Valuers	:	Refers to collectively, W&R and Damianus which were commissioned by the Manager to value MRCCC and SHLC respectively and Rengganis and W&R which were commissioned by the Trustee to value MRCCC and SHLC respectively
Indonesian CPI	:	Indonesian Consumer Price Index
Indonesian SPCs	:	The four companies incorporated in Indonesia, being (i) PT Sentra Dinamika Perkasa, (ii) PT Graha Indah Pratama, (iii) PT Tata Prima Indah, and (iv) PT Karya Sentra Sejahtera and "**Indonesian SPC**" means any one of them.
Ineligible Unitholders	:	Unitholders other than Eligible Unitholders
Interested Party	:	Has the meaning ascribed to it in the Property Funds Appendix
Interested Party Transaction	:	Has the meaning ascribed to it in the Property Funds Appendix
Interested Person	:	Has the meaning ascribed to it in the Listing Manual
Interested Person Transaction	:	Has the meaning ascribed to it in the Listing Manual
Irrevocable Undertaking	:	The irrevocable undertaking dated 8 November 2010 provided by Lippo to the Manager and the Joint Lead Managers and Underwriters pursuant to which Lippo will take up the Proportionate Rights Units, subject to the passing of the Whitewash Resolution

Issue Price	:	S$0.50 being the issue price per Rights Unit
Joint Lead Managers and Underwriters	:	Oversea-Chinese Banking Corporation Limited and Credit Suisse (Singapore) Limited
KJPP	:	Kantor Jasa Penilai Publik (Accredited Public Appraiser Firms)
Latest Practicable Date	:	4 November 2010, being the latest practicable date prior to the printing of this Circular
Lippo	:	PT Lippo Karawaci Tbk
Lippo Entities	:	The Subscribing Subsidiaries and Lippo
Lippo Excess Application	:	The application(s) by Lippo, directly and/or through the Subscribing Subsidiaries, for any Excess Rights Units under the Rights Issue
Lippo Excess Rights Units	:	The Excess Rights Units acquired directly by Lippo and/or through the Subscribing Subsidiaries under the Lippo Excess Application
Lippo Nil-Paid Rights Units	:	The "nil-paid" rights entitlements acquired by Lippo on the open market during the "nil-paid" rights trading period or otherwise by way of private arrangement and the subsequent exercise of the "nil-paid" rights entitlements to acquire Rights Units
Listing Manual	:	The Listing Manual of the SGX-ST
Manager	:	Bowsprit Capital Corporation Limited, in its capacity as manager of First REIT
Mandatory Offer	:	A general offer made pursuant to Rule 14 of the Code
MAPPI	:	Masyarakat Profesi Penilai Indonesia (the Indonesian Society of Appraisers)
Market Day	:	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
MAS	:	Monetary Authority of Singapore
Master Lease Agreements	:	The four separate lease agreements dated 23 October 2006 entered into between Lippo and each of the Indonesian SPCs in relation to the Existing Portfolio, and "**Master Lease Agreement**" means any one of them
MOF Indonesia	:	Ministry of Finance, Indonesia
MRCCC	:	The property known as Mochtar Riady Comprehensive Cancer Centre, which is located at Jalan Garnisun Dalam RT. 010/001 Kelurahan Karet Semanggi, Kecamatan Setiabudi, South Jakarta, Indonesia

MRCCC Acquisition	:	The proposed acquisition of MRCCC
MRCCC Acquisition Cost	:	The total cost of the MRCCC Acquisition, inclusive of the MRCCC Purchase Consideration, the MRCCC Acquisition Fee, as well as the estimated professional and other fees and expenses incurred or to be incurred in connection with the MRCCC Acquisition, which is approximately S$174.6 million
MRCCC Acquisition Fee	:	The acquisition fee which the Manager will be entitled under Clause 14.2.1 of the Trust Deed to receive from First REIT upon completion of the MRCCC Acquisition
MRCCC Acquisition Fee Units	:	The Units which will be issued to the Manager as a form of payment for the MRCCC Acquisition Fee
MRCCC Base Rent	:	The annual base rent of S$18,635,000 at which the MRCCC Master Lease is granted
MRCCC Master Lease	:	The master lease granted to Lippo in relation to MRCCC
MRCCC Master Lease Agreement	:	The conditional master lease agreement dated 8 November 2010 entered into between PC and Lippo (as the MRCCC master lessee) pursuant to which the MRCCC Master Lease was granted to Lippo
MRCCC Purchase Consideration	:	S$170.5 million, being the purchase consideration for MRCCC in relation to the MRCCC Acquisition
MRCCC SPA	:	The conditional sale and purchase agreement dated 8 November 2010 entered into by the Trustee with Wincatch to acquire Gold at the MRCCC Purchase Consideration
MRCCC Total Rent	:	The sum of the MRCCC Base Rent and variable rent in relation to MRCCC
National Land Office	:	The Badan Pertanahan Nasional (national land office of Indonesia)
NAV	:	Net asset value
Net Property Income	:	Gross Rental Income less other property expenses (where applicable)
NTA	:	Net tangible assets
Offer Information Statement	:	The offer information statement in connection with the Rights Issue to be issued by the Manager to Eligible Unitholders and to be lodged with the MAS
Ordinary Resolution	:	A resolution proposed and passed as such by a majority being greater than 50.0% of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed

PC	:	PT Primatama Cemerlang, a special purpose vehicle incorporated in Indonesia for the purpose of holding MRCCC
Platinum	:	Platinum Strategic Investments Pte. Ltd.
Projection Year 2011	:	The full financial year from 1 January 2011 to 31 December 2011
Properties	:	MRCCC and SHLC
Property Funds Appendix	:	The guidelines for real estate investment trusts as found in Appendix 2 of the Code on Collective Investment Schemes
Proportionate Rights Units	:	Lippo's *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
Rengganis	:	KJPP Rengganis, Hamid & Rekan
Rights Entitlements	:	The provisional allotments of Rights Units to Eligible Unitholders under the Rights Issue
Rights Issue	:	The proposed issue of up to 345,664,382 Rights Units on an underwritten and renounceable basis 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 the Issue Price, fractional entitlements to be disregarded
Rights Issue Books Closure Date	:	5.00 p.m. on 3 December 2010 being the time and date on which the Transfer Books and Register of Unitholders are closed to determine the Rights Entitlements
Rights Ratio	:	The rights ratio of five (5) Rights Units for every four (4) Existing Units held as at the Rights Issue Books Closure Date
Rights Units	:	The new Units proposed to be issued by way of the Rights Issue
Securities Act	:	U.S. Securities Act of 1933, as amended
Securities Account	:	Unitholders' securities accounts with CDP
SGX-ST	:	Singapore Exchange Securities Trading Limited
SHLC	:	The property known as Siloam Hospitals Lippo Cikarang, which is located at Jalan Mohammad Husni Thamrin Kav.105, Lippo Cikarang, Bekasi 17550, Indonesia
SHLC Acquisition	:	The proposed acquisition of SHLC

SHLC Acquisition Cost	:	The total cost of the SHLC Acquisition, inclusive of the SHLC Purchase Consideration, the SHLC Acquisition Fee, as well as the estimated professional and other fees and expenses incurred or to be incurred in connection with the SHLC Acquisition, which is estimated to be approximately S$35.9 million
SHLC Acquisition Fee	:	The acquisition fee which the Manager will be entitled under Clause 14.2.1 of the Trust Deed to receive from First REIT upon completion of the SHLC Acquisition
SHLC Acquisition Fee Units	:	The Units which will be issued to the Manager as a form of payment for the SHLC Acquisition Fee
SHLC Base Rent	:	The annual base rent of S$3,768,000 at which the SHLC Master Lease is granted
SHLC Master Lease	:	The master lease granted to Lippo in relation to SHLC
SHLC Master Lease Agreement	:	The conditional master lease agreement dated 8 November 2010 entered into between GPS and Lippo (as the SHLC master lessee) pursuant to which the SHLC Master Lease was granted to Lippo
SHLC Purchase Consideration	:	S$35.0 million, being the purchase consideration for SHLC in relation to the SHLC Acquisition
SHLC SPA	:	The conditional sale and purchase agreement dated 8 November 2010 entered into by GPS with EJM to acquire SHLC at the SHLC Purchase Consideration
SHLC Total Rent	:	The sum of the SHLC Base Rent and variable rent in relation to SHLC
SHLV	:	Siloam Hospitals Lippo Village, being one of the properties within the Existing Portfolio
SHS	:	Siloam Hospitals Surabaya
SIC	:	Securities Industry Council
SIC Waiver	:	The waiver of the requirement by Lippo and parties acting in concert with Lippo to make a Mandatory Offer for the remaining Units not owned or controlled by Lippo and parties acting in concert with Lippo, in the event that they incur an obligation to make a Mandatory Offer pursuant to Rule 14 of the Code granted by the SIC dated 4 November 2010
Singapore CPI	:	Singapore Consumer Price Index
SRS	:	Supplementary Retirement Scheme
Subscribing Subsidiaries	:	Subsidiaries of Lippo, whether existing or to be incorporated by Lippo
Substantial Unitholders	:	A Unitholder with an interest in one or more Units constituting not less than 5.0% of all Units in issue

Sub-Underwriting Fee	:	The fee payable by Joint Lead Managers and Underwriters to Lippo from the Underwriting Commission pursuant to the Commitment Agreement which comprises the following: (a) a fee of 1.50% of the Issue Price multiplied by the number of Proportionate Rights Units; and (b) a fee of 1.50% of the Issue Price multiplied by the number of Commitment Rights Units, together with any goods and services tax payable thereon
TERP	:	The theoretical ex-rights price which is calculated as follows: $\text{TERP} = \dfrac{\text{Market capitalisation of First REIT}^{1} + \text{Gross proceeds from the Rights Issue}}{\text{Units in issue after the Rights Issue}^{2}}$
Transactions	:	The Acquisitions and the Rights Issue
Trust Deed	:	The trust deed dated 19 October 2006 constituting First REIT, entered into between the Trustee and the Manager, as amended, varied, or supplemented from time to time
Trustee	:	HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of First REIT
Ultra	:	Ultra Investments Pte. Ltd.
Underwriting Agreement	:	The underwriting agreement entered into between the Manager and the Joint Lead Managers and Underwriters on 8 November 2010
Underwriting Commission	:	The underwriting commission which the Joint Lead Managers and Underwriters will be entitled to pursuant to the Underwriting Agreement which comprise: (i) 1.50% of the Issue Price multiplied by the number of Proportionate Rights Units; (ii) 2.00% of the Issue Price multiplied by the number of Commitment Rights Units; and (iii) 2.00% 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, together with any goods and services tax payable thereon.
Unit	:	A unit representing an undivided interest in First REIT
Unitholders	:	Unitholders of First REIT

1 Based on the Closing Price.

2 Comprising Existing Units as at the Latest Practicable Date and the Rights Units.

U.S.	:	United States
W&R	:	KJPP Willson & Rekan
Whitewash Resolution	:	The proposed whitewash resolution for the waiver of the rights of Independent Unitholders to receive a Mandatory Offer from Lippo and parties acting in concert with it for the remaining Units not owned or controlled by them
Whitewash Scenario 1	:	The scenario which assumes that all Unitholders (including the Lippo Entities) accept their Rights Entitlements in full and the Manager receives (in its own capacity) the MRCCC Acquisition Fee Units and the SHLC Acquisition Fee Units
Whitewash Scenario 2	:	The scenario which assumes that the Lippo Entities subscribe for not only their Proportionate Rights Units but also subscribe for all the Commitment Rights Units pursuant to the Commitment Agreement and the Manager receives (in its own capacity) the MRCCC Acquisition Fee Units and the SHLC Acquisition Fee Units (being an aggregate of 273,481,603 Units) and assuming that the Lippo Entities do not apply for any Excess Rights Units and/or acquire any Lippo Nil-Paid Rights Units under the Rights Issue
Whitewash Scenario 3	:	The scenario which assumes the maximum possible increase in the unitholdings of the Lippo Entities where (i) none of the other Unitholders subscribe for their Rights Entitlements, (ii) the Manager receives (in its own capacity) the MRCCC Acquisition Fee Units and the SHLC Acquisition Fee Units, (iii) the Lippo Entities subscribe for all the Proportionate Rights Units pursuant to the Irrevocable Undertaking, (iv) the Lippo Entities subscribe for all of the Commitment Rights Units pursuant to the Commitment Agreement and (v) apply for and receive such maximum number of Excess Rights Units and/or acquire any Lippo Nil-Paid Rights Units under the Rights Issue, without breaching the "public" float requirement set out in Rule 723 of the Listing Manual (i.e. such that 100.0% of the Rights Units are taken up by the Lippo Entities)
Wincatch	:	Wincatch Limited
S$ and cents	:	Singapore dollars and cents
Rp	:	Indonesian Rupiah
%	:	Per centum or percentage

The terms "Depositor" and "Depository Register" shall have the meanings ascribed to them respectively in Section 130A of the Companies Act, Chapter 50 of Singapore.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

The exchange rates used in this Circular are for reference only. No representation is made that any Indonesian dollar amounts could have been or could be converted into Singapore dollar amounts at any of the exchange rates used in this Circular, at any other rate or at all.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding. Where applicable, figures and percentages are rounded to one decimal place.

MOCHTAR RIADY COMPREHENSIVE CANCER CENTRE, SILOAM HOSPITALS LIPPO CIKARANG, THE EXISTING PORTFOLIO AND THE ENLARGED PORTFOLIO

1. Mochtar Riady Comprehensive Cancer Centre

1.1. Description of MRCCC

MRCCC, which is located at Jalan Garnisun Dalam RT. 010/001 Kelurahan Karet Semanggi, Kecamatan Setiabudi, South Jakarta, Indonesia, will begin operations in December 2010. It is expected to be Indonesia's first private comprehensive cancer treatment centre and will be able to treat wide range of cancer types.

MRCCC 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. It covers a total gross floor area 37,933 sqm (excluding parking area of 14,769 sqm) and has an emergency unit, an emergency helipad on the roof level, a polyclinic as well as offices. MRCCC has full facilities for cancer diagnosis and therapy and is a Centre of Excellence for comprehensive cancer services operated by Siloam Hospitals as part of PT Lippo Karawaci Tbk.

The centre is Indonesia's first international standard private cancer centre and treatment facilities with the most complete state of the art equipments and the latest generation of smart IT-systems. It is the first facility in Indonesia to offer Positron Emission Tomography (PET) scanning, High Intensity Focused Ultrasound (HIFU) and Radio-immunotherapy (RIT). Amongst the other firsts for the MRCCC are palliative care & oncology wellness, a preventative focus through health screening, high intensity focused ultrasound therapy (HIFU), brachytherapy and radio-immunotherapy, molecular imaging with cyclotron, advanced diagnostic equipment such as PET/CT and SPECT/CT, in-house clinical trials and research facilities and integrated IT and Picture Archiving & Communication System / Radiology Information System (PACS/RIS).

The table below sets out a summary of selected information on MRCCC as at 30 September 2010.

Address/Location	Jalan Garnisun Dalam RT. 010/001 Kelurahan Karet Semanggi, Kecamatan Setiabudi, South Jakarta, Indonesia
Master title details	HGB (Right to Build) No. 277/Karet Semanggi expiring 27 August 2015 The vendor has undertaken to procure the renewal of the HGB title for at least 20 years prior to expiry on 27 August 2015 and pay all fees, premiums, commissions, charges, taxes and other costs for the purpose of procuring such renewal
Description / Existing Use	A 29-storey hospital with two basement levels and a hospital
Hospital beds	160 to be expanded to maximum of 375
Parking Bays	303 carpark lots
Lease Term	15 years and a renewal for a further term of 15 years on terms to be agreed (subject to renewal of HGB title)
Age of building	Building expected to be completed in December 2010
Commencement base rent	S$18,635,000 per annum
Gross Floor Area ("**GFA**") (sqm)	37,933 sqm (excluding parking area of 14,769 sqm), subject to survey

Valuation by KJPP Willson & Rekan as at 6 September 2010	S$216.0 million
Valuation by KJPP Rengganis, Hamid & Rekan as at 6 September 2010	S$208.5 million

2. Siloam Hospitals Lippo Cikarang

2.1. Description of SHLC

Siloam Hospitals Lippo Cikarang, is located at Jalan Mohammad Husni Thamrin Kav.105, Lippo Cikarang, Bekasi 17550, Indonesia. 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 2010[1]. 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. Its Centres of Excellence are in Urology, Internal Medicine and Trauma.

In late 2007, an Extracorporeal Shock Wave Lithotripsy unit was commissioned to treat patients with kidney stones. SHLC is also well respected for its Pediatric Neonatal Intensive Care Unit which treats pre-mature babies and sick babies.

The Jakarta-Cikampek toll road and Cikarang industrial areas has made Siloam Hospitals Lippo Cikarang an ideal hospital in providing Trauma services and is supported by 24-hours Accident and Emergency department and ambulance services with medical evacuation facilities which includes daytime helicopter evacuation. SHLC also provides general surgery, orthopaedic surgery, neurology surgery, urology surgery, thorax and cardiovascular surgery are dedicated to handle and helping patients with trauma, insert further information on and define the medical meaning of trauma specialization.

The table below sets out a summary of selected information on SHLC as at 30 September 2010.

Address/Location	Jalan Mohammad Husni Thamrin Kav.105, Lippo Cikarang, Bekasi 17550, Indonesia.
Master title details	HGB title expiring 5 May 2023
Description / Existing Use	A six-storey hospital with a basement and covered roof space
Hospital beds	75 to be expanded to a maximum of 126
Parking Bays	80 carpark lots and 300 motorcycle lots
Lease Term	15 years and a renewal for a further term of 15 years on terms to be agreed (subject to renewal of HGB title)
Age of building	Approximately eight years
Commencement base rent	S$3,768,000 per annum
GFA (sqm)	11,125 sqm, subject to survey
Valuation by KJPP Willson & Rekan as at 6 September 2010	S$40.0 million
Valuation by KJPP Damianus Ambur as at 6 September 2010	S$41.3 million

1 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.

3. The Existing Portfolio

The Existing Portfolio of First REIT as at 30 September 2010 comprises Siloam Hospitals Lippo Village, Siloam Hospitals Kebon Jeruk, Siloam Hospitals Surabaya and Imperial Aryaduta Hotel & Country Club, which are located in Indonesia, as well as Pacific Healthcare Nursing Home @ Bukit Merah, Pacific Healthcare Nursing Home II @ Bukit Panjang, The Lentor Residence and Pacific Cancer Centre @ Adam Road, which are located in Singapore.

3.1. Summary

The table below sets out selected information about the Existing Portfolio (as at 30 September 2010).

Description of Property	Gross Floor Area (sqm)	Lease Terms	No. of Beds / Saleable Rooms (as at 30 September 2010)	Latest Valuation as at 26 December 2009 (S$ million)	Gross Revenue (from 1 January 2010 to 30 September 2010) (S$'000)
Indonesia					
Siloam Hospitals Lippo Village	27,284	15 years with an option to renew for a further term of 15 years with effect from 11 December 2006	188[(1)]	146.8	9,880
Siloam Hospitals Kebon Jeruk	18,316	15 years with an option to renew for a further term of 15 years with effect from 11 December 2006	192	81.2	5,600
Siloam Hospitals Surabaya	9,227	15 years with an option to renew for a further term of 15 years with effect from 11 December 2006	157	27.4	2,214
Imperial Aryaduta Hotel & Country Club	17,427	15 years with an option to renew for a further term of 15 years with effect from 11 December 2006	197	30.9	2,716
Singapore					
Pacific Healthcare Nursing Home @ Bukit Merah	3,593	10 years with option to renew for 10 years with effect from 11 April 2007	259	11.4	725
Pacific Healthcare Nursing Home II @ Bukit Panjang	3,563	10 years with option to renew for 10 years with effect from 11 April 2007	265	11.1	707

The Lentor Residence	2,983	10 years with option to renew for 10 years with effect from 8 June 2007	148	12.5	783
Pacific Cancer Centre @ Adam Road(2)	1,246	10 years with option to renew for 10 years from date of completion	–	19.6	Undergoing asset enhancement works

Notes:

(1) The full capacity of Siloam Hospitals Lippo Village is 250 beds.

(2) Pacific Cancer Centre @ Adam Road is undergoing asset enhancement works as at the Latest Practicable Date. Pacific Cancer Centre @ Adam Road's GFA before the asset enhancement works was 1,246 sqm.

3.2. Description of the Properties in the Existing Portfolio

3.2.1. Siloam Hospitals Lippo Village

Siloam Hospitals Lippo Village is conveniently located in the first private sector township of Lippo Karawaci, eight km from Jakarta's Soekarno-Hatta International Airport, and is close to the west of the Karawaci Toll Gate on the Jakarta-Merak toll road, which connects Jakarta, the capital and business centre of Indonesia, to the industrial city of Merak.

The hospital has a sizeable potential patient base from a population of over 3.6 million[1] in Tangerang Regency (Lippo Karawaci township included).

As Centres of Excellence for neuro-science and cardiology, the hospital offers a comprehensive range of cardiology services from preventive measures to complicated open-heart surgery.

In November 2007, Siloam Hospitals Lippo Village became the first Indonesian hospital to attain the United States-based Joint Commission International (JCI) accreditation - the world's leading internationally recognised hospital accreditation award - putting it in the same league as other leading hospitals in the region.

3.2.2. Siloam Hospitals Kebon Jeruk

Located six km west of Jakarta Central, Siloam Hospitals Kebon Jeruk serves a large catchment of middle to upper income residents in the West Jakarta area. The hospital received Indonesian Hospital Accreditation from the Ministry of Health in 2002.

As Centres of Excellence for urology and orthopedics, the hospital is known for its authority in diagnosis and treatment of disorders of the urinary tract or urogenital system. The hospital also offers prevention, medical treatment and rehabilitation services for musculoskeletal system diseases including bone, hinge, muscle, nerve/tendon, ligament and backup net/structure.

3.2.3. Siloam Hospitals Surabaya

Located in the central area of Indonesia's second largest city – Surabaya, Siloam Hospitals Surabaya enjoys a large catchment area of potential patients, given the relatively lower number of higher quality hospitals in the region.

Exhibiting strong per capita income growth, Surabaya is expected to witness increasing demand for healthcare related services.

A Centre of Excellence for fertility services, the hospital has successfully performed 592 ovum pick up and has a 43% pregnancy rate from 573 embryo transfers in 2009.

1 Population Census 1971-2000, Susenas 2008.

3.2.4. Imperial Aryaduta Hotel & Country Club

Located next to Siloam Hospitals Lippo Karawaci, the 197-room five-star Imperial Aryaduta Hotel & Country Club provides accommodation for out-of-town inpatients, outpatients and day-surgery patients as well as their families.

The hotel also attracts business travellers as it is located near the business and industrial areas of Cilegon. As one of the very few hotels with linked country clubs in Jakarta, the hotel comes complete with a wide range of sports, recreational, convention and food and beverage services.

3.2.5. Pacific Healthcare Nursing Home @ Bukit Merah

Located close to Bukit Merah New Town and the Redhill MRT Station, as well as the City Centre, the four-storey custom-built nursing home has 259 beds, a basement carpark and a roof terrace. Pacific Healthcare Nursing Home is managed by Pacific Healthcare Nursing Home Pte. Ltd.

3.2.6. Pacific Healthcare Nursing Home II @ Bukit Panjang

The property is a five-storey custom-built nursing home with 265 beds and 33 carpark lots. It is situated close to Bukit Panjang Town Centre and the Senja LRT Station, and is 18 kilometres away from the City Centre. Pacific Healthcare Nursing Home II is managed by Pacific Eldercare and Nursing Pte. Ltd.

3.2.7. The Lentor Residence

The Lentor Residence is a four-storey custom-built nursing home situated at Lentor Avenue, and is managed by First Lentor Residence Pte. Ltd. The 148-bed nursing home is included as part of the health and medical care of the Master Plan Zoning (2008 Edition).

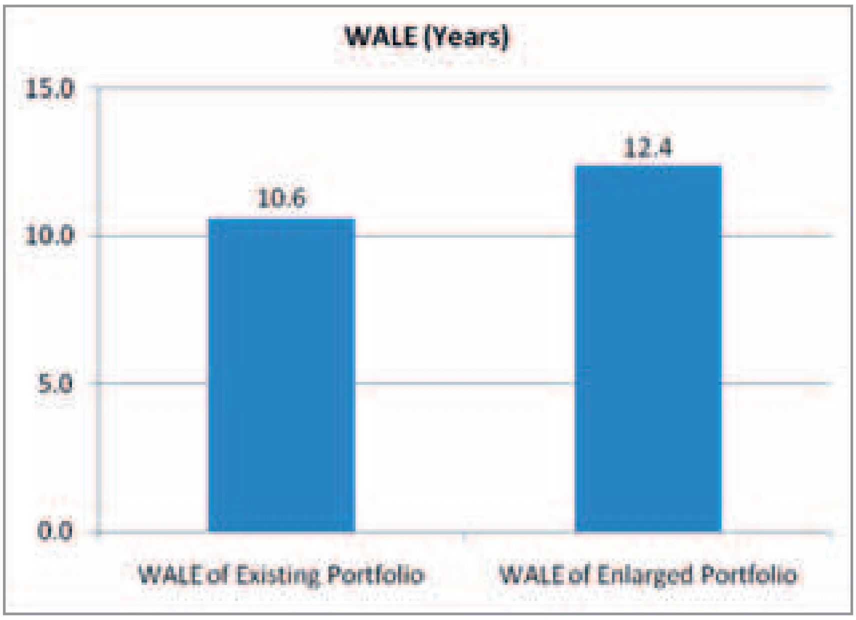
3.2.8. Pacific Cancer Centre @ Adam Road

Located at close proximity to the Pan-Island Expressway and Bukit Timah Expressway and within walking distance to the proposed Circle Line MRT and Botanic Gardens Station, the proposed modern three-storey Pacific Cancer Centre (with basement level) is easily and conveniently accessible.

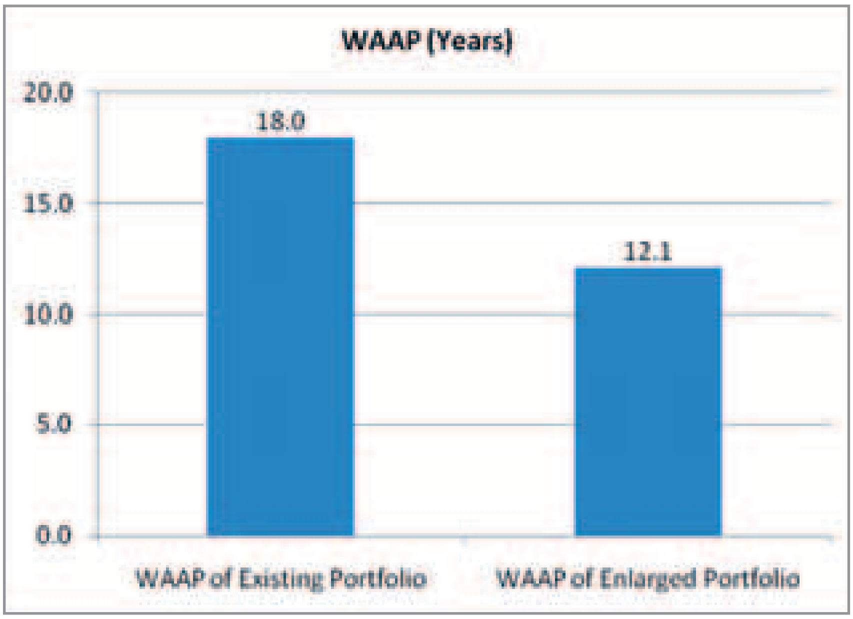
When completed, the Pacific Cancer Centre will provide facilities such as a Radiotherapy and Imaging Centre, Accident & Emergency Department, day surgery, pharmacy, infusion (chemotherapy) rooms and consult rooms, and in-patient suites.

3.3. Lease Expiry and Average Property Age Profile of the Existing and Enlarged Portfolio

The following chart illustrates the weighted average lease to expiry ("**WALE**") profile of the Existing Portfolio and the Enlarged Portfolio as at 30 September 2010. The WALE has improved from approximately 10.6 years for the Existing Portfolio to approximately 12.4 years for the Enlarged Portfolio.

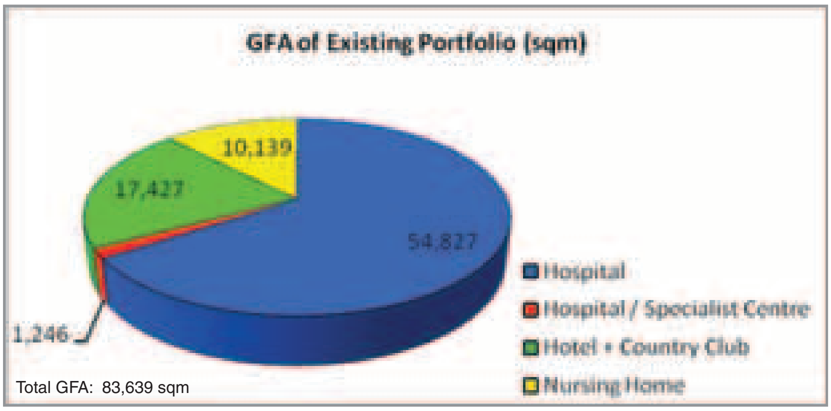


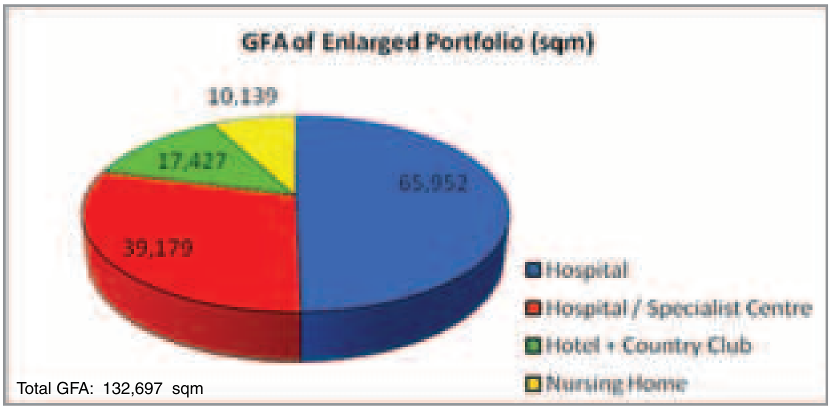
The following chart illustrates the weighted average age of properties ("**WAAP**") profile of the Existing Portfolio and the Enlarged Portfolio as at 30 September 2010. The WAAP has reduced from 18.0 years for the Existing Portfolio to 12.1 years for the Enlarged Portfolio. This represents a 32.8% reduction in the average age of the properties in First REIT's Enlarged Portfolio.



3.4. Business Sector and Geographical Analysis of the Existing and Enlarged Portfolio

The following charts provide a breakdown by GFA of the different business sectors of tenants of the Existing Portfolio and Enlarged Portfolio as at 30 September 2010.



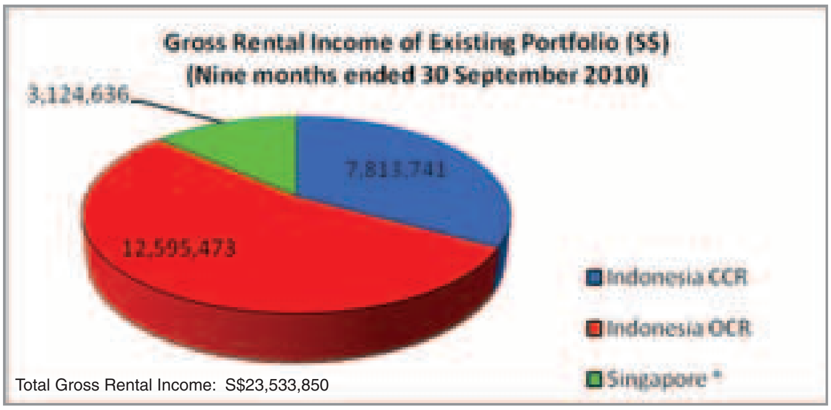


The GFA of the Enlarged Portfolio increased by 58.7% from 83,639 sqm to 132,697 sqm after the Acquisitions.

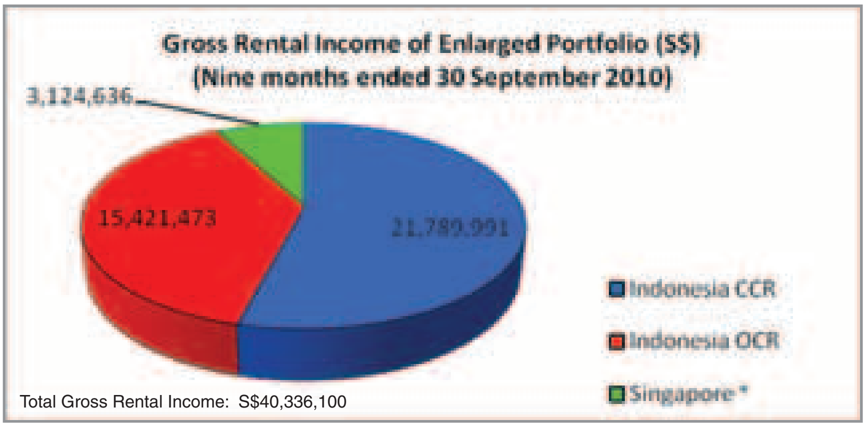
The following charts provide a breakdown by gross rental for the Existing Portfolio and the Enlarged Portfolio by geographical location for the nine months ended 30 September 2010.

The Enlarged Portfolio's gross rental from the Indonesian Core Central Region will be S$21.8 million compared to S$7.8 million for the Existing Portfolio. This is an increase of 179.0%.

The Enlarged Portfolio also shows an increase in the gross rental of 22.2% from the Indonesian Outside Central Region ("**OCR**") from S$12.6 million for the Existing Portfolio to S$15.4 million from the Indonesian OCR for the Enlarged Portfolio.



* Includes deferred rental income from property under asset enhancement



* Includes deferred rental income from property under asset enhancement

VALUATION SUMMARY REPORT

Report No. : 013/LP/CVB/DA/IX-10
Page 1.

Jakarta, September 15, 2010

To :
Bowsprit Capital Corporation Limited
(as Manager of First Real Estate Investment Trust)
1 Phillip Street
#15-00
Singapore 048692

RE : VALUATION OF SILOAM HOSPITALS LIPPO CIKARANG (SHLC), INDONESIA

Dear Sirs,

In accordance with the instruction from Bowsprit Capital Corporation Limited (as Manager of First Real Estate Investment Trust) for KJPP Damianus Ambur to conduct formal fixed asset valuation of the subject property in providing our opinion of Market Value of the subject property as at September 6, 2010, subject to the proposed master lease agreement of the subject property's land and building with the operator of the subject property. I am pleased to confirm that we have completed our site inspection and due diligence of the subject property; and submit herewith our opinion of value of the full valuation report for your perusal.

The subject property, Siloam Hospitals Lippo Cikarang comprises a building with a total gross built-up floor area of about 11,125 square meters (Based on Land and Building tax bill), which stand on a 9,900 square meters land plot located at Jalan M.H. Thamrin kavling 105, Lippo Cikarang, Bekasi. The hospital's center of excellence is Urology, trauma and internal medicine.

The hospital operates with 75 beds by end 2010 and may be increased to 126 beds, and is equipped with good quality modern healthcare facilities.

The subject property has been valued on the basis of Market Value in accordance with the Indonesia Valuation Standards (Standar Penilaian Indonesia / SPI) 2007 and 2002 and carried out by us as suitably qualified independent valuers. Market Value is defined as "the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion"

Our opinion of Market Value of Subject Property as of September 6, 2010; based on the proposed master lease agreement of the land and building with the hospital operator; subject to the factual data, our assumption , comments, qualifications, and limiting conditions to be described herein is :

Sin $ 41,260,000

(Singapore Dollars Forty One Million Two Hundred Sixty Thousand)

Sincerely yours,
KJPP DAMIANUS AMBUR,
In association with
COLDWELL BANKER COMMERCIAL INDONESIA

CBV VALUATION
KJPP DAMIANUS AMBUR

Damianus Ambur, SE, Mappi (Cert.)
President Director
Public Appraiser : P-1.09.00217
MAPPI : S – 00068

WILLSON & REKAN

Report No. 079-Summary/W&R-Report/2010

16 September 2010

To:
HSBC Institutional Trust Services (Singapore) Limited
as Trustee of First Real Estate Investment Trust
21 Collyer Quay
#14-01 HSBC Building
Singapore 049320

Dear Sir / Madam,

RE: VALUATION OF SILOAM HOSPITALS LIPPO CIKARANG (SHLC), BEKASI - INDONESIA.

Instructions

This valuation summary report has been prepared in connection with the proposed acquisition and inclusion of Siloam Hospitals Lippo Cikarang (the "Subject Property") into First Real Estate Investment Trust, which is listed on the Singapore Stock Exchange.

In accordance with the instructions from HSBC Institutional Trust Services (Singapore) Limited (as Trustee of First Real Estate Investment Trust) based on the Proposal No. 030B/W&R-Proposal/III/2010 for KJPP Willson dan Rekan in association with Knight Frank (the "Valuer") to conduct an independent formal fixed asset valuation of the Subject Property in providing our opinion of Market Value of the Subject Property as at 6 September 2010 (the "Valuation"); subject to the proposed lease arrangement of the Subject Property's land and building with the hospital operator as tenant that is stipulated in the Term-sheet of the proposed Master Lease Agreement dated 6 September 2010.

The Valuer is pleased to confirm that we have completed our site inspection and valuation of the Subject Property; and in process of preparing a formal valuation report of the Subject Property.

We have prepared and provided this summary report outlining key factors that have been considered in our valuation of the Subject Property, which reflects all information known by us and based on current market conditions.

This Valuation has adopted the basis of Market Value in accordance with the Indonesian Valuation Standards (Standar Penilaian Indonesia / SPI) 2007 and the International Valuation Standards (IVS) 2007. Market Value is defined as "the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Continue to page 2.

in association with
Knight Frank

Kantor Jasa Penilai Publik
Willson dan Rekan (License No. : 2.09.0049)
Wisma Nugra Santana # 17-08, Jl. Jend. Sudirman Kav. 7-8, Jakarta 10220, Indonesia
T +62 (21) 5707170 F +62 (21) 5707177
www.knightfrank.com

Reliance on This Letter

This valuation summary report does not contain all the necessary data and support information included in our formal report. For further information to that contained herein, reference should be made to the formal report.

The Valuation and market information contained in the Report are not guarantees or predictions and must be read in consideration of the followings:

- The report is several pages in length and the conclusion as to the value assessment is based upon the factual information set forth in that Report. Whilst the Valuer has endeavored to assure the accuracy of the factual information, we have not independently verified all information provided by the owner of the Subject Property (primarily the proposed Master Lease Agreement and other information relating to the Subject Property) or the Government of the Republic of Indonesia (primarily statistical information relating to market conditions). The Valuer advises the reader of this summary report to review the formal report to understand the complexity of the methodology and the many variables involved.

- The methodologies used by the Valuer in valuing the Subject Property – the Income Method utilizing Discounted Cash Flow Analysis and Income Capitalization – are based upon assessment of future results and are not predictions. These valuation methodologies are summarized in the Valuation Rationale section of this summary report. Each methodology is based on a set of assumptions as to income and expenses of the Subject Property and future economic conditions in the local market. The income and expenses figures are mathematically extended with the adjustments for anticipated changes in economic conditions. The resultant value is considered the best practice assessment but is not to be construed as a prediction or guarantee and is fully dependent upon the accuracy of the assumptions as to income, expenses and market conditions.

- This summary report and the formal report were based upon information available as at 6 September 2010. The Valuer accepts no responsibility for subsequent changes in information as to income, expenses or market conditions.

The Valuer has also relied on the information provided by the owner of the Subject Property on matters such as the ownership title particulars, leasehold tenure, details, land areas, building floor areas, building facilities and services, renovation and/or expansion plans, etc. All information provided to us is treated as correct and we accept no responsibility for subsequent changes in information and reserve the right to change our opinion of value if any other information provided were to materially change.

Continue to page 3.

Summary of the Subject Property

Brief Description

Siloam Hospitals Lippo Cikarang is an international-standard hospital, which centers of excellence are Urology Centers, Trauma Centers and Internal Medicine. The hospital is currently operating with 75 beds by end of 2010 (out of its maximum capacity of 126 beds), and is equipped with good quality modern healthcare facilities such as operating theatres, ESWL machine for treatment of Urological Disorders, Helicopter Medical Evacuation, Ante & Post Natal Program, Haemodialysis Unit, Intensive Care Unit (ICU), Medical Check Up, Neonatal Intensive Care Unit (NICU), Physiotherapy, Pharmacy, Radiology, Treadmill, Echocardiography, EEG, ECG, Full Clinical Diagnostic Laboratory and Physiotherapy.

Land Particulars

Address	: Jl. M.H. Thamrin Kav.105, Lippo Cikarang, Bekasi, Indonesia
Land Area	: 9,900 square meters.
Land Title	: Hak Guna Bangunan (Right-to-Build) certificates No.623/Cibatu.
	- Registered Proprietor : PT East Jakarta Medika.
	- Title Expiry Date : 5 May 2023
Land Zoning	: Commercial

Building Particulars

Building Type and Class	: Private hospital, class B.
Building Permit	: IMB No. 060/B/DCK
No. of Building Block	: 1 block
Building Level	: 6 levels
Initial Opening Year	: 14 August 2002.
Gross Floor Area	: 11,125 square meters.
Year Constructed	: 2001.
Hospital Operator/ Tenant	: PT Lippo Karawaci Tbk as per the Term-sheet of the proposed Master Lease Agreement dated 6 September 2010 (specific rental rate, terms and conditions apply)

Continue to page 4.

Summary of Lease Agreement

The following summarizes the salient aspects of the the Term-sheet of the proposed Master Lease Agreement dated 6 September 2010 between the property owner and the hospital operator as tenant/lessee which are applicable to our valuation analysis:

Lessor	:	HSBC Institutional Trust Services (Singapore) Limited as Trustee for First Real Estate Investment Trust
Lessee	:	PT Lippo Karawaci Tbk
Property	:	Siloam Hospitals Lippo Cikarang located at Jl. M.H. Thamrin Kav.105, Lippo Cikarang, Bekasi, Indonesia.
Lease Term	:	15 years
Base Rent	:	Annual commencement base rent of S$3,768,000; payable quarterly in advance. Base Rent is subject to increase every year thereafter at a rate equal to 2 times the percentage increase of the Consumer Price Index of Singapore for the preceding calendar year; subject to a floor of 0% cap of 2%.
Variable Rent	:	Variable rent is payable quarterly in advance.

A variable rent is calculated based on a percentage growth of the audited gross revenue in the preceding financial year of the SHLC.

No variable rent will be payable in the first year of the Lease.

Thereafter, variable rent will be based on audited gross revenue growth of the SHLC.

Variable rent is computed as follows:

a. If audited gross revenue of the preceding financial year of SHLC exceeds the audited gross revenue of the further preceding financial year of SHLC by more than 5% but less than 15%, the variable rent shall be the amount which is 0.75% of the audited gross revenue of the preceding financial year of SHLC.

b. If audited gross revenue of the preceding financial year of SHLC exceeds the audited gross revenue of the further preceding financial year of SHLC by 15% or more but less than 30%, the variable rent shall be the amount which is 1.25% of the audited gross revenue of the preceding financial year of SHLC.

c. If audited gross revenue of the preceding financial year of SHLC exceeds the audited gross revenue of the further preceding financial year of SHLC by 30% or more, the variable rent shall be the amount which is 2% of the audited gross revenue of the preceding financial year of SHLC.

For the avoidance of doubt, when the audited gross revenue of the preceding financial year of SHLC does not exceed the audited gross revenue of the further preceding financial year of SHLC by more than 5%, no variable rent is payable.

Continue to page 5.

Fixed Exchange Rate	:	Variable Rent shall be paid by the Lessee to the Lessor in Singapore Dollars in accordance to the formula below, which shall be fixed for the entire lease term: S$1 = Rp.6,600
Renewal Term	:	A further term of 15 years after the expiry of the Lease Term, on terms to be agreed between the parties.
Property Outgoings and Capex	:	Lessee will be responsible for all outgoings including but not limited to expenses relating to the internal and external property repairs and maintenance, landscaping, utility costs, property related taxes, etc. Lessee will be responsible for all capital expenses (including Lessor's Capex) relating to the property for the first 2 years of the Lease Term. Lessee is to submit a quarterly property management report according to Lessor's reporting requirement.
Land Title Renewal	:	Lessor will be responsible for the payment of premium and fees relating to the renewal of land titles of the property. Lessee shall provide all necessary assistance for any land title renewals by the Lessor.

Continue to page 6.

Valuation Rationale

In arriving at our opinion of value, we have primarily adopted the Income Method utilizing Discounted Cash Flow Analysis, after considering the fact that the Subject Property is under lease with specific proposed lease arrangement.

No allowance has been made in the Valuation for any charges, mortgages or amounts owing on the Subject Property or for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Subject Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect value.

We have also considered the prevailing market conditions, especially those pertaining to the health care services industry in the locality of the Subject Property.

Discounted Cash Flow (DCF) Analysis

DCF analysis is used considering that the Subject Property is an income producing property. This form of analysis reflects investors' decision-making process and values the Subject Property in such a manner as to attain the desired level of investment return commensurate with the risk of that asset class. This method is based on going-concern basis; of the Subject Property's land and building arrangement with the hospital operator as tenant subject to terms and condition as per the Term-sheet of the proposed Master Lease Agreement dated 6 September 2010.

We have carried out a DCF analysis over a five-year investment horizon from 6 September 2010 (the material date) to 6 September 2015.

The conversion of projected annual income streams into an estimate of the total present value is by application of a 11.5% annual discount rate based on our assessment of the current market requirements and the local property market conditions for an investment return over a five-year period from such property located in Indonesia.

We have also taken into account annual capital expenditure which is to be deducted from the projected annual rental income streams. Provision for capital expenditure is essential in order to maintain the Subject Property at a reasonable condition and to keep up with its current competition level in the market.

Yield Analysis and Investment Pay-Back Period

The above discounted cash flow analysis results a Market Value of S$40,000,000. which reflects an initial yield rate of 9.42% over the initial year's net rental proceeds of S$3,768,000.

This means that investors would be able to achieve the payback of their investments within 10.62 years. In view of the fact that the proposed Master Lease Agreement of the Subject Property is a 15-year lease term and a renewal option for a subsequent 15-year lease term, the Subject Project is a viable investment opportunity to consider. The initial 15-year lease term would provide assurance that investors can recoup their investment in 10.62 years, and earn additional returns throughout the remaining term of the lease and the subsequent lease renewal term.

Continue to page 7.

Opinion of Value

We are of the opinion that the Market Value of the Subject Property as of 6 September 2010; based on the proposed master lease arrangement of the Subject Property's land and building with the hospital operator as stipulated in the Term-sheet of the proposed Master Lease Agreement dated 6 September 2010 and subject to the signing and execution of the proposed Master Lease Agreement, the factual data, our assumptions, comments, qualifications, and limiting conditions as detailed in our full Report, is:

S$.40,000,000.

(Singapore Dollars Forty Million Only)

Reflecting **Indonesian Rupiahs 264,000,000,000.** at an exchange rate of S$.1 = Rp. 6,600.

Disclaimer

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, unbiased professional analyses, opinions and conclusions. We have no present or prospective interest in the Subject Property and have no personal interest or bias with respect to the party/parties involved. The valuers' compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

We hereby certify that the valuers undertaking these valuations are authorized to practice as valuers and have the necessary expertise and experience in valuing similar types of property.

Yours faithfully,

For and on behalf of
KJPP Willson dan Rekan
in association with Knight Frank

KJPP Willson & Rekan

Willson Kalip,
B.Sc. (Est. Mgt.) (Hons), MAPPI (Cert.), MSISV

Managing Partner

Licensed Public Valuer No.: P-1.08.00016 (Ministry of Finance of the Republic of Indonesia)
Registered Valuer No.03/PM/STTD-P/A/2006 (Bapepam-LK / Indonesia Capital Market Supervisory Agency)
Member of Indonesian Society of Appraiser (MAPPI) No: 94-S-00387
Valuation License No.: AD 041-2004997D (Inland Revenue Authority of Singapore)
Member of Singapore Institute of Surveyors and Valuers

WILLSON & REKAN

Report No. 078-Summary/W&R-Report/2010

16 September 2010

To:
Bowsprit Capital Corporation Limited
as Manager for First Real Estate Investment Trust
1 Phillip Street
#15-00
Singapore 048692

Attention: Dr. Ronnie Tan, CEO

HSBC Institutional Trust Services (Singapore) Limited
as Trustee of First Real Estate Investment Trust
21 Collyer Quay
#14-01 HSBC Building
Singapore 049320

Dear Sir / Madam,

RE: VALUATION OF MOCHTAR RIADY COMPREHENSIVE CANCER CENTRE (MRCCC), JAKARTA - INDONESIA.

Instructions

This valuation summary report has been prepared in connection with the proposed acquisition and inclusion of Mochtar Riady Comprehensive Cancer Centre (the "Subject Property") into First Real Estate Investment Trust, which is listed on the Singapore Stock Exchange.

In accordance with the instructions from Bowsprit Capital Corporation Limited as Manager for First Real Estate Investment Trust based on the Proposal No. 030A/W&R-Proposal/III/2010 for KJPP Willson dan Rekan in association with Knight Frank (the "Valuer") to conduct an independent formal fixed asset valuation of the Subject Property in providing our opinion of Market Value of the Subject Property as at 6 September 2010 (the "Valuation"); subject to the proposed lease arrangement of the Subject Property's land and building with the hospital operator as tenant that is stipulated in the Term-sheet of the proposed Master Lease Agreement dated 6 September 2010.

The Valuer is pleased to confirm that we have completed our site inspection and valuation of the Subject Property; and in the process of preparing a formal valuation report of the Subject Property.

We have prepared and provided this summary report outlining key factors that have been considered in our valuation of the Subject Property, which reflects all information known by us and based on current market conditions.

This Valuation has adopted the basis of Market Value in accordance with the Indonesian Valuation Standards (Standar Penilaian Indonesia / SPI) 2007 and the International Valuation Standards (IVS) 2007. Market Value is defined as "the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Continue to page 2.

In association with
Knight Frank

Kantor Jasa Penilai Publik
Willson dan Rekan (License No. : 2.09.0045)
Wisma Nugra Santana # 17-08, Jl. Jend. Sudirman Kav. 7-8, Jakarta 10220, Indonesia
T +62 (21) 5707170 F +62 (21) 5707177
www.knightfrank.com

Reliance on This Letter

This valuation summary report does not contain all the necessary data and support information included in our formal report. For further information to that contained herein, reference should be made to the formal report.

The Valuation and market information contained in the Report are not guarantees or predictions and must be read in consideration of the followings:

- The report is several pages in length and the conclusion as to the value assessment is based upon the factual information set forth in that Report. Whilst the Valuer has endeavored to assure the accuracy of the factual information, we have not independently verified all information provided by the owner of the Subject Property (primarily the proposed Master Lease Agreement and other information relating to the Subject Property) or the Government of the Republic of Indonesia (primarily statistical information relating to market conditions). The Valuer advises the reader of this summary report to review the formal report to understand the complexity of the methodology and the many variables involved.

- The methodologies used by the Valuer in valuing the Subject Property – the Income Method utilizing Discounted Cash Flow Analysis and Income Capitalization – are based upon assessment of future results and are not predictions. These valuation methodologies are summarized in the Valuation Rationale section of this summary report. Each methodology is based on a set of assumptions as to income and expenses of the Subject Property and future economic conditions in the local market. The income and expenses figures are mathematically extended with the adjustments for anticipated changes in economic conditions. The resultant value is considered the best practice assessment but is not to be construed as a prediction or guarantee and is fully dependent upon the accuracy of the assumptions as to income, expenses and market conditions.

- This summary report and the formal report were based upon information available as at 6 September 2010. The Valuer accepts no responsibility for subsequent changes in information as to income, expenses or market conditions.

The Valuer has also relied on the information provided by the owner of the Subject Property on matters such as the ownership title particulars, leasehold tenure, details, land areas, building floor areas, building facilities and services, renovation and/or expansion plans, etc. All information provided to us is treated as correct and we accept no responsibility for subsequent changes in information and reserve the right to change our opinion of value if any other information provided were to materially change.

Continue to page 3.

Summary of the Subject Property

Brief Description

Mochtar Riady Comprehensive Cancer Center is an international-standard hospital, which center of excellence is Comprehensive Cancer Services. The hospital will start operating with 160 beds (out of its maximum capacity of 375 beds) and is equipped with good quality modern healthcare facilities such as radiotherapy, brachytherapy, Radionuclide therapy including RIT and radiopeptide therapy, chemotherapy, complementary therapy and wellness center, palliative therapy, intensive care units (ICU/ICCU/NICU), out-patient clinics, operating theaters, pharmacy, high-tech laboratory, and executive medical check-up clinics.

Land Particulars

Address	: Jalan Garnisun Dalam RT 010/001, Sub-District of Karet Semanggi District of Setiabudi, South Jakarta, Indonesia.
Land Area	: 4,145 square meters.
Land Title	: Hak Guna Bangunan (Right-to-Build) certificates No.277/Karet Semanggi.
	- Registered Proprietor : PT Primatama Cemerlang.
	- Title Expiry Date : 27 August 2015
	- Title Renewal Remarks : Vendor of the property will undertake the first renewal of this HGB title in due course within 2 years from the expiry date of earlier where practicable, and will pay the premium or fees thereof, which include payments to the National Land Authority and any other related fees such as Notary fees, etc.
Land Zoning	: Health Facility Use

Building Particulars

Building Type and Class	: Private cancer hospital, class A.
Building Permit	: Izin Mendirikan Bangunan No.5204/IMB/2009.
No. of Building Block	: 1 block
Building Level	: 29 storey (including 8 storey of car parking spaces) with 2 basement levels.
Gross Floor Area	: 37,933 square meters (excluding car parking spaces) or 52,702 square meters (including car parking spaces).
Expected Year of Completion	: 2010.
Hospital Operator/ Tenant	: PT Lippo Karawaci Tbk as per the Term-sheet of the proposed Master Lease Agreement dated 6 September 2010 (specific rental rate, terms and conditions apply)

Continue to page 4.

Summary of Lease Agreement

The following summarizes the salient aspects of the Term-sheet of the proposed Master Lease Agreement dated 6 September 2010 between the property owner and the hospital operator as tenant/lessee which are applicable to our valuation analysis:

Lessor	:	HSBC Institutional Trust Services (Singapore) Limited as Trustee for First Real Estate Investment Trust
Lessee	:	PT Lippo Karawaci Tbk
Property	:	Mochtar Riady Comprehensive Cancer Center located at Jalan Garnisun Dalam RT 010/001, Sub-District of Karet Semanggi, District of Setiabudi, South Jakarta, Indonesia.
Lease Term	:	15 years
Base Rent	:	Annual commencement base rent of S$18,635,000; payable quarterly in advance. Base Rent is subject to increase every year thereafter at a rate equal to 2 times the percentage increase of the Consumer Price Index of Singapore for the preceding calendar year; subject to a floor of 0% cap of 2%.
Variable Rent	:	Variable rent is payable quarterly in advance. A variable rent is calculated based on a percentage growth of the audited gross revenue in the preceding financial year of MRCCC. No variable rent will be payable in the first year of the lease. Thereafter, variable rent will be based on audited gross revenue growth of MRCCC. Variable rent is computed as follows: a. If audited gross revenue of the preceding financial year of MRCCC exceeds the audited gross revenue of the further preceding financial year of MRCCC by more than 5% but less than 15%, the variable rent shall be the amount which is 0.75% of the audited gross revenue of the preceding financial year of MRCCC. b. If audited gross revenue of the preceding financial year of MRCCC exceeds the audited gross revenue of the further preceding financial year of MRCCC by 15% or more but less than 30%, the variable rent shall be the amount which is 1.25% of the audited gross revenue of the preceding financial year of the MRCCC. c. If audited gross revenue of the preceding financial year of MRCCC exceeds the audited gross revenue of the further preceding financial year of MRCCC by 30% or more, the variable rent shall be the amount which is 2% of the audited gross revenue of the preceding financial year of MRCCC. For the avoidance of doubt, when the audited gross revenue of the preceding financial year of MRCCC does not exceed the audited gross revenue of the further preceding financial year of MRCCC by more than 5%, no variable rent is payable.

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Fixed Exchange Rate	:	Variable Rent shall be paid by the Lessee to the Lessor in Singapore Dollars in accordance to the formula below, which shall be fixed for the entire lease term: S$1 = Rp.6,600.
Renewal Term	:	A further term of 15 years after the expiry of the Lease Term, on terms to be agreed between the parties.
Property Outgoings and Capex	:	Lessee will be responsible for all outgoings including but not limited to expenses relating to the internal and external property repairs and maintenance, landscaping, utility costs, property related taxes, etc. Lessee will be responsible for all capital expenses (including Lessor's Capex) relating to the property for the first 2 years of the Lease Term. Lessee is to submit a quarterly property management report according to Lessor's reporting requirement.
Land Title Renewal	:	Except for the current HGB title that will expire on 27 August 2015, which will be renewed by the vendor of the property through an undertaking, the Lessor will be responsible for the payment of premium or fees relating to the renewal of land titles of the property. Lessee shall provide all necessary assistance for any land title renewals by the Lessor.

Continue to page 6.

Valuation Rationale

In arriving at our opinion of value, we have primarily adopted the Income Method utilizing Discounted Cash Flow Analysis, after considering the fact that the Subject Property is under lease with specific proposed lease arrangement.

No allowance has been made in the Valuation for any charges, mortgages or amounts owing on the Subject Property or for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Subject Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect value.

We have also considered the prevailing market conditions, especially those pertaining to the health care services industry in the locality of the Subject Property.

Discounted Cash Flow (DCF) Analysis

DCF analysis is used considering that the Subject Property is an income producing property. This form of analysis reflects investors' decision-making process and values the Subject Property in such a manner as to attain the desired level of investment return commensurate with the risk of that asset class. This method is based on going-concern basis; of the Subject Property's land and building arrangement with the hospital operator as tenant subject to terms and condition as per the Term-sheet of the proposed Master Lease Agreement dated 6 September 2010.

We have carried out a DCF analysis over a five-year investment horizon from 6 September 2010 (the material date) to 6 September 2015.

The conversion of projected annual income streams into an estimate of the total present value is by application of a 11.5% annual discount rate based on our assessment of the current market requirements and the local property market conditions for an investment return over a five-year period from such property located in Indonesia.

We have also taken into account annual capital expenditure which is to be deducted from the projected annual rental income streams. Provision for capital expenditure is essential in order to maintain the Subject Property at a reasonable condition and to keep up with its current competition level in the market.

Yield Analysis and Investment Pay-Back Period

The above discounted cash flow analysis results a Market Value of S$216,000,000 which reflects an initial yield rate of 8.63% over the initial year's net rental proceeds of S$18,635,000.

This means that investors would be able to achieve the payback of their investments within 11.59 years. In view of the fact that the proposed Master Lease Agreement of the Subject Property is a 15-year lease term and a renewal option for a subsequent 15-year lease term, the Subject Project is a viable investment opportunity to consider. The initial 15-year lease term would provide assurance that investors can recoup their investment in 11.59 years, and earn additional returns throughout the remaining term of the lease and the subsequent lease renewal term.

Continue to page 7.

Opinion of Value

We are of the opinion that the Market Value of the Subject Property as of 6 September 2010; based on the proposed master lease arrangement of the Subject Property's land and building with the hospital operator as stipulated in the Term-sheet of the proposed Master Lease Agreement dated 6 September 2010 and subject to the signing and execution of the proposed Master Lease Agreement, the factual data, our assumptions, comments, qualifications, and limiting conditions as detailed in our full Report, is:

S$216,000,000.

(Singapore Dollars Two Hundred Sixteen Million Only)

Reflecting **Indonesian Rupiahs 1,425,600,000,000** at an exchange rate of S$ 1 = Rp.6,600.

Disclaimer

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, unbiased professional analyses, opinions and conclusions. We have no present or prospective interest in the Subject Property and have no personal interest or bias with respect to the party/parties involved. The valuers' compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

We hereby certify that the valuers undertaking these valuations are authorized to practice as valuers and have the necessary expertise and experience in valuing similar types of property.

Yours faithfully,

For and on behalf of
KJPP Willson dan Rekan
in association with Knight Frank

KJPP Willson & Rekan

Willson Kalip,
B.Sc. (Est. Mgt.) (Hons), MAPPI (Cert.), MSISV
Managing Partner
Licensed Public Valuer No.: P-1.08.00016 (Ministry of Finance of the Republic of Indonesia)
Registered Valuer No.03/PM/STTD-P/A/2006 (Bapepam-LK / Indonesia Capital Market Supervisory Agency)
Member of Indonesian Society of Appraiser (MAPPI) No: 94-S-00387
Valuation License No.: AD 041-2004997D (Inland Revenue Authority of Singapore)
Member of Singapore Institute of Surveyors and Valuers

To : HSBC Institutional Trust Services (Singapore) Limited	Our Ref.	:	RHP-Ct/1-P/VIII/2010-089
(as Trustee of First Real Estate Investment Trust)	Date	:	17 September 2010
21 Collyer Quay	No. Report	:	068-VAL-IX/2010
#14 – 01 HSBC Building			
Singapore 049320			

VALUATION OF
MOCHTAR RIADY COMPREHENSIVE CANCER CENTER ("MRCCC")
JALAN GARNISUN DALAM RT.010/001, SUB-DISTRICT OF KARET SEMANGGI, DISTRICT OF SETIABUDI, SOUTH JAKARTA, INDONESIA

HSBC Institutional Trust Services (Singapore) Limited
(as Trustee of First Real Estate Investment Trust)

Dear Sir/Madam,

We have conducted this valuation according to our role as a registered Public Appraisal Firm (Kantor Jasa Penilai Publik) in accordance with Business Licenses issued by the Ministry of Finance No. 2.09.0012 as stated in the Minister of Finance Decree (Kepmenkeu) No. 69/KM.1/2009 dated 23 January 2009 from Minister of Finance of the Republic of Indonesia. KJPP Rengganis, Hamid & Rekan ("KJPP-RHR") is a transformation of PT Heburinas Nusantara in accordance with the regulation enactment of the Minister of Finance Regulation (Peraturan Menteri Keuangan) PMK No. 125/PMK.01/2008 which requires that valuation services and other related services effective on 1 January 2010 must be conducted by Public Appraisal Firm in the form of sole proprietorship or partnership which replaced the corporation (LLC) form. KJPP-RHR (formerly PT Heburinas Nusantara) has been registered with the Capital Market Supervisory Agency (Badan Pengawas Pasar Modal dan Lembaga Keuangan – Bapepam LK) based on Capital Market Supporting Professional Certificate No. 17/STTD-PP/PM/1992 under the name of PT Heburinas Nusantara which further based on letter No. S-113/BL/2010 issued by Bapepam-LK regarding Effective notification of Public Appraisal Firm Data Changes, stated that KJPP-RHR is eligible in conducting valuation (property and business) and other related services in the Capital Market.

I. OBJECTIVE AND PURPOSE OF VALUATION

In accordance with our assignment by HSBC Institutional Trust Services (Singapore) Limited as Trustee of First Real Estate Investment Trust ("**First REIT**") under contract No. RHP-Ct/1-P/VIII/2010-089 dated 26 August 2010 to advise on the Market Value of Land and Building Component of Mochtar Riady Comprehensive Cancer Center ("**subject property**") located on Jalan Garnisun Dalam RT.010/001, Sub-District of Karet Semanggi, District of Setiabudi, South Jakarta, Indonesia, we hereby declare that we have completed our inspection and analysis, and submit the attached summary report for your consideration.

We understand that the subject property will be sold to First REIT which will lease the property to operator of the subject property under a specific proposed property master lease agreement.

We understand that the purpose of this valuation is to give an independent opinion on Market Value of the subject property for acquisition purposes.

II. BASIS OF VALUATION

This valuation was prepared according to the Indonesian Valuation Standard (SPI – Standar Penilaian Indonesia) in which the appropriate basis for this valuation is the Market Value. The Indonesian Valuation Standard defines these values as follows:

Market Value

Market Value is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. (SPI.1.3.1)

Market Value refers and reflects the actual value regardless of any tax liability or costs associated with these sales transactions. The property is valued based on the assumption that it is free and clear of all mortgages, encumbrances and other outstanding premiums and charges.

III. SUBJECT PROPERTY

The subject property is a 29-storey hospital building (with 2 basement levels) with total gross floor area of about 37,933 square meters (excluding car parking spaces of 14,769 square meters). It has about 160 beds and provided with state of the art facilities especially for cancer treatment and diagnostics. It is covered under 1 (one) Leasehold Certificate (Hak Guna Bangunan Certificate – "SHGB") No. 277 registered under the name of PT Primatama Cemerlang. It was issued on 22 August 1997 and will expire on 27 August 2015 (subject to extension with the authorities). The land area is about 4,145 square meters as stated in Gambar Situasi No. 3717/1997 dated 14 August 1997. The subject property is also covered by a Building Permit Letter (Surat Ijin Mendirikan Bangunan – "IMB") No. 5204/IMB/2009.

IV. DATE OF VALUATION

The date of valuation is 6 September 2010. We inspected the subject property on 6 September 2010.

V. VALUATION APPROACH

In this valuation, we have adopted the following approach:

Income Approach using Discounted Cash Flow Method (DCF Method)

Generally, this approach is applicable for income producing properties. This method takes into consideration the income of the property derived from the various revenue sources and the operational, administrative and other expenses to be incurred in obtaining that income. The resulting profit, before interest changes and tax, is then capitalized at a rate considered as appropriate in reflecting the level of risk and return of the investment.

This approach considers the income and expenses related with subject property and estimated value with capitalization process. Capitalization correlates the income (usually the net income) with the definition of value through the conversion of income into value estimation. This process possibly use the direct capitalization (known as the capitalization rate), yield or discount rate (describing the return on investment), or both. In general, substitution principles implies that the revenue streams that generate the highest return rate is comparable with the level of risk taken and will generate the most possible value. (KPUP 9.2.1.3)

DCF method is most suitable for valuing income-producing property. In this method, the anticipated series of annual net operating income (income generated before payment on any debt service and tax) of the property is discounted by using an appropriate discount rate that reflects the level of risk and return of similar properties or proxies to derive the present value of the property.

VI. VALUATION

We have valued the property in Singapore Dollar currency since the fixed rent revenue is in Singapore Dollar. However, the operating asset generates income in Rupiah as the basis for variable rent calculation converted into Singapore Dollar by using fixed exchange rate of SGD 1= Rp 6,600/- as stated in the proposed property master lease agreement. For your information, the exchange rate at the date of valuation is SGD1= Rp 6,688/- (middle rate).

Our valuation is subject to the following:

1. Value listed in this report for the subject property and any values in this report which are parts of the property valued apply only in terms of and for the purpose of this report. The Value used in this valuation report should not be used in conjunction with any other valuation purposes as they may prove incorrect if so used.
2. The subject property is covered with good marketability title, free and clear from all liens and encumbrances, easements, restriction or limitation and unexpected expenses. We do not make any land measurements, and we assume that the land drawings contained in the land certificates and building drawings provided by MRCCC are true and accurate.

3. For the purpose of this valuation, we rely on the data provided by MRCCC and verbal data gathered during site inspection and assume that those are true and accurate.
4. This valuation depends on the terms, conditions, comments and details as stated in the full report.

We declare that in performing this valuation we are an independent party, that has no direct or indirect interests to the subject property nor the result of our valuation.

Having considered all relevant information and prevailing market conditions and comments in this summary report, we are of the opinion that Market Value as at 6 September 2010 for the subject property located on Jalan Garnisun Dalam RT.010/001, Sub-District of Karet Semanggi, District of Setiabudi, South Jakarta, Indonesia, is:

SGD 208,500,000/-
(TWO HUNDRED EIGHT MILLION FIVE HUNDRED THOUSAND SINGAPORE DOLLARS)

Yours faithfully,
KJPP Rengganis, Hamid & Rekan

KJPP Rengganis, Hamid & Rekan

Ir. Rengganis Kartomo, MSc, MAPPI (Cert.)
Managing Partner
Licensed Valuer No. PB-1.08.00006
MAPPI No. S-95-0632
STTD Bapepam No. 19/BL/STTD-P/AB/2006