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

Artist impression of the Marina Bay Financial Centre

CIRCULAR DATED 8 NOVEMBER 2010

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

CIRCULAR TO UNITHOLDERS IN RELATION TO:

THE PROPOSED ACQUISITION OF A ONE-THIRD INTEREST IN MARINA BAY FINANCIAL CENTRE TOWERS 1 & 2 AND MARINA BAY LINK MALL AND THE PROPOSED DIVESTMENT OF KEPPEL TOWERS AND GE TOWER

IMPORTANT DATES & TIMES FOR UNITHOLDERS

Event	Date	Time
Last date and time for lodgement of Proxy Forms	6 December 2010	2.30 pm
Date and time of EGM	8 December 2010	2.30 pm
Place of EGM	Four Seasons Hotel Four Seasons Ballroom (2nd Floor) 190 Orchard Boulevard Singapore 248646	

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

Managed by

K-REIT Asia Management Limited

Independent Financial Advisor to the
Independent Directors and Audit Committee
of K-REIT Asia Management Limited

PricewaterhouseCoopers Corporate Finance Pte Ltd

Artist impression of the promenade and drop-off point at the Marina Bay Financial Centre

The overview section is qualified in its entirety by, and should be read in conjunction with the full text of this Circular.

Meanings of the capitalised terms may be found in the Glossary of this Circular.

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

Unitholders should note that the proposed Acquisition and Divestment is dependent on the satisfaction of certain conditions precedent, including the approval of the shareholders of Keppel Land Limited for the sale of the one-third interest in the MBFC Property and the purchase of KTGE.

Actual views may differ from the artist impressions contained herein.

THE ACQUISITION AND DIVESTMENT

K-REIT is proposing to acquire a one-third interest in Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall (the "**MBFC Acquisition**") and divest Keppel Towers and GE Tower (the "**KTGE Divestment**"), (together, the "**Transactions**"). The Transactions will renew, optimise and enhance K-REIT's property portfolio. The DPU accretive Transactions are in line with K-REIT's objective of delivering stable and sustainable returns to Unitholders.

The total cost of the MBFC Acquisition (the "**Total Acquisition Cost**") is estimated to be approximately S$1,446.6 million[1], comprising the MBFC Purchase Consideration, the estimated fees and expenses (including the acquisition fee payable to the Manager, professional fees and other fees, stamp duty and expenses) relating to the MBFC Acquisition.

The net proceeds from the KTGE Divestment is approximately S$569.9 million (the "**Net Sale Proceeds**"), comprising the sale proceeds less the estimated fees and expenses (excluding the divestment fee payable to the Manager) relating to the KTGE Divestment.

METHOD OF FINANCING

The Manager intends to part finance the MBFC Acquisition with the Net Sale Proceeds. The balance of the MBFC Purchase Consideration will be financed in part from the Rights Issue Proceeds and borrowings amounting to approximately S$820.9 million. With the sale proceeds from the KTGE Divestment, no equity fund raising exercise will be required for the MBFC Acquisition.

[1] The actual amount of the MBFC Purchase Consideration is subject to adjustments to reflect the actual Share Consideration and Loan Consideration on completion.

Artist impression of the Marina Bay Financial Centre

BENEFITS TO UNITHOLDERS

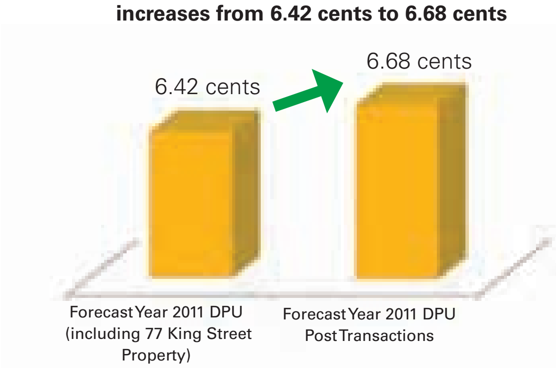
1. Portfolio optimisation – Consistent with investment and growth strategy

The Transactions will renew, optimise and enhance K-REIT's property portfolio. K-REIT will benefit from a stronger tenancy base and resilient cash flows as a result of the enhanced portfolio quality and market competitiveness. This is in line with K-REIT's objective of delivering stable and sustainable returns to Unitholders by investing in a quality portfolio of income-producing commercial real estate pan-Asia.

2. Enhance portfolio distribution to Unitholders

The Transactions will be accretive to distribution per unit (**"DPU"**) without the need for an equity fund raising. Unitholders will enjoy a 4.0% higher DPU of 6.68 cents upon the completion of the Transactions for the Forecast Year 2011.

Forecast Year 2011 DPU increases from 6.42 cents to 6.68 cents

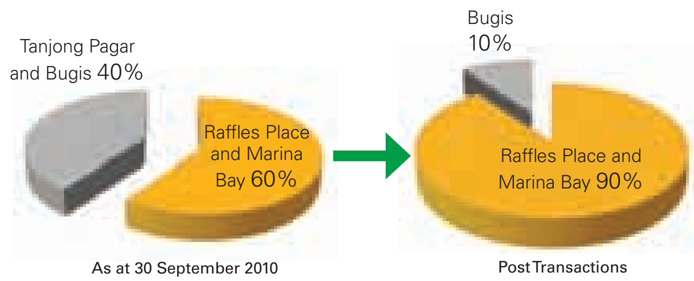


3. Enhance portfolio quality and build a strong branding in Raffles Place and Marina Bay area

The Transactions will allow K-REIT to acquire one of Singapore's most prestigious office assets in the prime Marina Bay area and divest an office asset that has reached its optimal stage.

The MBFC Property, together with the One Raffles Quay Interest and the Prudential Tower Property, will provide K-REIT with a strong branding as a key landlord in the Marina Bay and Raffles Place areas. After the Transactions, the proportion of K-REIT's portfolio of properties in Singapore (based on assets under management) in the Raffles Place and Marina Bay areas will increase from 60%[1] to 90%.

Proportion of Singapore assets under management located within Raffles Place and Marina Bay increases to 90% from 60%



Artist impression of the Marina Bay Financial Centre at night

4. Realise value of KTGE which has reached optimal stage as an office asset

Keppel Towers and GE Tower (**"KTGE"**) are 19 years and 17 years old respectively, and will increasingly incur higher property maintenance and other expenses in order to maintain its appeal and compete alongside newer office buildings to attract tenants.

The Manager believes that KTGE have potential for redevelopment into a residential project even as they continue to generate stable cash flows in view of the fact that the Tanjong Pagar area is gradually evolving into a popular residential choice for city-living.

However, as residential development is not part of K-REIT's investment strategy, K-REIT will not embark, whether solely or on a joint-venture basis, on the redevelopment of KTGE into a residential project.

5. Divestment gain and sale proceeds from the KTGE Divestment to partly fund the MBFC Acquisition

K-REIT is expected to recognise an estimated gain on the KTGE Divestment of approximately S$26.3 million based on the open market value of S$540.7 million as at 31 December 2009.

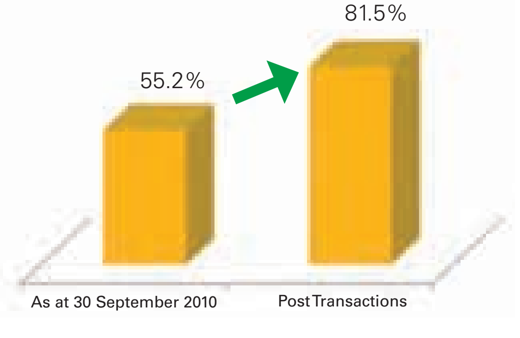
The Net Sale Proceeds will be used to partly fund the MBFC Acquisition. With the sale proceeds from the KTGE Divestment, the Manager would not need to embark on an equity fund raising exercise for the MBFC Acquisition.

6. Manage K-REIT's aggregate leverage and reduce asset encumbrances

The aggregate leverage of K-REIT after completion of the Transactions is approximately 39.1%[2]. The Manager believes that this aggregate leverage level is appropriate under the current market conditions in view that capital values are expected to improve in the Singapore office sector.

The proportion of unencumbered assets within K-REIT's portfolio will improve from 55.2%[1] to 81.5% post Transactions. This will allow K-REIT to have the option of securing additional funding from banks or the capital markets should the need arise.

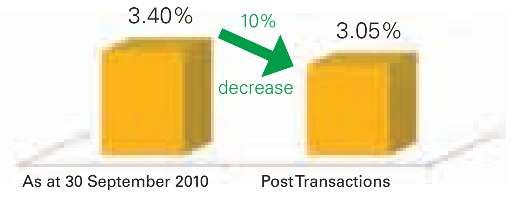
Unencumbered portfolio increases to 81.5% from 55.2%



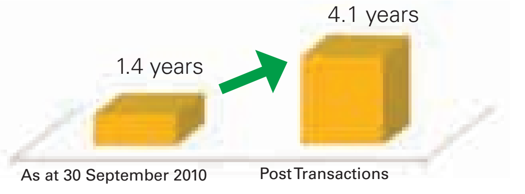
7. Improve K-REIT's debt maturity profile and reduce portfolio average borrowing cost

The proposed transactions provide the Manager with the opportunity to restructure K-REIT's existing borrowings to improve the debt expiry profile. The portfolio's average borrowing cost will be reduced to approximately 3.05% from 3.40%[1]. K-REIT's debt maturity profile will be staggered and the weighted average debt maturity will be extended to approximately 4.1 years from 1.4 years[1].

All-in borrowing costs decrease to 3.05% from 3.40%



Weighted average debt maturity increases to 4.1 years from 1.4 years

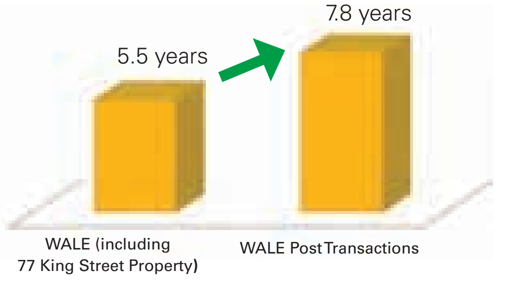


8. Improve in K-REIT's portfolio WALE and lease expiry profile

With the Transactions, K-REIT's portfolio weighted average lease expiry (**"WALE"**) will increase from 5.5 years[1] to a forecasted 7.8 years. The WALE of the top ten tenants by NLA will increase from 7.1 years[1] to 9.1 years.

With majority of the office space in the MBFC Property committed for 10 years or more, Unitholders will enjoy stability in income from the MBFC Property and also a potential increase in income during the rent reviews of the MBFC Property leases.

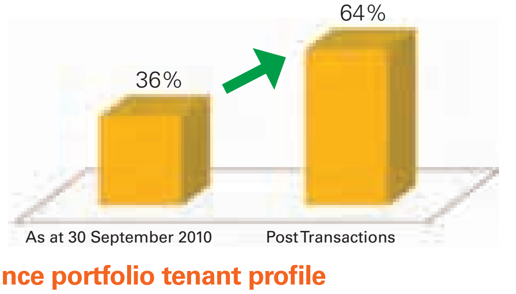
Portfolio WALE to increase to 7.8 years from 5.5 years



9. Increase in percentage of committed long-term leases

The percentage of net lettable area (**"NLA"**) committed under long-term leases of five years or more will increase significantly from 36%[1] to 64%. This will enhance K-REIT's cash flow resilience.

Proportion of long-term leases increases to 64% from 36%



10. Enhance portfolio tenant profile

K-REIT's stable of quality tenants will be enhanced with tenants such as Barclays, BHP Billiton, Macquarie, Nomura, Standard Chartered Bank and Wellington International Management Company.

[1] *As at 30 September 2010.*

[2] *Based on K-REIT's Deposited Property value as reflected in its unaudited financial statements as at 30 September 2010, adjusted for the acquisition of the 77 King Street Property as announced on 19 July 2010, the KTGE Divestment and the MBFC Acquisition.*

MARINA BAY FINANCIAL CENTRE

Designed by Kohn Pedersen Fox Associates, one of the world-renowned architecture firms, Marina Bay Financial Centre is a landmark integrated development centrally located on prime waterfront space in Singapore's new financial district. It enjoys close proximity to the Marina Bay Sands integrated resort, Singapore Flyer, The Esplanade – Theatres on the Bay, Gardens by the Bay and other lifestyle and entertainment amenities.

When completed over two phases, Marina Bay Financial Centre will comprise three office towers, namely Marina Bay Financial Centre Towers 1, 2 and 3, two residential towers, namely Marina Bay Residences and Marina Bay Suites, and a subterranean retail mall, Marina Bay Link Mall, which links the new Downtown Mass Rapid Transit (**"MRT"**) station, the Raffles Place MRT station and Marina Bay Sands integrated resort via an underground pedestrian network.

Marina Bay Financial Centre Tower 1 is a 33-storey Grade A office building comprising approximately 57,671 square metres (**"sqm"**) of NLA, and is committed to international banking and financial institutions such as Standard Chartered Bank and Wellington International Management Company. Marina Bay Financial Centre Tower 2 is a 50-storey Grade A office building comprising approximately 95,867 sqm of NLA, and is committed to multi-national companies and financial institutions such as Barclays, BHP Billiton, Macquarie and Nomura.

Marina Bay Link Mall, which comprises approximately 8,776 sqm of NLA, will host a diverse mix of lifestyle brands, food and beverage outlets and convenience services for those who work and live at Marina Bay and is targeted to commence business operations at the end of 2010.

KEPPEL TOWERS AND GE TOWER

Keppel Towers and GE Tower are a pair of 27- and 13-storey office buildings respectively. Located along Hoe Chiang Road and Tanjong Pagar Road respectively, KTGE are in close proximity to the Tanjong Pagar MRT station. Outline Planning Permission for the KTGE site have been granted by the competent authority allowing a high-rise residential development with commercial at the first storey with a gross plot ratio of 5.6.

PORTFOLIO OF QUALITY COMMERCIAL ASSETS POST TRANSACTIONS

1.

2.

3.

1. **One Raffles Quay, Singapore**
2. **Marina Bay Financial Centre, Singapore**
3. **Prudential Towers, Singapore**
4. **275 George Street, Brisbane, Australia**
5. **77 King Street, Sydney, Australia**
6. **Bugis Junction Towers, Singapore**

4.

5.

6.

K-REIT ASIA

Sponsored by Keppel Land Limited ("**KLL**"), one of the largest listed property companies in Singapore, K-REIT was listed on the SGX-ST on 28 April 2006 following a distribution in specie of Units to shareholders of KLL.

K-REIT's objective is to generate steady and sustainable returns for its Unitholders by owning and investing in a portfolio of quality income-producing commercial real estate and real estate-related assets.

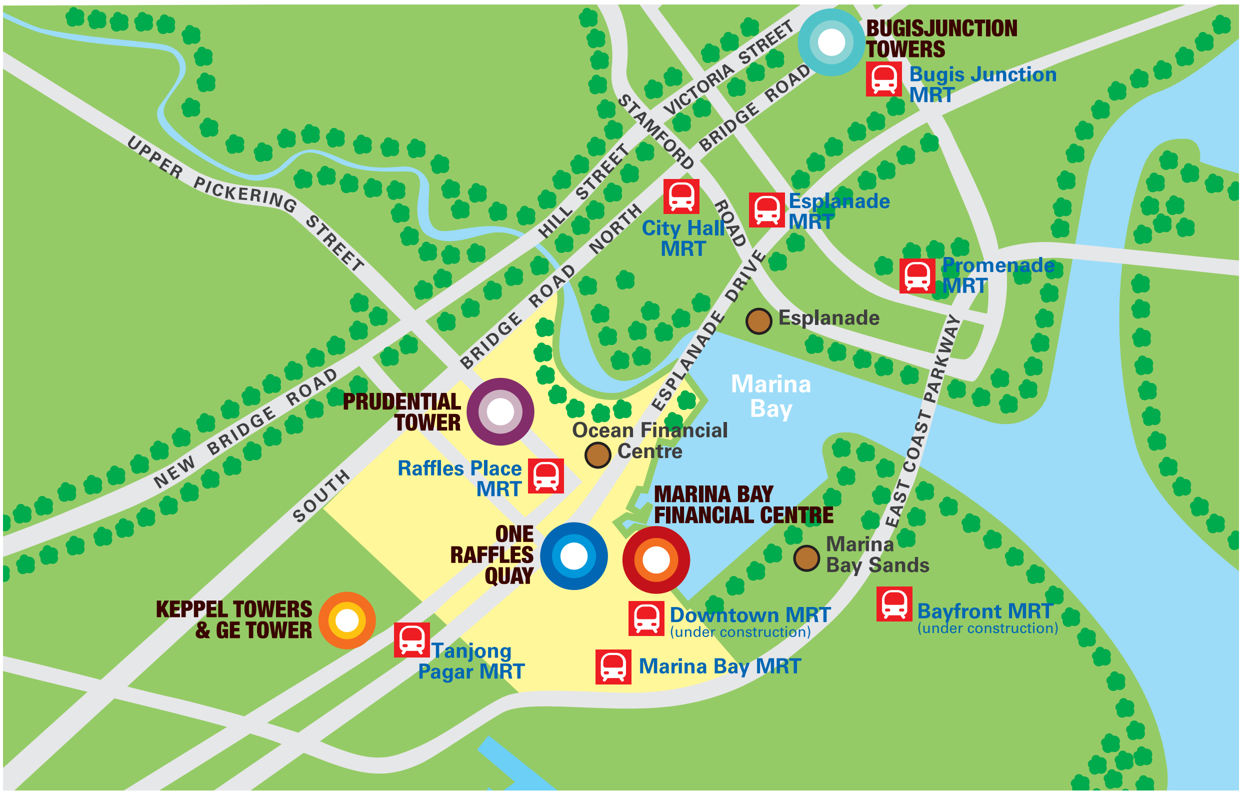
As at 29 October 2010, K-REIT has a market capitalisation of S$1.8 billion and an asset size of approximately S$2.3 billion.

K-REIT's existing portfolio comprises six commercial office properties located in Singapore and Brisbane, namely Bugis Junction Towers, Keppel Towers and GE Tower, the One Raffles Quay Interest, the Prudential Tower Property, and the 275 George Street Property.

On 19 July 2010, K-REIT announced the acquisition of the 77 King Street Property located in Sydney, Australia. The acquisition of this Grade A commercial building is expected to be completed in the fourth quarter of 2010.

K-REIT is managed by K-REIT Asia Management Limited.

SINGAPORE PROPERTIES STRATEGICALLY LOCATED WITHIN THE CBD



Map not drawn to scale.

PORTFOLIO SUMMARY

	Bugis Junction Towers	One Raffles Quay Interest	Prudential Tower Property	275 George Street Property	77 King Street Property	MBFC Property	Portfolio Post Transaction	Keppel Towers and GE Tower
Ownership	100%	33.3%	73.4%	50.0%	100%	33.3%	N.A.	100%
Attributable Net Lettable Area (sqm)	22,878	41,353	16,320	20,874	13,727	54,105	169,257	39,959
Number of Tenants	10	31	26	8	15	66	154[8]	66
Car Park Lots	648[2]	713	181[2]	244	12	684[6]	2,482	288
Tenure	99 years expiring 9 Sep 2089	99 years expiring 12 Jun 2100	99 years expiring 14 Jan 2095	Freehold	Freehold	99 years expiring 10 Oct 2104	N.A.	Freehold
Valuation (S$ million)	297.0[3]	934.9[3]	325.1[3]	221.0[4]	160.0[5]	1,426.8[7]	3,364.8	540.7[3]
Committed Occupancy[1]	99.5%	100%	96.6%	99.6%	76.8%	96.4%	96.5%	99.1%

Footnote:

1 As at 30 September 2010.
2 Car park lots owned and managed by the respective management corporations.
3 Valuation as at 31 December 2009 based on K-REIT Asia's interest in the respective property.
4 Valuation as at 1 March 2010 and based on exchange rate of A$1 : S$1.33.
5 Valuation as at 16 July 2010 and based on exchange rate of A$1 : S$1.33.
6 Excludes 11 handicap car park lots.
7 Agreed value as at 11 October 2010.
8 Tenants located in more than one Property are accounted as one tenant when computing the total number of tenants.

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CORPORATE INFORMATION

Directors of K-REIT Asia Management Limited (the manager of K-REIT (the "Manager"))	:	Professor Tsui Kai Chong (Chairman and Independent Non-Executive Director) Mr Kevin Wong Kingcheung (Deputy Chairman and Non-Executive Director) Ms Ng Hsueh Ling (Chief Executive Officer and Executive Director) Dr Chin Wei-Li, Audrey Marie (Independent Non-Executive Director) Mrs Lee Ai Ming (Independent Non-Executive Director) Mr Tan Chin Hwee (Independent Non-Executive Director) Mr Tan Swee Yiow (Alternate Director to Mr Kevin Wong Kingcheung)
Registered Office of the Manager	:	1 HarbourFront Avenue #18-01 Keppel Bay Tower Singapore 098632
Trustee of K-REIT Asia (the "Trustee")	:	RBC Dexia Trust Services Singapore Limited 20 Cecil Street #28-01 Equity Plaza Singapore 049705
Legal Adviser for the MBFC Acquisition, the KTGE Divestment and to the Manager	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Adviser for the Trustee	:	Shook Lin & Bok LLP 1 Robinson Road #18-00 AIA Tower Singapore 048542
Unit Registrar	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
Independent Financial Adviser to the Independent Directors and Audit Committee of the Manager (the "IFA")	:	PricewaterhouseCoopers Corporate Finance Pte Ltd 8 Cross Street #17-00 PWC Building Singapore 048424
Independent Reporting Accountants	:	Ernst & Young LLP One Raffles Quay North Tower, Level 18 Singapore 048583

Independent Valuers	:	Savills (Singapore) Pte Ltd (appointed by the Manager) 2 Shenton Way #17-01 SGX Centre 1 Singapore 068804 Knight Frank Pte Ltd (appointed by the Trustee) 16 Raffles Quay #30-00 Hong Leong Building Singapore 048581

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SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the full text of this Circular. Meanings of defined terms may be found in the Glossary on pages 34 to 39 of this Circular.

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

OVERVIEW

Sponsored by Keppel Land Limited ("**KLL**"), one of the largest listed property companies in Singapore, K-REIT was listed on the SGX-ST on 28 April 2006 following a distribution in specie of units in K-REIT ("**Units**") to shareholders of KLL.

K-REIT's objective is to generate steady and sustainable returns for its Unitholders by owning and investing in a portfolio of quality income-producing commercial real estate and real estate-related assets in Singapore and pan-Asia. K-REIT is managed by K-REIT Asia Management Limited.

As at 29 October 2010, K-REIT has a market capitalisation of S$1.8 billion and an asset size of approximately S$2.3 billion.

K-REIT's portfolio comprises six commercial office properties located in Singapore and Brisbane, namely Bugis Junction Towers, Keppel Towers and GE Tower, the ORQ Interest, the Prudential Tower Property, and the 275 George Street Property (each as defined herein) (collectively, the "**Existing Properties**"). On 19 July 2010, K-REIT announced the acquisition of the 77 King Street Property (as defined herein) located in Sydney, Australia. The acquisition of the 77 King Street Property is expected to be completed in the fourth quarter of 2010.

On 11 October 2010, the Trustee entered into:

(i) a conditional share purchase agreement (the "**MBFC SPA**") with Bayfront Development Pte. Ltd. (the "**MBFC Vendor**") and Keppel Land Properties Pte Ltd ("**KLP**") as guarantor, to (a) acquire one-third of the issued share capital of BFC Development Pte. Ltd. ("**BFC**") and (b) assign to K-REIT the MBFC Vendor's rights, title and interest in the shareholder's loan which the MBFC Vendor had extended to BFC together with all accrued interest thereon (including default interest) ("**MBFC Loan**"). BFC holds Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall (the "**MBFC Property**"). BFC also holds Marina Bay Residences Pte. Ltd. ("**MBRPL**"). The acquisition of one-third of the issued share capital of BFC is structured to effectively exclude the interest in MBRPL (the "**MBFC Interest**")[1]; and

(ii) a conditional sale and purchase agreement (the "**KTGE S&P**") with Mansfield Developments Pte. Ltd. (the "**KTGE Purchaser**") to divest Keppel Towers and GE Tower (the "**KTGE Divestment**").

The completion of the acquisition of the MBFC Interest (including the assignment of the MBFC Loan) (the "**MBFC Acquisition**") is subject to the concurrent completion of the KTGE Divestment. The Manager intends to part finance the MBFC Acquisition with the proceeds from the KTGE Divestment, with the balance of the MBFC Purchase Consideration to be financed with borrowings and the Rights Issue Proceeds[2].

1 The Independent Reporting Accountants has confirmed that K-REIT will not be required to consolidate MBRPL as a subsidiary. To clearly separate the ownership of MBRPL from BFC, an Undertaking Deed (as defined herein) will be entered into between the Trustee, the MBFC Vendor and KLP to ensure that all liabilities, obligations, rights and benefits relating to MBRPL shall be excluded from the MBFC Acquisition. Separate accounts will be prepared for BFC and MBRPL.

2 "**Rights Issue Proceeds**" means the S$41.5 million from part of K-REIT's rights issue proceeds in November 2009.

The MBFC Acquisition and KTGE Divestment (together, the "**Transactions**") will provide unitholders of K-REIT ("**Unitholders**") with a 4.0% distribution per Unit ("**DPU**") accretion for the financial year from 1 January 2011 to 31 December 2011 (the "**Forecast Year 2011**") without the need for an equity fund raising. This translates to a DPU increase of 0.26 cents for the Forecast Year 2011 (from 6.42 cents, which takes into account the 77 King Street Property, to 6.68 cents). The DPU accretive Transactions are in line with K-REIT's objective of delivering stable and sustainable returns to Unitholders.

SUMMARY OF APPROVAL SOUGHT

The Manager seeks approval from the Unitholders for the proposed acquisition of a one-third interest in Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall as well as the proposed divestment of Keppel Towers and GE Tower.

Description of the MBFC Property

Designed by Kohn Pedersen Fox Associates, one of the world-renowned architecture firms, Marina Bay Financial Centre is a landmark integrated development centrally located on prime waterfront space in Singapore's new financial district. It enjoys close proximity to the Marina Bay Sands integrated resort, Singapore Flyer, The Esplanade – Theatres on the Bay, Gardens by the Bay and other lifestyle and entertainment amenities. When completed over two phases, Marina Bay Financial Centre will comprise three office towers, namely, Marina Bay Financial Centre Towers 1, 2 and 3, two residential towers, namely, Marina Bay Residences and Marina Bay Suites, and a subterranean retail mall, Marina Bay Link Mall, which links the new Downtown Mass Rapid Transit ("**MRT**") station, the Raffles Place MRT station and Marina Bay Sands integrated resort via an underground pedestrian network.

The MBFC Property and Marina Bay Residences represent the recently completed first phase of Marina Bay Financial Centre. The temporary occupation permits for Marina Bay Financial Centre Tower 1 and Tower 2 were issued on 18 March 2010 and 27 August 2010 respectively, while the temporary occupation permits for Marina Bay Link Mall and Marina Bay Residences were issued on 27 August 2010 and 12 April 2010 respectively.

Marina Bay Financial Centre Tower 1 is a 33-storey Grade A office building comprising approximately 57,671 square metres ("**sqm**") of net lettable area ("**NLA**"), and is committed to international banking and financial institutions such as Standard Chartered Bank and Wellington International Management Company. Marina Bay Financial Centre Tower 2 is a 50-storey Grade A office building comprising approximately 95,867 sqm of NLA, and is committed to multi-national companies and financial institutions such as Barclays, BHP Billiton, Macquarie and Nomura. Marina Bay Link Mall, which comprises approximately 8,776 sqm of NLA, will host a diverse mix of lifestyle brands, food and beverage ("**F&B**") outlets and convenience services for those who work and live at Marina Bay and is targeted to commence business operations at the end of 2010.

Description of Keppel Towers and GE Tower

Keppel Towers is a 27-storey office building completed in 1991 and GE Tower is a 13-storey office building completed in 1993. The buildings are located along Hoe Chiang Road and Tanjong Pagar Road respectively, in close proximity to the Tanjong Pagar MRT station. Outline Planning Permission for the KTGE site had been granted by the competent authority allowing a high-rise residential development with commercial at the first storey with a gross plot ratio of 5.6.

Total Acquisition Cost

The purchase consideration for the MBFC Acquisition comprises the Share Consideration (as defined herein) and the Loan Consideration (as defined herein) (the "**MBFC Purchase Consideration**").

The Share Consideration shall be equal to one-third of the adjusted net tangible asset ("**NTA**") value of BFC excluding MBRPL as at the Completion Date (as defined herein), taking into account the agreed value of one-third interest in the MBFC Property of S$1,426.8 million (the "**Agreed Value**").

The Loan Consideration is equal to the principal amount of the shareholder's loan made by the MBFC Vendor to BFC together with all accrued interest as at the Completion Date.

The actual amount of purchase consideration for the MBFC Acquisition, the Share Consideration and Loan Consideration can only be determined on the Completion Date. Based on the Agreed Value of S$1,426.8 million and the unaudited management accounts of BFC as at 31 August 2010, the MBFC Purchase Consideration will consist of:

(i) the Share Consideration of S$878.2 million before deducting the adjustments for accruals; and

(ii) the Loan Consideration of S$548.6 million.

After deducting the adjustments for accruals (mainly relating to construction costs) of approximately S$39.8 million, the estimated MBFC Purchase Consideration is S$1,387.0 million. The final adjusted MBFC Purchase Consideration will be determined on the Completion Date.

The Manager has commissioned an independent property valuer, Savills (Singapore) Pte Ltd ("**Savills**"), and the Trustee has commissioned an independent property valuer, Knight Frank Pte Ltd ("**Knight Frank**"), to value the open market value of one-third interest of the MBFC Property. Savills in its report dated 30 September 2010, stated that the open market value of the one-third interest of the MBFC Property is S$1,427.0 million and Knight Frank in its report dated 30 September 2010, stated that the open market value of the one-third interest of the MBFC Property is S$1,433.0 million. The valuations by Savills and Knight Frank both take into account the rental support to be provided by the MBFC Vendor.

The total cost of the MBFC Acquisition (the "**MBFC Total Acquisition Cost**") comprises:

(i) the MBFC Purchase Consideration[1] which is based on the Agreed Value of S$1,426.8 million (but before taking into account the adjusted NTA value);

(ii) the acquisition fee payable to the Manager for the MBFC Acquisition (the "**Acquisition Fee**") which amounts to approximately S$14.3 million; and

(iii) the estimated professional and other fees, stamp duty and expenses incurred by K-REIT in connection with the MBFC Acquisition which amount to approximately S$5.5 million.

As the MBFC Acquisition will constitute an "interested party transaction" under the Property Funds Appendix in Appendix 2 of the Code on Collective Investment Schemes (the "**Property Funds Appendix**") issued by the Monetary Authority of Singapore (the "**MAS**"), the Acquisition Fee will be in the form of Units, which shall not be sold within one year from the date of issuance.

Sale Consideration

The KTGE Sale Consideration of S$573.0 million was arrived at on a willing-buyer and willing-seller basis after taking into account the independent valuations of Keppel Towers and GE Tower on a "highest and best use basis"[2]. The MBFC Acquisition and the KTGE Divestment was negotiated with

1 The actual amount of the MBFC Purchase Consideration is subject to adjustments to reflect the actual Share Consideration and Loan Consideration on completion.

2 "**Highest and best use basis**" means the most probable use of an asset which is physically possible, appropriately justified, legally permissible, financial feasible, and which results in the highest value of the asset being valued.

KLL as one collective transaction and cannot be separated. Hence K-REIT did not obtain alternative offers for KTGE. The Manager has commissioned an independent property valuer, Savills, and the Trustee has commissioned an independent property valuer, Knight Frank, to value Keppel Towers and GE Tower. Savills in its report dated 30 September 2010, stated that the open market value (on a highest and best use basis) of Keppel Towers and GE Tower is S$573.0 million and Knight Frank in its report dated 30 September 2010, stated that the open market value (on a highest and best use basis) of Keppel Towers and GE Tower is S$570.0 million. The highest and best use for KTGE is determined to be a redevelopment site for residential use with commercial at the first storey.

The net cash proceeds from the KTGE Divestment is approximately S$569.9 million (the "**Net Sale Proceeds**"). The following fees and costs relate to the KTGE Divestment:

(i) the divestment fee payable to the Manager for the KTGE Divestment (the "**Divestment Fee**") which amounts to approximately S$2.9 million; and

(ii) the estimated professional and other fees and expenses incurred by K-REIT in connection with the KTGE Divestment which amount to approximately S$3.1 million.

As the KTGE Divestment will constitute an "interested party transaction" under the Property Funds Appendix, the Divestment Fee will be in the form of Units, which shall not be sold within one year from the date of issuance.

Method of Financing and Use of Sale Proceeds

The Manager intends to part finance the MBFC Acquisition with the Net Sale Proceeds, with the balance of the MBFC Purchase Consideration to be financed in part from the Rights Issue Proceeds and borrowings amounting to approximately S$820.9 million.

Key Steps Taken to Secure the MBFC Acquisition

BFC is the developer and current owner of the MBFC Property. BFC also holds the entire issued share capital of MBRPL which is the developer and current owner of Marina Bay Residences. As at the date of this Circular, the issued share capital of BFC is held in equal proportions (*i.e.* one-third each) by the MBFC Vendor, Sageland Private Limited ("**Sageland**") and Choicewide Group Limited ("**Choicewide**").

The MBFC Vendor is a wholly-owned subsidiary of KLP, which in turn is a wholly-owned subsidiary of KLL. Sageland is a wholly-owned subsidiary of Hongkong Land International Holdings Limited ("**Hongkong Land International**"). Cavell Limited ("**Cavell**") and Hutchison Whampoa Properties Limited ("**HWP**") each indirectly holds 50.0% of the issued share capital of Choicewide.

Hongkong Land International, Cavell and HWP are subsidiaries of Hongkong Land Holdings Limited ("**Hongkong Land**"), Cheung Kong (Holdings) Limited ("**Cheung Kong**") and Hutchison Whampoa Limited respectively.

The rights and duties of the MBFC Vendor, Sageland and Choicewide as shareholders of BFC are governed by a shareholders' agreement dated 9 September 2005 made between the MBFC Vendor, Sageland, Choicewide, Hongkong Land International, Cavell, HWP, KLP and BFC (as amended) (the "**Shareholders' Agreement**").

As the MBFC Property is a recently completed development, the MBFC Vendor will provide rental support (the "**MBFC Rental Support**") to K-REIT for the fitting-out periods where rents and maintenance charges will not be received, and to support the marginally lower than market average rental rate as some of the leases were locked-in at below current market rates until the next rental review dates. (See paragraph 2.6 to the Letter to Unitholders for further details of the MBFC Rental Support.)

As BFC holds the entire issued share capital of MBRPL, and the intention is not to acquire MBRPL, under the terms of the MBFC SPA, it is contemplated that upon completion, the Trustee, the MBFC Vendor and KLP will enter into an undertaking deed (the "**Undertaking Deed**") to ensure that all liabilities, obligations, rights and benefits relating to MBRPL shall be excluded from the MBFC Acquisition.

In addition, under the terms of the MBFC SPA, it is contemplated that upon completion, the Trustee will enter into a restated shareholders' agreement (the "**Restated Shareholders' Agreement**") with the other shareholders of BFC and their parent entities relating to the governance of their relationship as direct and indirect shareholders of BFC.

On 26 October 2010, Suntec Real Estate Investment Trust ("**Suntec REIT**") announced that it will acquire a one-third interest in the MBFC Property through the acquisition of one-third of the issued share capital of BFC from Choicewide. Both acquisitions are not inter-dependent and therefore completion is not conditional on, or subject to completion of each other.

Further details of the Restated Shareholders' Agreement, the MBFC SPA (including the terms of the MBFC Rental Support) can be found in paragraph 2 of the Letter to Unitholders.

Interested Person Transaction and Interested Party Transaction in connection with the MBFC Acquisition and the KTGE Divestment

As at 29 October 2010, being the latest practicable date prior to the printing of this Circular (the "**Latest Practicable Date**"), KLL held an aggregate indirect interest in 614,026,497 Units, which is equivalent to approximately 45.69% of the total number of Units then in issue ("**Existing Units**"), and is therefore regarded as a "controlling Unitholder" of K-REIT under both the Listing Manual of the SGX-ST (the "**Listing Manual**") and the Property Funds Appendix. In addition, as the Manager is a wholly-owned subsidiary of KLL, KLL is therefore regarded as a "controlling shareholder" of the Manager under both the Listing Manual and the Property Funds Appendix. Keppel Corporation Limited ("**KCL**") is also regarded as a "controlling Unitholder" under both the Listing Manual and the Property Funds Appendix. Through Keppel Real Estate Investment Pte Ltd and KLL, KCL has a deemed interest in 1,021,460,945 Units, which comprises approximately 76.01% of the total number of Units in issue.

As the MBFC Vendor is a wholly-owned subsidiary of KLL, for the purposes of Chapter 9 of the Listing Manual and the Property Funds Appendix, the MBFC Vendor (being a subsidiary of a "controlling Unitholder" and a "controlling shareholder" of the Manager) is (for the purposes of the Listing Manual) an "interested person" and (for the purposes of the Property Funds Appendix) an "interested party" of K-REIT.

As the KTGE Purchaser is a wholly-owned subsidiary of KLL, for the purposes of Chapter 9 of the Listing Manual and the Property Funds Appendix, the KTGE Purchaser (being a subsidiary of a "controlling Unitholder" and a "controlling shareholder" of the Manager) is (for the purposes of the Listing Manual) an "interested person" and (for the purposes of the Property Funds Appendix) an "interested party" of K-REIT.

Therefore, the MBFC Acquisition and the KTGE Divestment will each constitute an "interested person transaction" under Chapter 9 of the Listing Manual as well as an "interested party transaction" under the Property Funds Appendix, in respect of which the approval of Unitholders is required.

(See paragraph 5 of the Letter to Unitholders for further details.)

By approving the Transactions, Unitholders will be deemed to have also approved the RQAM Asset Management Agreement (as defined herein) between BFC and Raffles Quay Asset Management Pte Ltd ("**RQAM**"). The shareholders of RQAM are Hongkong Land (Singapore) Pte Ltd, Charm Aim

International Limited and K-REIT Asia Property Management Pte. Ltd. (a wholly-owned subsidiary of Keppel Land Limited). RQAM is currently the property manager of One Raffles Quay. The fee structure payable by BFC for the management of the MBFC Property is similar to the fee structure for the management of One Raffles Quay and comparable to the current property management fees paid by K-REIT to its property manager for its other buildings in Singapore. As RQAM is an associate of KLL (which is a controlling shareholder of the Manager), the payment of fees pursuant to the RQAM Asset Management Agreement is an "interested person transaction" under Chapter 9 of the Listing Manual.

(See paragraph 2.8 of the Letter to Unitholders for further details.)

Major Transaction in connection with the MBFC Acquisition and the KTGE Divestment

The MBFC Acquisition also constitutes a "major transaction" by K-REIT under Chapter 10 of the Listing Manual. The KTGE Divestment also constitutes a "major transaction" by K-REIT under Chapter 10 of the Listing Manual.

(See paragraph 5.3.1 of Letter to Unitholders for further details.)

Rationale and benefits for the MBFC Acquisition and the KTGE Divestment

The Manager believes that the Transactions will bring, *inter alia*, the following benefits to Unitholders:

Portfolio Optimisation — Consistent with investment and growth strategy

The principal investment strategy for K-REIT is to invest in a portfolio of quality income producing commercial real estate and real estate-related assets in Singapore and pan-Asia. The Manager adopts a pro-active acquisition, portfolio optimisation and renewal strategy to constantly improve the portfolio's asset quality and maintain its market competitiveness. The Transactions will allow K-REIT to benefit from a stronger tenancy base and a resilient cash flow. In this respect, the Manager believes the Transactions would enhance K-REIT's overall portfolio quality and market competitiveness.

Enhance portfolio distribution to Unitholders

The Transactions will be accretive to DPU without the need for an equity fund raising. Unitholders will enjoy a higher DPU upon the completion of the Transactions, with the DPU increasing from 6.42 cents (which takes into account the 77 King Street Property) to 6.68 cents or a 4.0% DPU accretion for the Forecast Year 2011.

Taking into consideration the 77 King Street Property acquisition and the Transactions, Unitholders will enjoy an aggregate DPU accretion of 10.2%, with DPU increasing from 6.06 cents to 6.68 cents.

Enhance portfolio quality and build a strong branding in Raffles Place and Marina Bay area

In recent years, the epicentre of prime commercial real estate in Singapore has gradually shifted towards the Raffles Place and Marina Bay areas as newer and better quality office buildings have been completed or slated to be completed in those areas. With the further development of the Marina Bay area, the Manager expects the prominence and importance of the Marina Bay area as a prime office district to grow further. The Transactions will allow K-REIT to acquire one of Singapore's most prestigious office assets in the Marina Bay area and divest an office asset that has reached its optimal stage. The MBFC Property, together with the ORQ Interest and the Prudential Tower Property, will provide K-REIT with a strong branding as a key landlord in the Marina Bay and Raffles Place areas. After the Transactions, the proportion of K-REIT's portfolio of properties in Singapore (based on assets under management) in the Raffles Place and Marina Bay areas will increase from 60% to 90%.

Realise value of KTGE which has reached optimal stage as an office asset

Keppel Towers and GE Tower are 19 years and 17 years old respectively, and will increasingly incur higher property maintenance and other expenses in order to maintain its appeal and compete alongside the newer office buildings to attract new tenants.

The Manager believes that KTGE have potential for redevelopment into a residential project even as they continue to generate stable cash flows as the Tanjong Pagar area is gradually evolving into a popular residential choice for city-living.

However, as residential development is not part of K-REIT's investment strategy, K-REIT will not embark, whether solely or on a joint-venture basis, in the redevelopment of KTGE into a residential project.

Divestment gain and Net Sale Proceeds from the KTGE Divestment to partly fund the MBFC Acquisition

K-REIT is expected to recognise an estimated gain on the KTGE Divestment of approximately S$26.3 million based on the open market value of S$540.7 million as at 31 December 2009. The historical book value of KTGE was S$353.5 million when K-REIT was listed on the SGX-ST on 28 April 2006.

The Net Sale Proceeds will be used to partly fund the MBFC Acquisition. With the sale proceeds from the KTGE Divestment, the Manager would not need to embark on an equity fund raising exercise for the MBFC Acquisition.

Manage K-REIT's aggregate leverage and reduce asset encumbrances

With the Rights Issue Proceeds, the proceeds from the KTGE Divestment and the efficient use of borrowings, K-REIT is able to acquire the one-third interest in the MBFC Property, a premium asset, while maintaining a healthy balance sheet with prudent borrowings at the portfolio level.

The aggregate leverage of K-REIT after completion of the MBFC Acquisition and the KTGE Divestment is approximately 39.1%[1]. The Manager believes that this aggregate leverage level is appropriate under the current market conditions in view that capital values are expected to improve in the Singapore office sector.

In addition, the proportion of unencumbered assets within K-REIT's portfolio will improve from 55.2% as at 30 September 2010 to 81.5% post Transactions. This will allow K-REIT to have the option of securing additional funding from banks or the capital markets should the need arise.

Improve K-REIT's debt maturity profile and reduce portfolio average borrowing cost

The proposed Transactions provide the Manager with the opportunity to restructure K-REIT's existing borrowings to improve the debt expiry profile from 54.1% expiry in 2011, and 45.9% expiry in 2012 to 0% expiry in 2011, 22.0% expiry in 2012, 7.6% expiry in 2013, 7.6% expiry in 2014, and 62.8% expiry in 2015. This will stagger K-REIT's debt maturity profile and extend K-REIT's weighted average debt maturity to approximately 4.1 years from 1.4 years[2]. In addition, the portfolio's average borrowing cost will also be reduced from 3.40% to approximately 3.05%.

1 Based on K-REIT's Deposited Property value as reflected in its unaudited financial statements as at 30 September 2010, adjusted for the acquisition of the 77 King Street Property as announced on 19 July 2010, the KTGE Divestment and the MBFC Acquisition.

2 Based on 30 September 2010.

Improve in K-REIT's portfolio weighted average lease expiry ("WALE") and lease expiry profile

With the Transactions, K-REIT's portfolio WALE will increase from 5.5 years as at 30 September 2010 to a forecasted 7.8 years. The WALE of the top ten tenants by NLA will increase from 7.1 years to 9.1 years.

With the majority of the office space in the MBFC Property committed for 10 years or more, Unitholders will enjoy stability in income from the MBFC Property and also a potential increase in income during the rent reviews of the MBFC Property leases.

Increase in percentage of committed NLA under long-term leases

The percentage of NLA committed under long-term leases of five years or more will increase significantly from 36% to 64%. This will enhance K-REIT's cash flow resilience.

Enhance tenant profile for the portfolio

K-REIT's stable of quality tenants will be enhanced with tenants such as Barclays, BHP Billiton, Macquarie, Nomura, Standard Chartered Bank and Wellington International Management Company.

INDICATIVE TIMETABLE

The timetable for the events which are scheduled to take place after the Extraordinary General Meeting (the "**EGM**") is indicative only and is subject to change at the Manager's absolute discretion.

Event		**Date and Time**
Last date and time for lodgement of Proxy Forms	:	6 December 2010 at 2:30 p.m.
Date and time of the EGM	:	8 December 2010 at 2:30 p.m.
If the approval for the MBFC Acquisition and the KTGE Divestment is obtained at the EGM:		
Completion date for the MBFC Acquisition and the KTGE Divestment	:	Not later than 31 December 2010

K-REIT asia

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

Directors of the Manager	**Registered Office**
Professor Tsui Kai Chong (Chairman and Independent Non-Executive Director) Mr Kevin Wong Kingcheung (Deputy Chairman and Non-Executive Director) Ms Ng Hsueh Ling (Chief Executive Officer and Executive Director) Dr Chin Wei-Li, Audrey Marie (Independent Non-Executive Director) Mrs Lee Ai Ming (Independent Non-Executive Director) Mr Tan Chin Hwee (Independent Non-Executive Director) Mr Tan Swee Yiow (Alternate Director to Mr Kevin Wong Kingcheung)	1 HarbourFront Avenue #18-01 Keppel Bay Tower Singapore 098632

8 November 2010

To: Unitholders of K-REIT Asia

Dear Sir/Madam

1. SUMMARY OF APPROVAL SOUGHT

The Manager is convening the EGM to seek the approval of Unitholders in respect of the Ordinary Resolution (as defined herein) relating to the Transactions.

The Transactions will provide Unitholders with a 4.0% DPU accretion for the Forecast Year 2011 without the need for an equity fund raising. This translates to a DPU increase of 0.26 cents for the Forecast Year 2011 (from 6.42 cents, which takes into account the 77 King Street Property, to 6.68 cents). The DPU accretive Transactions are in line with K-REIT's objective of delivering stable and sustainable returns to Unitholders.

2. THE PROPOSED MBFC ACQUISITION

2.1 Description of the MBFC Property

Designed by Kohn Pedersen Fox Associates, one of the world-renowned architecture firms, Marina Bay Financial Centre is a landmark integrated development centrally located on prime waterfront space in Singapore's new financial district. It enjoys close proximity to the Marina Bay Sands integrated resort, Singapore Flyer, The Esplanade – Theatres on the Bay, Gardens by the Bay and other lifestyle and entertainment amenities. When completed over two phases, Marina Bay Financial Centre will comprise three office towers, namely, Marina Bay Financial Centre Towers 1, 2 and 3, two residential towers, namely, Marina Bay Residences and Marina Bay Suites, and a subterranean retail mall, Marina Bay Link Mall, which links the new Downtown MRT station, the Raffles Place MRT station and Marina Bay Sands integrated resort via an underground pedestrian network.

The MBFC Property and Marina Bay Residences represent the recently completed first phase of Marina Bay Financial Centre. The temporary occupation permits for Marina Bay Financial Centre Tower 1 and Tower 2 were issued on 18 March 2010 and 27 August 2010 respectively, while the temporary occupation permits for Marina Bay Link Mall and Marina Bay Residences were issued on 27 August 2010 and 12 April 2010 respectively.

Marina Bay Financial Centre Tower 1 is a 33-storey Grade A office building comprising approximately 57,671 sqm of NLA, and is committed to international banking and financial institutions such as Standard Chartered Bank and Wellington International Management Company. Marina Bay Financial Centre Tower 2 is a 50-storey Grade A office building comprising approximately 95,867 sqm of NLA, and is committed to multi-national companies and financial institutions such as Barclays, BHP Billiton, Macquarie and Nomura. Marina Bay Link Mall which comprises approximately 8,776 sqm of NLA will host a diverse mix of lifestyle brands, F&B outlets and convenience services for those who work and live at Marina Bay and is targeted to commence business operations at the end of 2010. As at 30 September 2010, approximately 96.4% of the NLA of Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall have been committed.

(See **Appendix A** of this Circular for further details about the MBFC Property.)

2.2 Details of the MBFC SPA and the Independent Valuations

On 11 October 2010, the Trustee entered into the MBFC SPA with the MBFC Vendor. The obligations of the MBFC Vendor to the Trustee under the MBFC SPA are guaranteed by KLP.

The purchase consideration for the MBFC Acquisition comprises the Share Consideration and the Loan Consideration.

The Share Consideration shall be equal to one-third of the adjusted NTA value of BFC excluding MBRPL as at the Completion Date, taking into account the Agreed Value of one-third interest in the MBFC Property of S$1,426.8 million.

The Loan Consideration is equal to the principal amount of the shareholder's loan made by the MBFC Vendor to BFC together with all accrued interest as at the Completion Date.

The actual amount of purchase consideration for the MBFC Acquisition, the Share Consideration and Loan Consideration can only be determined on the Completion Date. Based on the Agreed Value of S$1,426.8 million and the unaudited management accounts of BFC as at 31 August 2010, the MBFC Purchase Consideration will consist of:

(i) the Share Consideration of S$878.2 million before deducting the adjustments for accruals; and

(ii) the Loan Consideration of S$548.6 million.

After deducting the adjustments for accruals (mainly relating to construction costs) of approximately S$39.8 million, the estimated MBFC Purchase Consideration is S$1,387.0 million. The final adjusted MBFC Purchase Consideration will be determined on the Completion Date.

The Manager has commissioned an independent property valuer, Savills, and the Trustee has commissioned an independent property valuer, Knight Frank, to value the open market value of one-third interest of the MBFC Property. Savills in its report dated 30 September 2010, stated that the open market value of the one-third interest of the MBFC Property is SS$1,427.0 million and Knight Frank in its report dated 30 September 2010, stated that the open market value of the one-third interest of the MBFC Property is SS$1,433.0 million. The valuations by Savills and Knight Frank both take into account the rental support to be provided by the MBFC Vendor.

The principal terms of the MBFC SPA include, among others, the following conditions precedent:

(i) the approval of Unitholders for the Transactions;

(ii) the approval of shareholders of KLL for the divestment of the MBFC Interest (including the assignment of MBFC Loan) to K-REIT and the acquisition of KTGE by KLL;

(iii) there being no resolution, proposal, scheme or order for the compulsory acquisition of the whole or any part of the MBFC Property on or before completion; and

(iv) there being no material damage to the MBFC Property on or before completion.

2.3 Estimated Acquisition Cost

The MBFC Total Acquisition Cost comprises:

(i) the MBFC Purchase Consideration which is based on the Agreed Value of S$1,426.8 million (but before taking into account the adjusted NTA value);

(ii) the Acquisition Fee payable to the Manager for the MBFC Acquisition which amounts to approximately S$14.3 million; and

(iii) the estimated professional and other fees, stamp duty and expenses incurred by K-REIT in connection with the MBFC Acquisition which amount to approximately S$5.5 million.

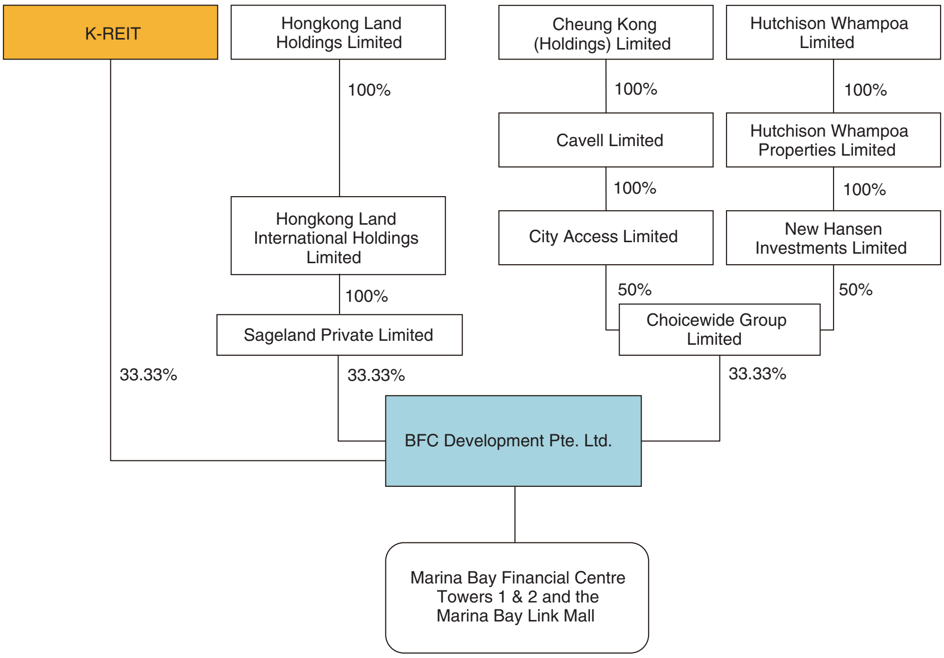
As the MBFC Acquisition will constitute an "interested party transaction" under the Property Funds Appendix, the Acquisition Fee payable to the Manager will be in the form of Units, which shall not be sold within one year from the date of issuance. Apart from the Acquisition Fee which will be paid in the form of Units, the rest of the MBFC Total Acquisition Cost will be paid in cash. The Acquisition Fee will be payable as soon as practicable after the completion of the MBFC Acquisition.

2.4 Joint Ownership of the MBFC Property

Under the terms of the MBFC SPA, it is contemplated that upon completion, the Trustee will enter into the Restated Shareholders' Agreement with the other shareholders of BFC and their parent entities relating to the governance of their relationship as shareholders of BFC, and BFC's holding and management of the MBFC Property.

Under the terms of the Restated Shareholders' Agreement, each shareholder of BFC shall have the right to appoint members to the executive committee, in proportion to their respective shareholding. The executive committee shall review, evaluate and make decisions on matters relating to management of the MBFC Property.

The diagram below illustrates the relationship between K-REIT, Sageland Pte. Ltd., Choicewide Group Limited[1], and BFC Development Pte Ltd after completion of the MBFC Acquisition (excluding MBRPL):



2.5 Terms of the Restated Shareholders' Agreement

By approving the MBFC Acquisition, Unitholders will be deemed to have also approved the Restated Shareholders' Agreement.

The Trustee, Sageland, Choicewide[2], Cavell, HWP, Hongkong Land International and BFC will enter into the Restated Shareholders' Agreement.

Under the Restated Shareholders' Agreement, the following matters, *inter alia*, shall require unanimous approval:

- the approval of the annual operating plan and capital budget of BFC and any change thereof and the approval of any standard operating procedures and any change thereof;

- the sale or other disposition of any asset or property of BFC (other than in respect of the MBFC Property and MBRPL), other than in the ordinary and usual course of business; and

- the divestment or assignment of the whole or any part of the MBFC Property and MBRPL and the terms on which such divestment or assignment is to be carried out, including, without limitation, the price for the whole or that part of the MBFC Property and MBRPL being divested of or assigned.

1 Suntec REIT has on 26 October 2010 announced that the trustee of Suntec REIT has entered into a conditional share purchase agreement with Choicewide, Cavell and HWP to acquire a one-third interest in Marina Bay Financial Centre Towers 1 & 2, and Marina Bay Link Mall through the acquisition of one-third of the issued share capital of BFC. When this acquisition is completed, Suntec REIT will replace Choicewide Group Limited as the other one-third shareholder of BFC.

2 Upon the completion of Suntec REIT's acquisition of the other one-third stake in Marina Bay Financial Centre Towers 1 & 2, and Marina Bay Link Mall, the trustee of Suntec REIT (in place of Choicewide, Cavell and HWP) will enter into the Restated Shareholders' Agreement with Sageland and the Trustee.

2.6 MBFC Rental Support

2.6.1 Terms of the MBFC Rental Support

As the MBFC Property is a recently completed development, the MBFC Vendor will provide the MBFC Rental Support to K-REIT for the fitting-out periods where rents and maintenance charges will not be received, and to support the marginally lower than market average rental rate as some of the leases were locked-in at below current market rates until the next rental review dates.

Pursuant to the terms of the MBFC Rental Support, the MBFC Vendor agrees to provide rental support to K-REIT for the period commencing from the Completion Date and ending on 31 December 2014 and pursuant to the foregoing, the MBFC Vendor hereby undertakes that in the event the Actual Gross Rental Income (as defined herein) as at the last date of each Quarterly Period (as defined herein) falls below the relevant Threshold Amount (as defined herein) applicable to such Quarterly Period, the Vendor will pay to the Purchaser an amount equivalent to the difference between the Threshold Amount applicable to that Quarterly Period and the Actual Gross Rental Income for that Quarterly Period (the "**Vendor Top-Up Payment**").

"**Actual Gross Rental Income**" means, in relation to any Quarterly Period, an amount equivalent to one-third of the aggregate of the following arising from tenancies and licences in respect of the MBFC Property for such Quarterly Period:

(i) the base rent and/or turnover rent (as applicable) which are payable under such tenancies and licences and recognised in the management accounts of BFC on an effective rent basis[1];

(ii) management charges;

(iii) licence fees; and

(iv) advertising and promotion fees.

"**Quarterly Period**" means the quarterly period in each calendar year ending on 31 March, 30 June, 30 September and 31 December except that the first quarterly period shall commence on the date of Completion and shall end on 31 December 2010 (the "**First Period**").

"**Threshold Amount**" in relation to each Quarterly Period, shall be:

(i) S$5,843,730.00 for the First Period;

(ii) S$17,531,190.00 for each Quarterly Period occurring in 2011 and 2012; and

(iii) S$18,528,900.00 for each Quarterly Period occurring in 2013 to 2014.

The aggregate of all of the Vendor Top-Up Payments payable by the Vendor shall not exceed a maximum sum of S$29.0 million.

Based on the forecast and the assumptions as set out in **Appendix B** of this Circular, the aggregate amount of Vendor Top-Up Payment for the Forecast Year 2011 is expected to be S$17.8 million (excluding GST).

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1 Effective rent basis assumes the straightlining of rentals to be received over the lease period such that there will be recognition of rental income in the financial statements throughout the lease period.

2.6.2 Safeguards

The MBFC Rental Support is fully guaranteed by KLP, a wholly owned subsidiary of KLL. KLP is an entity with a NTA of S$206.0 million as at 31 December 2009.

2.6.3 Valuers' Opinion

Savills and Knight Frank are of the opinion that the valuations taking into account the effect of the MBFC Rental Support is comparable to market rates using the direct comparison method.

2.6.4 Audit Committee Opinion

Taking into account the valuers' confirmation and the opinion of the IFA on the Transactions, the Audit Committee is of the view that the MBFC Rental Support is on normal commercial terms and is not prejudicial to the interests of K-REIT and its minority Unitholders.

2.7 Undertaking Deed

By approving the MBFC Acquisition, Unitholders will be deemed to have also approved the Undertaking Deed.

The MBFC Vendor and the Trustee will enter into the Undertaking Deed to give effect to their intention that BFC's interest in MBRPL and all liabilities, obligations, rights and benefits relating to such interest shall be excluded from the MBFC Acquisition. Pursuant to the Undertaking Deed:

2.7.1 the MBFC Vendor retains all the liabilities, obligations, rights and benefits, accruing to the MBFC Vendor as an indirect shareholder of one-third of the issued and paid-up share capital of MBRPL as if the MBFC Vendor continues to hold such interest in MBRPL, notwithstanding that the Trustee has acquired the shares in BFC held by the MBFC Vendor and that BFC continues to be the sole shareholder of MBRPL;

2.7.2 the Trustee exercises all voting rights and other rights and powers that it directly or indirectly has or controls in BFC and MBRPL (as the case may be) in accordance with the written instructions of the MBFC Vendor on all matters arising from, relating to, or otherwise connected with MBRPL and/or BFC's ownership of MBRPL;

2.7.3 any costs, liabilities or adverse financial impact on BFC arising from, relating to, or otherwise connected with, BFC's ownership of MBRPL will not adversely affect the Trustee;

2.7.4 one-third of any rights and benefits (including any dividends, distributions and other entitlements) arising from, relating to, or otherwise connected with, BFC's ownership of MBRPL will be transferred by the Trustee to the MBFC Vendor; and

2.7.5 all commercially reasonable endeavours are undertaken (together with the co-operation of the other shareholders of BFC) to effect a transfer by BFC of the total issued share capital of MBRPL to the MBFC Vendor and the other shareholders of BFC (excluding the Trustee) within a target timeframe of 24 months after the issue of strata titles for all the units in Marina Bay Residences.

2.8 Asset Management Agreement

The asset management services in relation to the MBFC Property are currently being carried out by RQAM pursuant to the terms of a project and asset management agreement ("**RQAM Asset Management Agreement**").

RQAM is responsible for providing the following services under the RQAM Asset Management Agreement:

(i) building management;

(ii) lease administration;

(iii) financial management;

(iv) formal reporting;

(v) accounting services; and

(vi) administrative services.

In consideration of the due performance by RQAM of the aforesaid services, BFC shall pay RQAM:

(a) a management fee equal to 3.0 per cent of the Gross Revenue from the MBFC Property;

(b) in relation to each lease entered into by a tenant, a marketing fee equivalent to:

   (A) 2 months' Gross Rental Income in the event that such lease is for a term of 5 years or more; or

   (B) 1 month's Gross Rental Income in the event that such lease is for a term of 2 years or more, but less than 5 years; or

   (C) one half month's Gross Rental Income in the event that such lease is for a term of less than 2 years; and

(c) in relation to renewal of leases, a marketing fee equivalent to one-quarter month's Gross Rental Income; and in relation to leases with rent review provision, a marketing fee equivalent to one-quarter month's Gross Rent based on the reviewed rent on each of the rent review.

The above-mentioned fee structure will take effect from 1 January 2011. RQAM is currently the property manager of One Raffles Quay. The fee structure payable by BFC for the management of the MBFC Property is similar to the fee structure for the management of One Raffles Quay and comparable to the current property management fees paid by K-REIT to its property manager for its other buildings in Singapore.

By approving the Transactions, Unitholders will be deemed to have also approved the RQAM Asset Management Agreement between BFC and RQAM. The shareholders of RQAM are Hongkong Land (Singapore) Pte Ltd, Charm Aim International Limited and K-REIT Asia Property Management Pte. Ltd. (a wholly-owned subsidiary of KLL). As RQAM is an associate of KLL (which is a controlling shareholder of the Manager), the payment of fees pursuant to the RQAM Asset Management Agreement is an "interested person transaction" under Chapter 9 of the Listing Manual.

3. THE PROPOSED KTGE DIVESTMENT

3.1 Description of Keppel Towers and GE Tower

Keppel Towers is a 27-storey office building completed in 1991 and GE Tower is a 13-storey office building completed in 1993. The buildings are located along Hoe Chiang Road and Tanjong Pagar Road respectively, and are in close proximity to the Tanjong Pagar MRT station. Outline Planning Permission for the KTGE site had been granted by the competent authority allowing a high-rise residential development with commercial at the first storey with a gross plot ratio of 5.6.

3.2 Details of the KTGE S&P and the Independent Valuations

On 11 October 2010, the Trustee entered into the KTGE S&P with the KTGE Purchaser to divest Keppel Towers and GE Tower at a KTGE Sale Consideration of S$573.0 million, which was arrived at on a willing-buyer and willing-seller basis after taking into account the independent valuations of Keppel Towers and GE Tower.

The Manager has commissioned an independent property valuer, Savills, and the Trustee has commissioned an independent property valuer, Knight Frank, to value Keppel Towers and GE Tower. Savills in its report dated 30 September 2010, stated that the open market value (on a highest and best use basis) of Keppel Towers and GE Tower is S$573.0 million and Knight Frank in its report dated 30 September 2010, stated that the open market value (on a highest and best use basis) of Keppel Towers and GE Tower is S$570.0 million. The highest and best use for KTGE is determined to be a redevelopment site for residential use with commercial at the first storey.

The principal terms of the KTGE S&P include, among others, the following conditions precedent:

(i) the approval of Unitholders for the KTGE Divestment;

(ii) the approval of shareholders of KLL for the divestment of the MBFC Interest (including the assignment of MBFC Loan) to K-REIT and the acquisition of KTGE by KLL;

(iii) there being no resolution, proposal, scheme or order for the compulsory acquisition of the whole or any part of Keppel Towers and GE Tower on or before completion; and

(iv) there being no material damage to Keppel Towers and GE Tower on or before completion.

In addition, under the KTGE S&P, where the Trustee is obliged to carry out upgrading works under any subsisting lease with a tenant of Keppel Towers and GE Tower, the Trustee shall use reasonable efforts to obtain by Completion, waiver from such tenant to carry out such upgrading works, failing which the KTGE Purchaser will, on Completion deduct a sum of S$1.2 million from the sale consideration of the KTGE Divestment.

3.3 Estimated Sale Proceeds

The KTGE Sale Consideration is S$573.0 million and the Net Sale Proceeds is approximately S$569.9 million.

The following fees and costs relate to the KTGE Divestment:

(i) the Divestment Fee payable to the Manager for the KTGE Divestment which amounts to approximately S$2.9 million; and

(ii) the estimated professional and other fees and expenses incurred by K-REIT in connection with the KTGE Divestment which amount to approximately S$3.1 million.

As the KTGE Divestment will constitute an "interested party transaction" under the Property Funds Appendix, the Divestment Fee will be in the form of Units, which shall not be sold within one year from the date of issuance.

4. RATIONALE AND BENEFITS FOR THE MBFC ACQUISITION AND KTGE DIVESTMENT

The Manager believes that the Transactions will bring, *inter alia*, the following benefits to Unitholders:

4.1 Portfolio Optimisation — Consistent with investment and growth strategy

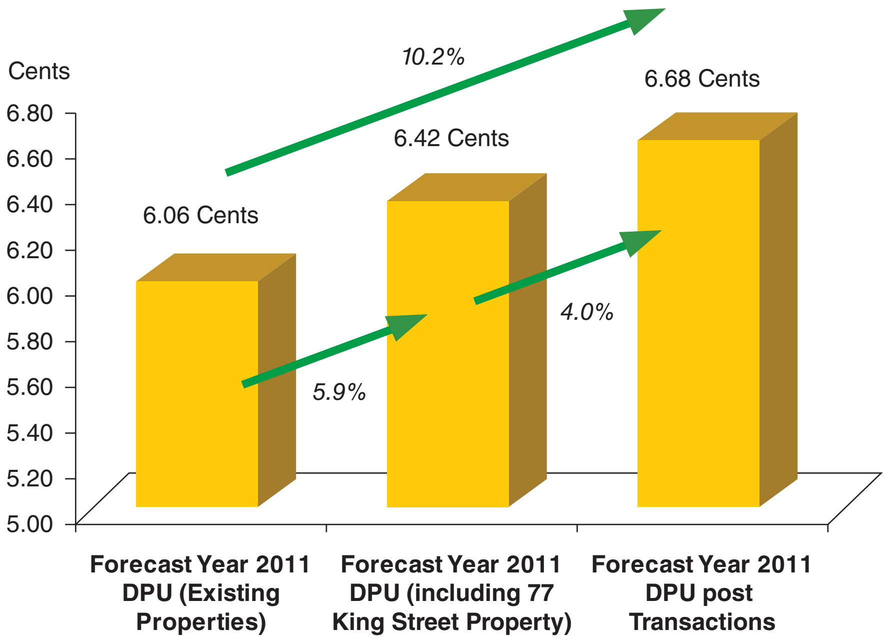
The principal investment strategy for K-REIT is to invest in a portfolio of quality income producing commercial real estate and real estate-related assets in Singapore and pan-Asia. The Manager adopts a pro-active acquisition, portfolio optimisation and renewal strategy to constantly improve the portfolio's asset quality and maintain its market competitiveness. The Transactions will allow K-REIT to benefit from a stronger tenancy base and a resilient cash flow. In this respect, the Manager believes the Transactions would enhance K-REIT's overall portfolio quality and market competitiveness.

4.2 Enhance portfolio distribution to Unitholders

The Transactions will be accretive to DPU without the need for an equity fund raising. Unitholders will enjoy a higher DPU upon the completion of the Transactions, with the DPU increasing from 6.42 cents (which takes into account the 77 King Street Property) to 6.68 cents or a 4.0% DPU accretion for the Forecast Year 2011.

Taking into consideration the 77 King Street Property acquisition and the Transactions, Unitholders will enjoy an aggregate DPU accretion of 10.2%, with DPU increasing from 6.06 cents to 6.68 cents.

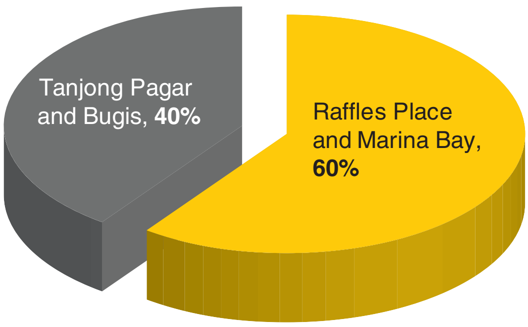
Forecast Year 2011 DPU



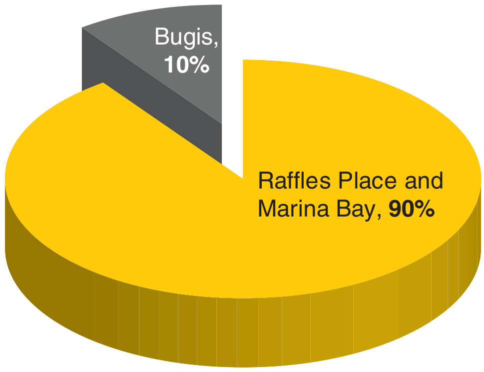
4.3 Enhance portfolio quality and build a strong branding in Raffles Place and Marina Bay area

In recent years, the epicentre of prime commercial real estate in Singapore has gradually shifted towards the Raffles Place and Marina Bay areas as newer and better quality office buildings have been completed or slated to be completed in those areas. With the further development of the Marina Bay area, the Manager expects the prominence and importance of the Marina Bay area as a prime office district to grow further. The Transactions will allow K-REIT to acquire one of Singapore's most prestigious office assets in the Marina Bay area and divest an office asset that has reached its optimal stage. The MBFC Property, together with the ORQ Interest and the Prudential Tower Property, will provide K-REIT with a strong branding as a key landlord in the Marina Bay and Raffles Place areas. After the Transactions, the proportion of K-REIT's portfolio of properties in Singapore (based on assets under management) in the Raffles Place and Marina Bay areas will increase from 60% to 90%.

Proportion of K-REIT's Singapore assets under management located within Raffles Place and Marina Bay to increase



Singapore assets as at 30 September 2010



Singapore assets after the Transactions

4.4 Realise value of Keppel Towers and GE Tower (KTGE) which has reached optimal stage as an office asset

Keppel Towers and GE Tower are 19 years and 17 years old respectively, and will increasingly incur higher property maintenance and other expenses in order to maintain its appeal and compete alongside the newer office buildings to attract new tenants.

The Manager believes that KTGE have potential for redevelopment into a residential project even as they continue to generate stable cash flows as the Tanjong Pagar area is gradually evolving into a popular residential choice for city-living.

However, as residential development is not part of K-REIT's investment strategy, K-REIT will not embark, whether solely or on a joint-venture basis, in the redevelopment of KTGE into a residential project.

4.5 Divestment gain and Net Sale Proceeds from the KTGE Divestment to partly fund the MBFC Acquisition

K-REIT is expected to recognise an estimated gain on the KTGE Divestment of approximately S$26.3 million based on the open market value of S$540.7 million as at 31 December 2009. The historical book value of KTGE was S$353.5 million when K-REIT was listed on the SGX-ST on 28 April 2006.

The Net Sale Proceeds will be used to partly fund the MBFC Acquisition. With the sale proceeds from the KTGE Divestment, the Manager would not need to embark on an equity fund raising exercise for the MBFC Acquisition.

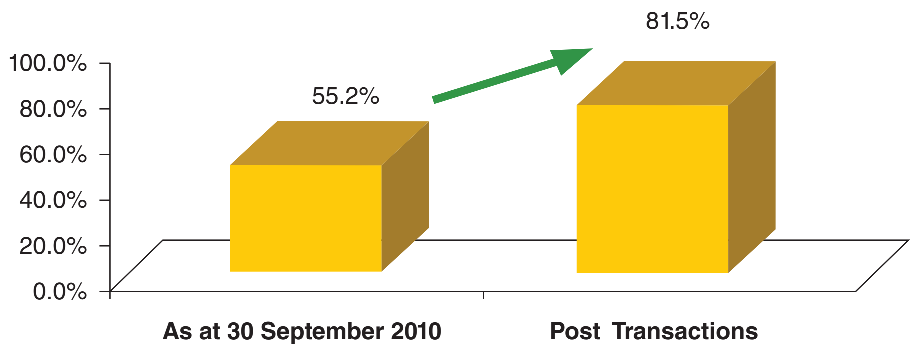
4.6 Manage K-REIT's aggregate leverage and reduce asset encumbrances

With the Rights Issue Proceeds, the proceeds from the KTGE Divestment and the efficient use of borrowings, K-REIT is able to acquire the one-third interest in the MBFC Property, a premium asset, while maintaining a healthy balance sheet with prudent borrowings at the portfolio level.

The aggregate leverage of K-REIT after completion of the MBFC Acquisition and the KTGE Divestment is approximately 39.1%[1]. The Manager believes that this aggregate leverage level is appropriate under the current market conditions, in view that capital values are expected to improve in the Singapore office sector.

In addition, the proportion of unencumbered assets within K-REIT's portfolio will improve from 55.2% as at 30 September 2010 to 81.5% post Transactions. This will allow K-REIT to have the option of securing additional funding from banks or the capital markets should the need arise.

Unencumbered Portfolio to Increase



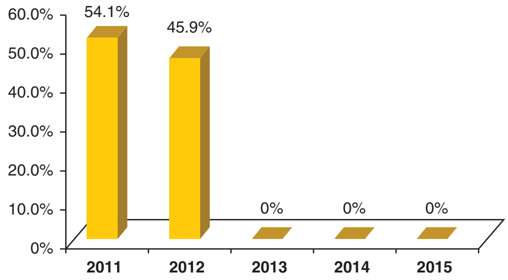
4.7 Improve K-REIT's debt maturity profile and reduce portfolio average borrowing cost

The proposed Transactions provide the Manager with the opportunity to restructure K-REIT's existing borrowings to improve the debt expiry profile from 54.1% expiry in 2011, and 48.9% expiry in 2012 to 0% expiry in 2011, 22.0% expiry in 2012, 7.6% expiry in 2013, 7.6% expiry in 2014, and 62.8% expiry in 2015. This will stagger K-REIT's debt maturity profile and extend K-REIT's weighted average debt maturity to approximately 4.1 years from 1.4 years[2]. In addition, the portfolio's average borrowing cost will also be reduced from 3.40%[2] to approximately 3.05%.

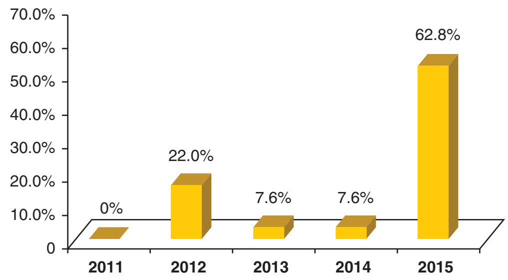
1 Based on K-REIT's Deposited Property value as reflected in its unaudited financial statements as at 30 September 2010, adjusted for the acquisition of the 77 King Street Property as announced on 19 July 2010, the KTGE Divestment and the MBFC Acquisition.

2 Based on 30 September 2010.

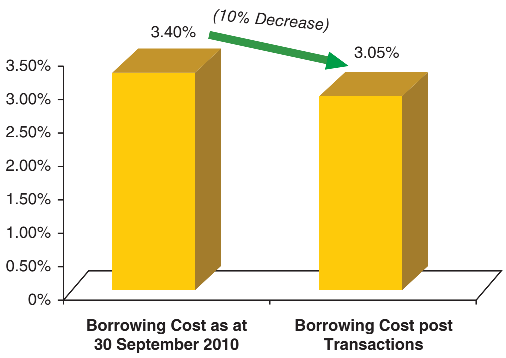
Debt Maturity Profile as at 30 September 2010



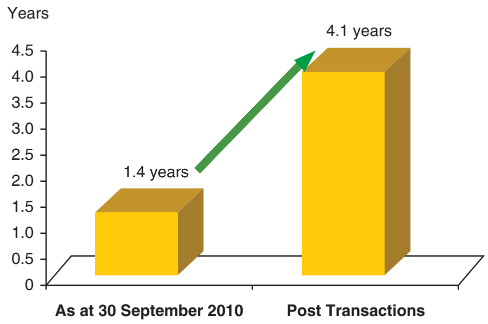
Debt Maturity Profile Post Transactions



All-in Cost of Borrowings to Decrease



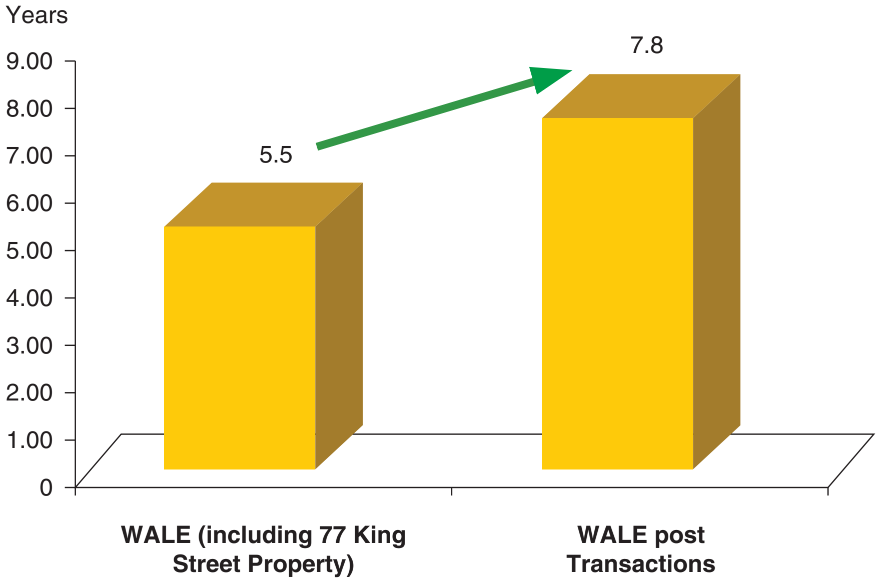
Weighted Average Debt Maturity



4.8 Improve in K-REIT's portfolio WALE and lease expiry profile

With the Transactions, K-REIT's portfolio WALE will increase from 5.5 years as at 30 September 2010 (including the 77 King Street Property) to a forecasted 7.8 years.

Portfolio WALE (Years) as at 30 September 2010 to be extended

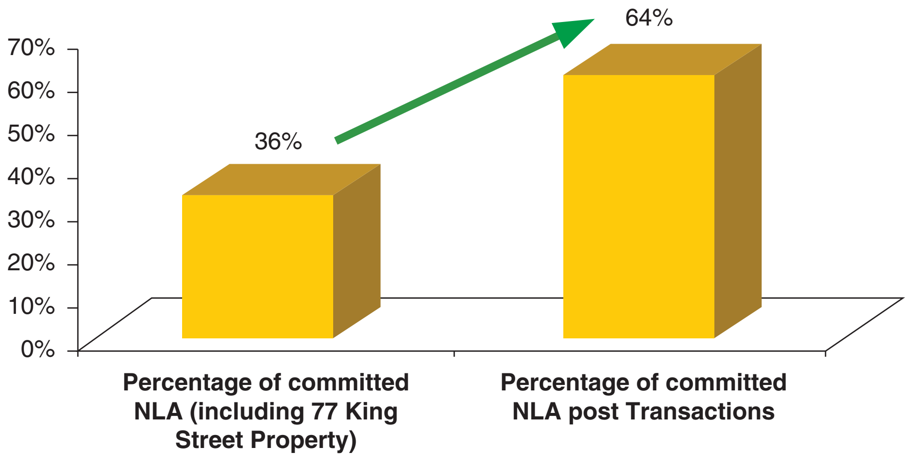


The WALE of the top ten tenants by NLA will increase from 7.1 years to 9.1 years. With the majority of the office space in the MBFC Property committed for 10 years or more, Unitholders will enjoy stability in income from the MBFC Property and also a potential increase in income during the rent reviews of the MBFC Property leases.

4.9 Increase in percentage of committed NLA under long-term leases

The percentage of NLA committed under long-term leases of five years or more will increase significantly from 36% to 64%. This will enhance K-REIT's cash flow resilience.

Percentage of committed NLA under long-term leases (⩾5 years) as at 30 September 2010 to increase



4.10 Enhance tenant profile for the portfolio

K-REIT's stable of quality tenants will be enhanced with tenants such as Barclays, BHP Billiton, Macquarie, Nomura, Standard Chartered Bank and Wellington International Management Company.

5. DETAILS OF THE MBFC ACQUISITION AND THE KTGE DIVESTMENT

With the completion of the Transactions, the total portfolio size of K-REIT is expected to increase from approximately S$2.5 billion[1] to S$3.4 billion[2].

5.1 Net Profits attributable to the Transactions and Gain on the KTGE Divestment

The net profits attributable to Keppel Towers and GE Tower is S$18.5 million for the financial year ended 31 December 2009 ("**FY2009**"). The MBFC Interest recorded a loss of approximately S$0.2 million in FY2009.

The amount of the gain on the KTGE Divestment is S$26.3 million based on the open market value of S$540.7 million as at 31 December 2009.

1 K-REIT's portfolio as at 30 September 2010 comprising Bugis Junction Towers, Keppel Towers and GE Tower, One Raffles Quay (1/3 interest), Prudential Tower (73.4% interest), 275 George Street (50.0% interest), and assuming the completion of the acquisition of the 77 King Street Property.

2 K-REIT's portfolio post Transactions comprises of Bugis Junction Towers, One Raffles Quay (1/3 interest), the Prudential Tower Property (73.4% interest), MBFC Property (1/3 interest), 275 George Street Property (50.0% interest), and assuming the completion of the acquisition of the 77 King Street Property.

5.2 Pro Forma Financial Effects of the Transactions

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Transactions on the net asset value ("**NAV**") per Unit and the DPU presented below are strictly for illustrative purposes and were prepared based on the audited financial statements of K-REIT for FY2009 (the "**K-REIT Audited Financial Statements**"), taking into account the MBFC Total Acquisition Cost and the Net Sale Proceeds. The following assumptions were made in computing the pro forma financial effects:

(i) approximately S$17.1 million for the Acquisition Fee and the Divestment Fee are payable to the Manager in Units;

(ii) excludes approximately 3.2 million Units for the management fee paid to the Manager for Keppel Towers and GE Tower; and

(iii) additional borrowings of S$820.9 million are taken to finance the MBFC Acquisition.

5.2.1 Pro Forma NAV[1]

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Transactions on the NAV per Unit as at 31 December 2009, as if the Transactions were completed on 31 December 2009, are as follows:

	Effects of the Transactions	
	Before the Transactions	**After the Transactions**
NAV (S$'000)	1,965,644(1)	2,009,172
Issued Units ('000)	1,336,023(2)	1,351,585(3)
NAV per Unit (S$)	1.47	1.49

Notes:

(1) Adjusted for the distribution paid on 26 February 2010 for the period from 1 July 2009 to 31 December 2009.

(2) Number of Units issued as at 31 December 2009.

(3) Includes approximately 15.562 million new Units (based on a conversion rate of S$1.10 per Unit, which is K-REIT's historical closing price on 31 December 2009) issuable as payment of the Acquisition Fee and Divestment Fee.

5.2.2 Pro Forma DPU of the Transactions

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Transactions on K-REIT's DPU for FY2009, as if K-REIT had purchased the MBFC Interest on 1 January 2009, and held and operated the MBFC Interest through to 31 December 2009, and divested Keppel Towers and GE Tower on 1 January 2009 are as follows:

	Effects of the Transactions	
	Before the Transactions	**After the Transactions**
Net Profit/(loss) before tax (S$'000)	27,616	(10,854)(1)
Distributable Income (S$'000)	70,519	44,072
Issued Units ('000)	1,336,023(2)	1,347,120(3)

1 Rule 1010(8) and Rule 1010(9) of the Listing Manual require the disclosure of the pro forma financial effects of the Transactions, which is set out in this Paragraph 5.2.

	Effects of the Transactions	
	Before the Transactions	After the Transactions
DPU (cents)	5.28	3.27(4)

Notes:

(1) Includes (i) K-REIT's one-third share of the net loss of BFC based on its audited financial statements for FY2009; (ii) interest income from the shareholder's loan to BFC; (iii) a rental support payment of $17.8 million for FY2009; and (iv) deducting the additional borrowing costs, Manager's management fees, amortisation expense and trust expenses in connection with the Transactions. The net loss is due mainly to BFC's net loss incurred for FY2009 as MBFC Property received the temporary occupation permits only in 2010.

(2) Number of Units issued as at 31 December 2009.

(3) Includes approximately 14.3 million new Units (based on an illustrative conversion rate of S$1.20 per Unit) issuable as payment of the Acquisition Fee and the Divestment Fee and excludes approximately 3.2 million Units (based on actual number of Units issued for FY2009) issued to the Manager for management fee of Keppel Towers and GE Tower.

(4) **It should be noted that the actual DPU forecast for the Forecast Year 2011 is 6.68 cents (as illustrated in Paragraph 6.2). The Pro Forma DPU is for illustrative purposes and does not represent K-REIT's DPU following the completion of the Transaction**. The reduction in Pro Forma DPU is due to BFC's net loss incurred in FY2009 as the MBFC Property received the temporary occupation permits only in 2010. Hence, no rental revenue contribution was imputed for the Pro Forma DPU.

5.2.3 Pro Forma Capitalisation of the Transactions

FOR ILLUSTRATIVE PURPOSES ONLY: The following table sets forth the pro forma capitalisation of K-REIT as at 31 December 2009, as if K-REIT had completed the Transactions on 31 December 2009.

	Actual (S$'000)	As Adjusted for the Transactions (S$'000)
Short-term debt	—	—
Long-term debt:		
Secured debt	189,764	614,764
Unsecured debt	389,175	784,981
Total long-term debt	578,939	1,399,745
Total debt:	578,939	1,399,745
Unitholders' funds	1,965,644	2,009,172
Total Capitalisation	2,544,583	3,408,917

5.3 Requirement of Unitholders' Approval

5.3.1 Major Transaction

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

(a) non-discloseable transactions;

(b) discloseable transactions;

(c) major transactions; and

(d) very substantial acquisitions or reverse takeovers.

(ii) A transaction by K-REIT may fall into any of the categories set out in sub-paragraph 5.3.1(i) above depending on the size of the relative figures computed on the following bases of comparison:

(a) the net asset value of the assets to be disposed of, compared with K-REIT's NAV;

(b) the net profits attributable to the assets acquired or disposed of, compared with K-REIT's net profits;

(c) the aggregate value of the consideration given or received, compared with K-REIT's market capitalisation; and

(d) the number of Units issued by K-REIT as consideration for an acquisition, compared with the number of Units previously in issue.

Where any of the relative figures computed on the bases set out above exceeds 20.0%, the transaction is classified as a major transaction. The Listing Manual requires that a major transaction involving K-REIT be made conditional upon approval by Unitholders in a general meeting. However, the approval of Unitholders is not required in the case of (i) an acquisition of profitable assets if only sub-paragraph 5.3.1(ii)(b) exceeds the relevant 20.0% threshold or (ii) a divestment if the relative figures for sub-paragraph 5.3.1(ii) exceed 50.0%.

The relative figure of the number of Units issued by K-REIT as consideration for an acquisition compared with the number of Units previously in issue does not apply in relation to the MBFC Acquisition as no Units will be issued as consideration for the MBFC Acquisition.

The relative figures for the MBFC Acquisition using the applicable bases of comparison described in sub-paragraphs 5.3.1(ii)(b) to 5.3.1(ii)(c) are set out in the table below.

Comparison of:	**MBFC Acquisition**	**K-REIT**	**Relative figure (%)**
Profits (S$'000)	(2,008)[(1)]	40,322[(2)]	(5.0)%
Consideration against market capitalisation (S$'million)	1,426.8[(3)]	1,826.9[(4)]	78.1%

Notes:

(1) The figure is based on the first nine months of the financial year ending 31 December 2010 profit before tax and does not take into account the rental support which commences only after the completion of the MBFC Acquisition. As the MBFC Property is a recently completed development, the MBFC Vendor will provide rental support to K-REIT for the fitting-out periods when rent and maintenance charges will not be received, and to support the marginally lower than market average rental rate as some of the leases were locked-in at below market rates.

(2) This is based on the first nine months of the financial year ending 31 December 2010 total return before tax.

(3) This figure represents the Agreed Value. The actual purchase consideration for the MBFC Acquisition will be determined in the manner as set out in paragraph 2.2 of the Letter to Unitholders.

(4) Based on the weighted average traded price of S$1.36 per Unit on the SGX-ST as at 8 October 2010, the date prior to the entry into of the MBFC SPA.

The relative figures for the KTGE divestment using the applicable bases of comparison described in sub-paragraphs 5.3.1(ii)(a) to 5.3.1(ii)(c) are set out in the table below.

Comparison of:	KTGE Divestment	K-REIT	Relative figure (%)
Net asset value (S$'million)	541.2[(1)]	1,970.2[(1)]	27.5%
Profits (S$'000)	(12,751)	40,322[(2)]	(31.6)%
Consideration against market capitalisation (S$'million)	573.0	1,826.9[(3)]	31.4%

Notes:

(1) As at 30 September 2010.

(2) This is based on the first nine months of the financial year ending 31 December 2010 total return before tax.

(3) Based on the weighted average traded price of S$1.36 per Unit on the SGX-ST as at 8 October 2010, the date prior to the entry into of the KTGE S&P.

5.3.2 Interested Person Transaction and Interested Party Transaction

Under Chapter 9 of the Listing Manual, where K-REIT proposes to enter into a transaction with an interested person and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S$100,000, with the same interested person during the same financial year) is equal to or exceeds 5.0% of K-REIT's latest audited NTA, Unitholders' approval is required in respect of the transaction. Based on the K-REIT Audited Financial Statements, the NTA of K-REIT was S$1,970.1 million as at 31 December 2009. Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by K-REIT with an interested person is, either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S$100,000) entered into with the same interested person during the current financial year, equal to or in excess of S$98.5 million, such a transaction would be subject to Unitholders' approval. Given the Agreed Value of S$1,426.8 million (which is 72.3% of the NTA of K-REIT as at 31 December 2009) and the KTGE Sale Consideration of S$573.0 million (which is 29.1% of the NTA of K-REIT as at 31 December 2009), the value of the MBFC Acquisition and the KTGE Divestment exceeds the said threshold.

Paragraph 5 of the Property Funds Appendix also imposes a requirement for Unitholders' approval for an interested party transaction by K-REIT whose value exceeds 5.0% of K-REIT latest audited NAV. Based on the K-REIT Audited Financial Statements, the NAV of K-REIT was S$2,002.7 million as at 31 December 2009. Accordingly, if the value of a transaction which is proposed to be entered into by K-REIT with an interested party is equal to or greater than S$100.1 million, such a transaction would be subject to Unitholders' approval. Given the Agreed Value of S$1,426.8 million (which is 71.2% of the NAV of K-REIT as at 31 December 2009) and the KTGE Sale Consideration of S$573.0 million (which is 28.6% of the NAV of K-REIT as at 31 December 2009), the value of the MBFC Acquisition and the KTGE Divestment exceeds the said threshold.

As at the Latest Practicable Date, KLL held an aggregate indirect interest in 614,026,497 Units, which is equivalent to approximately 45.69% of the total number of Units in issue, and is therefore regarded as a “controlling Unitholder” of K-REIT under both the Listing Manual and the Property Funds Appendix. In addition, as the Manager is a wholly-owned subsidiary of KLL, KLL is therefore regarded as a “controlling shareholder” of the Manager under both the Listing Manual and the Property Funds Appendix. KCL is also regarded as a “controlling Unitholder” under both the Listing Manual and the Property Funds Appendix. As at the Latest Practicable Date, through Keppel Real Estate Investment Pte Ltd and KLL, KCL has a deemed interest in 1,021,460,945 Units, which comprises approximately 76.01% of the total number of Units in issue.

As both the MBFC Vendor and the KTGE Purchaser are wholly-owned subsidiaries of KLL, for the purposes of Chapter 9 of the Listing Manual and the Property Funds Appendix, each of the MBFC Vendor and the KTGE Purchaser (being a subsidiary of a “controlling Unitholder” and a “controlling shareholder” of the Manager) is (for the purposes of the Listing Manual) an “interested person” and (for the purposes of the Property Funds Appendix) an “interested party” of K-REIT.

Therefore, the MBFC Acquisition and the KTGE Divestment will each constitute “interested person transactions” under Chapter 9 of the Listing Manual as well as “interested party transactions” under the Property Funds Appendix.

Details of the Existing Interested Person Transactions, which are the subject of aggregation pursuant to Rule 906 of the Listing Manual, may be found in **Appendix F** of this Circular.

5.4 Advice of the Independent Financial Adviser

The Manager has appointed PricewaterhouseCoopers Corporate Finance Pte Ltd as the Independent Financial Adviser to advise the independent directors of the Manager (the “**Independent Directors**”) and the audit committee of the Manager (the “**Audit Committee**”) in relation to the Transactions. A copy of the letter from the IFA to the Independent Directors and members of the Audit Committee (the “**IFA Letter**”), containing its advice in full, is set out in **Appendix E** of this Circular and Unitholders are advised to read the IFA Letter carefully.

Having considered the factors and the assumptions set out in the IFA Letter, and subject to the qualifications set out therein, the IFA is of the opinion that the Transactions are based on normal commercial terms and are not prejudicial to the interests of K-REIT and its minority Unitholders.

The IFA is of the opinion that the Independent Directors can recommend that Unitholders vote in favour of the resolution in connection with the Transactions to be proposed at the EGM.

5.5 Interests of Directors and Controlling Unitholders

As at the Latest Practicable Date, certain directors of the Manager collectively hold an aggregate direct and indirect interest in 4,768,976 Units.

Professor Tsui Kai Chong is the chairman and an independent non-executive director of the Manager and an independent non-executive director of KLL. Mr Kevin Wong Kingcheung is the deputy chairman and non-executive director of the Manager and the group chief executive officer and executive director of KLL. Mrs Lee Ai Ming is an independent non-executive director of the Manager and an independent non-executive director of KLL. Mr Tan Swee Yiow is an alternate director to Mr Kevin Wong Kingcheung and a senior executive of KLL. Mr Tan is also a director of the MBFC Vendor and KLP.

Based on the Register of Directors' Unitholdings maintained by the Manager and save as disclosed below, none of the Directors currently holds a direct or deemed interest in the Units as at the Latest Practicable Date:

Name of Directors	Direct Interest		Deemed Interest		Total no. of Units held	%(1)
	No. of Units	%(1)	No. of Units	%(1)		
Tsui Kai Chong	—	—	200,000	0.01	200,000	0.01
Kevin Wong Kingcheung	2,888,976	0.21	—	—	2,888,976	0.21
Ng Hsueh Ling	—	—	—	—	—	—
Chin Wei-Li, Audrey Marie	200,000	0.01	550,000	0.04	750,000	0.06
Lee Ai Ming	460,000	0.03	—	—	460,000	0.03
Tan Chin Hwee	—	—	—	—	—	—
Tan Swee Yiow	470,000	0.03	—	—	470,000	0.03

Note:

(1) The percentage is based on 1,343,790,097 Units in issue in K-REIT Asia as at 29 October 2010.

The table below sets out the interest in KLL shares which are held by the Directors.

Name of Directors	Direct Interest		Deemed Interest		No. of Shares of Outstanding share options	No. of Shares(2) in outstanding	
	No. of KLL Shares	%(1)	No. of KLL Shares	%(1)		Performance share plan	Restricted share plan
Tsui Kai Chong	—	—	—	—	—	—	—
Kevin Wong Kingcheung	2,821,170	0.19	—	—	669,276	300,000	70,000
Ng Hsueh Ling	—	—	—	—	28,000	—	—
Chin Wei-Li, Audrey Marie	—	—	—	—	—	—	—
Lee Ai Ming	—	—	—	—	—	—	—
Tan Chin Hwee	—	—	—	—	—	—	—
Tan Swee Yiow	1,008,221	0.07	—	—	663,799	120,000	30,000

Notes:

(1) The percentage is based on 1,449,914,294 issued shares (excluding treasury shares) of KLL as at the Latest Practicable Date.

(2) This refers to the number of KLL shares which are the subject of contingent awards granted but not released under the KLL's restricted share plan and performance share plan. Based on the achievement factor, the actual release of awards could range from zero to a maximum of 100% for the KLL's restricted share plan and zero to a maximum of 150% for the KLL's performance share plan.

Based on the Register of Substantial Unitholders' Unitholdings maintained by the Manager, the Substantial Unitholders of K-REIT and their interests in the Units as at the Latest Practicable Date are as follows:

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total no. of Units held	%(1)
	No. of Units	%(1)	No. of Units	%(1)		
Temasek Holdings (Private) Limited(2)	—	—	1,022,066,945	76.06	1,022,066,945	76.06
Keppel Corporation Limited(3)	—	—	1,021,460,945	76.01	1,021,460,945	76.01

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total no. of Units held	%(1)
	No. of Units	%(1)	No. of Units	%(1)		
Keppel Land Limited(4)	—	—	614,026,497	45.69	614,026,497	45.69
K-REIT Asia Investment Pte. Ltd.	614,026,497	45.69	—	—	614,026,497	45.69
Keppel Real Estate Investment Pte. Ltd.	407,434,448	30.32	—	—	407,434,448	30.32

Notes:

(1) The percentage is based on 1,343,790,097 Units in issue in K-REIT as at 29 October 2010.

(2) The interest of Temasek Holdings (Private) Limited ("**Temasek**") arises from its interests in KCL and DBS Group Holdings Ltd.

(3) The interest of KCL arises from its interest in Keppel Real Estate Investment Pte. Ltd. and KLL.

(4) The interest of KLL arises from its interest in K-REIT Asia Investment Pte. Ltd.

Save as disclosed above and based on information available to the Manager as at the Latest Practicable Date, none of the directors of the Manager or the "controlling Unitholders" has an interest, direct or indirect, in the Transactions.

5.6 Directors' Service Contracts

No person is proposed to be appointed as a director of the Manager in connection with the Transactions or any other transactions contemplated in relation to the Transactions.

6. METHOD OF FINANCING FOR THE MBFC ACQUISITION, USE OF THE SALE PROCEEDS AND THE PROFIT FORECAST

6.1 The Proposed Financing Plan and Use of Sale Proceeds

The Manager intends to part finance the MBFC Acquisition with the Rights Issue Proceeds, the proceeds from the KTGE Divestment, with the balance of the MBFC Purchase Consideration to be financed with the following debt facilities:

(i) secured term loans of S$425.0 million;

(ii) unsecured term loan of S$200.0 million; and

(iii) revolving loan facility of approximately S$195.9 million.

K-REIT's Aggregate Leverage[1] is expected to increase from 15.2% to 39.1%[2] after the completion of the Transactions. K-REIT is currently rated Baa3 by Moody's Investors Service ("**Moody's**"). The Property Funds Appendix also provides that the Aggregate Leverage of the K-REIT Group may exceed 35.0% of the value of the Deposited Property (up to a maximum of 60.0%) if a credit rating of the REIT from Fitch, Inc., Moody's or Standard & Poor's Financial Services LLC is obtained and disclosed to the public.

1 The ratio of the value of borrowings and deferred payments (if any) to the value of the Deposited Property.

2 Based on K-REIT's Deposited Property value as reflected in its unaudited financial statements as at 30 September 2010, adjusted for the acquisition of the 77 King Street Property as announced on 19 July 2010, the KTGE Divestment and the MBFC Acquisition.

6.2 Profit Forecast

The table below summarises K-REIT's forecast consolidated statements of total return and distributable income for the Forecast Year 2011.

	Forecast[1] Year 2011 (Financial year ending 31 December 2011)		
S$'000	**Existing Properties[2]**	**Existing Properties & New Property[3]**	**Enlarged Portfolio[4]**
Gross Rent	80,182	92,583	68,321
Car park income	1,873	2,047	1,111
Other Income	101	117	86
Property Income	**82,156**	**94,747**	**69,518**
Property tax	(5,880)	(6,447)	(4,428)
Other property expenses	(10,350)	(12,247)	(6,781)
Property management fee	(2,099)	(2,211)	(1,456)
Maintenance and sinking fund contributions	(2,228)	(2,228)	(2,228)
Property Expenses	**(20,557)**	**(23,133)**	**(14,893)**
Net property income	**61,599**	**71,614**	**54,625**
Income support[5]	20,983	22,339	40,122
Amortisation expense	(11,635)	(12,991)	(27,559)
Interest income	1,798	1,798	21,384
Share of results of associated companies[6]	13,024	13,024	27,807
Borrowing costs	(1,310)	(5,660)	(30,418)
Manager's management fees	(14,473)	(15,494)	(20,971)
Trust expenses	(2,470)	(2,835)	(3,017)
Total return before tax	**67,516**	**71,795**	**61,973**
Income tax expense	(3,456)	(4,079)	(7,103)
Total return after tax	**64,060**	**67,716**	**54,870**
Distribution Statement			
Total return after tax	**64,060**	**67,716**	**54,870**
Net tax adjustments[7]	17,710	18,939	36,366
Income available for distribution	**81,770**	**86,655**	**91,236**
Distributable to Unitholders[8]	**81,770**	**86,655**	**91,236**
Distribution per Unit (cents)	**6.06**	**6.42**	**6.68**
Units in issue at the end of year ('000)[9]	**1,349,806**	**1,350,156**	**1,366,206**

Notes:

(1) Based on the assumptions as set out in this **Appendix B** of this Circular.

(2) Existing Properties refer to the initial portfolio comprising Bugis Junction Towers, Keppel Towers and GE Tower, the ORQ Interest, the Prudential Tower Property and the 275 George Street Property.

(3) New Property refers to the acquisition of the 77 King Street Property as announced on 19 July 2010. For the Profit Forecast, it has been assumed that the acquisition of 77 King Street Property will be completed in December 2010.

(4) Enlarged Portfolio comprises the Existing Properties, the 77 King Street Property, the MBFC Interest and the divestment of Keppel Towers and GE Tower.

(5) Income support relates to the income support top-up payments received by K-REIT from Boulevard, income support for the Prudential Tower Property, the 275 George Street Property and the 77 King Street Property, and rental support received by K-REIT from the MBFC Vendor.

(6) Share of results of associated companies refers to the one-third share of ORQPL's (as defined herein) and one-third share of BFC's net profit after tax presented as follows:

S$'000	One-third share of ORQPL's result	One-third share of BFC's results	Forecast Year 2011 Total
Share of gross revenue	38,127	50,775	88,902
Share of property expenses	(10,147)	(13,379)	(23,526)
Share of net profit before interest and tax	27,980	37,396	65,376
Share of interest expenses	(12,288)	(19,586)	(31,874)
Share of net profit before tax	15,692	17,810	33,502
Share of income tax	(2,668)	(3,027)	(5,695)
Share of net profit after tax	13,024	14,783	27,807

(7) 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, Trustee's fee and other expenses which are not deductible for tax purposes, and (ii) adjustments to include dividend income receivable from ORQPL and BFC.

(8) Distribution for the Forecast Year 2011 is based on 100% of the total income available for distribution.

(9) Units in issue at the end of the period include the Manager's forecast number of Units to be issued as payment for (i) acquisition and divestment fees payable to the Manager; and (ii) Manager's management fees for the Forecast Year 2011.

In the preparation of the above forecast consolidated statements of total return and distributable income, specific non-cash items which have no impact on distributable income have been excluded in the presentation of the distributable income to Unitholders. The Profit Forecast is set out in **Appendix B** in this Circular.

The above forecast consolidated statements of total return and distributable income must be read together with the detailed Profit Forecast in **Appendix B** of this Circular, and the Independent Reporting Accountants' Report on the Profit Forecast in **Appendix C** of this Circular (which also contains the notes to the table above).

7. RECOMMENDATION

Based on the opinion of the IFA (as set out in the IFA Letter in **Appendix E** of this Circular) and the rationale and benefits for the MBFC Acquisition and KTGE Divestment as set out in paragraph 4 above, the Independent Directors believe that the MBFC Acquisition and KTGE Divestment would not be prejudicial to the interests of K-REIT and its minority Unitholders.

Accordingly, the Independent Directors recommend that Unitholders vote at the EGM in favour of the Ordinary Resolution to approve the MBFC Acquisition and the KTGE Divestment. Professor Tsui Kai Chong and Mrs Lee Ai Ming have abstained from making this recommendation as they are directors of the Manager and KLL.

8. EXTRAORDINARY GENERAL MEETING

The EGM will be held on 8, December 2010 at 2:30 p.m. at Four Seasons Hotel, Four Seasons Ballroom (Level 2), 190 Orchard Boulevard, Singapore 248646, for the purpose of considering and, if thought fit, passing with or without modification, the resolution set out in the Notice of EGM, which is set out on page G-1 of this Circular. The purpose of this Circular is to provide Unitholders with relevant information about the Ordinary Resolution.

A Depositor shall not be regarded as a Unitholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have Units entered against his name in the Depository Register, as certified by The Central Depository (Pte) Limited ("**CDP**") as at 48 hours before the time fixed for the EGM.

9. ABSTENTIONS FROM VOTING

As at the Latest Practicable Date, KCL, through Keppel Real Estate Investment Pte Ltd and KLL, has a deemed interest in 1,021,460,945 Units, which comprises approximately 76.01% of the total number of Units in issue. Temasek (including through its interests in KCL and DBS Group Holdings Ltd) has a deemed interest in 1,022,066,945 Units, which comprises approximately 76.06% of the total number of Units in issue.

Given that the MBFC Interest will be acquired from a wholly-owned subsidiary of KLL and Keppel Towers and GE Tower will be sold to a wholly-owned subsidiary of KLL, Temasek, KCL and KLL and their associates will abstain from voting on the Ordinary Resolution.

For purposes of good corporate governance, as Mr Kevin Wong Kingcheung, Prof Tsui Kai Chong and Mrs Lee Ai Ming are directors of KLL and Mr Tan Swee Yiow is a senior executive of KLL, they will abstain from voting on the Ordinary Resolution in respect of Units (if any) held by them.

10. ACTION TO BE TAKEN BY UNITHOLDERS

Unitholders will find enclosed in this Circular the Notice of EGM and a Proxy Form.

If a Unitholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the enclosed Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Manager's registered office at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 not later than 6, December 2010 at 2:30 p.m., being 48 hours before the time fixed for the EGM. The completion and return of the Proxy Form by a Unitholder will not prevent him from attending and voting in person at the EGM if he so wishes.

Persons who have an interest in the approval of the resolution must decline to accept appointment as proxies unless the Unitholder concerned has specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of such resolution. If a Unitholder (being an independent Unitholder) wishes to appoint any of Prof Tsui Kai Chong, Mr Kevin Wong Kingcheung, Mrs Lee Ai Ming and Mr Tan Swee Yiow as his/her proxy/proxies for the EGM, he/she should give specific instructions in his/her Proxy Form as to the manner in which his/her vote is to be cast in respect of the Ordinary Resolution relating to the Transactions.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The directors of the Manager collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Transactions, and the directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the directors of the

Manager has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Circular.

The forecast consolidated financial information set out in paragraph 6.2 above and in **Appendix B** of this Circular have been stated by the directors of the Manager after due and careful enquiry.

12. CONSENTS

Each of the IFA (being PricewaterhouseCoopers Corporate Finance Pte Ltd), the Independent Reporting Accountants (being Ernst & Young LLP) and the Independent Valuers (being Savills (Singapore) Pte Ltd and Knight Frank Pte Ltd) has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and, respectively, the IFA Letter, the Independent Reporting Accountants' Report on the Profit Forecast and the valuation certificates and all references thereto, in the form and context in which they are included in this Circular.

13. DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager[1] at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 from the date of this Circular up to and including the date falling three months after the date of this Circular:

(i) the MBFC SPA;

(ii) the KTGE S&P;

(iii) the IFA Letter;

(iv) the Independent Reporting Accountants' Report on the Profit Forecast;

(v) the valuation report on the MBFC Property issued by Savills;

(vi) the valuation report on the MBFC Property issued by Knight Frank;

(vii) the valuation report on Keppel Towers and GE Tower issued by Savills;

(viii) the valuation report on Keppel Towers and GE Tower issued by Knight Frank;

(ix) the K-REIT Audited Financial Statements; and

(x) the written consents of each of the IFA, the Independent Reporting Accountants and the Independent Valuers.

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

Yours faithfully

K-REIT ASIA MANAGEMENT LIMITED
(Company Registration No. 200411357K)
as manager of K-REIT Asia

Professor Tsui Kai Chong
Chairman

1 Prior appointment with the Manager (telephone: +65 6835 7477) will be appreciated.

IMPORTANT NOTICE

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.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

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

This Circular may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events. All forecasts are based on a specified range of issue prices per Unit and on the Manager's assumptions as explained in **Appendix B** of this Circular. Such yields will vary accordingly for investors who purchase Units in the secondary market at a market price higher or lower than the issue price range specified in this Circular. The major assumptions are certain expected levels of property 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 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 forecasts and consider the assumptions used and make their own assessment of the future performance of K-REIT.

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

GLOSSARY

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

275 George Street Property	:	50.0% interest (as a tenant-in-common) in 275 George Street, Brisbane, Australia
77 King Street Property or **New Property**	:	Lots 1, 3, 4 and 5, 77 King Street, Sydney, Australia
Acquisition Fee	:	The acquisition fee which the Manager will be entitled to receive from K-REIT upon completion of the MBFC Acquisition
Actual Gross Rental Income	:	Shall have the meaning as defined in paragraph 2.6 of the Letter to Unitholders
Adjusted NTA Value	:	One-third of the adjusted NTA value of BFC excluding the NTA value of MBRPL as at the date of completion of the MBFC Acquisition
Aggregate Leverage	:	The ratio of the value of borrowings and deferred payments (if any) to the value of the Deposited Property
Audit Committee	:	The audit committee of the Manager
Agreed Value	:	The agreed value of the one-third interest in the MBFC Property of S$1,426.8 million
Boulevard	:	Boulevard Development Pte Ltd
BFC	:	BFC Development Pte. Ltd.
Bugis Junction Towers	:	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
Cavell	:	Cavell Limited
Cheung Kong	:	Cheung Kong (Holdings) Limited
Choicewide	:	Choicewide Group Limited
CDP	:	The Central Depository (Pte) Limited
Circular	:	This circular to Unitholders dated 8 November 2010
Completion Date	:	The date the MBFC Acquisition and the KTGE Divestment is completed
Controlling Unitholder	:	A person with an interest in Units constituting not less than 15.0% of all outstanding Units
Deposited Property	:	The gross assets of K-REIT, including all its authorised investments held or deemed to be held by the trust under the Trust Deed

Divestment Fee	:	The divestment fee which the Manager will be entitled to receive from K-REIT upon completion of the KTGE Divestment
DPU	:	Distribution per Unit
EGM	:	The extraordinary general meeting of Unitholders to be held on 8, December 2010 at 2:30 p.m. at Four Seasons Hotel, Four Seasons Ballroom (Level 2), 190 Orchard Boulevard, Singapore 248646, to approve the matters set out in the Notice of Extraordinary General Meeting on page G-1 of this Circular
Enlarged Portfolio	:	Comprises the Existing Properties, the 77 King Street Property and the MBFC Interest but excluding Keppel Towers and GE Tower
Existing Interested Person Transactions	:	The transactions with interested persons entered into by K-REIT during the course of the current financial year
Existing Properties	:	Comprising Prudential Tower Property, Keppel Towers and GE Tower, Bugis Junction Towers, the ORQ Interest and the 275 George Street Property
Existing Units	:	The 1,343,790,097 Units in issue as at the Latest Practicable Date
F&B	:	Food and beverage
First Period	:	Shall have the meaning as defined in paragraph 2.6 of the Letter to Unitholders
Forecast Year 2011	:	The financial year from 1 January 2011 to 31 December 2011
FY2009	:	Financial year ended 31 December 2009
Gross Rental Income	:	Comprises base rents, service charges, turnover rent and advertising and promotion levy (if applicable)
Gross Revenue	:	Comprises Gross Rental Income, car park income and other income
Hongkong Land	:	Hongkong Land Holdings Limited
Hongkong Land International	:	Hongkong Land International Holdings Limited
HWP	:	Hutchison Whampoa Properties Limited
IFA	:	PricewaterhouseCoopers Corporate Finance Pte Ltd
IFA Letter	:	The letter from the IFA to the Independent Directors and Audit Committee of the Manager containing its advice as set out in **Appendix E** of this Circular
Independent Reporting Accountants	:	Ernst & Young LLP
Independent Directors	:	The independent directors of the Manager
Independent Valuers	:	Savills and Knight Frank

K-REIT	:	K-REIT Asia
K-REIT Audited Financial Statements	:	The audited financial statements of K-REIT for the financial year ended 31 December 2009
KCL	:	Keppel Corporation Limited
Keppel Towers and GE Tower or **KTGE**	:	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
KLL	:	Keppel Land Limited
KLP	:	Keppel Land Properties Pte Ltd
KTGE Divestment	:	The proposed divestment of Keppel Towers and GE Tower
KTGE Purchaser	:	Mansfield Developments Pte. Ltd.
KTGE S&P	:	The conditional sale and purchase agreement entered into between the Trustee and the KTGE Purchaser on 11 October 2010
KTGE Sale Consideration	:	The sale consideration of S$573.0 million for the KTGE Divestment
Knight Frank	:	Knight Frank Pte Ltd
Latest Practicable Date	:	29 October 2010, being the latest practicable date prior to the printing of this Circular
Listing Manual	:	The Listing Manual of the SGX-ST
Loan Consideration	:	The consideration for the assignment of the shareholder's loan made by the MBFC Vendor to BFC
Manager	:	K-REIT Asia Management Limited, in its capacity as manager of K-REIT
MAS	:	Monetary Authority of Singapore
MBFC Acquisition	:	The proposed acquisition of the MBFC Interest and MBFC Loan
MBFC Interest	:	One-third interest in the issued share capital of BFC but excluding MBRPL
MBFC Loan	:	The shareholder's loan made by MBFC Vendor to BFC
MBFC Property	:	Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall on Lots 289N, 80006L, 80007C, 80008M, 80009W and 80011M of Town Subdivision 30

MBFC Purchase Consideration	:	The purchase consideration for the MBFC Acquisition
MBFC Rental Support	:	The rental support provided by the MBFC Vendor to K-REIT details of which are set out in paragraph 2.6.1 of the Letter to Unitholders
MBFC SPA	:	The conditional share purchase agreement entered into between the Trustee, KLP and the MBFC Vendor on 11 October 2010
MBFC Total Acquisition Cost	:	The total cost of the MBFC Acquisition
MBFC Vendor	:	Bayfront Development Pte. Ltd.
MBRPL	:	Marina Bay Residences Pte. Ltd.
Moody's	:	Moody's Investors Service
MRT	:	Mass Rapid Transit
NAV	:	Net asset value
Net Property Income	:	Means the property income less the property expenses
Net Sale Proceeds	:	The net cash proceeds from the KTGE Divestment
NLA	:	Net lettable area
NTA	:	Net tangible asset
One Raffles Quay	:	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
Ordinary Resolution	:	A resolution proposed and passed as such by a majority being greater than 50.0% 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
ORQ Interest	:	K-REIT's one-third interest in One Raffles Quay through a one-third interest in the issued share capital of One Raffles Quay Pte Ltd and the assignment to K-REIT Asia of Boulevard Development Pte Ltd's rights, title and interest in a shareholder's loan to ORQPL
ORQPL	:	One Raffles Quay Pte Ltd
Per cent. or **%**	:	Per centum or Percentage
Profit Forecast	:	The forecast of (i) the Existing Properties, (ii) the Existing Properties and the New Property and (iii) the Enlarged Portfolio together with the accompanying key assumptions and sensitivity analysis as set out in **Appendix B** of this Circular

Property Funds Appendix	:	The Property Funds Appendix in Appendix 2 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore
Property Tax	:	Property tax for Singapore properties refers to property tax payable. Property tax for Australian properties refers to land tax payable
Prudential Tower Property	:	The approximately 73.4% of the strata area of 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, U422W TS 1, U424P TS 1, U425T TS1, U426A TS1, U427K TS1, U428N TS1 and U429X TS1 comprising SSCT Vol. 589 Fol. 161 to 168 and Fol. 170 to 187
Quarterly Period	:	Shall have the meaning as defined in paragraph 2.6 of the Letter to Unitholders
REIT	:	Real estate investment trust
Restated Shareholders' Agreement	:	The restated shareholders' agreement to be entered into between the Trustee with the other shareholders of BFC and their parent entities relating to the governance of their relationship as direct and indirect shareholders of BFC
Rights Issue Proceeds	:	The S$41.5 million from part of K-REIT's rights issue proceeds in November 2009
RQAM	:	Raffles Quay Asset Management Pte Ltd
RQAM Asset Management Agreement	:	The project and asset management agreement between BFC and RQAM in relation to the management of the MBFC Property
S$ and **cents**	:	Singapore dollars and cents
Sageland	:	Sageland Private Limited
Savills	:	Savills (Singapore) Pte Ltd
SGX-ST	:	Singapore Exchange Securities Trading Limited
Share Consideration	:	The consideration for the acquisition of the one-third of the issued share capital of BFC which is based on the Adjusted NTA Value of BFC
Shareholders' Agreement	:	The shareholders' agreement dated 9 September 2005 made between the MBFC Vendor, Sageland, Choicewide, Hongkong Land International, Cavell, HWP, KLP and BFC (as amended)
sqm	:	Square metres
Standard & Poor's	:	Standard & Poor's Financial Services LLC

Substantial Unitholder	:	A person with an interest in Units constituting not less than 5.0% of the total number of Units in issue
Temasek	:	Temasek Holdings (Private) Limited
Threshold Amount	:	Shall have the meaning as defined in paragraph 2.6 of the Letter to Unitholders
Transactions	:	The MBFC Acquisition and the KTGE Divestment
Trust Deed	:	The trust deed dated 28 November 2005 constituting K-REIT Asia, as supplemented by a first supplemental deed dated 2 February 2006, a second supplement deed dated 17 March 2006, a third supplemental deed dated 30 July 2007, a fourth supplemental deed dated 17 October 2007, a fifth supplemental deed dated 19 January 2009, a sixth supplemental deed dated 16 April 2009 and a first amending and restating deed dated 19 April 2010, all entered into between the Trustee and the Manager, as amended, varied, or supplemented from time to time
Trustee	:	RBC Dexia Trust Services Singapore Limited, in its capacity as trustee of K-REIT
Undertaking Deed	:	The undertaking deed to be entered into between the Trustee, the MBFC Vendor and KLP
Unit	:	A unit representing an undivided interest in K-REIT
Unitholder	:	The registered holder for the time being of a Unit, including person(s) so registered as joint holders, except 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
Vendor Top-Up Payment	:	Shall have the meaning as defined in paragraph 2.6 of the Letter to Unitholders
WALE	:	Weighted average lease expiry

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

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

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

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

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.

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DETAILS OF THE MBFC PROPERTY, THE EXISTING PROPERTIES AND THE ENLARGED PORTFOLIO

1. THE MBFC PROPERTY

1.1 Description of the MBFC Property

Designed by Kohn Pedersen Fox Associates, one of the "world-renowned" architecture firms, Marina Bay Financial Centre is a landmark integrated development centrally located on prime waterfront space in Singapore's new financial district. It enjoys close proximity to the Marina Bay Sands integrated resort, Singapore Flyer, The Esplanade – Theatres on the Bay, Gardens by the Bay and other lifestyle and entertainment amenities. When completed over two phases, Marina Bay Financial Centre will comprise three office towers, namely, Marina Bay Financial Centre Towers 1, 2 and 3, two residential towers, namely, Marina Bay Residences and Marina Bay Suites, and a subterranean retail mall, Marina Bay Link Mall, which links the new Downtown MRT station, the Raffles Place MRT station and Marina Bay Sands integrated resort via an underground pedestrian network.

The MBFC Property and Marina Bay Residences represent the recently completed first phase of Marina Bay Financial Centre. The temporary occupation permits for Marina Bay Financial Centre Tower 1 and Tower 2 were issued on 18 March 2010 and 27 August 2010 respectively, while the temporary occupation permits for Marina Bay Link Mall and Marina Bay Residences were issued on 27 August 2010 and 12 April 2010 respectively.

Marina Bay Financial Centre Tower 1 is a 33-storey Grade A office building comprising approximately 57,671 sqm of net NLA, and is committed to international banking and financial institutions such as Standard Chartered Bank and Wellington International Management Company. Marina Bay Financial Centre Tower 2 is a 50-storey Grade A office building comprising approximately 95,867 sqm of NLA, and is committed to multi-national companies and financial institutions such as Barclays, BHP Billiton, Macquarie and Nomura. Marina Bay Link Mall which comprises approximately 8,776 sqm of NLA will host a diverse mix of lifestyle brands, F&B outlets and convenience services for those who work and live at Marina Bay and is targeted to commence business operations at the end of 2010.

The table below sets out a summary of selected information on the MBFC Property as at 30 September 2010:

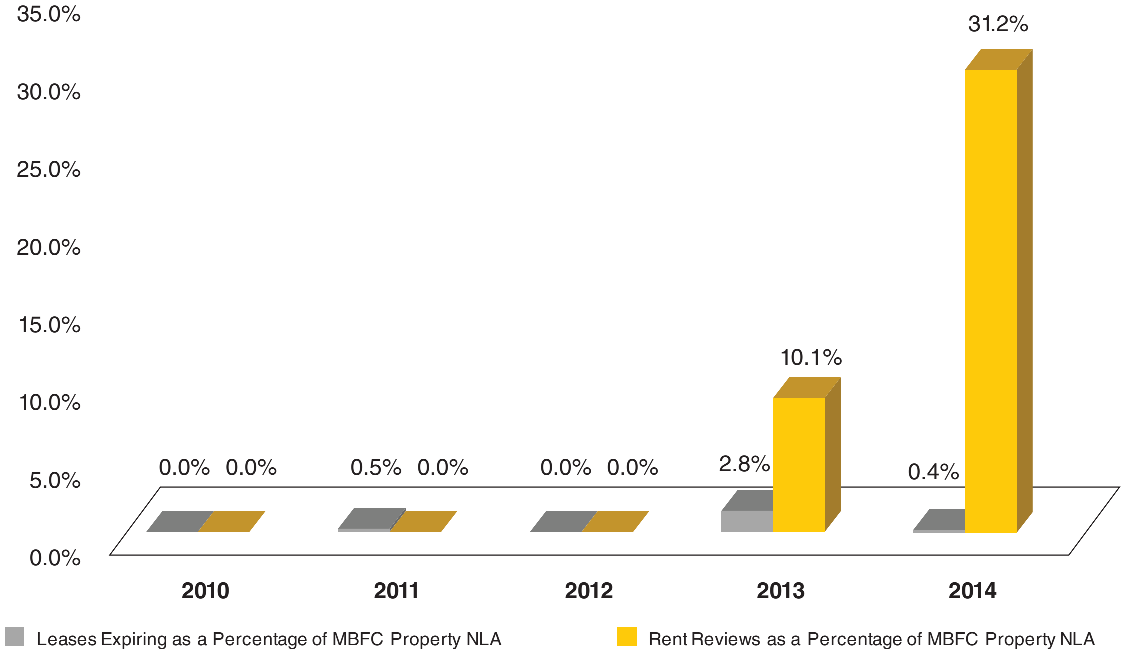
Site Area	34,155 sqm
NLA	162,314 sqm
Committed Occupancy	96.4%
Number of Tenants	66 (16 office tenants, 51 retail tenants)[1]
Title	Leasehold estate of 99 years commencing 11 October 2005
Valuation (as at 30 September 2010)	S$1,427.0 million (Savills) S$1,433.0 million (Knight Frank)

Note:

(1) Standard Chartered Bank is both an office tenant and a retail tenant.

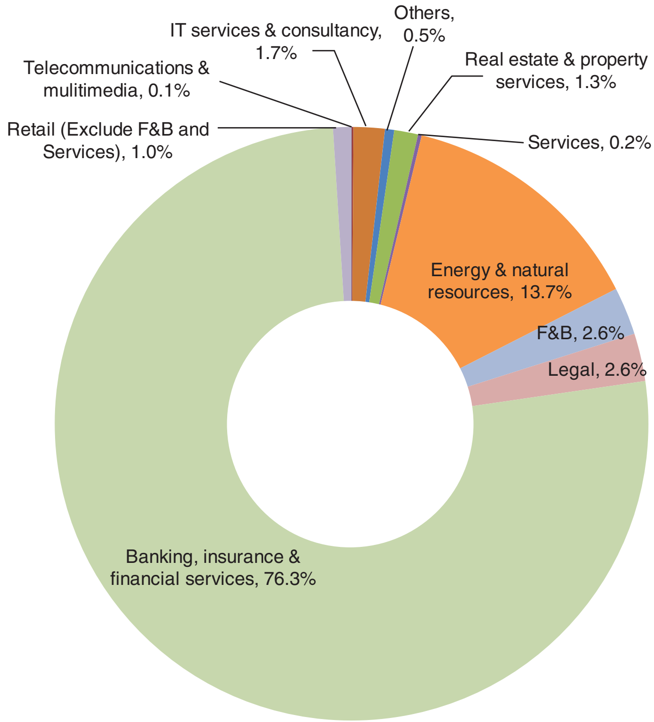
1.2 Lease Expiry Profile for the MBFC Property (as at 30 September 2010)

The graph below illustrates the lease expiry and rental review profile of the MBFC Property by NLA. In addition, approximately 89.7% of the MBFC Property's committed NLA is leased by its top ten tenants by NLA.



1.3 Business Sector Analysis for the MBFC Property (as at 30 September 2010)

The chart below provides a breakdown by NLA of the different business sectors represented in MBFC Property.



2 EXISTING PROPERTIES

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

	Bugis Junction Towers	Keppel Towers and GE Tower	One Raffles Quay	Prudential Tower Property	275 George Street Property
NLA *(sqm)*	22,878	39,959	124, 058(1)	16,320	41,748(1)
Number of Tenants	10	66	31(1)	26	8(1)
Title/Leasehold Estate Expiry	Leasehold estate of 99 years commencing 10 September 1990	Freehold	Leasehold estate of 99 years commencing 13 June 2001	Leasehold estate of 99 years commencing 15 January 1996	Freehold
Valuation *(S$ million) (as at 31 December 2009)*	297.0	540.7	934.9	325.1	209.4(2)
Committed Occupancy as at 30 September 2010 *(%)*	99.5	99.1	100.0	96.6	99.6

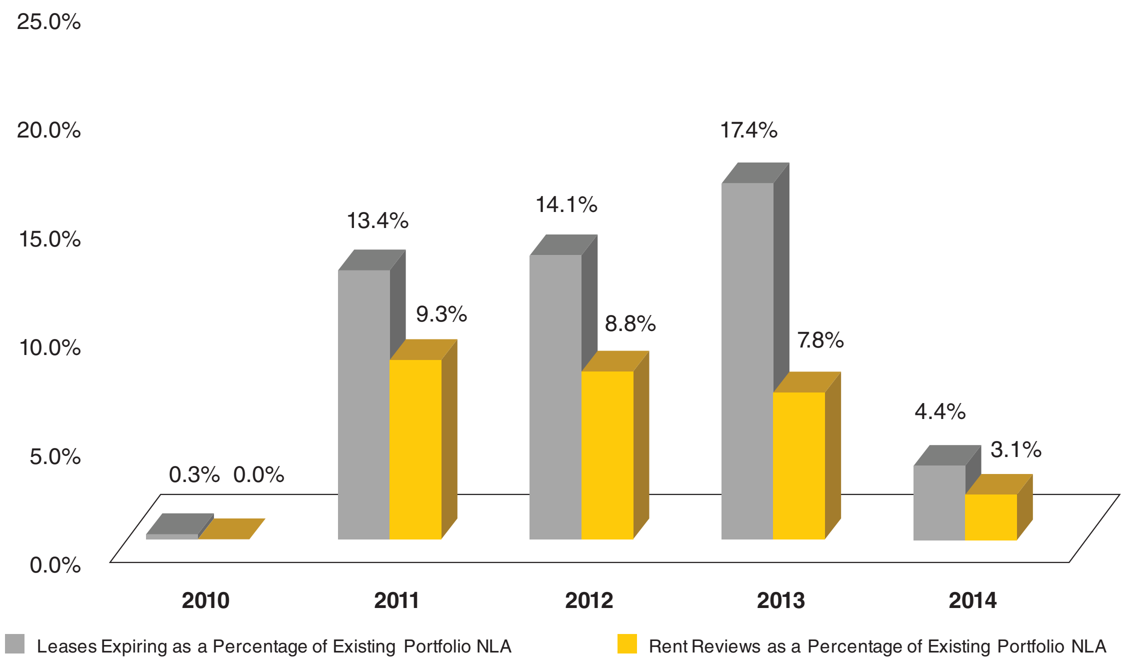
Notes:

(1) For the entire development.

(2) The 50.0% stake in 275 George Street was valued at A$166.0 million, or approximately S$209.4 million as at 1 March 2010, the acquisition completion date.

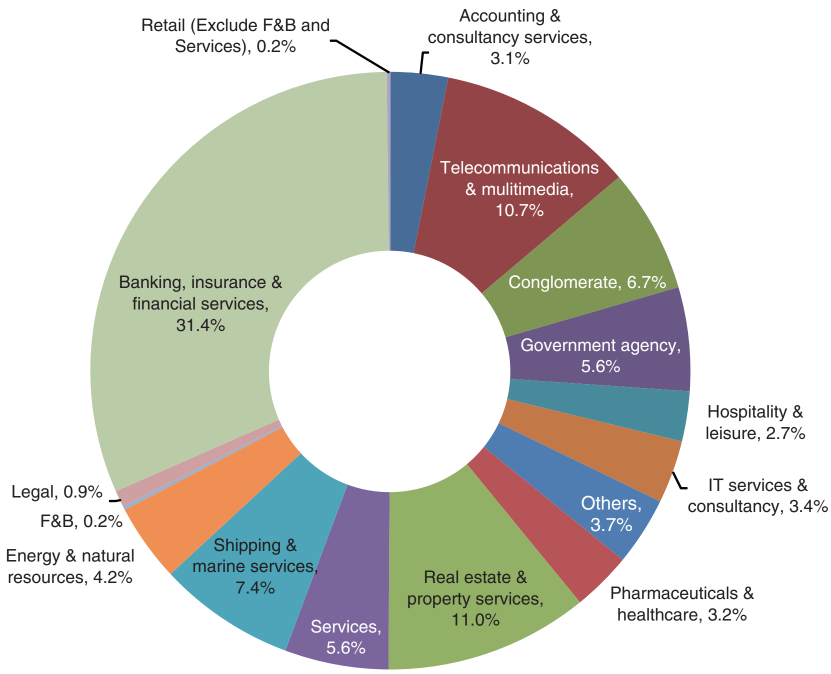
2.1 Lease Expiry and Rent Review Profiles for the Existing Properties (as at 30 September 2010)

The graph below illustrates the lease expiry and rent review profiles of the Existing Properties by NLA.



2.2 Business Sector Analysis for Existing Properties (as at 30 September 2010)

The chart below provides a breakdown by NLA of the different business sectors represented in the Existing Properties.



2.3 Top Ten Tenants of the Existing Properties (as at 30 September 2010)

The table below sets out selected information about the top ten tenants of the Existing Properties by NLA.

Property	Top Ten Tenants	Percentage of Leased NLA
Bugis Junction Towers	International Enterprise Singapore	51.0%
Bugis Junction Towers	Keppel Land International Limited	
GE Tower	GE Pacific Pte Ltd	
ORQ Interest	ABN AMRO Asia Pacific Pte Ltd	
ORQ Interest	Credit Suisse	
ORQ Interest	Deutsche Bank Aktiengesellschaft	
ORQ Interest	Ernst & Young Services Pte. Ltd.	
ORQ Interest	UBS AG	
275 George Street Property	Queensland Gas Company Limited	
275 George Street Property	Telstra Corporation Limited	

3. ENLARGED PORTFOLIO (INCLUDING THE 77 KING STREET PROPERTY AND THE MBFC INTEREST BUT EXCLUDING KEPPEL TOWERS AND GE TOWER)

The table below sets out selected information on the Enlarged Portfolio as at 30 September 2010 (unless otherwise indicated).

	Existing Properties(1)	77 King Street Property	MBFC Property (1/3 Interest)	Enlarged Portfolio(2)
NLA (sqm)	141,384	13,727	162,314	169,257
Number of Tenants(3)	140	15	66	154(7)
Valuation (S$ million)	2,298.6(4)	145.2(5)	1,427.0(6) (Savills) 1,433.0(6) (Knight Frank)	3,330.1 (using Savills' valuation for MBFC Property) 3,336.1 (using Knight Frank's valuation for MBFC Property)
Committed Occupancy as at 30 Sep 2010 (%)	99.2%	76.8%	96.4%	96.5%

Notes:

(1) Includes one-third interest in Bugis Junction Tower, Keppel Towers & GE Tower, One Raffles Quay, Prudential Tower Property, and 275 George Street Property.

(2) The Enlarged Portfolio comprises the Existing Properties, the 77 King Street Property and the MBFC Interest but excluding Keppel Towers and GE Tower.

(3) Reflects the entire development of One Raffles Quay and the MBFC Property.

(4) The 275 George Street Property was valued at A$166.0 million. The valuation in the table above is based on an exchange rate of AS$1.00 to S$1.21.

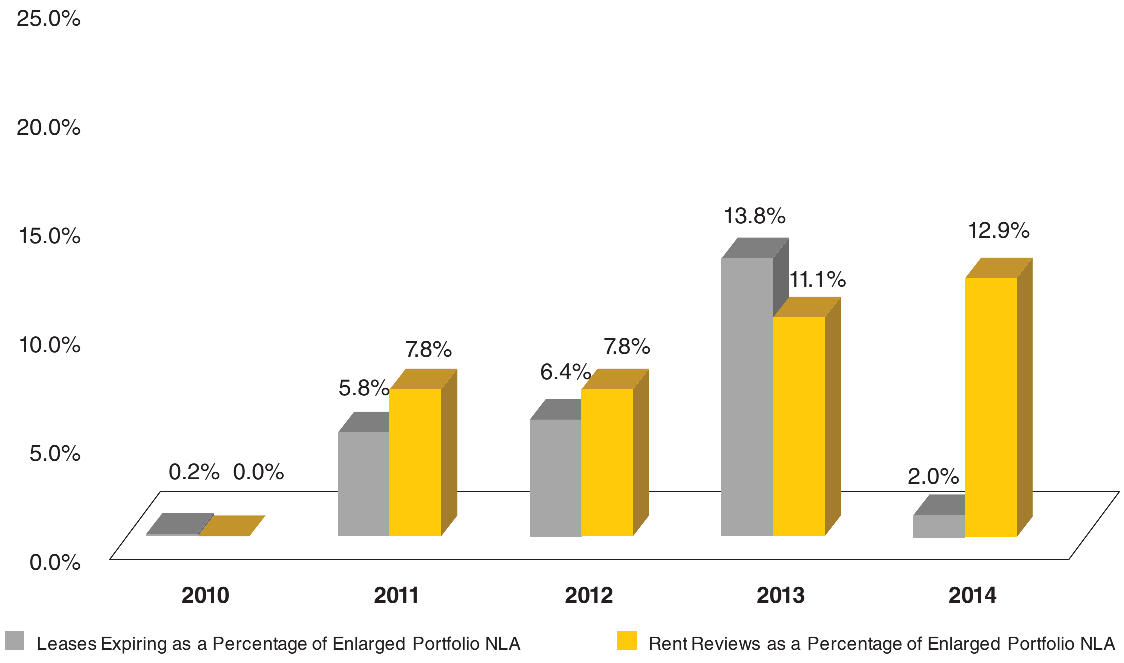
(5) As at 16 July 2010, the 77 King Street Property was valued at A$120.0 million. The valuation in the table above is based on an exchange rate of AS$1.00 to S$1.21.

(6) Valuation as at 30 September 2010.

(7) Tenants located in more than one Property are accounted as one tenant when computing the total number of tenants.

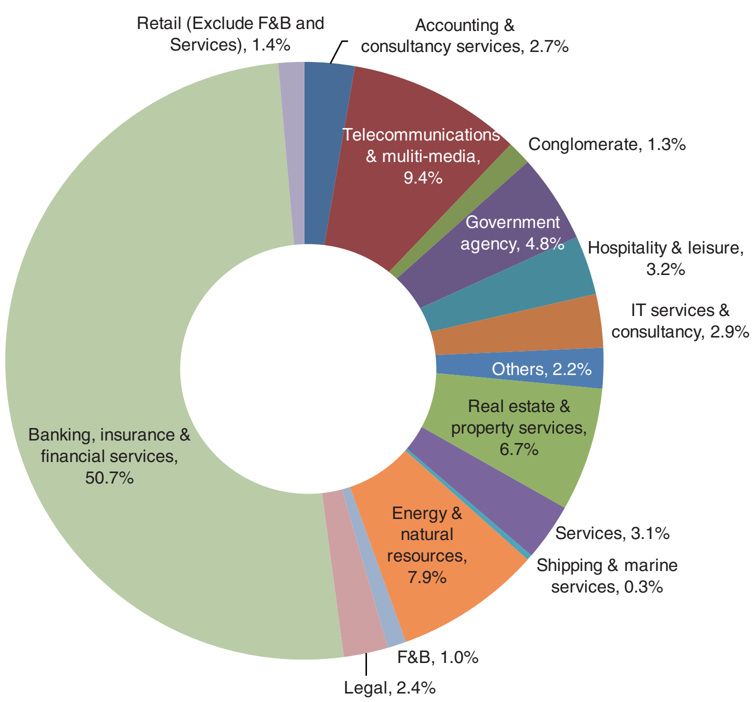
3.1 Lease Expiry and Rent Review Profiles for the Enlarged Portfolio (as at 30 September 2010)

The graph below illustrates the lease expiry and rent review profiles of the Enlarged Portfolio by NLA.



3.2 Business Sector Analysis for Enlarged Portfolio (as at 30 September 2010)

The chart below provides a breakdown by NLA of the different business sectors represented in the Enlarged Portfolio.



3.3 Top Ten Tenants of the Enlarged Portfolio (as at 30 September 2010)

The table below sets out selected information about the top ten tenants of the Enlarged Portfolio by NLA.

<table>
<tr><th>Property</th><th>Top Ten Tenants</th><th>Percentage of Leased NLA</th></tr>
<tr><td>Bugis Junction Towers</td><td>International Enterprise Singapore</td><td rowspan="10">55.5%</td></tr>
<tr><td>Bugis Junction Towers</td><td>Keppel Land International Limited</td></tr>
<tr><td>MBFC Interest</td><td>Barclays Capital Service Limited Singapore Branch</td></tr>
<tr><td>MBFC Interest</td><td>BHP Billiton Marketing Asia Pte Ltd</td></tr>
<tr><td>MBFC Interest</td><td>Standard Chartered Bank</td></tr>
<tr><td>ORQ Interest</td><td>ABN AMRO Asia Pacific Pte Ltd</td></tr>
<tr><td>ORQ Interest</td><td>Deutsche Bank Aktiengesellschaft</td></tr>
<tr><td>ORQ Interest</td><td>UBS AG</td></tr>
<tr><td>275 George Street Property</td><td>Queensland Gas Company Limited</td></tr>
<tr><td>275 George Street Property</td><td>Telstra Corporation Limited</td></tr>
</table>

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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 forecasted. 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 nor that these results will be achieved or are likely to be achieved.

The following tables set out the forecast consolidated statements of total return and distributable income for the Forecast Year 2011.

The Profit Forecast has been examined by the Independent Reporting Accountants and should be read together with their report contained in **Appendix C** of this Circular as well as the assumptions and sensitivity analysis set out below.

Forecast Consolidated Statement of Total Return and Distributable Income

	Forecast[1] Year 2011 (Financial year ending 31 December 2011)		
S$'000	**Existing Properties[2]**	**Existing Properties & New Property[3]**	**Enlarged Portfolio[4]**
Gross Rent	80,182	92,583	68,321
Car park income	1,873	2,047	1,111
Other Income	101	117	86
Property Income	**82,156**	**94,747**	**69,518**
Property tax	(5,880)	(6,447)	(4,428)
Other property expenses	(10,350)	(12,247)	(6,781)
Property management fee	(2,099)	(2,211)	(1,456)
Maintenance and sinking fund contributions	(2,228)	(2,228)	(2,228)
Property Expenses	**(20,557)**	**(23,133)**	**(14,893)**
Net property income	**61,599**	**71,614**	**54,625**
Income support[5]	20,983	22,339	40,122
Amortisation expense	(11,635)	(12,991)	(27,559)
Interest income	1,798	1,798	21,384
Share of results of associated companies[6]	13,024	13,024	27,807
Borrowing costs	(1,310)	(5,660)	(30,418)
Manager's management fees	(14,473)	(15,494)	(20,971)
Trust expenses	(2,470)	(2,835)	(3,017)
Total return before tax	**67,516**	**71,795**	**61,973**
Income tax expense	(3,456)	(4,079)	(7,103)
Total return after tax	**64,060**	**67,716**	**54,870**

S$'000	Forecast[1] Year 2011 (Financial year ending 31 December 2011) Existing Properties[2]	Existing Properties & New Property[3]	Enlarged Portfolio[4]
Distribution Statement			
Total return after tax	**64,060**	**67,716**	**54,870**
Net tax adjustments[7]	17,710	18,939	36,366
Income available for distribution	**81,770**	**86,655**	**91,236**
Distributable to Unitholders[8]	**81,770**	**86,655**	**91,236**
Distribution per Unit (cents)	**6.06**	**6.42**	**6.68**
Units in issue at the end of year ('000)[9]	**1,349,806**	**1,350,156**	**1,366,206**

Notes:

(1) Based on the assumptions as set out in this **Appendix B**.

(2) Existing Properties refer to the initial portfolio comprising the Bugis Junction Towers, Keppel Towers and GE Tower, the ORQ Interest, Prudential Tower Property and the 275 George Street Property.

(3) New Property refers to the acquisition of the 77 King Street Property as announced on 19 July 2010. For the Profit Forecast, it has been assumed that the acquisition of the 77 King Street Property will be completed in December 2010.

(4) Enlarged Portfolio comprises the Existing Properties, the 77 King Street Property, the MBFC Interest and the divestment of Keppel Towers and GE Tower.

(5) Income support relates to the income support top-up payments received by K-REIT from Boulevard, income support for the Prudential Tower Property, the 275 George Street Property and the 77 King Street Property, and rental support received by K-REIT from the MBFC Vendor.

(6) Share of results of associated companies refers to the one-third share of ORQPL's and one-third share of BFC's net profit after tax presented as follows:

S$'000	One-third share of ORQPL's result	One-third share of BFC's results	Forecast Year 2011 Total
Share of gross revenue	38,127	50,775	88,902
Share of property expenses	(10,147)	(13,379)	(23,526)
Share of net profit before interest and tax	27,980	37,396	65,376
Share of interest expenses	(12,288)	(19,586)	(31,874)
Share of net profit before tax	15,692	17,810	33,502
Share of income tax	(2,668)	(3,027)	(5,695)
Share of net profit after tax	13,024	14,783	27,807

(7) 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, Trustee's fee and other expenses which are not deductible for tax purposes, and (ii) adjustments to include dividend income receivable from ORQPL and BFC.

(8) Distribution for the Forecast Year 2011 is based on 100% of the total income available for distribution.

(9) Units in issue at the end of the period includes the Manager's forecast number of Units to be issued as payment for (i) acquisition and divestment fees payable to the Manager; and (ii) Manager's management fees for the Forecast Year 2011.

1. Section A: Assumptions – Existing Properties

The major assumptions made in preparing the Profit Forecast of the Existing Properties are set out below. The Manager considers these assumptions to be appropriate and reasonable as at the date of this Circular.

1.1 Property Income for the Existing Properties

Property Income comprises (a) gross rental income; (b) car park income; and (c) other income earned from the Existing Properties. 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 comprises base rental income (after rent rebates, rent free periods, and adjustments where applicable, excluding turnover rent, if any) and service charge, which is a contribution paid by tenants towards the property expenses of the Existing Properties.

In order to forecast the gross rental income, the Manager has assumed rent payable under the committed leases.

For leases expiring in the Forecast Year 2011, the Manager has assumed the following process to forecast the gross rental income for the period following such expiry:

- The Manager has assessed the market rent for the expiring leases as at 30 September 2010. The market rent is the rent which the Manager believes could be achieved if each lease were renegotiated as at 30 September 2010 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 expiries, likely market conditions, inflation levels and tenant demand.

- The Manager has assessed each of the expiring leases and the likelihood of tenancy renewals. During this period, leases amounting to 23,179 sqm or 16.4 per cent of the total NLA will be due for renewal. It has been assumed that leases of 10,769 sqm or 46.5 per cent of the total 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 30 September 2010. For the remaining leases of 12,409 sqm or 53.5 per cent 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 for the Existing Properties in Singapore is in-line with the current market rent of comparable properties. Depending on the size and location of the individual premises, the vacancy allowance period is assumed to be between 3 to 6 months before rent becomes payable under a new lease.

  The gross rental income for the 275 George Street Property is based on the actual leases committed during the year. There is a fixed rental escalation of between 4.0 per cent and 5.0 per cent annually. There are no leases expiring in the Forecast Year 2011.

1.1.2 Car Park Income

Car park income includes income accruing from or resulting from the operation of the car parking facilities at Keppel Towers and GE Tower and the 275 George Street Property. Car parking facilities of Bugis Junction Towers and the Prudential Tower Property are owned by the respective management corporations.

At Keppel Towers and GE Towers, the Manager has assumed the car park income from operation of the car park facilities to be similar to the car park income for the period from 1 January 2010 to 30 September 2010. For the 275 George Street Property, the forecast car park income is based on the actual car park income committed in the lease agreements.

1.1.3 Other Income

Other income is attributable solely to Keppel Towers and GE Tower and the 275 George Street Property, and includes revenue from licence fees and other miscellaneous income. The forecast of other income is based on the existing licence agreements and current income collections.

1.2 Property Expenses for the Existing Properties

Property expenses consist of (a) Property Tax; (b) other property expenses; (c) the 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

For Existing Properties in Singapore, the Property Tax assumptions are set out in the table below:

Income Source	Property Tax Assumptions
Leases	10.0 per cent of base rent
Car park lots	10.0 per cent of gross car park income

The Property Tax for the 275 George Street Property for the Forecast Year 2011 is up to 2.0 per cent of the average unimproved market value of the property.

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 the 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 Existing Properties.

The Manager has made an individual assessment of these expenses based on its historical operating costs and committed service contracts as at 30 September 2010. Included in other property expenses for the Forecast Year 2011 are (i) provisions of S$5.5 million for the upkeep of the properties, repairs and maintenance and fitting out expenses; (ii) utilities expenses of S$2.2 million; (iii) reimbursement of salaries and related expense of S$1.2 million; (iv) marketing expenses of S$1.2 million; and (v) general and administrative expenses of S$0.3 million. The forecast of the other property expenses is broadly in-line with expenses incurred for the period ended 30 September 2010.

1.2.3 Property Management Fee

The property management fee for the Existing Properties is based on 1.5 per cent to 3.0 per cent per annum of the Gross Revenue for the Existing Properties.

1.3 Maintenance and sinking fund contributions

As 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 owner 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 and assumed that the maintenance and sinking fund contributions payable for the Forecast Year 2011 to be in line with those that incurred for the period ended 30 September 2010.

1.4 Borrowing costs

K-REIT 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.

The Blossom Asset Loan Facilities comprises (i) a five-year term loan of S$160.2 million at a fixed interest rate of 3.905 per cent per annum and (ii) a five-year term loan of S$29.9 million at a fixed interest rate of 4.055 per cent per annum. Pursuant to the notice of redemption in September 2010, K-REIT had notified Blossom Asset to redeem the entire outstanding notes of S$190.1 million.

In addition to the Blossom Assets Loan Facilities, K-REIT has a revolving loan facility of S$350.0 million of which S$161.0 million has been utilised as at 30 September 2010.

For the Profit Forecast it has been assumed that:

- K-REIT will use the partial repayment of the ORQPL's shareholder's loan to redeem the outstanding notes of S$190.1 million and partially pare down the revolving loan facility.

- The total outstanding amount of borrowings of K-REIT as at 30 September 2010 is S$53.0 million, assuming that the Blossom Assets Loan Facilities has been redeemed and the partial repayment of the revolving loan facility.

- The interest rate on the revolving loan facility is 2.5 per cent per annum.

1.5 **Manager's Management Fees for the Existing Properties**

The Manager is entitled to a base fee of 0.5 per cent per annum of the value of the Deposited Property and an annual performance fee of 3.0 per cent of the Net Property Income of the Existing Properties before the Manager's management fees, gains and losses arising from disposal and revaluation of properties, and non-operating income and expenses. Both the base fee and performance fee are payable quarterly in arrears.

To arrive at the forecast distribution for the Forecast Year 2011, it is assumed that the Manager's management fees will be paid part in Units and part in cash.

For the Manager's management fees payable in Units for the Forecast Year 2011, the Manager has assumed an issue price of S$1.20 per Unit.

1.6 **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. The Trustee's fee is presently charged on a scaled basis of up to 0.03 per cent per annum of the value of the Deposited Property, excluding out-of-pocket expenses and goods and services tax. The Trustee's fee for the Forecast Year 2011 is S$0.3 million. The fee is accrued monthly and paid quarterly in arrears in accordance with the Trust Deed.

1.7 **Income Support top-up payments for the ORQ Interest, 29.1 per cent of the total strata area of Prudential Tower and the 275 George Street Property**

On 30 July 2007, the Trustee has entered into the deed of income support with Boulevard ("**Deed of Income Support**"). Under the Deed of Income Support, Boulevard has undertaken to the Trustee to effect the top-up payments to the Trustee amounting to one-third of the amount by which the net property income falls short of the guaranteed income amount of the ORQ Interest for each of the calendar quarters during the period commencing on 10 December 2007 and ending on 31 December 2011. Included in the Forecast Year 2011 is income support provided by Boulevard of S$18.7 million.

The income support top-up payments for any quarterly period shall not in any event exceed S$8.0 million. The aggregate of all income support top-up payments shall not in any event exceed S$103.4 million. The Trustee shall bear all goods and services tax, if any, chargeable on each income support top-up payments.

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 from Boulevard for each relevant quarters. Such amortisation expense is subsequently included in the distribution adjustments and hence has no impact on the distributable income to unitholders.

On 1 September 2009, the Trustee entered into a sale and purchase agreement for the acquisition of levels 20 to 25 of Prudential Tower. Under such sale and purchase agreement, the vendor of levels 20 to 25 of Prudential Tower will provide K-REIT income support of up to S$5.0 million, for a period of five years commencing from the date of completion of the acquisition on 2 November 2009. If the actual net property income is less than the guaranteed net property income, the vendor of levels 20 to 25 of Prudential Tower shall pay to the Trustee a sum equal to the difference between the actual net property income and the guaranteed net property income. The net property income is calculated by deducting operating expenses from rental income. The guaranteed net property income is equivalent to 5.2 per cent of the purchase consideration.

For the purpose of providing the rental income support, the vendor of levels 20 to 25 of Prudential Tower had deposited an amount of S$5.0 million into a bank account opened and maintained by the Trustee whereby the Trustee shall make drawings from the said bank account. Included in the Forecast Year 2011 is income support of S$1.6 million.

On 31 January 2010, the Trustee through K-REIT Asia (Australia) Trust, a wholly-owned subsidiary of K-REIT acquired the 275 George Street Property. Top-up payments equal to the amount of shortfall between the actual net cash flow from operations and the guaranteed net cash flow of A$12.8 million per annum will be provided from 1 March 2010 till 30 June 2012. Included in the Forecast Year 2011 is income support of S$0.7 million.

1.8 Capital Expenditure

A provision of cash flow payments of S$3.9 million for the forecasted capital expenditure of the Existing Properties has been included in the Profit Forecast. This is forecasted 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).

1.9 Investment Properties

It is assumed that the carrying amount of the Existing Properties, excluding the 275 George Street Property is S$2,097.7 million, based on the annual valuation by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, as at 31 December 2009. For the 275 George Street Property, it is assumed that the carrying value equals to the acquisition price of S$221.3 million as at 30 September 2010.

It has been assumed that the value of the Existing Properties will increase by the amount of capital expenditure forecasted to be incurred during the Forecast Year 2011. This assumption is applied when estimating the value of the Deposited Property for forecasting the base component of the manager's fee for the Existing Properties and the Trustee's fee.

1.10 Accounting Standards

A summary of the significant accounting policies of K-REIT may be found in K-REIT's Report to Unitholders for the financial period from 1 January 2009 to 31 December 2009. 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.

1.11 Other Assumptions

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

- Other than the MBFC Acquisition and KTGE Divestment, the property portfolio remains unchanged throughout the Forecast Year 2011.
- No equity would be raised during the Forecast Year 2011.

- There will be no material change to the taxation legislation or other legislations.
- There will be no material change to the tax rulings obtained by K-REIT.
- All leases and licences are enforceable and will be performed in accordance with their terms.
- 100.0 per cent of distributable income will be distributed.
- The exchange rate for Singapore Dollar to Australian Dollar is assumed to be S$1.18:A$1.00.

2. Section B: Assumptions – 77 King Street Property, MBFC Acquisition & KTGE Divestment

2.1 77 King Street Property

For the Profit Forecast, the Manager has assumed that the completion of the acquisition of the 77 King Street Property will be on 1 December 2010.

2.1.1 Property income for the 77 King Street Property

Property income comprises (a) gross rental income; (b) car park income; and (c) other income earned from the 77 King Street Property. A summary of the assumptions which have been used in calculating the property income is set out below:

(i) Gross Rental Income

Gross rental income consists of base rent income and tenant outgoings, which is a contribution paid by tenants towards the property expenses of the 77 King Street Property.

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

For a committed lease expiring during the period from 1 January 2011 to 31 December 2011, the Manager has assumed 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 77 King Street Property as at 30 September 2010. The market rent is the rent which the Manager believes could be achieved if each lease were renegotiated as at 30 September 2010 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.
- 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 2011 to 31 December 2011. During this period, only 1 tenant will be due for renewal and this tenant is occupying a lease of 67 sqm or 0.5 per cent of the NLA. It has been assumed that this lease will be renewed upon expiry.

For the spaces that are vacant as at 30 September 2010, the Manager has assumed 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 as at 30 September 2010. The market rent is the rent which the Manager believes could be achieved if each lease were negotiated as at 30 September 2010 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.

- Under the sale and purchase agreement entered between the Trustee and Kingvest Pty Limited, the vendor of the 77 King Street Property ("**Kingvest**"), Kingvest will be providing a rental support for these vacant spaces for a period of two years after the completion up to an amount of approximately S$2.3 million or until the respective vacant spaces have been leased out.

- As at 30 September 2010, 3,180 sqm or 23.2 per cent of the NLA are vacant spaces. The Manager has assessed the likelihood of leasing out the vacant spaces and has assumed that these spaces will be leased out progressively from 30 September 2010 to 31 December 2011. During the period in which the vacant spaces have not been leased out, the rental support will be drawn as stipulated in the sale and purchase agreement entered into in connection with the acquisition of the 77 King Street Property.

(ii) Car Park Income

Car park income includes income accruing from or resulting from the operation of the car parking facilities at the 77 King Street Property. There are a total of 12 car park lots in the property.

For the Forecast Year 2011, the Manager has assumed the car park income from operation of the car park facilities to be similar to the projected occupancy rate at 100.0 per cent.

(iii) Other Income

Other income is attributable to licences and signage rights. The forecast other income is based on the existing licence agreements and current income collections.

2.1.2 Property Expenses for the 77 King Street Property

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

(i) Property Tax

The Property Tax for the 77 King Street Property for the Forecast Year 2011 is up to 2 per cent of the average unimproved market value of the property. As the four stratum lots were not assessed for their unimproved value before, the property tax expenses for the Forecast Year 2011 is based on historical Property Tax expenses factoring inflation and improving market conditions.

(ii) 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 77 King Street Property.

The Manager has made an individual assessment of these expenses based on the actual expenses in which the property had incurred. For the Profit Forecast, the Manager has assumed that the other property expenses for the Forecast Year 2011 will be higher than the historical property expenses as a result of the following factors.

- Inflation – The consumer price index inflation rate for Australia is used as a basis to calculate the percentage increase in other property expenses.

- Higher Occupancy Rate – As the 77 King Street Property is assumed to be operating at a higher occupancy rate for the Forecast Year 2011, the other property expense is also assumed to be increased proportionately.

(iii) Property Management Fee

The property management fee for the 77 King Street Property is based on approximately 1.0 per cent per annum of the Gross Revenue for the 77 King Street Property.

The property expenses for the Forecast Year 2011 will be recovered from the tenants of the 77 King Street Property save for one tenant whose lease term is on a gross rent basis. The tenant is occupying a space of 1,543 sqm or 11.2 per cent of the NLA

2.1.3 Income Support for the 77 King Street Property

Under the sale and purchase agreement, Kingvest has undertaken to top-up the amount by which the net property income falls short of the guaranteed income amount for each of the calendar quarters during the period commencing 1 January 2011 and ending 31 December 2016. Included in the Forecast Year 2011 is an income support of S$1.4 million. The income support top-up payments for the Forecast Year 2011 shall not in any event exceed S$1.5 million.

2.1.4 Exchange Rate

The exchange rate for Singapore Dollar to Australian Dollar is assumed to be S$1.18:A$1.00.

2.2 MBFC Acquisition

The income received by K-REIT comprises (i) one-third share of the profits in BFC as represented by the proportionate share of gross revenue less property expenses, interest expenses and income tax expenses (such amounts to be received by K-REIT via one-tier dividends); (ii) interest income from shareholder's loan to BFC; and (iii) rental support from MBFC Vendor in accordance with the terms set out in the MBFC SPA (being the conditional share purchase agreement entered into between the Trustee, KLP and the MBFC Vendor on 11 October 2010). The major assumptions made in preparing the forecast gross revenue and net property income for the MBFC Interest as well as the rental support and other expenses associated with the MBFC Interest are set out below.

2.2.1 MBFC gross revenue

MBFC gross revenue is the aggregate of gross rental income earned from the leasing of offices in MBFC Property ("**MBFC Office Gross Rental Income**"), the leasing of retail space in MBFC Property ("**MBFC Retail Gross Rental Income**") as well as the car park income ("**MBFC Car Park Income**") earned from MBFC Property.

The assumptions used in calculating MBFC gross revenue are set out below:

(i) MBFC Office Gross Rental Income

MBFC Office Gross Rental Income consists of effective base rent income (which takes into account rent rebates and staggered rents), service charge, and licence fees.

In forecasting the MBFC Office Gross Rental Income, the Manager has considered the committed leases as at 30 September 2010.

For a lease expiring in the Forecast Year 2011, the Manager has assumed the following process to forecast the MBFC Office Gross Rental Income for the period following such expiry:

- The Manager has assessed the market rent for each lease due for expiry. The market rent is the rent which the Manager believes could be achieved if the lease was 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.

- For the Forecast Year 2011, one lease of 826 sqm 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 not be renewed and a vacancy allowance of 4 months has been adopted.

(ii) MBFC Retail Gross Rental Income

MBFC Retail Gross Rental Income consists of:

- monthly effective base rent income (which takes into account rent rebates and staggered rents);

- management charge; and

- advertising and promotional contribution.

In order to forecast the MBFC Retail Gross Rental Income, the Manager has assumed rent payable under the committed leases for the MBFC Property retail space as at 30 September 2010 for the Forecast Year 2011. As for the remaining un-committed retail space of 1,118 sqm (0.7 per cent of total NLA of MBFC Property), the Manager has assumed that the space would be fully leased in Forecast Year 2011. There are no retail leases expiring in the Forecast Year 2011.

Monthly Rent

The monthly rent for 79 per cent of the committed retail leases are based on the higher of the base rent or the turnover rent (which is a percentage of their gross turnover). As the MBFC Property has no historical retail rental revenue and new retail businesses usually take some time to build up their sales turnover, the Manager has assumed base rent to be the monthly rent.

(iii) MBFC Car Park Income

MBFC Car Park Income refers to income earned from the operations of the MBFC Property car park. MBFC Car Park Income for the Forecast Year 2011 is assumed at 73 per cent occupancy at a parking rate of S$300 per lot per month.

2.2.2 Property Operating Expenses

(i) Property Tax

The Property Tax assumptions for the Forecast Year 2011 are set out in the table below:

Income Source	Property Tax Assumptions
MBFC Office Gross Rental Income	10.0 per cent of MBFC Office Gross Rental Income after deducting service charge
MBFC Retail Gross Rental Income	10.0 per cent of MBFC Retail Gross Rental Income after deducting service charge
MBFC Car Park Income	10.0 per cent of MBFC Car Park Income

(ii) Asset Management Fee

The asset management fee payable to the property manager, RQAM is based on 3.0 per cent of gross revenue of the MBFC Property.

(iii) 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 the MBFC Property.

As the MBFC Property has limited historical operating costs, the Manager has made comparison with the historical operating costs of other properties of similar quality, tenant profile and building size that are under the Manager's management.

2.2.3 Rental Support

Pursuant to the terms of the MBFC SPA, the MBFC Vendor agrees to provide rental support to K-REIT for the period commencing from the Completion Date and ending on 31 December 2014 and pursuant to the foregoing, the MBFC Vendor hereby undertakes that in the event the Actual Gross Rental Income (as defined herein) as at the last date of each Quarterly Period (as defined herein) falls below the relevant Threshold Amount (as defined herein applicable to such Quarterly Period, the MBFC Vendor will pay to K-REIT an amount equivalent to the difference between the Threshold Amount applicable to that Quarterly Period and the Actual Gross Rental Income for that Quarterly Period (the "**Vendor Top-Up Payment**").

"**Actual Gross Rental Income**" means, in relation to any Quarterly Period, an amount equivalent to one-third of the aggregate of the following arising from tenancies and licences in respect of the MBFC Property for such Quarterly Period:

(i) the base rent and/or turnover rent (as applicable) which are payable under such tenancies and licences and recognised in the management accounts of BFC on an effective rent basis;

(ii) management charges;

(iii) licence fees; and

(iv) advertising and promotion fees.

"**Quarterly Period**" means the quarterly period in each calendar year ending on 31 March, 30 June, 30 September and 31 December except that the first quarterly period shall commence on the date of Completion and shall end on 31 December 2010 (the "**First Period**").

"**Threshold Amount**" in relation to each Quarterly Period, shall be:

(i) S$5,843,730.00 for the First Period;

(ii) S$17,531,190.00 for each Period occurring in 2011 and 2012; and

(iii) S$18,528,900.00 for each Period occurring in 2013 to 2014.

The aggregate of all of the Vendor Top-Up Payments payable by the Vendor shall not exceed a maximum sum of S$29.0 million.

For accounting purposes, the aggregate rental 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 Completion Date to 31 December 2014 based on the estimated amounts to be received by K-REIT from MBFC Vendor for each relevant quarters. Such amortisation expense is subsequently included in the distribution adjustments and hence has no impact on the distributable income to unitholders.

The Manager has assumed that the aggregate of all the Vendor Top-Up Payments for the Forecast Year 2011 to be S$17.8 million (excluding GST).

2.2.4 Interest Income

Pursuant to the MBFC SPA, the MBFC Vendor will assign to the Trustee all its liabilities, obligations, rights and benefits under the shareholder's loan made by MBFC Vendor to BFC together with all accrued interest thereon (including default interest) as at the Completion Date.

The Manager has assumed that the shareholder's loan as at Completion Date is approximately S$584.7 million and that there are no draw down or repayment of the shareholder's loan during the Forecast Year 2011. The Manager has also assumed average interest rates of 3.35 per cent for the Forecast Year 2011.

2.2.5 Agreed Value

The carrying value for MBFC Interest is assumed at the agreed value of S$1,426.8 million. 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.

2.2.6 Interest in MBRPL

In accordance with the Undertaking Deed, all liabilities, obligations, rights and benefits relating to MBRPL shall be excluded from the MBFC Acquisition. The MBFC Vendor retains all the liabilities, obligations, rights and benefits accruing to the MBFC Vendor as an indirect shareholder of one-third of the issued and paid-up share capital of MBRPL as if the MBFC Vendor continues to hold such interest in MBR, notwithstanding that the Trustee has acquired the shares in BFC held by the MBFC Vendor and that BFC continues to be the sole shareholder of MBRPL.

2.2.7 Other Assumptions

The following additional assumptions have been made in preparing the Profit Forecast for the MBFC Interest:

- It is assumed that BFC adopts significant accounting policies that are consistent with K-REIT (see paragraph 1.10 of this **Appendix B** for K-REIT'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 net income for the MBFC Interest.

- There will be no material change to the taxation legislation or other legislations.

- There will be no material change to the tax rulings obtained.

- All leases and licences are enforceable and will be performed in accordance with their terms.

- 100.0 per cent of the distributable income derived from the MBFC Interest will be distributed.

2.3 KTGE

For the Profit Forecast, the Manager has assumed the divestment value of Keppel Towers and GE Tower at S$573.0 million.

The following additional assumptions have been made in preparing the Profit Forecast:

- It is assumed that the distributable income arising from Keppel Towers and GE Tower will be deducted from the Existing Properties to arrive at the Enlarged Portfolio.

- It is assumed that the divestment proceeds will be used to offset the purchase consideration of the MBFC Interest.

- It is assumed that the Manager will receive the divestment fee in Units.

2.4 Borrowing Costs

K-REIT will fund the acquisition of the MBFC Interest from, among others, the sale proceeds of the KTGE Divestment and from new borrowings. K-REIT will fund the 77 King Street Property entirely by new borrowings.

For the Profit Forecast, the Manager has assumed that the interest rates for the new borrowings to be between 2.5 per cent to 3.25 per cent per annum.

An upfront fee incurred in relation to the term loan is assumed to be amortised over the term of the term loan facility and has been included as part of borrowing costs.

2.5 Manager's Management Fees

For the MBFC Interest, the Manager is entitled to a base fee of 0.5 per cent per annum of the value of the Deposited Property, payable quarterly in arrears. In addition, there is an annual performance fee of 3.0 per cent of the one-third share of BFC's Net Property Income and rental support after deducting all applicable taxes payable for receiving such income.

For the 77 King Street Property the Manager is entitled to a base fee of 0.5 per cent per annum of the value of the Deposited Property and an annual performance fee of 3.0 per cent of the Net Property Income of the 77 King Street Property before the Manager's management fees, gains and losses arising from disposal and revaluation of properties, and non-operating income and expenses.

To arrive at the forecast distribution for the Forecast Year 2011, it is assumed that the Manager's management fees will be paid part in Units and part in cash.

For the Manager's management fees payable in Units for the Forecast Year 2011, the Manager has assumed an issue price of $1.20 per Unit.

2.6 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, investor communication costs and other miscellaneous expenses.

2.7 Income Tax

The Manager has assumed that rental support for MBFC Interest is subjected to Singapore income tax at 17 per cent. The Manager has also assumed that income received from the 77 King Street Property is subject to the Australian withholding tax.

3. Section C: Sensitivity Analysis for the Enlarged Portfolio

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

Unitholders should be aware that future events cannot be predicted with any certainty and deviations from the figures forecast in this Circular 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.

3.1 Gross Rent

Changes in the gross rent of uncommitted leases of the Existing Properties (excluding Keppel Towers and GE Tower) will impact the gross rental income and the Net Property Income of K-REIT. This will impact the distributable income and the DPU of K-REIT. 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

	Distribution per Unit Forecast Year 2011 (cents)
5.0% below base case	6.67
Base case(1)	**6.68**
5.0% above base case	6.69

Note:

(1) DPU as shown in the Profit Forecast.

3.2 Other Property Expenses

Changes in the other property expenses (excluding Property Tax and property and asset management fee) of the Existing Properties (excluding Keppel Towers and GE Tower) and MBFC Property will impact the Net Property Income of K-REIT. This will impact the distributable income and the DPU of K-REIT. 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

	Distribution per Unit Forecast Year 2011 (cents)
5.0% below base case(1)	6.72
Base case(2)	**6.68**
5.0% above base case(3)	6.65

Notes:

(1) Assuming a decrease of 5.0% in other property expenses (excluding Property Tax and property and asset management fee.

(2) DPU as shown in the Profit Forecast.

(3) Assuming an increase of 5.0% in other property expenses (excluding Property Tax and property and asset management fee.

3.3 Borrowing Costs

Changes in the interest rates on new borrowings will impact the distributable income and DPU of K-REIT. The interest rate assumptions have 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

	Distribution per Unit Forecast Year 2011 (cents)
Actual interest rate is 50 basis points below base case	7.05
Base case(1)	**6.68**
Actual interest rate is 50 basis points above base case	6.31

Note:

(1) DPU as shown in the Profit Forecast.

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INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE PROFIT FORECAST

8 November 2010

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 Independent Reporting Accountants on the Profit Forecast for the Year ending 31 December 2011

This letter has been prepared for inclusion in the unitholders circular (the "Circular") of K-REIT Asia dated 8 November 2010 in connection with the proposed acquisition of 77 King Street Property and one-third interest in Marina Bay Financial Centre Towers 1 & 2 and the Marina Bay Link Mall through the purchase of one-third of the issued share capital of BFC Development Pte Ltd and the proposed divestment of wholly-owned interests in Keppel Towers and GE Tower.

The directors of K-REIT Asia Management Limited (the "Directors") are responsible for the preparation and presentation of the Forecast Consolidated Statement of Total Return and Distributable Income for the year ending 31 December 2011 (the "Profit Forecast") as set out on pages B-1 to B-2 of the Circular, which have been prepared on the basis of their assumptions as set out on pages B-3 to B-16 of the Circular (the "Assumptions").

We have examined the Profit Forecast of K-REIT Asia for the year ending 31 December 2011 as set out on pages B-1 to B-2 of the Circular in accordance with the Singapore Standards on Assurance Engagements applicable to the examination of prospective financial information and confirm that we have reviewed the bases and assumptions, accounting policies and calculations for the forecast as set out on pages B-3 to B-16 of the Circular.

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 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 that 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 sensitivity analysis of the Directors' Profit Forecast as set out on pages B-16 to B-17 of the Circular.

Yours faithfully,

ERNST & YOUNG
Public Accountants and
Certified Public Accountants
Singapore

Partner-in-charge: Yee Woon Yim

VALUATION CERTIFICATES

Knight Frank

Lot 1150M Town Subdivision 23
At No. 10 Hoe Chiang Road and
No. 240 Tanjong Pagar Road
Singapore
30 September 2010

VALUATION CERTIFICATE

Property	:	Lot 1150M Town Subdivision 23 At No. 10 Hoe Chiang Road and No. 240 Tanjong Pagar Road Singapore
Client	:	RBC Dexia Trust Services Singapore Limited (as Trustee for K-REIT Asia)
Purpose	:	Intended sale
Legal Description	:	Lot No. 1150M Town Subdivision 23
Tenure	:	Estate in Fee Simple (Grant No. 6, District of Tanjong Pagar)
Basis Of Valuation	:	"Highest and Best" use as a redevelopment site with the benefit of Grant of Outline Permission for the proposed erection of a residential development with commercial at 1st storey with a gross plot ratio of 5.6 and all development charges to be borne by the Purchaser
Registered Owner	:	RBC Dexia Trust Services Singapore Limited (In Trust)
Site Area	:	9,125.5 sm, subject to final survey and part of the land to be vested to the State for road widening.
Master Plan 2008	:	Zoning - "Commercial" with a gross plot ratio of 5.6+ Building Height Plan - Up to 35-storeys
Brief Description	:	The subject property is located at the north-western junction of Hoe Chiang Road and Tanjong Pagar Road, just inside the traffic restricted zone of the Central Business District. Currently erected on site are a 27-storey office building known as "Keppel Towers" and a 13-storey office extension known as "GE Tower". Outline Permission was granted on 16 August 2010 for the redevelopment of the existing commercial buildings to a residential development with commercial at 1st storey with a gross plot ratio of 5.6

Knight Frank Pte Ltd 16 Raffles Quay #30-00 Hong Leong Building Singapore 048581
Tel: (65) 6222 1333 Fax: (65) 6224 5843 www.knightfrank.com.sg Reg. No. 198205243Z

Other Offices:
Knight Frank Estate Management Pte Ltd 160 Paya Lebar Road #05-05/06 Orion @ Paya Lebar Singapore 409022
Knight Frank Shopping Centre Management Pte Ltd 16 Raffles Quay #30-00 Hong Leong Building Singapore 048581
KF Property Network Pte Ltd (Licensee) 167 Jalan Bukit Merah #06-10 Connection One Tower 5 Singapore 150167

VALUATION CERTIFICATE

Development Baseline	:	According to the Grant of Written Permission of 24 November 2008, the total approved gross floor area of the existing buildings on site is 52,945.81 sm. We are to adopt this approved gross floor area of the existing buildings as the development baseline.
Valuation Approach	:	Comparable Sales Method and Residual Land Value Method, each method being used as a check against the other.
Date Of Valuation	:	30 September 2010
Open Market Value	:	$570,000,000/- (Dollars Five Hundred And Seventy Million Only)
Assumptions, Disclaimers, Limitations & Qualifications	:	*This valuation certificate is provided subject to the assumptions, qualifications, limitations and disclaimers detailed throughout this certificate which are made in conjunction with those included within the Assumptions, Qualifications, Limitations & Disclaimers section located at the end of this certificate. Reliance on this certificate and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements. Use by, or reliance upon this document for any other purpose if not authorized, Knight Frank Pte Ltd is not liable for any loss arising from such unauthorised use or reliance. The document should not be reproduced without our written authority. The valuer has no pecuniary interest that would conflict with the proper valuation of the property.*
Prepared By	:	Knight Frank Pte Ltd Low Kin Hon B.Sc.(Estate Management) Hons. MSISV Executive Director Head, Valuation

Our Ref : MKT/2010/C-KRAM/DE/0895

EXECUTIVE SUMMARY

PROPERTY ADDRESS :	10 Hoe Chiang Road, Keppel Towers & 240 Tanjong Pagar Road, GE Tower (Town Subdivision 23 Lot 1150M), Singapore 089315/088540
INSTRUCTING PARTY :	K-REIT Asia Management Limited
PURPOSE OF VALUATION :	Disposal
PROPERTY DESCRIPTION :	The Property is a residential redevelopment site bounded by Hoe Chiang Road, Tanjong Pagar Road, Yan Kit Road and Kee Seng Street, just within the Electronic Road Pricing ("ERP") zone of the Central Business District ("CBD"). The Property has easy access to other parts of Singapore via the nearby Ayer Rajah Expressway and Tanjong Pagar Mass Rapid Transit ("MRT") Station.
INTEREST VALUED :	Freehold
TOWN PLANNING :	"Commercial" with a base gross plot ratio of 5.6 and a building height restriction of up to 35 storeys
OUTLINE PERMISSION GRANTED BY THE URA DATED 16 AUGUST 2010 :	"Residential with Commercial at 1st Storey" with a maximum allowable gross plot ratio of 5.6 and a building height of 35 storeys
SITE AREA :	9,125.5 sq metres (98,226 sq feet), including part of the land to be vested in the State for road widening, as provided and subject to final survey
DATE OF INSPECTION :	21 September 2010
DATE OF VALUATION :	30 September 2010
VALUATION METHODOLOGY :	Market Comparison Method & Residual Approach
VALUATION :	**S$573,000,000/-** (Singapore Dollars Five Hundred And Seventy-Three Million Only) Based on the highest and best use as a redevelopment site for proposed "Residential with Commercial at 1st Storey" use at a gross plot ratio of 5.6 and a building height of 35 storeys, as stipulated in the Grant of Outline Permission by the Urban Redevelopment Authority ("URA") dated 16 August 2010, excluding development charge which is to be borne by the purchaser.
VALUER :	**Savills (Singapore) Pte Ltd** Daniel Ee MSISV Appraiser's License No : AD041-2004607E

Note: This Executive Summary must be read in conjunction with the attached report and the details contained therein.

Tower 1, Tower 2 And Marina Bay Link Mall At
Nos. 8, 10 And 8A Marina Boulevard Respectively,
“Marina Bay Financial Centre” Phase I
Singapore 018981/018983/018984
30 September 2010

VALUATION CERTIFICATE

Property	:	Tower 1, Tower 2 And Marina Bay Link Mall At Nos. 8, 10 And 8A Marina Boulevard Respectively, “Marina Bay Financial Centre” Phase I Singapore 018981/018983/018984
Client	:	RBC Dexia Trust Services Singapore Limited (as Trustee for K-REIT Asia)
Purpose	:	Acquisition and corporate financing purposes
Legal Description	:	Part of Lot Nos. 289N, 80006L*, 80007C*, 80008M*, 80009W* and 80011M* Town Subdivision 30 * subterranean lots
Tenure	:	Leasehold 99 years with effect from 11 October 2005 (Balance term of about 94.0 years as at 30 September 2010)
Basis Of Valuation	:	One-third share of market value subject to all existing and proposed leases and occupancy arrangements and taking into account the rental support by the Vendor.
Registered Owner	:	BFC Development Pte. Ltd.
Site Area of Marina Bay Financial Centre Phase I	:	34,154.6 sm, including subterranean lots and subject to final survey
Master Plan 2008	:	“White” with a gross plot ratio of 13.0
Brief Description	:	Marina Bay Financial Centre is bounded by Marina Boulevard, Marina Way and Central Boulevard. It sits on the prime waterfront site at the heart of the Singapore’s new downtown. Marina Bay Financial Centre comprises three distinguished office towers of Grade A office space (Towers 1, 2 and 3), two residential towers (Marina Bay Residences and Marina Bay Suites) and retail/F&B space within Marina Bay Link Mall. An Underground Pedestrian Network passing along Marina Boulevard connects the subject development’s office and residential towers as well as the nearby developments of The Sail @ Marina Bay, Raffles Place MRT interchange, Central Promontory and Marina Bay Sands Integrated Resort.

Knight Frank Pte Ltd 16 Raffles Quay #30-00 Hong Leong Building Singapore 048581
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KF Property Network Pte Ltd (Licensee) 167 Jalan Bukit Merah #06-10 Connection One Tower 5 Singapore 150167

VALUATION CERTIFICATE

Brief Description (Cont'd)	:	The subject property comprises Towers 1 and 2 and Marina Bay Link Mall within Phase I of Marina Bay Financial Centre. Tower 1 is a 33-storey office tower accommodates office space from 3rd to 29th storeys and 31st to 32nd storeys. Tower 2 is a 50-storey office tower accommodates office space from 7th to 37th storeys and 39th to 50th storeys. Marina Bay Link Mall comprises retail space and F&B outlets within a subterranean mall, a 2-storey Ground Plaza, 1st storeys of Towers 1 and 2 and Level 33 of Tower 1. A total of 695 car parking lots are provided.
Rental Support	:	Up to about $29.0 million for the period from Completion till 31 December 2014 payable quarterly in arrears
Gross Floor Area	:	189,000 sm
Lettable Floor Area	:	Tower 1 57,671.0 sm Tower 2 95,867.0 sm Marina Bay Link Mall 8,776.1 sm -------------- Total : 162,314.1 sm --------------
Valuation Approach	:	Investment and Discounted Cash Flow Methods. The Comparable Sales Method is used as a reference.
Date Of Valuation	:	30 September 2010
Open Market Value	:	$1,433,000,000/- (Dollars One Billion Four Hundred And Thirty-Three Million Only) (ONE-THIRD SHARE)
Assumptions, Disclaimers, Limitations & Qualifications	:	*This valuation certificate is provided subject to the assumptions, qualifications, limitations and disclaimers detailed throughout this certificate which are made in conjunction with those included within the Assumptions, Qualifications, Limitations & Disclaimers section located at the end of this certificate. Reliance on this certificate and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements. Use by, or reliance upon this document for any other purpose if not authorized, Knight Frank Pte Ltd is not liable for any loss arising from such unauthorised use or reliance. The document should not be reproduced without our written authority. The valuer has no pecuniary interest that would conflict with the proper valuation of the property.*
Prepared By	:	Knight Frank Pte Ltd

Low Kin Hon B.Sc.(Estate Management) Hons. MSISV Executive Director Head, Valuation	Woo Ai Lian MBA, B.Sc.(Estate Management) Hons. MSISV Director Valuation

Our Ref: MKT/2010/C-KRAM/DE/0896

EXECUTIVE SUMMARY

PROPERTY ADDRESS :	**8, 8A & 10 Marina Boulevard, Marina Bay Financial Centre (Phase 1) Singapore 018981/3/4 (the "Property")**
REGISTERED PROPRIETOR :	BFC Development Pte Ltd
INTEREST VALUED :	One-third (1/3) interest in the 99-year leasehold tenure commencing from 11 October 2005, subject to existing and projected tenancies, including the rental support
PROPERTY DESCRIPTION :	Marina Bay Financial Centre ("MBFC") is a mega-scale commercial-cum-residential development comprising 3 office towers, 2 residential towers (known as Marina Bay Residences & Marina Bay Suites) and a retail podium (known as Marina Bay Link Mall which comprises the ground plaza and subterranean mall) with basement car park. Phase 1 of MBFC comprises Tower One (8 Marina Boulevard) - a 33-storey office tower, Tower Two (10 Marina Boulevard) - a 50-storey office tower and the Ground Plaza/Marina Bay Link Mall (8A Marina Boulevard) and 2 levels of basement car park.
LAND AREA :	34,154.64 sq metres (367,637 sq feet) as provided and subject to survey.
GROSS FLOOR AREA : ("GFA")	The commercial gross floor area of MBFC (Phase 1) is 188,964.23 sq metres as provided and subject to final survey.
NET LETTABLE AREA : ("NLA")	The total net lettable area ("NLA") of the Property is 162,314.0 sq metres (1,747,132 sq feet) and the breakdown is as follows:

	sq metres	sq feet
(a) Retail Space		
Tower One (Level 1, Mezzanine & Level 33)	1,569.5	16,894
Tower Two (Level 1)	638.0	6,867
Ground Plaza (Levels 1 & 2)	1,356.6	14,602
Marina Bay Link Mall (Basement 2)	5,211.9	56,101
Retail Total NLA	8,776.0	94,464
(b) Office Space		
Tower One - Levels 3 to 32*	57,671.0	620,765
Tower Two - Levels 7 to 50*	95,867.0	1,031,903
* inclusive of licensed area NLA		
Office Total NLA	153,538.0	1,652,668

CAR PARKING	The car park facility (with a total of 695 lots) is shared amongst Tower One (112 lots plus 2 handicapped lots), Tower Two (325 lots plus 7 handicapped lots) and subterranean mall (247 lots plus 2 handicapped lots) which is open to public for season and hourly parking.

TOWN PLANNING :	White – Intended for commercial, hotel, residential, sports & recreational uses or a combination of two or more uses.
VALUATION APPROACH :	Income Capitalisation Approach, Discounted Cash Flow Analysis & Market Comparison Method
DATE OF VALUATION :	30 September 2010
CURRENT VACANCY RATE :	3.6%
GROSS INCOME ESTIMATE :	Approximately S$203,650,101/- per annum
(Fully leased and assuming vacant units leased at market rates)	
UNDERLYING GROSS PASSING INCOME :	S$195,847,466/- per annum (including existing and proposed tenancies)
RENTAL SUPPORT :	Up to S$29,000,000/- to be provided by Bayfront Development Pte Ltd
PASSING INITIAL GROSS YIELD :	4.6% per annum
CAPITALISATION RATE :	5.25% for retail space/car park/licensed area and 4.25% for office space
TERMINAL YIELD :	5.75% for retail space/car park/licensed area and 4.75% for office space
DISCOUNT RATE :	7.5%
MARKET VALUE (100% BASIS) :	**S$4,215,000,000/-**
MARKET VALUE (ONE-THIRD INTEREST) :	**S$1,427,000,000/- (inclusive of rental support)**
VALUE PER SQ METRE OF NLA :	**S$26,375 per sq metre (inclusive of rental support)**
VALUER :	**Savills (Singapore) Pte Ltd** Daniel Ee MSISV Appraiser's License No : AD041-2004607E

Note: This Executive Summary must be read in conjunction with the attached report and the details contained therein.

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INDEPENDENT FINANCIAL ADVISER'S LETTER

8 November 2010

The Independent Directors and Audit Committee
K-REIT Asia Management Limited
(as manager of K-REIT Asia)
1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632

Dear Sirs

THE PROPOSED ACQUISITION OF A ONE-THIRD INTEREST IN MARINA BAY FINANCIAL CENTRE TOWERS 1 & 2 AND MARINA BAY LINK MALL AND THE PROPOSED DIVESTMENT OF KEPPEL TOWERS AND GE TOWER.

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*For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the circular dated 8 November 2010 (the "**Circular**") to the unitholders of K-REIT Asia ("**Unitholders**")*

1. INTRODUCTION

This letter ("Letter") has been prepared for inclusion in the Circular in connection with, inter alia, the Transactions. This Letter sets out our view on the Transactions and our recommendations to the Independent Directors. This Letter sets forth factors considered by PricewaterhouseCoopers Corporate Finance Pte Ltd ("**PwCCF**") in arriving at its view. The Circular and Letter to Unitholders included therein will provide, inter alia, details of the Transactions, the opinion of the audit committee of the Manager ("**Audit Committee**") and the recommendation(s) of the Independent Directors in relation to the Transactions, having considered PwCCF's advice in this Letter.

1.1 Background

On 11 October 2010, the Trustee entered into:

(a) The MBFC SPA with the MBFC Vendor and KLP as guarantor, to (i) acquire one-third of the issued share capital of BFC and (ii) assign to K-REIT the MBFC Loan. BFC holds both the MBFC Property and MBRPL. The acquisition of one-third of the issued share capital of BFC is structured effectively to exclude the MBFC Interest; and

(b) The KTGE S&P with the KTGE Purchaser to divest KTGE.

The MBFC Purchase Consideration comprises the Share Consideration and the Loan Consideration.

The Share Consideration shall be equal to one-third of the NTA value of BFC excluding MBRPL as at the Completion Date, taking into account the Agreed Value.

The Loan Consideration is equal to the principal amount of the shareholder's loan made by the MBFC Vendor to BFC together with all accrued interest as at the Completion Date.

The actual amount of purchase consideration for the MBFC Acquisition, the Share Consideration and Loan Consideration can only be determined on the Completion Date. Based on the Agreed Value of S$1,426.8 million and the unaudited management accounts of BFC as at 31 August 2010, the MBFC Purchase Consideration will consist of:

(i) the Share Consideration of S$878.2 million (before deducting the adjustments for accruals); and

(ii) the Loan Consideration of S$548.6 million.

After deducting the adjustments for accruals (mainly relating to construction costs) of approximately S$39.8 million, the estimated MBFC Purchase Consideration is S$1,387.0 million. The final adjusted MBFC Purchase Consideration will be determined on the Completion Date.

The KTGE Sale Consideration of S$573.0 million was arrived at on a willing-buyer and willing-seller basis after taking into account the independent valuations of Keppel Towers and GE Tower on a "highest and best use basis". The MBFC Acquisition and the KTGE Divestment was negotiated with Keppel Land as one collective transaction and cannot be separated. Hence K-REIT did not obtain alternative offers for KTGE. The highest and best use for KTGE is determined to be a redevelopment site for residential use with commercial at the first storey. The Net Sale Proceeds from the KTGE Divestment is S$569.9 million, and is arrived at after deducting the estimated professional and other fees and expenses incurred in connection with the KTGE Divestment of approximately S$3.1 million from the KTGE Sale Consideration.

The Manager intends to part finance the MBFC Acquisition with the Net Sale Proceeds, with the balance of the MBFC Purchase Consideration to be financed in part from the Rights Issue Proceeds and borrowings amounting to approximately S$820.9 million.

As at 29 October 2010, being the Latest Practicable Date, KLL held an aggregate indirect interest in 614,026,497 Units, which is equivalent to approximately 45.69% of the Existing Units, and is therefore regarded as a "controlling Unitholder" of K-REIT under both the Listing Manual and the Property Funds Appendix. In addition, as the Manager is a wholly-owned subsidiary of KLL, KLL is therefore regarded as a "controlling shareholder" of the Manager under both the Listing Manual and the Property Funds Appendix. KCL is also regarded as a "controlling Unitholder" under both the Listing Manual and the Property Funds Appendix. Through Keppel Real Estate Investment Pte Ltd and KLL, KCL has a deemed interest in 1,021,460,945 Units, which comprises approximately 76.01% of the total number of Units in issue.

As the MBFC Vendor is a wholly-owned subsidiary of KLL, for the purposes of Chapter 9 of the Listing Manual and the Property Funds Appendix, the MBFC Vendor (being a subsidiary of a "controlling Unitholder" and a "controlling shareholder" of the Manager) is (for the purposes of the Listing Manual) an "interested person" and (for the purposes of the Property Funds Appendix) an "interested party" of K-REIT.

As the KTGE Purchaser is a wholly-owned subsidiary of KLL, for the purposes of Chapter 9 of the Listing Manual and the Property Funds Appendix, the KTGE Purchaser (being a subsidiary of a "controlling Unitholder" and a "controlling shareholder" of the Manager) is (for the purposes of the Listing Manual) an "interested person" and (for the purposes of the Property Funds Appendix) an "interested party" of K-REIT.

Therefore, the MBFC Acquisition and the KTGE Divestment will each constitute an "interested person transaction" under Chapter 9 of the Listing Manual as well as an "interested party transaction" under the Property Funds Appendix, in respect of which the approval of Unitholders is required.

Rule 906 of the Listing Manual requires, *inter-alia*, the approval of the Unitholders for an interested person transaction if the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S$100,000, with the same interested person during the same financial year) is equal to or exceeds 5.0% of K-REIT's latest audited NTA. Further thereto, Paragraph 5.2 of the Property Funds Guidelines also imposes a similar requirement for an interested party transaction whose value exceeds 5.0% of K-REIT's latest audited NAV.

Accordingly, in compliance with the requirements of Rule 906 of the Listing Manual and Paragraph 5.2 of the Property Funds Guidelines, the Manager is seeking the Unitholders' approval for the Transactions.

Hence, it is in this context that PwCCF has been appointed to advise the Independent Directors and the Audit Committee of the Manager on whether the Transactions are based on normal commercial terms and is not prejudicial to the interests of K-REIT and its minority Unitholders.

Detailed information on the Transactions is set out in paragraphs 2 to 7 of the Letter to Unitholders. **We recommend that the Independent Directors advise Unitholders to read the aforementioned sections carefully**.

2. TERMS OF REFERENCE

PwCCF has been appointed as the Independent Financial Adviser to the Independent Directors and the Audit Committee of the Manager to advise them, from a financial point of view, as to whether the Transactions are on normal commercial terms and are not prejudicial to the interests of K-REIT and its minority Unitholders.

We make no representations or warranties in relation to the merits of the Transactions other than to express an opinion, from a financial point of view, on whether the Transactions are on normal commercial terms and are not prejudicial to the interests of K-REIT and its minority Unitholders. Our terms of reference do not require us to evaluate or comment on the strategic or commercial merits or risks of the Transactions or on the prospects of K-REIT or any of its respective related companies (as defined in the Companies Act of Singapore). However, we may draw upon the views of the Directors and management of the Manager and their other professional advisers in arriving at our opinion. We also do not address the relative merits of the Transactions as compared to any alternative transaction(s) previously considered by the Manager or that otherwise may become available to K-REIT in the future. Such evaluations or comments remain the responsibility of the Directors and management of the Manager.

We have held discussions with the Directors and management of the Manager and have examined information provided by the Manager and other publicly available information collated by us, upon which our opinion as set out in this Letter is based. We have not independently verified the information provided by the Manager, whether written or verbally, and accordingly do not make any representation or warranty in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. We have made reasonable enquiries and exercised our judgement on the reasonable use of such information and found no reason to doubt the accuracy or reliability of the information.

We have not made an independent evaluation of the MBFC Property and KTGE. We have, however, been furnished with the valuation reports for each property issued by Savills

(Singapore) Pte Ltd ("**Savills**") and Knight Frank Pte Ltd ("**Knight Frank**") (together as the "**Independent Valuers**"). With respect to the valuation reports, we are not experts and do not hold ourselves to be experts in the evaluation of the MBFC Property and KTGE but have relied upon the valuation reports prepared by Savills ("**Savills Valuation Reports**") and Knight Frank ("**Knight Frank Valuation Reports**"). The respective valuation certificates and summaries prepared by the Independent Valuers are set out in Appendix D of the Circular.

We have relied upon the assurance of the Directors that the Directors collectively and individually accept responsibility for the accuracy of the information given in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed in the Circular are fair and accurate in all material respects as at the date of the Circular and that there are no material facts to the omission of which would make any statement in the Circular misleading in any material respect. Where information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in the Circular. The foregoing is as set out in the "Directors' Responsibility Statements" in paragraph 11 of the Letter to Unitholders. In addition, the management of the Manager has similarly provided us with a responsibility statement in a letter dated 29 October 2010, which we have relied upon.

Accordingly, no representation or warranty, expressed or implied, is made by us, and no responsibility is accepted by us, concerning the accuracy, completeness or adequacy of all such information, provided or otherwise made available to us or relied upon by us as described above.

Furthermore, our terms of reference do not require us to express, and we do not express, an opinion on the future prospects of K-REIT. We have, therefore, not expressed any opinion herein as to the future financial or other performance of K-REIT.

Our opinion as set out in this Letter is based upon the following considerations:

(a) Rationale for the Transactions;

(b) Valuations of the MBFC Property and KTGE as appraised by the Independent Valuers;

(c) Impact of the Transactions on the DPU to Unitholders;

(d) Price per NLA implied by the Agreed Value and KTGE Sale Consideration as compared to the Comparable Properties and Comparable Transactions;

(e) Asset management fees;

(f) MBFC Rental Support; and

(g) The prevailing market, economic, industry, monetary and other relevant conditions, together with any information made available to us as at the Latest Practicable Date.

As stated in the Circular, the MBFC Acquisition and the KTGE Divestment was negotiated with Keppel Land as one collective transaction and cannot be separated.

Conditions may change significantly over a short period of time and accordingly we assume no responsibility to update, revise or reaffirm our view in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Unitholders should take note of any announcements relevant to their consideration of the Transactions which may be released by the Manager and other sources after the Latest Practicable Date.

Our opinion is addressed to and for the use and benefit of the Independent Directors and the Audit Committee in their deliberation of whether the Transactions is based on normal commercial terms and is not prejudicial to the interests of K-REIT and its minority Unitholders and the opinion of the Audit Committee. The statements and/or recommendations made by the Independent Directors shall remain the responsibility of the Independent Directors.

Our opinion should not be relied upon as a recommendation to any individual Unitholder as to how the Unitholder should vote on the resolutions in relation to the Transactions or any matters related thereto. As each Unitholder may have different investment objectives and considerations, we recommend that each Unitholder should seek their own professional advice.

Our opinion in relation to the Transactions should be considered in the context of the entirety of this Letter and the Circular.

3. PURPOSE AND SCOPE OF WORK OF THE INDEPENDENT VALUERS

Savills and Knight Frank were commissioned to assess the open market values of the MBFC Property and KTGE. Savills was appointed by the Manager while Knight Frank was appointed by the Trustee.

The definition of market value as set out in Section 1.4 of the valuation report by Savills is reproduced *in toto* below:

"Market Value" as defined by the International Valuation Standards Committee and advocated by the Singapore Institute of Surveyors and Valuers is as follows:

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

In addition, "Market Value" assumes:

(a) a willing seller;

(b) that, prior to the date of valuation there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of the price and terms and for the completion of the sale;

(c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;

(d) that no account is taken of any additional bid by a prospective purchaser with a special interest; and

(e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.

No allowances have been made for any expenses, or realisation, or for taxation which might arise in the event of a disposal. The property is considered as if free and clear of all mortgages or other charges which may be secured thereon.

As stated in the Knight Frank Valuation Reports, the open market value is defined as the best price at which the sale of an interest in a property might reasonably be expected to have been completed unconditionally for cash consideration on the date of valuation, assuming:

(a) A willing seller;

(b) That prior to the date of valuation there had been a reasonable period (having regard to the nature of the property and the state of the market), for the proper marketing of the interest, for the agreement of price and terms and for the completion of the sale;

(c) That the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation; and

(d) That no account is taken of any additional bid by a purchaser with a 'special interest'.

4. DETAILS ON THE MBFC PROPERTY, KEPPEL TOWERS, GE TOWER AND THE TRANSACTIONS

4.1 The MBFC Property and KTGE

Detailed information concerning the MBFC Property and KTGE can be obtained from Section 2, and 3 of the Letter to Unitholders as well as Appendix A of the Circular.

We note the following information in relation to MBFC Property as at 30 September 2010:

Selected Information about MBFC Property	
Site Area	34,155 sqm
NLA	162,314 sqm
Committed Occupancy	96.4%
Number of Tenants	66 (16 office tenants, 51 retail tenants)(1)
Title	Leasehold estate of 99 years commencing from 11 October 2005
Valuation (as at 30 September 2010)	S$1,427.0 million (Savills) S$1,433.0 million (Knight Frank)

Source: Circular

Note:

(1) Standard Chartered Bank is both an office tenant and a retail tenant

We also note the following relevant information in relation to KTGE as at 30 September 2010:

Selected Information about KTGE	
Valuation (as at 31 December 2009)	S$540.7 million
NLA	39,959 sqm
Committed Occupancy	99.1%
Number of Tenants	66
Title/Leasehold Estate Expiry	Freehold

Source: Circular

4.2 The Transactions

The following tables set out the open market values of the MBFC Property and KTGE as at 30 September 2010, as appraised by the Independent Valuers.

MBFC	Savills	Knight Frank	Average
Open Market Value[1] (S$ million)	1,427.0	1,433.0	1,430.0

Source: Circular and Independent Valuers' reports

Note:

(1) The values determine by the two valuers are based on one-third interest in the MBFC Property and include the value of the MBFC Rental Support provided by the MBFC Vendor.

KTGE	Savills	Knight Frank	Average
Market Value Based on "Highest and Best Use" (S$ million)	573.0	570.0	571.5

Source: Circular and Independent Valuers' reports

The MBFC acquisition is subject to the concurrent completion of the KTGE Divestment. The Manager intends to part finance the MBFC Acquisition with the proceeds from the KTGE Divestment, with the balance of the MBFC Purchase Consideration to be financed with borrowings and the proceeds from the rights issue carried out in November 2009.

5. EVALUATION OF THE TRANSACTIONS

In our evaluation, from a financial point of view, of whether the terms of the Transactions are based on normal commercial terms and are not prejudicial to the interests of K-REIT and its minority Unitholders, we have taken due considerations to the following key factors:

(a) Rationale for the Transactions;

(b) Valuations of the MBFC Property and KTGE as appraised by the Independent Valuers;

(c) Impact of the Transactions on the DPU to Unitholders;

(d) Price per NLA implied by the Agreed Value and KTGE Sale Consideration as compared to the Comparable Properties and Comparable Transactions;

(e) Asset management fees; and

(f) MBFC Rental Support.

These factors are discussed in greater detail in the ensuing paragraphs.

5.1 Rationale for Transactions

The rationale for the Transactions, set out in Section 4 of the Circular, is reproduced *in toto* in this section. **We recommend that the Independent Directors advise Unitholders to read this section of the Circular carefully**.

5.1.1 Portfolio Optimisation — Consistent with investment and growth strategy

The principal investment strategy for K-REIT is to invest in a portfolio of quality income producing commercial real estate and real estate-related assets in Singapore and pan-Asia. The Manager adopts a pro-active acquisition, portfolio optimisation and renewal strategy to constantly improve the portfolio's asset quality and maintain its market competitiveness. The Transactions will allow

K-REIT to benefit from a stronger tenancy base and a resilient cash flow. In this respect, the Manager believes the Transactions would enhance K-REIT's overall portfolio quality and market competitiveness.

5.1.2 Enhance portfolio distribution to Unitholders

The Transactions will be accretive to DPU without the need of an equity fund raising. Unitholders will enjoy a higher DPU upon the completion of the Transactions, with the DPU increasing from 6.42 cents (which takes into account the 77 King Street Property) to 6.68 cents or a 4.0% DPU accretion for the Forecast Year 2011.

Taking into consideration the 77 King Street Property acquisition and the Transactions, Unitholders will enjoy an aggregate DPU accretion of 10.2%, with DPU increasing from 6.06 cents to 6.68 cents.

5.1.3 Enhance portfolio quality and build a strong branding in Raffles Place and Marina Bay area

In recent years, the epicentre of prime commercial real estate in Singapore has gradually shifted towards the Raffles Place and Marina Bay areas as newer and better quality office buildings have been completed or slated to be completed in those areas. With the further development of the Marina Bay area, the Manager expects the prominence and importance of the Marina Bay area as a prime office district to grow further. The Transactions will allow K-REIT to acquire one of Singapore's most prestigious office assets in the Marina Bay area and divest an office asset that has reached its optimal stage. The MBFC Property, together with the ORQ Interest and the Prudential Tower Property, will provide K-REIT with a strong branding as a key landlord in the Marina Bay and Raffles Place areas. After the Transactions, the proportion of K-REIT's portfolio of properties in Singapore (based on assets under management) in the Raffles Place and Marina Bay areas will increase from 60% to 90%.

5.1.4 Realise value of KTGE which has reached its optimal stage as an office asset

Keppel Towers and GE Tower are 19 years and 17 years old respectively, and will increasingly incur higher property maintenance and other expenses in order to maintain its appeal and compete alongside the newer office buildings to attract new tenants.

The Manager believes that KTGE have potential for redevelopment into a residential project even as they continue to generate stable cash flows as the Tanjong Pagar area is gradually evolving into a popular residential choice for city-living.

However, as residential development is not part of K-REIT's investment strategy, K-REIT will not embark, whether solely or on a joint-venture basis, in the redevelopment of KTGE into a residential project.

5.1.5 Divestment gain and Net Sale Proceeds from the KTGE Divestment to partly fund the MBFC Acquisition

K-REIT is expected to recognise an estimated gain on the KTGE Divestment of approximately S$26.3 million based on the open market value of S$540.7 million as at 31 December 2009. The historical book value of KTGE was S$353.5 million when K-REIT was listed on the SGX-ST on 28 April 2006.

The Net Sale Proceeds will be used to partly fund the MBFC Acquisition. With the sale proceeds from the KTGE Divestment, the Manager would not need to embark on an equity fund raising exercise for the MBFC Acquisition.

5.1.6 Manage K-REIT's aggregate leverage and reduce asset encumbrances

With the Rights Issue Proceeds, the proceeds from the KTGE Divestment and the efficient use of borrowings, K-REIT is able to acquire the one-third interest in the MBFC Property, a premium asset, while maintaining a healthy balance sheet with prudent borrowings at the portfolio level.

The aggregate leverage of K-REIT after completion of the MBFC Acquisition and the KTGE Divestment is approximately 39.1% . The Manager believes that this aggregate leverage level is appropriate under the current market conditions, in view that capital values are expected to improve in the Singapore office sector.

In addition, the proportion of unencumbered assets within K-REIT's portfolio will improve from 55.2% as at 30 September 2010 to 81.5% post Transactions. This will allow K-REIT to have the option of securing additional funding from banks or the capital markets should the need arise.

5.1.7 Improve K-REIT's debt maturity profile and reduce portfolio average borrowing cost

The proposed Transactions provide the Manager with the opportunity to restructure K-REIT's existing borrowings to improve the debt expiry profile from 54.1% expiry in 2011 to 0% expiry in 2011, 22.0% expiry in 2012, 7.6% expiry in 2013, 7.6% expiry in 2014, and 62.8% expiry in 2015. This will stagger K-REIT's debt maturity profile and extend K-REIT's weighted average debt maturity to approximately 4.1 years from 1.4 years. In addition, the portfolio's average borrowing cost will also be reduced from 3.40% to approximately 3.05%.

5.1.8 Improve K-REIT's portfolio weighted average lease expiry ("WALE") and lease expiry profile

With the Transactions, K-REIT's portfolio WALE will increase from 5.5 years as at 30 September 2010 to a forecasted 7.8 years. The WALE of the top ten tenants by NLA will increase from 7.1 years to 9.1 years.

With the majority of the office spaces in the MBFC Property committed for 10 years or more, Unitholders will enjoy stability in income from the MBFC Property and also a potential increase in income during the rent reviews of the MBFC Property leases.

5.1.9 Increase in percentage of committed NLA under long-term leases

The percentage of NLA committed under long-term leases of five years or more will increase significantly from 36% to 64%. This will enhance K-REIT's cash flow resilience.

5.1.10 Enhance tenant profile for the portfolio

K-REIT's stable of quality tenants will be enhanced with tenants such as Barclays, BHP Billiton, Macquarie, Nomura, Standard Chartered Bank and Wellington International Management Company.

5.2 Valuation of the MBFC Property and KTGE as appraised by the Independent Valuers

The Independent Valuers were commissioned by the Manager and the Trustee to assess:

(a) The open market values of a one-third interest in the MBFC Property; and

(b) The highest and best use of KTGE.

5.2.1 Agreed Value

We noted that the Independent Valuers had adopted the income capitalisation and discounted cash flow ("**DCF**") approaches to determine the value of the MBFC Property while the comparable sales method is used as a reference.

Extracted below is a brief description of the valuation approaches:

Valuation Approach	Description
Income Capitalisation	The gross revenue is adjusted to reflect an ongoing vacancy and bad debts allowances, operating expenses, property tax, management fees and the owner's non-recoverable expenditure, producing a net income. The net income is capitalized for the balance term of the lease tenure at a yield rate which is appropriate for the type of use, tenure and reflective of the quality of the investment, based on analysis of yields reflected in the sales of comparable property types.
DCF	The cash outflow (comprising operating expenses) is deducted from the cash inflows of the property in question (comprising rental income, car park charges and rental from licensed area) to obtain the net cash flows. The property is assumed to be sold after the tenth year with the proceeds added to the cash inflows. The stream of net cash flows is then discounted at an estimated required rate of return applicable to that class of property to obtain the net present value.
Comparable Sales	Reference is made to sales of similar properties with adjustments made, where appropriate, for differences in location, floor area, age, tenure, type of development, date of sale etc.

We have also set out below a brief summary of the valuation approaches adopted by each Independent Valuer:

Income Capitalisation Approach	Savills	Knight Frank
Considerations for Income Projection under the Income Capitalisation Approach	• The gross income in the form of the prevailing and sustainable rent that the property can fetch, including car parking charges and rental from licensed area, is considered. • Deductions are made for outgoings such as property tax, management, maintenance, repairs & insurance costs, marketing fees, advertising and promotion expense and vacancy allowance reflecting future vacancies • Net income is arrived at after subtracting deductions from gross income	• Revenue comprises rental from existing tenancies, potential future income from existing vacant units (if any) and other income of the property

Income Capitalisation Approach	Savills	Knight Frank
Assumed Capitalisation Rate	• A blended Capitalisation Rate based on the mix of office and retail space is used • The rate used reflects the current market investment criteria as analyzed from the relevant sales evidence and understanding of the investors in the market place	• The Capitalisation Rate is derived from investors' returns on investments in office and retail real estate • The rate used reflects the type of use, tenure and reflective of the quality of the investment, based on analysis of yields reflected in the sales of comparable property types.
Other Key Broad Assumptions	• Valuation arrived at takes into account vacancy assumptions and the MBFC Rental Support	• Capitalised value is adjusted for letting up allowances, capital expenditure and asset enhancement expenses, as well as the MBFC Rental Support to derive the final valuation

DCF Approach	Savills	Knight Frank
Considerations for Income Projection under the DCFApproach	In arriving at the income projections, the following has been considered: • Tenancy details such as occupancy, lease structure, and historical rental rates for retail and office rental • Economic overview • Office market overview • Retail market overview	• A 10 year cash flow period is forecasted, with a hypothetical assumption of the property being sold at the end of the tenth year. • Assumptions also considers factors such as rental growth during holding period and vacancy allowances
Assumed Discounted Rates	• Discount rate used is based on the Valuer's understanding of the current market conditions • Terminal yield assumes that market conditions commensurate to those experienced as at the date of valuation, while acknowledging that the property will be 10 years older but well maintained	• Discount rate used reflects the current market requirements for investment return over a 10-year period from office and retail real estate. • Terminal yield used considers the available transacted yields of office and retail property sectors
Other Key Broad Assumptions	• Valuation arrived at takes into account vacancy assumptions and the MBFC Rental Support	• Valuation arrived at takes into account all existing and proposed leases and occupancy arrangements, and taking into account the MBFC Rental Support

The Independent Valuers arrived at their valuations after taking into consideration both the results of the income capitalisation and DCF approaches, both of which are widely accepted methods for the purpose of valuing income producing properties. We have also made reasonable enquiries and have exercised our professional judgement in reviewing the information contained in the respective valuation reports. In our review, we do not find the information contained therein to be unreasonable.

The value of a one-third interest in the MBFC Property as at 30 September 2010, according to the two approaches adopted by Savills and Knight Frank, are set out below:

Valuation Approach	Savills	Knight Frank	Average
Income Capitalisation[(1)] (S$ million)	1,426.0	1,432.6	1,429.3
DCF[(1)] (S$ million)	1,429.4	1,434.7	1,432.1
Open Market Value[(1)] (S$ million)	1,427.0	1,433.0	1,430.0

Source: Circular and Independent Valuers' reports

Note:

(1) The values determine by the two approaches are based on one-third interest in the MBFC Property and include the value of the MBFC Rental Support provided by the MBFC Vendor.

As illustrated in the table above, the Agreed Value is lower than the average of the two respective independent valuations by Savills and Knight Frank.

Having considered the above, the Agreed Value does not appear to be unreasonable or prejudicial to the interests of K-REIT and its minority Unitholders.

5.2.2 KTGE Sale Consideration

Given that KTGE will be divested and possibly be redeveloped, the Independent Valuers have valued KTGE on a "highest and best use" basis. Savills and Knight Frank have adopted the comparable sales approach and the residual approach to determine the open market value. We set out below a brief summary of the valuation approaches adopted by the Independent Valuers:

Valuation Approach	Description
Comparable Sales	Reference is made to sales of similar properties with adjustments made, where appropriate, for differences in location, floor area, age, tenure, type of development, date of sale etc.
Residual Approach	The value of land is arrived at by deducting construction costs (including professional fees) and other relevant costs from the gross development value of the proposed development assuming satisfactory completion.

The value of KTGE as at 30 September 2010, according to the respective approaches as determined by Knight Frank and Savills, is set out below:

Valuation Approach	Savills	Knight Frank	Average
Market Value Based on "Highest and Best Use" (S$ million)	573.0	570.0	571.5

The Independent Valuers arrived at their valuations by using a combination of the comparable sales approach and residual approach, both of which are widely accepted methods for the purpose of valuing properties. We have also made reasonable enquiries and have exercised our professional judgement in reviewing the information contained in the respective valuation reports. In our review, we do not find the information contained therein to be unreasonable.

As illustrated in the table above, the KTGE Sale Consideration is above the average of the two independent valuations by Knight Frank and Savills.

Having considered the above, the KTGE Sale Consideration does not appear to be unreasonable or prejudicial to the interests of K-REIT and its minority Unitholders.

5.2.3 Determination of the MBFC Purchase Consideration and Adjusted NTA Value

As stated in the Circular, the purchase consideration for the MBFC Acquisition comprises the Share Consideration and Loan Consideration. The Share Consideration shall be equal to one-third of the Adjusted NTA Value as at Completion Date. The Adjusted NTA Value shall be computed on the basis that the Adjusted NTA Value is three times the Agreed Value plus the net book value of the fixed and current assets (but not the fixed and current assets of MBRPL) as at Completion Date minus the net book value of the long-term and current liabilities of BFC (but not the long-term and current liabilities of MBRPL) as at Completion Date, subject to certain exclusions (as specified in the MBFC SPA). We have reviewed the computation provided by the Manager on how the Share Consideration and Loan Consideration is arrived at and noted that it is in line with the terms as stated in the MBFC SPA.

We note that after the Completion, the MBFC Vendor and Trustee will engage the auditors of BFC to review and adjust the accounts, and determine the Adjusted NTA Value, Share Consideration and Loan Consideration within 30 days of their appointment.

5.3 Impact of the Transactions on the DPU to Unitholders

As illustrated in Appendix B of the Circular, the Transactions will improve the DPU to Unitholders due to the yield accretive nature of the Transactions.

Based on the assumptions as set out in Appendix B of the Circular, the DPU is expected to improve by 0.26 cents or 4.0% from 6.42 cents to 6.68 cents after the Transactions for Forecast Year 2011. This is takes into consideration the MBFC Rental Support received for Forecast Year 2011.

For Forecast Year 2011, the property yield implied by the MBFC Acquisition is in line with the property yield range from 3.6% to 5.3% of the existing Singapore Properties in K-REIT's portfolio.

5.4 The market value per NLA implied by Agreed Value as compared to the Comparable Properties

The Comparable Properties presented in the table below are owned by REITs listed and traded on the SGX-ST, and are considered to be broadly comparable to the MBFC Property in terms of being mainly located in the Downtown Core, a 266-hectare urban planning area in the south of the city-state of Singapore.

While we have made our comparisons against the following selected properties as shown in the table below, we recognised that the selected properties are not identical to the MBFC Property in terms of building size and design, location, tenant composition, operating history, future prospects and other relevant criteria.

Accordingly, the Independent Directors should note that any comparison made with respect to the Comparable Properties serves as an illustrative guide only.

Property	Location	Owner	Valuation Date	Market Value (S$ million)	NLA (sq ft)	Market Value/NLA (S$ psf)
Prudential Tower	30 Cecil Road	K-REIT	31 Dec 09	650.2	351,350	1,851
One Raffles Quay	39 Robinson Road	K-REIT	31 Dec 09	2,804.7	1,335,373	2,100
Six Battery Road	Six Battery Road	CCT(2)	31 Dec 09	1,114.0	497,207	2,241
HSBC Building(4)	21 Collyer Quay	CCT(2)	31 Dec 09	299.8	200,467	1,496*
Capital Tower(5)	168 Robinson Road	CCT(2)	31 Dec 09	1,052.5	740,945	1,420*
One George Street	One George Street	CCT(2)	31 Dec 09	896.0	448,005	2,000
Suntec City(6)	Temasek Boulevard	Suntec(3)	31 Dec 09	3,798.0	2,120,662	1,791*
					Average	2,048
					Median	2,050
					Maximum	2,241
					Minimum	1,851
MBFC Property			**30 Sep 10**	**4,280.4**	**1,747,133**	**2,450**

Source: Circular and company report

Notes:

* Outliners specifically excluded from the analysis

(1) The market value of the MBFC Property, Prudential Tower and One Raffles Quay is based on 100% interest in the property.

(2) "CCT" refers to CapitaCommercial Trust

(3) "Suntec" refers to Suntec REIT

(4) HSBC Building is specifically excluded as it is a relatively old building with a single tenant

(5) Capital Tower is specifically excluded as it is located at Tanjong Pagar which is at the fringe of the Downtown Core

(6) Suntec City is specifically excluded due to a large part of its NLA being occupied by for retail and convention purposes

Private Property Price Index	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1	2010 Q2
Commercial office space	96.9	93.1	91.1	92.0	93.7	98.0

Source: Urban Redevelopment Authority

It is to note that the Comparable Properties' market value have been presented as at 31 December 2009 whilst the valuation date of the MBFC Property is as at 30 September 2010. As illustrated in the table above, the private property price index for commercial office space has increased from 92.0 in 4th quarter 2009 to 98.0 in 2nd quarter 2010, an increase of 6.5%.

Based on the above analysis, we note that the market value per NLA of the Comparable Properties ranges from S$1,851 psf and S$2,241 psf. The market value per NLA of the MBFC Property is higher than the market value per NLA of the Comparable Properties for the following reasons:

(a) The MBFC Property, unlike most of the Comparable Properties, is a recently completed development and is considered as one of the premier quality Grade A office buildings in Singapore;

(b) The MBFC Property is located at a prime location. As indicated in Section 2.1 of the Circular, the MBFC Property is strategically located on the prime waterfront space in Singapore's new financial district and is in close proximity to key landmarks such as the Marina Bay Sands integrated resort, hotels and F&B outlets;

(c) The MBFC Property has a committed occupancy of 96.4% with major corporations such as Standard Chartered Bank and Wellington International Management Company among its major tenants; and

(d) One Raffles Quay is the most appropriate comparable property as it is similar to the MBFC Property in terms of location and age. Despite the similarities, the MBFC Property commands a higher market value per NLA as it is located in a higher quality and more sought after location, and it is a new development whereas One Raffles Quay was developed approximately nine years ago.

Based on the above, the Agreed Value does not appear to be unreasonable or prejudicial to the interests of K-REIT and its minority Unitholders.

5.5 The price per NLA implied by Agreed Value and KTGE Sale Consideration as compared to the Comparable Transactions

We have also extracted information from the purchase of similar properties in Singapore ("**Comparable Transactions**") in order to compare the Agreed Value per NLA and the KTGE Sale Consideration per NLA with the Comparable Transactions.

The information in the table presented below is for illustration purposes only. The properties which are the subjects of the Comparable Transactions may differ from the MBFC Property and KTGE in terms of building size and design, building age, location, accessibility, tenant composition, market risks, future prospects, operating history, retail-office mix and other relevant criteria. There is no property under the Comparable Transactions which may be considered identical to the MBFC Property and KTGE in terms of the aforesaid factors.

Different Comparable Transactions were selected for the MBFC Acquisition and KTGE Divestment as the MBFC Property is proposed to be acquired mainly for yield generation whereas KTGE is to be redeveloped.

For the above reasons, while the Comparable Transactions taken as a whole may provide a broad and indicative benchmark for assessing the MBFC Acquisition and the KTGE Divestment, care has to be taken in the selection and use of any individual data point for the same purpose.

Accordingly, Independent Directors should note that any comparison made with respect to the Comparable Transactions serves as an illustrative guide only.

The MBFC Property's Comparable Transactions Property

Property	Location	Transaction Date	Price (S$ million)	NLA (sq ft)	Price/NLA (S$ psf)
Chevron House	30 Raffles Place	September 2010	547.0	262,230	2,086
Samsung Hub (8^{th} to 11^{th} storey)	3 Church Street	August 2010	111.4	52,431	2,125
One Finlayson Green(2)	One Finlayson Green	March 2010	145.0	89,000	1,629*
Robinson Point(3)	39 Robinson Road	January 2010	203.3	133,133	1,527*
Parakou Building(2)	120 Robinson Road	May 2009	81.4	63,951	1,273*
The Atrium@Orchard	60 Orchard Road	August 2008	839.8	373,443	2,249

Property	Location	Transaction Date	Price (S$ million)	NLA (sq ft)	Price/NLA (S$ psf)
One George Street	One George Street	July 2008	896.0	448,005	2,000
Singapore's Exchange's office space at SGX Centre	Shenton Way	March 2007	271.0	169,500	1,599
				Average	**2,012**
				Median	**2,086**
				Maximum	**2,249**
				Minimum	**1,599**
MBFC Property	**Marina Boulevard**	**2010**	**4,280.4**	**1,747,133**	**2,450**

Source: Company annual report, announcements and press releases

Notes:

* Outliers specifically excluded from the analysis

(1) The market value of the MBFC Property is based on 100% interest in the property.

(2) One Finlayson Green and Parakou Building are specifically excluded as they have a relatively smaller NLA.

(3) Robinson Point is specifically excluded as it is a relatively old non Grade A building.

From the table above, we noted that the Comparable Transactions were carried out at price per NLA ranging between S$1,599 psf and S$2,249 psf at the point in time of the respective transactions. The price per NLA for the MBFC Property is higher than the price per NLA of the Comparable Transactions for the same reasons highlighted in Section 5.4 of the Letter.

KTGE Comparable Transactions

Property	Location	Transaction Date	Price (S$ million)	NLA (sq ft)	Price/NLA (S$ psf)
DBS Towers One and Two	6 Shenton Way	August 2010	870.5	873,444	997
Chow House	140 Robinson Road	August 2010	100.0	83,333	1,200
Starhub Centre	51 Cuppage Road	July 2010	380.0	280,069	1,357
Marina House	70 Shenton Way	April 2010	148.0	130,000	1,138
Anson House	72 Anson Road	May 2009	85.0	75,225	1,130
				Average	**1,164**
				Median	**1,138**
				Maximum	**1,357**
				Minimum	**997**
KTGE	**Hoe Chiang Road/ Tanjong Pagar Road**	**NA**	**573.0**	**430,112**	**1,332**

Source: Company annual report, announcements and press releases

We wish to highlight that the MBFC Acquisition and the KTGE Divestment was negotiated with Keppel Land as one collective transaction and cannot be separated.

From the table above, we noted that the price per NLA for KTGE is comparable to the other market transactions.

5.6 Asset management fees

As set out in Section 2.8 of the Circular, the existing project and asset management agreement between BFC and RQAM will be terminated and the RQAM Asset Management Agreement will supersede the original asset management agreement in its entirety.

In consideration of the due performance by RQAM of the aforesaid services, BFC shall pay RQAM:

(a) A management fee equal to 3.0 per cent of the Gross Revenue from the MBFC Property;

(b) In relation to each lease entered into by a tenant, a marketing fee equivalent to:

    (i) 2 months' Gross Rental Income in the event that such lease is for a term of 5 years or more; or

    (ii) 1 month's Gross Rental Income in the event that such lease is for a term of 2 years or more, but less than 5 years; or

    (iii) One half month's Gross Rental Income in the event that such lease is for a term of less than 2 years; and

(c) In relation to renewal of leases, a marketing fee equivalent to one-quarter month's Gross Rental Income; and in relation to leases with rent review provision, a marketing fee equivalent to one-quarter month's Gross Rent based on the reviewed rent on each of the rent review.

We note that the structure and terms of the management fees contracted in the RQAM Asset Management Agreement is the same as the previous asset management agreement entered into with RQAM for the management of One Raffles Quay and that the terms are in line with the market practice in Singapore.

5.7 MBFC Rental Support

As set out in Section 2.6 of the Circular, given that MBFC Property is recently completed, the MBFC Vendor will provide rental support to K-REIT for the following:

(a) Fitting-out periods where rents and maintenance charges will not be received; and

(b) To support the marginally lower than market average rental rate as some of the leases were locked-in at below current market rates until the next rental review dates.

The Threshold Amounts were negotiated between K-REIT and the MBFC Vendor such that the average actual gross rental income for MBFC will be increased.

We noted that with the MBFC Rental Support, the office and retail rental rates will be in line with the acceptable market rental rates using the direct comparison method adopted by both the Valuers in arriving at their conclusion.

We wish to highlight that K-REIT will be reliant on the income derived from the MBFC Rental Support. Any failure by the MBFC Vendor to perform its obligations under the MBFC Rental Support arrangement may adversely affect K-REIT's cash flow and the amount of distributions that it is able to make to the Unitholders of K-REIT.

6. OTHER INTERESTED PARTY TRANSACTIONS

As set out in Appendix F, K-REIT entered into two Interested Party Transactions ("**IPT**") with KCL and KLL and their subsidiaries and associates in the current financial year, which are subject of aggregation pursuant to Rule 906 of the Listing Manual.

The Manager has established an internal control system to ensure that all IPT will be undertaken on normal commercial terms and will not be prejudicial to the interests of K-REIT Asia and the Unitholders. As a general rule, the Manager must demonstrate to the Audit Committee that such transactions satisfy the foregoing criteria which may entail obtaining (where practicable) quotations from parties unrelated to the Manager, or obtaining one or more valuations from independent valuers (in accordance with the Property Funds Guidelines).

6.1 Transaction with Keppel Land International Limited

K-REIT had entered into two new leases with Keppel Land International Limited for the rental of #12-06/10 and #04-10 at Bugis Junction Tower for the periods from 1 May 2010 to 15 September 2011 and 16 November 2010 to 15 September 2011 respectively. Keppel Land International Limited is a subsidiary of KLL and is hence considered an interested person of K-REIT.

The Manager had commissioned Colliers International Consultancy & Valuation (Singapore) Pte Ltd ("Colliers") to provide an independent opinion on the reasonableness of the term of the agreement and to ensure that they are on normal commercial terms.

We noted that the rental rates under the existing and new leases are in line with the acceptable market rental rates using the direct comparison method adopted by Colliers in arriving at their conclusion.

6.2 Transaction with Kephinance Investment Pte Ltd ("Kephinance")

Kephinance has provided a revolving loan facility of S$350.0 million to K-REIT. Kephinance is a wholly owned subsidiary of KCL and KCL is a controlling Unitholder of K-REIT. Hence, Kephinance is an associate of an interested person of K-REIT.

K-REIT had followed the procedures in its K-REIT IPT Standard Operating Procedures ("**SOP**") in arranging for a revolving loan facility from Kephinance Investment Pte Ltd. We note that K-REIT has sourced for alternative quotes from 3 financial institutions.

We noted that the terms and conditions of the loan facility are in line with the terms and conditions of the alternative quotes sourced by K-REIT.

Accordingly, we are of the opinion that the terms of the existing Interested Person Transactions as set out in this paragraph 6 are reasonable, on normal commercial terms and not prejudicial to the interests of K-REIT and its minority Unitholders.

7. OPINION

Having regard to our terms of reference, in arriving at our opinion, we have considered various factors deemed pertinent and to have significant bearing on our assessment of the Transactions. We have carefully considered the factors as deemed essential, and balanced them before reaching our opinion. Accordingly, it is important that this Letter, in particular, the considerations and information we have taken into account, be read in its entirety.

Our opinion is based solely on information made available to us as at the date of this Letter. The principal factors that we have taken into consideration in forming our opinion are summarised as below:

(a) The MBFC Acquisition and the KTGE Divestment was negotiated with Keppel Land as one collective transaction and cannot be separated;

(b) The rationale and benefits of the Transactions;

(c) The Agreed Value of S$1,426.8 million is lower than the average of the open market values as appraised by the Independent Valuers and the KTGE Sale Consideration of S$573.0 million is higher than the average of the open market values of KTGE as appraised by the Independent Valuers on the "highest and best use basis";

(d) The Transactions will improve the DPU to Unitholders by 0.26 cents or 4.0 percent from 6.42 cents to 6.68 cents;

(e) Based on the price per NLA implied by the Agreed Value and KTGE Sale Consideration as compared to the Comparable Properties and Comparable Transactions, the considerations do not appear to be unreasonable or prejudicial to the interests of K-REIT and its minority Unitholders;

(f) The asset management fees are in line with the market practice in Singapore; and

(g) With the MBFC Rental Support, the office and retail rental rates will be in line with the acceptable market rental rates using the direct comparison method adopted by both the Valuers in arriving at their conclusion. However, we wish to highlight that any failure by the MBFC Vendor to perform its obligations under the MBFC Rental Support may affect K-REIT's cash flow and distribution adversely.

Having given due consideration to the rationale for the Transactions and taking into account our evaluation of the Transactions and subject to the qualifications set out in this Letter, we are of the opinion as of the date of this Letter that each of the Transactions is based on normal commercial terms and is not prejudicial to the interests of K-REIT and its minority Unitholders.

We advise the Independent Directors to recommend that Unitholders vote in favour of the Transactions to be proposed at the EGM, the notice of which is set out in the Circular. However, we wish to highlight that each Unitholder may have different investment objectives and considerations and hence should seek their own professional advice.

The foregoing recommendation is addressed to the Independent Directors for the purpose of their consideration of the Transactions. The recommendation made by the Independent Directors to Unitholders shall remain the responsibility of the Independent Directors. This Letter may only be reproduced, disseminated or quoted in the form and context in which it appears in the Circular or with the prior written consent of PwCCF. This Letter and its entire content is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter Our recommendation may not be used and/or relied on by any other person for any other purpose at any time and in any manner except with our written consent.

Yours truly
for and on behalf of
PricewaterhouseCoopers Corporate Finance Pte Ltd

Kan Yut Keong
Managing Director

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EXISTING INTERESTED PERSON TRANSACTIONS

The table below sets out details of all Existing Interested Person Transactions entered into between K-REIT and KCL and KLL and their subsidiaries and associates in the current financial year, which are subject of aggregation pursuant to Rule 906 of the Listing Manual.

No.	Interested Person	Nature of Transaction	Value of Transaction (S$'000)
KLL Group			
1	Keppel Land International Limited	New lease for #12-06/10 and #04-10 at Bugis Junction Tower	1,011[(1)]
KCL Group (excluding KLL Group)			
1	Kephinance Investment Pte Ltd	Provision of revolving loan facility	19,687
Total			**20,698**

Note:

(1) Based on the total contracted value for the entire term of the lease.

These Existing Interested Person Transactions have been subject to the internal control procedures established by the Manager to ensure that such transactions are undertaken on normal commercial terms and are not prejudicial to the interest of K-REIT and its minority Unitholders. These procedures include the review and approval of such transactions by the Audit Committee, as appropriate.

Details of the Existing Interested Person Transactions

Transaction with Keppel Land International Limited

Keppel Land International Limited is a subsidiary of KLL. As such, Keppel Land International Limited is an interested person of K-REIT.

A new lease was signed with Keppel Land International Limited for #12-06/10 at Bugis Junction Tower for the period from 1 May 2010 to 15 September 2011. Another new lease was entered into with Keppel Land International for #04-10, which will commence from 16 November 2010 until 15 September 2011.

Prior to signing the lease agreements with Keppel Land International Limited, the Manager commissioned Colliers International Consultancy & Valuation (Singapore) Pte Ltd, an independent property consultant, to provide an independent opinion on the reasonableness of the term of the agreement and to ensure they are on normal commercial terms.

Transaction with Kephinance Investment Pte Ltd

Kephinance Investment Pte Ltd is a wholly owned subsidiary of KCL and KCL is a controlling Unitholder of K-REIT. As such, Kephinance Investment Pte Ltd is an associate of an interested person of K-REIT. Kephinance Investment Pte Ltd has provided a revolving loan facility to K-REIT. Assuming that the revolving loan facility of S$350.0 million is fully drawn on 30 September 2010 and based on an assumed interest rate of 2.5%, the interest payable to Kephinance Investment Pte Ltd for the 2.25 years is estimated to be S$19.7 million. The amount at risk would constitute approximately 1% of K-REIT's latest audited NTA or NAV as at 31 December 2009.

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NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING of K-REIT Asia ("**K-REIT**") will be held on 8, December 2010 at 2:30 p.m. at Four Seasons Hotel, Four Seasons Ballroom (Level 2), 190 Orchard Boulevard, Singapore 248646, for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions:

ORDINARY RESOLUTION

THE PROPOSED ACQUISITION OF ONE-THIRD INTEREST IN MARINA BAY FINANCIAL CENTRE TOWERS 1 & 2 AND MARINA BAY LINK MALL AND THE PROPOSED DIVESTMENT OF KEPPEL TOWERS AND GE TOWER

That:

(1) approval be and is hereby given for the acquisition (the "**MBFC Acquisition**") of one-third of the issued share capital of BFC Development Pte. Ltd. ("**BFC**"), which holds Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall, from Bayfront Development Pte. Ltd. (the "**MBFC Vendor**"), on the terms and conditions set out in the share purchase agreement dated 11 October 2010 made between RBC Dexia Trust Services Singapore Limited, as trustee of K-REIT (the "**Trustee**"), the MBFC Vendor, and Keppel Land Properties Pte Ltd ("**KLP**");

(2) approval be and is hereby given for the entry into of the restated shareholders' agreement with the other shareholders of BFC and their parent entities relating to the governance of their relationship as direct and indirect shareholders of BFC;

(3) approval be and is hereby given for the entry into of the undertaking deed with KLP and the MBFC Vendor to ensure that all rights, benefits, obligations and liabilities relating to Marina Bay Residences Pte. Ltd. shall be excluded from the MBFC Acquisition;

(4) approval be and is hereby given for all fees and charges payable under the asset management agreement entered into between BFC and Raffles Quay Asset Management Pte Ltd;

(5) approval be and is hereby given for the divestment of Keppel Towers and GE Tower (the "**KTGE Divestment**") to Mansfield Developments Pte. Ltd. (the "**KTGE Purchaser**"), on the terms and conditions set out in sale and purchase agreement dated 11 October 2010 made between the Trustee and the KTGE Purchaser; and

(6) the Manager, any director of the Manager, and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of K-REIT to give effect to the MBFC Acquisition and the KTGE Divestment.

BY ORDER OF THE BOARD
K-REIT Asia Management Limited
(Company Registration No. 200411357K)
as manager of K-REIT Asia

Choo Chin Teck/Jacqueline Ng
Joint Company Secretaries
Singapore
8 November 2010

Important Notice:

(1) A unitholder of K-REIT entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a unitholder of K-REIT.

(2) Where a unitholder of K-REIT appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.

(3) The instrument appointing a proxy must be lodged at the Manager's registered office at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 not less than 48 hours before the time appointed for the Extraordinary General Meeting.

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

Notes to Proxy Form

1. A unitholder of K-REIT ("**Unitholder**") entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint one or two proxies to attend and vote in his/her stead.

2. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.

3. A proxy need not be a Unitholder.

4. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against his/her name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), he/she should insert that number of Units. If the Unitholder has Units registered in his/her name in the Register of Unitholders of K-REIT, he/she should insert that number of Units. If the Unitholder has Units entered against his/her name in the said Depository Register and registered in his/her name in the Register of Unitholders, he/she should insert the aggregate number of Units. If no number is inserted, this form of proxy will be deemed to relate to all the Units held by the Unitholder.

5. The instrument appointing a proxy or proxies (the "**Proxy Form**") must be deposited at the Manager's registered office at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632, not less than 48 hours before the time set for the Extraordinary General Meeting.

6. The Proxy Form must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

7. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority must (failing previous registration with the Manager) be lodged with the Proxy Form; failing which the Proxy Form may be treated as invalid.

8. The Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his/her name in the Depository Register as at 48 hours before the time appointed for holding the Extraordinary General Meeting, as certified by CDP to the Manager.

9. All Unitholders will be bound by the outcome of the Extraordinary General Meeting regardless of whether they have attended or voted at the Extraordinary General Meeting.

10. At any meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman or by five or more Unitholders present in person or by proxy and holding or representing one-tenth in value of the Units represented at the meeting. Unless a poll is so demanded, a declaration by the Chairman that such a resolution has been carried or carried unanimously or by a particular majority or lost shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

11. On a show of hands, every Unitholder who (being an individual) is present in person or by proxy or (being a corporation) is present by one of its officers as its proxy shall have one vote. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he/she is the Unitholder. A person entitled to more than one vote need not use all his/her votes or cast them the same way.

K-REIT ASIA

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

IMPORTANT

1. For investors who have used their CPF money to buy units in K-REIT Asia, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. CPF Investors who wish to attend the Extraordinary General Meeting as observers have to submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.
4. **PLEASE READ THE NOTES TO THE PROXY FORM.**

PROXY FORM

EXTRAORDINARY GENERAL MEETING

I/We ________________________________ (Name(s) and NRIC No./Passport No./Company Registration No.)

of ____ (Address)

being a unitholder/unitholders of K-REIT Asia ("**K-REIT**"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Unitholdings	
			No. of Units	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Unitholdings	
			No. of Units	%

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and if necessary, to demand a poll, at the Extraordinary General Meeting of K-REIT to be held on 8, December 2010 at 2:30 p.m. at Four Seasons Hotel, Four Seasons Ballroom (Level 2), 190 Orchard Boulevard, Singapore 248646, and any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolution to be proposed at the Extraordinary General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they may on any other matter arising at the Extraordinary General Meeting.

Ordinary Resolution	To be used on a show of hands		To be used in the event of a poll	
	For *	Against *	No. of Votes For **	No. of Votes Against **
To approve the MBFC Acquisition and the KTGE Divestment				

* If you wish to exercise all your votes "For" or "Against", please tick (√) within the box provided.

** If you wish to exercise all your votes "For" or "Against", please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this __________ day of ____________________ 2010

Total number of Units held

____
Signature(s) of unitholder(s)/Common Seal

1st Fold

2nd Fold

Postage will be paid by addressee. For posting in Singapore only.

BUSINESS REPLY SERVICE
PERMIT NO. 08556

The Company Secretary
K-REIT Asia Management Limited
(as manager of K-REIT Asia)
1 HarbourFront Avenue
#18-08 Keppel Bay Tower
Singapore 098632

FOLD AND GLUE OVERLEAF. DO NOT STAPLE.

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K-REIT Asia Management Limited

1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632

www.kreitasia.com

Tel: (65) 6835 7477
Fax: (65) 6835 7747

Co Reg No: 200411357K