

CIRCULAR DATED 3 OCTOBER 2009

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Approval in-principle has been obtained from the SGX-ST for the listing and quotation of the new units in K-REIT Asia to be issued for the purpose of the Rights Issue (as defined herein) (the “**Rights Units**”) on the Main Board of the SGX-ST. The SGX-ST’s in-principle approval is not an indication of the merits of the Rights Issue, the Rights Units, the Manager (as defined herein) and/or its subsidiaries.

If you have sold or transferred all your units in K-REIT Asia (“**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. This Circular is not for distribution, directly or indirectly, in or into the United States (“**U.S.**”). It is not an offer of securities for sale into the U.S. The Rights Units and the “nil-paid” rights (as defined herein) have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or the securities laws of any state of the U.S. or other jurisdiction, and the Rights Units and the “nil-paid” rights may not be offered or sold within the U.S. except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. There will be no public offer of securities in the U.S.

K-REITasia

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

MANAGED BY

K-REIT Asia Management Limited

**CIRCULAR TO UNITHOLDERS
IN RELATION TO:**

- (1) **THE PROPOSED UNDERWRITTEN RENOUNCEABLE RIGHTS ISSUE; AND**
- (2) **THE PROPOSED TRUST DEED SUPPLEMENT TO FACILITATE EQUITY FUND RAISINGS.**

Lead Manager, Underwriter and Financial Adviser for the Rights Issue



BNP PARIBAS

IMPORTANT DATES AND TIMES FOR UNITHOLDERS

Last date and time for lodgment of Proxy Forms	:	19 October 2009 at 3.00 p.m.
Date and time of Extraordinary General Meeting	:	21 October 2009 at 3.00 p.m.
Place of Extraordinary General Meeting	:	Raffles Hotel The Ballroom, Level 3 1 Beach Road Singapore 189673

This page has been intentionally left blank.

TABLE OF CONTENTS

	Page
CORPORATE INFORMATION	ii
SUMMARY	1
INDICATIVE TIMETABLE	9
LETTER TO UNITHOLDERS	
1. Summary of Approvals Sought	10
2. Resolution 1: The Proposed Underwritten Renounceable Rights Issue	10
3. Resolution 2: The Proposed Trust Deed Supplement to Facilitate Equity Fund Raisings.	23
4. Recommendations	23
5. Extraordinary General Meeting	24
6. Action to be Taken by Unitholders	24
7. Directors' Responsibility Statement	24
8. Lead Manager, Underwriter and Financial Adviser's Responsibility Statement	25
9. Documents for Inspection	25
IMPORTANT NOTICE	26
GLOSSARY	27
APPENDIX A Proposed Trust Deed Supplement to Facilitate Equity Fund Raisings	A-1
NOTICE OF EXTRAORDINARY GENERAL MEETING	B-1
PROXY FORM	

CORPORATE INFORMATION

Directors of K-REIT Asia Management Limited (the manager of K-REIT Asia) (the “Manager”)	:	Professor Tsui Kai Chong (Chairman and Non-Executive Independent Director) Mr Kevin Wong Kingcheung (Deputy Chairman and Non-Executive Director) Mr Tan Swee Yiow (Executive Director) Ms Ng Hsueh Ling (Chief Executive Officer and Director) Dr. Chin Wei-Li, Audrey Marie (Non-Executive Independent Director) Mrs Lee Ai Ming (Non-Executive Independent Director)
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 Rights Issue and to the Manager	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Lead Manager, Underwriter and Financial Adviser for the Rights Issue (the “Lead Manager, Underwriter and Financial Adviser”)	:	BNP Paribas, Singapore Branch 20 Collyer Quay #01-01 Tung Centre Singapore 049319
Legal Adviser to the Lead Manager, Underwriter and Financial Adviser as to Singapore Law	:	WongPartnership LLP One George Street #20-01 Singapore 049145
Legal Adviser to the Lead Manager, Underwriter and Financial Adviser as to U.S. Federal Law	:	Jones Day 3 Church Street #14-02 Samsung Hub Singapore 049483
Legal Adviser to the Trustee	:	Shook Lin & Bok LLP 1 Robinson Road #18-00 AIA Tower Singapore 048542
Unit Registrar and Unit Transfer Office (the “Unit Registrar”)	:	Boardroom Corporate & Advisory Services Pte. Ltd. 3 Church Street #08-01 Samsung Hub Singapore 049483

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 27 to 32 of this Circular. Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

OVERVIEW

K-REIT Asia is a Singapore-based real estate investment trust (“REIT”) established with the principal investment objective of investing in a portfolio of quality income producing commercial real estate and real estate-related assets in Singapore and across Asia.

K-REIT Asia’s portfolio comprises four commercial office properties located in the central area of Singapore, namely the Prudential Tower Property, Keppel Towers and GE Tower, Bugis Junction Towers and the ORQ Interest (each as defined herein) (the “**Existing Portfolio**”).

On 1 September 2009, the Manager announced the proposed acquisition of six strata floors at Prudential Tower (the “**Prudential Tower Strata Acquisition**”). K-REIT Asia currently owns about 44.4% of the strata area of Prudential Tower. Upon the completion of the Prudential Tower Strata Acquisition, K-REIT Asia will own a majority interest in Prudential Tower of about 73.0% of the total strata area of the building. After the completion of the Prudential Tower Strata Acquisition, which is expected to take place in November 2009, K-REIT Asia’s asset portfolio will increase to S\$2.1 billion¹. (See paragraph 2.1 of the Letter to Unitholders for further details.)

K-REIT Asia is managed by K-REIT Asia Management Limited, a wholly-owned subsidiary of Keppel Land Limited (“KLL”). KLL is a leading developer of commercial properties in Singapore.

SUMMARY OF APPROVALS SOUGHT

The Manager seeks approvals from unitholders of K-REIT Asia (“**Unitholders**”) for the resolutions stated below:

- (1) **Resolution 1: The Proposed Underwritten Renounceable Rights Issue (Extraordinary Resolution)**
- (2) **Resolution 2: The Proposed Trust Deed Supplement to Facilitate Equity Fund Raisings (Extraordinary Resolution)**

¹ The latest valuation of the Existing Portfolio and the Prudential Tower Strata Acquisition amounts to S\$2,094.7 million, comprising an aggregate of (i) the valuation of the Existing Portfolio of S\$1,970.2 million as at 29 September 2009 and (ii) the valuation of the Prudential Tower Strata Acquisition of S\$124.5 million as at 25 August 2009.

RESOLUTION 1: THE PROPOSED UNDERWRITTEN RENOUNCEABLE RIGHTS ISSUE

Overview of the Underwritten Renounceable Rights Issue

The proposed issue of 666,703,965¹ Rights Units is made on an underwritten² and renounceable basis to Eligible Unitholders (as defined herein) (the “**Rights Issue**”) on a basis of one (1) Rights Unit for every one (1) existing Unit (“**Existing Unit**”, and the basis of the Rights Issue, the “**Rights Ratio**”) held on the books closure date in respect of the Rights Issue, which is scheduled for 27 October 2009 at 5.00 p.m. (the “**Rights Issue Books Closure Date**”), at an issue price of S\$0.93 per Rights Unit (the “**Rights Issue Price**”). The Rights Issue will raise gross proceeds of approximately S\$620.0 million and net proceeds of approximately S\$616.0 million.

The Rights Issue Price represents a discount of approximately 21.2% to the closing price of S\$1.18 per Unit on 30 September 2009 (the “**Closing Price**”), being the last trading day of the Units prior to the announcement of the Rights Issue and a discount of approximately 19.1% to the 30-day volume weighted average price immediately preceding 1 October 2009 of S\$1.15 per Unit (“**30-day VWAP**”).

The Rights Issue Price also represents a discount of approximately 11.8% to the theoretical ex-rights price (“**TERP**”) of S\$1.06 per Unit. The TERP is calculated as follows:

$$\text{TERP} = \frac{\text{Market capitalisation of K-REIT Asia}^3 + \text{Gross proceeds from the Rights Issue}}{\text{Units outstanding after the Rights Issue}}$$

Valuation

In conjunction with the Rights Issue, the Manager has taken the prudent view to update the valuation of the Existing Portfolio. The latest valuation of the Existing Portfolio undertaken by Colliers International Consultancy & Valuation (Singapore) Pte Ltd (“**Colliers**”) amounts to S\$1,970.2 million as at 29 September 2009 (the “**Asset Revaluation**”), representing a decrease of 6.3% from the last valuation of S\$2,102.0 million as at 31 December 2008.

On 1 September 2009, the Manager announced the Prudential Tower Strata Acquisition. The purchase consideration for the Prudential Tower Strata Acquisition was S\$106.3 million. After the completion of the Prudential Tower Strata Acquisition, which is expected to take place in November 2009, K-REIT Asia’s asset portfolio will increase to S\$2.1 billion.

¹ For the purpose of this Circular, unless otherwise stated, the number of Rights Units to be issued under the Rights Issue has been assumed to be 666,703,965 based on the Rights Ratio and the number of Units in issue as at the Latest Practicable Date (as defined herein). The actual number of Rights Units to be issued under the Rights Issue will be higher if additional Units are issued on or prior to the Rights Issue Books Closure Date.

² Keppel Corporation Limited (“**KCL**”) and KLL have each provided an irrevocable undertaking to the Manager and the Lead Manager, Underwriter and Financial Adviser to subscribe for their and their respective wholly-owned subsidiaries total provisional allotments of Rights Units (the “**Keppel Proportionate Rights Units**”). The Lead Manager, Underwriter and Financial Adviser will be underwriting the Balance Rights Units (as defined herein). As at the Latest Practicable Date, based on the unitholdings of KCL, KLL and their respective wholly-owned subsidiaries, the Keppel Proportionate Rights Units and the Balance Rights Units will amount to approximately 75.8% and 24.2% of the total number of Rights Units, respectively. (See paragraph 2.6 of the Letter to Unitholders for further details.)

³ Based on the Closing Price.

Use of Proceeds of the Rights Issue

The Manager intends to use the gross proceeds from the Rights Issue in the following manner:

- (i) approximately S\$501.0 million (which is equivalent to 80.8% of the gross proceeds of the Rights Issue) will be used to repay the following borrowings¹:
 - (a) a S\$391.0 million revolving loan facility from Kephinance Investment Pte Ltd (“**Kephinance**”) which is maturing in March 2011. This loan facility was used for the purpose of refinancing the debt incurred to finance the acquisition of the ORQ Interest; and
 - (b) a bridging loan of up to S\$110.0 million from Kephinance (the “**Bridging Loan**”) which will be drawn down for the purpose of financing the Prudential Tower Strata Acquisition (including related acquisition costs) and is expected to mature in January 2010,(collectively, the “**Borrowings**”);
- (ii) approximately S\$115.0 million (which is equivalent to 18.5% of the gross proceeds of the Rights Issue) will be used to fund potential acquisitions and asset enhancement initiatives and for general corporate and working capital purposes; and
- (iii) approximately S\$4.0 million (which is equivalent to 0.7% of the gross proceeds of the Rights Issue) will be used to pay the estimated fees and expenses, including professional fees and expenses, incurred or to be incurred by K-REIT Asia.

Kephinance is a wholly-owned subsidiary of KCL (which is a controlling Unitholder of K-REIT Asia) and is considered as an “interested person” under the Listing Manual of the SGX-ST (the “**Listing Manual**”).

The amount of debt to be repaid from the net proceeds may differ if additional debt is drawn down prior to the completion of the Rights Issue for the purpose of financing acquisitions and/or asset enhancements if such opportunities are available at the relevant time.

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

Rationale for the Rights Issue

The Manager believes that the Rights Issue will bring the following benefits to Unitholders:

Position K-REIT Asia for acquisition growth across Asia

The Rights Issue will help better position K-REIT Asia for acquisition opportunities by providing significant headroom for acquisition growth in the near to mid-term.

The Manager has a successful track record of growing K-REIT Asia’s portfolio and distributable income through acquisitions and has demonstrated its ability to source and execute transactions:

¹ K-REIT Asia has the option of repaying the Borrowings prior to their maturity dates.

- (i) on 10 December 2007, K-REIT Asia completed the acquisition of a one-third interest in One Raffles Quay (as defined herein), a prestigious landmark commercial development located in Singapore's central business district ("**CBD**"). As a result of the acquisition, K-REIT Asia's portfolio increased from S\$815.0 million to S\$1.76 billion. Further, K-REIT Asia's distributable income grew by 166.7% to S\$58.2 million in FY 2008 from S\$21.8 million in FY 2007 as a result of the acquisition of the ORQ Interest and overall improvement in performance of its portfolio; and
- (ii) on 1 September 2009, the Manager announced the Prudential Tower Strata Acquisition.

The Manager has recently witnessed an increased number of attractive investment opportunities as a result of the broader stabilisation of the overall real estate market. As such, the Manager is increasingly focused on pursuing a growth oriented strategy, both in Singapore and across Asia.

In addition, KLL's sponsorship of K-REIT Asia is a critical factor to K-REIT Asia's growth. KLL is a leading developer of prime commercial properties in Singapore and has undertaken many projects in Singapore and throughout Asia. KLL's pan-Asian geographical diversification includes its significant presence in China, Vietnam, India and Indonesia. This extensive regional network provides K-REIT Asia with a platform and the potential to become a pan-Asian REIT. The association with KLL also allows K-REIT Asia to access KLL's strong development expertise, tap into its established Asian network and build on its well-established tenant relationships, thereby enhancing K-REIT Asia's growth opportunities.

Facilitate diversification of K-REIT Asia's capital structure

As at 29 September 2009, being the latest practicable date prior to the issue of this Circular (the "**Latest Practicable Date**"), K-REIT Asia's debt capital structure is predominantly funded by its sponsors. KCL, through its wholly-owned subsidiary, Kephinance, is the main lender to K-REIT Asia, providing 67.3% of K-REIT Asia's existing outstanding loan facilities¹ as at the Latest Practicable Date.

The Rights Issue and repayment of the Borrowings would help open up K-REIT Asia's capital structure, thereby enabling K-REIT Asia to diversify its funding base.

Fund asset enhancement initiatives to maximise rental income

The Manager has identified asset enhancement opportunities for Keppel Towers and GE Tower with a view to improve the quality of the buildings and enhance services, in order to boost rental income. With these asset enhancement initiatives, Keppel Towers and GE Tower will be able to continue to attract creditworthy tenants and improve its bargaining position in negotiating rental rates.

Consistent with the Manager's long term proactive capital management strategy

The Manager adopts a proactive and conservative capital management strategy. This is demonstrated by the Manager's track record of prudent management of K-REIT Asia's Aggregate Leverage².

In January 2008, the Manager embarked on a rights issue exercise, raising gross proceeds of S\$551.7 million. The proceeds from such rights issue were primarily used to reduce K-REIT Asia's borrowings. Following the repayment of such borrowings, K-REIT Asia's Aggregate Leverage was reduced to 27.6%, compared with 53.9% before the rights issue.

¹ This does not include the Bridging Loan which will be drawn down for the purpose of financing the Prudential Tower Strata Acquisition (including related acquisition costs).

² "**Aggregate Leverage**" is defined as the ratio of the value of borrowings and deferred payments (if any) to the value of the Deposited Property (as defined herein) of K-REIT Asia.

In January 2009, the Manager established a S\$1.0 billion multicurrency medium term note programme (the “**MTN Programme**”) to further provide K-REIT Asia with an additional source of funding and greater flexibility to manage capital requirements.

All of K-REIT Asia’s existing outstanding loan facilities as at the Latest Practicable Date will mature in the first half of 2011. The Rights Issue and repayment of the Borrowings will improve K-REIT Asia’s debt maturity profile, thereby significantly reducing the refinancing risks that K-REIT Asia would be exposed to if all its loans were due to mature within the same period of time.

Provide K-REIT Asia with greater financial flexibility

The Rights Issue will allow K-REIT Asia to strengthen its balance sheet and have greater financial flexibility.

Upon completion of the Rights Issue, the Aggregate Leverage is expected to reduce from 33.0% (after taking into account the completion of the Prudential Tower Strata Acquisition, which is to be funded by the Bridging Loan, and the Asset Revaluation) to 9.1%, assuming the Borrowings are repaid immediately after the completion of the Rights Issue. This will provide additional funding capacity of approximately S\$438.3 million to S\$647.8 million, assuming an Aggregate Leverage of 30.0% to 40.0%. The reduction in Aggregate Leverage would help to optimise K-REIT Asia’s capital structure, improve K-REIT Asia’s credit profile and thus enhance its ability to secure additional debt facilities at potentially more competitive terms.

	As at 30 June 2009		
	Actual	Pro Forma before the Rights Issue (as adjusted)	Pro Forma after the Rights Issue (as adjusted)
Total Borrowings⁽¹⁾ (S\$ million)	581.1	691.1	190.1
Deposited Property (S\$ million)	2,102.0	2,094.7 ⁽²⁾	2,094.7 ⁽²⁾
Aggregate Leverage (%)	27.6	33.0	9.1

Notes:

- (1) The total borrowings of K-REIT Asia as at 30 June 2009 comprise (i) a S\$190.1 million term loan facility from Blossom Assets Limited which is maturing in May 2011 and (ii) a S\$391.0 million revolving loan facility from Kephinance which is maturing in March 2011. The term loan from Blossom Assets Limited, a special purpose company, is funded by proceeds from its issuance of commercial mortgage-backed security notes in May 2006.
- (2) The pro forma value of the Deposited Property as at 30 June 2009 (i) assuming that the Prudential Tower Strata Acquisition was completed on 30 June 2009 and (ii) adjusted for the Asset Revaluation.

Provide Eligible Unitholders with pro rata entitlement to Rights Units

The Rights Issue would provide Eligible Unitholders with the opportunity to subscribe for their pro rata entitlement to the Rights Units at the Rights Issue Price of S\$0.93 which is at a discount of 21.2% to the Closing Price and which also represents a discount of approximately 11.8% to the TERP.

Eligible Unitholders who do not wish to subscribe for their provisional allotment of Rights Units may choose to renounce their provisional allotments in favour of a third party during the “nil-paid” rights trading period. In the case of Eligible Depositors (as defined herein) only, they are also able to trade their provisional allotments during the “nil-paid” rights trading period. In addition, Eligible Unitholders are entitled to apply for Excess Rights Units (as defined herein).

Potential increase in trading liquidity of Units

The Rights Units to be issued pursuant to the Rights Issue will increase the number of Units in issue by approximately 666.7 million Units, which is an increase of 100.0% of the total number of Units in issue as at the Latest Practicable Date. The actual number of Rights Units to be issued under the Rights Issue will be higher if additional Units are issued on or prior to the Rights Issue Books Closure Date.

This increase in the total number of Units in issue pursuant to the Rights Issue is expected to improve the level of trading liquidity of the Units after the Rights Issue.

Underwriting of the Rights Issue

The Manager has arranged for the Lead Manager, Underwriter and Financial Adviser to underwrite the Balance Rights Units, being the total number of Rights Units less the Keppel Proportionate Rights Units, on the terms of and subject to the conditions of a management and underwriting agreement entered into between the Manager and the Lead Manager, Underwriter and Financial Adviser on 30 September 2009 (the "**Management and Underwriting Agreement**"). The Lead Manager, Underwriter and Financial Adviser will be entitled to a management and underwriting fee of 1.5% of the Rights Issue Price multiplied by the Balance Rights Units, together with any applicable goods and services tax ("**GST**") payable thereon.

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

Keppel Irrevocable Undertakings

To demonstrate their support for K-REIT Asia and the Rights Issue, KCL and KLL, which together own an aggregate interest of approximately 75.8% of the issued Units through their respective wholly-owned subsidiaries as at the Latest Practicable Date, have each provided an irrevocable undertaking to the Manager and the Lead Manager, Underwriter and Financial Adviser on 30 September 2009, details of which are set out below.

Pursuant to the irrevocable undertaking provided by KCL (the "**KCL Irrevocable Undertaking**"), which owns an interest of approximately 30.56% of the issued Units as at the date of the KCL Irrevocable Undertaking through its wholly-owned subsidiary, Keppel Real Estate Investment Pte. Ltd. ("**KREI**"), KCL has irrevocably undertaken to the Manager and the Lead Manager, Underwriter and Financial Adviser that, among other things:

- (i) it will, directly and/or through one or more of its wholly-owned subsidiaries, subscribe and pay in full for KREI's total provisional allotments of Rights Units; and
- (ii) subject to any prohibitions or restrictions imposed by the relevant regulatory authorities (including the SGX-ST), it will vote and/or procure that KREI votes (in respect of all Units beneficially owned by it and/or KREI) in favour of the resolution to approve the Rights Issue.

Pursuant to the irrevocable undertaking provided by KLL (the "**KLL Irrevocable Undertaking**"), which owns an interest of approximately 45.27% of the issued Units as at the date of the KLL Irrevocable Undertaking through its wholly-owned subsidiary, K-REIT Asia Investment Pte. Ltd. ("**KRAI**"), KLL has irrevocably undertaken to the Manager and the Lead Manager, Underwriter and Financial Adviser that, among other things:

- (i) it will, directly and/or through one or more of its wholly-owned subsidiaries, subscribe and pay in full for KRAI's total provisional allotments of Rights Units; and
- (ii) subject to any prohibitions or restrictions imposed by the relevant regulatory authorities (including the SGX-ST), it will vote and/or procure that KRAI votes (in respect of all Units beneficially owned by it and/or KRAI) in favour of the resolution to approve the Rights Issue.

The KCL Irrevocable Undertaking and the KLL Irrevocable Undertaking (together, the "**Keppel Irrevocable Undertakings**") are subject to, among other things, the approval of Unitholders for the Rights Issue being obtained at an extraordinary general meeting of Unitholders and the completion of the Rights Issue by 31 December 2009.

KCL and KLL will not be receiving any sub-underwriting fees for undertaking to subscribe for KREI's and KRAI's total provisional allotments of Rights Units, respectively.

Manager Lock-up

The Manager has, pursuant to the Management and Underwriting Agreement, agreed with the Lead Manager, Underwriter and Financial Adviser that it will not, in its capacity as manager of K-REIT Asia, without the prior written consent of the Lead Manager, Underwriter and Financial Adviser (such consent not to be unreasonably withheld or delayed), directly or indirectly cause K-REIT Asia to:

- (i) offer, issue, sell, contract to issue or sell, grant any option to purchase any Units or any securities convertible into or exchangeable for Units or which carry rights to subscribe for or purchase Units;
- (ii) enter into a transaction (including a derivative transaction) with a similar economic effect to the foregoing; or
- (iii) publicly announce any intention to do any of the above,

from the date of the Management and Underwriting Agreement until the date falling 90 days from (and including) the date on which the Rights Units are listed on the SGX-ST, other than as required by applicable laws and regulations. The restrictions set out above shall not apply to (a) the Rights Units to be offered under the Rights Issue, (b) any Units to be issued to the Manager or its related corporation in full or part payment of the Manager's fees under the trust deed dated 28 November 2005 constituting K-REIT Asia (as amended) (the "**Trust Deed**") and (c) the Units to be issued in connection with or pursuant to a transaction relating to the acquisition or divestment of any investment by K-REIT Asia or any of its subsidiaries.

Excess Rights Units

The Rights Units represented by the provisional allotments (A) of (i) Eligible Unitholders who decline, do not accept, and elect not to renounce or sell their provisional allotments of Rights Units under the Rights Issue (during the "nil-paid" rights trading period prescribed by the SGX-ST) and/or (ii) Ineligible Unitholders (as defined herein) which have not been sold during the "nil-paid" rights trading period or (B) that have not been validly taken up by the original allottees, renounees of the provisional allotments or the purchasers of the "nil-paid" rights, (collectively, "**Excess Rights Units**") will be used to satisfy Excess Rights Units applications as the Manager may, in its absolute discretion, deem fit. In the allotment of Excess Rights Units, preference will be given to the rounding of odd lots, followed by allotment to the Unitholders who are neither Substantial Unitholders (as defined herein) nor directors of the Manager ("**Directors**"). KCL and KLL and their respective wholly-owned subsidiaries, other Substantial Unitholders and the Directors will rank last in priority in the allotment of Excess Rights Units.

Status of Rights Units

The Rights Units will, upon allotment and issue, rank *pari passu* in all respects with the existing Units in issue as at the date of issue of the Rights Units, including the right to any distributions which may accrue for the period from 1 July 2009 to 31 December 2009 as well as all distributions thereafter.

Unitholders should note that by approving the Rights Issue, they are also approving the issuance of the Rights Units which will rank *pari passu* in all respects with the existing Units in issue as at the date of issue of the Rights Units, including the right to any distributions which may accrue from 1 July 2009, notwithstanding that the Rights Units are expected to be issued sometime in November 2009.

(See paragraph 2 of the Letter to Unitholders for further details.)

RESOLUTION 2: THE PROPOSED TRUST DEED SUPPLEMENT TO FACILITATE EQUITY FUND RAISINGS

The Manager proposes to supplement the Trust Deed for the purposes of providing the Manager with the flexibility to:

- (i) fix the issue price for new Units offered by way of a renounceable rights issue at any discount, so long as such issue price complies with the applicable listing rules of the SGX-ST;
- (ii) issue such number of new Units which is permitted under the applicable listing rules of the SGX-ST and (any other applicable laws, regulations and measures introduced by the authorities); and
- (iii) obtain Unitholders' approval for the issue of Units, where such approval is required under the Trust Deed, by way of an Ordinary Resolution (as defined herein) instead of an Extraordinary Resolution (as defined herein),

(collectively, the "**Trust Deed Supplement to Facilitate Equity Fund Raisings**").

The current financial situation has affected the ability of real estate investment trusts ("**REITs**") to raise funds from financial institutions through the issue of Units and/or debt financing. The Manager believes that the above amendments will facilitate equity fund raisings by K-REIT Asia and are in line with the Listing Manual and the trust deeds of certain other REITs which are recently constituted and REITs which have recently sought and obtained unitholders' approval at extraordinary general meetings to have their trust deeds amended. These amendments will also bring K-REIT Asia in line with corporations which are listed on the SGX-ST, which are generally not subject to such restrictions. The Manager is of the view that these amendments would enable K-REIT Asia to raise funds in a prompt and efficient manner, so that it can react responsively in relation to its capital requirements.

(See paragraph 3 of the Letter to Unitholders for further details.)

INDICATIVE TIMETABLE

The timetable for the events which are scheduled to take place after the extraordinary general meeting (the “**EGM**”) of Unitholders to be held to approve the matters set out in the notice of EGM (the “**Notice of EGM**”) is indicative only and is subject to change at the Manager’s absolute discretion. Any changes (including any determination of the relevant dates) to the timetable above will be announced.

Event	Date and Time
Last date and time for lodgment of Proxy Forms	: 19 October 2009 at 3.00 p.m.
Date and time of the EGM	: 21 October 2009 at 3.00 p.m.

If the approval for the Rights Issue is obtained at the EGM

Date on which the Transfer Books and Register of Unitholders of K-REIT Asia will be closed to determine the provisional allotments of Eligible Unitholders under the Rights Issue	: 5.00 p.m. on 27 October 2009
Commencement of “nil-paid” rights trading	: To be determined (but is currently expected to be no later than November 2009)
Last day of “nil-paid” rights trading	: To be determined (but is currently expected to be no later than November 2009)
Last day for acceptance/application of and payment for Right Units/Excess Rights Units and close of the Rights Issue	: To be determined (but is currently expected to be no later than November 2009)
Expected date of issue of Rights Units	: To be determined (but is currently expected to be no later than November 2009)
Expected date of commencement of trading of Rights Units on the SGX-ST	: To be determined (but is currently expected to be no later than November 2009)

K-REITasia

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

Directors of the Manager

Professor Tsui Kai Chong (Chairman and Non-Executive Independent Director)
Mr Kevin Wong Kingcheung (Deputy Chairman and Non-Executive Director)
Mr Tan Swee Yiow (Executive Director)
Ms Ng Hsueh Ling (Chief Executive Officer and Director)
Dr. Chin Wei-Li, Audrey Marie (Non-Executive Independent Director)
Mrs Lee Ai Ming (Non-Executive Independent Director)

Registered Office

1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632

3 October 2009

To: Unitholders of K-REIT Asia

Dear Sir/Madam

1. SUMMARY OF APPROVALS SOUGHT

The following paragraphs set forth a summary of the approvals which the Manager seeks from Unitholders. Approvals by way of Extraordinary Resolutions are required in respect of the resolutions relating to the Proposed Underwritten Renounceable Rights Issue (Resolution 1) and the Proposed Trust Deed Supplement to Facilitate Equity Fund Raisings (Resolution 2).

2. RESOLUTION 1: THE PROPOSED UNDERWRITTEN RENOUNCEABLE RIGHTS ISSUE

The Listing Manual, read together with the Trust Deed, provides that specific prior approval of Unitholders by Extraordinary Resolution is required for an issue of new Units on a pro rata basis if the number of such new Units (together with any other issue of Units, other than by way of a rights issue offered on a pro rata basis to all existing Unitholders, in the same financial year including Units issued to the Manager or to its related corporation in payment of the Manager's fees) would, immediately after the issue, exceed 50.0% of the outstanding Units as at 1 January 2009, being the start of the current financial year.

Assuming that K-REIT Asia proceeds with the Rights Issue, it is expected that the number of Rights Units will, immediately after issue, exceed 50.0% of the outstanding Units as at 1 January 2009. Accordingly, the Manager is seeking the approval of Unitholders for the issue of the Rights Units under the Rights Issue.

Approval in-principle has been obtained from the SGX-ST for the Rights Issue and the listing and quotation of the Rights Units on the Main Board of the SGX-ST. The SGX-ST's in-principle approval is not to be taken as an indication of the merits of the Rights Issue, the Rights Units, the Manager and/or its subsidiaries.

2.1 Valuation

In conjunction with the Rights Issue, the Manager has taken the prudent view to update the valuation of the Existing Portfolio. The latest valuation of the Existing Portfolio undertaken by Colliers amounts to S\$1,970.2 million as at 29 September 2009, representing a decrease of 6.3% from the last valuation of S\$2,102.0 million as at 31 December 2008.

On 1 September 2009, the Manager announced the Prudential Tower Strata Acquisition. The purchase consideration for the Prudential Tower Strata Acquisition was S\$106.3 million. After the completion of the Prudential Tower Strata Acquisition, which is expected to take place in November 2009, K-REIT Asia's asset portfolio will increase to S\$2.1 billion.

2.2 Use of Proceeds of the Rights Issue

The Rights Issue will raise gross proceeds of approximately S\$620.0 million and net proceeds of approximately S\$616.0 million.

The Manager intends to use the gross proceeds from the Rights Issue in the following manner:

- (i) approximately S\$501.0 million (which is equivalent to 80.8% of the gross proceeds of the Rights Issue) will be used to repay the Borrowings¹ which comprise:
 - (a) a S\$391.0 million revolving loan facility from Kephinance which is maturing in March 2011. This loan facility was used for the purpose of refinancing the debt incurred to finance the acquisition of the ORQ Interest; and
 - (b) the Bridging Loan which will be drawn down for the purpose of financing the Prudential Tower Strata Acquisition (including related acquisition costs) and is expected to mature in January 2010;
- (ii) approximately S\$115.0 million (which is equivalent to 18.5% of the gross proceeds of the Rights Issue) will be used to fund potential acquisitions and asset enhancement initiatives and for general corporate and working capital purposes; and
- (iii) approximately S\$4.0 million (which is equivalent to 0.7% of the gross proceeds of the Rights Issue) will be used to pay the estimated fees and expenses, including professional fees and expenses, incurred or to be incurred by K-REIT Asia.

Kephinance is a wholly-owned subsidiary of KCL (which is a controlling unitholder of K-REIT Asia) and is considered as an "interested person" under the Listing Manual.

The amount of debt to be repaid from the net proceeds may differ if additional debt is drawn down prior to the completion of the Rights Issue for the purpose of financing acquisitions and/or asset enhancements if such opportunities are available at the relevant time.

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

The Manager believes that the proceeds raised from the Rights Issue will be sufficient to enable K-REIT Asia to meet its obligations and working capital requirements.

2.3 Rationale for the Rights Issue

The Manager believes that the Rights Issue will bring the following benefits to Unitholders:

2.3.1 Position K-REIT Asia for acquisition growth across Asia

The Rights Issue will help better position K-REIT Asia for acquisition opportunities by providing significant headroom for acquisition growth in the near to mid-term.

¹ K-REIT Asia has the option of repaying the Borrowings prior to their maturity dates.

The Manager has a successful track record of growing K-REIT Asia's portfolio and distributable income through acquisitions and has demonstrated its ability to source and execute transactions:

- (i) on 10 December 2007, K-REIT Asia completed the acquisition of a one-third interest in One Raffles Quay, a prestigious landmark commercial development located in Singapore's CBD. As a result of the acquisition, K-REIT Asia's portfolio increased from S\$815.0 million to S\$1.76 billion. Further, K-REIT Asia's distributable income grew by 166.7% to S\$58.2 million in FY 2008 from S\$21.8 million in FY 2007 as a result of the acquisition of the ORQ Interest and overall improvement in performance of its portfolio; and
- (ii) on 1 September 2009, the Manager announced the Prudential Tower Strata Acquisition.

The Manager has recently witnessed an increased number of attractive investment opportunities as a result of the broader stabilisation of the overall real estate market. As such, the Manager is increasingly focused on pursuing a growth oriented strategy, both in Singapore and across Asia.

In addition, KLL's sponsorship of K-REIT Asia is a critical factor to K-REIT Asia's growth. KLL is a leading developer of prime commercial properties in Singapore and has undertaken many projects in Singapore and throughout Asia. KLL's pan-Asian geographical diversification includes its significant presence in China, Vietnam, India and Indonesia. This extensive regional network provides K-REIT Asia with a platform and the potential to become a pan-Asian REIT. The association with KLL also allows K-REIT Asia to access KLL's strong development expertise, tap into its established Asian network and build on its well-established tenant relationships, thereby enhancing K-REIT Asia's growth opportunities.

2.3.2 Facilitate diversification of K-REIT Asia's capital structure

As at the Latest Practicable Date, K-REIT Asia's debt capital structure is predominantly funded by its sponsors. KCL, through its wholly-owned subsidiary, Kephinance is the main lender to K-REIT Asia, providing 67.3% of K-REIT Asia's existing outstanding loan facilities¹ as at the Latest Practicable Date.

The Rights Issue and repayment of the Borrowings would help open up K-REIT Asia's capital structure, thereby enabling K-REIT Asia to diversify its funding base.

2.3.3 Fund asset enhancement initiatives to maximise rental income

The Manager has identified asset enhancement opportunities for Keppel Towers and GE Tower with a view to improve the quality of the buildings and enhance services, in order to boost rental income. With these asset enhancement initiatives, Keppel Towers and GE Tower will be able to continue to attract creditworthy tenants and improve its bargaining position in negotiating rental rates, providing stability to and enhancing the rental income received from the property.

¹ This does not include the Bridging Loan which will be drawn down for the purpose of financing the Prudential Tower Strata Acquisition (including related acquisition costs).

2.3.4 Consistent with the Manager's long term proactive capital management strategy

The Manager adopts a proactive and conservative capital management strategy. This is demonstrated by the Manager's track record of prudent management of K-REIT Asia's Aggregate Leverage.

In January 2008, the Manager embarked on a rights issue exercise, raising gross proceeds of S\$551.7 million. The proceeds from the rights issue were primarily used to reduce K-REIT Asia's borrowings. Following the repayment of such borrowings, K-REIT Asia's Aggregate Leverage was reduced to 27.6%, compared with 53.9% before the rights issue.

In January 2009, the Manager established the MTN Programme to further provide K-REIT Asia with an additional source of funding and greater flexibility to manage capital requirements.

All of K-REIT Asia's existing outstanding loan facilities as at the Latest Practicable Date will mature in the first half of 2011. The Rights Issue and repayment of the Borrowings will improve K-REIT Asia's debt maturity profile, thereby significantly reducing the refinancing risks that K-REIT Asia would be exposed to if all its loans were due to mature within the same period of time.

2.3.5 Provide K-REIT Asia with greater financial flexibility

The Rights Issue will allow K-REIT Asia to strengthen its balance sheet and have greater financial flexibility.

Upon completion of the Rights Issue, the Aggregate Leverage is expected to reduce from 33.0% (after taking into account the completion of the Prudential Tower Strata Acquisition, which is to be funded by the Bridging Loan, and the Asset Revaluation) to 9.1%, assuming the Borrowings are repaid immediately after the completion of the Rights Issue. This will provide additional funding capacity of approximately S\$438.3 million to S\$647.8 million, assuming an Aggregate Leverage of 30.0% to 40.0%. The reduction in Aggregate Leverage would help to optimise K-REIT Asia's capital structure, improve K-REIT Asia's credit profile and thus enhance its ability to secure additional debt facilities at potentially more competitive terms.

	As at 30 June 2009		
	Actual	Pro Forma before the Rights Issue (as adjusted)	Pro Forma after the Rights Issue (as adjusted)
Total Borrowings⁽¹⁾ (S\$' million)	581.1	691.1	190.1
Deposited Property (S\$' million)	2,102.0	2,094.7 ⁽²⁾	2,094.7 ⁽²⁾
Aggregate Leverage (%)	27.6	33.0	9.1

Notes:

- (1) The total borrowings of K-REIT Asia as at 30 June 2009 comprise (i) a S\$190.1 million term loan facility from Blossom Assets Limited which is maturing in May 2011 and (ii) a S\$391.0 million revolving loan facility from Kephinance which is maturing in March 2011. The term loan from Blossom Assets Limited, a special purpose company, is funded by proceeds from its issuance of commercial mortgage-backed security notes in May 2006.
- (2) The pro forma value of the Deposited Property as at 30 June 2009 (i) assuming that the Prudential Tower Strata Acquisition was completed on 30 June 2009 and (ii) adjusted for the Asset Revaluation.

2.3.6 Provide Eligible Unitholders with pro rata entitlement to Rights Units

The Rights Issue would provide Eligible Unitholders with the opportunity to subscribe for their pro rata entitlement to the Rights Units at the Rights Issue Price of S\$0.93 which is at a discount of 21.2% to the Closing Price and which also represents a discount of approximately 11.8% to the TERP.

Eligible Unitholders who do not wish to subscribe for their provisional allotments of Rights Units may choose to renounce their provisional allotments in favour of a third party during the “nil-paid” rights trading period. In the case of Eligible Depositors only, they are also able to trade their provisional allotments during the “nil-paid” rights trading period. In addition, Eligible Unitholders are entitled to apply for Excess Rights Units.

2.3.7 Potential increase in trading liquidity of Units

The Rights Units to be issued pursuant to the Rights Issue will increase the number of Units in issue by approximately 666.7 million Units, which is an increase of 100.0% of the total number of Units in issue as at the Latest Practicable Date. The actual number of Rights Units to be issued under the Rights Issue will be higher if additional Units are issued on or prior to the Rights Issue Books Closure Date.

This increase in the total number of Units in issue is expected to improve the level of trading liquidity of the Units after the Rights Issue.

2.4 Principal Terms of the Rights Issue

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

Issue Size : The Rights Issue is expected to raise gross proceeds of approximately S\$620.0 million and net proceeds of approximately S\$616.0 million¹.

Basis of Provisional Allotments/Rights Ratio : Each Eligible Unitholder is entitled to subscribe for one (1) Rights Unit for every one (1) Existing Unit held as at the Rights Issue Books Closure Date.

Rights Issue Price : S\$0.93 for each Rights Unit. The Rights Units are payable in full upon acceptance and/or application.

The Rights Issue Price represents a discount of approximately:

- (i) 21.2% to the Closing Price;
- (ii) 19.1% to the 30-day VWAP; and
- (iii) 11.8% to the TERP.

¹ The amount of gross proceeds to be raised by the Rights Issue is based on the assumption that 666,703,965 Rights Units will be issued. The actual number of Rights Units to be issued under the Rights Issue will be higher if additional Units are issued on or prior to the Rights Issue Books Closure Date.

- Status of the Rights Units : The Rights Units will, upon allotment and issue, rank *pari passu* in all respects with the existing Units in issue as at the date of issue of the Rights Units, including the right to any distributions which may accrue for the period from 1 July 2009 to 31 December 2009 as well as all distributions thereafter.
- Unitholders should note that by approving the Rights Issue, they are also approving the issuance of the Rights Units which will rank *pari passu* in all respects with the existing Units in issue as at the date of issue of the Rights Units, including the right to any distributions which may accrue from 1 July 2009, notwithstanding that the Rights Units are expected to be issued sometime in November 2009.**
- Eligible Unitholders : See the paragraphs under the heading “Eligible Unitholders” below for further details on the eligibility of Unitholders to participate in the Rights Issue as well as the rights of Eligible Unitholders.
- Ineligible Unitholders : No provisional allotments of Rights Units will be made to Ineligible Unitholders and no purported acceptance thereof or application thereof by Ineligible Unitholders will be valid.
- Ineligible Unitholders should refer to the paragraphs under the heading “Ineligible Unitholders” below.
- Trading of the Rights Units : Upon the listing and quotation of the Rights Units on the Main Board of the SGX-ST, the Rights Units will be traded on the Main Board of the SGX-ST under the book-entry (scripless) settlement system. For the purpose of trading on the Main Board of the SGX-ST, each board lot of Units will comprise 1,000 Units. All dealings in and transactions (including transfers) of the Rights Units effected through the SGX-ST and/or The Central Depository (Pte) Limited (“**CDP**”) shall be made in accordance with the “Terms and Conditions for Operation of Securities Accounts with CDP”, as the same may be amended from time to time, copies of which are available from CDP.
- Eligible Depositors can trade in odd lots of Units on the SGX-ST’s Unit Share Market.
- As the Rights Ratio is on a one (1) for one (1) basis, a temporary counter to allow Unitholders and investors to trade “nil-paid” rights and Units in board lots of less than 1,000 “nil-paid” rights or Units will not be set up.
- Governing Law : Laws of the Republic of Singapore.

The above terms and conditions of the Rights Issue are subject to such changes as the Manager may deem fit. The final terms and conditions of the Rights Issue will be set out in the offer information statement (the “Offer Information Statement”) in connection with the Rights Issue to be lodged with the Monetary Authority of Singapore (“MAS”) and to be issued and despatched to Eligible Unitholders in due course, subject to, *inter alia*, the approval of the Unitholders for the Rights Issue at the EGM.

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

- (i) approval of the Unitholders being obtained at the EGM; and
- (ii) lodgment of the Offer Information Statement with the MAS.

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

The Manager has provided undertakings to the SGX-ST to:

- (i) make periodic announcements on the specific utilisation of the proceeds from the Rights Issue as and when such proceeds are materially disbursed; and
- (ii) provide a status report on the specific use of the proceeds from the Rights Issue in the annual report of K-REIT Asia to Unitholders.

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

The Rights Units represented by the provisional allotments (A) of (i) Eligible Unitholders who decline, do not accept, and elect not to renounce or sell their provisional allotments of Rights Units under the Rights Issue (during the "nil-paid" rights trading period prescribed by the SGX-ST) and/or (ii) Ineligible Unitholders which have not been sold during the "nil-paid" rights trading period or (B) that have not been validly taken up by the original allottees, renounees of the provisional allotments or the purchasers of the "nil-paid" rights will be issued to satisfy Excess Rights Units applications as the Manager may, in its absolute discretion, deem fit.

In the allotment of Excess Rights Units, preference will be given to the rounding of odd lots, followed by allotment to the Unitholders who are neither Substantial Unitholders nor Directors. KCL and KLL and their wholly-owned subsidiaries, other Substantial Unitholders and the Directors will rank last in priority in the allotment of Excess Rights Units.

Eligible Unitholders

Eligible Unitholders comprise Eligible Depositors and Eligible Scripholders.

Eligible Depositors are Unitholders with Units standing to the credit of their Securities Accounts and whose registered addresses with CDP are in Singapore as at the Rights Issue Books Closure Date or who have, at least three Market Days¹ prior to the Rights Issue Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents, or such Unitholders who the Manager, on behalf of K-REIT Asia, and the Lead Manager, Underwriter and Financial Adviser agree, may be offered Rights Units without breaching applicable securities laws.

Eligible Scripholders are Unitholders whose Units are not deposited with CDP and who have tendered to the Unit Registrar valid transfers of their Units and/or the documentary evidence evidencing their title in relation thereto for registration up to the Rights Issue Books Closure Date, and whose registered addresses with the Unit Registrar are in Singapore as at the Rights Issue Books Closure Date or who have, at least three Market Days prior to the Rights Issue Books Closure Date, provided the Unit Registrar with addresses in Singapore for the service of notices and documents, or such Unitholders who the Manager, on behalf of K-REIT Asia, and the Lead Manager, Underwriter and Financial Adviser agree, may be offered Rights Units without breaching applicable securities laws.

¹ A day on which the SGX-ST is open for trading in securities.

Eligible Unitholders are at liberty to accept in part or in full or decline to accept their provisional allotments of Rights Units, and/or apply for the Excess Rights Units.

In addition, Eligible Unitholders may also renounce their provisional allotments of Rights Units in favour of a third party during the “nil-paid” rights trading period prescribed by the SGX-ST.

In the case of Eligible Depositors only, they are also able to trade their provisional allotments of Rights Units on the SGX-ST during the “nil-paid” rights trading period prescribed by the SGX-ST.

Unitholders who have subscribed for or purchased Units under the Central Provident Fund Investment Scheme (“**CPFIS**”) and/or the Supplementary Retirement Scheme (“**SRS**”) can only accept their provisional allotments of Rights Units by instructing the relevant banks in which they hold their CPFIS accounts and/or SRS accounts to do so on their behalf. Any application made directly to CDP by such Eligible Unitholders will be rejected.

The procedures for acceptance, excess applications and payment by Eligible Unitholders will be set out in the Offer Information Statement.

Ineligible Unitholders

No provisional allotments of Rights Units will be made to Unitholders other than Eligible Unitholders (“**Ineligible Unitholders**”) and no purported acceptance thereof or application therefor by Ineligible Unitholders will be valid.

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

The Rights Units and the “nil-paid” rights will not be registered under the Securities Act, or under the securities laws of any state of the U.S. and, accordingly, they may not be offered, sold, resold, granted, delivered, allotted, taken up, transferred or renounced, directly or indirectly, in the U.S. except pursuant to an exemption from the registration requirements of the Securities Act. The Rights Units and the “nil-paid” rights will only be offered and sold outside the U.S. in offshore transactions in reliance on Regulation S under the Securities Act.

If it is practicable to do so, the Manager may, at its absolute discretion, arrange for the “nil-paid” rights which would otherwise have been allotted to Ineligible Unitholders to be sold “nil-paid” on the SGX-ST as soon as practicable after trading of the “nil-paid” rights commences. Such sales may, however, only be effected if the Manager, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account expenses to be incurred in connection therewith.

The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Ineligible Unitholders in proportion to their respective unitholdings determined as at the Rights Issue Books Closure Date and sent to them by ordinary post at their own risk.

2.5 Costs of the Rights Issue

If K-REIT Asia proceeds with the Rights Issue, the Manager estimates that K-REIT Asia will have to bear:

- (i) management and underwriting and selling commissions and related expenses payable to the Lead Manager, Underwriter and Financial Adviser, amounting to S\$2.2 million; and
- (ii) professional and other fees and expenses of approximately S\$1.5 million in connection with the Rights Issue,

together with any applicable GST payable thereon.

2.6 Underwriting of the Rights Issue and the Keppel Irrevocable Undertakings

2.6.1 Underwriting of the Rights Issue

The Manager has arranged for the Lead Manager, Underwriter and Financial Adviser to underwrite the Balance Rights Units on the terms of and subject to the conditions of the Management and Underwriting Agreement. The Lead Manager, Underwriter and Financial Adviser will be entitled to a management and underwriting fee of 1.5% of the Rights Issue Price multiplied by the Balance Rights Units, together with any applicable GST payable thereon.

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

2.6.2 Keppel Irrevocable Undertakings

To demonstrate their support for K-REIT Asia and the Rights Issue, KCL and KLL have each provided the Keppel Irrevocable Undertakings to the Manager and the Lead Manager, Underwriter and Financial Adviser on 30 September 2009, details of which are set out below.

- (i) Pursuant to the KCL Irrevocable Undertaking, KCL which owns an interest of approximately 30.56% of the issued Units as at the date of the KCL Irrevocable Undertaking through its wholly-owned subsidiary, KREI, has irrevocably undertaken to the Manager and the Lead Manager, Underwriter and Financial Adviser that, among other things:
 - (a) it will, directly and/or through one or more of its wholly-owned subsidiaries, subscribe and pay in full for KREI's total provisional allotments of Rights Units; and
 - (b) subject to any prohibitions or restrictions imposed by the relevant regulatory authorities (including the SGX-ST), it will vote and/or procure that KREI votes (in respect of all Units beneficially owned by it and/or KREI) in favour of the resolution to approve the Rights Issue.

- (ii) Pursuant to the KLL Irrevocable Undertaking, KLL which owns an interest of approximately 45.27% of the issued Units as at the date of the KLL Irrevocable Undertaking through its wholly-owned subsidiary, KRAI, has irrevocably undertaken to the Manager and the Lead Manager, Underwriter and Financial Adviser that, among other things:
 - (a) it will, directly and/or through one or more of its wholly-owned subsidiaries, subscribe and pay in full for KRAI's total provisional allotments of Rights Units; and
 - (b) subject to any prohibitions or restrictions imposed by the relevant regulatory authorities (including the SGX-ST), it will vote and/or procure that KRAI votes (in respect of all Units beneficially owned by it and/or KRAI) in favour of the resolution to approve the Rights Issue.

The Keppel Irrevocable Undertakings are subject to, among other things, the approval of Unitholders for the Rights Issue being obtained at the EGM and the completion of the Rights Issue by 31 December 2009.

KCL and KLL will not be receiving any sub-underwriting fees for undertaking to subscribe for KREI's and KRAI's total provisional allotments of Rights Units, respectively.

In conjunction with the Keppel Irrevocable Undertakings, a commercial bank has confirmed that each of KCL and KLL has sufficient financial resources for utilisation by it to satisfy the aggregate subscription sum for KREI's and KRAI's respective provisional allotment of Rights Units.

2.6.3 Manager Lock-up

The Manager has, pursuant to the Management and Underwriting Agreement, agreed with the Lead Manager, Underwriter and Financial Adviser that it will not, in its capacity as manager of K-REIT Asia, without the prior written consent of the Lead Manager, Underwriter and Financial Adviser (such consent not to be unreasonably withheld or delayed), directly or indirectly cause K-REIT Asia to:

- (i) offer, issue, sell, contract to issue or sell, grant any option to purchase any Units or any securities convertible into or exchangeable for Units or which carry rights to subscribe for or purchase Units;
- (ii) enter into a transaction (including a derivative transaction) with a similar economic effect to the foregoing; or
- (iii) publicly announce any intention to do any of the above,

from the date of the Management and Underwriting Agreement until the date falling 90 days from (and including) the date on which the Rights Units are listed on the SGX-ST, other than as required by applicable laws and regulations. The restrictions set out above in this paragraph 2.6.3 shall not apply to (a) the Rights Units to be offered under the Rights Issue, (b) any Units to be issued to the Manager or its related corporation in full or part payment of the Manager's fees under the Trust Deed and (c) the Units to be issued in connection with or pursuant to a transaction relating to the acquisition or divestment of any investment by K-REIT Asia or any of its subsidiaries.

2.7 Status of the Rights Units

The Rights Units will, upon allotment and issue, rank *pari passu* in all respects with the existing Units in issue as at the date of issue of the Rights Units, including the right to any distributions which may accrue for the period from 1 July 2009 to 31 December 2009 as well as all distributions thereafter.

Unitholders should note that by approving the Rights Issue, they are also approving the issuance of the Rights Units which will rank *pari passu* in all respects with the existing Units in issue as at the date of issue of the Rights Units, including the right to any distributions which may accrue from 1 July 2009, notwithstanding that the Rights Units are expected to be issued sometime in November 2009.

Eligible Unitholders who validly accept, in full, their provisional allotments of Rights Units, will receive such amount of the accrued distributions for the period from 1 July 2009 to 31 December 2009 which will not be less than what they would have been entitled to had the Rights Issue not occurred. Eligible Unitholders who decide not to accept in full their provisional allotments of Rights Units can, where applicable, make arrangements to trade them on the SGX-ST during the “nil-paid” rights trading period, or renounce their provisional allotments of Rights Units in favour of a third party.

For Ineligible Unitholders, the Manager may, at its absolute discretion and if it is practicable to do so, arrange for the “nil-paid” rights which would otherwise have been provisionally allotted to Ineligible Unitholders to be sold “nil-paid” on the SGX-ST as soon as practicable after trading of the “nil-paid” rights commences. Such sales will, however, only be effected if the Manager, in its absolute discretion, determines that the proceeds from such sales will at least cover the expenses to be incurred in relation thereto.

The Manager is of the view that the above arrangement is fair to existing Unitholders.

2.8 FINANCIAL IMPACT OF THE RIGHTS ISSUE AND THE ASSET REVALUATION

2.8.1 Assumptions

The pro forma financial effects of the Rights Issue on the distribution per Unit (“**DPU**”), net asset value (“**NAV**”) per Unit and the pro forma capitalisation of K-REIT Asia presented below are strictly for illustrative purposes and were prepared based on the audited financial statements of K-REIT Asia for the year ended 31 December 2008 (the “**K-REIT Asia FY 2008 Audited Financial Statements**”) as well as the assumptions set out below:

- (i) 666,703,965 Rights Units are issued at the Rights Issue Price of S\$0.93 per Unit;
- (ii) net proceeds of S\$616.0 million would have been raised after taking into account the estimated costs of the Rights Issue of S\$4.0 million;
- (iii) S\$391.0 million of the net proceeds would be used to repay the revolving loan facility from Kephinance which is maturing in March 2011. This loan facility was used for the purpose of refinancing the debt incurred to finance the acquisition of the ORQ Interest;

- (iv) S\$110.0 million of the net proceeds would be used to repay the Bridging Loan which will be drawn down for the purpose of financing the Prudential Tower Strata Acquisition (including related acquisition costs) and is expected to mature in January 2010; and
- (v) S\$115.0 million of the net proceeds would be retained to fund potential acquisitions and asset enhancement initiatives and for general corporate and working capital purposes.

The pro forma financial effects of the Rights Issue have been calculated based on the assumption that the Borrowings would be repaid, as the Manager has not finalised any plans for making acquisitions or asset enhancements. The amount of debt which is assumed to be repaid is purely and strictly for illustrative purpose only. The amount of debt to be repaid by the Manager may differ, depending on the opportunities to make acquisitions and/or asset enhancements which are available at the relevant times. In the event that the actual amount of debt to be repaid by the Manager is different from what the Manager has assumed, the pro forma financial effects of the Rights Issue would be different as well. The Manager is continuously evaluating opportunities to make acquisitions, carry out asset enhancements, and other means of enhancing returns for the benefit of Unitholders.

It should be noted that the pro forma financial information in this Circular has not been prepared in connection with an offering registered with the U.S. Securities and Exchange Commission (“SEC”) under the Securities Act and consequently is not compliant with the SEC’s rules on presentation of pro forma financial statements. Furthermore, this exercise has not been carried out in accordance with accounting standards generally accepted in the U.S. and accordingly should not be relied upon as if it had been carried out in accordance with those standards.

2.8.2 Pro Forma DPU

The pro forma financial effects of the Rights Issue on K-REIT Asia’s DPU for FY 2008, based on the K-REIT Asia FY 2008 Audited Financial Statements, as if (i) the Prudential Tower Strata Acquisition was completed on 1 January 2008, (ii) the Rights Issue was completed on 1 January 2008 and (iii) the Borrowings were repaid on 1 January 2008, are as follows:

	FY 2008	Pro Forma before the Rights Issue (as adjusted)	Pro Forma after the Rights Issue (as adjusted)
Net Profit before Tax (S\$’000)	23,378	22,721 ⁽¹⁾	45,223 ⁽²⁾
Distributable Income (S\$’000)	58,182	58,211	80,192
Issued Units (’000)	652,724	652,724	1,319,428
DPU FY 2008 (cents)	8.91	8.92	6.08
DPU Yield (%)	7.6 ⁽³⁾	7.6 ⁽³⁾	5.8 ⁽⁴⁾

Notes:

- (1) After taking into account (i) the guaranteed property yield of 5.2% from the Prudential Tower Strata Acquisition, (ii) assumed interest expense for the Bridging Loan and (iii) other related trust expenses.
- (2) After adding back (i) the interest expense incurred for the Borrowings assumed to be repaid and (ii) amortisation expense on transaction costs associated with the Borrowings.
- (3) Based on the Closing Price of S\$1.18 per Unit.
- (4) Based on the TERP of S\$1.06 per Unit.

2.8.3 Pro Forma NAV

The pro forma financial effects of the Rights Issue on the NAV per Unit as at 31 December 2008, based on the K-REIT Asia FY 2008 Audited Financial Statements, as if (i) the Prudential Tower Strata Acquisition and the Asset Revaluation were completed on 31 December 2008, (ii) the Rights Issue was completed on 31 December 2008 and (iii) the Borrowings were repaid on 31 December 2008, are as follows:

	As at 31 December 2008	Pro Forma before the Rights Issue (as adjusted)	Pro Forma after the Rights Issue (as adjusted)
NAV ⁽¹⁾ (S\$'000)	1,427,489	1,351,070	1,967,104
Issued Units ('000)	652,724	652,724	1,319,428
NAV per Unit (S\$)	2.19	2.07	1.49

Note:

(1) Adjusted for distribution paid on 23 February 2009 in relation to K-REIT Asia's distributable income for the period from 1 July 2008 to 31 December 2008.

2.8.4 Pro Forma Capitalisation

The following tables set forth the pro forma capitalisation of K-REIT Asia as at 31 December 2008, based on the K-REIT Asia FY 2008 Audited Financial Statements, as if (i) the Prudential Tower Strata Acquisition and the Asset Revaluation were completed on 31 December 2008, (ii) the Rights Issue was completed on 31 December 2008 and (iii) the Borrowings were repaid on 31 December 2008.

	As at 31 December 2008 (S\$ million)	Pro Forma before the Rights Issue (as adjusted) (S\$ million)	Pro Forma after the Rights Issue (as adjusted) (S\$ million)
Long-term debt:			
Secured debt ⁽¹⁾	189.5	189.5	189.5
Unsecured debt ⁽¹⁾	387.6	497.6	—
Total debt	577.1	687.1	189.5
Unitholders' funds ⁽²⁾	1,427.5	1,351.1	1,971.1
Expenses relating to Rights Issue	—	—	(4.0)
Total Unitholders' funds	1,427.5	1,351.1	1,967.1
Total Capitalisation	2,004.6	2,038.2	2,156.6

Notes:

(1) Amount is stated net of unamortised transaction costs.

(2) Adjusted for distribution paid on 23 February 2009 in relation to K-REIT Asia's distributable income for the period from 1 July 2008 to 31 December 2008.

3. RESOLUTION 2: THE PROPOSED TRUST DEED SUPPLEMENT TO FACILITATE EQUITY FUND RAISINGS

3.1 The Trust Deed Supplement to Facilitate Equity Fund Raisings

The existing Trust Deed currently:

- (i) requires the issue price for new Units offered by way of a renounceable rights issue to be not less than 50.0% of the prevailing Market Price of Units;
- (ii) limits the number of Units the Manager may issue without Unitholders' approval to 50.0% of the number of Units at the start of each financial year, of which aggregate number of Units issued other than on a pro rata basis to existing Unitholders shall not exceed 20.0%; and
- (iii) requires the Manager to obtain Unitholders' approval for the issue of Units (where specific approval is required) by way of an Extraordinary Resolution instead of an Ordinary Resolution.

In connection with the above, the Manager is seeking Unitholders' approval under Clause 40.1 of the Trust Deed to supplement the Trust Deed with the Trust Deed Supplement to Facilitate Equity Fund Raisings for the purposes of providing the Manager with the flexibility to:

- (a) fix the issue price for new Units offered by way of a renounceable rights issue at any discount, so long as such issue price complies with the applicable listing rules of the SGX-ST;
- (b) issue such number of new Units which is permitted under the applicable listing rules of the SGX-ST (and any other applicable laws, regulations and measures introduced by the authorities); and
- (c) obtain Unitholders' approval for the issue of Units, where such approval is required under the Trust Deed, by way of an Ordinary Resolution instead of an Extraordinary Resolution.

(See **Appendix A** of this Circular for further details of the Trust Deed Supplement to Facilitate Equity Fund Raisings.)

3.2 Rationale for the Trust Deed Supplement to Facilitate Equity Fund Raisings

The current financial situation has affected the ability of REITs to raise funds from financial institutions through the issue of Units and/or debt financing. The Manager believes that the above amendments will facilitate equity fund raisings by K-REIT Asia and are in line with the Listing Manual and the trust deeds of certain other REITs which are recently constituted and REITs which have recently sought and obtained unitholders' approval at extraordinary general meetings to have their trust deeds amended. These amendments will also bring K-REIT Asia in line with corporations which are listed on the SGX-ST, which are generally not subject to such restrictions. The Manager is of the view that these amendments would enable K-REIT Asia to raise funds in a prompt and efficient manner, so that it can react responsively in relation to its capital requirements.

4. RECOMMENDATIONS

4.1 On the Proposed Underwritten Renounceable Rights Issue

Having regard to the rationale for the Rights Issue as set out in paragraph 2.3 above, the Manager believes that the Rights Issue would be beneficial to, and is in the interests of, K-REIT Asia.

Accordingly, the Manager recommends that Unitholders vote at the EGM in favour of the resolution relating to the issue of Rights Units under the Rights Issue (Resolution 1).

4.2 On the Proposed Trust Deed Supplement to Facilitate Equity Fund Raisings

Having regard to the rationale for the Trust Deed Supplement to Facilitate Equity Fund Raisings as set out in paragraph 3.2 above, the Manager believes that the Trust Deed Supplement to Facilitate Equity Fund Raisings would be beneficial to, and is in the interests of, K-REIT Asia.

Accordingly, the Manager recommends that Unitholders vote at the EGM in favour of the resolution relating to the Trust Deed Supplement to Facilitate Equity Fund Raisings (Resolution 2).

5. EXTRAORDINARY GENERAL MEETING

The EGM will be held at Raffles Hotel, The Ballroom, Level 3, 1 Beach Road, Singapore 189673 on Wednesday, 21 October 2009 at 3.00 p.m., for the purpose of considering and, if thought fit, passing with or without modification, the resolutions set out in the Notice of EGM, which is set out on pages B-1 to B-3 of this Circular. The purpose of this Circular is to provide Unitholders with relevant information about each of these resolutions. Approvals by way of Extraordinary Resolutions are required in respect of the resolutions relating to the Proposed Underwritten Renounceable Rights Issue (Resolution 1) and the Proposed Trust Deed Supplement to Facilitate Equity Fund Raisings (Resolution 2).

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 own Units registered against his name in the Depository Register, as certified by CDP as at 48 hours before the time fixed for the EGM.

6. 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 3.00 p.m. on 19 October 2009, 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 one or more of the resolutions 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 resolutions.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept responsibility for the accuracy of the information given in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this Circular are fair and accurate in all material respects as at the date of this Circular and there are no omission of material facts which would make any statement in this 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 this Circular.

8. LEAD MANAGER, UNDERWRITER AND FINANCIAL ADVISER'S RESPONSIBILITY STATEMENT

The Lead Manager, Underwriter and Financial Adviser confirms that, having made all reasonable enquiries and to the best of its knowledge and belief, based on information made available by the Manager, the information about the Rights Issue contained in paragraphs 2.4 and 2.6 (save for paragraph 2.6.2) above constitute true disclosures of all material facts about the Rights Issue as at the date of this Circular and that there are no omission of material facts which would make any statement about the Rights Issue contained in the said paragraphs misleading in any material respect as at the date of this Circular.

9. DOCUMENTS FOR INSPECTION

Copies of the Keppel Irrevocable Undertakings and the K-REIT Asia FY 2008 Audited Financial Statements are available for inspection during normal business hours at the registered office of the Manager at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632¹ from the date of this Circular up to and including the date falling three months from the date of this Circular.

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

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 number: +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 Asia is not necessarily indicative of the future performance of K-REIT Asia.

This Circular may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.

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

This Circular is not for distribution, directly or indirectly, in or into the U.S. It is not an offer of securities for sale into the U.S. The Rights Units and the "nil-paid" rights will not be registered under the Securities Act or under the securities laws of any state of the U.S. and, accordingly, the Rights Units and the "nil-paid" rights may be offered, delivered and sold in the U.S. only pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Unitholders should note that, for the purposes of this Circular and the Rights Issue, Eligible Unitholders are the following:

- (i) Unitholders with Units standing to the credit of their Securities Accounts and whose registered addresses with CDP are in Singapore as at the Rights Issue Books Closure Date or who have, at least three Market Days prior to the Rights Issue Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents or such Unitholders who the Manager, on behalf of K-REIT Asia, and the Lead Manager, Underwriter and Financial Adviser agree, may be offered Rights Units without breaching applicable securities laws; and
- (ii) Unitholders whose Units are not deposited with CDP and who have tendered to the Unit Registrar valid transfers of their Units and/or the documentary evidence evidencing their title in relation thereto for registration up to the Rights Issue Books Closure Date, and whose registered addresses with the Unit Registrar are in Singapore as at the Rights Issue Books Closure Date or who have, at least three Market Days prior to the Rights Issue Books Closure Date, provided the Unit Registrar with addresses in Singapore for the service of notices and documents or such Unitholders who the Manager, on behalf of K-REIT Asia, and the Lead Manager, Underwriter and Financial Adviser agree, may be offered Rights Units without breaching applicable securities laws.

GLOSSARY

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

30-day VWAP	:	The volume weighted average price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of 30 Market Days immediately preceding 1 October 2009 of S\$1.15 per Unit
Aggregate Leverage	:	The ratio of the value of total borrowings and deferred payments (if any) to the value of Deposited Property of K-REIT Asia
Asset Revaluation	:	The latest valuation of the Existing Portfolio amounting to S\$1,970.2 million as at 29 September 2009
Balance Rights Units	:	The total number of Rights Units less the Keppel Proportionate Rights Units
Borrowings	:	Comprises: <ul style="list-style-type: none">(i) a S\$391.0 million revolving loan facility from Kepfinance which is maturing in March 2011; and(ii) the Bridging Loan which is expected to mature in January 2010
Bridging Loan	:	A bridging loan of up to S\$110.0 million from Kepfinance which will be drawn down for the purpose of financing the Prudential Tower Strata Acquisition (including related acquisition costs) and is expected to mature in January 2010
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
CBD	:	Central business district
CDP	:	The Central Depository (Pte) Limited
Circular	:	This circular to Unitholders dated 3 October 2009
Closing Price	:	The closing price of S\$1.18 per Unit on 30 September 2009
Colliers	:	Colliers International Consultancy & Valuation (Singapore) Pte Ltd
CPFIS	:	Central Provident Fund Investment Scheme
Deposited Property	:	The gross assets of K-REIT Asia, including all its authorised investments held or deemed to be held upon the trust, under the Trust Deed
Directors	:	The directors of the Manager
DPU	:	Distribution per Unit

EGM	:	The extraordinary general meeting of Unitholders to be held at Raffles Hotel, The Ballroom, Level 3, 1 Beach Road, Singapore 189673 on Wednesday, 21 October 2009 at 3.00 p.m., to approve the matters set out in the Notice of Extraordinary General Meeting on pages B-1 to B-3 of this Circular
Eligible Depositors	:	Unitholders with Units standing to the credit of their Securities Accounts and whose registered addresses with CDP are in Singapore as at the Rights Issue Books Closure Date or who have, at least three Market Days prior to the Rights Issue Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents or such Unitholders who the Manager, on behalf of K-REIT Asia, and the Lead Manager, Underwriter and Financial Adviser agree, may be offered Rights Units without breaching applicable securities laws
Eligible Scripholders	:	Unitholders whose Units are not deposited with CDP and who have tendered to the Unit Registrar valid transfers of their Units and/or the documentary evidence evidencing their title in relation thereto for registration up to the Rights Issue Books Closure Date and whose registered addresses with the Unit Registrar are in Singapore as at the Rights Issue Books Closure Date or who have, at least three Market Days prior to the Rights Issue Books Closure Date, provided the Unit Registrar with addresses in Singapore for the service of notices and documents or such Unitholders who the Manager, on behalf of K-REIT Asia, and the Lead Manager, Underwriter and Financial Adviser agree, may be offered Rights Units without breaching applicable securities laws
Eligible Unitholders	:	Eligible Depositors and Eligible Scripholders
Excess Rights Units	:	The Rights Units represented by the provisional allotments (A) of (i) Eligible Unitholders who decline, do not accept, and elect not to renounce or sell their provisional allotments of Rights Units under the Rights Issue (during the “nil-paid” rights trading period prescribed by the SGX-ST) and/or (ii) Ineligible Unitholders which have not been sold during the “nil-paid” rights trading period or (B) that have not been validly taken up by the original allottees, renounees of the provisional allotments or the purchasers of the “nil-paid” rights
Existing Portfolio	:	Prudential Tower Property, Keppel Towers and GE Tower, Bugis Junction Towers and the ORQ Interest
Existing Units	:	The outstanding Units in issue as at the Rights Issue Books Closure Date
Extraordinary Resolution	:	A resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed
FY	:	Financial year

GST	:	Goods and services tax
Ineligible Unitholders	:	Unitholders other than Eligible Unitholders
K-REIT Asia FY 2008 Audited Financial Statements	:	The audited financial statements of the K-REIT Asia for the year ended 31 December 2008
KCL	:	Keppel Corporation Limited
KCL Irrevocable Undertaking	:	The irrevocable undertaking provided by KCL to the Manager and the Lead Manager, Underwriter and Financial Adviser dated 30 September 2009
Kephinance	:	Kephinance Investment Pte Ltd
Keppel Irrevocable Undertakings	:	The KCL Irrevocable Undertaking and the KLL Irrevocable Undertaking
Keppel Proportionate Rights Units	:	The Rights Units in respect of which KCL and KLL have undertaken to subscribe pursuant to the Keppel Irrevocable Undertakings
Keppel Towers and GE Tower	:	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
KLL Irrevocable Undertaking	:	The irrevocable undertaking provided by KLL to the Manager and the Lead Manager, Underwriter and Financial Adviser dated 30 September 2009
KRAI	:	K-REIT Asia Investment Pte. Ltd.
KREI	:	Keppel Real Estate Investment Pte. Ltd.
Latest Practicable Date	:	29 September 2009, being the latest practicable date prior to the issue of this Circular
Lead Manager, Underwriter and Financial Adviser	:	BNP Paribas, Singapore Branch
Listing Manual	:	The Listing Manual of the SGX-ST
Manager	:	K-REIT Asia Management Limited, as manager of K-REIT Asia
Management and Underwriting Agreement	:	The management and underwriting agreement entered into between the Manager and the Lead Manager, Underwriter and Financial Adviser on 30 September 2009
Market Day	:	A day on which the SGX-ST is open for trading in securities

Market Price	:	The volume weighted average price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of 10 business days immediately preceding the relevant business day or (if the Manager believes that such calculation does not provide a fair reflection of the Market Price of a Unit) an amount as determined by the Manager and the Trustee (after consultation with a stockbroker approved by the Trustee), as being the fair Market Price of the Unit
MAS	:	Monetary Authority of Singapore
MTN Programme	:	The S\$1.0 billion multicurrency medium term note programme established by the Manager in January 2009
NAV	:	Net asset value
“nil-paid” rights	:	The provisional allotments of Rights Units to Eligible Unitholders under the Rights Issue
Offer Information Statement	:	The offer information statement to be lodged with the MAS in connection with the Rights Issue
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 for a term of 99 years commencing from 13 June 2001
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 Asia’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 One Raffles Quay Pte Ltd
Prudential Tower Property	:	The approximately 44.4% 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 and U422W TS 1, comprising SSCT Vol. 589 Fol. 161 to 168 and Fol. 170 to 181, but excluding for the avoidance of doubt the Prudential Tower Strata Acquisition
Prudential Tower Strata Acquisition	:	The proposed acquisition of six strata floors at Prudential Tower which was announced by the Manager on 1 September 2009
REIT	:	Real estate investment trust

Rights Issue	:	The proposed issue of new Units on an underwritten and renounceable basis to Eligible Unitholders
Rights Issue Books Closure Date	:	The books closure date in respect of the Rights Issue, which is scheduled for 5.00 p.m. on 27 October 2009
Rights Issue Price	:	S\$0.93 being the issue price per Rights Unit
Rights Ratio	:	The ratio of one (1) Rights Unit to be issued for every one (1) Existing Unit
Rights Units	:	The new Units proposed to be issued by way of the Rights Issue
SEC	:	U.S. Securities and Exchange Commission
Securities Account	:	Unitholders' securities accounts with the CDP
Securities Act	:	U.S. Securities Act of 1933, as amended
SGX-ST	:	Singapore Exchange Securities Trading Limited
SRS	:	Supplementary Retirement Scheme
Substantial Unitholders	:	A Unitholder with an interest in one or more Units constituting not less than 5.0% of all outstanding Units
TERP	:	The theoretical ex-rights price which is calculated as follows: $\text{TERP} = \frac{\text{Market capitalisation of K-REIT Asia based on the Closing Price} + \text{Gross proceeds from the Rights Issue}}{\text{Units outstanding after the Rights Issue}}$
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 supplemental 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 and a sixth supplemental deed dated 16 April 2009, all entered into between the Trustee and the Manager, as amended, varied, or supplemented from time to time
Trust Deed Supplement to Facilitate Equity Fund Raisings	:	The amendments to the Trust Deed for the purposes of providing the Manager with the flexibility to: <ul style="list-style-type: none"> (i) fix the issue price for new Units offered by way of a renounceable rights issue at any discount, so long as such discount complies with the applicable listing rules of the SGX-ST; (ii) issue such number of new Units which is permitted under the applicable listing rules of the SGX-ST (and any other applicable laws, regulations and measures introduced by the authorities); and

- (iii) obtain Unitholders' approval for the issue of Units, where such approval is required under the Trust Deed, by way of an Ordinary Resolution instead of an Extraordinary Resolution

Trustee	:	RBC Dexia Trust Services Singapore Limited, as trustee of K-REIT Asia
Unit	:	A unit representing an undivided interest in K-REIT Asia
Unit Registrar	:	Boardroom Corporate & Advisory Services Pte. Ltd.
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
U.S.	:	United States
S\$ and cents	:	Singapore dollars and cents
%	:	Per centum or percentage

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

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

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

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

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.

PROPOSED TRUST DEED SUPPLEMENT TO FACILITATE EQUITY FUND RAISINGS

The proposed form of the amendments to the Trust Deed upon Unitholders' approval of Resolution 2 (the Proposed Trust Deed Supplement to Facilitate Equity Fund Raisings) is as follows:

- that Clause 11.3(b)(i) of the Trust Deed be amended in accordance with the following deletions indicated by the deleted text and additions indicated by the underlined text below:

"11.3(b)(i) the Issue Price of a Unit complies with the Listing Rules in relation to the determination of the Issue Price (including the Issue Price of a Unit for a rights issue offered on a *pro rata* basis to all existing Holders and the Issue Price of a Unit issued other than by way of a rights issue offered on a *pro rata* basis to all existing Holders) ~~for a rights issue offered on a *pro rata* basis to all existing Holders must not be less than 50 per cent. (or such other percentage as may, from time to time, be permitted by the SGX-ST or any other relevant Recognised Stock Exchange) of the Market Price of Units determined pursuant to Clause 11.3(a) (if applicable, of the same Class) on the Business Day preceding the day on which the intention to make the offer or issue is announced. Any such rights entitlement must be tradable on the SGX-ST or any other Recognised Stock Exchange on which the Scheme is listed, unless the Authority by notice in writing allows otherwise. The Trustee must ensure that such a rights issue is made at a price that is in accordance with the terms specified in this Clause 11.3(b)(i);~~"

- that Clause 11.3(b)(iii) of the Trust Deed be deleted in its entirety and Clause 11.3(b)(iv) to be renumbered accordingly:

~~"11.3(b)(iii) the Issue Price of a Unit issued other than by way of a rights issue offered on a *pro rata* basis to all existing Holders must be determined in accordance with the conditions set out in Clauses 11.3(c) and 11.3(d); and"~~

- that Clause 11.3(c) of the Trust Deed be amended in accordance with the following deletions indicated by the deleted text and additions indicated by the underlined text below:

"11.3(c) ~~Subject to Clause 11.3(f),~~ Notwithstanding anything in Clause 11.3(e), for so long as the Scheme is Listed, new Units may be issued ~~other than by way of a rights issue offered on a *pro rata* basis to all existing Holders~~ without the prior approval of Holders in a meeting of Holders if the number of Units to be issued complies with the Listing Rules in relation to the limit of the number of Units that may be issued, if any, as set out in the Listing Rules.:

- (i) ~~the issue (together with any other issue of Units including Units which may be issued to the Manager in payment of the Manager's Base Fee and/or Performance Fee, other than by way of a rights issue offered on a *pro rata* basis to all existing Holders, in the same Accounting Period) is of Units the value and/or number of which would not exceed any thresholds prescribed by the SGX-ST and/or the Authority, above which the SGX-ST and/or the Authority, respectively, require the specific approval of Holders; and~~
- (ii) ~~if such an issue is made at a discount to the Market Price, the discount does not exceed such percentage as may, from time to time, be permitted by the SGX-ST and/or the Authority.~~

For the purposes of this Clause 11.3(c), Clause 11.3(d) and 11.3(e), "Market Price" shall mean the volume weighted average price for trades done on the SGX-ST, on the day the placement agreement (or equivalent agreement) is signed. The volume weighted average price shall be calculated based on the trades done for 10 full market days, or if trading in the Listed Units is not available for a full market day, the volume weighted average price shall be calculated based on the trades done on the preceding 10 market days up to the time the placement agreement (or equivalent agreement) is signed."

- that Clause 11.3(d) of the Trust Deed be deleted in its entirety, and references in the Trust Deed to Clause 11.3(d) be deleted, Clauses 11.3(e) to 11.3(g) be renumbered accordingly and references to such Clauses which have been renumbered be amended accordingly:

"11.3(d) Subject to Clauses 11.3(c)(i) and 11.3(f), for so long as the Scheme is listed, the aggregate number of additional Units which the Scheme may issue without obtaining Holders' approval in any Prescribed Period shall not exceed 50.0% of the number of Units in issue as at the date of the commencement of the relevant Prescribed Period, of which the aggregate number of Units issued other than on a pro rata basis to existing Holders shall not exceed 20.0% of the number of Units in issue as at the said date. The first Prescribed Period will commence on the Listing Date and terminate on 31 December 2006;"

- that Clause 11.3(e) of the Trust Deed be amended in accordance with the following deletions indicated by the deleted text and additions indicated by the underlined text below:

"11.3(d)(e) Subject to Clause 11.3(e), for so long as the Scheme is Listed, an issue of Units (other than by way of rights issue offered on a pro rata basis to all existing Holders) exceeding any of the above thresholds in Clause 11.3(c) and ~~Clause 11.3(d)~~ will require specific prior approval of Holders by Ordinary ~~Extraordinary~~ Resolution at a meeting to be convened by the Manager in accordance with the Schedule hereto. If relevant in the circumstances, specific prior approval of Holders by Ordinary ~~Extraordinary~~ Resolution must also be ~~have been~~ obtained to permit the issue of Units to the Manager ~~(if any)~~ in payment of the Manager's Base Fee, Performance Fee, Acquisition Fee and/or Divestment Fee (if any), if the issue of Units contemplated hereunder exceeds any of the thresholds in Clause 11.3(c) ~~and Clause 11.3(d)~~. For the avoidance of doubt, any issue of Units pursuant to such approval of Holders shall not be taken into account in determining whether a subsequent proposed issue of Units in the same financial year will exceed any of the thresholds in Clause 11.3(c) ~~and Clause 11.3(d)~~;"

- that paragraph 3 of the Schedule to the Trust Deed be amended in accordance with the following deletions indicated by the deleted text and additions indicated by the underlined text below:

"3. A meeting of Holders duly convened and held in accordance with the provisions of this Schedule shall be competent by Extraordinary Resolution:

- (a) to sanction any modification, alteration or addition to the provisions of this Deed which shall be agreed by the Trustee and the Manager as provided in Clause 40 of this Deed;
- (b) to sanction a supplemental deed increasing the maximum permitted limit or any change in the structure of the Management Fee (including the Base Fee and the Performance Fee), the Acquisition Fee, the Divestment Fee and the Trustee's remuneration as provided in Clauses 30 and 31 of this Deed;

- ~~(c)~~ to ~~sanction any issue of units by the Manager under the circumstances set out for an issue of Units pursuant to Clause 11.3(d) of this Deed;~~
- ~~(c)~~(d) to remove the Auditors as provided In Clause 28.2 of this Deed; and
- ~~(d)~~(e) to direct the Trustee to take any action pursuant to Section 295 of the Securities and Futures Act,

and shall have such further or other powers under such terms and conditions as may be determined by the Manager with the prior written approval of the Trustee. Any decision to be made by resolution of the Holders other than those specified in this paragraph 3(a) to ~~(d)~~(e) shall be made by Ordinary Resolution, unless an Extraordinary Resolution is required by the Securities and Futures Act, the Code or the Listing Rules.”

This page has been intentionally left blank.

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING of K-REIT Asia will be held at Raffles Hotel, The Ballroom, Level 3, 1 Beach Road, Singapore 189673 on Wednesday, 21 October 2009 at 3.00 p.m., for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions:

EXTRAORDINARY RESOLUTION

1. THE PROPOSED UNDERWRITTEN RENOUNCEABLE RIGHTS ISSUE

That:

- (i) approval be and is hereby given for the issue of units in K-REIT Asia ("**Rights Units**") under the underwritten and renounceable rights issue (the "**Rights Issue**") pursuant to the rights ratio of one (1) Rights Unit for every one (1) existing unit in K-REIT Asia ("**Units**", and the basis of the Rights Issue, the "**Rights Ratio**") held on the books closure date in respect of the Rights Issue (the "**Rights Issue Books Closure Date**"), in the manner described in the circular to unitholders of K-REIT Asia ("**Unitholders**") dated 3 October 2009 (the "**Circular**") issued by K-REIT Asia Management Limited, as manager of K-REIT Asia (the "**Manager**");
 - (ii) the Rights Issue shall be carried out on the terms of and subject to the conditions set out below and/or otherwise on such terms and conditions as the Manager may think fit:
 - (a) that the provisional allotments of the Rights Units under the Rights Issue shall be made on an underwritten and renounceable basis, in the manner described in the Circular, to:
 - (I) Unitholders with Units standing to the credit of their Securities Accounts (as defined in the Circular) with The Central Depository (Pte) Limited ("**CDP**") and whose registered addresses with CDP are in Singapore as at the Rights Issue Books Closure Date or who have, at least three Market Days (as defined in the Circular) prior to the Rights Issue Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents or such Unitholders who the Manager, on behalf of K-REIT Asia, and BNP Paribas, Singapore Branch (the "**Lead Manager, Underwriter and Financial Adviser**") agree, may be offered Rights Units without breaching applicable securities laws; and
 - (II) Unitholders whose Units are not deposited with CDP and who have tendered to Boardroom Corporate & Advisory Services Pte. Ltd. (the "**Unit Registrar**") valid transfers of their Units and/or the documentary evidence evidencing their title in relation thereto for registration up to the Rights Issue Books Closure Date and whose registered addresses with the Unit Registrar are in Singapore as at the Rights Issue Books Closure Date or who have, at least three Market Days prior to the Rights Issue Books Closure Date, provided the Unit Registrar with addresses in Singapore for the service of notices and documents or such Unitholders who the Manager, on behalf of K-REIT Asia, and the Lead Manager, Underwriter and Financial Adviser agree, may be offered Rights Units without breaching applicable securities laws,
- (collectively, the "**Eligible Unitholders**");

- (b) no provisional allotments of Rights Units shall be made in favour of Unitholders other than Eligible Unitholders;
 - (c) the provisional allotments of Rights Units not taken up or allotted for any reason shall be used to satisfy applications for excess Rights Units ("**Excess Rights Units**") (if any) as the Manager may, in its absolute discretion, deem fit;
 - (d) the Balance Rights Units (as defined in the Circular) shall be underwritten by the Lead Manager, Underwriter and Financial Adviser, on the terms of and subject to the conditions of a management and underwriting agreement entered into between the Manager and the Lead Manager, Underwriter and Financial Adviser on 30 September 2009; and
 - (e) the Rights Units, when issued and fully paid for, will rank *pari passu* in all respects with the existing Units in issue as at the date of issue of the Rights Units, including the right to any distributions which may accrue for the period from 1 July 2009 to 31 December 2009 as well as all distributions thereafter; and
- (iii) the Manager, any director of the Manager and RBC Dexia Trust Services Singapore Limited, as trustee of K-REIT Asia (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 Asia to give effect to the Rights Issue and to allow the Rights Units to participate in any distributions which may accrue from 1 July 2009, notwithstanding that the Rights Units are expected to be issued sometime in November 2009.

EXTRAORDINARY RESOLUTION

2. THE PROPOSED TRUST DEED SUPPLEMENT TO FACILITATE EQUITY FUND RAISINGS

That:

- (i) approval be and is hereby given to supplement the trust deed dated 28 November 2005 constituting K-REIT Asia (as amended) (the "**Trust Deed**") providing the Manager with the flexibility to:
 - (a) fix the issue price for new Units offered by way of a renounceable rights issue at any discount, so long as such discount complies with the applicable listing rules of Singapore Exchange Securities Trading Limited (the "**SGX-ST**");
 - (b) issue such number of new Units which is permitted under the applicable listing rules of the SGX-ST (and any other applicable laws, regulations and measures introduced by the authorities); and
 - (c) obtain Unitholders' approval for the issue of Units, where such approval is required under the Trust Deed, by way of an ordinary resolution instead of an extraordinary resolution,

in the manner as set out in Appendix A of the Circular (the "**Trust Deed Supplement to Facilitate Equity Fund Raisings**"); and

- (ii) 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 Asia to give effect to the Trust Deed Supplement to Facilitate Equity Fund Raisings.

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
3 October 2009

Important Notice:

- (1) A unitholder of K-REIT Asia entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a unitholder of K-REIT Asia.
- (2) 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 later than 19 October 2009 at 3.00 p.m., being 48 hours before the time fixed for the Extraordinary General Meeting.

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

Notes to Proxy Form

1. A unitholder of K-REIT Asia (“**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 stead.
2. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his 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 name in the Depository Register maintained by The Central Depository (Pte) Limited (“**CDP**”), he should insert that number of Units. If the Unitholder has Units registered in his name in the Register of Unitholders of K-REIT Asia, he should insert that number of Units. If the Unitholder has Units entered against his name in the said Depository Register and registered in his name in the Register of Unitholders, he 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 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 instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies 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 an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with the Manager) be lodged with the instrument of proxy; failing which the instrument 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 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 is the Unitholder. A person entitled to more than one vote need not use all his 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))

PROXY FORM

EXTRAORDINARY GENERAL MEETING

IMPORTANT

1. For investors who have used their CPF monies 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. **PLEASE READ THE NOTES TO THE PROXY FORM.**

I/We _____ (Name)

of _____ (Address)

being a unitholder/unitholders of K-REIT Asia, 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 Asia to be held at Raffles Hotel, The Ballroom, Level 3, 1 Beach Road, Singapore 189673 on Wednesday, 21 October 2009 at 3.00 p.m., 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/their discretion, as he/they will on any other matter arising at the Extraordinary General Meeting.

	Resolutions	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**
1	To approve the underwritten renounceable Rights Issue (Extraordinary Resolution)				
2	To approve the Trust Deed Supplement to Facilitate Equity Fund Raisings (Extraordinary Resolution)				

* 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 _____ 2009

Total number of Units held

Signature(s) of Unitholder(s)/Common Seal

1st fold here

2nd fold here

Affix
Postage
Stamp

The Company Secretary
K-REIT Asia Management Limited
(as manager of K-REIT Asia)
1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632

3rd fold here

This page has been intentionally left blank.

