

## CIRCULAR DATED 9 APRIL 2008

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional advisers immediately.**

The collective investment scheme offered in this Circular is an authorised scheme under the Securities and Futures Act, Chapter 289 of Singapore (the “**SFA**”). A copy of this Circular has been lodged with the Monetary Authority of Singapore (the “**Authority**”). The Authority assumes no responsibility for the contents of the Offer Information Statement or this Circular as a whole. Lodgment of the Offer Information Statement or this Circular as a whole with the Authority does not imply that the SFA, or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of the units being offered, or in respect of which an invitation is made, for investment.

Approval in-principle has been obtained from Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing and quotation of the rights units (“**Rights Units**”) in K-REIT Asia on the Official List of the Main Board of the SGX-ST and official quotation will commence after all the Rights Units documentary evidence has been issued and the notification letters from The Central Depository (Pte) Limited (“**CDP**”) have been despatched.

The SGX-ST assumes no responsibility for the accuracy of any statements made, reports contained or opinions expressed in this Circular. The SGX-ST’s approval in-principle is not to be taken as an indication of the merits of the Rights Issue (as defined herein), the Rights Units, or K-REIT Asia.

This Circular is not for distribution, directly or indirectly, in or into the United States. It is not an offer of securities for sale into the United States. The Rights Units may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”)) unless they are registered or exempt from registration. There will be no public offer of securities in the United States.

No units in K-REIT Asia (“**Units**”) shall be allotted on the basis of this Circular later than the date falling six months from the date of lodgment of this Circular.



(Constituted in the Republic of Singapore  
pursuant to a trust deed dated 28 November 2005 (as amended))

**Managed by**

**K-REIT Asia Management Limited**

**RENOUNCEABLE RIGHTS ISSUE OF 396,925,192 RIGHTS UNITS IN K-REIT ASIA AT AN ISSUE PRICE OF S\$1.39 FOR EACH RIGHTS UNIT, ON THE BASIS OF EIGHT (8) RIGHTS UNITS FOR EVERY FIVE (5) EXISTING UNITS IN K-REIT ASIA HELD BY ELIGIBLE UNITHOLDERS AS AT THE BOOKS CLOSURE DATE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED**

### IMPORTANT DATES AND TIMES

Last date and time for splitting	:	21 April 2008 at 4.45 p.m.
Last date and time for acceptance and payment	:	25 April 2008 at 4.45 p.m. (9.30 p.m. for Electronic Applications through ATMs of Participating Banks)
Last date and time for renunciation and payment by renounees	:	25 April 2008 at 4.45 p.m.
Last date and time for excess application and payment	:	25 April 2008 at 4.45 p.m. (9.30 p.m. for Electronic Applications through ATMs of Participating Banks)

## IMPORTANT NOTICE TO UNITHOLDERS AND INVESTORS

No person has been authorised to give any information or make any representations other than those contained in this Circular in connection with the Rights Issue or the issue of the Rights Units and, if given or made, such information or representations must not be relied upon as having been authorised by K-REIT Asia, K-REIT Asia Management Limited (in its capacity as manager of K-REIT Asia) (the “**Manager**”) and/or RBC Dexia Trust Services Singapore Limited (in its capacity as trustee of K-REIT Asia) (the “**Trustee**”). Save as expressly stated in this Circular, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of K-REIT Asia or the Manager. Neither the delivery of this Circular nor the issue of the Rights Units shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no material change in the affairs of K-REIT Asia or in any of the information contained herein since the date of this Circular. Where such changes occur after the date of this Circular and are material and/or are required to be disclosed by law and/or the SGX-ST, the Manager will announce such changes via SGXNET, and if required, lodge a supplementary or replacement document with the Authority. All Unitholders and investors should take note of any such announcement and, upon the release of such announcement, or lodgement of such supplementary document, as the case may be, shall be deemed to have notice of such changes.

This Circular, the PAL, the ARE and the ARS may not be used for the purpose of, and does not constitute, an offer, invitation or solicitation in any jurisdiction or in any circumstances in which such offer, invitation or solicitation is unlawful or unauthorised, or to any person to whom it is unlawful to make such offer, invitation or solicitation. In addition, no action has been or will be taken in any jurisdiction that would permit a public offering of the Rights Units or the possession, circulation or distribution of this Circular or any other material relating to K-REIT Asia or the Rights Units in any jurisdiction where action for that purpose is required. The Rights Units may not be offered or sold, directly or indirectly, and neither this Circular nor any other offering material or advertisements in connection with the Rights Units may be distributed or published in or from any country or jurisdiction except, in each case, under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. No information in this Circular should be considered to be business, financial, legal or tax advice regarding an investment in the Rights Units and/or the Units.

Nothing in this Circular or the accompanying documents shall be construed as a recommendation to subscribe for the Rights Units. Prospective subscribers of the Rights Units should rely on their own investigation, appraisal and determination of the merits of investing in K-REIT Asia and shall be deemed to have done so.

This Circular and the accompanying documents have been prepared solely for the purposes of the Rights Issue and may not be relied upon for any other purposes.

The Rights Units have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the benefit of, U.S. persons.

**The distribution of this Circular and the placement of the Rights Units in certain jurisdictions may be prohibited or restricted by law. Persons who come into possession of this Circular and/or its accompanying documents are required by the Manager to inform themselves of, and observe, any such prohibitions and restrictions.**

The audited financial statements of K-REIT Asia for the financial period from 28 November 2005 to 31 December 2006 (the “**2006 Audited Financial Statements**”) and that for the financial year ended 31 December 2007 (the “**2007 Audited Financial Statements**”) are deemed incorporated into this Circular by reference, are current only as at the dates of such financial statements, and the incorporation of such financial statements by reference is not intended to create any implication that there has been no change in the affairs of K-REIT Asia since the respective dates of such financial

statements or that the information contained in such financial statements is current as at any time subsequent to their respective dates.

Any statement contained in the above-mentioned financial statements shall be deemed to be modified or superseded for the purposes of this Circular to the extent that a subsequent statement contained herein modifies or supersedes that statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to form a part of this Circular.

Copies of the 2006 Audited Financial Statements and the 2007 Audited Financial Statements are available on the website of the Manager at <<http://www.kreitasia.com>> and are also available for inspection during normal business hours at the registered office of the Manager<sup>1</sup> at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632, from the date of this Circular up to and including the date falling six months after the date of this Circular.

**Prospective investors are advised to obtain and read the documents incorporated by reference herein before making their investment decision in relation to the Rights Units.**

Save for the 2006 Audited Financial Statements and the 2007 Audited Financial Statements which are deemed incorporated into this Circular by reference, information contained in the Manager's website does not constitute part of this Circular.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

The value of Units and the income derived 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.

Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. 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. The past performance of K-REIT Asia is not necessarily indicative of the future performance of K-REIT Asia.

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. A few special business factors or risks which are unlikely to be known or anticipated by the general investor and which could materially affect profits are set out in **Appendix 1** of the Offer Information Statement contained in **Annexure A** of this Circular.

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. All forecasts are based on a rights issue price of S\$1.39 (the "**Rights Issue Price**") and on the Manager's assumptions as set out in **Appendix 2** of the Offer Information Statement. Distribution per Unit ("**DPU**") will vary accordingly for investors who subscribe for Units at a price that is lower or higher than the Rights Issue Price of S\$1.39. The major assumptions are certain expected levels of property rental income and property expenses over the relevant periods, which are considered by the Manager to be appropriate and reasonable as at the date of this Circular. The forecast financial performance of K-REIT Asia is not guaranteed and there is no certainty that it can be achieved. Investors should read the whole of this Circular for details of the forecast and consider the assumptions used and make their own informed assessment of the future performance of K-REIT Asia

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<sup>1</sup> Prior appointment with the Manager will be appreciated.

before deciding whether to accept, subscribe for or deal in the Rights Units. They should also make their own independent investigations of any bases and assumptions upon which financial projections, if any, are made or based, and carefully consider this Circular in the light of their personal circumstances. It is recommended that investors seek professional advice from their accountant, stockbroker, bank manager, solicitor or other professional adviser before deciding whether to accept, subscribe for or deal in the Rights Units.

## CORPORATE INFORMATION

<b>Directors of the Manager</b>	:	Prof. Tsui Kai Chong (Chairman and Independent Director) Mr. Kevin Wong Kingcheung (Deputy Chairman and Non-Executive Director) Mr. Tan Swee Yiow (Chief Executive Officer and Director) Mrs. Lee Ai Ming (Independent Director) Mr. Lim Poh Chuan (Independent Director) Dr. Chin Wei-Li, Audrey Marie (Independent Director)
<b>Registered Office of the Manager</b>	:	1 HarbourFront Avenue #18-01 Keppel Bay Tower Singapore 098632
<b>The Trustee of K-REIT Asia</b>	:	RBC Dexia Trust Services Singapore Limited 20 Cecil Street #28-01 Equity Plaza Singapore 049705
<b>Unit Registrar and Unit Transfer Office</b>	:	Boardroom Corporate & Advisory Services Pte. Ltd. 3 Church Street #08-01 Samsung Hub Singapore 049483
<b>Legal Adviser for the Rights Issue and to the Manager</b>	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
<b>Legal Adviser to the Trustee</b>	:	Shook Lin & Bok LLP 1 Robinson Road #18-00 AIA Tower Singapore 048542
<b>Independent Accountants</b>	:	Ernst & Young One Raffles Quay North Tower, Level 18 Singapore 048583

## TABLE OF CONTENTS

	Page
<b>1. Introduction</b> .....	1
<b>2. Rationale for the Rights Issue</b> .....	3
<b>3. Indicative Timetable</b> .....	4
<b>4. Summary of the Rights Issue</b> .....	5
<b>5. Consequential Adjustment to the Distribution Period</b> .....	8
<b>6. Eligibility of Unitholders to Participate in the Rights Issue</b> .....	9
<b>7. Offer Information Statement</b> .....	11
<b>8. Consents</b> .....	12
<b>9. Documents for Inspection</b> .....	13
<b>10. Glossary</b> .....	14
 <b>Annexures</b>	
<b>Annexure A Offer Information Statement</b> .....	A-1
Appendix 1 Special Business Factors or Risks .....	A1-1
Appendix 2 Profit Forecast .....	A2-1
Appendix 3 Independent Accountants' Report on the Profit Forecast .....	A3-1
Appendix 4 Number of Units Owned by Each Substantial Unitholder .....	A4-1
Appendix 5 Names and Addresses of the Directors .....	A5-1
Appendix 6 Price Range of the Units and Trading Volume on the SGX-ST .....	A6-1
Appendix 7 Certain Financial Information .....	A7-1
<b>Annexure B Procedures for Acceptance, Payment and Excess Application for Rights Units under the Rights Issue by Entitled Depositors</b> .....	B-1
<b>Annexure C Additional Terms and Conditions for Electronic Application through an ATM of a Participating Bank</b> .....	C-1
<b>Annexure D Procedures for Acceptance, Splitting, Excess Application and Payment by Entitled Scripholders</b> .....	D-1
<b>Annexure E List of Participating Banks</b> .....	E-1

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## INTRODUCTION

### 1. The Rights Issue

The Rights Issue is being carried out pursuant to approval granted by Unitholders by an Extraordinary Resolution (as defined herein) on 31 March 2008 at an extraordinary general meeting of Unitholders (“**EGM**”).

The Rights Issue comprises a renounceable rights issue of 396,925,192 Rights Units at the Rights Issue Price of S\$1.39 to Eligible Unitholders (as defined herein) on the basis of eight (8) Rights Units for every five (5) of the existing Units (“**Existing Units**”) held as at the Books Closure Date (as defined herein), fractional entitlements to be disregarded, to raise gross proceeds of approximately S\$551.7 million.

### 2. Undertakings by Keppel Corporation Limited and Keppel Land Limited

As at 3 April 2008 (the “**Latest Practicable Date**”), Keppel Corporation Limited (“**KCL**”) and Keppel Land Limited (“**KLL**”) have an indirect interest in an aggregate of 180,360,319 Units, comprising approximately 72.7% of the total number of issued Units. To demonstrate their commitment to K-REIT Asia, each of KCL and KLL has given an irrevocable undertaking to the Manager (together, the “**Keppel Undertakings**”).

KCL has undertaken to the Manager to:

- (i) directly and/or through one or more of its wholly-owned subsidiaries, take up its entire provisional allocation of the Rights Units;
- (ii) directly and/or through one or more of its wholly-owned subsidiaries, make excess applications for the following proportion of all excess Rights Units (“**Excess Rights Units**”) which are not subscribed for at the Closing Date (as defined herein), after satisfaction of all other applications and excess applications (if any) for the Rights Units, being (a) the aggregate interest of KCL in the Units (excluding the interest of KLL in the Units) on the Closing Date divided by (b) the aggregate interest of KCL and KLL in Units on the Closing Date (the “**KCL Excess Application**”); and
- (iii) vote and/or procure that Keppel Real Estate Investment Limited (“**KREI**”) votes (in respect of all Units beneficially owned by it and/or KREI as at the EGM) in favour of the resolution to approve the Rights Issue at the EGM.

KLL has undertaken to the Manager to:

- (i) directly and/or through one or more of its wholly-owned subsidiaries, take up its entire provisional allocation of the Rights Units;
- (ii) directly and/or through one or more of its wholly-owned subsidiaries, make excess applications for the following proportion of all Excess Rights Units which are not subscribed for at the Closing Date, after satisfaction of all other applications and excess applications (if any) for the Rights Units, being (a) the aggregate interest of KLL in the Units on the Closing Date divided by (b) the aggregate interest of KLL and KCL in Units on the Closing Date (the “**KLL Excess Application**”); and
- (iii) vote and/or procure that its wholly-owned subsidiaries vote (in respect of all Units beneficially owned by it and/or its wholly-owned subsidiaries as at the EGM) in favour of the resolution to approve the Rights Issue at the EGM.

In the allotment of Excess Rights Units, preference will be given to rounding of odd lots, followed by allotment to Unitholders who are neither Substantial Unitholders nor Directors (both as defined herein). Substantial Unitholders (including KCL and KLL and their respective subsidiaries, such as KREI, K-REIT Asia Investment Pte. Ltd. (“**KRAI**”) and the Manager) and Directors will rank last in priority. Thereafter, any remaining unsubscribed Rights Units will be taken up by KCL and KLL and/or their wholly-owned subsidiaries, as provided in the respective Keppel Undertakings.



### 3. Purpose of the Rights Issue

The Rights Issue is intended to raise proceeds to partially refinance the bridging loan provided by Kephinance Investment Pte Ltd on 10 December 2007 (the "**Bridging Loan**") which has been used for the purposes of K-REIT Asia's acquisition of a one-third interest in One Raffles Quay through (i) the acquisition of one-third of the issued share capital of One Raffles Quay Pte Ltd ("**ORQPL**") from Boulevard Development Pte Ltd ("**Boulevard**"), and (ii) the assignment to K-REIT Asia of Boulevard's rights, title and interest in a shareholder's loan to ORQPL (the "**ORQ Interest**"). Further details on the existing debt of K-REIT Asia are set out in the Offer Information Statement in **Annexure A** of this Circular.

## RATIONALE FOR THE RIGHTS ISSUE

In view of the current market conditions, the Manager believes that the Rights Issue is the most appropriate method of raising equity.

K-REIT Asia's acquisition growth strategy is underpinned by its key financial objective to provide Unitholders with a competitive rate of return for their investment, by offering regular and stable distributions and long-term growth prospects in distributions and net asset value ("**NAV**") per Unit.

The Manager believes that the Rights Issue would provide the following benefits:

- (i) the gross proceeds of approximately S\$551.7 million expected to be raised from the Rights Issue will lower the Aggregate Leverage (as defined herein) from 53.9% to 27.7%;
- (ii) gives K-REIT Asia a more optimal capital structure, thereby providing financial flexibility to K-REIT Asia's bid to acquire assets when the opportunity arises, fund potential asset enhancements and any on-going capital expenditure requirements;
- (iii) allows K-REIT Asia to be more responsive in the acquisition of new properties in a competitive environment;
- (iv) provides Unitholders with pro-rata entitlement to the issue of new Units and therefore provides an opportunity for the existing Unitholders to continue to participate in the growth of K-REIT Asia; and
- (v) enhances K-REIT Asia's credit profile, which may potentially improve the corporate rating as well, and enables K-REIT Asia to obtain additional debt financing at what is presently more attractive and competitive debt pricing conditions.

## INDICATIVE TIMETABLE

<b>Event</b>	<b>Date and Time</b>
Units trade ex-Rights	: 4 April 2008
Books Closure Date	: 8 April 2008 at 5.00 p.m.
Despatch of this Circular to Eligible Unitholders	: 11 April 2008
Commencement of trading of "nil-paid" Rights Entitlements	: 11 April 2008
Last date and time for splitting Rights	: 21 April 2008 at 4.45 p.m.
Last date and time for trading of "nil-paid" Rights Entitlements	: 21 April 2008 at 4.45 p.m.
Last date and time for acceptance of and payment for Rights Units	: 25 April 2008 at 4.45 p.m. (9.30 p.m. for Electronic Applications)
Last date and time for application and payment for Excess Rights Units	: 25 April 2008 at 4.45 p.m. (9.30 p.m. for Electronic Applications)
Last date and time for renunciation of Rights Entitlements and payment by the renounee for Rights Units	: 25 April 2008 at 4.45 p.m.
Expected date for issue of Rights Units	: 8 May 2008
Expected date for commencement of trading of Rights Units	: 8 May 2008

## SUMMARY OF THE RIGHTS ISSUE

The following summary of the principal terms and conditions of the Rights Issue is derived from, and should be read in conjunction with, the full text of this Circular, and is qualified in its entirety by reference to information appearing elsewhere in this Circular. Meanings of defined terms may be found in the Glossary on pages 14 to 21 of this Circular.

- Issue Size : 396,925,192 Rights Units.
- Basis of Rights Entitlements : Eight (8) Rights Units for every five (5) Existing Units held by Eligible Unitholders as at the Books Closure Date, fractional entitlements to be disregarded (the “**Rights Entitlements**”).
- Rights Issue Price : S\$1.39 per Rights Unit payable in full on acceptance and/or application. The Rights Issue Price represents a discount of 8.3% to the Reference Price of S\$1.52.
- Status of the Rights Units : The Rights Units, when allotted and issued, will rank *pari passu* in all respects with the Units in issue on the day immediately prior to the date on which the Rights Units are to be issued save for any distributions, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Rights Units.
- Eligibility of Unitholders to participate in the Rights Issue : Please refer to the section entitled “Eligibility of Unitholders to Participate in the Rights Issue” of this Circular.
- Eligible Unitholders’ Option : Entitled Depositors (as defined herein) are at liberty to accept in part or in full, or otherwise renounce or trade on the SGX-ST their Rights Entitlements and are eligible to apply for Excess Rights Units during the periods set out in the section titled “Indicative Timetable”.
- Entitled Scripholders (as defined herein) are at liberty to accept in part or in full, decline or otherwise renounce their Rights Entitlements and are also eligible to subscribe for Excess Rights Units during the periods set out in the section titled “Indicative Timetable”.
- Applications for Excess Rights Units by the Eligible Unitholders may be made at the Rights Issue Price. For the avoidance of doubt, purchasers of the Rights Entitlements during the provisional allotment trading period (“Purchasers”) are not eligible to subscribe for Excess Rights Units.**
- The procedures for acceptance, excess application and payment by Entitled Depositors and the procedures for acceptance, splitting, renunciation, excess application and payment by Entitled Scripholders are set out in **Annexures B, C and D** of this Circular.
- Rights Entitlements will not be offered to Ineligible Unitholders and no purported acceptance thereof or application therefor by Ineligible Unitholders will be valid.
- Listing of the Rights Units : Approval in-principle, subject to certain conditions, has been obtained from the SGX-ST on 11 March 2008 for the listing and quotation of the Rights Units on the Official List of the Main Board of the SGX-ST. The approval in-principle of the SGX-ST is not to be taken as an indication of the merits of the Rights Issue, the Rights Units or K-REIT Asia.

Trading of the Rights Units  
and Odd Lots

: Upon the listing and quotation of the Rights Units on the Official List of the SGX-ST, the Rights Units 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. 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 Accounts with CDP”, as the same may be amended from time to time, copies of which are available from CDP.

Unitholders having odd lots of Units (that is, lots other than board lots of 1,000 Units) should note that they can 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 (1) Unit. In addition, an approval has been obtained from the SGX-ST for the setting up of a temporary counter to allow Unitholders and investors to trade in board lots of 100 Units. This temporary counter will be maintained for one month from the date of listing of the Rights Units on the SGX-ST (the “**Concession Period**”).

To provide Unitholders with a more economical avenue to trade and/or round up their odd lots of Units, the Manager has arranged for DBS Vickers Securities (Singapore) Pte Ltd (“**DBS Vickers**”) to offer concessionary brokerage rates for the trading in Units during the Concession Period. The minimum brokerage fee payable by those who trade in the temporary odd lot counter and in SGX-ST’s Unit Share Market during the Concession Period will be S\$20.00 per contract (“**Concessionary Rate**”) instead of the usual S\$40.00. The Concessionary Rate shall only apply to trades in odd lots of the Units where each trade does not exceed 999 Units. (Note: Unitholders who do not have existing accounts with DBS Vickers must open accounts with DBS Vickers. The approval for all account opening applications will be subject to DBS Vickers standard approval criteria and procedures, and they may reject such application at their discretion.)

**The temporary counter is strictly of a provisional nature. Investors who continue to hold odd lots of less than 1,000 Units after one month from the listing of the Rights Units may face difficulty and/or have to bear disproportionate transactional costs in realizing the fair market price of such Units.**

(i) Entitled Scripholders who wish to accept the Rights Units provisionally allotted to them and (if applicable) apply for Excess Rights Units, and (ii) the renounees of Entitled Scripholders who wish to accept the Rights Units provisionally allotted to them and who wish to trade the Rights Units issued to them on the SGX-ST under the book-entry (scripless) settlement system, should open and maintain Securities Accounts with CDP in their own names if they do not already maintain such Securities Accounts in order that the number of Rights Units and, if applicable, the Excess Rights Units that may be allotted to them may be credited by CDP into their Securities Accounts. Entitled Scripholders and their renounees who wish to accept their provisional allotment of Rights Units and Entitled Scripholders who wish to accept their provisional allotments and/or apply for the Excess Rights Units and have their Rights Units credited into their Securities Accounts must fill in their Securities Account numbers and/or National Registration Identity Card (“**NRIC**”)/passport numbers (for individuals) or registration numbers

(for corporations) in the relevant forms comprised in the PAL. Entitled Scripholders and their renounees who fail to fill in their Securities Account numbers and/or NRIC/passport numbers (for individuals) or registration numbers (for corporations) or who provide incorrect or invalid Securities Account numbers and/or NRIC/passport numbers (for individuals) or registration numbers (for corporations) or whose particulars provided in the forms comprised in the PAL differ from those particulars in their Securities Accounts currently maintained with CDP, will be issued documentary evidence evidencing title to the Rights Units allotted to them and if applicable, the Excess Rights Units allotted to them. Such documentary evidence, if issued, will not be valid for delivery pursuant to trades done on the SGX-ST under the book-entry (scripless) settlement system, although they will continue to be *prima facie* evidence of legal title. If an Entitled Scripholder's address stated in the PAL is different from his address registered with CDP, he must inform CDP of his updated address promptly, failing which the notification letter on successful allotment and other correspondence will be sent to his address last registered with CDP.

An Entitled Scripholder who does not maintain a Securities Account with CDP or whose Units are not deposited with CDP but wishes to trade on the SGX-ST, must open a Securities Account in his own name with CDP and submit a duly completed PAL with a valid Securities Account number to the Unit Registrar so as to have his Securities Account credited with the relevant number of Units, before he can effect the desired trade.

Use of CPF Funds : Members participating in the CPF Investment Scheme may use, subject to applicable CPF rules and regulations, monies standing to the credit of their respective CPF accounts to pay for the Rights Units. Such members who wish to accept their Rights Entitlements and (if applicable) apply for Excess Rights Units using CPF monies will need to instruct the respective approved banks, where such members hold their CPF investment accounts, to accept the Rights Entitlements and (if applicable) apply for the Excess Rights Units on their behalf in accordance with this Circular. CPF monies may not, however, be used for the purchase of the Rights Entitlements directly from the market.

Use of SRS Funds : Unitholders with SRS accounts may use, subject to applicable SRS rules and regulations, monies standing to the credit of their respective SRS accounts to pay for the Rights Units. Such Unitholders who wish to accept their Rights Entitlements and (if applicable) apply for Excess Rights Units using SRS monies, will need to instruct the relevant banks in which they hold their SRS accounts to accept the Rights Entitlements and (if applicable) apply for the Excess Rights Units on their behalf in accordance with this Circular.

Governing Law : Laws of the Republic of Singapore.

**AS THE RIGHTS ISSUE IS MADE ON A RENOUNCEABLE BASIS, THE RIGHTS ENTITLEMENTS CAN BE RENOUNCED IN FAVOUR OF A THIRD PARTY OR TRADED ON THE SGX-ST DURING THE PROVISIONAL ALLOTMENT TRADING PERIOD.**

## CONSEQUENTIAL ADJUSTMENT TO THE DISTRIBUTION PERIOD

The next distribution was originally scheduled to take place in August 2008 in relation to the Distributable Income (as defined herein) for the period from 1 January 2008 to 30 June 2008 (the “**Scheduled Distribution**”). However, in conjunction with the Rights Issue, the Manager will declare a distribution of the Distributable Income for the period from 1 January 2008 to the day immediately preceding the date on which the Rights Units are issued under the Rights Issue (the “**Advanced Distribution**”).

By implementing the Advanced Distribution, the Distributable Income accrued by K-REIT Asia up to the day immediately preceding the date of issue of the Rights Units will only be distributed in respect of the Units in issue on the day immediately preceding the date of the issue of the Rights Units.

The actual quantum of the distribution per Unit in issue on the day immediately preceding the date of the issue of the Rights Units under the Advanced Distribution will be announced after the management accounts of K-REIT Asia for the relevant period have been finalised. The Manager has announced on 24 March 2008 that the Transfer Books and Register of Unitholders will be closed on or before 5.00 p.m. of the business day immediately preceding the issue of the Rights Units to determine Unitholders’ entitlements to the Advanced Distribution. The Manager currently expects to make payment of the Advanced Distribution in June 2008.

The next distribution following the Advanced Distribution will comprise the Distributable Income for the period from the day the Rights Units are issued under the Rights Issue to 30 June 2008. Semi-annual distributions will resume thereafter.

Following the Advanced Distribution, the Rights Units will, upon issue, rank *pari passu* in all respects with the Units (in issue on the day immediately prior to the date on which the Rights Units are to be issued), including the right to any distributions which may be paid for the period from the date the Rights Units are issued to 30 June 2008, as well as all distributions thereafter.

***For the avoidance of doubt, the Rights Units will not be entitled to participate in the Advanced Distribution.***

## ELIGIBILITY OF UNITHOLDERS TO PARTICIPATE IN THE RIGHTS ISSUE

### Eligible Unitholders

Eligible Unitholders comprise Entitled Depositors and Entitled Scripholders. Entitled Depositors are Unitholders with Units standing to the credit of their Securities Accounts and (i) whose registered addresses with CDP are in Singapore as at the Books Closure Date or who have, at least five Market Days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents and who are not U.S. persons or acting for the account or benefit of U.S. persons; or (ii) whom the Manager considers, in its sole discretion, may be offered Rights Units without breaching applicable securities laws. Entitled Scripholders are Unitholders whose Units are not deposited with CDP and who have tendered to the Unit Registrar valid transfers of their Units and/or the documentary evidence evidencing their title in relation thereto for registration up to the Books Closure Date, and (i) whose registered addresses with K-REIT Asia are in Singapore as at the Books Closure Date or who have, at least five Market Days prior to the Books Closure Date, provided the Unit Registrar with addresses in Singapore for the service of notices and documents and who are not U.S. persons or acting for the account or benefit of U.S. persons; or (ii) whom the Manager considers, in its sole discretion, may be offered Rights Units without breaching applicable securities laws.

Eligible Unitholders will receive Rights Entitlements under the Rights Issue on the basis of their unitholdings as at the Books Closure Date and are entitled to participate in the Rights Issue and to receive this Circular and Offer Information Statement (including the ARE or the PAL) at their respective Singapore addresses. Eligible Unitholders who do not receive the ARE or the PAL may obtain copies of the ARE or the PAL and this Circular from CDP or the Unit Registrar for the period up to the Closing Date. Eligible Unitholders are at liberty to accept in part or in full, or otherwise renounce or trade (during the provisional allotment trading period prescribed by the SGX-ST) their Rights Entitlements and are eligible to apply for Excess Rights Units.

Eligible Unitholders who have subscribed for or purchased Units under the CPF Investment Scheme and/or the SRS can only accept their Rights Entitlements by instructing the relevant banks in which they hold their CPF Investment Scheme accounts and/or SRS accounts to do so on their behalf.

**All dealings in and transactions of the provisional allotments of the Rights Units through the SGX-ST will be effected under the book-entry (scripless) settlement system. Accordingly, the PALs, which are issued to Entitled Scripholders, will not be valid for delivery pursuant to trades done on the SGX-ST.**

The procedures for, and the terms and conditions applicable to, acceptances, renunciation and/or sales of the provisional allotments of Rights Units and for the applications for Excess Rights Units, including the different modes of acceptance or application and payment, are contained in **Annexures B, C and D** of this Circular and in the PAL, the ARE and the ARS.

### Ineligible Unitholders

The Rights Entitlements will not be offered to Ineligible Unitholders (being Unitholders other than Eligible Unitholders) and no purported acceptance thereof or application therefor 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 and for the avoidance of doubt, Ineligible Unitholders are not eligible to participate in the Rights Issue.

This Circular, the ARE, the ARS and the PAL will also not be despatched to Ineligible Unitholders. The Manager further reserves the right to reject any acceptances of Rights Entitlements and/or applications for Excess Rights Units where it believes, or has reason to believe, that such acceptances and/or applications may violate the applicable legislation of any jurisdiction. The Manager reserves the right to treat as invalid any ARE, ARS or PAL which (i) appears to the Manager or its agents to have been executed in any jurisdiction outside Singapore which may violate the applicable legislation of such jurisdiction, or (ii) purports to exclude any deemed representation or warranty.

**Notwithstanding the above, Unitholders and any other person having possession of this Circular are advised to inform themselves of and to observe all legal requirements applicable thereto. No person in any territory outside Singapore receiving this Circular may treat the same as an offer, invitation or solicitation to subscribe for any Rights Units unless such offer, invitation or solicitation could lawfully be made without violating any regulation or legal requirements in such territory.**

The Rights Units which are not otherwise taken up or allotted for any reason shall be used to satisfy Excess Rights Units applications as the Manager may, in its absolute discretion, deem fit. In the allotment of Excess Rights Units, preference will be given to Unitholders for the rounding of odd lots, followed by allotments to Unitholders who are neither Substantial Unitholders nor Directors. Substantial Unitholders (including KCL, KLL and their respective subsidiaries, KREI, KRAI and the Manager) and Directors will rank last in priority. Thereafter, any remaining unsubscribed Rights Units will be taken up by KCL and KLL and/or their wholly-owned subsidiaries, as provided in the Keppel Undertakings.

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 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 K-REIT Asia and no Ineligible Unitholder shall have any claim whatsoever against the Manager, the Trustee or CDP in connection herewith.

## OFFER INFORMATION STATEMENT

The Manager has prepared the Offer Information Statement dated 9 April 2008, set out in this Circular as **Annexure A**. The Offer Information Statement was lodged with the Authority on 9 April 2008. The Authority takes no responsibility for the contents of the Offer Information Statement or this Circular as a whole.

## CONSENTS

### **Independent Accountants**

Ernst & Young, as the independent accountants of K-REIT Asia (the “**Independent Accountants**”), has given and has not, before the issue of this Circular, withdrawn its written consent to the issue of this Circular with the inclusion of its name, its report entitled “Independent Accountants’ Report on the Profit Forecast” included as **Appendix 3** of the Offer Information Statement annexed hereto and all references thereto, in the form and context in which they are included in this Circular.

## DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager<sup>2</sup> at 1 Harbourfront Avenue, #18-01, Keppel Bay Tower, Singapore 098632, from the date of this Circular up to and including the date falling six months after the date of this Circular:

- the 2006 Audited Financial Statements;
- the 2007 Audited Financial Statements;
- the Independent Accountants' Report on the Profit Forecast; and
- the written consent of the Independent Accountants.

The Trust Deed will also be available for inspection at the registered office of the Manager for so long as K-REIT Asia is in existence.

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<sup>2</sup> Prior appointment with the Manager will be appreciated.

## GLOSSARY

For the purpose of this Circular, the following definitions apply throughout unless the context otherwise requires or otherwise stated:

<b>2006 Audited Financial Statements</b>	:	The audited financial statements of K-REIT Asia for the financial period from 28 November 2005 to 31 December 2006
<b>2007 Audited Financial Statements</b>	:	The audited financial statements of K-REIT Asia for the financial year ended 31 December 2007
<b>Acquisition Fee</b>	:	The acquisition fee which the Manager had received from K-REIT Asia, pursuant to the Trust Deed upon completion of the acquisition of the ORQ Interest, which took place on 10 December 2007
<b>Acquisition Fee Units</b>	:	The Units issued to the Manager as satisfaction for the Acquisition Fee for the acquisition of the ORQ Interest, being an interested party transaction, which shall not be sold within one year from their date of issuance. This is in accordance to Clause 5.6 of the Property Funds Guidelines
<b>Advanced Distribution</b>	:	A distribution of the Distributable Income, for the period from 1 January 2008 to and including the day immediately prior to the date on which the Rights Units are issued, in respect of the Units in issue on the day immediately prior to the date on which the Rights Units are to be issued
<b>Aggregate Leverage</b>	:	The ratio of K-REIT Asia's borrowings to the value of its Deposited Property based on latest valuations
<b>ARE</b>	:	Application form for Rights Units and Excess Rights Units to be issued to Eligible Unitholders in respect of their Rights Entitlements under the Rights Issue
<b>ARS</b>	:	Application form for Rights Units to be issued to Purchasers of the Rights Entitlements traded on the SGX-ST under the book-entry (scripless) settlement system
<b>ATM</b>	:	Automated teller machine
<b>Authority</b>	:	Monetary Authority of Singapore
<b>Blossom Assets</b>	:	A special purpose company, Blossom Assets Limited
<b>Blossom Assets Loan Facilities</b>	:	Loan facilities amounting to S\$190.1 million granted by Blossom Assets
<b>Books Closure Date</b>	:	5.00 p.m. on 8 April 2008, being the time and date on which the Transfer Books and Register of Unitholders will be closed to determine the provisional allotments of Eligible Unitholders under the Rights Issue
<b>Boulevard</b>	:	Boulevard Development Pte Ltd
<b>Bridging Loan</b>	:	The bridging loan provided by Kephinance Investment Pte Ltd to K-REIT Asia on 10 December 2007

<b>Bugis Junction Towers</b>	:	The 100.0% interest in the whole of Strata Lot U1433K TS 13 together with the building comprised in Subsidiary Strata Certificate of Title Volume 487 Folio 183 and known as 230 Victoria Street, Singapore 188024
<b>CBD</b>	:	Central business district
<b>CDP</b>	:	The Central Depository (Pte) Limited
<b>Circular</b>	:	This circular dated 9 April 2008
<b>Closing Date</b>	:	4.45 p.m. on 25 April 2008, or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of K-REIT Asia, being the last time and date for acceptance and/or excess application and payment, and renunciation of and payment by renounees for the Rights Units under the Rights Issue through the CDP, or 9.30 p.m. on 25 April 2008, or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of K-REIT Asia, being the last time and date for acceptance and/or excess application and payment of the Rights Units under the Rights Issue by way of an Electronic Application
<b>Concession Period</b>	:	The period of one month from the date of listing of the Rights Units on the SGX-ST during which a temporary counter to allow Unitholders and investors to trade in board lots of 100 Units will be maintained
<b>Concessionary Rate</b>	:	S\$20.00 per contract, being the minimum brokerage fee payable by those who trade on the temporary odd lot counter during the Concessionary Period
<b>Convertible Securities</b>	:	Convertible securities which may be converted into Units
<b>CPF</b>	:	Central Provident Fund
<b>DBS Vickers</b>	:	DBS Vickers Securities (Singapore) Pte. Ltd.
<b>Deed of Income Support</b>	:	The deed of income support dated 30 July 2007 made between Boulevard, Keppel Land Properties Pte. Ltd. and the Trustee
<b>Deposited Property</b>	:	All the assets for the time being of K-REIT Asia or deemed to be held by K-REIT Asia pursuant to the Trust Deed
<b>Directors</b>	:	The directors of the Manager
<b>Distributable Income</b>	:	The distributable income of K-REIT Asia comprising taxable income, tax-exempt income and taxed income
<b>DPU</b>	:	Distribution per Unit
<b>EGM</b>	:	The extraordinary general meeting of Unitholders held at 10.00 a.m. on 31 March 2008 at InterContinental Singapore, Ballrooms 1 & 2 (2nd Level), 80 Middle Road, Singapore 188966, to approve the matters set out in the Notice of Extraordinary General Meeting as set out in the Unitholders' Circular

<b>Electronic Application</b>	:	Acceptance of the Rights Entitlements and/or application for Excess Rights Units made through an ATM of a Participating Bank in accordance with the terms and conditions of the Offer Information Statement and the relevant procedures for electronic application as set out on the ATM screens of the relevant Participating Banks
<b>Eligible Unitholders</b>	:	Entitled Depositors and Entitled Scripholders
<b>Entitled Depositors</b>	:	Unitholders with Units standing to the credit of their Securities Accounts and (i) whose registered addresses with CDP are in Singapore as at the Books Closure Date or who have, at least five Market Days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents and who are not U.S. persons or acting for the account or benefit of U.S. persons; or (ii) whom the Manager considers, in its sole discretion, may be offered Rights Units without breaching applicable securities laws
<b>Entitled Scripholders</b>	:	Unitholders whose Units are not deposited with CDP and who have tendered to the Unit Registrar valid transfers of their Units and/or the documentary evidence evidencing their title in relation thereto for registration up to the Books Closure Date, and (i) whose registered addresses with K-REIT Asia are in Singapore as at the Books Closure Date or who have, at least five Market Days prior to the Books Closure Date, provided the Unit Registrar with addresses in Singapore for the service of notices and documents and who are not U.S. persons or acting for the account or benefit of U.S. persons; or (ii) whom the Manager considers, in its sole discretion, may be offered Rights Units without breaching applicable securities laws
<b>Excess Rights Units</b>	:	The Rights Units which are not validly taken up by Entitled Depositors, the original allottee(s) or their respective renouncee(s) or Purchaser(s) of the provisional allotments of Rights Units, together with the aggregated fractional entitlements to the Rights Units, any unsold “nil-paid” provisional allotments of Rights Units of Ineligible Unitholders and any Rights Units that are otherwise not allotted for whatever reason
<b>Existing Properties</b>	:	Prudential Tower Property, Keppel Towers and GE Tower, Bugis Junction Towers and the ORQ Interest and “ <b>Existing Property</b> ” means any one of them
<b>Existing Units</b>	:	The Units in issue as at the Books Closure Date
<b>Extraordinary Resolution</b>	:	A resolution proposed and passed as such by a majority consisting of 75.0% or more 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
<b>Forecast Year or FY2008</b>	:	The financial year ending 31 December 2008
<b>FY2006</b>	:	The financial period from 28 November 2005 to 31 December 2006
<b>FY2007</b>	:	The financial year ended 31 December 2007

<b>GDP</b>	:	Gross domestic product
<b>General Mandate</b>	:	The general mandate given to the Manager for the issue of additional new Units and/or Convertible Securities in the financial year ending 31 December 2008, such that the number of additional Units (and/or Units into which the Convertible Securities may be converted) does not exceed 50.0% of the number of Units in issue immediately upon the completion of the Rights Issue
<b>Hongkong Land</b>	:	Hongkong Land International Holdings Limited
<b>Income Support Top-Up Payments</b>	:	The top-up payments from Boulevard to the Trustee amounting to the Quarterly Shortfall during the period commencing on 1 October 2007 and ending 31 December 2011
<b>Independent Accountants</b>	:	Ernst & Young
<b>Independent Directors</b>	:	The non-executive independent directors of the Manager as at the date of this Circular, unless the context otherwise requires
<b>Ineligible Unitholders</b>	:	Unitholders other than Eligible Unitholders, including Unitholders whose registered addresses with CDP were outside Singapore as at the Book Closure Date, and who had not, at least five market days prior to Book Closure Date provided to CDP addresses in Singapore for the notices and documents
<b>Initial Properties</b>	:	Prudential Tower Property, Keppel Towers and GE Tower, and Bugis Junction Towers
<b>Introductory Document</b>	:	Introductory Document of K-REIT Asia dated 20 March 2006
<b>KCL</b>	:	Keppel Corporation Limited
<b>KCL Excess Application</b>	:	The application by KCL directly and/or through one or more of its wholly-owned subsidiaries, for the following proportion of all Excess Rights Units which are not subscribed for at the Closing Date, after satisfaction of all other applications and excess applications (if any) for the Rights Units, being (i) the aggregate interest of KCL in Units (excluding the interest of KLL in the Units) on the Closing Date divided by (ii) the aggregate interest of KCL and KLL in Units on the Closing Date
<b>Keppel Towers and GE Tower</b>	:	The 100.0% interest in the whole of Lot 99227M TS 23, Lot 99226C TS 23, Lot 99223N TS 23, Lot 99222K TS 23, Lot 99219K TS 23, Lot 99218A TS 23, Lot 99180A TS 23, Lot 99179N TS 23, Lot 99178K TS 23, Lot 99176T TS 23, Lot 99175P TS 23, Lot 990K TS 23 and Lot 691A TS 23 comprising CT Vol. 373 Fol. 29 to 36, CT Vol. 422 Fol. 66 and CT Vol. 270 Fol. 127, together with the buildings known as “Keppel Towers and GE Tower” at 10 Hoe Chiang Road Singapore 089315 and 240 Tanjong Pagar Road Singapore 088540, respectively
<b>Keppel Undertakings</b>	:	The irrevocable undertakings given by KCL and KLL in connection with the Rights Issue, as described in this Circular



<b>KLL or Keppel Land</b>	:	Keppel Land Limited
<b>KLL Excess Application</b>	:	The application by KLL directly and/or through one or more of its wholly-owned subsidiaries, for the following proportion of all Excess Rights Units which are not subscribed for at the Closing Date, after satisfaction of all other applications and excess applications (if any) for the Rights Units, being (i) the aggregate interest of KLL in Units on the Closing Date divided by (ii) the aggregate interest of KLL and KCL in Units on the Closing Date
<b>KRAI</b>	:	K-REIT Asia Investment Pte. Ltd.
<b>KREI</b>	:	Keppel Real Estate Investment Limited
<b>Latest Practicable Date</b>	:	3 April 2008, being the latest practicable date prior to the lodgement of this Offer Information Statement
<b>Listing Manual</b>	:	The Listing Manual of the SGX-ST
<b>Manager</b>	:	K-REIT Asia Management Limited, as manager of K-REIT Asia
<b>Market Day</b>	:	A day on which the SGX-ST is open for securities trading
<b>NAV</b>	:	Net asset value
<b>Net Lettable Area or NLA</b>	:	Area in the strata lots in a building that is to be leased, excluding common areas such as common corridors, lift shafts, fire escape staircases and toilets, and is usually the area in respect of which rent is payable
<b>Net Property Income or NPI</b>	:	Comprises property income less property expenses
<b>Offer Information Statement</b>	:	The offer information statement (including the ARE or the PAL) that is set out in <b>Annexure A</b> of this Circular
<b>One Raffles Quay or ORQ</b>	:	The building known as One Raffles Quay erected on the whole of Lot 175C of Town Subdivision 30 (excluding the subterranean space below it known as Lot 80002A of Town Subdivision 30), and the whole of the subterranean space below Lot 175C of Town Subdivision 30 known as Lot 80002A of Town Subdivision 30 for a term of 99 years commencing from 13 June 2001
<b>ORQ Interest</b>	:	K-REIT Asia's one-third interest in One Raffles Quay through the acquisition of one-third interest in the issued share capital of ORQPL and the assignment to K-REIT Asia of Boulevard's rights, title and interest in a shareholder's loan to ORQPL
<b>ORQ Property Manager</b>	:	Raffles Quay Asset Management Pte Ltd
<b>ORQPL</b>	:	One Raffles Quay Pte Ltd
<b>PAL</b>	:	The provisional allotment letter issued to Entitled Scripholders, setting out the provisional allotments of the Rights Units of such Entitled Scripholders
<b>Participating Banks</b>	:	DBS Bank Ltd (including POSB), Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited

<b>Profit Forecast</b>	:	The forecast statement of K-REIT Asia's net income and distribution for FY2008 and the accompanying assumptions and sensitivity analysis set out in <b>Appendix 2</b> of the Offer Information Statement
<b>Property Funds Guidelines</b>	:	The Property Funds Guidelines for the real estate investment trusts issued by the Authority as Appendix 2 of the Code on Collective Investment Schemes
<b>Property Manager</b>	:	K-REIT Asia Property Management Pte Ltd
<b>Prudential Tower</b>	:	The building known as "Prudential Tower" located at 30 Cecil Street, Singapore 049712
<b>Prudential Tower Property</b>	:	The approximately 44.4% interest held in the Prudential Tower building comprised in the whole of Strata Lots U403C TS 1, U405W TS 1, U404M TS 1, U414N TS 1, U406V TS 1, U415X TS 1, U407P TS 1, U416L TS 1, U408T TS 1, U417C TS 1, U409A TS 1, U418M TS 1, U410P TS 1, U419W TS 1, U420C TS 1, U412A TS 1, U421M TS 1, U413K TS 1, U423V TS 1 and U422W TS 1, comprising SSCT Vol. 589 Fol. 161 to 168 and Fol. 170 to 181
<b>Purchaser(s)</b>	:	The purchasers of the Rights Entitlements during the provisional allotment trading period
<b>Quarterly Shortfall</b>	:	In relation to the ORQ Interest, one-third of the difference between the Net Property Income and the guaranteed income amount for each of the calendar quarters during the period commencing on 1 October 2007 and ending on 31 December 2011
<b>Record Date</b>	:	In relation to any distributions, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Manager) on which Unitholders must be registered or the Securities Account of Unitholders must be credited with Units in order to participate in such distributions, rights, allotments or other distributions
<b>Reference Price</b>	:	S\$1.52 per Rights Unit, being the volume weighted average price for a Unit for all trades on the SGX-ST in the ordinary course of trading for the period of three Market Days prior to 28 March 2008
<b>Regulation S</b>	:	Regulation S under the Securities Act
<b>REIT</b>	:	Real estate investment trust
<b>Relevant Particulars</b>	:	The applicant's name, NRIC/passport number, address, nationality, CDP Securities Account number, CPF Investment Account number and application details
<b>Relevant Parties</b>	:	Unit Registrar, CDP, CPF, the SGX-ST and the Manager
<b>Rights Entitlements</b>	:	The provisional allotments of Rights Units to Eligible Unitholders on the basis of eight (8) Rights Units for every five (5) Existing Units held by such Eligible Unitholder as at the Books Closure Date, fractional entitlements to be disregarded

<b>Rights Issue</b>	:	The renounceable rights issue of Rights Units at the Rights Issue Price to Eligible Unitholders on the basis of eight (8) Rights Units for every five (5) Existing Units held by Eligible Unitholders as at the Books Closure Date, fractional entitlements to be disregarded
<b>Rights Issue Price</b>	:	S\$1.39 per Rights Unit, being the issue price of the Rights Units
<b>Rights Units</b>	:	The new Units to be issued under the Rights Issue
<b>Scheduled Distribution</b>	:	The distribution originally scheduled to take place in August 2008, in relation to the semi-annual Distributable Income for the period from 1 January 2008 to 30 June 2008
<b>Securities Account(s)</b>	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account
<b>Securities Act</b>	:	United States Securities Act of 1933, as amended or modified from time to time
<b>SFA</b>	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
<b>SGX-ST</b>	:	Singapore Exchange Securities Trading Limited
<b>Split Letter(s)</b>	:	A letter issued by the Unit Registrar pursuant to a valid request by an Entitled ScripHolder to have his/its provisional allotment of Rights Units under the PAL split into separate PALs
<b>sq ft</b>	:	Square foot/feet
<b>sq m</b>	:	Square metre(s)
<b>SRS</b>	:	Supplementary Retirement Scheme
<b>Substantial Unitholder</b>	:	A person with an interest in one or more Units constituting not less than 5.0% of all Units in issue
<b>Suntec REIT</b>	:	Suntec Real Estate Investment Trust
<b>Take-over Code</b>	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
<b>Tax Ruling</b>	:	The tax ruling dated 10 November 2005 issued by the Inland Revenue Authority of Singapore on the taxation of K-REIT Asia and its Unitholders
<b>Temasek</b>	:	Temasek Holdings (Private) Ltd
<b>Temporary Stock Counter</b>	:	The temporary stock counter maintained for the period of one month from the date of listing of the Rights Units on the SGX-ST
<b>Trust Deed</b>	:	The trust deed dated 28 November 2005 entered into between the Trustee and the Manager constituting K-REIT Asia, as amended, varied, or supplemented from time to time
<b>Trustee</b>	:	RBC Dexia Trust Services Singapore Limited, in its capacity as trustee of K-REIT Asia

<b>Unit</b>	:	A unit representing an undivided interest in K-REIT Asia as provided in the Trust Deed
<b>Unitholder</b>	:	The registered holder for the time being of a Unit including persons so registered as a joint holder, except that where the registered holder is CDP, the term “Unitholder” shall, in relation to Units registered in the name of CDP, mean, where the context requires, the Depositor whose Securities Account with CDP is credited with Units
<b>Unitholders’ Circular</b>	:	The circular to Unitholders dated 13 March 2008
<b>%</b>	:	Per centum or percentage
<b>S\$ and cents</b>	:	Singapore dollars and cents

The terms “Depositor”, “Depository Agent” and “Depository Register” will 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 will, where applicable, include the feminine and neuter genders. References to persons will 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 and to dates in this Circular will be a reference to Singapore time and dates unless otherwise stated.

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, and figures expressed in '000 are rounded off to the nearest thousand.

Save for the 2006 Audited Financial Statements and the 2007 Audited Financial Statements which are deemed incorporated into this Circular by reference, information contained in the Manager’s website does not constitute part of this Circular.

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## OFFER INFORMATION STATEMENT

**This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser immediately.**

The collective investment scheme offered in this Offer Information Statement is an authorised scheme under the Securities and Futures Act, Chapter 289 of Singapore (the “**SFA**”). A copy of this Offer Information Statement has been lodged with the Monetary Authority of Singapore (the “**Authority**”). The Authority assumes no responsibility for the contents of this Offer Information Statement. Lodgement of this Offer Information Statement with the Authority does not imply that the SFA, or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of the units being offered, or in respect of which an invitation is made, for investment.

Approval in-principle has been obtained from Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing and quotation of the new units (“**Rights Units**”) in K-REIT Asia on the Official List of the Main Board of the SGX-ST and official quotation will commence after all the Rights Units documentary evidence has been issued and the notification letters from The Central Depository (Pte) Limited have been despatched.

The SGX-ST assumes no responsibility for the accuracy of any statements made, reports contained or opinions expressed in this Offer Information Statement. The SGX-ST’s approval in-principle is not to be taken as an indication of the merits of the Rights Issue (as defined herein), the Rights Units or K-REIT Asia.

This Offer Information Statement is not for distribution, directly or indirectly, in or into the United States. It is not an offer of securities for sale into the United States. The Rights Units may not be offered or sold in the United States or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the U.S. Securities Act of 1933, as amended) unless they are registered or exempt from registration. There will be no public offer of securities in the United States.

No units in K-REIT Asia (“**Units**”) shall be allotted on the basis of this Offer Information Statement later than the date falling six months from the date of lodgment of this Offer Information Statement.

In this Offer Information Statement, capitalised terms not otherwise defined herein have the meaning given to them in the Glossary as set out in the K-REIT Asia circular dated 9 April 2008.

Any discrepancies in the figures herein are due to rounding.

# **K-REIT**asía

(Constituted in the Republic of Singapore  
pursuant to a trust deed dated 28 November 2005 (as amended))

**Managed by**

**K-REIT Asia Management Limited**

Date of lodgment: 9 April 2008

In the Offer Information Statement, provide the following information:

**PART I – FRONT COVER**

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- (1) **On the front cover of the offer information statement, provide –**
- (a) **the date of lodgment of the offer information statement;**
  - (b) **the following statements:**
    - (i) **“This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser.”;**  
**and**
    - (ii) **“The collective investment scheme offered in this document is {an authorised/a recognised\*} scheme under the Securities and Futures Act. A copy of this offer information statement has been lodged with the Authority. The Authority assumes no responsibility for the contents of the offer information statement. Lodgment of the offer information statement with the Authority does not imply that the Securities and Futures Act, or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of the units being offered for investment.”;**
  - (c) **the name of the collective investment scheme (referred to in this Schedule as the Scheme) in which units are being offered, and its place and date of constitution;**
  - (d) **a statement to the effect that an application has been or will be made to a securities exchange to list for quotation or quote the units being offered on that securities exchange, and the name of such securities exchange; and**
  - (e) **a statement that no units shall be allotted or allocated on the basis of the offer information statement later than 6 months after the date of lodgment of the offer information statement.**

**\* to state accordingly**

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Noted.

## PART II – BASIC INFORMATION

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- (2) (a) the name and address of the registered office of the manager of the fund (the “**Manager**”); and
- (b) the names and addresses of the directors of the Manager as at the Latest Practicable Date;
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- (a) The Manager is K-REIT Asia Management Limited and its registered office is located at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632.
- (b) The names and addresses of the directors of the Manager (the “**Directors**”) are set out in **Appendix 5** of this Offer Information Statement.
- 

(3) **State the names and addresses of:**

- (a) the issue manager to the offer, if any;
- (b) the underwriter to the offer, if any; and
- (c) the legal adviser for or in relation to the offer, if any;
- 

There are no underwriters or issue managers for the Rights Issue.

The legal adviser for the Rights Issue, and to the Manager, is Allen & Gledhill LLP, which is located at One Marina Boulevard, #28-00, Singapore 018989.



### PART III – OFFER STATISTICS AND TIMETABLE

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- (4) For each method of offer, state the number of units being offered.
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396,925,192 Rights Units will be offered pursuant to the Rights Issue.

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- (5) Provide the information referred to in paragraphs 6 to 10 to the extent applicable to:
- (a) the offer procedure; and
  - (b) where there is more than one group of targeted potential investors and the offer procedure is different for each group, the offer procedure for each group of targeted potential investors.
- 

Noted.

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- (6) State the time at, date on, and period during which the offer will be kept open, and the name and address of the person to whom the purchase or subscription applications are to be submitted. If the exact time, date or period is not known on the date of lodgment of the offer information statement, describe the arrangements for announcing the definitive time, date or period. State the circumstances under which the offer period may be extended or shortened, and the duration by which the period may be extended or shortened. Describe the manner in which any extension or early closure shall be made public.
- 

Eligible Unitholders will receive the Circular (including this Offer Information Statement) and the ARE or (as the case may be) the PAL at their respective Singapore addresses.

Entitled Depositors will receive their Rights Entitlements and are at liberty to accept, renounce or trade their Rights Entitlements on the SGX-ST during the provisional allotment trading period from 11 April 2008 to 21 April 2008. Entitled Scripholders will receive their Rights Entitlements and are at liberty to accept or renounce their Rights Entitlements from 11 April 2008 to 25 April 2008.

The Rights Issue will be open on 11 April 2008 (at 7.00 a.m. for acceptances and/or applications of the Rights Units and/or Excess Rights Units through an ATM of a Participating Bank) up to:

- 4.45 p.m. on 25 April 2008 if acceptances of and/or application for the Rights Units and/or Excess Rights Units, as the case may be, are made through CDP in accordance with the applicable ARE or ARS;
- 9.30 p.m. on 25 April 2008 if acceptances and/or applications of the Rights Units and/or Excess Rights Units are made through an ATM of a Participating Bank; or
- 4.45 p.m. on 25 April 2008 if acceptances and/or applications of the Rights Units and/or Excess Rights Units are made using the PAL.

Acceptances and/or applications should be made by way of Electronic Application, or in the manner set out in the applicable ARE, ARS or the PAL.

Please refer to **Annexures B, C and D** of the Circular for details on the application procedures.

As at 3 April 2008 (the “**Latest Practicable Date**”), the Manager does not expect the timetable set out in the section titled “Indicative Timetable” in the Circular to be modified. However, the Manager may, with the approval of the SGX-ST, modify the timetable subject to any limitation under any applicable laws. In that event, the Manager will publicly announce the same through a SGXNET announcement to be posted on the SGXNET at <<http://www.sgx.com>>.

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- (7) **State the method and time limit for paying up for the units and, where payment is to be partial, the manner in which, and dates on which, amounts due are to be paid.**
- 

Please refer to **Annexures B, C and D** of the Circular and the section titled “Indicative Timetable” in the Circular.

Payments for the Rights Units and the Excess Rights Units are due in full upon acceptance and/or application, as the case may be.

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- (8) **State, where applicable, the methods of and time limits for:**
- (a) **the delivery of the documents evidencing title to the units being offered (including temporary documents of title, if applicable) to subscribers or purchasers; and**
  - (b) **the book-entry transfers of the units being offered in favour of subscribers or purchasers.**
- 

The Rights Units will be provisionally allotted to Eligible Unitholders on or about 11 April 2008 by crediting the provisional allotments to the Securities Accounts of Entitled Depositors or through the despatch of the PALs to Entitled Scripholders.

In the case of Entitled Scripholders and their renounees with valid acceptances and (in the case of Entitled Scripholders only) successful applications of Excess Rights Units and who have, *inter alia*, failed to furnish or furnished incorrect or invalid Securities Account numbers in the relevant form comprised in the PAL, documentary evidence evidencing title to the Rights Units allotted to them will be sent by registered post, at their own risk, to their mailing addresses in Singapore as maintained with the Unit Registrar within 10 Market Days after the Closing Date.

In the case of Entitled Depositors and Entitled Scripholders and their renounees (who have furnished valid Securities Account numbers in the relevant form comprised in the PAL) with valid acceptances and (where applicable) successful applications of Excess Rights Units, a confirmation note representing such number of Rights Units will be sent to CDP within 10 Market Days after the Closing Date. Such confirmation note shall be deemed to be documentary evidence evidencing title to the Rights Units issued, and CDP will thereafter credit such number of Rights Units to relevant Securities Accounts. CDP will then send a notification letter to the relevant subscribers stating the number of Rights Units credited to their Securities Accounts.

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- (9) **In the case of any pre-emptive rights to subscribe for or purchase the units being offered, state the procedure for the exercise of any right of pre-emption, the negotiability of such rights and the treatment of such rights which are not exercised.**
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There are no such pre-emptive rights.

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- (10) Provide a full description of the manner in which results of the allotment or allocation of the units are to be made public and, where appropriate, the manner for refunding excess amounts paid by applicants (including whether interest will be paid).
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***Results of the Rights Issue***

The Manager will announce the results of the Rights Issue through a SGXNET announcement to be posted on the SGX-ST's website <<http://www.sgx.com>>.

***Manner of Refund***

When any acceptance for Rights Units and/or excess application is invalid or unsuccessful, the amount paid on acceptance and/or application will be returned or refunded to such applicant without interest or any share of revenue or other benefit arising therefrom within 14 days after the Closing Date, by:

- (i) (in the case of Entitled Depositors and Purchasers) means of a crossed cheque drawn on a bank in Singapore by ordinary post, at his own risk, to his mailing address as maintained with CDP, or in such other manner as he may have agreed with CDP for the payment of any cash distributions (where the acceptance and/or application is through CDP);
- (ii) (in the case of Entitled Depositors and Purchasers) crediting his bank account with the relevant Participating Bank (where acceptance and/or application is through an ATM of such relevant Participating Bank) at his own risk, the receipt by such Participating Bank being a good discharge by K-REIT Asia, the Manager and CDP of their obligations; or
- (iii) (in the case of Entitled Scripholders and renounees of Rights Entitlements) means of a crossed cheque drawn on a bank in Singapore by ordinary post, at his own risk, to his mailing address as maintained with the Unit Registrar, or in such other manner as he may have agreed with the Unit Registrar for the payment of any cash distributions.

Please also refer to **Annexures B, C and D** of the Circular for further details.

## PART IV – KEY INFORMATION

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- (11) In the same section, provide the information set out in paragraphs 12 to 17.
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Noted.

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- (12) **Disclose the estimated amount of the proceeds from the offer (net of the estimated amount of expenses incurred in connection with the offer) (referred to in this paragraph as the net proceeds). Where only a part of the net proceeds will go into the property of the Scheme, indicate such amount. If none of the proceeds will go into the property of the Scheme, provide a statement of that fact.**
- 

The amount of the net proceeds from the Rights Issue is approximately S\$550.7 million.

It is intended that K-REIT Asia will use the proceeds to partially refinance the bridging loan provided by Kephinance Investment Pte Ltd on 10 December 2007 (the “**Bridging Loan**”) which has been used for the purposes of K-REIT Asia’s acquisition of the ORQ Interest through (i) the acquisition of one-third of the issued share capital of One Raffles Quay Pte Ltd (“**ORQPL**”) from Boulevard Development Pte Ltd (“**Boulevard**”), and (ii) the assignment to K-REIT Asia of Boulevard’s rights, title and interest in a shareholder’s loan to ORQPL. The acquisition of the ORQ Interest was completed on 10 December 2007.

Subject to the relevant laws and regulations, the proceeds of the Rights Issue may be used, at the Manager’s absolute discretion, to partially refinance the Bridging Loan. The Rights Issue is not subject to or conditional upon the refinancing of the Bridging Loan.

Please see paragraph (13) below for details on the use for the net proceeds from the Rights Issue.

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- (13) **Disclose how the net proceeds from the offer will be allocated to each principal intended use. If the anticipated proceeds will not be sufficient to fund all of the intended uses, disclose the order of priority of such uses, as well as the amount and sources of other funds needed. Disclose also how the proceeds will be used pending their eventual utilisation for the proposed uses. Where specific uses are not known for any portion of the proceeds, disclose the general uses for which the proceeds are proposed to be applied. Where the offer is not fully underwritten on a firm commitment basis, state the minimum amount which, in the reasonable opinion of the directors or equivalent persons of the Manager, must be raised by the offer of units.**
- 

The Manager intends to use all of the net proceeds of the Rights Issue, which will amount to approximately S\$550.7 million, after taking into account, among others, the estimated fees and expenses (including professional fees and expenses) incurred or to be incurred by K-REIT Asia in connection with the Rights Issue, to partially refinance the Bridging Loan.

The Rights Issue is not subject to or conditional upon the refinancing of the Bridging Loan.

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 utilised.

Pending the deployment of the net proceeds for the purposes mentioned above, the net proceeds of 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 Rights Issue will not be underwritten. Instead, pursuant to the Keppel Undertakings, KCL and KLL, either directly or through their wholly-owned subsidiaries, will make excess applications for all Excess Rights Units which are not subscribed for at the Closing Date. For the avoidance of doubt, the applications by Substantial Unitholders (including KCL and KLL and their respective subsidiaries, such as KREI, KRAI and the Manager) and Directors will rank last in priority as against all other applications for Excess Rights Units. Thereafter, any remaining unsubscribed Rights Units will be taken up by KCL and KLL and/or their wholly-owned subsidiaries, as provided in the Keppel Undertakings.

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**(14) For each dollar of the proceeds from the offer, state the estimated amount that will be allocated to each principal intended use and the estimated amount that will be used to pay for expenses incurred in connection with the offer.**

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For each dollar of the proceeds that will be raised from the Rights Issue, the Manager intends to allocate the proceeds from the Rights Issue in the following manner:

- approximately 99.82 cents to partially refinance the Bridging Loan; and
- approximately 0.18 cents to pay for the professional and other fees and expenses expected to be incurred by K-REIT Asia in connection with the Rights Issue.

Subject to the relevant laws and regulations, the proceeds of the Rights Issue may be used, at the Manager's absolute discretion, to partially refinance the Bridging Loan. The Rights Issue is not subject to or conditional upon the refinancing of the Bridging Loan.

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**(15) If any of the proceeds from the offer will be used, directly or indirectly, to acquire or refinance the acquisition of an asset other than in the ordinary course of business, briefly describe the asset and state its purchase price. If the asset has been or will be acquired from a person specified as an interested party by the Authority in the Code on Collective Investment Schemes, identify the interested party and state how the cost to the Scheme is or will be determined.**

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The proceeds of the Rights Issue will be used to partially refinance the Bridging Loan which was used to fund the acquisition of the ORQ Interest by K-REIT Asia, which is in K-REIT Asia's ordinary course of business.

The total acquisition cost of the ORQ Interest was S\$953.6 million.

The aggregate consideration for the acquisition of the ORQ Interest was negotiated on a willing-buyer and willing-seller basis and was based on the agreed market value of S\$941.5 million for the ORQ Interest.

As at the latest practicable date of the circular to Unitholders dated 22 September 2007 in connection with the acquisition of the ORQ Interest, being 12 September 2007, KLL held an aggregate indirect interest<sup>1</sup> in 99,041,381 Units, which comprised approximately 40.8% of the total number of Units in issue, and was therefore regarded as a "controlling Unitholder" under both the Listing Manual of the SGX-ST (the "**Listing Manual**") and the Property Funds Guidelines (the

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<sup>1</sup> KLL held an indirect interest as at 22 September 2007 in 99,041,381 Units in K-REIT Asia through KRAI (96,850,528 Units) and the Manager (2,190,853 Units), both of which are wholly-owned subsidiaries of KLL.

**“Property Funds Guidelines”**) in Appendix 2 of the Code on Collective Investment Schemes issued by the Authority. As at the latest practicable date of the circular to Unitholders dated 22 September 2007, KCL was also regarded as a “controlling Unitholder” under both the Listing Manual and the Property Funds Guidelines, as through KREI and KLL, KCL had a deemed interest in 174,980,927 Units, which comprised approximately 72.1% of the total number of Units in issue. As at the latest practicable date of the circular to Unitholders dated 22 September 2007, Temasek Holdings (Private) Ltd (**“Temasek”**) held approximately 21.4% of the voting shares in the issued share capital of KCL, and was deemed to be interested in approximately 0.6% of the share capital of KCL, in which Temasek’s subsidiaries and associated companies have an aggregate interest. Temasek was therefore also regarded as a “controlling Unitholder” under both the Listing Manual and the Property Funds Guidelines, as Temasek (including through its interests in KCL) had a deemed interest in 174,984,927 Units, which comprises approximately 72.1% of the total number of Units then in issue.

Furthermore, as KLL had an indirect interest of 100.0% in Boulevard, Boulevard was regarded as both an associate and a subsidiary of a controlling Unitholder. For the purposes of Chapter 9 of the Listing Manual, Boulevard (being an associate of a controlling Unitholder) was an “interested person” of K-REIT Asia. For the purposes of the guidelines relating to interested party transactions under the Property Funds Guidelines, Boulevard (being a subsidiary of a controlling Unitholder) was an “interested party” of K-REIT Asia.

Therefore, the acquisition of the ORQ Interest constituted an “interested person transaction” under Chapter 9 of the Listing Manual as well as an “interested party transaction” under the Property Funds Guidelines.

As the acquisition of the ORQ Interest constituted an interested party transaction under the Property Funds Guidelines, the acquisition fee paid to the Manager (**“Acquisition Fee”**) was in the form of Units (the **“Acquisition Fee Units”**), which shall not be sold within one year from their date of issuance. This is in accordance to Clause 5.6 of the Property Fund Guidelines.

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- (16) If any of the proceeds from the offer will be used to finance or refinance the acquisition of a business, briefly describe the business and give information on the status of the acquisition.**

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None of the proceeds of the Rights Issue will be used to finance or refinance the acquisition of a business.

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- (17) If any material part of the proceeds from the offer will be used to discharge, reduce or retire the indebtedness of the Scheme, describe the maturity of such indebtedness and, for indebtedness incurred within the past year, the uses to which the proceeds giving rise to such indebtedness were put.**

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The Manager intends to use the net proceeds to partially refinance the Bridging Loan. The details of the borrowings to be discharged are set out below.

On 10 December 2007, K-REIT Asia put in place a revolving loan facility of up to S\$960.0 million from Kephinance Investment Pte Ltd to finance the acquisition of the ORQ Interest for an initial period of nine months commencing from the drawdown date, and thereafter renewable on terms, including new maturity date, to be agreed between the parties. Interest is payable at floating rates and is repriced within one to three months. As at the Latest Practicable Date, the amount drawn down stood at S\$942.0 million.

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- (18) In the section containing the information referred to in paragraphs 12 to 17 or in an adjoining section, disclose the amount of discount or commission agreed upon between the underwriters or other placement or selling agents in relation to the offer and the person making the offer. If it is not possible to state the amount of discount or commission, the method by which it is to be determined must be explained.
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There are no underwriters or issue managers for the Rights Issue.

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- (19) Provide the following information:

- (a) the nature of the operations and principal activities of the Scheme;
- 

K-REIT Asia was established with the objective of generating stable returns to Unitholders by owning and investing in a portfolio of quality real estate and real estate-related assets which are income-producing and are predominantly used for commercial purposes. Originally sponsored by Keppel Land, K-REIT Asia's initial portfolio consists of four prime office buildings — Prudential Tower Property (approximately 44.4% of the strata area of the building), Keppel Towers, GE Tower and Bugis Junction Towers. On 10 December 2007, K-REIT Asia completed its acquisition of the ORQ Interest.

#### **Investment Strategy**

The principal investment strategy of K-REIT Asia is to achieve stable income and long-term growth in net asset value for Unitholders by investing primarily in a portfolio of quality real estate and real estate-related assets which are income-producing and used predominantly for commercial purposes in Singapore and in Asia.

The Manager implements its investment strategy in accordance with the following guidelines:

- investments are generally for the long term;
- the investment portfolio comprises primarily income-producing real estate and real estate-related assets;
- properties within the portfolio are used predominantly for commercial purposes; and
- investments are made, depending on investment opportunities and conditions.

The Manager implements the principal investment strategy of K-REIT Asia in accordance with the Property Funds Guidelines, the Trust Deed and any other applicable laws.

#### **Key Objectives**

The key objectives of the Manager are to deliver regular and stable distributions to Unitholders and to achieve long-term growth in the NAV per Unit so as to provide a competitive investment return to Unitholders.

To achieve the objectives, the plans include:

- *Acquisition Growth Strategy.* The Manager plans to acquire additional commercial properties that meet its investment criteria.
- *Active Asset Management Strategy.* The Manager plans to implement strategies to increase property yield of the Existing Properties and as such, maximise net returns from the Existing Properties.
- *Capital Management Strategy.* The Manager plans to employ appropriate debt and equity financing strategies.

### **Acquisition Growth Strategy**

K-REIT Asia's growth strategy emphasizes value and focuses on quality pan-Asian commercial buildings while maintaining uncompromising criteria for acquisitions. K-REIT Asia endeavours to maintain a prudent capital structure and has the flexibility to tap into the equity and/or debt markets to seize opportunities for growth. Tapping on its experience in real estate investment, asset management, property management, marketing and research, the Manager is confident of delivering value to Unitholders.

### **Active Asset Management Strategy**

With the aim of maximising returns for Unitholders and delivering value to stakeholders, K-REIT Asia is committed to pro-active asset and investment management.

The Manager delivers value to its tenants by continuously maintaining and enhancing its properties and the quality of their environment. The Manager continues to engage its tenants by providing networking opportunities to strengthen meaningful landlord-tenant relationships.

The Manager also makes concerted efforts in communicating its performance and outlooks to all stakeholders as it believes good corporate governance and transparency is fundamental to sustainable growth.

### **Capital Management Strategy**

The Manager's capital management strategy involves adopting and maintaining an appropriate level of debt, employing an appropriate mix of debt and equity in financing acquisitions, and utilising interest rate and currency hedging strategies, where appropriate, to optimise risk adjusted returns to Unitholders.

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- (19) (b) **the general development of the Scheme from the beginning of the period comprising the three most recent completed financial years to the latest practicable date, indicating any material change in the affairs of the Scheme since:**
- (i) **the end of the most recent completed financial year for which financial statements have been published; or**
  - (ii) **the end of any subsequent interim period if interim financial statements have been published;**
- 

### **General Development of K-REIT Asia**

The general development of the business of K-REIT Asia since its inception to the Latest Practicable Date is set out below:

<b>Date</b>	<b>Significant developments</b>
28 November 2005	Establishment of K-REIT Asia and proposed distribution <i>in specie</i> of Units to shareholders of KLL, the sponsor of K-REIT Asia
20 March 2006	Introductory Document of K-REIT Asia despatched to KLL's shareholders



Date	Significant developments
26 April 2006	<p>Completed acquisition of initial property portfolio valued at S\$630.7 million</p> <ul style="list-style-type: none"> <li>• Prudential Tower Property (approximately 44.4% of the strata area of Prudential Tower);</li> <li>• Keppel Towers and GE Tower; and</li> <li>• Bugis Junction Towers,</li> </ul> <p>(collectively, the “<b>Initial Properties</b>”)</p>
28 April 2006	Listing on the SGX-ST Main Board by way of an introduction
17 May 2006	Secured fixed-rate mortgage loans of approximately S\$190 million
28 August 2006	Distribution payment of 1.16 cents per Unit to Unitholders for the period from 26 April 2006 to 30 June 2006
22 January 2007	The Initial Properties were revalued at S\$677 million as at 31 December 2006
28 February 2007	Distribution payment of 3.47 cents per Unit to Unitholders for the period from 1 July 2006 to 31 December 2006
30 July 2007	Signing of a share purchase agreement in relation to the acquisition of the ORQ Interest valued at S\$941.5 million
28 August 2007	Distribution payment of 3.91 cents per Unit to Unitholders for the period from 1 January 2007 to 30 June 2007
22 September 2007	<p>Despatch of Unitholders’ circular in relation to, <i>inter alia</i>, the proposed acquisition of the ORQ Interest</p> <p>The Initial Properties were revalued at S\$815 million as at 31 July 2007</p>
11 October 2007	<p>An extraordinary general meeting of K-REIT Asia was convened at which, the proposed resolutions in relation to, <i>inter alia</i>, the proposed acquisition of the ORQ Interest, an equity fund raising and an issue of convertible bonds were approved by Unitholders</p>
10 December 2007	Completion of the acquisition of the ORQ Interest with proceeds from the Bridging Loan
10 December 2007	Assigned a corporate rating of “Baa3” with a stable rating outlook by Moody’s
10 December 2007	The Initial Properties were revalued at S\$1,110 million as at 10 December 2007
23 January 2008	Announcement of K-REIT Asia’s unaudited results for the full year ended 31 December 2007 and announcement of the proposed Rights Issue

Date	Significant developments
29 February 2008	Distribution payment of 4.99 cents per Unit to Unitholders for the period from 1 July 2007 to 31 December 2007
12 March 2008	Receipt of approval in-principle for the listing of the Rights Units in K-REIT Asia
13 March 2008	Despatch of Unitholder's circular in relation to, <i>inter alia</i> , the proposed Rights Issue and the proposed general mandate for the issue of new Units and/or Convertible Securities
24 March 2008	Announcement of Notice of Books Closure Date for the Rights Issue
28 March 2008	Announcement of the Rights Issue Price
31 March 2008	EGM was convened at which, the proposed resolutions in relation to the proposed renounceable Rights Issue and the General Mandate were approved by Unitholders

The Manager currently estimates that the partial refinancing of the Bridging Loan will be completed on or about the date of completion of the Rights Issue.

#### **Material Change in the Affairs of K-REIT Asia**

Save as disclosed above, there have been no material changes in the affairs of K-REIT Asia since the most recent completed financial year.

No person is authorised to give any information or to make any representation not contained in this Offer Information Statement and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of K-REIT Asia, the Manager or the Trustee. Neither the delivery of this Offer Information Statement nor any offer, subscription, sale or transfer made hereunder shall in the circumstances imply that the information herein is correct as of any date subsequent to the date hereof or constitute a representation that there has been no change or development reasonably likely to involve a material adverse change in the affairs, conditions and prospects of K-REIT Asia, the Units or the Manager since the date hereof. Where such changes occur and are material or required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, the Manager will make an announcement of the same through SGXNET and, if required, issue and lodge a supplementary document or replacement document. Investors should take notice of such announcements and documents and upon release of such announcements and documents shall be deemed to have notice of such changes. No representation, warranty or covenant, express or implied, is made by any of K-REIT Asia, the Manager or the Trustee or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers as to the accuracy or completeness of the information contained herein, and nothing contained in this Offer Information Statement is, or shall be relied upon as, a promise, representation or covenant by any of K-REIT Asia, the Manager or the Trustee or their respective affiliates, directors, officers, employees, agents, representatives or advisers.

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- (19) (c) **the participants' funds in and borrowings of the Scheme, as at the latest practicable date, showing:**
- (i) **in the case of the participants' funds, the number of units issued and the number of units outstanding; or**
  - (ii) **in the case of borrowings, the total amount of the borrowings outstanding, together with the rate of interest (whether fixed or floating) payable thereon;**
- 

(i) **Number of Units**

As at the Latest Practicable Date (3 April 2008), there were 248,078,245 Units issued and outstanding.

(ii) **Borrowings**

As at the Latest Practicable Date, K-REIT Asia has in place loan facilities amounting to S\$190.1 million (the "**Blossom Assets Loan Facilities**") granted by Blossom Assets Limited ("**Blossom Assets**"), which was funded by the proceeds of rated commercial mortgage-backed securities notes issued by Blossom Assets. These commercial mortgage-backed securities notes have been rated AAA and AA or their equivalent by Standard & Poor's and Moody's.

The Blossom Assets Loan Facilities comprise (i) a five-year term loan of S\$160.2 million at a fixed interest rate of 3.905% per annum and (ii) a five-year term loan of S\$29.9 million at a fixed interest rate of 4.055% per annum.

In addition to the Blossom Assets Loan Facilities, K-REIT Asia has also put in place a short-term credit facility of S\$26.0 million which is subordinated to the Blossom Assets Loan Facilities. There was no utilisation of this credit facility as at the Latest Practicable Date.

On 10 December 2007, K-REIT Asia put in place a revolving loan facility of up to S\$960.0 million from Kepfinance Investment Pte Ltd for an initial period of nine months commencing from the drawdown date, and thereafter renewable on terms, including new maturity date, to be agreed between the parties. Interest is payable at floating rates and is repriced within one to three months. As at the Latest Practicable Date, the amount drawn down stood at S\$942.0 million.

The total outstanding amount of borrowings of K-REIT Asia as at the Latest Practicable Date was S\$1,132.1 million.

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- (19) (d) **the number of units of the Scheme owned by each substantial participant as at the latest practicable date;**
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Information concerning the Substantial Unitholders and their respective interests (direct and deemed) in the Units as at the Latest Practicable Date is set out in **Appendix 4** of this Offer Information Statement.

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- (19) (e) any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have, or which have had in the 12 months immediately preceding the date of lodgement of the offer information statement, a material effect on the Scheme's financial position or profitability;**
- 

To the best of the Manager's knowledge and belief, there are no legal or arbitration proceedings, including those which are pending or known to be contemplated, which, in the opinion of the Manager, may have or have had in the last 12 months before the date of lodgement of this Offer Information Statement, a material effect on the financial position or profitability of K-REIT Asia.

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- (19) (f) where any units in the Scheme have been issued within the 12 months immediately preceding the latest practicable date:**
- (i) if the units have been issued for cash, state the prices at which the units have been issued and the number of units issued at each price; or**
  - (ii) if the units have been issued for services, state the nature and value of the services and give the name and address of the person who received the units; and**
- 

Within the 12 months immediately preceding the Latest Practicable Date (i) no Units have been issued for cash; and (ii) no Units have been issued for services, save for the Units that have been issued as payment of management fees and the Acquisition Fee to the Manager, (whose address may be found at paragraph (2(a)), as set out below:

30 April 2007	Payment of management fees by way of 334,949 Units, at a price of S\$3.0707 per Unit, issued for the period from 1 January 2007 to 31 March 2007
30 July 2007	Payment of management fees by way of 366,267 Units, at a price of S\$2.9007 per Unit, issued for the period from 1 April 2007 to 30 June 2007
15 October 2007	Payment of management fees by way of 492,224 Units, at a price of S\$2.5433 per Unit, issued for the period from 1 July 2007 to 30 September 2007
19 December 2007	Payment of the Acquisition Fee of 3,992,451 Units, at a price of S\$2.3582 per Unit, issued in relation to the acquisition of the ORQ Interest
30 January 2008	Payment of management fees by way of 894,717 Units, at a price of S\$2.1883 per Unit, issued for the period from 1 October 2007 to 31 December 2007

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- (19) (g) a summary of each material contract, other than a contract entered into in the ordinary course of business, to which the trustee for the Scheme (acting in its capacity as trustee of the Scheme) is a party, for the period of two years before the date of lodgment of the offer information statement, including the parties to the contract, the date and general nature of the contract, and the amount of any consideration passing to or from the Scheme;
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There were no material contracts entered into by the Trustee or the Manager, other than contracts entered into in K-REIT Asia's ordinary course of business, for the period of two years before the date of lodgment of this Offer Information Statement, save for:

- (i) the third supplemental deed dated 30 July 2007 entered into between the Trustee and the Manager amending the Trust Deed;
- (ii) the conditional share purchase agreement dated 30 July 2007 entered into between the Trustee, Boulevard and Keppel Land Properties Pte. Ltd. in connection with the acquisition of the ORQ Interest (see paragraph (15) for further details);
- (iii) the deed of income support dated 30 July 2007 entered into between Boulevard, Keppel Land Properties Pte. Ltd. and the Trustee;
- (iv) the fourth supplemental deed dated 17 October 2007 entered into between the Trustee and the Manager amending the Trust Deed;
- (v) the assignment of the shareholder's loan made by Boulevard to ORQPL, dated 10 December 2007 and entered into between the Trustee and Boulevard, in conjunction with the acquisition of the ORQ Interest as described in item (ii) immediately above;
- (vi) the revolving credit loan agreement dated 10 December 2007 entered into between the Trustee and Kephinance Investment Pte Ltd for the provision of a revolving credit loan facility of up to S\$960.0 million for an initial period of nine months (see paragraph (19)(c)(ii) for further details); and
- (vii) the restated shareholders' agreement dated 10 December 2007 entered into between Freyland Pte Ltd, Comina Investment Limited, the Trustee, Hongkong Land, HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Suntec Real Estate Investment Trust ("**Suntec REIT**")) and ORQPL, in conjunction with the acquisition of the ORQ Interest as described in item (ii) immediately above.

## PART V – OPERATING AND FINANCIAL REVIEW AND PROSPECTS

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- (20) (1) Provide selected data from:
- (a) the audited income statement of the Scheme for each financial year (being one of the three most recent completed financial years) for which that statement has been published; and
  - (b) any interim income statement of the Scheme for any subsequent period for which that statement has been published.
- (2) The data referred to in sub-paragraph (1) shall include the line items in the income statement of the Scheme and shall in addition include the following items:
- (a) distribution per unit;
  - (b) earnings or loss per unit; and
  - (c) earnings or loss per unit after any adjustment to reflect the sale of new units.
- 

As K-REIT Asia was only constituted on 28 November 2005, audited financial statements of K-REIT Asia are presently available only for the financial period from 28 November 2005, being the date on which K-REIT Asia was constituted, to 31 December 2006 (“FY2006”) and the financial year ended 31 December 2007 (“FY2007”). A copy of the financial statements, being the 2006 Audited Financial Statements and the 2007 Audited Financial Statements, are available on the website of the Manager at <www.kreitasia.com> and are available for inspection during normal business hours at the registered address of the Manager at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632, from the date of the Circular up to and including the date falling six months from the date of the Circular.

Selected financial data from the 2006 Audited Financial Statements and the 2007 Audited Financial Statements, including the line items in the statement of total return, the distribution statement, balance sheet and the statement of cash flows of K-REIT Asia, are set out in **Appendix 7** of this Offer Information Statement. **Appendix 7** of this Offer Information Statement also includes financial information relating to distribution per Unit (“DPU”), earnings or loss per Unit and earnings or loss per Unit after any adjustment to reflect the sale of the Rights Units.

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- (21) (1) In respect of:
- (a) each financial year (being one of the three most recent completed financial years) for which financial statements have been published; and
  - (b) any subsequent period for which interim financial statements have been published, provide information regarding any significant factor, including any unusual or infrequent event or new development, which materially affected income available for distribution to participants after tax, and indicate the extent to which such income was so affected.
- (2) Describe any other significant component of revenue or expenditure necessary to understand the income available for distribution to participants after tax for each of the financial periods referred to in sub-paragraph (1).
- 

As K-REIT Asia was only constituted on 28 November 2005, audited financial statements of K-REIT Asia are presently available only for FY2006 and FY2007.

**Financial period from 28 November 2005 to 31 December 2006**

On 26 April 2006, K-REIT Asia completed the acquisition of its Initial Properties, namely Prudential Tower Property, Keppel Towers and GE Tower and Bugis Junction Towers, from Keppel Land for S\$630.7 million in part by cash of approximately S\$190.6 million and by the issue of 240.5 million Units. Keppel Land in turn distributed approximately 60.0% of the Units *in specie* to its shareholders. The Initial Properties were revalued at S\$677.0 million as at 31 December 2006.

K-REIT Asia had no income and expenses for the period from 28 November 2005 to 25 April 2006. For the period from 26 April 2006 to 31 December 2006, K-REIT Asia reported an annualised DPU of 6.76 cents, which outperformed the forecast of 5.43 cents (based on the forecast and the accompanying assumptions as set out in the Introductory Document) by 24.5%. K-REIT Asia's Net Property Income of S\$16.8 million exceeded the forecast by 11.3%. The positive variance was due mainly to higher rental income on the back of earlier commencement of new leases and higher rental rates achieved for new and renewed leases. This was partly offset by higher property expenses due mainly to higher property tax and utilities expenses.

**Financial year ended 31 December 2007**

K-REIT Asia acquired the ORQ Interest on 10 December 2007 for a total acquisition cost of S\$953.6 million. This was funded by proceeds from the Bridging Loan.

For FY2007, K-REIT Asia reported a DPU of 8.82 cents. K-REIT Asia achieved a Net Property Income of S\$28.3 million, 19.6% higher than the pro forma Net Property Income in the previous year. The improvement was due mainly to higher rental rates achieved for new and renewed leases and higher occupancies. This was partly offset by higher property expenses due mainly to higher property tax and marketing expenses. K-REIT Asia also reported a maiden contribution of S\$2.8 million from the ORQ Interest. This was partly offset by additional borrowing costs incurred on the loan drawn down to finance the acquisition of the ORQ Interest.

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- (22) (1) **Provide selected data from the balance sheet of the Scheme as at the end of:**
- (a) **the most recent completed financial year for which audited financial statements have been published; or**
  - (b) **if interim financial statements have been published for any subsequent period, that period.**
- (2) **The data referred to in sub-paragraph (1) shall include the line items in the audited or interim balance sheet of the Scheme and shall in addition include the following items:**
- (a) **number of units after any adjustment to reflect the sale of new units;**
  - (b) **net asset value per unit; and**
  - (c) **net asset value per unit after any adjustment to reflect the sale of new units.**
- 

Selected financial data from the 2006 Audited Financial Statements and the 2007 Audited Financial Statements are set out in **Appendix 7** of this Offer Information Statement.

The pro forma financial effects of the Rights Issue on the NAV per Unit as at 31 December 2007, as if the Rights Issue was completed on 31 December 2007, are as follows:

	<b>Actual</b>	<b>Pro forma</b>
NAV (S\$'000)	921,430 <sup>(1)</sup>	1,470,166 <sup>(2)</sup>
Issued Units ('000)	247,184 <sup>(3)</sup>	642,677 <sup>(4)</sup>
NAV per Unit (S\$)	3.73	2.29

**Notes:**

- (1) Based on the 2007 Audited Financial Statements and adjusted for the distribution payable in February 2008 in relation to K-REIT Asia's Distributable Income for the period of 1 July 2007 to 31 December 2007.
- (2) Assumes that the net proceeds of the Rights Issue were used to partially repay the Bridging Loan on 31 December 2007.
- (3) Number of Units in issue as at 31 December 2007.
- (4) Includes approximately 395.5 million Units issued pursuant to the Rights Issue.

**(23) Provide an evaluation of the material sources and amounts of cash flows from operating, investing and financing activities in respect of:**

- (a) the most recent completed financial year for which financial statements have been published; and**
- (b) if interim financial statements have been published for any subsequent period, that period.**

Selected financial data from the 2006 Audited Financial Statements and the 2007 Audited Financial Statements are set out in **Appendix 7** of this Offer Information Statement.

***Financial year ended 31 December 2007***

During the period from 31 December 2006 and 31 December 2007, the cash and cash equivalents increased from S\$16.8 million to S\$22.9 million. The increase was due mainly to cash generated from operating activities of S\$29.3 million and cash generated from financing activities of S\$916.7 million, offset by cash outflow from investing activities of S\$939.9 million.

The cash outflow for investing activities of S\$939.9 million was mainly for the acquisition of the ORQ Interest in December 2007. The most significant cash inflow from financing activities was the S\$942.0 million drawdown on the Bridging Loan. The most significant cash outflow from financing activities was the S\$17.9 million distributed to Unitholders.

**(24) Provide a statement by the Manager as to whether, in its reasonable opinion, the working capital available to the Scheme as at the date of lodgment of the offer information statement is sufficient for present requirements and, if insufficient, how the additional working capital considered by the Manager to be necessary is proposed to be provided.**

The Manager is of the view that, in its reasonable opinion, the working capital available to K-REIT Asia as at the date of lodgment of this Offer Information Statement, after taking into account the loan facilities available to K-REIT Asia and the estimated net proceeds of the Rights Issue, is sufficient for the present requirements of K-REIT Asia.



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- (25) If the Scheme is in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect the Scheme's financial position and results or business operations, or the investments by participants in the Scheme, provide:**
- (a) a statement of that fact;**
  - (b) details of the credit arrangement or bank loan; and**
  - (c) any action taken or to be taken by the Manager to rectify the situation (including the status of any restructuring negotiations or agreement, if applicable).**
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To the best of the Manager's knowledge and belief, K-REIT Asia is not in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect K-REIT Asia's financial position and results or business operations, or the investments by Unitholders.

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- (26) Discuss, for at least the current financial year, the business and financial prospects of the Scheme, as well as any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on revenue, net property income, profitability, liquidity or capital resources, or that would cause the financial information disclosed in the offer information statement to be not necessarily indicative of the future operating results or financial condition. If there are no such trends, uncertainties, demands, commitments or events, provide an appropriate statement to that effect.**
- 

***Significant trends and competitive conditions of the commercial property market***

Against a backdrop of soaring oil prices and sub-prime problems in the United States, the Ministry of Trade and Industry forecasts that Singapore's economy will moderate to reach a more sustainable level of growth of between 4.0% and 6.0% in 2008, following four years of strong growth<sup>2</sup>.

Based on information and research available to the Manager, the Manager understands that private office space supply in Singapore is likely to remain limited till 2010. Similarly, the Manager has been informed that demand for office space in Singapore is expected to remain healthy in 2008 despite downside risks arising from the uncertainties in the global financial markets and such demand continues to be underpinned by the fact that Singapore remains attractive as a key business location in Asia.

***Financial and business prospects of K-REIT Asia***

The Manager's objective is to generate stable returns to Unitholders by owning and investing in a portfolio of quality income-producing commercial real estate and real estate-related assets. The Manager plans to further expand the portfolio by selective acquisitions of quality real estate, raise occupancy and/or rental rates by active asset management of its portfolio and by employing debt and equity financing strategies that are appropriate for the portfolio.

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<sup>2</sup> Source: The Ministry of Trade and Industry. The Ministry of Trade and Industry has not provided its consent to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information under Sections 253 and 254 (both read with Section 302) of the SFA. While the Manager has taken reasonable actions to ensure that the information from the relevant report published by the Ministry of Trade and Industry is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, the Manager or any other party has not conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.

Barring any unforeseen circumstances, the Manager believes that the business and financial prospects for K-REIT Asia will remain stable for the current financial year<sup>3</sup>. Notwithstanding the current financial market volatility, K-REIT Asia will be able to sustain its income growth given its fully committed portfolio occupancy and potential rental reversions from its relatively low average rentals.

### ***Outlook for the financial year ending 31 December 2008***

Prime office properties are likely to continue to enjoy increasing rentals for the rest of 2008 in view of the limited supply and healthy demand level. Subject to the Singapore economy maintaining its growth and based on the assumptions as set out in **Appendix 2** of this Offer Information Statement, the Manager expects to deliver a DPU of 7.53 cents for the financial year ending 31 December 2008 (the “**Forecast Year**”), based on a rights ratio of eight (8) Rights Units for every five (5) Existing Units (8 for 5) and a Rights Issue Price of S\$1.39 per Rights Unit.

The Independent Accountants have reviewed the assumptions used in preparing the Profit Forecast. The forecast must be read together with the detailed Profit Forecast as well as the accompanying assumptions and sensitivity analysis in **Appendix 2** of this Offer Information Statement, and the report of the Independent Accountants (who have examined the Profit Forecast) in **Appendix 3** of this Offer Information Statement.

### ***Liquidity and Capital Resources***

Barring any unforeseen circumstances, the Manager does not foresee any material factors affecting the liquidity and capital resources of K-REIT Asia for the Forecast Year.

Notwithstanding the above, a few special business factors or risks which are unlikely to be known or anticipated by investors and which could materially affect the profits of K-REIT Asia are set out in **Appendix 1** of this Offer Information Statement.

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- (27) (1) **Except as provided in sub-paragraphs (2) and (3), the offer information statement shall not:**
- (a) **include any prediction, projection or forecast as to the future or likely performance of the Scheme; or**
  - (b) **use words such as “targeted” or “expected” or any similar words or description in relation to a rate of return.**
- (2) **The offer information statement may include a prediction, projection or forecast on the economy or the economic trends of the markets which are targeted by the Scheme, but such prediction, projection or forecast shall be accompanied by a prominent statement to the effect that the prediction, projection or forecast is not necessarily indicative of the future or likely performance of the Scheme.**
- (3) **The offer information statement may include a forecast or projection in relation to the Scheme (including, where applicable, any yield to be generated by any new asset or property proposed to be acquired by the Scheme) in the offer information statement, provided that:**
- (a) **if the forecasted or projected yields of the units in the Scheme are stated in percentage terms:**
    - (i) **such yields are presented on an annualised basis; and**
    - (ii) **it is prominently stated in the offer information statement that such forecasted or projected yields are calculated based on a stated reference price or standard reference prices and that such yields will vary**

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<sup>3</sup> The views of the Manager on the financial and business prospects of K-REIT Asia are not necessarily indicative of the future price performance of the Units.

- accordingly for investors who purchase units in the secondary market at a market price higher or lower than the stated reference price or prices;
- (b) the assumptions underlying such forecast or projection are reasonable, and are stated clearly and explicitly in the offer information statement; and
  - (c) the forecast or projection is accompanied by the items referred to in subparagraph (4).
- (4) The items referred to in paragraph (3) (c) are:
- (a) a statement by an auditor of the Scheme as to whether such forecast or projection is:
    - (i) properly prepared on the basis of the assumptions;
    - (ii) consistent with accounting policies adopted by the Manager in respect of the Scheme; and
    - (iii) presented in accordance with acceptable accounting standards adopted by the Manager in the preparation of the financial statements of the Scheme;
  - (b) where:
    - (i) the forecast or projection is in respect of a period ending on a date not later than the end of the current financial year of the Scheme:
      - (A) a statement by the issue manager to the offer or any other person whose profession or reputation gives authority to the statement made by him, that the forecast or projection has been stated by the Manager after due and careful enquiry and consideration; or
      - (B) a statement by an auditor of the Scheme, prepared on the basis of his examination of the evidence supporting the assumptions and in accordance with the Singapore Standards on Auditing or such other auditing standards as may be approved in any particular case by the Authority, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the forecast or projection; or
    - (ii) the forecast or projection is in respect of a period ending on a date after the end of the current financial year of the Scheme:
      - (A) a statement by the issue manager to the offer or any other person whose profession or reputation gives authority to the statement made by him, prepared on the basis of his examination of the evidence supporting the assumptions, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the forecast or projection; or
      - (B) a statement by an auditor of the Scheme, prepared on the basis of his examination of the evidence supporting the assumptions and in accordance with the Singapore Standards on Auditing or such other auditing standards as may be approved in any particular case by the Authority, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the forecast or projection;
  - (c) a sensitivity analysis; and
  - (d) a confirmation from the Manager that the forecast or projection has been properly prepared on the basis of appropriate and reasonable assumptions.

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Noted. Please refer to **Appendices 2 and 3** of this Offer Information Statement.

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**(28) Disclose any event that has occurred from the end of:**

- (a) the most recent completed financial year for which financial statements have been published; or**
- (b) if interim financial statements have been published for any subsequent period, that period**

**to the latest practicable date which may have a material effect on the financial position and results of the Scheme or, if there is no such event, provide an appropriate negative statement.**

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To the best of the Manager's knowledge and belief, save for the Rights Issue, no event has occurred from 31 December 2007, being the last day of the period covered by the 2007 Audited Financial Statements to the Latest Practicable Date, which may have a material effect on the financial position and results of K-REIT Asia.

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**(29) In this Part, "published" includes publication in a prospectus, in an annual report or on SGXNET.**

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Noted.

## PART VI – THE OFFER AND LISTING

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- (30) Indicate the price at which the units are being offered and the amount of any expense specifically charged to the subscriber or purchaser. If it is not possible to state the offer price at the date of lodgment of the offer information statement, the method by which the offer price is to be determined must be explained.
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### ***Rights Issue Price***

The Rights Issue Price is S\$1.39 for each Rights Unit (including the Excess Rights Units).

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(31) If:

- (a) any of the Scheme's participants have pre-emptive rights to subscribe for or purchase the units being offered; and
  - (b) the exercise of the rights by the participant is restricted, withdrawn or waived, indicate the reasons for such restriction, withdrawal or waiver, the beneficiary of such restriction, withdrawal or waiver, if any, and the basis for the offer price.
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- (a) Not applicable as there are no pre-emptive rights to subscribe for or purchase the Rights Units.
  - (b) Not applicable as the exercise of the Rights Entitlements by Eligible Unitholders is not restricted, withdrawn or waived.
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(32) If units in the Scheme and of the same class as those being offered are listed for quotation on any securities exchange:

- (a) in a case where the first-mentioned units have been listed for quotation on the securities exchange for at least 12 months immediately preceding the latest practicable date, disclose the highest and lowest market prices of the first-mentioned units:
    - (i) for each of the 12 calendar months immediately preceding the calendar month in which the latest practicable date falls; and
    - (ii) for the period from the beginning of the calendar month which the latest practicable date falls to the latest practicable date;
- 

The highest and the lowest price range for the Units and the average daily volume of Units traded on the SGX-ST for each of the 12 calendar months immediately preceding 1 April 2008 and for the period commencing on 1 April 2008 to the Latest Practicable Date are set out in **Appendix 6** of this Offer Information Statement.

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- (32) (b) in a case where the first-mentioned units have been listed for quotation on the securities exchange for less than 12 months immediately preceding the latest practicable date, disclose the highest and lowest market prices of the first-mentioned units:
- (i) for each calendar month immediately preceding the calendar month in which the latest practicable date falls; and
  - (ii) for the period from the beginning of the calendar month in which the latest practicable date falls to the latest practicable date;
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This item is not applicable as K-REIT Asia was listed on the SGX-ST on 28 April 2006.

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- (32) (c) disclose any significant trading suspension that has occurred on the securities exchange during the three years immediately preceding the latest practicable date or, if the units have been listed for quotation for less than three years, during the period from the date on which the units were first listed on the securities exchange, to the latest practicable date; and
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The Manager is not aware of any significant trading suspension of the Units on the SGX-ST for the period commencing from the date of listing of K-REIT Asia on the SGX-ST to the Latest Practicable Date.

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- (32) (d) disclose information on any lack of liquidity, if the units are not regularly traded on the securities exchange.
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The Manager believes that the Units are regularly traded on the SGX-ST.

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- (33) Where the units being offered are not identical to the units already issued in the same collective investment scheme, provide:
- (a) a statement of the rights, preferences and restrictions attached to the units being offered; and
  - (b) an indication of the resolutions, authorisations and approvals by virtue of which the Manager may create or issue further units to rank in priority to or *pari passu* with the units being offered.
- 

The next distribution was originally scheduled to take place in August 2008 in relation to the Distributable Income for the period from 1 January 2008 to 30 June 2008 (the “**Scheduled Distribution**”). However, in conjunction with the Rights Issue, the Manager will declare a distribution of the Distributable Income for the period from 1 January 2008 to the day immediately preceding the date on which the Rights Units are issued under the Rights Issue (the “**Advanced Distribution**”).

By implementing the Advanced Distribution, the Distributable Income accrued by K-REIT Asia up to the day immediately preceding the date of issue of the Rights Units will only be distributed in respect of the Units in issue on the day immediately preceding the date of issue of the Rights Units.

The actual quantum of the distribution per Unit in issue on the day immediately preceding the date of issue of the Rights Units under the Advanced Distribution will be announced after the management accounts of K-REIT Asia for the relevant period have been finalised. The Manager has announced on 24 March 2008 that the Transfer Books and Register of Unitholders will be closed at 5.00 p.m. on or before the business day immediately preceding the issue of the Rights Units to determine Unitholders entitlements to the Advanced Distribution. The Manager currently expects to make payment of the Advanced Distribution in June 2008.

The next distribution following the Advanced Distribution will comprise the Distributable Income for the period from the day the Rights Units are issued under the Rights Issue to 30 June 2008. Semi-annual distributions will resume thereafter.

Following the Advanced Distribution, the Rights Units will, upon issue, rank *pari passu* in all respects with the Units (in issue on the day immediately prior to the date on which the Rights Units are to be issued), including the right to any distributions which may be paid for the period from the date the Rights Units are issued to 30 June 2008, as well as all distributions thereafter.

***For the avoidance of doubt, the Rights Units will not be entitled to participate in the Advanced Distribution.***

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- (34) Indicate the amount, and outline briefly the plan of distribution, of the units that are to be offered otherwise than through underwriters. If the units are to be offered through the selling efforts of any broker or dealer, describe the plan of distribution and the terms of any agreement or understanding with such entities. If known, identify each broker or dealer that will participate in the offer and state the amount to be offered through each broker or dealer.**
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The Rights Issue will not be underwritten. Instead, pursuant to the Keppel Undertakings, KCL and KLL, either directly or through their wholly-owned subsidiaries, will make excess applications for all Excess Rights Units which are not subscribed for at the Closing Date.

***Basis of Provisional Allotment***

The Rights Issue is made on a renounceable basis on the basis of eight (8) Rights Units for every five (5) Existing Units held by Eligible Unitholders as at the Books Closure Date at the Rights Issue Price.

Fractional entitlements will be disregarded and will be aggregated with entitlements to the Rights Units not taken up by the Eligible Unitholders, their respective renounees or the Purchasers, together with the unsold "nil-paid" Rights Entitlements (if any) of Ineligible Unitholders and any Rights Units that are otherwise not allotted for any reason, and such Rights Units shall be used to satisfy excess applications for the Rights Units (if any), or disposed of or otherwise dealt with in such manner as the Manager may, in its absolute discretion, deem fit for the benefit of K-REIT Asia. In the allotment of Excess Rights Units, preference will be given to rounding of odd lots, followed by allotment to Unitholders who are neither Substantial Unitholders nor Directors. Substantial Unitholders (including KCL, KLL and their respective subsidiaries, such as KREI, KRAI and the Manager) and Directors will rank last in priority. Thereafter, any remaining unsubscribed Rights Units will be taken up by KCL and KLL and/or their wholly-owned subsidiaries, as provided in the Keppel Undertakings.

The Rights Units are payable in full upon acceptance and/or application and upon allotment and issue, will rank *pari passu* in all respects with the Units in issue on the day immediately preceding the date of issue of the Rights Units save for any distributions, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Rights Units.

Entitled Depositors will receive their Rights Entitlements and are at liberty to accept, renounce or trade their Rights Entitlements on the SGX-ST during the provisional allotment trading period from 11 April 2008 to 21 April 2008. Entitled Scripholders will receive their Rights Entitlements and are at liberty to accept or renounce their Rights Entitlements from 11 April 2008 to 25 April 2008.

### ***Ineligible Unitholders***

The provisional allotments of Rights Units will not be made to Ineligible Unitholders and no purported acceptance thereof or application therefor 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.

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 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 K-REIT Asia and no Ineligible Unitholder shall have any claim whatsoever against the Manager, the Trustee or CDP in connection herewith.

**Save as provided herein, and for the avoidance of doubt, Ineligible Unitholders are not eligible to participate in the Rights Issue.**

This Offer Information Statement (including the ARE or PAL) will also not be despatched to Ineligible Unitholders. K-REIT Asia further reserves the right to reject any acceptances of Rights Units and/or applications for Excess Rights Units where it believes, or has reason to believe, that such acceptances and/or applications may violate the applicable legislation of any jurisdiction. The Manager reserves the right to treat as invalid any ARE or PAL which (a) appears to the Manager or its agents to have been executed in any jurisdiction outside Singapore which may violate the applicable legislation of such jurisdiction; or (b) purports to exclude any deemed representation or warranty.

**Notwithstanding the above, Unitholders and any other person having possession of this Offer Information Statement are advised to inform themselves of and to observe all legal requirements applicable thereto. No person in any territory outside Singapore receiving this Offer Information Statement may treat the same as an offer, invitation or solicitation to subscribe for any Rights Units unless such offer, invitation or solicitation could lawfully be made without violating any regulation or legal requirements in such territory.**



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**(35) Provide a summary of the features of the underwriting relationship together with the amount of units being underwritten by each underwriter.**

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The Rights Issue will not be underwritten. KCL and KLL have provided the Keppel Undertakings to the Manager as described in paragraph (34) above.

## PART VII – ADDITIONAL INFORMATION

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- (36) Where a statement or report attributed to a person as an expert is included in the offer information statement, provide the name, address and qualifications of that person.**
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### ***Independent Accountants' Report on the Profit Forecast***

The Independent Accountants' Report on the Profit Forecast dated 9 April 2008 in **Appendix 3** of this Offer Information Statement was prepared by Ernst & Young, Certified Public Accountants, which is located at One Raffles Quay, North Tower, Level 18, Singapore 048583, as the Independent Accountants.

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- (37) Where the offer information statement contains any statement (including what purports to be a copy of, or extract from, a report, memorandum or valuation) made by an expert:**
- (a) state the date on which the statement was made;**
  - (b) state whether or not it was prepared by the expert for the purpose of incorporation in the offer information statement; and**
  - (c) include a statement that the expert has given and has not withdrawn his written consent to the issue of the offer information statement with the inclusion of the statement in the form and context in which it is included in the offer information statement.**
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The Independent Accountants' Report on the Profit Forecast dated 9 April 2008 in **Appendix 3** was prepared by Ernst & Young for the purpose of incorporation in this Offer Information Statement. Ernst & Young has given, and has not, before the lodgment of this Offer Information Statement, withdrawn its written consent to the issue of this Offer Information Statement with the inclusion of the Independent Accountants' Report on the Profit Forecast in the form and context in which it is included in this Offer Information Statement.

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- (38) Where a person is named in the offer information statement as the issue manager or underwriter (but not a sub-underwriter) to the offer, include a statement that the person has given, and has not withdrawn, his written consent to being named in the offer information statement as the issue manager or underwriter, as the case may be, to the offer.**
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There are no underwriters or issue managers for the Rights Issue.

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**(39) Include particulars of any other matters not disclosed under any other paragraph of this Schedule which could materially affect, directly or indirectly:**

- (a) the operations or financial position or results of the Scheme; or**
  - (b) investments by participants of the Scheme.**
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K-REIT Asia is subject to the Code on Collective Investment Schemes issued by the Authority. The Code on Collective Investment Schemes can be currently viewed on the website of the Authority at <<http://www.mas.gov.sg>>.

K-REIT Asia is also subject to the Take-over Code issued by the Authority, which has also been extended to REITs following the announcement by the Authority on 8 June 2007 that the Securities Industry Council has decided to extend the ambit of the Take-over Code to REITs. While the Authority will be making amendments to the SFA and the Take-over Code, where necessary, to give effect to the extension of the Take-over Code to REITs in due course, the Securities Industry Council has recommended that parties engaged in take-over or merger transactions involving REITs comply with the Take-over Code prior to such amendments.

Under the Take-over Code, any person acquiring an interest, either individually or with parties acting in concert, in 30.0% or more of the Units may be required to extend a take-over offer for the remaining Units in accordance with the Take-over Code. A take-over offer is also required to be made if a person holding between 30.0% and 50.0% inclusive of the Units, either individually or in concert, acquires an additional 1.0% of the Units in any six-month period under the Take-over Code.

Save as disclosed in this Offer Information Statement, including the Appendices to this Offer Information Statement, the Manager is not aware of any other matters which could materially affect, directly or indirectly, the operations or financial position or results of K-REIT Asia or Unitholders.

Statements contained in this Offer Information Statement which 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 forecast. Under no circumstances should the inclusion of such information in this Offer Information Statement be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the Manager or any other person or that these results will be achieved or are likely to be achieved.

**PART VIII – ADDITIONAL INFORMATION REQUIRED FOR OFFER OF UNITS  
BY WAY OF RIGHTS ISSUE**

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**(40) Provide:**

- (a) the particulars of the rights issue;**
- (b) the last day and time for splitting of the provisional allotment of the units to be issued pursuant to the rights issue;**
- (c) the last day and time for acceptance of and payment for the units to be issued pursuant to the rights issue;**
- (d) the last day and time for renunciation of and payment by the renounee for the units to be issued pursuant to the rights issue;**
- (e) the terms and conditions of the offer of units to be issued pursuant to the rights issue;**
- (f) the particulars of any undertaking from the substantial participants of the Scheme to subscribe for their entitlements; and**
- (g) if the rights issue is or will not be underwritten, the reason for not underwriting the issue.**

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**(a) The particulars of the Rights Issue:**

Method of Offer:	Renounceable Rights Issue.
Issue Size:	396,925,192 Rights Units.
Basis of Rights Entitlements:	Eight (8) Rights Units for every five (5) Existing Units held by Eligible Unitholders as at the Books Closure Date, fractional entitlements to be disregarded.
Rights Issue Price:	S\$1.39 per Rights Unit payable in full on acceptance. The Rights Issue Price represents a discount of 8.3% to the Reference Price.
Status of the Rights Units:	The Rights Units, when allotted and issued, will rank <i>pari passu</i> in all respects with the Units in issue on the day immediately prior to the date on which the Rights Units are to be issued save for any distributions, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Rights Units.
Eligibility to Participate in the Rights Issue:	Unitholders with Units standing to the credit of their Securities Accounts and whose registered addresses with CDP are in Singapore as at the Books Closure Date or who have, at least five Market Days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents and Unitholders whose Units are not deposited with CDP and who have tendered to the Unit Registrar valid transfers of their Units and the documentary evidence evidencing title in relation thereto for registration up to the Books Closure Date and whose registered addresses with the Unit Registrar are in Singapore as at the Books Closure Date or who have, at least five Market Days prior to the Books Closure Date, provided the Unit Registrar with addresses in Singapore for the service of notices and documents.

Eligible Unitholders' Option	<p>Entitled Depositors are at liberty to accept in part or in full, decline or otherwise renounce or trade on the SGX-ST their Rights Entitlements and are eligible to subscribe for Excess Rights Units during the periods set out in the section titled "Indicative Timetable" of the Circular.</p> <p>Entitled Scripholders are at liberty to accept in part or in full, decline or otherwise renounce their Rights Entitlements and are also eligible to subscribe for Excess Rights Units during the periods set out in the section titled "Indicative Timetable" of the Circular.</p> <p>Applications for Excess Rights Units by the Eligible Unitholders may be made at the Rights Issue Price. For the avoidance of doubt, Purchasers are not eligible to subscribe for Excess Rights Units.</p> <p>The procedures for acceptance, excess application and payment by Entitled Depositors and the procedures for acceptance, splitting, renunciation, excess application and payment by Entitled Scripholders are set out in are set out in <b>Annexures B, C and D of this Circular.</b></p> <p>Rights Entitlements will not be offered to Ineligible Unitholders and no purported acceptance thereof or application therefore by Ineligible Unitholders will be valid.</p> <p>Ineligible Unitholders should refer to the description set out in the section titled "Eligibility of Unitholders to Participate in the Rights Issue" of the Circular.</p>
Listing of the Rights Units	<p>Approval in-principle, subject to certain conditions, has been obtained from the SGX-ST on 11 March 2008 for the listing and quotation of the Rights Units on the Official List of the Main Board of the SGX-ST. The approval in-principle of the SGX-ST is not to be taken as an indication of the merits of the Rights Issue, the Rights Units or K-REIT Asia.</p>
Trading of the Rights Units and Odd Lots	<p>Upon the listing and quotation of the Rights Units on the Official List of the SGX-ST, the Rights Units 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. 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 Accounts with CDP", as the same may be amended from time to time, copies of which are available from CDP.</p> <p>Unitholders having odd lots of Units (that is, lots other than board lots of 1,000 Units) should note that they can 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 (1) Unit. In addition, an approval has been obtained from the SGX-ST for the setting up of a temporary counter to allow Unitholders and investors to trade in board lots of 100 Units. This temporary counter will be maintained for the Concession Period, being one month from the date of listing of the Rights Units on the SGX-ST.</p>

To provide Unitholders with a more economical avenue to trade and/or round up their odd lots of Units, the Manager has arranged for DBS Vickers to offer concessionary brokerage rates for the trading in Units during the Concession Period. The minimum brokerage fee payable by those who trade in the temporary odd lot counter and in SGX-ST's Unit Share Market during the Concession Period will be the Concessionary Rate, being S\$20.00 per contract instead of the usual S\$40.00. The Concessionary Rate shall only apply to trades in odd lots of the Units where each trade does not exceed 999 Units. (Note: Unitholders who do not have existing accounts with DBS Vickers must open accounts with DBS Vickers. The approval for all account opening applications will be subject to DBS Vickers standard approval criteria and procedures, and they may reject such application at their discretion.)

**The temporary counter is strictly of a provisional nature. Investors who continue to hold odd lots of less than 1,000 Units after one month from the listing of the Rights Units may face difficulty and/or have to bear disproportionate transactional costs in realizing the fair market price of such Units.**

(i) Entitled Scripholders who wish to accept the Rights Units provisionally allotted to them and (if applicable) apply for Excess Rights Units; and (ii) renounees of Entitled Scripholders who wish to accept the Rights Units provisionally allotted to them and who wish to trade the Rights Units issued to them on the SGX-ST under the book-entry (scripless) settlement system, should open and maintain Securities Accounts with CDP in their own names if they do not already maintain such Securities Accounts in order that the number of Rights Units and, if applicable, the Excess Rights Units that may be allotted to them may be credited by CDP into their Securities Accounts. Entitled Scripholders and their renounees who wish to accept and/or apply for the Excess Rights Units and have their Rights Units credited into their Securities Accounts must fill in their Securities Account numbers and/or National Registration Identity Card ("**NRIC**")/passport numbers (for individuals) or registration numbers (for corporations) in the relevant forms comprised in the PAL. Entitled Scripholders and their renounees who fail to fill in their Securities Account numbers and/or NRIC/passport numbers (for individuals) or registration numbers (for corporations) or who provide incorrect or invalid Securities Account numbers and/or NRIC/passport numbers (for individuals) or registration numbers (for corporations) or whose particulars provided in the forms comprised in the PAL differ from those particulars in their Securities Accounts currently maintained with CDP, will be issued documentary evidence evidencing title to the Rights Units allotted to them and if applicable, the Excess Rights Units allotted to them. Such documentary evidence, if issued, will not be valid for delivery pursuant to trades done on the SGX-ST under the book-entry (scripless) settlement system, although they will continue to be *prima facie* evidence of legal title. If an Entitled Scripholder's address stated in the PAL is different from his address registered with CDP, he must inform CDP of his updated address

promptly, failing which the notification letter on successful allotment and other correspondence will be sent to his address last registered with CDP.

An Entitled Scripholder who does not maintain a Securities Account with CDP or whose Units are not deposited with CDP but wishes to trade on the SGX-ST, must open a securities account in his own name with CDP and submit a duly completed PAL with a valid Securities Account number to the Unit Registrar so as to have his Securities Account credited with the relevant number of Units before he can effect the desired trade.

**Use of CPF Funds** Members participating in the CPF Investment Scheme may use, subject to applicable CPF rules and regulations, monies standing to the credit of their respective CPF accounts to pay for the Rights Units. Such members who wish to accept their Rights Entitlements and (if applicable) apply for Excess Rights Units using CPF monies will need to instruct the respective approved banks, where such members hold their CPF investment accounts, to accept the Rights Entitlements and (if applicable) apply for the Excess Rights Units on their behalf in accordance with the Circular. CPF monies may not, however, be used for the purchase of the Rights Entitlements directly from the market.

**Use of SRS Funds** Unitholders with SRS accounts may use, subject to applicable SRS rules and regulations, monies standing to the credit of their respective SRS accounts to pay for the Rights Units. Such Unitholders who wish to accept their Rights Entitlements and (if applicable) apply for Excess Rights Units using SRS monies, will need to instruct the relevant banks in which they hold their SRS accounts to accept the Rights Entitlements and (if applicable) apply for the Excess Rights Units on their behalf in accordance with this Circular.

**Governing Law** Laws of the Republic of Singapore.

- (b) The last date and time for splitting of the provisional allotments of the Rights Units is 21 April 2008 at 4.45 p.m.
- (c) The last date and time for acceptance of and payment for the Rights Units is 25 April 2008 at 4.45 p.m. (9.30 p.m. for Electronic Applications).
- (d) The last date and time for renunciation of and payment by renounees for the Rights Units is 25 April 2008 at 4.45 p.m.
- (e) The terms and conditions of the offer of Rights Units are found in **Annexures B, C and D** of the Circular.
- (f) There are two undertakings given by each of KCL and KLL.
  - (i) KCL has undertaken to the Manager to:
    - (x) directly and/or through one or more of its wholly-owned subsidiaries, take up its entire provisional allocation of the Rights Units;
    - (y) directly and/or through one or more of its wholly-owned subsidiaries, make the KCL Excess Application; and

- (z) vote and/or procure that KREI votes (in respect of all Units beneficially owned by it and/or KREI as at the EGM) in favour of the resolution to approve the Rights Issue at the EGM.
- (ii) KLL has undertaken to the Manager to:
  - (x) directly and/or through one or more of its wholly-owned subsidiaries, take up its entire provisional allocation of the Rights Units;
  - (y) directly and/or through one or more of its wholly-owned subsidiaries, make the KLL Excess Application; and
  - (z) vote and/or procure that its wholly-owned subsidiaries vote (in respect of all Units beneficially owned by it and/or its wholly-owned subsidiaries as at the EGM) in favour of the resolution to approve the Rights Issue at the EGM.

The Keppel Undertakings shall lapse and cease to have any effect in the event that the Rights Issue is not completed by 30 June 2008 or such later date as the parties thereto may mutually agree.

- (g) The Rights Issue will not be underwritten. In view of the undertakings from KCL and KLL and the savings envisaged from not having to bear underwriting fees, the Manager has decided to proceed with the Rights Issue on a non-underwritten basis.



Dated 9 April 2008

**Directors of the Manager**

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Professor Tsui Kai Chong  
Director

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Mr. Kevin Wong Kingcheung  
Director

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Mr. Tan Swee Yiow  
Director

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Mrs. Lee Ai Ming  
Director

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Mr. Lim Poh Chuan  
Director

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Dr. Chin Wei-Li, Audrey Marie  
Director

## SPECIAL BUSINESS FACTORS OR RISKS

Details of a few special business factors or risks which are unlikely to be known or anticipated by investors and which could materially affect profits are set out below. Details of other risk factors are set out in the Introductory Document.

### **KLL and KCL are controlling Unitholders of K-REIT and will be able to exercise influence over certain activities of K-REIT Asia.**

KLL, its subsidiaries, related corporations and associates are engaged in the investment in, and the development and management of, among others, real estate in Singapore. As at the Latest Practicable Date, KLL owns, through its wholly-owned subsidiaries, an indirect interest of approximately 42.1% of the total number of issued Units. Furthermore, KLL's controlling shareholder, KCL, owns additional 30.6% of the total number of issued Units. Together, KLL and KCL have an interest in 72.7% of the total number of Units in issue and may thus exercise significant influence in matters which require the approval of Unitholders.

### **In respect of the ORQ Interest, there may be potential conflicts between the Manager, Suntec REIT and Hongkong Land International Holdings Limited ("Hongkong Land") in relation to the restated shareholders agreement.**

The ORQ Interest is held together with Suntec REIT and Hongkong Land, each party having an equal one-third shareholding in ORQPL. The management of ORQPL will be carried out by an executive committee comprising representatives appointed by each of K-REIT Asia, Suntec REIT and Hongkong Land. As a result, the ability of the executive committee to function effectively is predicated on the mutual goals and strategies of the Manager, Suntec REIT and Hongkong Land.

There can be no assurance that conflicts will not arise between the Manager, Suntec REIT and Hongkong Land in the future. If the synergies between the Manager, Suntec REIT and Hongkong Land fail and disagreements arise between the Manager, Suntec REIT and Hongkong Land, the executive committee may no longer be able to effectively manage ORQPL and this would have an adverse effect on K-REIT Asia's financial condition and results of operations.

### **K-REIT Asia may be adversely affected by poor performance of Raffles Quay Asset Management Pte Ltd (the "ORQ Property Manager")**

The asset management services in relation to One Raffles Quay are currently being provided by the ORQ Property Manager, a Singapore-incorporated company which is owned in equal proportions by Charm Aim International Limited, K-REIT Asia Property Management Pte Ltd (a wholly-owned subsidiary of KLL) and Hongkong Land (Singapore) Pte. Ltd. in equal proportions.

As K-REIT Asia does not have majority control of the ORQ Property Manager, it would not be able to unilaterally terminate the existing asset management services contract, in the event that the ORQ Property Manager is not performing to the Manager's satisfaction. This in turn may affect K-REIT Asia's ability to maximise returns for investors from the ORQ Interest.

### **The gross revenue earned from, and the value of, the properties in K-REIT Asia's portfolio may be adversely affected by a number of factors.**

The gross revenue earned from, and the value of, K-REIT Asia's properties may be adversely affected by a number of factors, including:

- (1) the collection of rent from tenants on a timely basis or at all;

- (2) the amount of rent payable by tenants and other terms on which tenancy renewals and new tenancies are agreed being less favourable than those under current tenancies;
- (3) vacancies following the expiry or termination of tenancies that lead to reduced occupancy rates which reduce K-REIT Asia's gross revenue and its ability to recover certain operating costs through service charges;
- (4) competition for tenants from other commercial properties which may affect rental income or occupancy levels at K-REIT Asia's properties;
- (5) tenants seeking the protection of bankruptcy laws which could result in delays in the receipt of rent payments, inability to collect rental income, or delays in the termination of the tenant's lease, or which could hinder or delay the re-letting of the space in question or the sale of the relevant property;
- (6) in respect of the ORQ Interest, Boulevard's ability to make Income Support Top-up Payments pursuant to the Deed of Income Support;
- (7) the amount and extent to which K-REIT Asia is required to grant rental rebates to tenants due to market pressure;
- (8) events affecting the properties in K-REIT Asia's portfolio which could result in the inability of the relevant tenants to operate on such properties and thereby resulting in the inability of such tenants to make timely payments of rent;
- (9) the local and international economic climate and real estate market conditions (such as oversupply of, or reduced demand for commercial properties, changes in market rental rates and operating expenses for K-REIT Asia's properties);
- (10) the Manager's ability to provide adequate management and maintenance or to purchase or put in place adequate insurance in relation to K-REIT Asia's properties;
- (11) changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning, taxes and government charges. Such revisions may lead to an increase in management expenses or unforeseen capital expenditure needed to ensure compliance. Rights related to the relevant properties may also be restricted by legislative actions, such as revisions to the laws relating to building standards or town planning laws, or the enactment of new laws related to condemnation and redevelopment; and
- (12) natural disasters, acts of God, wars, terrorist attacks, riots, civil commotions, widespread communicable diseases and other events beyond the control of the Manager.

**A majority of the tenancies are for, or subject to rent reviews within, periods of three years and K-REIT Asia may be unable to renew tenancies, lease vacant space or re-lease space as tenancies expire at the same or higher rents or at all.**

A substantial number of the tenancies are for periods of three years or subject to rent reviews within such periods, which reflects the general practice in the Singapore office and retail property market for tenancies. As a result, K-REIT Asia experiences lease cycles in which a significant number of the tenancies expire each year. This frequency of renewals makes K-REIT Asia susceptible to rental market fluctuations. This also exposes K-REIT Asia to risks, including the risk that vacancies following non-renewal of leases may lead to reduced occupancy levels, which may in turn reduce K-REIT Asia's income.

Further, K-REIT Asia may not be able to secure replacement tenants at rental rates equal to or higher than those of the expiring tenancies, may not be able to secure replacement tenants in time so as to minimize periods in between tenancies and may not be able to obtain rental rates equal to or above the current rental rates for tenancies subject to rent review. If the rental rates for the Existing Properties decrease, K-REIT Asia's existing tenants do not renew their tenancies or K-REIT Asia does not or is unable to re-lease a significant portion of its vacant space and space for which tenancies are scheduled

to expire, K-REIT Asia's financial condition, results of operations, cash flows, per Unit trading price, and ability to satisfy its debt service obligations could be materially adversely affected.

**Income from One Raffles Quay to K-REIT Asia may fall upon the end of the Income Support Top-up Payments, which may adversely affect the financial condition of K-REIT Asia.**

The Deed of Income Support provides for K-REIT Asia to receive Income Support Top-up Payments from Boulevard. Under the Deed of Income Support, Boulevard has undertaken to the Trustee to make certain income support top-up payments equal to the amount of the Quarterly Shortfall during the period commencing on 1 October 2007 and ending on 31 December 2011. K-REIT Asia will receive the Income Support Top-up Payments until 31 December 2011, after which, income from One Raffles Quay to K-REIT Asia may fall to the extent that the revised rental income pursuant to rental reversions is lower than the guaranteed income amount. As such, the expiry of the Deed of Income Support may have an adverse impact on K-REIT Asia's financial condition and results of operations.

**A downturn in the business of K-REIT Asia's tenants could reduce its rental income and have a material adverse effect on its financial condition and results of operations.**

If a tenant experiences a downturn in its business or other types of financial distress, such as bankruptcy or insolvency, it may be unable to make timely rental payments. K-REIT Asia's claim for unpaid rent against a bankrupt tenant may not be paid in full. In addition, K-REIT Asia would incur time and expense relating to any eviction proceedings and would be unable to collect rent during such proceedings. Further, if its tenants decide not to renew their tenancies or terminate early (in cases where a tenant has termination rights exercisable by notice), it may not be able to re-let the space. Even if tenants decide to renew or lease new space, the terms of renewals or new tenancies, including the cost of required renovations or concessions to tenants, may be less favorable to K-REIT Asia than current lease terms. As a result of these events, K-REIT Asia's cash flows could decrease and it may not be able to make distributions to Unitholders and pay amounts due on its indebtedness.

**K-REIT Asia depends on certain key personnel and the loss of any key personnel may adversely affect its operations.**

K-REIT Asia's success depends, in part, upon the continued service and performance of members of the Manager's senior management team and certain key senior personnel. These key personnel may leave the Manager in the future and compete with it and/or K-REIT Asia. The loss of any of these key employees could have a material adverse effect on K-REIT Asia's business, results of operations and financial condition.

**The loss of key tenants or a downturn in the business of K-REIT Asia's tenants could have an adverse effect on its financial condition and results of operations.**

K-REIT Asia's financial condition, results of operations and ability to make distributions may be adversely affected by the bankruptcy, insolvency or downturn in the business of its key tenants, including the decision by any such tenants not to renew their leases or, in cases where a key tenant has termination rights exercisable by written notice, to terminate their leases before they expire.

**K-REIT Asia may be adversely affected by the illiquidity of real estate investments.**

K-REIT Asia invests primarily in real estate which entails a higher level of risk than a portfolio which has a diverse range of investments. Real estate investments, particularly investments in properties such as those in which K-REIT Asia intends to invest, are relatively illiquid. Such illiquidity may affect K-REIT Asia's ability to vary its investment portfolio or liquidate part of its assets in response to changes in economic, real estate market or other conditions. Moreover, K-REIT Asia may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to the illiquid nature of real estate assets. These factors could have an adverse effect

on K-REIT Asia's financial condition and results of operations, with a consequential adverse effect on K-REIT Asia's ability to make distributions to Unitholders.

**Continuing expansion of rental gap between the Central Business District in Singapore ("CBD") and non-CBD may accelerate relocation of certain tenants out of the CBD, which may impact rental yields and property values in the CBD.**

In the last property downturn in Singapore, the rental gap between the CBD and non-CBD narrowed significantly. Many tenants took advantage of the phenomenon and relocated from non-CBD to the CBD. However, as the rental gap between the CBD and non-CBD increased sharply in 2006 and 2007, many tenants relocated part or all of their operations out of the CBD to other non-CBD areas. Although the Manager believes that there is continued healthy demand for office space in the CBD primarily from the financial services sector and the overall supply situation is tight, a continuation or escalation of the relocation trend may limit the rental growth in the CBD in a rising market and may result in a sharper rental decline in the CBD in a declining market. This may materially impact the rental yield and capital value of the properties in K-REIT Asia's portfolio, thereby affecting the overall performance of K-REIT Asia.

**K-REIT Asia is exposed to risks associated with changes to Singapore laws and policies, which may affect K-REIT Asia and its investments.**

K-REIT Asia's portfolio consists of real estate located in Singapore. Therefore, it will be subject to Singapore real estate laws, securities laws, tax laws, any other applicable laws and any unexpected changes to the same.

**The actual performance of K-REIT Asia and its Existing Properties could differ materially from the forward-looking statements in this Offer Information Statement.**

This Offer Information Statement contains forward-looking statements regarding the forecast financial performance of K-REIT Asia and its Existing Properties such as the Profit Forecast. These forward-looking statements are based on a number of assumptions, which are subject to significant uncertainties and contingencies, many of which are outside of K-REIT Asia's control. Some or all of the events and circumstances contained in these forward-looking statements may not occur as expected, or events and circumstances, which are not currently anticipated, may arise. As a result, actual results and performances of K-REIT Asia or its Existing Properties may differ materially from that forecast in these forward-looking statements.

**K-REIT Asia's success depends on the ability of the Manager, to operate and manage the properties and the Manager's failure to operate and manage the properties in an efficient or effective manner could have a material adverse effect on the value of the properties and K-REIT Asia's results of operations and ability to make distributions.**

K-REIT Asia depends on the Manager to manage its operations and its real estate assets. The Manager has a limited operating history. In turn, the Manager depends on the Property Manager for, among other matters, the maintenance and management of the common areas, common facilities and public structures of the Existing Properties. Although the appointment of the Property Manager may be terminated by K-REIT Asia for underperformance pursuant to the agreements, the failure of the Property Manager to manage the Existing Properties and K-REIT Asia's other real estate assets may adversely affect the underlying value of the properties owned by K-REIT Asia and also K-REIT Asia's results of operations and ability to make distributions to Unitholders and pay amounts due on its indebtedness. In addition, any adverse changes in K-REIT Asia's relationship with the Manager, or the Manager's relationship with the Property Manager could hinder their respective abilities to manage K-REIT Asia's operations and its portfolio of real estate assets. Further, if the agreements with the

Property Manager are terminated, K-REIT Asia could face a substantial disruption to its operations and an increase in costs incurred for the management of the properties and for certain corporate and administrative services.

**K-REIT Asia faces significant competition from existing commercial properties and from the new projects under construction in the CBD.**

The office property market in Singapore is highly competitive. K-REIT Asia competes for tenants with numerous developers, owners and operators of office properties, many of which properties are similar to or which compete with those of K-REIT Asia. The Existing Properties are located in areas where there is keen competition for office tenants, due to the availability of office buildings in and around the vicinity. Prudential Tower faces competition from its surrounding office developments such as 3 Church Street, Capital Square and PWC Building. Keppel Towers and GE Tower face competition from Springleaf Tower and 79 Anson Road. Bugis Junction Towers faces competition from Parkview Square, Gateway and Suntec City Office Towers. One Raffles Quay faces competition from its surrounding office developments such as One Marine Boulevard. Competition for tenants from such properties may result in decreasing rental rates and occupancy for the Existing Properties.

Whenever competing properties in the CBD are developed or substantially upgraded and refurbished, the attractiveness of the Existing Properties may be affected, which may adversely impact the rental rates and hence reduce the income of the Existing Properties. In addition, it is anticipated that significant new supply of commercial/office space will be available on account of a new business and financial centre expected to be completed in late 2009/2010.

This may draw office tenants away from the Existing Properties and may have an impact on the demand for and the rental rates of office space in the Existing Properties.

**K-REIT Asia may suffer material losses in excess of insurance proceeds and may not be able to renew insurance coverage on commercially viable terms.**

The Existing Properties of K-REIT Asia may suffer physical damage caused by fire, earthquake or other causes resulting in losses (including loss of rent) which may not be fully compensated by insurance. In addition, certain types of risks (such as war risk and terrorist acts) may be uninsurable or the cost of insurance may be prohibitive when compared to the risk. Should an uninsured loss or a loss in excess of insured limits occur, K-REIT Asia could lose capital invested in the affected property as well as anticipated future revenue from that property. K-REIT Asia would also remain liable for any debt or other financial obligation related to that property. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future. In addition, K-REIT Asia will have to renew its insurance policies and negotiate acceptable terms for coverage, exposing it to the volatility of the insurance markets, including the possibility of an increase in the rate of premium. Though the Manager will regularly monitor the state of the insurance market, but it cannot anticipate the coverage that will be available on commercially reasonable terms in future policy years. Any material increase in insurance rates or decrease in available coverage could adversely affect K-REIT Asia's business, financial condition and results of operation.

**K-REIT Asia will require funds from time to time in order to both finance its working capital requirements as well as fund acquisitions to improve its property portfolio that it may not be able to sustain**

K-REIT Asia's business strategy is to make acquisitions which are yield accretive. The availability of external financing for K-REIT Asia's capital investments depends on many factors outside of its control, including money and capital market conditions and the overall performance of the economy. In particular, investors in K-REIT Asia should note that the willingness of financial institutions to make capital commitments by way of investing in debt or equity instruments may for an indeterminate period be adversely affected by the wide-spread default of US sub-prime mortgages. The widespread

dispersion of credit risks arising from the use of collateralised debt obligations and the unclear effect on financial institutions may cause financial institutions to reduce lending activity or to make loans at higher interest rates, in order to preserve sufficient liquidity. K-REIT Asia accordingly may face increasing difficulties in raising funds for working capital purposes or to finance future acquisitions of yield-accretive assets.

If K-REIT Asia does not have sufficient internal cash or external financing on acceptable terms, it may be unable to develop or enhance its portfolio by acquiring assets when the opportunity arises, fund potential asset enhancements and any on-going capital expenditure requirements.

## PROFIT FORECAST

*Statements contained in this section, which 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 forecast. 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 the Manager or any other person or that these results will be achieved or are likely to be achieved.*

The following table sets out K-REIT Asia's forecast statement of net income and distribution for the Forecast Year (the "**Profit Forecast**"). The Profit Forecast has been examined by the Independent Accountants and should be read together with their report set out in **Appendix 3** of this Offer Information Statement as well as the assumptions and sensitivity analysis set out below.



## FORECAST STATEMENT OF NET INCOME AND DISTRIBUTION OF K-REIT ASIA

S\$'000	Actual <sup>(1)</sup> 2007	Forecast <sup>(2)</sup> 2008
Gross rental income	39,093	49,599
Car park income	924	910
Other income	52	34
<b>Property income</b>	<b>40,069</b>	<b>50,543</b>
Property tax	(3,140)	(3,535)
Other property expenses	(5,714)	(7,895)
Property management fee	(1,202)	(1,516)
Maintenance and sinking fund contributions	(1,751)	(1,648)
<b>Property expenses</b>	<b>(11,807)</b>	<b>(14,594)</b>
<b>Net property income</b>	<b>28,262</b>	<b>35,949</b>
Income support	1,080	26,460
Amortisation expense	(1,341)	(27,051)
Interest income	1,062	11,908
Share of results of associated company	490	5,796
Borrowing costs	(9,582)	(26,141)
Manager's management fees	(5,302)	(12,803)
Trust expenses	(1,980)	(1,502)
<b>Net profit before revaluation of investment properties</b>	<b>12,689</b>	<b>12,616</b>
Net gain on revaluation of investment properties	432,964	—
<b>Net profit before tax</b>	<b>445,653</b>	<b>12,616</b>
Income tax expense	(163)	(4,454)
<b>Net profit after tax</b>	<b>445,490</b>	<b>8,162</b>
<u>Distribution statement</u>		
Net profit before revaluation of investment properties	12,689	12,616
Net tax adjustments <sup>(3)</sup>	9,286	40,893
Income tax expense	(163)	(4,454)
<b>Income available for distribution to Unitholders</b>	<b>21,812</b>	<b>49,055</b>
<b>Distributable Income to Unitholders<sup>(4)</sup></b>	<b>21,812</b>	<b>49,055</b>
Units in issue ('000) <sup>(5)</sup>	247,184	651,491
<b>Distribution per Unit<sup>(6)</sup> (cents)</b>	<b>8.82</b>	<b>7.53<sup>(7)</sup></b>

**Notes:**

- (1) Based on the FY2007 Audited Financial Statements. The acquisition of the ORQ Interest was completed on 10 December 2007.
- (2) Based on the assumptions as set out in this Appendix including the assumptions that (i) the Rights Issue will be completed on 1 June 2008; (ii) approximately 396.9 million Rights Units will be issued based on a Rights Ratio of 8 for 5 and at a Rights Issue Price of S\$1.39 per Unit pursuant to the Rights Issue; and (iii) the net proceeds of approximately S\$550.7 million are used to partially repay the Bridging Loan on 1 June 2008.
- (3) These include where applicable, (i) non-tax deductible expenses relating to the portion of the Manager's management fees which are payable in the form of Units, amortisation expense, amortisation of transaction costs, the Trustee's fee and other expenses which are not deductible for tax purposes; (ii) certain expenses claimed on an incurred basis (if any); and (iii) adjustments to include dividend income receivable from ORQPL.
- (4) Distribution for the Forecast Year is based on 100% of the income available for distribution.
- (5) The number of Units in issue includes the Manager's forecast of Units to be issued (i) pursuant to the Rights Issue at a Rights Issue Price of S\$1.39 per Unit on 1 June 2008; and (ii) as payment for the Manager's management fees for the Forecast Year at an issue price of S\$1.48 per Unit.
- (6) The Distribution per Unit has been computed based on the number of Units in issue at the end of the respective years including the new Units to be issued pursuant to the Rights Issue on 1 June 2008.
- (7) Assuming that an Unitholder subscribes to the Rights Issue, the Distribution per Unit based on the weighted average number of Units in issue during the Forecast Year is 10.09 cents (including the Advanced Distribution to be paid to existing Unitholders).

## 1. SECTION A: ASSUMPTIONS

The major assumptions made in preparing the Profit Forecast of K-REIT Asia are set out below.

The Independent Accountants have reviewed the assumptions used in preparing the Profit Forecast and the Manager considers these assumptions to be appropriate and reasonable at the date of this Offer Information Statement.

### 1.1 Property Income for the Initial Properties

Property Income comprises (a) gross rental income; (b) car park income; and (c) other income earned from K-REIT Asia's Initial Properties (as defined herein). A summary of the assumptions which have been used in calculating the Property Income is set out below:

#### 1.1.1 Gross Rental Income

Gross rental income consists of base rent income (after rent rebates, rent free periods, and adjustments where applicable, excluding turnover rent, if any) and tenant service charge, which is a contribution paid by tenants towards the property expenses of the Initial Properties.

In order to forecast the gross rental income, the Manager has, in the first instance, used rent payable under the committed leases.

For a committed lease expiring during the period from 1 January 2008 to 31 December 2008, the Manager has used the following process to forecast the gross rental income for the period following such expiry:

- The Manager has assessed the market rent for each lettable area at the Initial Properties as at 1 January 2008. The market rent is the rent which the Manager believes could be achieved if each lease was renegotiated as at 1 January 2008 and is estimated with reference to Gross Rent payable pursuant to comparable leases for tenancies that have recently been negotiated, the effect of competing properties, assumed tenant retention rates on lease expiry, likely market conditions, inflation levels and tenant demand levels.
- The Manager has assessed each of the expiring leases and the likelihood of tenancy renewals for committed leases expiring in the period from 1 January 2008 to 31 December 2008. During this period, leases of 10,271.0 sq m or 14.1% of the office NLA will be due for renewal. It has been assumed that leases of 5,717.0 sq m or 55.7% of the office NLA due for renewal have been renewed or will be renewed, taking into account the actual committed renewals and tenants who have expressed an intention to renew their leases as at 1 January 2008. For the remaining leases of 4,554.0 sq m or 44.3% of the office NLA due for renewal, where renewal negotiations have not commenced, the Manager has assumed that none of the leases will be renewed.

The Manager has assumed that the Gross Rent increases gradually by approximately 10.0% over the market rent of comparable properties during the period from 1 January 2008 to 31 December 2008 for new leases, renewed leases or leases under rent review.

Depending on the size and location of the individual premises, the vacancy allowance period is assumed to be between three and six months before rent becomes payable under a new lease.

### 1.1.2 Car Park Income

Car park income includes income accruing or resulting from the operation of the car parking facilities at Keppel Towers and GE Tower. Car parking facilities of Bugis Junction Towers and the Prudential Tower Property are owned by the respective management corporations.

For the Forecast Year, the Manager has assumed that the car park income from operation of the car park facilities is similar to the car park income for FY2007 as forecast occupancy rate is similarly near 100%.

### 1.1.3 Other Income

Other income is attributable solely to Keppel Towers and GE Tower and includes revenue from licence fees and other miscellaneous income. The forecast for other income is based on the existing licence agreements and current income collections.

## 1.2 Property Expenses for the Initial Properties

Property expenses consist of (a) property tax; (b) other property expenses; (c) property management fee; and (d) maintenance and sinking fund contributions. A summary of the assumptions which have been used in calculating the property expenses is set out below:

### 1.2.1 Property Tax

The property tax assumptions for the Forecast Year are set out in the table below:

Income Source	Property Tax Assumptions
Leases	10.0% of base rent
Car parking lots	10.0% of car park income

### 1.2.2 Other Property Expenses

Other property expenses comprise reimbursement of staff salaries and related costs, utilities expenses, marketing expenses including advertising and promotional expenses as well as lease commission payable to third party agents or the property manager, expenses for the upkeep of properties, landlord's fitting out expenses, repairs and maintenance expenses, insurance, property related professional fees, reimbursable expenses to the property manager, administration overheads as well as other miscellaneous expenses relating to the Initial Properties.

The Manager has made an individual assessment of these expenses based on its historical operating costs and committed service contracts as at 1 January 2008. Included in other property expenses for the Forecast Year are (i) provisions of S\$4.3 million for the upkeep of the properties, repairs and maintenance and fitting out expenses; (ii) utilities expenses of S\$1.8 million; (iii) reimbursement of salaries and related expenses of S\$1.0 million; (iv) marketing expenses of S\$0.7 million; and (v) general and administrative expenses of S\$0.1 million. Other property expenses are assumed to increase by the range of 3.0 - 5.0% based on the amount incurred in FY2007.

### 1.2.3 Property Management Fee

Property management fee is based on 3.0% per annum of the Property Income for the Initial Properties.

#### **1.2.4 Maintenance and Sinking Fund Contributions**

Since the Bugis Junction Towers and the Prudential Tower Property are part of strata-titled developments, the respective management corporations are responsible for the repair, maintenance and operation of, as well as the capital expenditure and improvement works relating to, the common property of these properties, and the owners of the strata-titled units are required to make contributions to the respective management corporations based on their respective share values in these properties.

The Manager has assessed maintenance and sinking fund contributions payable for the Forecast Year. For Bugis Junction Towers, contributions of S\$3.30 per share value per month (in respect of maintenance charges) and S\$0.05 per share value per month (in respect of sinking fund contributions) are projected for the Forecast Year. For Prudential Tower Property, contributions of S\$12.50 per share value per month (in respect of maintenance charges) and S\$0.40 per share value per month (in respect of sinking fund contributions) are projected for the Forecast Year.

#### **1.3 Income Support Top-up Payments**

In relation to the acquisition of the ORQ Interest and pursuant to the Deed of Income Support entered into between the Trustee and Boulevard, Boulevard will effect top-up payments to the Trustee amounting to one-third of the amount by which ORQ's net property income falls short of the guaranteed income amount for each of the calendar quarters during the period commencing 10 December 2007 and ending 31 December 2011. Included in the Forecast Year is income support provided by Boulevard of S\$26.5 million.

For accounting purposes, the aggregate income support is recorded at fair value as an intangible asset, to be amortised and charged to the profit and loss account over the period from 10 December 2007 to 31 December 2011 based on the estimated amounts to be received by K-REIT Asia from Boulevard for each relevant quarters. Such amortisation expense is subsequently included in the net tax adjustments and hence has no impact on the Distributable Income to Unitholders.

#### **1.4 Interest Income**

Interest income refers mainly to interest receivable on the shareholder's loan to ORQPL at a rate equal to a margin of 0.75% per annum over SGD Swap Offer Rate.

The Manager has assumed that the shareholder's loan remains at S\$355.9 million and that there is no drawdown or repayment of the shareholder's loan during the Forecast Year. The Manager has also assumed an interest rate of 3.3% per annum for the Forecast Year.

#### **1.5 Share of Results of Associated Company**

The Manager has assumed the dividend income from the one-third shareholding in ORQPL to be the same as the share of results of associated company. Share of results of associated company refers to the one-third stake of ORQPL's net profit after tax as represented by the proportionate share of gross revenue less property expenses, interest expense and income tax, if any. The major assumptions made in preparing the forecast gross revenue and net property income for ORQ are set out below. The Manager considers these assumptions to be appropriate and reasonable at the date of this Offer Information Statement.

### **1.5.1 ORQ Gross Revenue**

ORQ Gross Revenue is the aggregate of gross rental income earned from the leasing of offices in ORQ (“**ORQ Office Gross Rental Income**”), the leasing of retail space in ORQ (“**ORQ Retail Gross Rental Income**”) as well as the car park income (“**ORQ Car Park Income**”) earned from One Raffles Quay. The assumptions used in calculating ORQ Gross Revenue are set out below:

#### **1.5.1.1 ORQ Office Gross Rental Income**

In order to forecast ORQ Office Gross Rental Income, the Manager has, in the first instance, used rent payable under the committed leases of the North Tower and South Tower as at 1 January 2008.

For a committed lease expiring during the period from 1 January 2008 to 31 December 2008, the Manager has used the following process to forecast the ORQ Office Gross Rental Income for the period following such expiry:

- The Manager has assessed the market rent for the leases due for renewal. The market rent is the rent which the Manager believes could be achieved if the lease is renegotiated during this period and is estimated with reference to the rent payable pursuant to comparable leases of tenancies that have recently been negotiated, the achievable rents of competing office buildings, likely market conditions, inflation levels and tenant demand levels.
- For the period from 1 January 2008 to 31 December 2008, one lease of 861.9 sq m or 0.7% of the office NLA will be due for renewal. The Manager has assessed the expiring lease and the likelihood of tenancy renewal for the committed lease. The Manager has assumed that the lease will be renewed.

#### **1.5.1.2 ORQ Retail Gross Rental Income**

In order to forecast the ORQ Retail Gross Rental Income (excluding turnover rent), the Manager has used rent payable under the committed leases for the ORQ retail space as at 1 January 2008 for the Forecast Year.

There are no retail leases expiring in the Forecast Year.

##### *Turnover Rent*

80.0% of the committed leases to retail tenants contain provisions for payment of turnover rent. The typical turnover rent provision in these leases is based on payment of either (i) gross rent; or (ii) a percentage of their gross turnover, whichever yields the higher amount.

As ORQ has limited historical rental collections, the Manager has assumed gross rent to be rental income receivable from retail tenants.

#### **1.5.1.3 ORQ Car Park Income**

ORQ Car Park Income includes income earned from the operations of the car parking facilities at ORQ. ORQ Car Park Income for the Forecast Year is forecast based on the 100% commitment of the car parking lots at the season car parking rate.

## 1.5.2 ORQ Property Operating Expenses

### 1.5.2.1 Property Tax

The property tax assumptions for the Forecast Year are set out in the table below:

Income Source	Property Tax Assumptions
ORQ Office Gross Rental Income	10.0% of ORQ Office Gross Rental Income after deducting the service charge rate
ORQ Retail Gross Rental Income	10.0% of ORQ Retail Gross Rental Income after deducting the service charge rate
ORQ Car Park Income	10.0% of ORQ Car Park Income

### 1.5.2.2 ORQ Asset Management Fee

ORQ asset management fee is based on 3.0% of ORQ Gross Revenue.

### 1.5.2.3 Other Property Operating Expenses

Other property operating expenses comprise reimbursement of staff salaries and related costs, utilities expenses, marketing expenses including advertising and promotional expenses as well as lease commission payable to third party agents or the property manager, expenses for the upkeep of properties, repairs and maintenance expenses, insurance, property related professional fee, reimbursable expenses to the property manager, administration overheads as well as other miscellaneous expenses relating to ORQ.

In order to forecast the other property operating expenses for the Forecast Year, the Manager has taken into consideration the actual historical operating costs and ORQPL's plans.

## 1.6 Borrowing Costs

K-REIT Asia currently has in place loan facilities amounting to S\$190.1 million (the "**Blossom Assets Loan Facilities**") granted by a special purpose company, Blossom Assets Limited ("**Blossom Assets**"), which was funded by the proceeds of rated commercial mortgage-backed securities notes issued by Blossom Assets. These rated commercial mortgage-backed securities notes have been rated AAA and AA or their equivalent by Standard & Poor's and Moody's respectively.

The Blossom Assets Loan Facilities comprise (i) a five-year term loan of S\$160.2 million at a fixed interest rate of 3.905% per annum and (ii) a five-year term loan of S\$29.9 million at a fixed interest rate of 4.055% per annum.

In addition to the Blossom Assets Loan Facilities, K-REIT Asia has also put in place a short-term credit facility of S\$26.0 million which is subordinated to the Blossom Assets Loan Facilities. There was no utilisation of this credit facility as at 31 March 2008.

On 10 December 2007, K-REIT Asia put in place a revolving credit facility of up to S\$960.0 million from Kephinance Investment Pte Ltd for an initial period of nine months commencing from the drawdown date, thereafter renewable on terms, including new maturity date, to be agreed between parties. As at 31 March 2008, a sum of S\$942.0 million has been drawn down ("**Bridging Loan**").

The Manager assumes that the net proceeds of the Rights Issue (after deducting estimated costs and expenses associated with the Rights Issue) will be used to partially repay the Bridging Loan. The Manager has assessed and assumed an interest rate payable of 3.3% per annum for the Bridging Loan during the Forecast Year.

The total outstanding amount of borrowings of K-REIT Asia as at 31 March 2008 is S\$1,132.1 million.

### **1.7 Manager's Management Fees**

The Manager is entitled to the following:

- (a) a base fee of 0.5% per annum of all the assets for the time being of K-REIT Asia or deemed to be held upon K-REIT Asia constituted under the Trust Deed ("**Deposited Property**"); and
- (b) an annual performance fee of 3.0% per annum of the net property income (as defined in the Trust Deed) of K-REIT Asia and any Special Purpose Vehicles (as defined in the Trust Deed) after deducting all applicable taxes payable.

The Manager's management fees are payable quarterly in arrears.

To arrive at the forecast income available for distribution for the Forecast Year, it is assumed that the Manager's management fees will be paid in the form of Units.

### **1.8 Trust Expenses**

Trust expenses comprise recurring operating expenses such as the Trustee's fee, annual listing fees, registry fees, audit and tax advisory fees, valuation fees, costs associated with the preparation and distribution of reports to Unitholders, investor communication costs and other miscellaneous expenses relating to K-REIT Asia. The Trustee's fee is presently charged on a scaled basis of up to 0.03% per annum of the value of the Deposited Property, excluding out-of-pocket expenses and GST. The Trustee's fee for the Forecast Year is S\$0.3 million. The fee is accrued monthly and paid quarterly in arrears in accordance with the Trust Deed.

### **1.9 Income Tax**

The Manager has assumed Singapore income tax at 18.0% on income support receivable by K-REIT Asia, net of deductible interest expense.

### **1.10 Capital Expenditure**

A provision of cash flow payments of S\$4.8 million for the projected capital expenditure of the Initial Properties has been included in the Forecast Year. This is projected based on the Manager's budget for improvement works.

Capital expenditure incurred is capitalised as part of the value of the relevant Deposited Property and has no impact on the Distributable Income other than the interest incurred on borrowings and capital allowances claimed (if any).

### **1.11 Rights Issue**

The Profit Forecast has been prepared based on the assumptions that (i) the Rights Issue will be completed on 1 June 2008; (ii) approximately 396.9 million Rights Units will be issued at a Rights Issue Price of S\$1.39 per Unit pursuant to the Rights Issue; and (iii) the net proceeds from the issue of the Rights Units pursuant to the Rights Issue of approximately S\$550.7 million will be used to partially repay the Bridging Loan.

The costs associated with the Rights Issue are expected to be approximately S\$1.0 million and will be paid for by K-REIT Asia on completion of the Rights Issue. These costs will be charged against Unitholders' funds in K-REIT Asia's balance sheet and have no impact on the Distributable Income of K-REIT Asia.

### **1.12 Investment Properties**

The Manager has made a hypothetical assumption that the carrying value for the Initial Properties is S\$1,110.0 million (based on the latest valuation obtained by the Manager as disclosed in the 2007 Audited Financial Statements).

For the purposes of the Profit Forecast, the Manager has assumed an increase in the value of the Initial Properties to the extent of the assumed capital expenditure described in paragraph 1.10 above for the Forecast Year. The Manager has made a hypothetical assumption that the values of the Initial Properties (except for the effect of the assumed capital expenditure) will, until 31 December 2008, remain at the amounts at which they were valued as at 10 December 2007. Any subsequent change in the value of the Initial Properties charged to the profit and loss account has no impact on the Distributable Income.

### **1.13 Property Value of ORQ**

The carrying value for the ORQ Interest is hypothetically assumed to be S\$992.0 million (based on the latest valuation obtained by the Manager as disclosed in the 2007 Audited Financial Statements) for the Forecast Year. This assumption is made when estimating the value of the Deposited Property for the purpose of forecasting the base fee component of the Manager's management fees and the Trustee's fees.

### **1.14 Accounting Standards**

A summary of the significant accounting policies of K-REIT Asia may be found in K-REIT Asia's Report to Unitholders for FY2007. The Manager has assumed no change in applicable accounting standards or other financial reporting requirements that may have a material effect on the forecast distributable income of K-REIT Asia.

### **1.15 Other Assumptions**

The Manager has made the following additional assumptions in preparing the Profit Forecast:

- the property portfolio remains unchanged throughout the Forecast Year;
- there will be no further capital raised during the Forecast Year;
- there will be no material change to the taxation legislation or other legislation;
- there will be no material change to the Tax Ruling;
- ORQPL adopts significant accounting policies that are consistent with K-REIT Asia (see paragraph 1.14 above for K-REIT Asia's accounting policies);
- there has been no significant change in applicable accounting policies or other financial reporting requirements that may have a material effect on the forecast share of results of associated company for the one-third interest in ORQPL;
- all leases and licences are enforceable and will be performed in accordance with their terms; and
- 100% of distributable income will be distributed.



## 2. SECTION B: SENSITIVITY ANALYSIS

The Profit Forecast is based on a number of key assumptions that have been outlined earlier in this Appendix.

Unitholders should be aware that future events cannot be predicted with any certainty and deviations from the figures forecast in this Offer Information Statement are to be expected. To assist Unitholders in assessing the impact of these assumptions on the Profit Forecast, the sensitivity of DPU to changes in the key assumptions are set out below.

The sensitivity analysis below is intended as a guide only, and variations in actual performance could exceed the ranges shown. Movements in other variables may offset or compound the effect of a change in any variable beyond the extent shown.

The sensitivity analysis has been prepared using the same assumptions as those set out earlier in this Appendix.

### 2.1 Gross Rent

Changes in the Gross Rent of uncommitted leases of the Initial Properties and ORQPL will impact the gross rental income and the net property income of K-REIT Asia and ORQPL. Changes in the Gross Rent will hence impact the Distributable Income of K-REIT Asia and, consequently, the DPU. The assumptions for Gross Rent have been set out earlier in this Appendix. The effect of variations in the Gross Rent on the DPU is set out below:

Impact on DPU pursuant to changes in Gross Rent

	<b>Forecast Year</b> (cents)
5.0 % below base case <sup>(1)</sup>	7.50
Base case <sup>(2)</sup>	7.53
5.0 % above base case <sup>(1)</sup>	7.56

**Notes:**

(1) Sensitivity analysis has been carried out on the Gross Rent of uncommitted leases.

(2) DPU as shown in the Profit Forecast.

### 2.2 Other Property Expenses

Changes in the other property expenses (excluding property tax and property/asset management fee) of the Initial Properties and ORQPL will impact the net property income of K-REIT Asia and ORQPL. Changes in other property expenses will hence impact the Distributable Income of K-REIT Asia and, consequently, the DPU. The assumptions for other property expenses have been set out earlier in this Appendix. The effect of variations in the other property expenses on the DPU is set out below:

Impact on DPU pursuant to changes in other property expenses

	<b>Forecast Year</b> (cents)
5.0 % below base case <sup>(1)</sup>	7.60
Base case <sup>(2)</sup>	7.53
5.0 % above base case <sup>(3)</sup>	7.45

**Notes:**

- (1) Implies a decrease of 5.0% in the other property expenses (excluding property tax and property/asset management fees) for the Initial Properties and ORQPL.
- (2) DPU as shown in the Profit Forecast.
- (3) Implies an increase of 5.0% in the other property expenses (excluding property tax and property/asset management fees) for the Initial Properties and ORQPL.

**2.3 Borrowing Costs**

Changes in the interest rate of the Bridging Loan will impact the Distributable Income of K-REIT Asia and, consequently, the DPU. The interest rate assumption has been set out earlier in this Appendix. The effect of variations in the borrowing costs on the DPU is set out below:

Impact on DPU pursuant to changes in borrowing costs

	<b>Forecast Year</b> (cents)
Actual interest rate is 75 basis points below 3.3%	7.97
Base case <sup>(1)</sup>	7.53
Actual interest rate is 75 basis points above 3.3%	7.09

**Note:**

- (1) DPU as shown in the Profit Forecast.

**2.4 Manager's Management Fees**

Whether the Manager's management fees are satisfied in the form of Units or paid in cash will impact the Distributable Income of K-REIT Asia and, consequently, the DPU. The effect of variations in the Manager's management fees paid in cash on the DPU is set out below:

Impact on DPU pursuant to Manager's management fees paid in cash

	<b>Forecast Year</b> (cents)
Base case <sup>(1)</sup> — 0% payable in cash	7.53
50.0% payable in cash	6.58
100.0% payable in cash	5.62

**Note:**

- (1) In the base case for the Forecast Year, it is assumed that Manager's management fees will be paid entirely in the form of Units.

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## INDEPENDENT ACCOUNTANTS' REPORT ON THE PROFIT FORECAST

9 April 2008

The Board of Directors  
K-REIT Asia Management Limited  
(in its capacity as manager of K-REIT Asia)  
1 HarbourFront Avenue  
#18-01 Keppel Bay Tower  
Singapore 098632

RBC Dexia Trust Services Singapore Limited  
(in its capacity as trustee of K-REIT Asia)  
20 Cecil Street  
#28-01 Equity Plaza  
Singapore 049705

Dear Sirs:

### **Letter from the Reporting Accountants on the Profit Forecast for the Year Ending 31 December 2008**

This letter has been prepared for inclusion in the offer information statement (the "Offer Information Statement") to be issued in connection with the proposed rights issue of rights units in K-REIT Asia (the "Proposed Rights Issue").

The directors of K-REIT Asia Management Limited (the "Directors") are responsible for the preparation and presentation of the Forecast Statement of Net Income and Distribution for the year ending 31 December 2008 (the "Profit Forecast") as set out on page A2-2 of the Offer Information Statement, which have been prepared on the basis of their assumptions as set out on pages A2-3 to A2-9 of the Offer Information Statement (the "Assumptions").

We have examined the Profit Forecast of K-REIT Asia for the year ending 31 December 2008 as set out on pages A2-2 to A2-9 of the Offer Information Statement in accordance with the Singapore Standards on Assurance Engagements applicable to the examination of prospective financial information. The Directors are solely responsible for the Profit Forecast including the Assumptions on which they are based.

### **Profit Forecast**

Based on our examination of the evidence supporting the Assumptions, nothing has come to our attention which causes us to believe that these Assumptions do not provide a reasonable basis for the Profit Forecast. Further, in our opinion, the Profit Forecast, so far as the accounting policies and calculations are concerned, is properly prepared on the basis of the Assumptions, is consistent with the accounting policies normally adopted by K-REIT Asia, and is presented in accordance with the relevant presentation principles of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" (but not all the required disclosures), which is the framework adopted by K-REIT Asia in the preparation of its financial statements.

Events and circumstances frequently do not occur as expected. Even if the events anticipated under the hypothetical assumptions described above occur, actual results are still likely to be different from the Profit Forecast since other anticipated events frequently do not occur as expected and the variation may be material. The actual results may therefore differ materially from those forecast. For the reasons set out above, we do not express any opinion as to the possibility of achievement of the Profit Forecast.

Attention is drawn, in particular, to the special business factors or risks as set out in Appendix 1 which describe the principal risks associated with the Proposed Rights Issue, to which the Profit Forecast relates and the sensitivity analysis of the Directors' Profit Forecast as set out on pages A2-10 to A2-11 of the Offer Information Statement.

Yours faithfully,

ERNST & YOUNG  
Certified Public Accountants  
Singapore

Partner-in-charge: Yee Woon Yim

## NUMBER OF UNITS OWNED BY EACH SUBSTANTIAL UNITHOLDER

Based on the Register of Substantial Unitholders maintained by the Manager, the Substantial Unitholders and their respective interests (direct and deemed) in the Units as at the Latest Practicable Date are as follows:

<b>Substantial Unitholder</b>	<b>Direct Interest</b>	<b>% of issued and outstanding Units</b>	<b>Deemed Interest</b>	<b>% of issued and outstanding Units</b>
Temasek Holdings (Private) Limited	Nil	Nil	180,552,602	72.8
Keppel Corporation Limited	Nil	Nil	180,360,319	72.7
Keppel Land Limited	Nil	Nil	104,420,773	42.1
K-REIT Asia Investment Pte. Ltd.	100,428,322	40.5	Nil	Nil
Keppel Real Estate Investment Pte. Ltd.	75,939,546	30.6	Nil	Nil
JPMorgan Chase & Co and its affiliates	Nil	Nil	12,415,000	5.0

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### NAMES AND ADDRESSES OF THE DIRECTORS

Name	Position	Address
Professor Tsui Kai Chong	Chairman and Independent Director	25A Chuan Drive Singapore 554806
Mr. Kevin Wong Kingcheung	Deputy Chairman and Non-Executive Director	25 Claymore Road #16-03 Singapore 229543
Mr. Tan Swee Yiow	Chief Executive Officer and Director	1A Ontario Avenue #01-01 Singapore 576190
Mrs. Lee Ai Ming	Non-Executive Independent Director	8 Sunset Drive Singapore 597468
Mr. Lim Poh Chuan	Non-Executive Independent Director	151 Stevens Road #06-07 The Equatorial Singapore 257872
Dr. Chin Wei-Li, Audrey Marie	Non-Executive Independent Director	98 Sunset Way Singapore 597125



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## PRICE RANGE OF THE UNITS AND TRADING VOLUME ON THE SGX-ST

The highest and lowest market prices of the Units and the average daily volume of Units traded on the SGX-ST for the twelve calendar months immediately preceding April 2008 and for the period commencing on 1 April 2008 to the Latest Practicable Date are as follows:

Month	Price Range (S\$ per Unit)		Average Daily Volume Traded ('000 Units)
	Highest	Lowest	
April 2007	3.40	2.93	334
May 2007	3.04	2.77	704
June 2007	3.02	2.80	474
July 2007	3.12	2.67	1,168
August 2007	2.94	2.35	368
September 2007	2.75	2.38	138
October 2007	2.99	2.63	247
November 2007	2.76	2.46	80
December 2007	2.46	2.07	177
January 2008	2.20	1.41	313
February 2008	1.70	1.46	442
March 2008	1.65	1.37	698
1 April 2008 to 3 April 2008	1.58	1.51	871

Source: Bloomberg. Bloomberg has not provided its consent to the inclusion of the information and therefore is not liable for such information under Sections 253 and 254 (both read with Section 302) of the SFA. While the Manager has taken reasonable actions to ensure that the information from Bloomberg is reproduced in its proper form and context, and that the information is extracted accurately and fairly, the Manager or any other party has not conducted an independent review of the information or verified the accuracy of the contents of the relevant information.

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**CERTAIN FINANCIAL INFORMATION**

As K-REIT Asia was only constituted on 28 November 2005, audited financial statements of K-REIT Asia are presently available only for the financial period from 28 November 2005, being the date on which K-REIT Asia was constituted, to 31 December 2006 and the financial year ended 31 December 2007. A copy of the financial statements, being the 2006 Audited Financial Statements and the 2007 Audited Financial Statements, are available on the website of the Manager at <[www.kreitasia.com](http://www.kreitasia.com)> and are available for inspection during normal business hours at the registered address of the Manager at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632, from the date of the Circular up to and including the date falling six months from the date of the Circular.

Selected financial data from the 2006 Audited Financial Statements and the 2007 Audited Financial Statements, including the line items in the statement of total return, the distribution statement, balance sheet and the statement of cash flows of K-REIT Asia, are set out below. Financial information relating to distribution per Unit ("**DPU**"), earnings or loss per Unit and earnings or loss per Unit after any adjustment to reflect the sale of the Rights Units are also set out below.

## 1. Statement of Total Return and Distribution Statement

	Audited Financial Statements for the financial year ended 31 December 2007 S\$'000	Audited Financial Statements for the financial period from 28 November 2005 to 31 December 2006 <sup>(1)</sup> S\$'000
<b><u>Profit and loss account</u></b>		
<b>Gross revenue</b>		
Gross rental income	39,093	23,213
Car park income	924	610
Others	52	38
<b>Total gross revenue</b>	<b>40,069</b>	<b>23,861</b>
<b>Property expenses</b>		
Property tax	(3,140)	(1,706)
Property management fee	(1,202)	(716)
Property management reimbursements	(969)	(711)
Marketing expenses	(1,355)	(78)
Maintenance	(5,089)	(3,758)
Other property expenses	(52)	(78)
<b>Total property expenses</b>	<b>(11,807)</b>	<b>(7,047)</b>
<b>Net property income</b>	<b>28,262</b>	<b>16,814</b>
Income support	1,080	—
Share of results of associated company	490	—
Interest income	1,062	236
Amortisation expense	(1,341)	—
Manager's management fees	(5,302)	(2,665)
Trust expenses	(1,980)	(772)
Borrowing costs	(9,582)	(5,246)
<b>Net profit before revaluation of investment properties</b>	<b>12,689</b>	<b>8,367</b>
Net gain on revaluation of investment properties	432,964	—
<b>Net profit before tax</b>	<b>445,653</b>	<b>8,367</b>
Income tax expense	(163)	—
<b>Net profit after tax</b>	<b>445,490</b>	<b>8,367</b>
<b><u>Total return</u></b>		
<b>Net profit after tax</b>	<b>445,490</b>	<b>8,367</b>
Net gain on revaluation of investment properties credited directly to asset revaluation reserve	—	46,300
<b>Total return for the year</b>	<b>445,490</b>	<b>54,667</b>
<b><u>Distribution statement</u></b>		
<b>Net profit before revaluation of investment properties</b>	<b>12,689</b>	<b>8,367</b>
Net tax adjustments	9,286	2,807
Income tax expense	(163)	—
<b>Income available for distribution to Unitholders</b>	<b>21,812</b>	<b>11,174</b>
<b>Distributable income to Unitholders</b>	<b>21,812</b>	<b>11,174</b>
Distribution per Unit (cents)	8.82	4.63
Earnings per Unit (cents)	183.70	3.47
Adjusted earnings per Unit (cents) <sup>(2)</sup>	70.80	1.92

(1) K-REIT Asia was established on 28 November 2005 and the acquisition of its Initial Properties was completed on 26 April 2006. Hence, the income and expenses relate only to the period from 26 April 2006 to 31 December 2006.

(2) The pro forma financial effects of the proposed issue of Rights Units under the Rights Issue at the Rights Issue Price of S\$1.39 per Rights Unit as if the Rights Issue was completed on 1 January 2007 and 26 April 2006 for FY2007 and FY2006 respectively.

## 2. Balance Sheet

	As at 31 December 2007 S\$'000	As at 31 December 2006 S\$'000
<b>Non-current assets</b>		
Investment properties	1,110,000	677,000
Investment in associated company	865,481	—
Intangible asset	86,282	—
<b>Total non-current assets</b>	<b>2,061,763</b>	<b>677,000</b>
<b>Current assets</b>		
Trade and other receivables	3,394	1,045
Cash and cash equivalents	22,927	16,814
<b>Total current assets</b>	<b>26,321</b>	<b>17,859</b>
<b>Total assets</b>	<b>2,088,084</b>	<b>694,859</b>
<b>Current liabilities</b>		
Payables and accruals	12,478	4,804
Current portion of security deposits	1,237	2,280
Short-term borrowings (unsecured)	942,000	—
Provision for taxation	163	—
<b>Total current liabilities</b>	<b>955,878</b>	<b>7,084</b>
<b>Non-current liabilities</b>		
Long-term borrowings (secured)	189,283	189,042
Non-current portion of security deposits	9,156	6,336
<b>Total non-current liabilities</b>	<b>198,439</b>	<b>195,378</b>
<b>Total liabilities</b>	<b>1,154,317</b>	<b>202,462</b>
<b>Net assets</b>	<b>933,767</b>	<b>492,397</b>
Represented by:		
<b>Unitholders' funds</b>	<b>933,767</b>	<b>492,397</b>
Units in issue ('000)	247,184	241,610
Net asset value per Unit	S\$3.78	S\$2.04

### 3. Statement of Cash Flows

	Audited Financial Statements for the financial year ended 31 December 2007 S\$'000	Audited Financial Statements for the financial period from 28 November 2005 to 31 December 2006 S\$'000
<b>Cash flows from operating activities</b>		
Net profit before tax	445,653	8,367
<i>Adjustments for:</i>		
Interest income	(1,062)	(236)
Amortisation expenses	1,341	—
Share of results of associated company	(490)	—
Borrowing costs	9,582	5,246
Management fees payable in Units	5,302	2,665
Net gain on revaluation of investment properties	(432,964)	—
	<b>27,362</b>	<b>16,042</b>
<b>Operating cash flows before reinvestment in working capital</b>		
Increase in receivables	(655)	(1,029)
Increase in payables	806	3,515
Security deposits	1,777	8,616
	<b>29,290</b>	<b>27,144</b>
<b>Net cash generated from operating activities</b>		
<b>Cash flows from investing activities</b>		
Interest received	368	220
Purchase of investment properties	—	(190,570)
Improvements in investment properties	(36)	—
Intangible asset	(87,623)	—
Investment in associated company	(852,560)	—
	<b>(939,851)</b>	<b>(190,350)</b>
<b>Net cash used in investing activities</b>		
<b>Cash flows from financing activities</b>		
Distribution to Unitholders	(17,859)	(2,789)
Interest-bearing borrowings	942,000	190,085
Upfront debt arrangement costs	—	(1,203)
Establishment and issue expenses	—	(1,294)
Interest paid	(7,467)	(4,779)
	<b>916,674</b>	<b>180,020</b>
<b>Net cash generated from financing activities</b>		
<b>Net increase in cash and cash equivalents</b>	<b>6,113</b>	<b>16,814</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>16,814</b>	<b>—</b>
<b>Cash and cash equivalents at end of the year</b>	<b>22,927</b>	<b>16,814</b>

## **PROCEDURES FOR ACCEPTANCE, PAYMENT AND EXCESS APPLICATION FOR RIGHTS UNITS UNDER THE RIGHTS ISSUE BY ENTITLED DEPOSITORS**

Entitled Depositors are entitled to receive this Circular and the ARE which forms part of this Circular. The Circular (including the ARE) will not be despatched to Ineligible Unitholders.

The provisional allotments of Rights Units are governed by the terms and conditions of the Circular and the enclosed ARE.

The number of Rights Units provisionally allotted to each Entitled Depositor is indicated in the ARE (fractional entitlements, if any, have been disregarded). The Securities Accounts of Entitled Depositors have been credited by CDP with the provisional allotments of Rights Units as indicated in the ARE. Entitled Depositors may accept their provisional allotments of Rights Units in whole or in part. Full instructions for the acceptance of and payment for the provisional allotments of Rights Units are set out in the Circular as well as the ARE and the ARS.

If an Entitled Depositor wishes to accept his provisional allotment of Rights Units specified in the ARE, in full or in part, and (if applicable) apply for Excess Rights Units in addition to the Rights Units he has been provisionally allotted, he may do so either through CDP by completing the relevant portions of the ARE or by means of an Electronic Application through an ATM of a Participating Bank. An Entitled Depositor should ensure that the ARE is accurately and correctly completed, failing which the acceptance of the provisional allotments of Rights Units may be rejected.

CPF members under the CPF Investment Scheme - Ordinary Account may use, subject to applicable CPF rules and regulations, monies standing to the credit of their respective CPF Investment Accounts for the payment of the Rights Issue Price to subscribe for the Rights Units and (if applicable) the Excess Rights Units. CPF members who wish to accept their provisional allotments of Rights Units and (if applicable) apply for Excess Rights Units using CPF funds will need to instruct their respective approved banks, where such CPF members hold their CPF Investment Accounts, to accept and (if applicable) apply for the Rights Units on their behalf in accordance with this Circular. CPF funds may not, however, be used for the purchase of the provisional allotment of Rights Units directly from the market.

An Eligible Unitholder may accept his provisional allotment of Rights Units specified in his ARE and (if applicable) apply for Excess Rights Units through CDP, by way of Electronic Application through an ATM of a Participating Bank as described below.

Unless expressly provided to the contrary in this Circular or the ARE, with respect to enforcement against Entitled Depositors or their renounees, a person who is not a party to any contracts made pursuant to this Circular or the ARE, has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore, to enforce any term of such contracts. Notwithstanding any term contained herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts. Where third parties are conferred rights under such contracts, those rights are not assignable or transferable.

With regard to any acceptance and/or application which does not conform strictly to the instructions set out under the Circular or the ARE, the ARS or the PAL and/or any other application form for the Rights Units in relation to the Rights Issue, or where the "Free Balance" of the Entitled Depositor's Securities Account is not credited with, or is credited with less than, the relevant number of Rights Units subscribed as at the last time and date of acceptance, or which does not comply with the instructions for Electronic Applications, or with the terms and conditions of the Circular, or in the case of an application by way of the ARE, the ARS, the PAL and/or any other application form for the Rights Units



in relation to the Rights Issue which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly or insufficiently drawn remittance, the Manager and CDP may, at their absolute discretion, reject or treat as invalid any such application and payment or otherwise process all remittances at any time after receipt in such manner as it may deem fit.

The Manager and CDP shall be entitled to process each application submitted for the acceptance of Rights Units, and where applicable, application for Excess Rights Units in relation to the Rights Issue and the payment received in relation thereto, pursuant to such application, by an Eligible Unitholder, on its own, without regard to any other application and payment that may be submitted by the same Eligible Unitholder. For avoidance of doubt, insufficient payment for an application may render the application invalid. Evidence of payment (or overpayment) in other applications shall not constitute, or be construed as, an affirmation of such invalid application and (if applicable) application for Excess Rights Units.

**(a) Acceptance/Application through CDP**

To accept the provisional allotment of Rights Units and (if applicable) apply for Excess Rights Units through CDP, the duly completed ARE, must be accompanied by **A SINGLE REMITTANCE** for payment in full for the relevant number of Rights Units accepted and (if applicable) Excess Rights Units applied for and submitted by hand to **THE CENTRAL DEPOSITORY (PTE) LIMITED, at 4 SHENTON WAY, #02-01, SGX CENTRE 2, SINGAPORE 068807** or by post in the self-addressed envelope provided, at the sender's own risk, to **K-REIT ASIA MANAGEMENT LIMITED C/O THE CENTRAL DEPOSITORY (PTE) LIMITED, ROBINSON ROAD POST OFFICE P.O. BOX 1597, SINGAPORE 903147**, so as to arrive not later than **4.45 p.m. on 25 April 2008**. The payment must be made in Singapore currency in the form of a Cashier's Order or Banker's Draft drawn on a bank in Singapore and made payable to "**CDP - K-REIT ASIA RIGHTS ISSUE ACCOUNT**" for the Rights Units and/or Excess Rights Units and crossed "**NOT NEGOTIABLE, A/C PAYEE ONLY**" for the full amount due on acceptance, and with the name and Securities Account number of the Entitled Depositor clearly written on the reverse side of the Cashier's Order or Banker's Draft. **NO COMBINED CASHIER'S ORDER OR BANKER'S DRAFT FOR DIFFERENT SECURITIES ACCOUNTS OR OTHER FORM OF PAYMENT (INCLUDING THE USE OF A POSTAL ORDER OR MONEY ORDER ISSUED BY A POST OFFICE IN SINGAPORE) WILL BE ACCEPTED.**

**(b) Acceptance/Application by way of Electronic Application through an ATM of a Participating Bank**

Instructions for Electronic Applications through ATMs to accept the provisional allotment of Rights Units or to apply for Excess Rights Units will appear on the ATM screens of the respective Participating Banks. Please refer to **Annexure C** for the additional terms and conditions for Electronic Application through an ATM of a Participating Bank.

If an Entitled Depositor makes an Electronic Application, he would have irrevocably authorised the Participating Bank to deduct the full amount payable from his bank account with such Participating Bank in respect of such application. In the case of an Entitled Depositor who has accepted the Rights Units by way of an ARE and/or applied for Excess Rights Units by way of the ARE and also by way of an Electronic Application, the Manager and/or CDP shall be authorised and entitled to accept his instructions in whichever mode or combination as the Manager and/or CDP may, in their absolute discretion, deem fit.

An Entitled Depositor may choose to accept his provisional allotment of Rights Units specified in the ARE in full or in part. If an Entitled Depositor wishes to accept part of his provisional allotment of Rights Units and trade the balance of his provisional allotment of Rights Units on the SGX-ST, he should:

- (i) complete the ARE for the number of provisional allotment of Rights Units which he wishes to accept at the Rights Issue Price and submit the ARE together with payment in the prescribed manner as described above to CDP; or
- (ii) accept and subscribe for that part of his provisional allotment of Rights Units by way of an Electronic Application at the Rights Issue Price in the prescribed manner described above.

The balance of his provisional allotment of Rights Units may be sold as soon as dealings therein commence on the SGX-ST.

Entitled Depositors who wish to trade all or part of their provisional allotment of Rights Units on the SGX-ST during the provisional allotment trading period should note that the provisional allotment of Rights Units will be tradable in board lots, each board lot comprising provisional allotments of 1,000 Rights Units, as the case may be, or any other board lot size which the SGX-ST may require. Entitled Depositors can trade in lot sizes other than that mentioned above on the SGX-ST's Unit Share Market. Such Entitled Depositors may start trading their provisional allotments of Rights Units upon the commencement of trading of "nil-paid" Rights Entitlements on the SGX-ST.

Upon issuance and listing of the Rights Units on the SGX-ST, Entitled Depositors having odd lots of Units can 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 (1) Unit. In addition, an approval has been obtained from the SGX-ST for the setting up of a temporary counter to allow Unitholders and investors to trade in board lots of 100 Units. This temporary counter will be maintained for the Concession Period.

To provide Unitholders with a more economical avenue to trade and/or round up their odd lots of Units, the Manager has arranged for DBS Vickers to offer concessionary brokerage rates for the trading in Units during the Concession Period. The minimum brokerage fee payable by those who trade in the temporary odd lot counter and in SGX-ST's Unit Share Market during the Concession Period will be the Concessionary Rate, being S\$20.00 per contract instead of the usual S\$40.00. The Concessionary Rate shall only apply to trades in odd lots of the Units where each trade does not exceed 999 Units. (Note: Unitholders who do not have existing accounts with DBS Vickers must open accounts with DBS Vickers. The approval for all account opening applications will be subject to DBS Vickers' standard approval criteria and procedures, and they may reject such application in their discretion.)

**The temporary counter is strictly of a provisional nature. Investors who continue to hold odd lots of less than 1,000 Units after one month from the listing of the Rights Units may face difficulty and/or have to bear disproportionate transactional costs in realizing the fair market price of such Units.**

The ARE need not be forwarded to Purchasers as arrangements will be made by CDP for a separate ARS to be issued to the Purchasers. Purchasers should note that CDP will, on behalf of the Manager, send the ARS, accompanied by the Circular, by ordinary post and at the Purchasers' own risk, to their respective Singapore addresses as recorded with CDP. Purchasers should ensure that their ARS is accurately and correctly completed, failing which the acceptance of the provisional allotment of Rights Units may be rejected. Purchasers who do not receive the ARS, accompanied by the Circular, may obtain the same from CDP, the Unit Registrar or any stockbroking firm for the period up to **4.45 p.m. on 25 April 2008**.

This Circular and its accompanying documents will not be despatched to Purchasers whose registered addresses with CDP are not in Singapore. Such Purchasers who wish to accept the provisional allotments of Rights Units credited to their Securities Accounts should make the necessary arrangements with their Depository Agents or stockbrokers in Singapore.

Purchasers should inform their finance companies/Depository Agents if their purchases of such provisional allotments of Rights Units are settled through these intermediaries. In such instances, if the Purchasers wish to accept the Rights Units represented by the provisional allotments purchased, they will need to go through these intermediaries, who will then subscribe for the Rights Units on their behalf.

As an illustration, if an Entitled Depositor has 1,000 Units standing to the credit of his Securities Account as at the Books Closure Date, the Entitled Depositor will be provisionally allotted 1,600 Rights Units as set out in his ARE. The Entitled Depositor's alternative courses of action, and the necessary procedures to be taken under each course of action, are summarised below:

Alternatives	Procedures to be taken
<p>(a) Accept his entire provisional allotment of Rights Units</p>	<p>(i) Accept his entire provisional allotment of 1,600 Rights Units at the Rights Issue Price by way of an Electronic Application through an ATM of a Participating Bank as described herein not later than <b>9.30 p.m. on 25 April 2008</b>; or</p> <p>(ii) Complete the ARE in accordance with the instructions contained therein for the full provisional allotment of 1,600 Rights Units at the Rights Issue Price and forward the ARE together with a single remittance at the Rights Issue Price for S\$2,224.00 by way of a Cashier's Order or Banker's Draft drawn in Singapore currency on a bank in Singapore and made payable to "<b>CDP - K-REIT ASIA RIGHTS ISSUE ACCOUNT</b>" for the Rights Units and crossed "<b>NOT NEGOTIABLE, A/C PAYEE ONLY</b>" for the full amount due on acceptance, by hand to <b>THE CENTRAL DEPOSITORY (PTE) LIMITED, at 4 SHENTON WAY, #02-01, SGX CENTRE 2, SINGAPORE 068807</b> or by post, at his own risk, in the self-addressed envelope provided to <b>K-REIT ASIA MANAGEMENT LIMITED C/O THE CENTRAL DEPOSITORY (PTE) LIMITED, ROBINSON ROAD POST OFFICE P.O. BOX 1597, SINGAPORE 903147</b> so as to arrive not later than <b>4.45 p.m. on 25 April 2008</b> and with the name and Securities Account number of the Entitled Depositor written on the reverse side of the Cashier's Order or Banker's Draft. <b>NO COMBINED CASHIER'S ORDER OR BANKER'S DRAFT FOR DIFFERENT SECURITIES ACCOUNTS OR OTHER MODE OF PAYMENT WILL BE ACCEPTED.</b></p>

Alternatives	Procedures to be taken
<p>(b) Accept his entire provisional allotment of Rights Units and for example apply for 400 Excess Rights Units</p>	<p>(i) Accept his entire provisional allotment of 1,600 Rights Units and apply for 400 Excess Rights Units at the Rights Issue Price by way of an Electronic Application as described herein not later than <b>9.30 p.m. on 25 April 2008</b>; or</p> <p>(ii) Complete the ARE in accordance with the instructions contained therein for the full provisional allotment of 1,600 Rights Units at the Rights Issue Price and apply for 400 Excess Rights Units at the Rights Issue Price and forward the ARE together with a single remittance for S\$2,780.00 in the prescribed manner described in alternative (a)(ii) above to CDP so as to arrive not later than <b>4.45 p.m. on 25 April 2008</b>.</p>
<p>(c) Accept a portion of his provisional allotment of Rights Units, for example his entitlement of 1,000 provisionally allotted Rights Units, and reject the balance</p>	<p>(i) Accept the provisional allotment of 1,000 Rights Units at the Rights Issue Price by way of an Electronic Application through an ATM of a Participating Bank as described herein not later than <b>9.30 p.m. on 25 April 2008</b>; or</p> <p>(ii) Complete the ARE in accordance with the instructions contained therein for the provisional allotment of 1,000 Rights Units at the Rights Issue Price and forward the ARE together with a single remittance for S\$1,390.00 in the prescribed manner described in alternative (a)(ii) above to CDP so as to arrive not later than <b>4.45 p.m. on 25 April 2008</b>.</p> <p>The balance of the provisional allotment of 600 Rights Units which is not accepted by the Entitled Depositor will automatically lapse and cease to be available for acceptance by that Entitled Depositor if an acceptance is not made through an ATM of a Participating Bank by <b>9.30 p.m. on 25 April 2008</b> or if an acceptance is not made through CDP by <b>4.45 p.m. on 25 April 2008</b>.</p>
<p>(d) Accept a portion of his provisional allotment of Rights Units, for example his entitlement of 600 provisionally allotted Rights Units, and trade the balance on the SGX-ST</p>	<p>(i) Accept the provisional allotment of 600 Rights Units at the Rights Issue Price by way of an Electronic Application through an ATM of a Participating Bank as described herein not later than <b>9.30 p.m. on 25 April 2008</b>; or</p> <p>(ii) Complete the ARE in accordance with the instructions contained therein for the provisional allotment of 600 Rights Units at the Rights Issue Price, and forward the ARE together with a single remittance for S\$834.00 in the prescribed manner described in alternative (a)(ii) above to CDP, so as to arrive not later than <b>4.45 p.m. on 25 April 2008</b>.</p>

<p><b>Alternatives</b></p>	<p><b>Procedures to be taken</b></p> <p>The balance of the provisional allotments of 1,000 Right Units may be traded on the SGX-ST during the provisional allotment trading period. Eligible Unitholders should note that the provisional allotment of Rights Units will be tradable in the ready market, with each board lot comprising provisional allotments of 1,000 Rights Units, or any other board lot size which the SGX-ST may require, during the provisional allotment trading period. Entitled Depositors can trade in lot sizes other than that mentioned above on the SGX-ST's Unit Share Market.</p> <p>Upon issuance and listing of the Rights Units on the SGX-ST, Entitled Depositors having odd lots of Units can 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 (1) Unit. In addition, an approval has been obtained from the SGX-ST for the setting up of a temporary counter to allow Entitled Depositors and investors to trade in board lots of 100 Units. This temporary counter will be maintained for the Concession Period.</p> <p>To provide Entitled Depositors with a more economical avenue to trade and/or round up their odd lots of Units, the Manager intends to arrange for DBS Vickers to offer concessionary brokerage rates for the trading in Units during the Concession Period. The minimum brokerage fee payable by those who trade in the temporary odd lot counter and in SGX-ST's Unit Share Market during the Concession Period will be the Concessionary Rate, being S\$20.00 per contract instead of the usual S\$40.00. The Concessionary Rate shall only apply to trades in odd lots of the Units where each trade does not exceed 999 Units. (Note: Unitholders who do not have existing accounts with DBS Vickers must open accounts with DBS Vickers. The approval for all account opening applications will be subject to DBS Vickers' standard approval criteria and procedures, and they may reject such application in their discretion.)</p> <p>The temporary counter is strictly of a provisional nature. Investors who continue to hold odd lots of less than 1,000 Units after one month from the listing of the Rights Units may face difficulty and/or have to bear disproportionate transactional costs in realizing the fair market price of such Units.</p>
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**THE LAST TIME AND DATE FOR ACCEPTANCES AND (IF APPLICABLE) EXCESS APPLICATIONS AND PAYMENT FOR THE RIGHTS UNITS UNDER THE RIGHTS ISSUE IS:**

- (A) 9.30 P.M. ON 25 APRIL 2008 IF ACCEPTANCE AND (IF APPLICABLE) EXCESS APPLICATION AND PAYMENT FOR THE RIGHTS UNITS IS MADE THROUGH AN ATM OF A PARTICIPATING BANK; OR**
- (B) 4.45 P.M. ON 25 APRIL 2008 IF ACCEPTANCE AND (IF APPLICABLE) EXCESS APPLICATION AND PAYMENT FOR THE RIGHTS UNITS IS MADE THROUGH CDP.**

If acceptance and payment for the Rights Units in the prescribed manner as set out in the ARE, the ARS and this Circular is not received through an ATM of a Participating Bank by **9.30 p.m. on 25 April 2008** or through CDP by **4.45 p.m. on 25 April 2008** from any Entitled Depositor or Purchaser, the provisional allotment of Rights Units that have been offered shall be deemed to have been declined and shall forthwith lapse and become void, and such provisional allotments not so accepted will be used to satisfy excess applications, if any, or otherwise dealt with in such manner as the Manager may, in its absolute discretion, deem fit, in the interests of K-REIT Asia. All monies received in connection therewith will be returned by CDP on behalf of the Manager to the Entitled Depositors or the Purchasers, as the case may be, without interest or any share of revenue or other benefit arising therefrom, by means of a crossed cheque by ordinary post or in such other manner as they may have agreed with CDP for the payment of any cash distributions (where acceptance is through CDP) or by crediting their accounts with the relevant Participating Banks (where acceptance is by way of Electronic Application through the ATMs of the Participating Banks) and at the Entitled Depositors' or the Purchasers' own risk within 14 days after the Closing Date.

If any Entitled Depositor or Purchaser is in any doubt as to the action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

Without prejudice to paragraph above of this **Annexure B**, an Entitled Depositor should note that:

- (I) by accepting his provisional allotments of Rights Units or applying for Excess Rights Units, he acknowledges that, in the case where:
  - (i) the amount of remittance payable to the Manager as per the instructions received by CDP whether under the ARE, the ARS or in any other application form for Rights Units differ from the amount actually received by CDP; or
  - (ii) the amount as stated in the ARE, the ARS or in any other application form for Rights Units differs from the amount received by CDP, or otherwise payable by him in respect of his acceptance of the Rights Units and (if applicable) in respect of his application for Excess Rights Units,

the Manager and CDP will be entitled to determine and appropriate all amounts received by CDP on the Manager's behalf for each application on its own whether under the ARE, the ARS or any other application form for Rights Units: firstly towards the payment of all amounts payable in respect of his acceptance of the Rights Units; and secondly, (if applicable) towards the payment of all amounts payable in respect of his application for Excess Rights Units. The determination and appropriation by the Manager and CDP will be conclusive and binding; and

- (II) in the event that the Entitled Depositor accepts the Rights Units by way of the ARE or the ARS or has applied for Excess Rights Units by way of the ARE and also by way of an Electronic Application, the Manager and CDP will be authorised and entitled to accept his instructions in whichever mode or combination as the Manager and CDP may, in their absolute discretion, deem fit. Without prejudice to the generality of the foregoing, in such a case, the Entitled Depositor will be regarded as having irrevocably authorised the Manager and CDP to apply all amounts received whether under the ARE, the ARS or any other acceptance or application for Excess Rights Units (including an Electronic Application) in whichever mode or combination as the Manager and CDP may, in their absolute discretion, deem fit.

The Excess Rights Units are available for application subject to the terms and conditions contained in the ARE, the Circular and the (if applicable) Trust Deed. Applications for Excess Rights Units will, at the Manager's absolute discretion, be satisfied from such Rights Units as are not validly taken up by Eligible Unitholders, the original allottee(s) or their respective renounees or the Purchaser(s) of the provisional allotments (including the aggregated fractional entitlements), the "nil-paid" provisional allotments of Rights Units (if any) of Ineligible Unitholders and any Rights Units that are otherwise not allotted for whatever reason, in accordance with the terms and conditions contained in the ARE and the Circular. In the event that applications are received by the Manager for more Excess Rights Units than are available, the Excess Rights Units available will be allotted in such manner as the Manager may, in its absolute discretion, deem fit in the interests of K-REIT Asia. The Manager reserves the right to refuse any application for Excess Rights Units in whole or in part without assigning any reason whatsoever, therefore, CDP takes no responsibility for any decision that the Manager may make.

If no Excess Rights Units are allotted or if the number of Excess Rights Units allotted is less than that applied for, the amount paid on application or the surplus application monies, as the case may be, will be refunded to such Entitled Depositors without interest or any share of revenue or other benefit arising therefrom within 14 days after the Closing Date, by means of a crossed cheque drawn on a bank in Singapore and sent to them by ORDINARY POST and at their own risk or in such other manner as they may have agreed with CDP for the payment of any cash distributions (if they accept and/or apply (as the case may be) through CDP).

It should be particularly noted that unless:

- (i) acceptance of the provisional allotment of Rights Units is made by the Entitled Depositor or the Purchasers (as the case may be) by way of an Electronic Application through an ATM of a Participating Bank and payment of the full amount payable for such Rights Units is effected by **9.30 p.m. on 25 April 2008**; or
- (ii) acceptance and payment in Singapore currency by Cashier's Order or Banker's Draft drawn on a bank in Singapore and made out in favour of "**CDP - K-REIT ASIA RIGHTS ISSUE ACCOUNT**" for the Rights Units and crossed "**NOT NEGOTIABLE, A/C PAYEE ONLY**" for the full amount due on acceptance and with the names and Securities Account numbers of the Entitled Depositors or the Purchasers (as the case may be) clearly written on the reverse side of the Cashier's Order or Banker's Draft is submitted by hand to **THE CENTRAL DEPOSITORY (PTE) LIMITED, at 4 SHENTON WAY, #02-01, SGX CENTRE 2, SINGAPORE 068807** or by post in the self-addressed envelope provided, at the sender's own risk, to **K-REIT ASIA MANAGEMENT LIMITED C/O THE CENTRAL DEPOSITORY (PTE) LIMITED, ROBINSON ROAD POST OFFICE P.O. BOX 1597, SINGAPORE 903147 by 4.45 p.m. on 25 April 2008**,

the provisional allotment of Rights Units will be deemed to have been declined and shall forthwith lapse and cease to be available for acceptance. All monies received in connection therewith will be returned to the Entitled Depositors or the Purchasers (as the case may be) without interest or share of revenue or other benefit arising therefrom by means of a crossed cheque BY ORDINARY POST or in such other manner as they may have agreed with CDP for the payment of any cash distributions (where acceptance is through CDP) or by crediting their accounts with the relevant Participating Banks (where acceptance is by way of Electronic Application), and at the Entitled Depositors' or the Purchasers' (as the case may be) own risk within 14 days after the Closing Date.

**ACCEPTANCES ACCOMPANIED BY ANY OTHER FORM OF PAYMENT (INCLUDING THE USE OF A POSTAL ORDER OR MONEY ORDER ISSUED BY A POST OFFICE IN SINGAPORE) WILL NOT BE ACCEPTED.**

## ADDITIONAL TERMS AND CONDITIONS FOR ELECTRONIC APPLICATION THROUGH AN ATM OF A PARTICIPATING BANK

The procedures for Electronic Applications at ATMs of the Participating Banks are set out on the ATM screens of the relevant Participating Banks. Please read carefully the terms and conditions of this Circular, the procedures and the terms and conditions for Electronic Applications set out below before making an Electronic Application. An ATM card issued by one Participating Bank cannot be used to accept Rights Units at an ATM belonging to other Participating Banks. Any Electronic Application which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Application is made will be rejected.

Any reference to the "Applicant" in the terms and conditions for Electronic Applications and the procedures shall mean an Entitled Depositor or a Purchaser who accepts the Rights Units through an ATM of the Participating Banks. An Applicant must have an existing bank account with and be an ATM cardholder of one of the Participating Banks before he can make an Electronic Application at the ATM of that Participating Bank. The actions that the Applicant must take at ATMs of the Participating Banks are set out on the ATM screens of the relevant Participating Banks. Upon the completion of his Electronic Application transaction, the Applicant will receive an ATM transaction slip, confirming the details of his Electronic Application. The ATM Transaction slip is for retention by the Applicant.

An Applicant, including one who has a joint bank account with a Participating Bank, must ensure that he enters his own Securities Account number when using the ATM Card issued to him in his own name. Using his own Securities Account number with an ATM Card which is not issued to him in his own name will render his acceptance liable to be rejected.

The Electronic Application shall be made on, and subject to, the terms and conditions of the Circular including, but not limited to, the terms and conditions appearing below:

- (1) In connection with his Electronic Application for the provisional allotment of Rights Units, the Applicant is required to confirm statements to the following effects in the course of activating the ATM for his Electronic Application:
  - (a) **that he has received a copy of the Circular and has read, understood and agreed to all the terms and conditions of acceptance for the provisional allotment of Rights Units under the Rights Issue and the Circular prior to effecting the Electronic Application and agrees to be bound by the same; and**
  - (b) **that he consents to the disclosure of his Relevant Particulars from his account with that Participating Bank to the Relevant Parties.**

His application will not be successfully completed and cannot be recorded as a complete transaction in the ATM unless he presses the "Enter" or "OK" or "Confirm" or "Yes" key. By doing so, the Applicant shall be treated as signifying his confirmation of each of the two statements above. In respect of statement 1(b) above, his confirmation, by pressing the "Enter" or "OK" or "Confirm" or "Yes" key, shall signify and shall be treated as his written permission, given in accordance with the relevant laws of Singapore including Section 47(2) and the Third Schedule of the Banking Act, Chapter 19 of Singapore, to the disclosure by that Participating Bank of the Relevant Particulars to the Relevant Parties.

- (2) An Applicant may make an Electronic Application at an ATM of any Participating Bank for the Rights Units using cash only by authorising such Participating Bank to deduct the full amount payable from his account with such Participating Bank.



- (3) The Applicant irrevocably agrees and undertakes to subscribe for and accept the lesser of the number of provisional allotment of Rights Units as stated on the ATM Transaction slip or the number of Rights Units standing to the credit of the "Free Balance" of his Securities Account as at the Closing Date.
- (4) If the Applicant's Electronic Application is successful, his confirmation (by his action of pressing the "Enter" or "OK" or "Confirm" or "Yes" key on the ATM) of the number of Rights Units accepted and/or Excess Rights Units applied shall signify and shall be treated as his acceptance of the number of Rights Units that may be allotted to him and/or application for Excess Rights Units.
- (5) In the event that CDP receives instructions to accept the Rights Units and (if applicable) instructions to apply for Excess Rights Units together with payment therefor both by way of this ARE, whether directly to CDP and/or through an ATM of a Participating Bank, CDP shall be authorised and entitled to accept the instructions of the Applicant in whichever mode or a combination thereof as it may, in its absolute discretion, deem fit. In determining the number of Rights Units which the Applicant has validly given instructions to accept, the Applicant shall be deemed to have irrevocably given instructions to accept such number of Rights Units not exceeding the number of provisionally allotted Rights Units standing to the credit of the "Free Balance" of the Applicant's Securities Account which is available for acceptance as at the last date of acceptance and payment. If applicable, in determining the number of Excess Rights Units which the Applicant have validly given instructions to apply for, the Applicant shall be deemed to have irrevocably given instructions to apply for and agreed to accept such number of Excess Rights Units not exceeding the aggregate number of Excess Rights Units for which the Applicant has applied by way of this ARE, whether directly to CDP and/or through an ATM of a Participating Bank. CDP, in determining the number of Rights Units and (if applicable) the number of Excess Rights Units in which the Applicant has given valid instructions for acceptance of or application for, as the case may be, shall be authorised and entitled to have regard to the aggregate amount of payment received for the acceptance of or the application for, as the case may be, Rights Units whether by way of Cashier's Order or Banker's Draft accounting this ARE or by way of application through an ATM of a Participating Bank, which the Applicant has authorised or deemed to have authorised to be applied towards the payment in respect of the Applicant's acceptance and/or application.
- (6) The Applicant irrevocably requests and authorises the Manager to:
  - (a) register, or to procure the registration of the Rights Units allotted to the Applicant in the name of CDP for deposit into his Securities Account;
  - (b) return (without interest or any share of revenue or other benefit arising therefrom) the acceptance monies (and the application monies, where applicable), should his Electronic Application in respect of the Rights Units accepted not be accepted by the Manager for any reason, by automatically crediting the Applicant's bank account with his Participating Bank with the relevant amount within 14 days after the Closing Date; and
  - (c) return (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies, should his Electronic Application for Excess Rights Units be accepted in part only, by automatically crediting the Applicant's bank account with his Participating Bank with the relevant amount within fourteen (14) days after the Closing Date.
- (7) **BY MAKING AN ELECTRONIC APPLICATION, THE APPLICANT CONFIRMS THAT HE IS NOT ACCEPTING THE PROVISIONAL ALLOTMENT OF RIGHTS UNITS AS NOMINEE OF ANY OTHER PERSON.**

- (8) The Applicant irrevocably agrees and acknowledges that his Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires, acts of God, mistakes, losses and theft (in each case whether or not within the control of CDP, the Participating Banks, and/or the Manager) and any events whatsoever beyond the control of CDP, the Participating Banks, and the Manager and if, in any such event, CDP and/or the Participating Banks and/or the Manager do not record or receive the Applicant's Electronic Application by 9.30 p.m. on the Closing Date, or such data or the tape containing such data is lost, corrupted, destroyed or not otherwise accessible, whether wholly or partially for whatever reason, the Applicant shall be deemed not to have made an Electronic Application and the Applicant shall have no claim whatsoever against CDP, the Participating Banks, the Manager for any purported acceptance or application thereof, or for any compensation, loss or damage in connection therewith or in relation thereto.
- (9) Electronic Applications may only be made at the ATMs of the Participating Banks from Mondays to Saturdays (excluding public holidays) between **7.00 a.m. to 9.30 p.m.**
- (10) Electronic Applications shall close at **9.30 p.m. on 25 April 2008** or such other time as the Manager may, in its absolute discretion, deem fit in the interests of K-REIT Asia.
- (11) All particulars of the Applicant in the records of his Participating Bank at the time he makes his Electronic Application shall be deemed to be true and correct and the relevant Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in the particulars of the Applicant after the time of the making of his Electronic Application, the Applicant shall promptly notify his Participating Bank.
- (12) The Applicant must have sufficient funds in his bank account(s) with his Participating Bank at the time he makes his Electronic Application, failing which his Electronic Application will not be completed. Any Electronic Application made at the ATMs of Participating Banks which does not strictly conform to the instructions set out on the ATM screens of such Participating Banks will be rejected.
- (13) Where an Electronic Application is not accepted, it is expected that the full amount of the acceptance monies will be refunded in Singapore dollars (without interest or any share of revenue or other benefit arising therefrom) to the Applicant by being automatically credited to the Applicant's account with the relevant Participating Bank within 14 days after the Closing Date. An Electronic Application may also be accepted in part, in which case the balance amount of acceptance (and the application monies, where applicable) monies will be refunded on the same terms.
- (14) In consideration of the Manager arranging for the Electronic Application facility through the ATMs of the Participating Banks and agreeing to close the Rights Issue at **9.30 p.m. on 25 April 2008** or such later time or date as the Manager may, in its absolute discretion, decide, and by making and completing an Electronic Application, the Applicant agrees that:
- (a) his Electronic Application is irrevocable;
  - (b) his Electronic Application, the acceptance by the Manager and the contract resulting therefrom shall be governed by and construed in accordance with the laws of Singapore and he irrevocably submits to the non-exclusive jurisdiction of the Singapore courts;
  - (c) none of the Manager nor the Participating Banks shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to his Electronic Application to the Manager or CDP due to a breakdown or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 8 above or to any cause beyond their respective control;
  - (d) he will not be entitled to exercise any remedy of rescission or misrepresentation at any time after acceptance of the provisional allotment of Rights Units;

- (e) in respect of the provisional allotment of Rights Units for which his Electronic Application has been successfully completed and not rejected, acceptance of the Applicant's Electronic Application shall be constituted by written notification by or on behalf of the Manager and not otherwise, notwithstanding any payment received by or on behalf of the Manager; and
  - (f) unless expressly provided to the contrary in this Circular or the Electronic Application, a person who is not party to any contracts made pursuant to this Circular or the Electronic Application has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce any term of such contracts. Notwithstanding any term contained in this Circular or the Electronic Application, the consent of any third party is not required for any subsequent agreement by the parties thereto to amend or vary (including any release or compromise of any liability) or terminate such contracts. Where third parties are conferred rights under such contracts, those rights are not assignable or transferable.
- (15) The Applicant should ensure that his personal particulars as recorded by both CDP and the relevant Participating Banks are correct and identical, otherwise, his Electronic Application may be liable to be rejected. The Applicant should promptly inform CDP of any change in his address, failing which the notification letter on successful allotment and other correspondences will be sent to his address last registered with CDP.
- (16) The existence of a trust will not be recognised. Any Electronic Application by an Applicant must be made in his own name and without qualification. The Manager will reject any application by any person acting as nominee.
- (17) In the event that the Applicant accepts the provisional allotment of Rights Units, by way of the ARE, the ARS or by way of Electronic Application through ATMs of Participating Banks, the provisional allotment of Rights Units will be allotted in such manner as the Manager or CDP may, in their absolute discretion, deem fit and the surplus acceptance and (if applicable) application monies, as the case may be, will be refunded, without interest or any share of revenue or other benefit arising therefrom, within 14 days after the Closing Date by any one or a combination of the following:
- (a) by means of a crossed cheque sent BY ORDINARY POST at his own risk or in such other manner as he may have agreed with CDP for the payment of any cash distributions if he accepts and (if applicable) applies through CDP; and
  - (b) crediting the Applicant's bank account with the Participating Bank at his own risk if he accepts through an ATM.
- (18) The Applicant hereby acknowledges that, in determining the total number of provisional allotment of Rights Units which he can validly accept, the Manager and CDP are entitled and the Applicant hereby authorises the Manager and CDP to take into consideration:
- (a) the total number of provisional allotment of Rights Units which the Applicant has validly accepted, whether under the ARE, the ARS or any other form of application (including Electronic Application through an ATM) for the Rights Units;
  - (b) the total number of provisional allotment of Rights Units standing to the credit of the "Free Balance" of the Eligible Unitholder's Securities Account which is available for acceptance; and
  - (c) the total number of provisional allotment of Rights Units which has been disposed of by the Eligible Unitholder.

The Applicant hereby acknowledges that CDP's and the Manager's determination shall be conclusive and binding on him.

- (19) The Applicant irrevocably requests and authorises CDP to accept instructions from the Participating Bank through whom the Electronic Application is made in respect of the provisional allotment of Rights Units accepted by the Applicant.
- (20) With regard to any application which does not conform strictly to the instructions set out under this Circular, the ARE, the ARS and/or any other application form for the Rights Units in relation to the Rights Issue, or where the "Free Balance" of the Applicant's Securities Account is not credit with less than the relevant number of Rights Units subscribed as at the last time and date of acceptance, or which does not comply with the instructions for Electronic Application or with the terms and conditions of this Circular, or in the case of an application by the ARE, the ARS and/or any other application form for the Rights Units in relation to the Rights Issue which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly or insufficiently drawn remittance, the Manager may, at its absolute discretion, reject or treat as invalid any such application and payment or otherwise process all remittances at any time after receipt in such manner as it deem fit.
- (21) The Manager and CDP shall be entitled to process each application submitted for the acceptance of Rights Units, and where applicable, application of Excess Rights Units in relation to the Rights Issue and the payment received in relation thereto, pursuant to such application, by an Entitled Depositor, on its own, without regard to any other application and payment that may be submitted by the same Entitled Depositor. For avoidance of doubt, insufficient payment for an application may render the application invalid; evidence of payment (or overpayment) in other applications shall not constitute, or be construed as, an affirmation of such invalid application and (if applicable) application for Excess Rights Units.

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## PROCEDURES FOR ACCEPTANCE, SPLITTING, EXCESS APPLICATION AND PAYMENT BY ENTITLED SCRIPHOLDERS

Entitled Scripholders are entitled to receive this Circular with the following documents which are enclosed with, and are deemed to constitute a part of, this Circular:

A PAL incorporating:

- (i) Form of Acceptance, Form A;
- (ii) Request for Splitting, Form B;
- (iii) Form of Renunciation, Form C;
- (iv) Form of Nomination, Form D; and
- (v) Excess Rights Units Application Form, Form E.

The provisional allotment of the Rights Units and application for Excess Rights Units is governed by the terms and conditions of this Circular and PAL and (if applicable) the Trust Deed. The number of Rights Units provisionally allotted to Entitled Scripholders is indicated in the PAL (fractional entitlements, if any, to be disregarded). Entitled Scripholders may accept their provisional allotments of Rights Units, in full or in part, and are eligible to apply for Rights Units in excess of their entitlements under the Rights Issue.

Full instructions for the acceptance of and payment for the Rights Units provisionally allotted to Entitled Scripholders and the procedures to be adopted should they wish to renounce, transfer or split their provisional allotments are set out in the PAL.

With regard to any application which does not conform strictly to the instructions set out under the Circular, the ARE, the ARS or the PAL and/or any other application form for the Right Units in relation to the Rights Issue or with the terms and conditions of the Circular, or in the case of an application by the ARE, the ARS or the PAL and/or any other application form for the Rights Units in relation to the Rights Issue which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly or insufficiently drawn remittance, the Manager may, at its absolute discretion, reject or treat as invalid any such application and present for payment or other processes all remittances at any time after receipt in such manner as it may deem fit.

The Manager and the Unit Registrar shall be entitled to process each application submitted for the acceptance of Rights Units, and where applicable, application of Excess Rights Units in relation to the Rights Issue and the payment received in relation thereto, pursuant to such application, by an Entitled Scripholder, on its own, without regard to any other application and payment that may be submitted by the same Entitled Scripholder. For the avoidance of doubt, insufficient payment for an application may render the application invalid; and evidence of payment (or overpayment) in other applications shall not constitute, or be construed as, an affirmation of such invalid application and (if applicable) application for Excess Rights Units.

**Entitled Scripholders should note that all dealings in and transactions of the provisional allotments of Rights Units through the SGX-ST will be effected under the book-entry (scripless) settlement system. Accordingly, the PALs will not be valid for delivery pursuant to trades done on the SGX-ST.**

Unless expressly provided to the contrary in this Circular and/or the PAL, a person who is not a party to this Circular and/or the PAL has no right under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce any term of such contracts. Notwithstanding any term contained herein,

the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts. Where third parties are conferred rights under such contracts, those rights are not assignable or transferable.

#### **FORM OF ACCEPTANCE (FORM A)**

If an Entitled Scripholder wishes to accept his entire provisional allotment of Rights Units or to accept any part of it and decline the balance, the Entitled Scripholder should:

- (a) complete the Form of Acceptance (Form A) for the number of Rights Units which he wishes to accept; and
- (b) forward the PAL in its entirety together with the remittance for the payment in the prescribed manner to **K-REIT ASIA MANAGEMENT LIMITED C/O THE UNIT REGISTRAR, BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD., 3 CHURCH STREET, #08-01 SAMSUNG HUB, SINGAPORE 049483** so as to arrive not later than **4.45 P.M. on 25 APRIL 2008**.

#### **Appropriation**

An Entitled Scripholder should note that by accepting his provisional allotment of Rights Units, he acknowledges that, the Manager and the Unit Registrar, in determining the number of Rights Units which the Entitled Scripholder has given instructions to accept, shall be authorised and entitled to have regard to the aggregate amount of payment received for the acceptance of Rights Units.

#### **REQUEST FOR SPLITTING (FORM B) AND RENUNCIATION (FORM C)**

Entitled Scripholders who wish to accept a portion of their provisional allotments of Rights Units and renounce the balance of their provisional allotments of Rights Units, or who wish to renounce all or part of their provisional allotments of Rights Units in favour of more than one person, should first, using the Request for Splitting (Form B), request to have their provisional allotments of Rights Units under the PAL split into separate PALs ("**Split Letters**") according to their requirements. The duly completed Form B together with the PAL in its entirety should then be returned to **K-REIT ASIA MANAGEMENT LIMITED C/O THE UNIT REGISTRAR, BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD., 3 CHURCH STREET, #08-01 SAMSUNG HUB, SINGAPORE 049483** so as to arrive not later than **4.45 p.m. on 21 APRIL 2008**. Split Letters will then be issued to Entitled Scripholders in accordance with their request. No Split Letters will be issued to Entitled Scripholders if Form B is received after **4.45 p.m. on 21 April 2008**.

The Split Letters representing the number of Rights Units which Entitled Scripholders intend to renounce may be renounced by completing the Form for Renunciation (Form C) before delivery to the renounee. Entitled Scripholders should complete Form A of the Split Letter(s) representing that part of their provisional allotments of Rights Units they intend to accept, if any. The said Split Letter(s) together with the remittance for the payment in the prescribed manner should be forwarded to the Unit Registrar so as to arrive not later than **4.45 p.m. on 21 April 2008**.

Entitled Scripholders who wish to renounce their entire provisional allotments of Rights Units in favour of one person, or renounce any part of it in favour of one person and decline the balance, should complete Form C for the number of provisional allotments of Rights Units which they wish to renounce and deliver the PAL in its entirety to the renounees.

## **PAYMENT**

Payment in relation to the PALs must be made in Singapore currency in the form of a Cashier's Order or Banker's Draft drawn on a bank in Singapore and made payable to "**K-REIT ASIA RIGHTS ISSUE ACCOUNT**" and crossed "**NOT NEGOTIABLE, A/C PAYEE ONLY**" with the name and address of the Entitled Scripholder or acceptor clearly written in block letters on the reverse side of the remittance. The completed PAL and remittance should be addressed and forwarded, at the sender's own risk, to **K-REIT ASIA MANAGEMENT LIMITED C/O THE UNIT REGISTRAR, BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD., 3 CHURCH STREET, #08-01 SAMSUNG HUB, SINGAPORE 049483** so as to arrive not later than **4.45 p.m. on 25 April 2008**.

### **NO OTHER FORM OF PAYMENT (INCLUDING THE USE OF POSTAL ORDER OR MONEY ORDER ISSUED BY A POST OFFICE IN SINGAPORE) WILL BE ACCEPTED.**

If acceptance and payment in the prescribed manner as set out in the PAL is not received by **4.45 p.m. on 25 April 2008**, the provisional allotments of Rights Units will be deemed to have been declined and such provisional allotments not so accepted will be used to satisfy excess applications, if any, or disposed of or dealt with in such manner as the Manager may, in their absolute discretion, deem fit in the interests of K-REIT Asia. The Manager will return all unsuccessful application monies received in connection therewith BY ORDINARY POST and at the risk of Entitled Scripholders or their renounee(s), as the case may be, without interest or any share of revenue or benefit arising therefrom, within 14 days after the Closing Date.

### **APPLICATION FOR EXCESS RIGHTS UNITS (FORM E)**

Entitled Scripholders who wish to apply for Excess Rights Units in addition to those which have been provisionally allotted to them may do so by completing the Excess Rights Units Application Form (Form E) and forwarding it with a **SEPARATE REMITTANCE** for the full amount payable in respect of the Excess Rights Units applied for in the form and manner set out in the paragraph entitled "**Payment**" above, at their own risk, to **K-REIT ASIA MANAGEMENT LIMITED C/O THE UNIT REGISTRAR, BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD., 3 CHURCH STREET, #08-01 SAMSUNG HUB, SINGAPORE 049483** so as to arrive not later than **4.45 p.m. on 25 APRIL 2008**. **NO OTHER FORM OF PAYMENT (INCLUDING THE USE OF POSTAL ORDER OR MONEY ORDER ISSUED BY A POST OFFICE IN SINGAPORE) WILL BE ACCEPTED.**

The Excess Rights Units available for application are subject to the terms and conditions contained in the PAL, Form E and this Circular. Applications for Excess Rights Units will, at the Manager's absolute discretion, be satisfied from such Rights Units as are not validly taken up by Eligible Unitholders, the original allottee(s) or their respective renounee(s) or the Purchaser(s), together with the aggregated fractional entitlements to the Rights Units, the unsold "nil-paid" provisional allotment of Rights Units (if any) of Ineligible Unitholders and any Rights Units that are otherwise not allotted for whatever reason in accordance with the terms and conditions contained in the PAL, Form E and this Circular. In the event that applications are received by the Manager for more Excess Rights Units than are available, the Excess Rights Units available will be allotted in such manner as the Manager may, in its absolute discretion, deem fit in the interests of K-REIT Asia. In the allotment of Excess Rights Units, preference will be given to Unitholders for the rounding of odd lots, and Substantial Unitholders and Directors will rank last in priority. The Manager reserves the right to refuse, in whole or in part, any application for Excess Rights Units without assigning any reason whatsoever.

If no Excess Rights Units are allotted to Entitled Scripholders or if the number of Excess Rights Units allotted to them is less than that applied for, the amount paid on application or the surplus application monies, as the case may be, will be refunded to them by the Manager without interest or any share of revenue or other benefit arising therefrom within 14 days of the Closing Date, BY ORDINARY POST at their own risk.



## GENERAL

No acknowledgements or receipts will be issued in respect of any acceptances, remittances or applications.

**Entitled Scripholders who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.**

Upon listing and quotation on the Official List of the SGX-ST, the Rights Units, when issued, will be traded under the book-entry (scripless) settlement system. 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 CDP's "Terms and Conditions for Operation of Securities Accounts with The Central Depository (Pte) Limited", as the same may be amended from time to time. Copies of the above are available from CDP.

**Entitled Scripholders and their renounees who wish to accept the Rights Units provisionally allotted to them and (if applicable) apply for Excess Rights Units, and who wish to trade the Rights Units issued to them on the SGX-ST under the book-entry (scripless) settlement system, should open and maintain Securities Accounts with CDP in their own names if they do not already maintain such Securities Accounts in order that the number of Rights Units and, if applicable, the Excess Rights Units that may be allotted to them can be credited by CDP into their Securities Accounts. Entitled Scripholders and their renounees who wish to accept and/or apply for the Excess Rights Units and have their Rights Units credited into their Securities Accounts must fill in their Securities Account numbers and/or National Registration Identity Card ("NRIC")/passport numbers (for individuals) or registration numbers (for corporations) in the relevant forms comprised in the PAL. Entitled Scripholders and their renounees who fail to fill in their Securities Account numbers and/or NRIC/passport numbers (for individuals) or registration numbers (for corporations) or who provide incorrect or invalid Securities Account numbers and/or NRIC/passport numbers (for individuals) or registration numbers (for corporations) or whose particulars provided in the forms comprised in the PAL differ from those particulars in their Securities Accounts currently maintained with CDP will be issued documentary evidence evidencing title to the Rights Units allotted to them and if applicable, the Excess Rights Units allotted to them. Such documentary evidence, if issued, will not be valid for delivery pursuant to trades done on the SGX-ST under the book-entry (scripless) settlement system, although they will continue to be *prima facie* evidence of legal title.**

If the address of Entitled Scripholders stated in the PAL are different from their addresses registered with CDP, they must inform CDP of their updated addresses promptly, failing which the notification letter, on successful allotments will be sent to their addresses last registered with CDP.

An Entitled Scripholder who does not maintain a Securities Account with CDP or whose Units are not deposited with CDP but wishes to trade on the SGX-ST, must open a securities account in his own name with CDP and deposit the documentary evidence evidencing his title to the Units with CDP so as to have his Securities Account credited with the relevant number of Units, before he can effect the desired trade.

**THE FINAL TIME AND DATE FOR ACCEPTANCES AND/OR APPLICATIONS AND PAYMENT FOR THE RIGHTS UNITS IS 4.45 P.M. ON 25 APRIL 2008.**

**LIST OF PARTICIPATING BANKS**

- DBS Bank Ltd (including POSB)
- Oversea-Chinese Banking Corporation Limited
- United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited

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