

**Offer Information Statement dated 27 October 2009**

(Lodged with the Monetary Authority of Singapore on 27 October 2009)

**THIS OFFER INFORMATION STATEMENT IS IMPORTANT. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISER.**

The collective investment scheme offered in this Offer Information Statement (as defined herein) is an authorised scheme under the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”). A copy of this Offer Information Statement, including the application form for the new units in K-REIT Asia to be issued for the purpose of the Rights Issue (as defined herein) (“Rights Units”) and Excess Rights Units (as defined herein) to be issued to Eligible Depositors (as defined herein) (“ARE”) and the application form for Rights Units to be issued to purchasers of the “nil-paid” rights (“ARS”) under the Rights Issue traded on Singapore Exchange Securities Trading Limited (the “SGX-ST”) under the book-entry (scripless) settlement system, and the application form for Rights Units and Excess Rights Units to be issued to Eligible Scripholders (as defined herein) (“PAL”) has been lodged with the Monetary Authority of Singapore (the “Authority”). The Authority assumes no responsibility for the contents of this Offer Information Statement, the ARE, the ARS and the PAL. Lodgement of this Offer Information Statement with the Authority does not imply that the SFA, or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of the units being offered, or in respect of which an invitation is made, for investment.

Approval in-principle has been obtained from 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, K-REIT Asia Management Limited, as manager of K-REIT Asia (the “Manager”), and/or its subsidiaries. The SGX-ST assumes no responsibility for the accuracy of any statements made, reports contained or opinions expressed in this Offer Information Statement. No units in K-REIT Asia (“Units”) shall be allotted on the basis of this Offer Information Statement later than the date falling six months from the date of lodgement of this Offer Information Statement.

This Offer Information Statement may not be sent to any person or any jurisdiction in which it would not be permissible to deliver or make an offer of the Rights Units and the “nil-paid” rights under the Rights Issue, and the Rights Units and the “nil-paid” rights may not be sold, resold, transferred or delivered, directly or indirectly, to any such person or in any such jurisdiction. This Offer Information Statement 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 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. The Rights Units and “nil-paid” rights will only be offered outside the U.S. in offshore transactions complying with Regulation S under the Securities Act (“Regulation S”).



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

MANAGED BY

**K-REIT ASIA MANAGEMENT LIMITED**

**AN UNDERWRITTEN RENOUNCEABLE RIGHTS ISSUE OF 666,703,965 RIGHTS UNITS AT AN ISSUE PRICE OF S\$0.93 FOR EACH RIGHTS UNIT (THE “RIGHTS ISSUE PRICE”), ON THE BASIS OF ONE (1) RIGHTS UNIT FOR EVERY ONE (1) EXISTING UNIT (THE “RIGHTS RATIO”) HELD BY UNITHOLDERS AS AT 27 OCTOBER 2009 AT 5.00 P.M. (THE “RIGHTS ISSUE BOOKS CLOSURE DATE”)**

**Lead Manager, Underwriter and Financial Adviser for the Rights Issue**

**BNP PARIBAS****IMPORTANT DATES AND TIMES**

(The following is qualified by, and should be read in conjunction with, the section entitled “Timetable of Key Events”.)

Last date and time for splitting and trading of “nil-paid” rights	:	9 November 2009 at 5.00 p.m.
Last date and time for acceptance and payment	:	13 November 2009 at 5.00 p.m. (9.30 p.m. for Electronic Applications through ATMs of Participating Banks (each as defined herein))
Last date and time for excess application and payment	:	13 November 2009 at 5.00 p.m. (9.30 p.m. for Electronic Applications through ATMs of Participating Banks)

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## NOTICE TO UNITHOLDERS AND INVESTORS

No person has been authorised to give any information or make any representations other than those contained in this document, together with (where the context requires) the ARE, the ARS and the PAL, and all other accompanying documents to be issued by the Manager (the “**Offer Information Statement**”) in connection with the Rights Issue and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of K-REIT Asia, the Manager, RBC Dexia Trust Services Singapore Limited, as trustee of K-REIT Asia (the “**Trustee**”), or BNP Paribas, Singapore Branch, as the lead manager, underwriter and financial adviser for the Rights Issue (the “**Lead Manager, Underwriter and Financial Adviser**”). Save as expressly stated in this Offer Information Statement, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of K-REIT Asia or the Manager. Neither the delivery of this Offer Information Statement nor the issue of the Rights Units shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no material change in the affairs of K-REIT Asia or in any of the information contained herein since the date of this Offer Information Statement. Where such changes occur after the date of this Offer Information Statement and are material and required to be disclosed by law and/or the SGX-ST, the Manager will announce such changes via SGXNET, and if required, lodge a supplementary or replacement document with the Authority. All holders of Units (“**Unitholders**”) and investors should take note of any such announcement and, upon the release of such announcement or lodgement of such supplementary or replacement document, as the case may be, shall be deemed to have notice of such changes.

For Eligible Depositors (as defined herein), acceptances of the Rights Units and (if applicable) applications for Excess Rights Units may be made through The Central Depository (Pte) Limited (“**CDP**”) or by way of Electronic Application.

For Eligible Scripholders, acceptances of the Rights Units and (if applicable) applications for Excess Rights Units may be made through the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd.

**Central Provident Fund (“CPF”) Investment Scheme (“CPFIS”) investors, Supplementary Retirement Scheme (“SRS”) investors and investors who hold Units through a finance company and/or Depository Agent should see the section entitled “Important Notice to (A) CPFIS investors, (B) SRS investors and (C) investors who hold Units through a finance company and/or Depository Agent” on important details relating to the offer procedure for CPFIS investors and SRS investors.**

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

The Lead Manager, Underwriter and Financial Adviser makes no representation, warranty or recommendation whatsoever as to the merits of the Rights Issue, the Rights Units, the “nil-paid” rights or K-REIT Asia, or any other matter related thereto or in connection therewith. Nothing in this Offer

Information Statement or the accompanying documents shall be construed as a recommendation to subscribe for the Rights Units. Prospective subscribers of the Rights Units should rely on their own investigation, appraisal and determination of the merits of investing in K-REIT Asia and shall be deemed to have done so.

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

The Rights Units and the “nil-paid” rights have not and will not be registered under the Securities Act. The Rights Units and the “nil-paid” rights will only be offered and sold outside the U.S. in offshore transactions complying with Regulation S.

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

Selected financial data from the audited financial statements of K-REIT Asia for the financial period from 28 November 2005 to 31 December 2006 (the “**2006 Audited Financial Statements**”), the audited financial statements of K-REIT Asia for the financial year ended 31 December 2007 (the “**2007 Audited Financial Statements**”), the audited financial statements of K-REIT Asia for the financial year ended 31 December 2008 (the “**2008 Audited Financial Statements**”) and the unaudited financial statements of K-REIT Asia for the financial period from 1 January 2009 to 30 September 2009 (the “**2009 Third Quarter Unaudited Financial Statements**”) (collectively, the “**Financial Statements**”), including the line items in the statement of total return, comprehensive income and distribution statement, balance sheet and the statement of cash flows of K-REIT Asia, are set out in **Appendix A** of this Offer Information Statement. Financial data relating to distribution per Unit (“**DPU**”), earnings per Unit and earnings per Unit after any adjustment to reflect the issue of Rights Units are also set out in **Appendix A** of this Offer Information Statement.

Such selected financial data should be read together with the relevant notes to the Financial Statements, which are available on the website of K-REIT Asia at [www.kreitasia.com](http://www.kreitasia.com) and are also available for inspection during normal business hours at the registered office of the Manager<sup>1</sup> at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632, from the date of this Offer Information Statement up to and including the date falling six months after the date of this Offer Information Statement.

The Financial Statements are current only as at the dates of such financial statements, and the reference to the Financial Statements is not intended to create any implication that there has been no change in the affairs of K-REIT Asia since the respective dates of such Financial Statements or that the information contained in such Financial Statements is current as at any time subsequent to their respective dates.

Any statement contained in the above-mentioned Financial Statements shall be deemed to be modified or superseded for the purposes of this Offer Information Statement to the extent that a subsequent statement contained herein modifies or supersedes that statement.

Information contained on the website of K-REIT Asia does not constitute part of this Offer Information Statement.

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

**Prospective investors are advised to obtain and read the Financial Statements (including the relevant notes) before making any investment decision in relation to the Rights Units.**

The value of the 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 the 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 Offer Information Statement 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 property expenses and operating expenses, and governmental and public policy changes. (See the section entitled “Risk Factors” of this Offer Information Statement for a discussion of certain factors to be considered in connection with an investment in the “nil-paid” rights and the Rights Units.)

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. Investors should read the whole of this Offer Information Statement and make their own assessment of the future performance of K-REIT Asia before deciding whether to subscribe for the Rights Units. Investors should also make their own independent investigations of any bases and assumptions upon which financial projections, if any, are made or based, and carefully consider this Offer Information Statement in the light of their personal circumstances. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser.

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

**IMPORTANT NOTICE TO (A) CPFIS INVESTORS,  
(B) SRS INVESTORS AND (C) INVESTORS WHO HOLD UNITS THROUGH  
A FINANCE COMPANY AND/OR DEPOSITORY AGENT**

Unitholders who have subscribed for or purchased Units under the CPFIS and/or the SRS or through a finance company and/or Depository Agent can only accept their provisional allotments of Rights Units and (if applicable) apply for Excess Rights Units by instructing the relevant approved banks, finance company and/or Depository Agent in which they hold their CPFIS accounts and/or SRS accounts to do so on their behalf.

**ANY APPLICATION MADE DIRECTLY BY THE ABOVE-MENTIONED UNITHOLDERS TO CDP OR THROUGH ATMS WILL BE REJECTED.**

The above-mentioned Unitholders, where applicable, will receive notification letter(s) from their respective approved bank, finance company and/or Depository Agent and should refer to such notification letter(s) for details of the last date and time to submit acceptances and/or applications to their respective approved bank, finance company and/or Depository Agent.

**(A) Use of CPF**

Unitholders participating in the CPFIS — Ordinary Account must use, subject to applicable CPF rules and regulations, monies standing to the credit of their respective CPF Investment Accounts to pay for the acceptance of their provisional allotments of Rights Units and (if applicable) application for Excess Rights Units, if they have previously bought their Units using CPF.

Such Unitholders who wish to accept their provisional allotments of Rights Units and (if applicable) apply for Excess Rights Units using CPF must have sufficient funds in their CPF Investment Accounts and must instruct their respective approved banks, where such Unitholders hold their CPF Investment Accounts, to accept their provisional allotments of Rights Units and (if applicable) apply for Excess Rights Units on their behalf in accordance with this Offer Information Statement. Such Unitholders who have insufficient funds in their CPF Investment Accounts may deposit cash into their CPF Investment Accounts with their approved banks to enable them to subscribe for their provisional allotments of Rights Units and (if applicable) apply for Excess Rights Units. CPF may not, however, be used for the purchase of the provisional allotments of Rights Units directly from the market.

**(B) Use of SRS Funds**

Unitholders with SRS accounts must use, subject to applicable SRS rules and regulations, monies standing to the credit of their respective SRS accounts to pay for the acceptance of their provisional allotments of Rights Units and (if applicable) application for Excess Rights Units.

Such Unitholders who wish to accept their provisional allotments of Rights Units and (if applicable) apply for Excess Rights Units using SRS funds, must instruct the relevant approved banks in which they hold their SRS accounts to accept their provisional allotments of Rights Units and (if applicable) apply for Excess Rights Units on their behalf in accordance with this Offer Information Statement. Such Unitholders who have insufficient funds in their SRS accounts may, subject to the SRS contribution cap, deposit cash into their SRS accounts with their approved banks to enable them to subscribe for their provisional allotments of Rights Units and (if applicable) apply for Excess Rights Units. SRS funds may not, however, be used for the purchase of the provisional allotments of Rights Units directly from the market.

**(C) Holdings through Finance Company and/or Depository Agent**

Unitholders who hold Units through a finance company and/or Depository Agent must instruct the relevant finance company and/or Depository Agent to accept their provisional allotments of Rights Units and (if applicable) apply for Excess Rights Units on their behalf in accordance with this Offer Information Statement.



## ELIGIBILITY OF UNITHOLDERS TO PARTICIPATE IN THE RIGHTS ISSUE

### Eligible Unitholders

Eligible Unitholders comprise Eligible Depositors and Eligible Scripholders (“**Eligible Unitholders**”).

Eligible Depositors are Unitholders with Units standing to the credit of their securities accounts with CDP (but do not include securities sub-accounts) (“**Securities Account**”) and whose registered addresses with CDP are in Singapore as at the Rights Issue Books Closure Date or who have, at least three Market Days<sup>1</sup> 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.

Eligible Unitholders will receive their provisional allotments of Rights Units under the Rights Issue on the basis of their unitholdings in K-REIT Asia as at the Rights Issue Books Closure Date and are entitled to participate in the Rights Issue and to receive this Offer Information Statement (including the ARE or, as the case may be, the PAL) at their respective Singapore addresses. Eligible Depositors who do not receive this Offer Information Statement and the ARE may obtain them from CDP or the Unit Registrar for the period up to the Closing Date (as defined herein). Eligible Scripholders who do not receive this Offer Information Statement and the PAL may obtain them from the Unit Registrar for the period up to the Closing Date.

Eligible Unitholders are at liberty to accept their provisional allotments of Rights Units and apply for Excess Rights Units. In addition, Eligible Unitholders may renounce their provisional allotments of Rights Units in favour of a third party. 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.

The Rights Units represented by the provisional allotments (A) of (i) Eligible Unitholders who reject, 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 and (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 Unitholders with an interest in not less than 5.0% of all Units in issue (“**Substantial Unitholders**”) 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.

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



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

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

### **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 notices 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 complying with Regulation S.

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 without interest or any share of revenue or benefit arising therefrom, 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.

## DISTRIBUTION AND SELLING RESTRICTIONS

Each purchaser of the “nil-paid” rights and/or the Rights Units (the “**Securities**”) offered and sold in reliance on Regulation S will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Regulation S are used herein as defined therein):

- (a) the purchaser is acquiring the Securities in an offshore transaction as defined in and meeting the requirements of Regulation S;
- (b) the purchaser is aware that the Securities have not been and will not be registered under the Securities Act and are being distributed and offered outside the U.S. in reliance on Regulation S; and
- (c) the purchaser acknowledges that K-REIT Asia, the Manager, the Lead Manager, Underwriter and Financial Adviser, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.

The distribution of this Offer Information Statement and/or its accompanying documents may be prohibited or restricted by law (either absolutely or subject to various securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of these jurisdictions. Unitholders or any other person having possession of this Offer Information Statement and/or its accompanying documents are advised to keep themselves informed of and to observe such prohibitions and restrictions. No person in any territory outside Singapore receiving this Offer Information Statement and/or its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for any Rights Units unless such offer, invitation or solicitation could lawfully be made without violating any regulation or legal requirements in such territory.

### ***Hong Kong***

This Offer Information Statement will not be registered as a prospectus in Hong Kong and the contents of it are not reviewed by any regulatory authority in Hong Kong. Each purchaser should acknowledge that: (i) it has not offered or sold and will not offer or sell, in Hong Kong, by means of any document, any Securities other than to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agent; or to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of the Companies Ordinance; and (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted under the securities laws of Hong Kong) other than with respect to Securities which are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

## ***European Economic Area***

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive, defined below, (each, a “**Relevant Member State**”), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”), the Securities may not be offered to the public in the Relevant Member State prior to the publication of a prospectus in relation to the Securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that, with effect from and including the Relevant Implementation Date, an offer of securities to the public may be made in that Relevant Member State at any time:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not authorized or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than Euros 43,000,000; and (iii) an annual net sales of more than Euros 50,000,000, as shown in its last annual or consolidated accounts; or
- in any other circumstances which do not require the publication by K-REIT Asia or the Manager of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purpose of the above, the expression an “offer of securities to the public” in relation to any securities (including the Securities) in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe the securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

## ***Switzerland***

This Offer Information Statement does not constitute a public offering prospectus as that term is understood pursuant to Article 652a of the Swiss Code of Obligations (“**CO**”). K-REIT Asia or the Manager has not applied for a listing of the Securities on the SWX Swiss Exchange and consequently, the information presented in the Offer Information Statement of the Securities does not necessarily comply with the information standards set out in the relevant listing rules.

The Securities may not be publicly offered or sold in Switzerland. The Securities may be offered or sold only to a selected number of individual investors in Switzerland, under circumstances which will not result in the Securities being a public offering within the meaning of Article 652a of the CO.

## ***United Kingdom***

This Offer Information Statement does not constitute a prospectus for the purposes of the prospectus rules issued by the UK Financial Services Authority (“**FSA**”) pursuant to section 84 of the Financial Services and Markets Act 2000 (as amended) (“**FSMA**”) and has not been approved by or filed with the FSA. The Securities may not be offered or sold and will not be offered or sold to the public in the UK (within the meaning of section 102B of the FSMA) save in the circumstances where it is lawful to do so without an approved prospectus (within the meaning of the section 85 of the FSMA) being made available to the public before the offer is made. In addition, no person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale or any Securities except in circumstances in which section 21(1) of the FSMA does not apply to K-REIT Asia or the Manager.

This Offer Information Statement is directed only at:

- (i) persons outside the UK; or
- (ii) persons having professional experience in matters relating to investments who fall within the definition of “investment professionals” in article 19 of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (as amended) (the “**FPO**”); or
- (iii) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in article 49 of the FPO.

Any investment or investment activity to which this Offering Information Statement relates is only available to and will only be engaged in with such persons and persons who do not fall within (ii) or (iii) above should not rely on or act upon this communication.

## CORPORATE INFORMATION

<b>Directors of the Manager</b>	:	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)
<b>Registered Office of the Manager</b>	:	1 HarbourFront Avenue #18-01 Keppel Bay Tower Singapore 098632
<b>Trustee of K-REIT Asia</b>	:	RBC Dexia Trust Services Singapore Limited 20 Cecil Street #28-01 Equity Plaza Singapore 049705
<b>Legal Adviser for the Rights Issue and to the Manager</b>	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
<b>Lead Manager, Underwriter and Financial Adviser for the Rights Issue</b>	:	BNP Paribas, Singapore Branch 20 Collyer Quay #01-01 Tung Centre Singapore 049319
<b>Legal Adviser to the Lead Manager, Underwriter and Financial Adviser as to Singapore Law</b>	:	WongPartnership LLP One George Street #20-01 Singapore 049145
<b>Legal Adviser to the Lead Manager, Underwriter and Financial Adviser as to U.S. Federal Law</b>	:	Jones Day 3 Church Street #14-02 Samsung Hub Singapore 049483
<b>Legal Adviser to the Trustee</b>	:	Shook Lin & Bok LLP 1 Robinson Road #18-00 AIA Tower Singapore 048542
<b>Unit Registrar and Unit Transfer Office</b>	:	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 is subject to, the more detailed information contained or referred to elsewhere in this Offer Information Statement.*

### 1. Overview of K-REIT Asia

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 approximately 44.4% of the strata area of Prudential Tower. Upon the completion of the Prudential Tower Strata Acquisition, which is expected to take place in November 2009, K-REIT Asia will own a majority interest in Prudential Tower of approximately 73.4% of the total strata area of the building.

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. Under the management of the Manager, the value of K-REIT Asia’s portfolio has increased from S\$630.7 million as at 28 April 2006 (being the date of listing of K-REIT Asia on the Main Board of the SGX-ST), to S\$2,094.7 million<sup>1</sup> as at 22 October 2009, being the latest practicable date prior to the issue of this Offer Information Statement (the “Latest Practicable Date”) (taking into account the completion of the Prudential Tower Strata Acquisition).

### 2. The Rights Issue

The Rights Issue comprises an offer of 666,703,965 Rights Units on an underwritten<sup>2</sup> and renounceable basis to Eligible Unitholders based on the Rights Ratio of one (1) Rights Unit for every one (1) existing Unit held by Unitholders as at the Rights Issue Books Closure Date (“Existing Units”), at the Rights Issue Price of S\$0.93 per Rights Unit, to raise gross proceeds of approximately S\$620.0 million.

The Rights Issue would provide Unitholders with the opportunity to subscribe for their pro rata entitlement to the Rights Units at a Rights Issue Price of S\$0.93 per Rights Unit which is at:

- (i) a discount of approximately 21.2% to the closing price of S\$1.18 per Unit on 30 September 2009 (the “30 September Closing Price”), being the last trading day of the Units prior to the announcement of the Rights Issue;

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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.

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 underwrite 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.

- (ii) 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 (the “**30-Day VWAP**”); and
- (iii) a discount of approximately 11.8% to the theoretical ex-rights price of S\$1.06 per Unit (“**TERP**”)<sup>1</sup>.

The Rights Issue is being carried out pursuant to approval granted by an Extraordinary Resolution (as defined herein) at an extraordinary general meeting of Unitholders (the “**EGM**”) held on 21 October 2009.

### 3. Valuation of K-REIT Asia’s Asset Portfolio

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 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, the value of K-REIT Asia’s asset portfolio will increase to S\$2,094.7 million.

### 4. 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 borrowings<sup>2</sup>:
  - (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

<sup>1</sup> The TERP is calculated as follows:

$$\text{TERP} = \frac{\text{Market capitalisation of K-REIT Asia (based on the 30 September Closing Price) + \text{Gross proceeds from the Rights Issue}}{\text{Units in issue after the Rights Issue}}$$

<sup>2</sup> K-REIT Asia has the option of repaying the Borrowings prior to their maturity dates.



- (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 in connection with the Rights Issue.

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.

## **5. 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:

- (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\$1,756.5 million. 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 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 facilities<sup>1</sup> as at the Latest Practicable Date.

The Rights Issue and repayment of the Borrowings will 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 Leverage<sup>2</sup>.

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.

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) 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% based on total Deposited Property value of S\$2,094.7 million. The reduction in Aggregate Leverage

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.

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 September 2009		
	Actual	Pro Forma before the Rights Issue (as adjusted) <sup>(1)</sup>	Pro Forma after the Rights Issue (as adjusted) <sup>(1), (2)</sup>
<b>Total Borrowings (S\$' million)</b>	581.1 <sup>(3)</sup>	691.1	190.1
<b>Deposited Property (S\$' million)</b>	1,970.2	2,094.7 <sup>(4)</sup>	2,094.7 <sup>(4)</sup>
<b>Aggregate Leverage (%)</b>	29.5	33.0	9.1

**Notes:**

- (1) Based on the 2009 Third Quarter Unaudited Financial Statement as adjusted for the completion of the Prudential Tower Strata Acquisition, which is to be funded by the Bridging Loan.
- (2) Based on the assumption that the Borrowings are repaid immediately after the completion of the Rights Issue.
- (3) The total outstanding borrowings of K-REIT Asia as at 30 September 2009 comprise (i) a S\$190.1 million term loan facility from Blossom Assets Limited ("**Blossom Assets**") 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, a special purpose company, is funded by proceeds from its issuance of commercial mortgage-backed security notes in May 2006.
- (4) The pro forma value of the Deposited Property as at 30 September 2009 is based on the assumption that the Prudential Tower Strata Acquisition was completed on 30 September 2009.

***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 30 September 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 addition, Eligible Unitholders are entitled to apply for Excess Rights Units (as defined herein). 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.

***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.

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.

## 6. 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 KCL Irrevocable Undertaking, KREI has voted in favour of the resolution to approve the Rights Issue at the EGM held on 21 October 2009.

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. Pursuant to the KLL Irrevocable Undertaking, KRAI has voted in favour of the resolution to approve the Rights Issue at the EGM held on 21 October 2009.

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. Approval of the Unitholders was obtained for the Rights Issue at the EGM held on 21 October 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 (the “**Keppel Proportionate Rights Units**”), respectively.

## 7. 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 (the “**Management and Underwriting Fee**”), together with any applicable goods and services tax 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 are not entitled to rely on *force majeure* to terminate the Management and Underwriting Agreement as ex-rights trading has commenced on 23 October 2009 (in compliance with Rule 818 of the Listing Manual).

## **8. 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.

## **9. Status of the Rights Units**

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

## PRINCIPAL TERMS OF THE RIGHTS ISSUE

The following principal terms and conditions of the Rights Issue are derived from, and should be read in conjunction with, the full text of this Offer Information Statement, and is qualified in its entirety by reference to information appearing elsewhere in this Offer Information Statement.

- Issue Size** : 666,703,965 Rights Units.
- The Rights Issue is expected to raise gross proceeds of approximately S\$620.0 million and net proceeds of approximately S\$616.0 million.
- 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 30 September Closing Price;
  - (ii) 19.1% to the 30-day VWAP; and
  - (iii) 11.8% to the TERP.
- 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.
- Eligibility to participate in the Rights Issue** : See the sections entitled “Eligibility of Unitholders to Participate in the Rights Issue” and “Distribution and Selling Restrictions” in this Offer Information Statement for details.
- Rights of Eligible Unitholders** : Eligible Unitholders will receive their provisional allotments of Rights Units and are at liberty to accept their provisional allotments of Rights Units, or reject their “nil-paid” rights and are eligible to subscribe for Excess Rights Units. In addition, Eligible Unitholders may renounce their provisional allotments of Rights Units in favour of a third party.
- Each Eligible Unitholder may, among other things, choose to:
- (i) accept his entire provisional allotment of Rights Units;
  - (ii) accept his entire provisional allotment of Rights Units and apply for Excess Rights Units;
  - (iii) accept a portion of his provisional allotment of Rights Units and reject the balance of his provisional allotment of Rights Units;

(iv) accept a portion of his provisional allotment of Rights Units and trade the balance of his provisional allotment of Rights Units; or

(v) renounce a portion of or his entire provisional allotment of Rights Units in favour of a third party.

The procedures for acceptance, payment, renunciation and excess application by Eligible Depositors are set out in **Appendix B** and **Appendix C** of this Offer Information Statement. The procedures for acceptance, payment, splitting, renunciation and excess application by Eligible Scripholders are set out in **Appendix E** of this Offer Information Statement.

No provisional allotments of Rights Units will be made to Ineligible Unitholders and no purported acceptance thereof or application therefor by Ineligible Unitholders will be valid.

Ineligible Unitholders should refer to the section entitled “Eligibility of Unitholders to Participate in the Rights Issue — Ineligible Unitholders” in this Offer Information Statement.

**Administrative Fee** : An administrative fee of S\$1.00 to S\$2.00 will be payable by applicants for each Electronic Application made through the ATMs of the Participating Banks.

**Trading of the “nil-paid” rights** : Eligible Depositors who wish to trade all or part of their provisional allotments of Rights Units on the SGX-ST can do so for the period commencing on 30 October 2009 from 9.00 a.m., being the date of commencement of the “nil-paid” rights trading, and ending on 9 November 2009 at 5.00 p.m., being the last date and time of the “nil-paid” rights trading.

Eligible Depositors should note that the provisional allotments of Rights Units will be tradable in board lot sizes of 1,000 Rights Units. Eligible Depositors who wish to trade in other lot sizes can do so on the SGX-ST’s Unit Share Market.

(Eligible Scripholders should see **Appendix E — Procedures for Acceptance, Payment, Splitting, Renunciation and Excess Application by Eligible Scripholders** for arrangements to facilitate scripless trading.)

**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 purposes of trading on the Main Board of the SGX-ST, each board lot of Units will comprise 1,000 Units. All dealings in and transactions (including transfers) of the Rights Units effected through the SGX-ST and/or CDP shall be made in accordance with the “Terms and Conditions for Operation of Securities Accounts with CDP”, as the same may be amended from time to time, copies of which are available from CDP.



**Temporary counter for trading of odd lots of Units will not be set up** : As the Rights Ratio is on a one (1) for one (1) basis, temporary counters 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.

Notwithstanding the above, Unitholders who hold odd lots of Units (that is, lots other than board lots of 1,000 Units) and who wish to trade in odd lots are able to trade odd lots of Units on the SGX-ST’s Unit Share Market. The Unit Share Market is a ready market for trading of odd lots of Units with a minimum size of one (1) Unit.

**Underwriting** : The Rights Issue is underwritten<sup>1</sup> by the Lead Manager, Underwriter and Financial Adviser on the terms and subject to the conditions of the Management and Underwriting Agreement.

(See the sections entitled “Summary — Underwriting of the Rights Issue” and “Summary — Keppel Irrevocable Undertakings” in this Offer Information Statement for details.)

**Listing of the Rights Units** : 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 approval in-principle of the SGX-ST is not to be taken as an indication of the merits of the Rights Issue, the Rights Units, the Manager, and/or its subsidiaries.

**Unitholders who are CPFIS investors or SRS investors or who hold Units through a finance company and/or Depository Agent** : CPFIS investors, SRS investors and investors who hold Units through a finance company and/or Depository Agent should see the section entitled “Important Notice to (A) CPFIS investors, (B) SRS investors and (C) investors who hold Units through a finance company and/or Depository Agent” on important details relating to the offer procedure for CPFIS investors and SRS investors.

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

**AS THE RIGHTS ISSUE IS MADE ON A RENOUNCEABLE BASIS, THE “NIL-PAID” RIGHTS CAN BE RENOUNCED IN FAVOUR OF A THIRD PARTY OR, IN THE CASE OF ELIGIBLE DEPOSITORS ONLY, TRADED ON THE SGX-ST DURING THE “NIL-PAID” RIGHTS TRADING PERIOD.**

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1 KCL and KLL have each provided an irrevocable undertaking to the Manager and the Lead Manager, Underwriter and Financial Adviser to subscribe for the Keppel Proportionate Rights Units. The Lead Manager, Underwriter and Financial Adviser will underwrite the Balance Rights Units. 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.

## **Results of the Allotment**

The Manager will announce the results of the Rights Issue through an SGXNET announcement to be posted on the SGX-ST website at [www.sgx.com](http://www.sgx.com) and the K-REIT Asia website at [www.kreitasia.com](http://www.kreitasia.com).

## **Crediting of Units**

The “nil-paid” rights will be provisionally allotted to Eligible Unitholders on or about 30 October 2009 by (i) crediting the “nil-paid” rights to the Eligible Depositor’s Securities Accounts or (ii) through the despatch of the PALs to the Eligible Scripholders.

In the case of Eligible Scripholders and their renounees with valid acceptances and, where applicable, successful applications of Excess Rights Units and who have, among other things, failed to furnish or furnished incorrect or invalid Securities Account numbers in the relevant form comprised in the PAL, letter(s) of entitlement evidencing title to the Rights Units allotted to them will be sent by registered post, at their own risk, to their mailing addresses in Singapore as maintained with the Unit Registrar within 10 business days (being any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading) after the Closing Date.

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

## TIMETABLE OF KEY EVENTS

The timetable for the Rights Issue is set out below.

Event	Date and Time
Last day of “cum-rights” trading for the Rights Issue	: Thursday, 22 October 2009
First day of “ex-rights” trading for the Rights Issue	: Friday, 23 October 2009
Rights Issue Books Closure Date	: Tuesday, 27 October 2009 at 5.00 p.m.
Despatch of this Offer Information Statement (including the application forms) to Eligible Unitholders	: Thursday, 29 October 2009
Commencement of “nil-paid” rights trading	: Friday, 30 October 2009 from 9.00 a.m.
Last date and time for “nil-paid” rights trading	: Monday, 9 November 2009 at 5.00 p.m.
Last date and time for splitting “nil-paid” rights	: Monday, 9 November 2009 at 5.00 p.m.
Last date and time for instructions to approved banks for acceptance of/ application for and payment for Rights Units/Excess Rights Units under CPFIS and/or SRS	: Monday, 9 November 2009 at 5.00 p.m. <sup>(1)</sup>
<b>Closing Date:</b>	
Last date and time for acceptance of and payment for Rights Units	: Friday, 13 November 2009 at 5.00 p.m. <sup>(2), (3)</sup> (9.30 p.m. for Electronic Applications through ATMs of Participating Banks) <sup>(3)</sup>
Last date and time for application of and payment for Excess Rights Units	: Friday, 13 November 2009 at 5.00 p.m. <sup>(2), (3)</sup> (9.30 p.m. for Electronic Applications through ATMs of Participating Banks) <sup>(3)</sup>
Last date and time for acceptance of and payment by the renounee	: Friday, 13 November 2009 at 5.00 p.m. <sup>(4)</sup>
Expected date for issue of Rights Units	: Friday, 20 November 2009
Expected date for commencement of trading of Rights Units	: Monday, 23 November 2009

**Notes:**

- (1) Based on information provided by the approved banks for CPFIS and SRS. This date and time is subject to change.
- (2) If acceptances of the Rights Units and/or applications for Excess Rights Units, as the case may be, are made through CDP in accordance with the ARE and the ARS or through the Unit Registrar in accordance with the PAL.

- (3) CPFIS investors, SRS investors and investors who hold Units through a finance company and/or Depository Agent should see the section entitled "Important Notice to (A) CPFIS investors, (B) SRS investors and (C) investors who hold Units through a finance company and/or Depository Agent". Any application made by these investors directly to CDP or through ATMs will be rejected. Such investors, where applicable, will receive notification letter(s) from their respective approved bank, finance company and/or Depository Agent and should refer to such notification letter(s) for details of the last date and time to submit applications to their respective approved bank, finance company and/or Depository Agent.
- (4) Eligible Depositors who wish to renounce their provisional allotments of Rights Units in favour of a third party should note that CDP requires three Market Days to effect such renunciation. As such, Eligible Unitholders who wish to renounce are advised to do so early to allow sufficient time for the renounees to accept their provisional allotments of Rights Units. Eligible Scripholders who wish to renounce their entire provisional allotments of Rights Units in favour of one person, or renounce any part of it in favour of one person and reject the balance, should complete Form of Renunciation (Form C) for the number of provisional allotments of Rights Units which they wish to renounce and deliver the PAL in its entirety to the renounees. The renounee(s) should complete and sign the Form of Nomination (Form D) and forward Form D, together with the PAL in its entirety and the remittance for the payment in the prescribed manner by post at his/their own risk, in the enclosed self-addressed envelope provided, to K-REIT Asia Management Limited, as manager of K-REIT Asia c/o the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 3 Church Street, #08-01 Samsung Hub, Singapore 049483 so as to reach the Unit Registrar not later than 5.00 p.m. on 13 November 2009.

The Manager may, in consultation with the Lead Manager, Underwriter and Financial Adviser and with the approval of the SGX-ST, modify the above timetable subject to any limitation under any applicable laws. In such an event, the Manager will announce the same via the SGXNET. However, as at the date of this Offer Information Statement, the Manager does not expect the above timetable to be modified.

## USE OF PROCEEDS

### Offer Proceeds and Use of Proceeds

The Rights Issue will raise gross proceeds of approximately S\$620.0 million. The net proceeds of the Rights Issue, being the gross proceeds of the Rights Issue less the estimated amount of management and underwriting and selling commissions as well as the other fees and expenses incurred in connection with the Rights Issue, are estimated to be approximately S\$616.0 million.

For each dollar of the gross proceeds of approximately S\$620.0 million that will be raised from the Rights Issue, the Manager intends to allocate the proceeds from the Rights Issue in the following manner:

- (i) approximately 80.8 cents to repay the Borrowings (which amounts to approximately S\$501.0 million);
- (ii) approximately 18.5 cents to be used to fund potential acquisitions and asset enhancement initiatives and for general corporate and working capital purposes (which amounts to approximately S\$115.0 million); and
- (iii) approximately 0.7 cents to pay for the estimated fees and expenses, including professional fees and expenses, incurred or to be incurred by K-REIT Asia (which amounts to approximately S\$4.0 million).

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

### Additional Details on the Use of Proceeds

The following sets out additional details on the use of proceeds if such proceeds are used to (i) acquire or refinance the acquisition of an asset (other than in the ordinary course of business), (ii) acquire or refinance the acquisition of a business and (iii) discharge, reduce or retire the indebtedness of K-REIT Asia.

#### *Acquisition or Refinance the Acquisition of an Asset*

##### **Acquisition of the ORQ Interest**

The acquisition of the ORQ Interest, which was in K-REIT Asia's ordinary course of business, was financed by a bridging loan facility granted by Kepfinance to the Trustee on 10 December 2007. On 15 May 2008, net proceeds of S\$550.7 million from the renounceable rights issue announced by the Manager on 23 January 2008 (the "2008 Rights Issue") were used to partially repay this bridging loan facility.

On 28 July 2008, the Trustee entered into a loan agreement with Kephinance with respect to a revolving credit loan facility of up to S\$391.0 million to refinance the outstanding amount of the above-mentioned bridging loan facility. The proceeds of the Rights Issue will be used to repay this revolving credit loan facility of S\$391.0 million from Kephinance.

The total acquisition cost of the ORQ Interest was S\$953.6 million. The aggregate consideration for the acquisition of the ORQ Interest was negotiated on a willing-buyer and willing-seller basis and was based on the agreed market value of S\$941.5 million.

As at 12 September 2007, being the latest practicable date of the circular to Unitholders dated 22 September 2007 in connection with the acquisition of the ORQ Interest, KLL held an aggregate indirect interest in 99,041,381 Units, which comprised approximately 40.8% of the total number of Units then in issue, and was therefore regarded as a “controlling Unitholder” under both the Listing Manual and the Property Funds Guidelines (the “**Property Funds Guidelines**”) in Appendix 2 of the Code on Collective Investment Schemes issued by the Authority. As at 12 September 2007, KCL was also regarded as a “controlling Unitholder” under both the Listing Manual and the Property Funds Guidelines, as KCL’s deemed interest of 174,980,927 Units held through KREI and KLL comprised approximately 72.1% of the total number of Units then in issue. As at 12 September 2007, Temasek Holdings (Private) Limited (“**Temasek**”) held approximately 21.4% of the voting shares in the issued share capital of KCL, and was deemed to be interested in approximately 0.6% of the share capital of KCL, in which Temasek’s subsidiaries and associated companies have an aggregate interest. Temasek was therefore also regarded as a “controlling Unitholder” under both the Listing Manual and the Property Funds Guidelines, as Temasek (including through its interests in KCL) had a deemed interest in 174,984,927 Units, which comprised approximately 72.1% of the total number of Units then in issue.

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

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

As the acquisition of the ORQ Interest constituted an interested party transaction under the Property Funds Guidelines, the acquisition fee paid to the Manager was in the form of Units, which were not sold within one year from their date of issuance. This is in accordance with paragraph 5.6 of the Property Fund Guidelines.

### **The Prudential Tower Strata Acquisition**

The proceeds of the Rights Issue will also 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), being the acquisition of levels 20 to 25 of Prudential Tower which is located at 30 Cecil Street, Singapore 049712, which is in K-REIT Asia’s ordinary course of business.

The purchase consideration of the Prudential Tower Strata Acquisition was S\$106.3 million, which was arrived at on a willing-buyer and willing-seller basis after taking into account the prevailing market conditions.

### ***Acquisition or Refinance the Acquisition of a Business***

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

### ***Discharge, Reduction or Retirement of the Indebtedness of K-REIT Asia***

The actual indebtedness which would be reduced by the proceeds from the Rights Issue would depend on, among other things, the outcome of the Manager's negotiations with the relevant lenders, the prevailing economic environment at the relevant time as well as the requirements of K-REIT Asia. Each repayment would be announced by the Manager on SGXNET. The details of the indebtedness of K-REIT Asia which the Manager may reduce with the net proceeds from the Rights Issue (including the details of the maturity of such indebtedness and, in relation to indebtedness which K-REIT Asia has incurred over the past 12 months, the uses to which the proceeds giving rise to such indebtedness were put) are set out in the table below.

<b>Indebtedness which may be reduced</b>	<b>Usage</b>	<b>Amount</b>	<b>Maturity Date(s)</b>
Revolving loan facility from Kephinance	Refinancing debt incurred to finance the acquisition of the ORQ Interest	S\$391.0 million	March 2011
Bridging Loan	Financing the Prudential Tower Strata Acquisition (including related acquisition costs)	Up to S\$110.0 million	January 2010 <sup>(1)</sup>
<b>Total Indebtedness which may be reduced</b>		<b>Approximately S\$501.0 million</b>	

**Note:**

(1) The Bridging Loan is expected to be drawn down in November 2009.

### **Working Capital**

In the reasonable opinion of the Manager, the working capital available to K-REIT Asia, as at the date of lodgement of this Offer Information Statement, after taking into account K-REIT Asia's internal resources and its available loan facilities, is sufficient for present requirements.

### **Management and Underwriting Fee**

Pursuant to the Management and Underwriting Agreement, the Lead Manager, Underwriter and Financial Adviser will be entitled to the Management and Underwriting Fee of 1.5% of the Rights Issue Price multiplied by the number of Balance Rights Units (which is equivalent to approximately S\$2.2 million), together with any goods and services tax payable thereon.



## OVERVIEW OF K-REIT ASIA

### BACKGROUND OF K-REIT ASIA

K-REIT Asia is a Singapore-based 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.

On 1 September 2009, the Manager announced the Prudential Tower Strata Acquisition. K-REIT Asia currently owns approximately 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 approximately 73.4% 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\$2,094.7 million<sup>1</sup>.

K-REIT Asia is managed by K-REIT Asia Management Limited, a wholly-owned subsidiary of KLL. KLL is a leading developer of commercial properties in Singapore.

The general development of the business of K-REIT Asia from the beginning of the period comprising the three most recent completed financial years to the Latest Practicable Date is set out below. Save as disclosed below, to the best of the Manager's knowledge and belief, there have been no material changes in the affairs of K-REIT Asia since the release of K-REIT Asia's financial results for the financial quarter ended 30 September 2009.

Date	Significant Developments
20 March 2006	: Introductory Document of K-REIT Asia dated 20 March 2006 (the " <b>Introductory Document</b> ") despatched to KLL's shareholders.
26 April 2006	: Completed acquisition of initial property portfolio valued at S\$630.7 million <ul style="list-style-type: none"><li>• Prudential Tower Property (approximately 44.4% of the strata area of Prudential Tower);</li><li>• Keppel Towers and GE Tower; and</li><li>• Bugis Junction Towers</li></ul> (collectively, the " <b>Initial Properties</b> ").
28 April 2006	: Listed on the SGX-ST Main Board by way of an introduction.
17 May 2006	: Secured the Blossom Assets Loan Facility.
17 August 2006	: Appointment of Mr Daniel Cerf as Deputy Chief Executive Officer of the Manager.

<sup>1</sup> 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.

Date	Significant Developments
28 August 2006	: Distribution payment of 1.16 cents per Unit to Unitholders for the period from 26 April 2006 to 30 June 2006.
22 January 2007	: The Initial Properties were revalued at S\$677.0 million as at 31 December 2006.
28 February 2007	: Distribution payment of 3.47 cents per Unit to Unitholders for the period from 1 July 2006 to 31 December 2006.
30 July 2007	: Signing of a share purchase agreement in relation to the acquisition of the ORQ Interest valued at S\$941.5 million.
28 August 2007	: Distribution payment of 3.91 cents per Unit to Unitholders for the period from 1 January 2007 to 30 June 2007.
22 September 2007	: Despatch of Unitholders' circular in relation to, <i>inter alia</i> , the proposed acquisition of the ORQ Interest.  The Initial Properties were revalued at S\$815.0 million as at 31 July 2007.
11 October 2007	: An extraordinary general meeting of K-REIT Asia was convened at which, the proposed resolutions in relation to, <i>inter alia</i> , the proposed acquisition of the ORQ Interest, an equity fund raising and an issue of convertible bonds were approved by Unitholders.
10 December 2007	: Completion of the acquisition of the ORQ Interest with proceeds from a bridging loan from Kephinance.
10 December 2007	: Assigned a corporate rating of "Baa3" with a stable rating outlook by Moody's <sup>1</sup> .
10 December 2007	: The Initial Properties were revalued at S\$1,110.0 million as at 10 December 2007.
23 January 2008	: Announcement of the 2008 Rights Issue.
29 February 2008	: Distribution payment of 4.99 cents per Unit to Unitholders for the period from 1 July 2007 to 31 December 2007.
12 March 2008	: Receipt of approval in-principle for the listing of new Units to be issued pursuant to the 2008 Rights Issue.

1 Source: Press releases from Moody's dated 10 December 2007. Moody's has not provided its consent, for purposes of Section 249 (read with Section 302) of the SFA, to the inclusion of the information extracted from the relevant press release published by it and therefore is not liable for such information under Sections 253 and 254 (both read with Section 302) of the SFA. While the Manager has taken reasonable actions to ensure that the information from the relevant report published by Moody's is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, the Manager, the Lead Manager, Underwriter and Financial Adviser or any other party have not conducted an independent review of the information contained in such report nor verified the accuracy of the contents of the relevant information.

Date	Significant Developments
13 March 2008	: Despatch of Unitholder's circular in relation to, <i>inter alia</i> , the 2008 Rights Issue and a general mandate for the issue of new Units and/or convertible securities which may be converted into Units (" <b>Convertible Securities</b> ").
28 March 2008	: Announcement of the rights issue price for the 2008 Rights Issue.
31 March 2008	: An extraordinary general meeting of K-REIT Asia was convened at which the resolutions in relation to the 2008 Rights Issue and the general mandate for the issue of new Units and/or Convertible Securities were approved by Unitholders.
9 April 2008	: Lodgment of the circular incorporating an offer information statement in relation to the 2008 Rights Issue.
8 May 2008	: 396,925,192 rights units issued pursuant to the 2008 Rights Issue were listed and quoted on the Official List of the SGX-ST.
15 May 2008	: Utilisation of the net proceeds of S\$550.7 million from the 2008 Rights Issue for the partial repayment of the bridging loan provided by Kephinance.
18 June 2008	: Advanced distribution payment of 6.58 cents per Unit to Unitholders for the period from 1 January 2008 to 7 May 2008.
28 July 2008	: Entered into a loan agreement with Kephinance with respect to a revolving credit loan facility of up to S\$391.0 million to refinance a bridging loan facility of up to S\$960.0 million previously granted by Kephinance to finance the acquisition of the ORQ Interest.
28 August 2008	: Distribution payment of 1.39 cents per Unit to Unitholders for the period from 8 May 2008 to 30 June 2008.
19 January 2009	: Establishment of the MTN Programme.
23 February 2009	: Distribution payment of 5.07 cents per Unit to Unitholders for the period from 1 July 2008 to 31 December 2008.
14 March 2009	: Cessation of appointment of Mr Daniel Cerf as Deputy Chief Executive Officer of the Manager.
31 July 2009	: Cessation of appointment of Mr Lim Poh Chuan as Independent Director, member of the audit committee of the Manager (the " <b>Audit Committee</b> ") and chairman of the nominating and remuneration committee.
31 July 2009	: Appointment of Professor Tsui Kai Chong as a member of the Audit Committee.
17 August 2009	: Cessation of appointment of Mr Tan Swee Yiow as Chief Executive Officer of the Manager.

Date	Significant Developments
17 August 2009	: Appointment of Ms Ng Hsueh Ling as Chief Executive Officer and Director of the Manager.
27 August 2009	: Distribution payment of 4.99 cents per Unit to Unitholders for the period from 1 January 2009 to 30 June 2009.
1 September 2009	: Entered into a sale and purchase agreement in relation to the Prudential Tower Strata Acquisition.
30 September 2009	: Announcement of the receipt of approval in-principle for the listing of the Rights Units and announcement of the Rights Issue.
	The Existing Portfolio was revalued at S\$1,970.2 million as at 29 September 2009.
	Entered into a bridging loan agreement with Kephinance to obtain the Bridging Loan to fund the Prudential Tower Strata Acquisition (including related acquisition costs).
21 October 2009	: An EGM was convened at which, the resolutions in relation to the Rights Issue and the trust deed supplement to amend the Trust Deed were approved by Unitholders.

The Manager expects that the completion of the Prudential Tower Strata Acquisition will take place in November 2009 and the Bridging Loan will be drawn down to finance the acquisition. The Manager also expects that the Bridging Loan will be refinanced using the proceeds from the Rights Issue on or about the date of completion of the Rights Issue.

### Latest Valuation

The latest valuation of the Existing Portfolio 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.

### THE MANAGER OF K-REIT ASIA

The manager of K-REIT Asia is K-REIT Asia Management Limited and its registered office is located at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632. The Manager can be contacted at (65) 6835 7477, and its facsimile number is (65) 6835 7747. The names and addresses of the Directors are set out below.

Name	Position	Address
Professor Tsui Kai Chong	Chairman and Non-Executive Independent Director	1 HarbourFront Avenue #18-01 Keppel Bay Tower Singapore 098632
Mr Kevin Wong Kingcheung	Deputy Chairman and Non-Executive Director	1 HarbourFront Avenue #18-01 Keppel Bay Tower Singapore 098632

Name	Position	Address
Mr Tan Swee Yiow	Executive Director	1 HarbourFront Avenue #18-01 Keppel Bay Tower Singapore 098632
Ms Ng Hsueh Ling	Chief Executive Officer and Director	1 HarbourFront Avenue #18-01 Keppel Bay Tower Singapore 098632
Dr Chin Wei-Li, Audrey Marie	Non-Executive Independent Director	1 HarbourFront Avenue #18-01 Keppel Bay Tower Singapore 098632
Mrs Lee Ai Ming	Non-Executive Independent Director	1 HarbourFront Avenue #18-01 Keppel Bay Tower Singapore 098632

## INFORMATION ON THE UNITS

### Number of Units

As at the Latest Practicable Date, there were 666,703,965 Units in issue.

### Substantial Unitholders of K-REIT Asia and their Unitholdings

Based on the Register of Substantial Unitholders maintained by the Manager, the unitholdings of Substantial Unitholders as at the Latest Practicable Date are as follows:

Substantial Unitholder	Direct Interest	% of Issued Units	Deemed Interest	% of Issued Units	Total Interest	Total % of Issued Units
Temasek Holdings (Private) Limited <sup>(1)</sup>	—	—	505,543,389	75.83	505,543,389	75.83
KCL <sup>(2)</sup>	—	—	505,539,389	75.83	505,539,389	75.83
KLL <sup>(3)</sup>	—	—	301,822,165	45.27	301,822,165	45.27
KRAI	301,822,165	45.27	—	—	301,822,165	45.27
KREI	203,717,224	30.56	—	—	203,717,224	30.56

#### Notes:

- (1) Temasek Holdings (Private) Limited's deemed interest arises from its shareholdings in KCL, DBS Group Holdings Limited and Mount Faber Leisure Group Pte. Ltd..
- (2) KCL's deemed interest arises from its shareholdings in KREI, a wholly-owned subsidiary of KCL, and in KRAI, a wholly-owned subsidiary of KLL, which is in turn a subsidiary of KCL.
- (3) KLL's deemed interest arises from its shareholdings in KRAI, a wholly-owned subsidiary of KLL.

### History of Issuance of Units

No Units have been issued by the Manager for cash or services within the 12 months immediately preceding the Latest Practicable Date, save for the issue of Units in payment of the Manager's management fees in accordance with the terms of the Trust Deed as set out in the table below.

Date	Number of Units Issued
30 October 2008	3,271,860 Units were issued at S\$0.9904 per Unit to KRAI as directed by the Manager in full payment of its management fees for the period from 1 July 2008 to 30 September 2008.
30 January 2009	4,819,121 Units were issued at S\$0.6914 per Unit to KRAI as directed by the Manager in full payment of its management fees for the period from 1 October 2008 to 31 December 2008.
30 April 2009	5,739,867 Units were issued at S\$0.5631 per Unit to KRAI as directed by the Manager in full payment of its management fees for the period from 1 January 2009 to 31 March 2009.
30 July 2009	3,420,812 Units were issued at S\$0.9705 per Unit to KRAI as directed by the Manager in full payment of its management fees for the period from 1 April 2009 to 30 June 2009.

### Price Range and Trading Volume of the Units on the SGX-ST

The highest and lowest closing prices and the average daily volume of Units traded on the SGX-ST for the twelve calendar months immediately preceding October 2009 and for the period commencing on 1 October 2009 to the Latest Practicable Date are as follows:

Month	Price Range (S\$ per Unit)		Average Daily Volume Traded Units ('000)
	Highest	Lowest	
October 2008	0.85	0.64	339
November 2008	0.74	0.53	368
December 2008	0.64	0.50	424
January 2009	0.66	0.59	630
February 2009	0.60	0.52	387
March 2009	0.57	0.46	528
April 2009	0.66	0.56	523
May 2009	0.89	0.68	747
June 2009	1.03	0.90	561
July 2009	1.07	0.89	576
August 2009	1.10	1.02	330
September 2009	1.24	1.09	502
1 October 2009 to 22 October 2009, being the Latest Practicable Date	1.20	1.10	1,153

**Source:** Bloomberg L.P.. Bloomberg L.P. has not provided its consent, for purposes of Section 249 (read with Section 302) of the SFA, to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information under Sections 253 and 254 (both read with Section 302) of the SFA. While the Manager has taken reasonable actions to ensure that the information from the relevant report published by Bloomberg L.P. is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, the Manager, the Lead Manager, Underwriter and Financial Adviser or any other party have not conducted an independent review of the information contained in such report nor verified the accuracy of the contents of the relevant information.

## INDEBTEDNESS

The total outstanding amount of borrowings of K-REIT Asia as at the Latest Practicable Date was S\$581.1 million, with the breakdown set out in (A) and (B) below. The facilities of K-REIT Asia as at the Latest Practicable Date are as follows:

### Borrowings of K-REIT Asia

#### (A) Term Loan of S\$190.1 million

In May 2006, K-REIT Asia secured a five-year term loan facility amounting to S\$190.1 million (the “**Blossom Assets Loan Facility**”) granted by Blossom Assets, a special purpose company, which was funded by the proceeds of rated commercial mortgage-backed securities notes issued by Blossom Assets.

These commercial mortgage-backed securities were rated AAA and AA or their equivalent by Standard & Poor’s Ratings Services<sup>1</sup> and Moody’s<sup>2</sup>. The Blossom Assets Loan Facility comprises (i) a five-year term loan of S\$160.2 million at a fixed interest rate of 3.905% per annum and (ii) a five-year term loan of S\$29.9 million at a fixed interest rate of 4.055% per annum.

As at the Latest Practicable Date, the Blossom Assets Loan Facility is fully drawn down and bears interest at a blended rate of 3.9% per annum. The Blossom Assets Loan Facility will be maturing in May 2011.

#### (B) Revolving Loan of S\$391.0 million

In July 2008, K-REIT Asia put in place a revolving loan facility of up to S\$391.0 million from Kephinance for a period of thirty months commencing from 10 September 2008. Upon the expiry of thirty months, the revolving loan facility may be renewed on terms to be agreed between the parties. Interest is payable at floating rates and is repriced within one to twelve months. As at the Latest Practicable Date, the amount drawn down stood at S\$391.0 million and will mature in March 2011.

#### (C) MTN Programme

In January 2009, K-REIT Asia established a S\$1.0 billion MTN Programme. There has been no utilisation of this MTN Programme as at the Latest Practicable Date.

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1 Source: Press release from Standard & Poor’s Ratings Services dated 17 May 2006. Standard & Poor’s Ratings Services has not provided its consent, for purposes of Section 249 (read with Section 302) of the SFA, to the inclusion of the information extracted from the relevant press release published by it and therefore is not liable for such information under Sections 253 and 254 (both read with Section 302) of the SFA. While the Manager has taken reasonable actions to ensure that the information from the relevant report published by Standard & Poor’s Ratings Services is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, the Manager, the Lead Manager, Underwriter and Financial Adviser or any other party have not conducted an independent review of the information contained in such report nor verified the accuracy of the contents of the relevant information.

2 Source: Press release from Moody’s dated 17 May 2006. Moody’s has not provided its consent, for purposes of Section 249 (read with Section 302) of the SFA, to the inclusion of the information extracted from the relevant press release published by it and therefore is not liable for such information under Sections 253 and 254 (both read with Section 302) of the SFA. While the Manager has taken reasonable actions to ensure that the information from the relevant report published by Moody’s is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, the Manager, the Lead Manager, Underwriter and Financial Adviser or any other party have not conducted an independent review of the information contained in such report nor verified the accuracy of the contents of the relevant information.



**(D) Bridging Loan**

On 30 September 2009, K-REIT Asia entered into a bridging loan agreement with Kepfinance to obtain a bridging loan facility of up to S\$110.0 million for a period of three months commencing from the first draw down date. Upon the expiry of three months, this bridging loan may be renewed on terms to be agreed between the parties. Interest is payable at floating rates. The bridging loan facility has not been utilised as at the Latest Practicable Date.

As at the Latest Practicable Date, K-REIT Asia's average cost of borrowings was 4.25% per annum and approximately 32.7% of K-REIT Asia's borrowings are on fixed rates basis or have been hedged to fixed rates, with the remaining borrowings on floating rates basis.

## OPERATING AND FINANCIAL REVIEW AND PROSPECTS

### OPERATING REVIEW

*This section should be read together with the selected financial data from the Financial Statements which is set out in **Appendix A** of this Offer Information Statement. Such selected financial data should also be read together with the relevant notes to the Financial Statements, which are available on the website of K-REIT Asia at [www.kreitasia.com](http://www.kreitasia.com) and are also available for inspection during normal business hours at the registered office of the Manager at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632, from the date of this Offer Information Statement up to and including the date falling six months after the date of this Offer Information Statement<sup>1</sup>.*

*The information contained in the website of K-REIT Asia does not constitute part of this Offer Information Statement.*

### Statement of Total Return, Comprehensive Income and Distribution Statements

Selected financial data from the 2006 Audited Financial Statements, the 2007 Audited Financial Statements, the 2008 Audited Financial Statements and the 2009 Third Quarter Unaudited Financial Statements, including the line items in the statement of total return, comprehensive income and the distribution statement of K-REIT Asia, is set out in **Appendix A** of this Offer Information Statement. Financial data relating to (i) DPU, (ii) earnings per Unit and (iii) earnings per Unit after any adjustment to reflect the issue of Rights Units is also set out in **Appendix A** of this Offer Information Statement. Such selected financial data should be read together with the relevant notes to the Financial Statements.

### Balance Sheet and Cash Flow Statement

Selected financial data from the 2008 Audited Financial Statements and the 2009 Third Quarter Unaudited Financial Statements, including the line items in the balance sheet of K-REIT Asia, is set out in **Appendix A** of this Offer Information Statement. Such selected financial data should be read together with the relevant notes to the Financial Statements.

The pro forma financial effects of the Rights Issue on the NAV per Unit as at 30 September 2009 presented in the table on the following page are strictly for illustrative purposes and were prepared based on the 2009 Third Quarter Unaudited Financial Statements, taking into account the estimated costs of the Rights Issue and assuming that, as at 30 September 2009:

- (i) 666,703,965 Rights Units were issued at the Rights Issue Price of S\$0.93 per Rights Unit; and
- (ii) net proceeds of S\$616.0 million were raised after taking into account the estimated costs of the Rights Issue of S\$4.0 million.

	As at 30 September 2009	Pro Forma after the Rights Issue
NAV (S\$'000)	1,355,456	1,971,491
Issued Units ('000)	666,704	1,333,408
NAV per Unit (S\$)	2.03	1.48

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

## **Liquidity and Capital Resources**

Selected financial data from the 2008 Audited Financial Statements and the 2009 Third Quarter Unaudited Financial Statements is set out in **Appendix A** of this Offer Information Statement. Such selected financial data and information should be read together with the relevant notes to the Financial Statements.

### ***Financial Year ended 31 December 2008***

The cash balance of K-REIT Asia increased by S\$21.0 million to S\$44.0 million during the year. The increase was due mainly to cash generated from operating activities of S\$39.0 million and cash generated from investing activities of S\$45.3 million, offset by cash outflow from financing activities of S\$63.3 million.

The cash outflow for financing activities of S\$63.3 million comprised mainly the repayment of S\$551.0 million of borrowings by utilising the gross proceeds of S\$551.7 million from the 2008 Rights Issue, the distribution to the Unitholders of S\$37.9 million and interest paid for borrowings of S\$21.2 million. The main cash inflow from investing activities was the S\$19.6 million from income support, S\$9.7 million from interest income and S\$9.0 million from dividend income, all in relation to ORQ Interest, and S\$7.0 million from ORQPL as a result of a partial repayment of a shareholder's loan.

### ***Interim Financial Period 2009: Period from 1 January 2009 to 30 September 2009***

The cash balance decreased by S\$17.8 million from S\$44.0 million as at 31 December 2008 to S\$26.1 million as at 30 September 2009. The decrease was due mainly to cash used in financing activities of S\$79.5 million and offset by cash generated from operating activities of S\$33.2 million and investing activities of S\$28.4 million.

The cash outflow for financing activities of S\$79.5 million was mainly for the distribution to the Unitholders of S\$66.2 million and interest paid for borrowings of S\$13.3 million. The main cash inflow from investing activities was the S\$18.7 million from income support, S\$9.5 million from interest income and S\$6.8 million from dividend income, all in relation to ORQ Interest, and S\$4.0 million from ORQPL as a result of a partial repayment of a shareholder's loan, offset by a deposit of S\$10.6 million paid for the Prudential Tower Strata Acquisition.

## **FINANCIAL REVIEW**

### ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

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

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

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

new and renewed leases. This was partly offset by higher property expenses due mainly to higher property tax and higher utilities expenses. As at 31 December 2006, the total assets of K-REIT Asia was S\$694.9 million.

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

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

For FY 2007, K-REIT Asia reported a DPU of 8.82 cents. K-REIT Asia achieved a Net Property Income of S\$28.3 million, 19.6% higher than the pro forma Net Property Income in the previous year. The improvement was due mainly to higher rental rates achieved for new and renewed leases and higher occupancies. This was partly offset by higher property expenses due mainly to higher property tax and higher marketing expenses. K-REIT Asia also reported a maiden contribution of S\$2.8 million from the ORQ Interest. This was partly offset by additional borrowing costs incurred on the loan drawn down to finance the acquisition of the ORQ Interest. As at 31 December 2007, the total assets of K-REIT Asia was S\$2,088.1 million, an increase of 200.5% against 31 December 2006 due mainly to the acquisition of ORQ Interest as well as net fair value gain of investment properties.

#### ***Financial Year ended 31 December 2008***

On 8 May 2008, K-REIT Asia completed the 2008 Rights Issue and issued 396.9 million rights units to raise gross proceeds of approximately S\$551.7 million.

For FY 2008, K-REIT Asia reported a DPU of 8.91 cents. K-REIT Asia achieved a Net Property Income of S\$39.7 million, 40.3% higher than in FY 2007. The improvement was due mainly to higher rental rates achieved for new and renewed leases. Net income reported an increase of S\$3.2 million from S\$12.7 million in FY 2007 to S\$15.9 million in FY 2008 due mainly to the contribution from the ORQ Interest. The contribution from the ORQ Interest was partly offset by additional borrowing costs incurred on the loan drawn down to finance the acquisition of the ORQ Interest and higher amounts of management fees paid to the Manager. As at 31 December 2008, the total assets of K-REIT Asia was S\$2,092.3 million which was largely in line with that as at 31 December 2007.

#### ***Interim Financial Period 2009: Period from 1 January 2009 to 30 September 2009***

On 1 September 2009, K-REIT Asia announced that it entered into a sale & purchase agreement in connection with the Prudential Tower Strata Acquisition, being the acquisition of the Prudential Tower Property, which is an additional six strata floors of Prudential Tower. Upon completion of the Prudential Tower Strata Acquisition, which is expected to take place in November 2009, K-REIT Asia's ownership in Prudential Tower will increase to approximately 73.4% of the total strata area of the building. On 29 September 2009, K-REIT Asia's portfolio was valued at S\$1,970.2 million. This will increase to S\$2,094.7 million after the completion of the Prudential Tower Strata Acquisition.

On 30 September 2009, K-REIT Asia announced the Rights Issue to raise gross proceeds of approximately S\$620.0 million to repay borrowings and finance potential acquisitions and asset enhancement initiatives.

For the financial period from 1 January 2009 to 30 September 2009 ("**FP 2009**"), K-REIT Asia reported an annualised DPU of 10.25 cents. K-REIT Asia achieved a Net Property Income of S\$35.4 million, 27.3% higher than the corresponding period in the previous year. The improvement in Net Property Income was due mainly to higher property income resulting from higher rental rates achieved for new and renewed leases. As a result of the higher property income, net income increased by S\$8.3 million to S\$20.6 million from S\$12.3 million in the corresponding period in the previous year. As at 30

September 2009, total assets of K-REIT Asia was S\$1,970.2 million, a decrease of 5.8% from S\$2,092.3 million as at 31 December 2008 due mainly to net fair value loss from the investment properties.

## **BUSINESS PROSPECTS AND TREND INFORMATION**

According to advance estimates by the Ministry of Trade and Industry (“**MTI**”), the Singapore economy continued to show signs of recovery, with real gross domestic product (“**GDP**”) recording a 14.9% growth on a quarter-on-quarter basis, following a 22.0% expansion in the second quarter of 2009. The MTI now expects the Singapore economy to contract by 2.0% to 2.5% in October 2009, an upward revision from its earlier forecast of 4% to 6% contraction in August 2009<sup>1</sup>.

With the improved economic outlook, office leasing activities increased while the rate of decline for office rents continued to ease in the third quarter of 2009. The improvement in business confidence, the current competitive office rental rates in Singapore compared with other Asian cities such as Hong Kong and Tokyo, and the tendency for tenants to engage in “flight to quality” are favourable factors for Singapore’s office sector.

K-REIT Asia is well-positioned to capitalise on this phase of economic stabilisation with its high-quality asset portfolio, strong tenancy profile and broad tenant diversity. Based on committed leases as at end-September 2009, K-REIT Asia’s gross rental income for FY 2009 already exceeds that for FY 2008. The weighted average lease term to expiry for K-REIT Asia’s portfolio is 5.3 years while that of its top 10 tenants is 6.8 years, providing income stability for Unitholders.

Going forward, with the added financial flexibility upon completion of the Rights Issue, the Manager intends to pursue opportunities for strategic acquisitions in Singapore and across Asia. The Manager will also continue to focus on tenant retention, attracting new tenants, and seek to manage K-REIT Asia’s properties and operating cost structure more efficiently.

(See the section entitled “Risk Factors” of this Offer Information Statement for a discussion of certain factors to be considered in connection with an investment in the “nil-paid” rights and the Rights Units.)

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<sup>1</sup> Source: The MTI’s article titled “Economic Survey of Singapore 2008” published on 26 February 2009 and press releases titled “MTI Revises 2009 Growth Forecast to –9.0 to –6.0 Per Cent” dated 14 April 2009, “2009 GDP Growth Forecast Maintained at –9.0 to –6.0 Per Cent” on 21 May 2009, “MTI Revises 2009 Growth Forecast” on 14 July 2009, “2009 GDP Growth Forecast Maintained at –6.0 to –4.0 Per Cent” on 11 August 2009 and “2009 GDP Growth Forecast Revised to –2.5 to –2.0 Per Cent” on 12 October 2009, which are all available on the website of the MTI at [www.mti.gov.sg](http://www.mti.gov.sg). The MTI has not provided its consent, for purposes of Section 249 (read with Section 302) of the SFA, to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information under Sections 253 and 254 (both read with Section 302) of the SFA. While the Manager has taken reasonable actions to ensure that the information from the relevant report published by the MTI is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, the Manager, the Lead Manager, Underwriter and Financial Adviser or any other party have not conducted an independent review of the information contained in such report nor verified the accuracy of the contents of the relevant information.

## RISK FACTORS

*The risks described below should be carefully considered before making an investment decision in relation to the “nil-paid” rights, the Rights Units or the Units. The risks described below are not the only ones relevant to K-REIT Asia, the Manager, the Trustee, the “nil-paid” rights, the Rights Units or the Units. Additional risks not described below or not presently known to the Manager and/or the Trustee or that it/they currently deem(s) immaterial may also impair the business operations of K-REIT Asia. The business, financial condition or results of operations of K-REIT Asia could be materially and adversely affected by any of these risks.*

### **RISKS ASSOCIATED WITH K-REIT ASIA’S BUSINESS AND OPERATION OF THE PROPERTIES HELD BY K-REIT ASIA**

#### **Uncertainties and instability in global market conditions could adversely affect the business, financial condition and results of operations of K-REIT Asia.**

The U.S. credit markets and the sub-prime residential mortgage market have experienced, and may continue to experience, volatility and liquidity disruptions, which have resulted in the consolidation, failure or near failure of a number of institutions in the banking and insurance industries. These and other related events have had a significant impact on the global capital markets associated not only with asset-backed securities but also with the global credit and financial markets as a whole. These events could adversely affect K-REIT Asia, including:

- a negative impact on the ability of the tenants of K-REIT Asia’s properties to pay their rents in a timely manner or to continue their leases, thus reducing K-REIT Asia’s cash flow;
- an increase in counterparty risk; and
- an increased likelihood that one or more of K-REIT Asia’s banking syndicates or insurers may be unable to honour their commitments to K-REIT Asia.

There is also uncertainty as to the scale of the downturn in the U.S. or the global economy, the decrease in consumer demand and the impact of the global downturn on the Singapore economy.

According to advance estimates from the MTI, the Singapore economy continued to show signs of recovery, with real GDP recording a 14.9% growth on a quarter-to-quarter basis, following a 22.0% expansion in the second quarter of 2009. The MTI now expects the Singapore economy to contract by 2.0% to 2.5% in October 2009, an upward revision from its earlier forecast of 4.0% to 6.0% contraction in August 2009<sup>1</sup>. There can be no assurance that Singapore’s actual GDP growth would not be worse than the current or any revised official GDP forecast.

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<sup>1</sup> Source: The MTI’s article titled “Economic Survey of Singapore 2008” published on 26 February 2009 and press releases titled “MTI Revises 2009 Growth Forecast to –9.0 to –6.0 Per Cent” dated 14 April 2009, “2009 GDP Growth Forecast Maintained at –9.0 to –6.0 Per Cent” on 21 May 2009, “MTI Revises 2009 Growth Forecast” on 14 July 2009, “2009 GDP Growth Forecast Maintained at –6.0 to –4.0 Per Cent” on 11 August 2009 and “2009 GDP Growth Forecast Revised to –2.5 to –2.0 Per Cent” on 12 October 2009, which are all available on the website of the MTI at [www.mti.gov.sg](http://www.mti.gov.sg). The MTI has not provided its consent, for purposes of Section 249 (read with Section 302) of the SFA, to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information under Sections 253 and 254 (both read with Section 302) of the SFA. While the Manager has taken reasonable actions to ensure that the information from the relevant report published by the MTI is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, the Manager, the Lead Manager, Underwriter and Financial Adviser or any other party have not conducted an independent review of the information contained in such report nor verified the accuracy of the contents of the relevant information.



**In respect of the ORQ Interest, there may be potential conflicts between the Manager, Suntec Real Estate Investment Trust (“Suntec REIT”) and Hongkong Land International Holdings Limited (“Hongkong Land”) in relation to the restated shareholders’ agreement.**

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

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

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

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

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

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

The deed of income support dated 30 July 2007 (as amended and supplemented) made between Boulevard, Keppel Land Properties Pte. Ltd. and the Trustee (the “**Deed of Income Support**”) provides for K-REIT Asia to receive top-up payments from Boulevard to the Trustee amounting to the Quarterly Shortfall<sup>1</sup> during the period commencing on 1 October 2007 and ending 31 December 2011 (the “**Income Support Top-up Payments**”). Under the Deed of Income Support, Boulevard has undertaken to the Trustee to make certain income support top-up payments equal to the amount of the Quarterly Shortfall during the period commencing on 1 October 2007 and ending on 31 December 2011. K-REIT Asia will receive the Income Support Top-up Payments until 31 December 2011, after which, income from One Raffles Quay to K-REIT Asia may fall to the extent that the revised rental income pursuant to rental reversions is lower than the guaranteed income amount. As such, the expiry of the Deed of Income Support may have an adverse impact on K-REIT Asia’s financial condition and results of operations.

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1 “**Quarterly Shortfall**” refers to, in relation to the ORQ Interest, one-third of the difference between the Net Property Income (as defined herein) and the guaranteed income amount for each of the calendar quarters during the period commencing on 1 October 2007 and ending on 31 December 2011.



**Income from the Prudential Tower Property to K-REIT Asia may fall upon the end of the income support to be provided by APF Property Investments (S) Pte. Ltd. (“APF”), which may affect the financial condition of K-REIT Asia.**

Pursuant to the sale and purchase agreement entered into between the Trustee and APF in relation to the Prudential Tower Strata Acquisition, APF will provide to K-REIT Asia rental income support of up to S\$5.0 million, for a period of five years commencing from the date of completion of the Prudential Tower Strata Acquisition, which is expected to be in November 2009. Upon the expiry of this five-year period, income from the Prudential Tower Property may fall to the extent that the revised rental income pursuant to rental reversions is lower than the guaranteed income amount, having an impact on K-REIT Asia’s financial condition and results of operations.

**The amount K-REIT Asia may borrow is limited, which may affect the operations of K-REIT Asia and the borrowing limit may be exceeded if there is a downward revaluation of assets.**

The Property Fund Guidelines provide that the Aggregate Leverage of a REIT may reach a maximum of 60.0% of the value of its Deposited Property provided that a credit rating of the REIT from Fitch Inc., Moody’s or Standard & Poor’s is obtained and disclosed to the public. In addition, such credit rating should be maintained and disclosed so long as the Aggregate Leverage of the REIT exceeds 35.0% of the value of its Deposited Property. K-REIT Asia is currently assigned a corporate family rating of “Baa3” with a stable outlook by Moody’s<sup>1</sup>, and is currently permitted to borrow up to a maximum of 60.0% of the value of its Deposited Property. However, a decline in the value of K-REIT Asia’s Deposited Property may affect K-REIT Asia’s ability to borrow further.

Adverse business consequences of this limitation on borrowings may include:

- an inability to fund capital expenditure requirements in relation to K-REIT Asia’s properties;
- an inability to fund investments or acquisitions of assets; and
- cash flow shortages which may have an adverse impact on K-REIT Asia’s ability to make distributions.

A downward revaluation of any of K-REIT Asia’s properties or investments may result in a breach of the borrowing limit under the Property Fund Guidelines. In the event of such a breach, K-REIT Asia, through the Trustee would not be able to incur further indebtedness. In such circumstances, while K-REIT Asia may not be required to dispose of its assets to reduce its indebtedness, the inability to incur further indebtedness may constrain its operational flexibility.

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1 Source: Press release from Moody’s dated 5 October 2009. Moody’s has not provided its consent, for purposes of Section 249 (read with Section 302) of the SFA, to the inclusion of the information extracted from the relevant press release published by it and therefore is not liable for such information under Sections 253 and 254 (both read with Section 302) of the SFA. While the Manager has taken reasonable actions to ensure that the information from the relevant report published by Moody’s is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, the Manager, the Lead Manager, Underwriter and Financial Adviser or any other party have not conducted an independent review of the information contained in such report nor verified the accuracy of the contents of the relevant information.

**There is no assurance that the current rating given to K-REIT Asia by Moody's will be maintained or that the rating will not be reviewed, downgraded, suspended or withdrawn in the future.**

On 5 October 2009, Moody's affirmed K-REIT Asia's corporate rating of "Baa3" with a stable outlook<sup>1</sup>. The rating assigned by Moody's is based on the views of Moody's only. Future events could have a negative impact on the rating of K-REIT Asia and prospective investors should be aware that there is no assurance that the rating given will continue or that the rating would not be reviewed, downgraded, suspended or withdrawn as a result of future events or judgment on the part of Moody's. Any rating changes that could occur may have a negative impact on the trading price of the Units. A downgrade of the rating may lead to K-REIT Asia being unable to obtain future credit on terms which are as favourable as those of its existing borrowings, resulting in borrowings at higher interest rates.

**K-REIT Asia's business is concentrated in Singapore, which may result in a higher level of risk compared to some other REITs that have properties spread over diverse locations.**

As at the Latest Practicable Date, properties held by K-REIT Asia are principally located in Singapore. Such concentration in Singapore may entail a higher level of risk as compared to some other REITs which have properties spread over different countries or have a more diverse range of investments. A substantial portion of K-REIT Asia's earnings depends on the continued strength of Singapore's office property market, which is in turn affected by general economic and business conditions. This exposes K-REIT Asia to the risk of a prolonged downturn in economic and real estate conditions in Singapore. The value of K-REIT Asia's properties and the rental revenue collected may also be adversely affected by local real estate conditions.

**The Manager may change K-REIT Asia's investment strategy.**

K-REIT Asia's policies with respect to certain activities, including investments and acquisitions, will be determined by the Manager, subject to applicable laws and regulations. The Manager has stated its intention to restrict investments to income-producing commercial real estate and real estate-related assets in Singapore and across Asia. The Trust Deed grants the Manager wide powers to invest in other types of assets, including any real estate, real estate-related assets as well as listed and unlisted securities in Singapore and other jurisdictions.

**The Manager may not be able to implement its investment strategy.**

The Manager's investment strategy includes expanding K-REIT Asia's portfolio of commercial properties and providing regular and stable distributions to Unitholders. There can be no assurance that the Manager will be able to implement its investment strategy successfully or that it will be able to expand K-REIT Asia's portfolio further, or at any specified rate or to any specified size. The Manager may not be able to make investments or acquisitions on favourable terms or within a desired time frame.

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<sup>1</sup> Source: Press release from Moody's dated 5 October 2009. Moody's has not provided its consent, for purposes of Section 249 (read with Section 302) of the SFA, to the inclusion of the information extracted from the relevant press release published by it and therefore is not liable for such information under Sections 253 and 254 (both read with Section 302) of the SFA. While the Manager has taken reasonable actions to ensure that the information from the relevant report published by Moody's is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, the Manager, the Lead Manager, Underwriter and Financial Adviser or any other party have not conducted an independent review of the information contained in such report nor verified the accuracy of the contents of the relevant information.

K-REIT Asia will be relying on external sources of funding to expand its portfolio, which may not be available on favourable terms or at all, particularly in light of current global market conditions mentioned above. Even if K-REIT Asia were able to successfully make additional property investments, there can be no assurance that K-REIT Asia will achieve its intended return on such investments. Since the amount of debt that K-REIT Asia can incur to finance acquisitions is limited by the Property Fund Guidelines, such acquisitions will largely be dependent on K-REIT Asia's ability to raise equity capital, which may result in a dilution of Unitholders' holdings. Potential vendors may also view the prolonged time frame and lack of certainty generally associated with the raising of equity capital to fund any such purchase negatively and may prefer other potential purchasers.

Furthermore, there may be significant competition for attractive investment opportunities from other real estate investors, including commercial property development companies, private investment funds and other REITs whose investment policy is also to invest in commercial properties. There can be no assurance that K-REIT Asia will be able to compete effectively against such entities.

**The Manager may not be able to implement its asset enhancement strategy.**

One of the Manager's strategies for growth is to increase yields and total returns through asset enhancement initiatives. Any plans for asset enhancement initiatives are subject to known and unknown risks, uncertainties and other factors which may lead to any of such asset enhancement initiatives and/or their outcomes being materially different from the original projections or plans. There can be no assurance that the Manager will be able to implement any of its proposed asset enhancement initiatives successfully or that the carrying out of any asset enhancement initiative will enhance the value of the relevant property. The proposed asset enhancement initiatives are subject to K-REIT Asia obtaining the approvals of the relevant authorities. Furthermore, the Manager may not be able to carry out the proposed asset enhancement initiatives within a desired timeframe, and any benefit or return which may arise from such asset enhancement initiatives may be reduced or lost. Even if the asset enhancement initiatives are successfully carried out, there can be no assurance that K-REIT Asia will achieve its intended return or benefit on such asset enhancement initiatives.

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

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

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

KLL and its subsidiaries, related corporations and associates are engaged in the investment in, and the development and management of, among others, real estate in Singapore. As at the Latest Practicable Date, KLL owns, through its wholly-owned subsidiary, an indirect interest of approximately 45.27% of the total number of issued Units. Furthermore, KLL's controlling shareholder, KCL owns, through its wholly-owned subsidiary, an additional 30.56% of the total number of issued Units. Together, KLL and KCL have an interest in 75.8% of the total number of Units in issue and may thus exercise significant influence in matters which require the approval of Unitholders.

**K-REIT Asia may be involved in legal and other proceedings from time to time.**

K-REIT Asia may be involved from time to time in disputes with various parties such as tenants, contractors, sub-contractors, consultants, suppliers, construction companies, purchasers and other partners involved in the asset enhancement, operation and acquisitions of investments and assets. These disputes may lead to legal and other proceedings, and may cause K-REIT Asia to suffer additional costs and delays that result in financial losses and delay the construction or completion of its projects and acquisitions.

**The outbreak of an infectious disease or any other serious public health concerns in Asia and elsewhere could adversely impact the business, financial condition and results of operations of K-REIT Asia.**

In 2003, Hong Kong, Taiwan, China, Singapore, Malaysia and other places experienced an outbreak of Severe Acute Respiratory Syndrome, which adversely affected the Asian economies, including Singapore. The property sector was adversely affected by the Severe Acute Respiratory Syndrome outbreak.

In late 2003 and June 2004, outbreaks of avian influenza occurred in several countries in Asia. In 2005 and 2006, outbreaks were reported in other parts of the world including Europe, the Middle East and Africa. Some of these outbreaks severely affected the poultry and related industries and, in addition, several cases of bird-to-human transmission of avian influenza were reported in various countries.

In June 2007, World Health Organisation reported new cases of human infection of avian influenza (H5N1) in China and Indonesia.

In April and May 2009, outbreaks of Influenza A (H1N1-2009) occurred in several countries across the world including Asia.

The outbreak of an infectious disease such as Influenza A (H1N1-2009), avian influenza or Severe Acute Respiratory Syndrome in Asia and elsewhere, together with any resulting restrictions on travel and/or imposition of quarantines, could have a negative impact on the economy and business activities in Asia and could thereby adversely impact the revenues and results of K-REIT Asia. There can be no assurance that any precautionary measures taken against infectious diseases would be effective. A future outbreak of an infectious disease or any other serious public health concerns in Asia could have an adverse effect on the business, financial condition and results of operations of K-REIT Asia.

**Terrorist attacks, other acts of violence or war and adverse political developments may affect the business, financial condition and results of operations of K-REIT Asia.**

Terrorist attacks, together with the military activities of the U.S. and its allies in Afghanistan and Iraq, have resulted in substantial and continuing economic volatility and social unrest in Southeast Asia. Terrorist attacks in Thailand and other areas of Southeast Asia have exacerbated this volatility. Further developments stemming from these events or other similar events could cause further volatility. Any additional significant military or other response by the U.S. and/or its allies or any further terrorist activities could also materially and adversely affect international financial markets and the Singapore economy which may in turn adversely affect the operations, revenues and profitability of K-REIT Asia. The consequences of any of these terrorist attacks or armed conflicts are unpredictable, and K-REIT Asia may not be able to foresee events that could have an adverse effect on its business, financial condition and results of operations.

### **The properties held by K-REIT Asia may be revalued downwards.**

Although general property prices in Singapore were revalued significantly upwards between 2006 and 2008, general property prices in Singapore have begun to fall since the end of 2008. In addition to the downward revaluation of the Existing Portfolio on 29 September 2009, there can be no assurance that there will not be further downward revaluation of the properties held by K-REIT Asia in the future. Any fall in the gross revenue or net property income earned from K-REIT Asia's properties may result in downward revaluation of the properties held by K-REIT Asia.

In addition, K-REIT Asia is required to measure investment properties at fair value at each balance sheet date and any change in the fair value of the investment properties is recognised in the statements of total return and comprehensive income. The changes in fair value may have an adverse effect on K-REIT Asia's financial results in the financial years where there is a significant decrease in the valuation of K-REIT Asia's investment properties which will result in revaluation losses that will be charged to its statements of total return and comprehensive income. However, this should not have an adverse impact on income available for distributions to Unitholders.

### **The properties held by K-REIT Asia may face competition from other properties.**

There are many commercial spaces and properties in Singapore that compete with K-REIT Asia's properties in attracting tenants. The properties held by K-REIT Asia may also compete with properties that may be developed in the future. According to statistics from the Urban Redevelopment Authority, there are approximately 1.09 million square metres of gross floor area of office supply in the pipeline in Singapore as at the end of the third quarter of 2009, of which approximately 0.93 million square metres are expected to be completed between the fourth quarter of 2009 and 2012<sup>1</sup>.

### **The loss of tenants or a downturn in the business of K-REIT Asia's tenants may adversely affect the business, financial condition and results of operations of K-REIT Asia.**

K-REIT Asia's financial condition, results of operations, ability to lease properties and/or make distributions and the value of its property portfolio may be adversely affected by the bankruptcy, insolvency or downturn in the business of its tenants, including the decision by such tenants not to renew their leases or terminate their leases before they expire.

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

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

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1 Source: The Urban Redevelopment Authority's press release titled "Release of 3rd Quarter 2009 real estate statistics" published on 23 October 2009 which is available on the website of the Urban Redevelopment Authority at [www.ura.gov.sg](http://www.ura.gov.sg). The Urban Redevelopment Authority has not provided its consent, for purposes of Section 249 (read with Section 302) of the SFA, to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information under Sections 253 and 254 (both read with Section 302) of the SFA. While the Manager has taken reasonable actions to ensure that the information from the relevant report published by the Urban Redevelopment Authority is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, the Manager, the Lead Manager, Underwriter and Financial Adviser or any other party have not conducted an independent review of the information contained in such report nor verified the accuracy of the contents of the relevant information.

Further, K-REIT Asia may not be able to secure replacement tenants at rental rates equal to or higher than those of the expiring tenancies, may not be able to secure replacement tenants in time so as to minimize periods in between tenancies and may not be able to obtain rental rates equal to or above the current rental rates for tenancies subject to rent review. If the rental rates for the Existing Portfolio decrease, K-REIT Asia's existing tenants do not renew their tenancies or K-REIT Asia does not or is unable to re-lease a significant portion of its vacant space and space for which tenancies are scheduled to expire, K-REIT Asia's financial condition, results of operations, cash flows, per Unit trading price, and ability to satisfy its debt service obligations could be materially adversely affected.

**K-REIT Asia's Singapore properties are in the same general location, which may result in a higher level of risk compared to some other REITs that have properties spread over diverse locations.**

K-REIT Asia's Singapore properties are located in Singapore's central area, with a majority located in the city's downtown core area. This concentration may entail a higher level of risk as compared to some other REITs that have properties spread over several different locations. Any circumstance which adversely affects the operations or business of any of K-REIT Asia's Singapore properties or their attractiveness to tenants, may in effect affect all of K-REIT Asia's Singapore properties. Should this happen, K-REIT Asia may not have sufficient income from K-REIT Asia's other properties (or interests in other properties) to mitigate any ensuing loss of income arising from such circumstance.

**K-REIT Asia's properties or a part of them may be subject to compulsory acquisition by the Government of Singapore.**

The Land Acquisition Act, Chapter 152 of Singapore gives the Government of Singapore the power to, among other things, acquire any land in Singapore:

- for any public purpose;
- where the acquisition is of public benefit or of public utility or in the public interest; or
- for any residential, commercial or industrial purpose.

The compensation to be awarded pursuant to any such compulsory acquisition would be based on either:

- (i) the market value of the property as at the date of the publication in the Government Gazette of the notification of the likely acquisition of the land (provided that within six months from the date of publication of such notification, a declaration of intention to acquire is made by publication in the Government Gazette); or
- (ii) the market value of the property as at the date of publication in the Government Gazette of the declaration of intention to acquire, where such declaration is made after six months of the notification.

Accordingly, if the market value of a property or part thereof which is acquired is greater than the market values referred to above, the compensation paid in respect of the acquired property will be less than its market value and this would have an adverse effect on the assets of K-REIT Asia.

**K-REIT Asia may suffer an uninsured loss.**

K-REIT Asia maintains insurance policies in line with general business practices in Singapore in the real estate and commercial properties industries, with policy specifications and insured limits which K-REIT Asia believes are practical or adequate. Risks insured against include property damage, terrorism and



public liability. There are, however, certain types of losses (such as from wars or acts of God) that generally are not insured because they are either uninsurable or not economically insurable. Should an uninsured loss or a loss in excess of insured limits occur, K-REIT Asia could be required to pay compensation, suffer loss of capital invested in the relevant property, or anticipated future revenue from that property. K-REIT Asia would also remain liable for any debt that is with recourse to K-REIT Asia and may remain liable for any mortgage indebtedness or other financial obligations related to the relevant property. Any such loss could adversely affect the results of operations and financial condition of K-REIT Asia. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future or that adequate insurance coverage for K-REIT Asia will be available in the future on commercially reasonable terms or at commercially reasonable rates.

## **RISKS RELATING TO INVESTING IN REAL ESTATE**

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

K-REIT Asia invests primarily in real estate which entails a higher level of risk as compared to a portfolio which has a diverse range of investments. Real estate investments, particularly investments in high value properties such as those in which K-REIT Asia has invested in and/or intends to invest in, are relatively illiquid. Such illiquidity may affect K-REIT Asia's ability to vary its investment portfolio or liquidate part of its assets in response to changes in economic, real estate market or other conditions. For instance, K-REIT Asia may be unable to liquidate its assets on short notice or may be forced to give a substantial reduction in the price that may otherwise be sought for such assets, to ensure a quick sale. Rising capitalisation rates and/or REIT yields may also result in increasing difficulty in the divestment of commercial properties. Moreover, K-REIT Asia may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to the illiquid nature of real estate assets. These factors could have an adverse effect on K-REIT Asia's financial condition and results of operations, with a consequential adverse effect on K-REIT Asia's ability to make distributions to Unitholders.

In addition, if K-REIT Asia defaults in its payment obligations, mortgagees to any of the affected properties could foreclose or require a forced sale of any of the affected properties with a consequent loss of income and asset value to K-REIT Asia. The amount to be received upon a foreclosure sale of any affected property would be dependent on numerous factors, including the actual fair market valuation of the relevant property at the time of such sale, the timing and manner of the sale and the availability of buyers. Each of K-REIT Asia's properties is illiquid and there can be no assurance that any of K-REIT Asia's properties can or will be liquidated in a short period of time. For all these reasons, there can be no assurance that the proceeds from any foreclosure sale will be sufficient for K-REIT Asia to meet its obligations pursuant to its borrowings.

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

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

- vacancies following the expiry or termination of tenancies that lead to reduced occupancy rates which reduce K-REIT Asia's gross revenue and its ability to recover certain operating costs through service charges;
- the ability of the property managers of K-REIT Asia to collect rent from tenants on a timely basis or at all;
- tenants requesting for rental rebates due to the impact of the current economic downturn;
- tenants requesting waiver of interest on late payment of rent;



- events affecting the properties in K-REIT Asia's portfolio which could result in the inability of the relevant tenants to operate in such properties and thereby resulting in the inability of such tenants to make timely payments of rent;
- tenants seeking the protection of bankruptcy laws which could result in delays in the receipt of rent payments, inability to collect rental income, or delays in the termination of the tenant's lease, which could hinder or delay the re-letting of the space in question, or the sale of the relevant property;
- the amount of rent payable by tenants and other terms on which tenancy renewals and new tenancies are agreed being less favourable than those under current tenancies;
- the local and international economic climate and real estate market conditions (such as oversupply of, or reduced demand for, commercial and retail space, changes in market rental rates and operating expenses for K-REIT Asia's properties);
- the Manager's ability to provide adequate management and maintenance of the properties or to purchase or put in place adequate insurance;
- competition for tenants from other similar properties which may affect rental income or occupancy levels at K-REIT Asia's properties;
- changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning, taxes and government charges. Such revisions may lead to an increase in management expenses or unforeseen capital expenditure needed to ensure compliance. Rights related to the relevant properties may also be restricted by legislative actions, such as revisions to the laws relating to building standards or town planning laws, or the enactment of new laws related to condemnation and redevelopment; and
- natural disasters, acts of God, wars, terrorist attacks, riots, civil commotions, widespread communicable diseases and other events beyond the control of the Manager.

**The properties held by K-REIT Asia may be subject to increases in property expenses.**

K-REIT Asia's ability to make distributions to Unitholders could be adversely affected if property expenses, such as maintenance charges, property management fees, property taxes and other operating expenses increase without a corresponding increase in revenue.

Factors which could increase property expenses include any:

- increase in the amount of maintenance charges for any affected properties held by K-REIT Asia;
- increase in property taxes and other statutory charges;
- change in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies. Such revisions may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance. Rights related to the relevant properties may also be restricted by legislative actions, such as revisions to the laws relating to building standards or town planning laws, or the enactment of new laws related to condemnation and redevelopment;
- increase in utility charges;
- increase in sub-contracted service costs;
- inflation;

- increase in insurance premiums; and
- damage or defect affecting any properties held by K-REIT Asia which needs to be rectified, leading to unforeseen capital expenditure.

**K-REIT Asia is exposed to general risks associated with reliance on third-party contractors to provide various services.**

K-REIT Asia engages third-party contractors to provide various services in connection with its operations and asset enhancement initiatives, including construction, building and property fitting-out works, alterations and additions, interior decoration, installation of air-conditioning units and lifts, and gardening and landscaping works. K-REIT Asia is exposed to the risk that a third-party contractor may incur costs in excess of project estimates, which may have to be borne by K-REIT Asia in order to complete the project. Furthermore, major third-party contractors may experience financial or other difficulties which may affect their ability to carry out construction works, thus delaying the completion of projects or resulting in additional costs to K-REIT Asia. There can also be no assurance that the services rendered by the third-party contractors will always be satisfactory or match K-REIT Asia's targeted quality levels. All of these factors could have an adverse effect on the business, financial condition and results of operations of K-REIT Asia.

**RISKS ASSOCIATED WITH THE RIGHTS ISSUE**

**An active trading market may not develop for the "nil-paid" rights and, if a market does develop, the "nil-paid" rights may be subject to greater price volatility than the Units.**

A trading period for the "nil-paid" rights has been fixed for 30 October 2009 to 9 November 2009. There is no assurance that an active trading market for the "nil-paid" rights on the SGX-ST will develop during the "nil-paid" rights trading period or that any over-the-counter trading market in the "nil-paid" rights will develop. Even if active markets develop, the trading price of the "nil-paid" rights, which depends on the trading price of the Units, may be volatile. As the Manager may arrange for the sales of the "nil-paid" rights of the Ineligible Unitholders, the sales may give pressure to the trading price of the "nil-paid" rights. In addition, the market price of the "nil-paid" rights may not reflect their actual value.

**Unitholders who do not or are not able to accept their provisional allotments of Rights Units will experience a dilution in their interest in K-REIT Asia.**

If Unitholders do not or are not able to accept their provisional allotments of Rights Units, their proportionate interest in K-REIT Asia will be reduced. They may also experience a dilution in the value of their Units. Even if the Unitholder sells his "nil-paid" rights, or such "nil-paid" rights are sold on his behalf, the consideration he receives may not be sufficient to compensate him fully for the dilution of his interest in K-REIT Asia as a result of the Rights Issue.

**RISKS ASSOCIATED WITH AN INVESTMENT IN THE UNITS**

**The trading price of the Units has been, and may continue to be, volatile.**

The trading price of the Units has been, and may continue to be, subject to large fluctuations. The trading price of the Units may increase or decrease in response to a number of events and factors, including:

- quarterly variations in operating results;
- changes in estimates and recommendations by securities analysts;

- the operating and stock price performance of companies in the real estate industry and other REITs;
- developments affecting K-REIT Asia, its tenants or its competitors;
- changes in the valuations of the properties held by K-REIT Asia;
- changes to the regulatory system, including the tax system, both generally and specifically in relation to Singapore REITs;
- changes in general industry and economic conditions; and
- other events or factors described in this Offer Information Statement.

This volatility may adversely affect the trading price of the Units regardless of K-REIT Asia's operating performance.

**K-REIT Asia may not be able to make distributions or the level of distributions may fall.**

The income which K-REIT Asia earns from its real estate investments depends on, among other things, its debt-servicing requirements, the amount of rental income received, and the level of property expenses and operating expenses incurred. If the properties held by K-REIT Asia do not generate sufficient income, its cash flow and ability to make distributions will be adversely affected. There can be no assurance that the level of distributions will increase over time, that there will be contractual increases in rent under the leases of the properties held by K-REIT Asia or that the receipt of rental revenue in connection with any enhancement of the properties held by K-REIT Asia or future acquisitions of investments and assets will increase K-REIT Asia's income available for distribution to Unitholders.

**The Singapore Code on Take-overs and Mergers may discourage or prevent certain types of transactions.**

The SFA and the Singapore Code on Take-overs and Mergers contain certain provisions that may delay, deter or prevent a future take-over or change in control of K-REIT Asia. Any person acquiring an interest (either on his or her own or together with parties acting in concert with him or her) in:

- (i) 30.0% or more of the total Units; or
- (ii) when holding not less than 30.0% but not more than 50.0% of the total Units, more than 1.0% of the total Units in any six-month period,

will be required to make a general offer for the remaining Units. These provisions may discourage or prevent certain types of transactions involving an actual or threatened change of control of K-REIT Asia. Some of the Unitholders may, therefore, be disadvantaged as a transaction of that kind might have allowed the sale of Units at a price above the prevailing market price.

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

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

**There is no assurance that there will be a liquid market for the Units.**

As mentioned above, KCL and KLL have an aggregate interest in 75.8% of the total number of Units in issue as at the Latest Practicable Date. Upon the subscription of the Keppel Proportionate Rights Units by KRAI and KREI pursuant to the KCL Irrevocable Undertaking and the KLL Irrevocable Undertaking, respectively, and assuming that KCL and KLL does not apply for and receive Excess Rights Units, KCL and KLL's aggregate interest in K-REIT Asia will remain unchanged at 75.8%, with the public holding the remaining 24.2% of the total number of Units in issue. Although the Rights Issue will increase the market capitalisation of K-REIT Asia, and will increase the number of Units held by the public from 161.2 million to 322.3 million, there is no assurance that there will be an improvement in the trading liquidity of the Units, or that there will be a liquid market for the Units on the Main Board of the SGX-ST.

## GENERAL INFORMATION

### Legal and Arbitration Proceedings

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

### Material Contracts

- (2) There were no material contracts entered into by the Trustee or the Manager, other than contracts entered into in K-REIT Asia's ordinary course of business, for the period of two years ending on the day before the date of lodgement of this Offer Information Statement, save for:
  - (i) the assignment of the shareholder's loan made by Boulevard to ORQPL dated 10 December 2007 and entered into between the Trustee and Boulevard, in conjunction with the acquisition of the ORQ Interest;
  - (ii) the revolving credit loan agreement dated 10 December 2007 entered into between the Trustee and Kephinance for the provision of a revolving credit loan facility of up to S\$960.0 million for an initial period of nine months;
  - (iii) the restated shareholders' agreement dated 10 December 2007 entered into between Freyland Pte Ltd, Comina Investment Limited, the Trustee, Hongkong Land, HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Suntec REIT) and ORQPL, in conjunction with the acquisition of the ORQ Interest;
  - (iv) a loan agreement dated 28 July 2008 entered into by the Trustee with Kephinance with respect to a revolving credit loan facility of up to S\$391.0 million for an initial period of thirty months commencing from 10 September 2008 or such other date as the parties to this loan agreement may agree;
  - (v) the following material contracts entered into in connection with the MTN Programme:
    - (a) the notes trust deed dated 19 January 2009 entered into between (1) K-REIT Asia MTN Pte. Ltd. (the "**MTN Issuer**"), (2) the Trustee and (3) The Bank of New York Mellon (the "**Notes Trustee**");
    - (b) the programme agreement dated 19 January 2009 entered into between (1) the MTN Issuer, (2) the Trustee, (3) the Manager and (4) Citicorp Investment Bank (Singapore) Limited ("**Citicorp**"), as arranger and dealer;
    - (c) an agency agreement dated 19 January 2009 entered into between (1) the MTN Issuer, (2) the Trustee, as the guarantor for the MTN Programme, (3) Citicorp, as issuing and paying agent and agent bank, and (4) the Notes Trustee, as trustee for the holders of the notes issued under the MTN Programme (the "**Notes**");
    - (d) a deed of covenant dated 19 January 2009 was issued by the MTN Issuer by way of deed poll in relation to the Notes;
    - (e) a master depository services agreement dated 19 January 2009 entered into between the MTN Issuer and CDP;

- (f) a fifth supplemental deed dated 19 January 2009 entered into between the Manager and the Trustee to modify and supplement the Trust Deed; and
- (g) a share transfer form dated 19 January 2009 for the transfer of the sole share in the MTN Issuer from the Manager to the Trustee;
- (vi) the sale and purchase agreement dated 1 September 2009 entered into between the Trustee and APF in relation to the Prudential Tower Strata Acquisition at a purchase consideration of S\$106.3 million, pursuant to which APF will also provide to K-REIT Asia income support of up to S\$5.0 million, for a period of five years commencing from the date of completion of the Prudential Tower Strata Acquisition;
- (vii) the bridging loan agreement with Kephinance dated 30 September 2009 to obtain the Bridging Loan to fund the Prudential Tower Strata Acquisition (including related acquisition costs); and
- (viii) the Management and Underwriting Agreement dated 30 September 2009 entered into between the Manager and the Lead Manager, Underwriter and Financial Adviser in relation to the underwriting of the Rights Issue by the Lead Manager, Underwriter and Financial Adviser in consideration of the payment by the Manager of the Management and Underwriting Fee to the Lead Manager, Underwriter and Financial Adviser.

#### **Breach of Terms and Conditions or Covenants of Credit Arrangement or Bank Loan**

- (3) To the best of the Manager's knowledge and belief, K-REIT Asia is not in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect K-REIT Asia's financial position and results or business operations, or the investments by Unitholders.

#### **Significant Changes**

- (4) Save as disclosed in this Offer Information Statement, to the best of the Manager's knowledge and belief, no event has occurred from 30 September 2009, being the last day of the period covered by the 2009 Third Quarter Unaudited Financial Statements to the Latest Practicable Date, which may have a material effect on the financial position and results of K-REIT Asia.

#### **Trading of Units**

- (5) The Manager is not aware of any significant trading suspension on the SGX-ST during the three years immediately preceding the Latest Practicable Date.
- (6) The Manager believes that the Units are regularly traded on the SGX-ST.

#### **Statement by Experts**

- (7) No statement or report attributed to an expert is included in this Offer Information Statement.

#### **Consent from Issue Manager and Underwriter**

- (8) BNP Paribas, Singapore Branch has given, and has not, before the lodgement of this Offer Information Statement, withdrawn its written consent to being named in this Offer Information Statement as the Lead Manager, Underwriter and Financial Adviser to the Rights Issue.

## **Authority to issue Rights Units**

- (9) The Rights Issue is being carried out pursuant to approval granted by an Extraordinary Resolution at the EGM held on 21 October 2009.

## **Miscellaneous**

- (10) K-REIT Asia is subject to the Code on Collective Investment Schemes issued by the Authority. The Code on Collective Investment Schemes can be found on the website of the Authority at [www.mas.gov.sg](http://www.mas.gov.sg).

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

Statements contained in this Offer Information Statement which are not historical facts may be forward-looking statements. Such statements are based on certain assumptions and are subject to certain risks and uncertainties which could cause actual results to differ materially from those statements. See the section entitled “Risk Factors” of this Offer Information Statement for further details. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the Manager or any other person or that these results will be achieved or are likely to be achieved.

- (11) Other than the “nil-paid” rights under the Rights Issue, none of the Unitholders has pre-emptive rights to subscribe for or purchase the Rights Units.

As there may be prohibitions or restrictions against the offering of Rights Units in certain jurisdictions (other than Singapore), only Eligible Unitholders are eligible to participate in the Rights Issue. Please refer to the sections entitled “Eligibility of Unitholders to Participate in the Rights Issue” and “Distribution and Selling Restrictions” in this Offer Information Statement for further information.



Offer Information Statement dated 27 October 2009

**Directors of K-REIT Asia Management Limited  
(as manager of K-REIT Asia)**

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Professor Tsui Kai Chong

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Mr Kevin Wong Kingcheung

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Mr Tan Swee Yiow

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Ms Ng Hsueh Ling

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Dr Chin Wei-Li, Audrey Marie

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Mrs Lee Ai Ming

## GLOSSARY

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

<b>2006 Audited Financial Statements</b>	:	The audited financial statements of K-REIT Asia for the financial period from 28 November 2005 to 31 December 2006
<b>2007 Audited Financial Statements</b>	:	The audited financial statements of K-REIT Asia for the financial year ended 31 December 2007
<b>2008 Audited Financial Statements</b>	:	The audited financial statements of K-REIT Asia for the financial year ended 31 December 2008
<b>2008 Rights Issue</b>	:	The renounceable rights issue announced by the Manager on 23 January 2008
<b>2009 Third Quarter Unaudited Financial Statements</b>	:	The unaudited financial statements of K-REIT Asia for the financial quarter ended 30 September 2009
<b>30-day VWAP</b>	:	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
<b>30 September Closing Price</b>	:	The closing price of S\$1.18 per Unit on 30 September 2009
<b>Aggregate Leverage</b>	:	The ratio of the value of total borrowings and deferred payments (if any) to the value of the Deposited Property of K-REIT Asia
<b>APF</b>	:	APF Property Investments (S) Pte. Ltd.
<b>ARE</b>	:	The application form for the Rights Units and Excess Rights Units to be issued to Eligible Depositors
<b>ARS</b>	:	The application form for Rights Units to be issued to purchasers of the "nil-paid" rights
<b>ATM</b>	:	Automated teller machine
<b>Authority</b>	:	The Monetary Authority of Singapore
<b>Balance Rights Units</b>	:	The total number of Rights Units less the Keppel Proportionate Rights Units
<b>Blossom Assets</b>	:	Blossom Assets Limited
<b>Blossom Assets Loan Facility</b>	:	Loan facilities amounting to S\$190.1 million granted by Blossom Assets

<b>Borrowings</b>	: Comprises:
	(i) a S\$391.0 million revolving loan facility from Kephinance which is maturing in March 2011; and
	(ii) the Bridging Loan which is expected to mature in January 2010
<b>Boulevard</b>	: Boulevard Development Pte Ltd
<b>Bridging Loan</b>	: A bridging loan of up to S\$110.0 million from Kephinance which will be drawn down for the purposes of financing the Prudential Tower Strata Acquisition (including related acquisition costs) and is expected to mature in January 2010
<b>Bugis Junction Towers</b>	: The 100.0% interest in the whole of Strata Lot U1433K TS 13 together with the building comprised in Subsidiary Strata Certificate of Title Volume 487 Folio 183 and known as 230 Victoria Street, Singapore 188024
<b>CBD</b>	: Central Business District
<b>CDP</b>	: The Central Depository (Pte) Limited
<b>Circular</b>	: The circular to Unitholders dated 3 October 2009
<b>Closing Date</b>	: Refers to:
	(i) 13 November 2009 at 5.00 p.m. (or such other date(s) and/or time(s) as may be announced from time to time by the Manager), being the last date and time for acceptance of and/or excess application and payment for the Rights Units under the Rights Issue through CDP or the Unit Registrar (as the case may be); or
	(ii) 13 November 2009 at 9.30 p.m. (or such other date(s) and/or time(s) as may be announced from time to time by the Manager), being the last date and time for acceptance of and/or excess application and payment for the Rights Units under the Rights Issue through an ATM of a Participating Bank
<b>CO</b>	: Swiss Code of Obligations
<b>Convertible Securities</b>	: Convertible securities which may be converted into Units
<b>CPF</b>	: Central Provident Fund
<b>CPFIS</b>	: CPF Investment Scheme
<b>Deposited Property</b>	: 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
<b>Directors</b>	: The directors of the Manager

<b>Deed of Income Support</b>	:	The deed of income support dated 30 July 2007 made between Boulevard, Keppel Land Properties Pte. Ltd. and the Trustee (as amended and supplemented)
<b>DPU</b>	:	Distribution per Unit
<b>EGM</b>	:	The extraordinary general meeting of Unitholders held on 21 October 2009
<b>Electronic Application</b>	:	Acceptance of the Rights Units and (if applicable) application for Excess Rights Units under the Rights Issue made through an ATM of a Participating Bank in accordance with the terms and conditions of this Offer Information Statement
<b>Eligible Depositors</b>	:	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
<b>Eligible Scripholders</b>	:	Unitholders whose Units are not deposited with CDP and who have tendered to the Unit Registrar valid transfers of their Units and/or the documentary evidence evidencing their title in relation thereto for registration up to the Rights Issue Books Closure Date 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
<b>Eligible Unitholders</b>	:	Eligible Depositors and Eligible Scripholders
<b>Excess Rights Units</b>	:	The Rights Units represented by the provisional allotments (A) of (i) Eligible Unitholders who reject, 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 and (B) that have not been validly taken up by the original allottees, renouncees of the provisional allotments or the purchasers of the “nil-paid” rights
<b>Existing Portfolio</b>	:	Prudential Tower Property, Keppel Towers and GE Tower, Bugis Junction Towers and the ORQ Interest

<b>Existing Units</b>	:	The outstanding Units in issue as at the Rights Issue Books Closure Date
<b>Extraordinary Resolution</b>	:	A resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed
<b>Financial Statements</b>	:	The 2006 Audited Financial Statements, the 2007 Audited Financial Statements, the 2008 Audited Financial Statements and the 2009 Third Quarter Unaudited Financial Statements
<b>FPO</b>	:	Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (as amended)
<b>FP 2009</b>	:	The financial period from 1 January 2009 to 30 September 2009
<b>FSA</b>	:	UK Financial Services Authority
<b>FSMA</b>	:	Financial Services and Markets Act 2000
<b>FY</b>	:	Financial year ended, or as the case may be, ending 31 December
<b>Hongkong Land</b>	:	Hongkong Land International Holdings Limited
<b>Income Support Top-up Payments</b>	:	The top-up payments from Boulevard to the Trustee amounting to the Quarterly Shortfall during the period commencing on 1 October 2007 and ending 31 December 2011
<b>Ineligible Unitholders</b>	:	Unitholders other than Eligible Unitholders
<b>Initial Properties</b>	:	Prudential Tower Property, Keppel Towers and GE Tower and Bugis Junction Towers
<b>Introductory Document</b>	:	Introductory Document of K-REIT Asia dated 20 March 2006
<b>KCL</b>	:	Keppel Corporation Limited
<b>KCL Irrevocable Undertaking</b>	:	The irrevocable undertaking dated 30 September 2009 provided by KCL to the Manager and the Lead Manager, Underwriter and Financial Adviser
<b>Kephinance</b>	:	Kephinance Investment Pte Ltd
<b>Keppel Irrevocable Undertakings</b>	:	The KCL Irrevocable Undertaking and the KLL Irrevocable Undertaking
<b>Keppel Proportionate Rights Units</b>	:	The Rights Units in respect of which KCL and KLL have undertaken to subscribe pursuant to the Keppel Irrevocable Undertakings

<b>Keppel Towers and GE Tower</b>	:	The 100.0% interest in the whole of Lot 99227M TS 23, Lot 99226C TS 23, Lot 99223N TS 23, Lot 99222K TS 23, Lot 99219K TS 23, Lot 99218A TS 23, Lot 99180A TS 23, Lot 99179N TS 23, Lot 99178K TS 23, Lot 99176T TS 23, Lot 99175P TS 23, Lot 990K TS 23 and Lot 691A TS 23 comprising CT Vol. 373 Fol. 29 to 36, CT Vol. 422 Fol. 66 and CT Vol. 270 Fol. 127, together with the buildings known as “Keppel Towers and GE Tower” at 10 Hoe Chiang Road Singapore 089315 and 240 Tanjong Pagar Road Singapore 088540, respectively
<b>KLL</b>	:	Keppel Land Limited
<b>KLL Irrevocable Undertaking</b>	:	The irrevocable undertaking dated 30 September 2009 provided by KLL to the Manager and the Lead Manager, Underwriter and Financial Adviser
<b>KRAI</b>	:	K-REIT Asia Investment Pte. Ltd.
<b>KREI</b>	:	Keppel Real Estate Investment Pte. Ltd.
<b>Latest Practicable Date</b>	:	22 October 2009, being the latest practicable date prior to the lodgment of this Offer Information Statement
<b>Lead Manager, Underwriter and Financial Adviser</b>	:	BNP Paribas, Singapore Branch
<b>Listing Manual</b>	:	The Listing Manual of the SGX-ST
<b>Manager</b>	:	K-REIT Asia Management Limited, as manager of K-REIT Asia
<b>Management and Underwriting Agreement</b>	:	The management and underwriting agreement dated 30 September 2009 entered into between the Manager and the Lead Manager, Underwriter and Financial Adviser
<b>Management and Underwriting Fee</b>	:	The management and underwriting fee of 1.5% of the Rights Issue Price multiplied by the Balance Rights Units
<b>Market Day</b>	:	A day on which the SGX-ST is open for trading in securities
<b>Market Price</b>	:	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 a Unit
<b>MTI</b>	:	Ministry of Trade and Industry
<b>MTN Issuer</b>	:	K-REIT Asia MTN Pte. Ltd., as issuer of the Notes
<b>MTN Programme</b>	:	A S\$1.0 billion multicurrency medium term note programme established by the Manager in January 2009

<b>NAV</b>	:	Net asset value
<b>Net Property Income</b>	:	Comprises property income less property expenses
<b>“nil-paid” rights</b>	:	The provisional allotments of Rights Units to Eligible Unitholders under the Rights Issue
<b>Notes</b>	:	Notes issued under the MTN Programme
<b>Notes Trustee</b>	:	The Bank of New York Mellon, as trustee for the holders of the Notes
<b>Notice of Rights Issue Books Closure Date</b>	:	Notification to Unitholders stating the time and date on which the transfer books and register of Unitholders will be closed to determine the provisional allotments of Rights Units of Eligible Unitholders under the Rights Issue
<b>Offer Information Statement</b>	:	This document, together with (where the context requires) the ARE, the ARS and the PAL, and all other accompanying documents to be issued by the Manager in connection with the Rights Issue
<b>One Raffles Quay</b>	:	The building known as One Raffles Quay erected on the whole of Lot 175C of Town Subdivision 30 (excluding the subterranean space below it known as Lot 80002A of Town Subdivision 30), and the whole of the subterranean space below Lot 175C of Town Subdivision 30 known as Lot 80002A of Town Subdivision 30 for a term of 99 years commencing from 13 June 2001
<b>Ordinary Resolution</b>	:	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
<b>ORQ Interest</b>	:	K-REIT Asia’s one-third interest in One Raffles Quay through a one-third interest in the issued share capital of ORQPL and the assignment to K-REIT Asia of Boulevard’s rights, title and interest in a shareholder’s loan to ORQPL
<b>ORQPL</b>	:	One Raffles Quay Pte Ltd
<b>ORQ Property Manager</b>	:	Raffles Quay Asset Management Pte Ltd
<b>PAL</b>	:	The application form for Rights Units and Excess Rights Units to be issued to Eligible Scripholders
<b>Participating Banks</b>	:	DBS Bank Ltd. (Including POSB), Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited
<b>Property Funds Guidelines</b>	:	Appendix 2 of the Code on Collective Investment Schemes issued by the Authority
<b>Prudential Tower</b>	:	The property known as Prudential Tower located at 30 Cecil Street, Singapore 049712



<b>Prudential Tower Property</b>	:	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
<b>Prudential Tower Strata Acquisition</b>	:	The acquisition of six strata floors at Prudential Tower which was announced by the Manager on 1 September 2009 and is expected to be completed in November 2009
<b>Purchaser</b>	:	A purchaser of the provisional allotment of Rights Units
<b>Quarterly Shortfall</b>	:	In relation to the ORQ Interest, one-third of the difference between the Net Property Income and the guaranteed income amount for each of the calendar quarters during the period commencing on 1 October 2007 and ending on 31 December 2011
<b>Regulation S</b>	:	Regulation S under the Securities Act
<b>REIT</b>	:	Real estate investment trust
<b>Relevant Implementation Date</b>	:	From and including the date on which the Prospectus Directive is implemented in that Relevant Member State
<b>Relevant Member State</b>	:	Each member state of the European Economic Area which has implemented the Prospectus Directive
<b>Rights Issue</b>	:	The proposed issue of new Units on an underwritten and renounceable basis to Eligible Unitholders in the manner set out in this Offer Information Statement
<b>Rights Issue Books Closure Date</b>	:	5.00 p.m. on 27 October 2009
<b>Rights Issue Price</b>	:	S\$0.93 being the issue price per Rights Unit
<b>Rights Ratio</b>	:	The ratio of one (1) Rights Unit to be issued for every one (1) Existing Unit
<b>Rights Units</b>	:	The new Units proposed to be issued by way of the Rights Issue
<b>SEC</b>	:	U.S. Securities and Exchange Commission
<b>Securities</b>	:	The “nil-paid” rights and/or the Rights Units
<b>Securities Account</b>	:	Unitholders’ securities accounts with the CDP
<b>Securities Act</b>	:	U.S. Securities Act of 1933, as amended
<b>SFA</b>	:	Securities and Futures Act, Chapter 289 of Singapore
<b>SGX-ST</b>	:	Singapore Exchange Securities Trading Limited

<b>Split Letter</b>	:	Separate PALs for the splitting of the provisional allotments of Rights Units
<b>SRS</b>	:	Supplementary Retirement Scheme
<b>Substantial Unitholder</b>	:	A Unitholder with an interest in one or more Units constituting not less than 5.0% of all outstanding Units
<b>Suntec REIT</b>	:	Suntec Real Estate Investment Trust
<b>Temasek</b>	:	Temasek Holdings (Private) Limited
<b>TERP</b>	:	The theoretical ex-rights price of S\$1.06 which is calculated as follows:
		$\text{TERP} = \frac{\text{Market capitalisation of K-REIT Asia based on the 30 September Closing Price} + \text{Gross proceeds from the Rights Issue}}{\text{Units in issue after the Rights Issue}}$
<b>Trust Deed</b>	:	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
<b>Trustee</b>	:	RBC Dexia Trust Services Singapore Limited, as trustee of K-REIT Asia
<b>Unit</b>	:	A unit representing an undivided interest in K-REIT Asia
<b>Unit Registrar</b>	:	Boardroom Corporate & Advisory Services Pte. Ltd.
<b>Unitholder</b>	:	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
<b>U.S.</b>	:	United States
<b>S\$ and cents</b>	:	Singapore dollars and cents
<b>%</b>	:	Per centum or percentage

The terms “Depositor” and “Depository Agent” 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, where applicable, include corporations.

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

Any reference to dates and to a time of day in this Offer Information Statement shall be a reference to Singapore dates and 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 off.

**The information contained on the website of K-REIT Asia does not constitute part of this Offer Information Statement.**

## CERTAIN FINANCIAL INFORMATION RELATING TO K-REIT ASIA

Selected financial data from the 2006 Audited Financial Statements, the 2007 Audited Financial Statements, the 2008 Audited Financial Statements and the 2009 Third Quarter Unaudited Financial Statements including the line items in the statement of total return, comprehensive income and distribution statement, balance sheet and the statement of cash flows of K-REIT Asia, is set out in this Appendix. Financial data relating to DPU, earnings per Unit and earnings per Unit after any adjustment to reflect the issue of Rights Units is also set out below.

Such selected financial data should be read together with the relevant notes to the Financial Statements, which are available on the website of K-REIT Asia at [www.kreitasia.com](http://www.kreitasia.com) and are also available for inspection during normal business hours at the registered office of the Manager at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632, from the date of this Offer Information Statement up to and including the date falling six months after the date of this Offer Information Statement<sup>1</sup>.

The information contained on the website of K-REIT Asia does not constitute part of this Offer Information Statement.

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

## Statement of Total Return, Comprehensive Income and Distribution Statements

	FP 2009 S\$'000	FY 2008 S\$'000	FY 2007 S\$'000	FY 2006 <sup>(1)</sup> S\$'000
<b>Gross revenue</b>				
Gross rental income	45,073	51,632	39,093	23,213
Car park income	665	969	924	610
Other income	58	45	52	38
<b>Total gross revenue</b>	<b>45,796</b>	<b>52,646</b>	<b>40,069</b>	<b>23,861</b>
<b>Property expenses</b>				
Property tax	(3,868)	(3,355)	(3,140)	(1,706)
Other property expenses	(3,903)	(6,414)	(5,714)	(3,441)
Property management fee	(1,375)	(1,579)	(1,202)	(716)
Maintenance and sinking fund contributions	(1,211)	(1,639)	(1,751)	(1,184)
<b>Total property expenses</b>	<b>(10,357)</b>	<b>(12,987)</b>	<b>(11,807)</b>	<b>(7,047)</b>
<b>Net property income</b>	<b>35,439</b>	<b>39,659</b>	<b>28,262</b>	<b>16,814</b>
Income support	17,516	24,799	1,080	—
Interest income	9,522	9,069	1,062	236
Share of results of associated company <sup>(2)</sup>	6,915	7,305	490	—
Amortisation expense	(20,043)	(27,050)	(1,341)	—
Borrowing costs	(18,486)	(23,580)	(9,582)	(5,246)
Manager's management fees	(9,725)	(12,967)	(5,302)	(2,665)
Trust expenses	(553)	(1,328)	(1,980)	(772)
<b>Net income</b>	<b>20,585</b>	<b>15,907</b>	<b>12,689</b>	<b>8,367</b>
Net change in fair value of investment properties <sup>(2)</sup>	(92,854)	14,471	432,964	46,300
<b>Total return before tax</b>	<b>(72,269)</b>	<b>30,378</b>	<b>445,653</b>	<b>54,667</b>
Income tax expense	(1,638)	(2,910)	(163)	—
<b>Total return after tax</b>	<b>(73,907)</b>	<b>27,468</b>	<b>445,490</b>	<b>54,667</b>
<b>Total comprehensive income</b>	<b>(73,907)</b>	<b>27,468</b>	<b>445,490</b>	<b>54,667</b>
<b>Distribution Statement</b>				
<b>Net income</b>	<b>20,585</b>	<b>15,907</b>	<b>12,689</b>	<b>8,367</b>
Net tax adjustments	32,172	45,185	9,286	2,807
Income tax expense	(1,638)	(2,910)	(163)	—
<b>Income available for distribution to Unitholders</b>	<b>51,119</b>	<b>58,182</b>	<b>21,812</b>	<b>11,174</b>
<b>Distributable income to Unitholders</b>	<b>51,119</b>	<b>58,182</b>	<b>21,812</b>	<b>11,174</b>
Distribution per Unit (cents)	7.67	8.91	8.82	4.63
Pro forma Distribution per Unit (cents) <sup>(3)</sup>	5.20	6.08	N/a	N/a
Earnings per Unit (cents)	(11.18)	5.33	176.57	22.69
Adjusted earnings per Unit (cents) <sup>(4)</sup>	(10.00)	4.76	157.87	20.28

### Notes:

- (1) K-REIT Asia was established on 28 November 2005 and the acquisition of its Initial Properties was completed on 26 April 2006. Hence, the income and expenses relate only to the period from 26 April 2006 to 31 December 2006.
- (2) The net change in fair value of investment properties held by associated company included in share of results of associated company in FY 2008 has been reclassified to net change in fair value of investment properties.
- (3) Adjusted for the pro forma financial effects of the Rights Issue, as if the Rights Issue was completed on 1 January 2008 and the S\$391.0 million revolving loan facility was repaid on 1 January 2008. The pro forma DPU assumes (i) adding back FY 2008 interest expense incurred on the S\$391.0 million revolving loan facility, (ii) interest earned on the surplus net proceeds from the Rights Issue and (iii) a guaranteed property yield of 5.2% per annum from the Prudential Tower Strata Acquisition.
- (4) Adjusted earnings per Unit after the Rights Issue were computed based on the weighted average number of Units in issue during the financial period/year, adjusted for the bonus element of the Rights Issue in accordance with FRS 33 — Earnings Per Share. The adjustment factor was calculated based on the 30 September Closing Price divided by the TERP.

## Balance Sheets

	As at 30 September 2009 S\$'000	As at 31 December 2008 S\$'000
<b>Non-current assets</b>		
Investment properties	1,035,300	1,117,000
Investment in subsidiary company	— <sup>(1)</sup>	—
Investment in associated company	846,540	862,469
Intangible asset	39,189	59,232
<b>Total non-current assets</b>	<b>1,921,029</b>	<b>2,038,701</b>
<b>Current assets</b>		
Cash and cash equivalents	26,127	43,968
Trade and other receivables	23,011	9,653
<b>Total current assets</b>	<b>49,138</b>	<b>53,621</b>
<b>Total assets</b>	<b>1,970,167</b>	<b>2,092,322</b>
<b>Current liabilities</b>		
Trade and other payables	17,009	12,759
Current portion of security deposits	5,809	3,602
Provision for taxation	4,711	3,073
<b>Total current liabilities</b>	<b>27,529</b>	<b>19,434</b>
<b>Non-current liabilities</b>		
Long-term borrowings	578,488	577,135
Non-current portion of security deposits	8,694	10,082
<b>Total non-current liabilities</b>	<b>587,182</b>	<b>587,217</b>
<b>Total liabilities</b>	<b>614,711</b>	<b>606,651</b>
<b>Net assets</b>	<b>1,355,456</b>	<b>1,485,671</b>
Represented by:		
<b>Unitholders' funds</b>	<b>1,355,456</b>	<b>1,485,671</b>
Units in issue ('000)	666,704	652,724
Net asset value per Unit	S\$2.03	S\$2.28

**Note:**

(1) Being an amount less than S\$1,000.

## Cash Flow Statements

	<b>FP 2009</b>	<b>FY 2008</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities</b>		
Total return before tax	(72,269)	30,378
<i>Adjustments for:</i>		
Interest income	(9,522)	(9,069)
Amortisation expenses	20,043	27,050
Share of results of associated company	(6,915)	(14,776)
Borrowing costs	18,486	23,580
Management fees payable in Units	9,725	12,967
Net change in fair value of investment properties	92,854	(7,000)
<b>Operating cash flows before reinvestment in working capital</b>	<b>52,402</b>	<b>63,130</b>
Increase in receivables	(20,563)	(24,706)
Increase/(Decrease) in payables	538	(2,708)
Security deposits	819	3,291
<b>Net cash generated from operating activities</b>	<b>33,196</b>	<b>39,007</b>
<b>Cash flows from investing activities</b>		
Interest received	9,578	9,720
Income support received	18,662	19,556
Dividend income received from associated company	6,805	9,008
Deposit paid for purchase of investment property	(10,629)	—
Repayment of loan from associated company	4,000	7,000
<b>Net cash generated from investing activities</b>	<b>28,416</b>	<b>45,284</b>
<b>Cash flows from financing activities</b>		
Distribution to Unitholders	(66,191)	(37,872)
Repayment of short-term borrowing (unsecured)	—	(551,000)
Proceeds from rights issue	—	551,726
Issue expenses	—	(1,013)
Interest paid	(13,262)	(21,181)
Upfront debt arrangement fees	—	(3,910)
<b>Net cash used in financing activities</b>	<b>(79,453)</b>	<b>(63,250)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(17,841)</b>	<b>21,041</b>
<b>Cash and cash equivalents at beginning of the period/year</b>	<b>43,968</b>	<b>22,927</b>
<b>Cash and cash equivalents at end of the period/year</b>	<b>26,127</b>	<b>43,968</b>



## PROCEDURES FOR ACCEPTANCE, PAYMENT, RENUNCIATION AND EXCESS APPLICATION FOR RIGHTS UNITS BY ELIGIBLE DEPOSITORS

*In this Appendix, capitalised terms not otherwise defined herein have the meaning given to them in the Glossary as set out in this Offer Information Statement.*

### 1. INTRODUCTION

- 1.1 Eligible Depositors are entitled to receive this Offer Information Statement and the ARE which forms part of this Offer Information Statement. This Offer Information Statement (including the ARE) will not be despatched to Ineligible Depositors.
- 1.2 The provisional allotments of Rights Units are governed by the terms and conditions of this Offer Information Statement, (if applicable) the Trust Deed and the instructions contained in the ARE.

The number of Rights Units provisionally allotted to each Eligible Depositor is indicated in the ARE. The Securities Accounts of Eligible Depositors have been credited by CDP with the provisional allotments of Rights Units as indicated in the ARE. Eligible Depositors may accept their provisional allotments of Rights Units in whole or in part and are eligible to apply for Excess Rights Units. Full instructions for the acceptance of and payment for the provisional allotments of Rights Units are set out in this Offer Information Statement as well as the ARE.

- 1.3 **Unitholders who have subscribed for or purchased Units under the CPFIS and/or the SRS or through a finance company and/or Depository Agent can only accept their “nil-paid” rights and (if applicable) apply for Excess Rights Units by instructing the relevant approved banks, finance company and/or Depository Agent in which they hold their CPFIS accounts and/or SRS accounts to do so on their behalf. ANY APPLICATION MADE BY THE ABOVE-MENTIONED UNITHOLDERS DIRECTLY TO CDP OR THROUGH ATMS WILL BE REJECTED. Such Unitholders who have insufficient funds in their CPF Investment Accounts or SRS accounts may deposit cash into their CPF Investment Accounts or SRS accounts with their approved banks before instructing their respective approved banks to accept their “nil-paid” rights and (if applicable) apply for Excess Rights Units. CPF or SRS funds may not, however, be used for the purchase of the “nil-paid” rights directly from the market.**
- 1.4 If an Eligible Depositor wishes to accept his provisional allotment of Rights Units specified in the ARE, in full or in part, and (if applicable) apply for Excess Rights Units in addition to the Rights Units he has been provisionally allotted, he may do so by completing the relevant portions of the ARE or by way of an Electronic Application through an ATM of a Participating Bank. An Eligible Depositor should ensure that the ARE is accurately and correctly completed, failing which the acceptance of the provisional allotments of Rights Units and (if applicable) application for Excess Rights Units may be rejected.
- 1.5 Unless expressly provided to the contrary in this Offer Information Statement, the ARE or the ARS, with respect to enforcement against Eligible Depositors or their renounees, a person who is not a party to any contracts made pursuant to this Offer Information Statement, the ARE or the ARS, has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore, to enforce any term of such contracts. Notwithstanding any term contained herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts. Where third parties are conferred rights under such contracts, those rights are not assignable or transferable.

- 1.6 Where any acceptance, application and/or payment which does not conform strictly to the instructions set out under this Offer Information Statement, the ARE, the ARS, the PAL (if applicable) and/or any other forms of acceptance of provisional allotments of Rights Units and/or application for Excess Rights Units (including an Electronic Application) or which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly or insufficiently drawn remittance or which does not comply with the instructions for Electronic Applications, or where the “free balance” of the Eligible Depositor’s Securities Account is not credited with, or is credited with less than, the relevant number of Rights Units accepted and (if applicable) Excess Rights Units applied for as at the last date and time for acceptance, excess application and payment for the Rights Units, the Manager and/or CDP may, at their/its absolute discretion, reject or treat as invalid any such acceptance, application and payment or otherwise process all remittances at any time after receipt in such manner as they/it may deem fit.
- 1.7 The Manager and/or CDP shall be entitled to process each application submitted for the acceptance of the provisional allotments of Rights Units, and where applicable, application for Excess Rights Units and the payment received in relation thereto, pursuant to such application, by an Eligible Depositor, without regard to any other application and payment that may be submitted by the same Eligible Depositor. For the avoidance of doubt, insufficient payment for an application may render the application invalid; evidence of payment (or overpayment) in other applications shall not constitute, or be construed as, an affirmation of such invalid application submitted for the acceptance of the provisional allotments of Rights Units and (if applicable) application for Excess Rights Units.

## 2. MODE OF ACCEPTANCE AND APPLICATION

### 2.1 Acceptance/Application through CDP

To accept the provisional allotments of Rights Units and (if applicable) apply for Excess Rights Units through CDP, the duly completed and signed ARE, must be accompanied by **A SINGLE REMITTANCE** for payment in full for the relevant number of Rights Units accepted and (if applicable) Excess Rights Units applied for and submitted:

- (i) by hand to **K-REIT ASIA MANAGEMENT LIMITED, AS MANAGER OF K-REIT ASIA, C/O THE CENTRAL DEPOSITORY (PTE) LIMITED, 4 SHENTON WAY, #02-01, SGX CENTRE 2, SINGAPORE 068807**; or
- (ii) by post in the self-addressed envelope provided, at the sender’s own risk, to **K-REIT ASIA MANAGEMENT LIMITED, AS MANAGER OF K-REIT ASIA, C/O THE CENTRAL DEPOSITORY (PTE) LIMITED, ROBINSON ROAD POST OFFICE P.O. BOX 1597, SINGAPORE 903147**,

in each case, so as to arrive not later than **5.00 p.m. on 13 November 2009**.

The payment must be made in Singapore currency in the form of a Cashier’s Order or Banker’s Draft drawn on a bank in Singapore and made payable to “**CDP — K-REIT ASIA RIGHTS ISSUE ACCOUNT**” for the Rights Units accepted and/or Excess Rights Units applied for and crossed “**NOT NEGOTIABLE, A/C PAYEE ONLY**” for the full amount due on acceptance, and with the name and Securities Account number of the Eligible Depositor clearly written on the reverse side of the Cashier’s Order or Banker’s Draft. **COMBINED CASHIER’S ORDER OR BANKER’S DRAFT FOR DIFFERENT SECURITIES ACCOUNTS OR OTHER FORM OF PAYMENT (INCLUDING THE USE OF A PERSONAL CHEQUE, POSTAL ORDER OR MONEY ORDER ISSUED BY A POST OFFICE IN SINGAPORE) WILL BE REJECTED.**

## **2.2 Acceptance/Application by way of Electronic Applications through an ATM of a Participating Bank**

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

If an Eligible Depositor makes an Electronic Application, he would have irrevocably authorised the Participating Bank to deduct the full amount payable from his bank account with such Participating Bank in respect of such application.

In the case of an Eligible Depositor who has accepted this provisional allotment of Rights Units by way of an ARE and/or applied for Excess Rights Units by way of the ARE and also by way of an Electronic Application, the Manager and/or CDP shall be authorised and entitled to accept his instructions in whichever mode or combination as the Manager and/or CDP may, in their/its absolute discretion, deem fit. Without prejudice to the generality of the foregoing, in such a case, the Eligible Depositor shall be regarded as having irrevocably authorised the Manager and/or CDP to apply all amounts received whether under the ARE and/or the Electronic Application in whichever mode or combination as the Manager and/or CDP may, in their/its absolute discretion, deem fit.

## **2.3 Acceptance of Part of Provisional Allotments of Rights Units and Trading of Provisional Allotments of Rights Units**

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

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

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

Eligible Depositors who wish to trade all or part of their provisional allotments of Rights Units on the SGX-ST during the “nil-paid” rights trading period should note that the provisional allotments of Rights Units will be tradable in board lot size of 1,000 Rights Units. Eligible Depositors who wish to trade in other lot sizes can do so on the SGX-ST’s Unit Share Market. Such Eligible Depositors may start trading their provisional allotments of Rights Units as soon as dealings therein commence on the SGX-ST.

Upon the listing and quotation of the Rights Units on the Main Board of the SGX-ST, the Rights Units will be traded under the book-entry (scripless) settlement system and each board lot of Rights Units will comprise 1,000 Rights Units. All dealings in and transactions (including transfers) of the Rights Units effected through the SGX-ST and/or CDP shall be made in accordance with the “Terms and Conditions for Operation of Securities Accounts with CDP”, as the same may be amended from time to time, copies of which are available from CDP.

Unitholders who hold odd lots of Units (that is, lots other than board lots of 1,000 Units) and who wish to trade in odd lots are able to trade odd lots of Units on the SGX-ST's Unit Share Market. The Unit Share Market is a ready market for trading of odd lots of Units with a minimum size of one (1) Unit.

## **2.4 Purchasers of Provisional Allotments of Rights Units**

The ARE need not be forwarded to the purchasers of the provisional allotments of Rights Units (the "**Purchasers**") as arrangements will be made by CDP for a separate ARS to be issued to the Purchasers. Purchasers should note that CDP will, on behalf of the Manager, send the ARS, accompanied by this Offer Information Statement, by ordinary post and at the Purchasers' own risk, to their respective Singapore mailing addresses as recorded with CDP. Purchasers should ensure that their ARS are accurately and correctly completed, failing which the acceptance of the provisional allotments of Rights Units may be rejected. Purchasers who do not receive the ARS, accompanied by this Offer Information Statement may obtain the same from CDP for the period up to **5.00 p.m. on 13 November 2009**.

To accept all or part of the Rights Units provisionally allotted to them, Purchasers should:

- (i) complete the ARS and submit the ARS together with payment in the prescribed manner as described above to CDP; or
- (ii) make an Electronic Application through an ATM of a Participating Bank at the Rights Issue Price in the prescribed manner described above.

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

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

## **2.5 Renunciation of Provisional Allotments of Rights Units**

Eligible Depositors who wish to renounce their entire or part of their provisional allotments of Rights Units in favour of a third party should complete the relevant transfer forms with CDP (including any accompanying documents as may be required by CDP) for the number of provisional allotments of Rights Units which they wish to renounce. As CDP requires three Market Days to effect such renunciation, Eligible Depositors who wish to renounce are advised to do so early to allow sufficient time for CDP to send the ARS to the renounee and for the renounee to accept his provisional allotment of Rights Units. The last date for acceptance of and payment for the Rights Units by the renounee is at 5.00 p.m. on 13 November 2009.

## **2.6 Acceptance/Application using CPF**

Unitholders participating in the CPFIS — Ordinary Account must use, subject to applicable CPF rules and regulations, monies standing to the credit of their respective CPF Investment Accounts to pay for the acceptance of their provisional allotments of Rights Units and (if applicable) application for Excess Rights Units, if they have previously bought their Units using CPF.

Such Unitholders who wish to accept their provisional allotments of Rights Units and (if applicable) apply for Excess Rights Units using CPF must have sufficient funds in their CPF Investment Accounts and will need to instruct their respective approved banks, where such Unitholders hold their CPF Investment Accounts, to accept their provisional allotments of Rights Units and (if applicable) apply for Excess Rights Units on their behalf in accordance with this Offer Information Statement. Such Unitholders who have insufficient funds in their CPF Investment Accounts may deposit cash into their CPF Investment Accounts with their approved banks to enable them to subscribe for their provisional allotments of Rights Units and/or to make applications for Excess Rights Units. CPF may not, however, be used for the purchase of the provisional allotments of Rights Units directly from the market.

**ANY APPLICATION MADE DIRECTLY TO CDP OR THROUGH ATMS WILL BE REJECTED.**

## **2.7 Acceptance/Application using SRS Funds**

Unitholders with SRS accounts must use, subject to applicable SRS rules and regulations, monies standing to the credit of their respective SRS accounts to pay for the acceptance of their provisional allotments of Rights Units and (if applicable) application for Excess Rights Units.

Such Unitholders who wish to accept their provisional allotments of Rights Units and (if applicable) apply for Excess Rights Units using SRS funds, will need to instruct the relevant approved banks in which they hold their SRS accounts to accept their provisional allotments of Rights Units and (if applicable) apply for Excess Rights Units on their behalf. Such Unitholders who have insufficient funds in their SRS accounts may, subject to the SRS contribution cap, deposit cash into their SRS accounts with their approved banks to enable them to subscribe for their provisional allotments of Rights Units and/or to make applications for Excess Rights Units. SRS funds may not, however, be used for the purchase of the provisional allotments of Rights Units directly from the market.

**ANY APPLICATION MADE DIRECTLY TO CDP OR THROUGH ATMS WILL BE REJECTED.**

## **2.8 Acceptance/Application via Finance Company and/or Depository Agent**

Unitholders who hold units through a finance company and/or Depository Agent must instruct the relevant finance company and/or Depository Agent to accept their provisional allotments of Rights Units and (if applicable) apply for Excess Rights Units on their behalf in accordance with this Offer Information Statement.

**ANY APPLICATION MADE DIRECTLY TO CDP OR THROUGH ATMS WILL BE REJECTED.**

## **3. ILLUSTRATIVE EXAMPLES**

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

Alternatives	Procedures
<p>(a) Accept his entire provisional allotment of Rights Units</p>	<p><b>(i) By way of Electronic Application</b></p> <p>Accept his entire provisional allotments of 1,000 Rights Units at the Rights Issue Price by way of an Electronic Application through an ATM of a Participating Bank as described herein not later than <b>9.30 p.m. on 13 November 2009</b>; or</p> <p><b>(ii) Through CDP</b></p> <p>Complete the ARE in accordance with the instructions contained therein for the full provisional allotments of 1,000 Rights Units at the Rights Issue Price and forward the ARE together with a single remittance for S\$930.00 by way of a Cashier's Order or Banker's Draft drawn in Singapore currency on a bank in Singapore and made payable to "<b>CDP — K-REIT ASIA RIGHTS ISSUE ACCOUNT</b>" for the Rights Units and crossed "<b>NOT NEGOTIABLE, A/C PAYEE ONLY</b>" for the full amount due on acceptance,</p> <p>(A) by hand to <b>K-REIT ASIA MANAGEMENT LIMITED, AS MANAGER OF K-REIT ASIA, C/O THE CENTRAL DEPOSITORY (PTE) LIMITED, 4 SHENTON WAY, #02-01, SGX CENTRE 2, SINGAPORE 068807</b>; or</p> <p>(B) by post, at his own risk, in the self-addressed envelope provided to <b>K-REIT ASIA MANAGEMENT LIMITED, AS MANAGER OF K-REIT ASIA, C/O THE CENTRAL DEPOSITORY (PTE) LIMITED, ROBINSON ROAD POST OFFICE P.O. BOX 1597, SINGAPORE 903147</b>,</p> <p>in each case, so as to arrive not later than <b>5.00 p.m. on 13 November 2009</b> and with the name and Securities Account number of the Eligible Depositor written on the reverse side of the Cashier's Order or Banker's Draft. <b>COMBINED CASHIER'S ORDER OR BANKER'S DRAFT FOR DIFFERENT SECURITIES ACCOUNTS OR OTHER MODE OF PAYMENT WILL BE REJECTED.</b></p>
<p>(b) Accept his entire provisional allotment of Rights Units and for example apply for 100 Excess Rights Units</p>	<p><b>(i) By way of Electronic Application</b></p> <p>Accept his entire provisional allotments of 1,000 Rights Units and apply for 100 Excess Rights Units at the Rights Issue Price by way of an Electronic Application as described herein not later than <b>9.30 p.m. on 13 November 2009</b>; or</p>



**Alternatives****Procedures**

- (c) Accept a portion of his provisional allotment of Rights Units, for example his entitlement to 500 provisionally allotted Rights Units, and reject the balance of 500 Rights Units
- (ii) **Through CDP**
- Complete the ARE in accordance with the instructions contained therein for the full provisional allotment of 1,000 Rights Units at the Rights Issue Price and apply for 100 Excess Rights Units at the Rights Issue Price and forward the ARE together with a single remittance for S\$1,023.00 in the prescribed manner described in alternative (a) (ii) above to CDP so as to arrive not later than **5.00 p.m. on 13 November 2009**.
- (i) **By way of Electronic Application**
- Accept the provisional allotment of 500 Rights Units at the Rights Issue Price by way of an Electronic Application through an ATM of a Participating Bank as described herein not later than **9.30 p.m. on 13 November 2009**; or
- (ii) **Through CDP**
- Complete the ARE in accordance with the instructions contained therein for the provisional allotment of 500 Rights Units at the Rights Issue Price and forward the ARE together with a single remittance for S\$465.00 in the prescribed manner described in alternative (a)(ii) above to CDP so as to arrive not later than **5.00 p.m. on 13 November 2009**.
- The balance of the provisional allotment of 500 Rights Units which is not accepted by the Eligible Depositor will automatically lapse and cease to be available for acceptance by that Eligible Depositor if an acceptance is not made through CDP by **5.00 p.m. on 13 November 2009** or if an acceptance is not made through an ATM of a Participating Bank by **9.30 p.m. on 13 November 2009**.



Alternatives	Procedures
(d) Accept a portion of his provisional allotment of Rights Units, for example his entitlement to 500 provisionally allotted Rights Units, and trade the balance of 500 Rights Units on the SGX-ST	<p data-bbox="730 264 1220 293"><b>(i) By way of Electronic Application</b></p> <p data-bbox="794 315 1398 479">Accept the provisional allotment of 500 Rights Units at the Rights Issue Price by way of an Electronic Application through an ATM of a Participating Bank as described herein not later than <b>9.30 p.m. on 13 November 2009</b>; or</p> <p data-bbox="730 510 970 539"><b>(ii) Through CDP</b></p> <p data-bbox="794 562 1398 831">Complete the ARE in accordance with the instructions contained therein for the provisional allotment of 500 Rights Units at the Rights Issue Price, and forward the ARE together with a single remittance for S\$465.00 in the prescribed manner described in alternative (a)(ii) above to CDP, so as to arrive not later than <b>5.00 p.m. on 13 November 2009</b>.</p> <p data-bbox="794 862 1398 1167">The balance of the provisional allotment of 500 Rights Units may be traded on the SGX-ST during the “nil-paid” rights trading period. <b>Eligible Depositors should note that the provisional allotment of Rights Units will be tradable in the ready market, with board lot size of 1,000 Rights Units. Eligible Depositors who wish to trade in other lot sizes can do so on the SGX-ST’s Unit Share Market.</b></p>
(e) Renounce a portion of or its entire provisional allotment of Rights Units in favour of a third party	<p data-bbox="730 1205 1398 1677">Eligible Depositors who wish to renounce their entire or part of their provisional allotment of Rights Units in favour of a third party should complete the relevant transfer forms with CDP (including any accompanying documents as may be required by CDP) for the number of provisional allotment of Rights Units which they wish to renounce. As CDP requires three Market Days to effect such renunciation, Eligible Depositors who wish to renounce are advised to do so early to allow sufficient time for CDP to send the ARS to the renounee and for the renounee to accept his provisional allotment of Rights Units. The last date for acceptance of and payment for the Rights units by the renounee is not later than 5.00 p.m. on 13 November 2009.</p>

#### 4. TIMING AND OTHER IMPORTANT INFORMATION

##### 4.1 Timing

**THE LAST DATE AND TIME FOR ACCEPTANCES AND (IF APPLICABLE) EXCESS APPLICATIONS AND PAYMENT FOR THE RIGHTS UNITS UNDER THE RIGHTS ISSUE IS:**

**(A) 13 NOVEMBER 2009 AT 5.00 P.M. IF ACCEPTANCE AND (IF APPLICABLE) EXCESS APPLICATION AND PAYMENT FOR THE RIGHTS UNITS IS MADE THROUGH CDP; OR**

**(B) 13 NOVEMBER 2009 AT 9.30 P.M. IF ACCEPTANCE AND (IF APPLICABLE) EXCESS APPLICATION AND PAYMENT FOR THE RIGHTS UNITS IS MADE THROUGH AN ATM OF A PARTICIPATING BANK.**

If payment and acceptance of the provisional allotments of Rights Units and (if applicable) application for Excess Rights Units in the manner specified in the ARE, the ARS and this Offer Information Statement is not received through CDP by **5.00 p.m. on 13 November 2009** or through an ATM of a Participating Bank **by 9.30 p.m. on 13 November 2009** from any Eligible Depositor or Purchaser, the provisional allotments of Rights Units that have been offered shall be deemed to have been rejected and shall forthwith lapse and become void, and such provisional allotments not so accepted will be used to satisfy excess applications, if any, or otherwise dealt with in such manner as the Manager may, in their absolute discretion, deem fit, in the interests of K-REIT Asia. All monies received in connection therewith will be returned or refunded by CDP on behalf of the Manager to the Eligible Depositors or the Purchasers, as the case may be, without interest or any share of revenue or other benefit arising therefrom, by means of a crossed cheque drawn in Singapore currency on a bank in Singapore and sent by ordinary post at their own risk to their mailing addresses as recorded with CDP or in such other manner as they may have agreed with CDP for the payment of any cash distributions (where acceptance is through CDP) or by crediting their accounts with the relevant Participating Banks (where acceptance is by way of Electronic Application through the ATMs of the Participating Banks), the receipt by such bank being a good discharge to the Manager and CDP of their obligations, if any, thereunder within fourteen (14) days after the Closing Date.

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

#### **4.2 Appropriation**

An Eligible Depositor should note that:

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

the Manager and/or CDP will be entitled and deemed authorised to determine and appropriate all amounts received by CDP on the Manager's behalf for each application whether under the ARE, the ARS and/or any other application form for Rights Units and /or Excess Rights Units: firstly, towards payment of all amounts payable in respect of his acceptance of the Rights Units provisionally allotted to him; and secondly, (if applicable) towards payment of all amounts payable in respect of his application for Excess Rights Units. Without prejudice to the above, the Manager and/or CDP shall be entitled to make such appropriation for each application based on the amount received for that application, notwithstanding payment (or overpayment) made in this or other application(s). The determination and appropriation by the Manager and/or CDP will be conclusive and binding; and

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

### **4.3 Application for Excess Rights Units**

Excess Rights Units available for application are subject to the terms and conditions contained in this Offer Information Statement, (if applicable) the Trust Deed and the instructions contained in the ARE. Applications for Excess Rights Units will, at the Manager's absolute discretion, be satisfied from such Rights Units (if any) that are not validly taken up by Eligible Depositors, the original allottee(s) or their respective renouncee(s) or the Purchaser(s), together with the aggregated unsold "nil-paid" provisional allotments of Rights Units of Ineligible Unitholders (if any) and any Rights Units that are otherwise not allotted for whatever reason, in accordance with the terms and conditions contained in this Offer Information Statement, (if applicable) the Trust Deed and the instructions contained in the ARE. In the event that applications are received by the Manager for more Excess Rights Units than are available, Excess Rights Units available will be allotted in such manner as the Manager may, in its absolute discretion, deem fit in the interest of K-REIT Asia. The Manager reserves the right to refuse any application for Excess Rights Units in whole or in part without assigning any reason whatsoever and therefore, CDP takes no responsibility for any decision that the Manager may make. 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. In the event that the number of Excess Rights Units allotted to the Eligible Depositors is less than the number of Excess Rights Units applied for, the Eligible Depositor shall be deemed to have accepted the number of Excess Rights Units actually allotted.

If no Excess Rights Units are allotted or if the number of Excess Rights Units allocated is less than that applied for, the amount paid on application or the surplus application monies, as the case may be, will be refunded to such Eligible Depositors without interest or any share of revenue or other benefit arising therefrom within fourteen (14) days after the Closing Date, (i) by means of a crossed cheque in Singapore currency drawn on a bank in Singapore and sent to them by ORDINARY POST to their mailing addresses maintained with CDP and at their own risk or in such other manner as they may have agreed with CDP for the payment of any cash distributions (if they accept and/or apply (as the case may be) through CDP) or (ii) by crediting their bank account with the relevant Participating Bank at their own risk (if they accept and/or apply (as the case may be) by way of Electronic Application), the receipt by such bank being a good discharge to the Manager and CDP of their obligations, if any, thereunder.

**ADDITIONAL TERMS AND CONDITIONS FOR ELECTRONIC APPLICATIONS**

*In this Appendix, capitalised terms not otherwise defined herein have the meaning given to them in the Glossary as set out in this Offer Information Statement.*

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

**Unitholders who have subscribed for or purchased Units under the CPFIS and/or the SRS or through a finance company and/or Depository Agent can only accept their “nil-paid” rights and (if applicable) apply for Excess Rights Units by instructing the relevant approved banks, finance company and/or Depository Agent in which they hold their CPFIS accounts and/or SRS accounts to do so on their behalf. ANY APPLICATION MADE BY THE ABOVE-MENTIONED UNITHOLDERS DIRECTLY TO CDP OR THROUGH ATMS WILL BE REJECTED. Such Unitholders who have insufficient funds in their CPF Investment Accounts or SRS accounts may deposit cash into their CPF Investment Accounts or SRS accounts with their approved banks before instructing their respective approved banks to accept their “nil-paid” rights and (if applicable) apply for Excess Rights Units. CPF or SRS funds may not, however, be used for the purchase of the “nil-paid” rights directly from the market.**

Any reference to the “Applicant” in the terms and conditions for Electronic Applications and the procedures shall mean the Eligible Depositor or the Purchaser of the provisional allotments who accepts the Rights Units through an ATM of the Participating Banks. An Applicant must have an existing bank account with and be an ATM cardholder of one of the Participating Banks before he can make an Electronic Application at the ATM of that Participating Bank. The actions that the Applicant must take at ATMs of the Participating Banks are set out on the ATM screens of the relevant Participating Banks. Upon the completion of his Electronic Application transaction, the Applicant will receive an ATM transaction slip, confirming the details of his Electronic Application. The ATM transaction slip is for retention by the Applicant and should not be submitted with any ARE and/or ARS.

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

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

- (1) In connection with his Electronic Application for the provisional allotments of Rights Units, the Applicant is required to confirm statements to the following effect in the course of activating the ATM for his Electronic Application:
  - (a) **that he has received a copy of this Offer Information Statement and has read, understood and agreed to all the terms and conditions of acceptance for the provisional allotments of Rights Units under the Rights Issue and this Offer Information Statement prior to effecting the Electronic Application and agrees to be bound by the same; and**

- (b) that he authorises CDP to give, provide, divulge, disclose or reveal any information pertaining to his Securities Account maintained in CDP's record, including, without limitation, his name(s), his NRIC number(s) or passport number(s), Securities Account number(s), address(es), the number of Units standing to the credit of his Securities Account, the number of Rights Units provisionally allotted to him, his acceptance and/or (if applicable) excess application and any other information (the "Relevant Particulars") to the Manager, the Lead Manager, Underwriter and Financial Adviser and any other relevant parties (the "Relevant Parties") as CDP may deem fit for the purpose of the Rights Issue and his acceptance and/or (if applicable) excess application.**

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

- (2) An Applicant may make an Electronic Application at an ATM of any Participating Bank for the Rights Units using cash only by authorising such Participating Bank to deduct the full amount payable from his account with such Participating Bank.
- (3) The Applicant irrevocably agrees and undertakes to subscribe for and accept up to the aggregate of the number of Rights Units provisionally allotted and Excess Rights Units applied for as stated on the ATM transaction slip or the number of Rights Units standing to the credit of his Securities Account as at the Closing Date. In the event that the Manager decides to allot any lesser number of Excess Rights Units or not to allot any number of Excess Rights Units to the Applicant, the Applicant agrees to accept the decision as conclusive and binding.
- (4) If the Applicant's Electronic Application is successful, his confirmation (by his action of pressing the "Enter" or "OK" or "Confirm" or "Yes" key on the ATM) of the number of provisional allotments of Rights Units accepted and/or Excess Rights Units applied shall signify and shall be treated as his acceptance of the number of provisional allotments of Rights Units accepted and/or Excess Rights Units applied for that may be allotted to him.
- (5) In the event that CDP receives instructions to accept the Rights Units and (if applicable) instructions to apply for Excess Rights Units together with payment therefor both by way of the ARE and/or the ARS and/or by way of Electronic Applications through an ATM of a Participating Bank, the Manager and/or CDP shall be authorised and entitled to accept the instructions of the Applicant in whichever mode or a combination thereof as the Manager and/or CDP may, in their/its absolute discretion, deem fit. In determining the number of Rights Units which the Applicant has validly given instructions to accept, the Applicant shall be deemed to have irrevocably given instructions to accept such number of Rights Units not exceeding the number of provisionally allotted Rights Units standing to the credit of the Applicant's Securities Account which is available for acceptance as at the Closing Date. If applicable, in determining the number of Excess Rights Units which the Applicant have validly given instructions to apply for, the Applicant shall be deemed to have irrevocably given instructions to apply for and agreed to accept such number of Excess Rights Units not exceeding the aggregate number of Excess Rights Units for which the Applicant has applied by way of the ARE and/or through an ATM of a Participating Bank. The Manager and/or CDP, in determining the number of provisional allotments of Rights Units and (if applicable) the number of Excess Rights Units in which the Applicant has given valid instructions for acceptance of or application for, as the case may be, shall be authorised and entitled to have regard to the aggregate amount of payment received for the acceptance of or the application for,

as the case may be, Rights Units whether by way of Cashier's Order or Banker's Draft accompanying this ARE and/or the ARS or by way of application through an ATM of a Participating Bank, which the Applicant has authorised or deemed to have authorised to be applied towards the payment in respect of the Applicant's acceptance and/or application.

- (6) The Applicant irrevocably requests and authorises the Manager to:
- (a) register, or to procure the registration of the Rights Units allotted to the Applicant in the name of CDP for deposit into his Securities Account;
  - (b) return or refund (without interest or any share of revenue or other benefit arising therefrom) the acceptance/application monies, should his Electronic Application in respect of the provisional allotments of Rights Units accepted and/or Excess Rights Units applied for not be accepted by the Manager for any reason, by automatically crediting the Applicant's bank account with his Participating Bank with the relevant amount within fourteen (14) days after the Closing Date; and
  - (c) return or refund (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies, should his Electronic Application for Excess Rights Units be accepted in part only, by automatically crediting the Applicant's bank account with his Participating Bank with the relevant amount within fourteen (14) days after the Closing Date.
- (7) **BY MAKING AN ELECTRONIC APPLICATION, THE APPLICANT CONFIRMS THAT HE IS NOT ACCEPTING THE PROVISIONAL ALLOTMENTS OF RIGHTS UNITS AS NOMINEE OF ANY OTHER PERSON.**
- (8) The Applicant irrevocably agrees and acknowledges that his Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires, acts of God, mistakes, losses and theft (in each case whether or not within the control of CDP, CPF Board, the Participating Banks, the Lead Manager, Underwriter and Financial Adviser and/or the Manager) and any events whatsoever beyond the control of CDP, CPF Board, the Participating Banks, and the Manager and if, in any such event, CDP, CPF Board, the Participating Banks, the Lead Manager, Underwriter and Financial Adviser and/or the Manager do not record or receive the Applicant's Electronic Application by 9.30 p.m. on the Closing Date, or such data or the tape containing such data is lost, corrupted, destroyed or not otherwise accessible, whether wholly or partially for whatever reason, the Applicant shall be deemed not to have made an Electronic Application and the Applicant shall have no claim whatsoever against CDP, CPF Board, the Participating Banks, the Lead Manager, Underwriter and Financial Adviser, the Manager for any purported acceptance thereof, or for any compensation, loss or damage in connection therewith or in relation thereto.
- (9) Electronic Applications may only be made at the ATMs of the Participating Banks from Mondays to Saturdays (excluding public holidays) between **7.00 a.m. to 9.30 p.m.**
- (10) Electronic Applications shall close at **9.30 p.m. on 13 November 2009** or such other time as the Manager may, in its absolute discretion, deem fit in the interest of K-REIT Asia.
- (11) All particulars of the Applicant in the records of his Participating Bank at the time he makes his Electronic Application shall be deemed to be true and correct and the relevant Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in the particulars of the Applicant after the time of the making of his Electronic Application, the Applicant shall promptly notify his Participating Bank.



- (12) The Applicant must have sufficient funds in his bank account(s) with his Participating Bank at the time he makes his Electronic Application, failing which his Electronic Application will not be completed. Any Electronic Application made at the ATMs of Participating Banks which does not strictly conform to the instructions set out on the ATM screens of such Participating Banks will be rejected.
- (13) Where an Electronic Application is not accepted, it is expected that the full amount of the acceptance monies will be refunded in Singapore dollars (without interest or any share of revenue or other benefit arising therefrom) to the Applicant by being automatically credited to the Applicant's account with the relevant Participating Bank within fourteen (14) days after the Closing Date. An Electronic Application may also be accepted in part, in which case the balance amount of acceptance monies (and the application monies, where applicable) will be refunded on the same terms.
- (14) In consideration of the Manager arranging for the Electronic Application facility through the ATMs of the Participating Banks and agreeing to close the Rights Issue at **9.30 p.m. on 13 November 2009** or such later time or date as the Manager may, in their absolute discretion, decide, and by making and completing an Electronic Application, the Applicant agrees that:
- (a) his Electronic Application is irrevocable (whether or not, to the extent permitted by law, any supplementary document or replacement document is lodged with the Authority;
  - (b) his Electronic Application, the acceptance by the Manager and the contract resulting therefrom shall be governed by and construed in accordance with the laws of Singapore and he irrevocably submits to the exclusive jurisdiction of the Singapore courts;
  - (c) none of CDP, CPF Board, the Manager, the Lead Manager, Underwriter and Financial Adviser nor the Participating Banks shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to his Electronic Application to the Manager or CDP due to a breakdown or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 8 above or to any cause beyond their respective control;
  - (d) he will not be entitled to exercise any remedy of rescission or misrepresentation at any time after acceptance of the provisional allotments of Rights Units and (if applicable) acceptance of his application for Excess Rights Units;
  - (e) in respect of the provisional allotments of Rights Units for which his Electronic Application has been successfully completed and not rejected, acceptance of the Applicant's Electronic Application shall be constituted by written notification by or on behalf of the Manager and not otherwise, notwithstanding any payment received by or on behalf of the Manager; and
  - (f) unless expressly provided to the contrary in this Offer Information Statement or the Electronic Application, a person who is not party to any contracts made pursuant to this Offer Information Statement or the Electronic Application has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce any term of such contracts. Notwithstanding any term contained in this Offer Information Statement or the Electronic Application, the consent of any third party is not required for any subsequent agreement by the parties thereto to amend or vary (including any release or compromise of any liability) or terminate such contracts. Where third parties are conferred rights under such contracts, those rights are not assignable or transferable.



- (15) The Applicant should ensure that his personal particulars as recorded by both CDP and the relevant Participating Banks are correct and identical, otherwise, his Electronic Application may be liable to be rejected. The Applicant should promptly inform CDP of any change in his mailing address, failing which the notification letter on successful allotment and other correspondences will be sent to his mailing address last registered with CDP.
- (16) The existence of a trust will not be recognised. Any Electronic Application by an Applicant must be made in his own name and without qualification. The Manager will reject any application by any person acting as nominee.
- (17) In the event that the Applicant accepts the provisional allotments of Rights Units, by way of the ARE, the ARS, or by way of Electronic Application through ATMs of Participating Banks, the provisional allotments of Rights Units will be allotted in such manner as the Manager or CDP may, in their absolute discretion, deem fit and the surplus acceptance and (if applicable) application monies, as the case may be, will be refunded, without interest or any share of revenue or other benefit arising therefrom, within fourteen (14) days after the Closing Date by any one or a combination of the following:
- (a) by means of a crossed cheque in Singapore currency sent BY ORDINARY POST at his own risk to his mailing address as maintained with CDP or in such other manner as he may have agreed with CDP for the payment of any cash distributions if he accepts and (if applicable) applies through CDP; and
  - (b) by crediting the Applicant's bank account with the Participating Bank at his own risk if he accepts and (if applicable) applies through an ATM of that Participating Bank, the receipt by such bank a good discharge to the Manager and CDP of their obligations, if any, thereunder.
- (18) The Applicant hereby acknowledges that, in determining the total number of provisional allotments of Rights Units which he can validly accept, the Manager and CDP are entitled and the Applicant hereby authorises the Manager and CDP to take into consideration:
- (a) the total number of provisional allotments of Rights Units which the Applicant has validly accepted, whether under the ARE, the ARS or any other form of application (including Electronic Application through an ATM) for the Rights Units;
  - (b) the total number of provisional allotments of Rights Units standing to the credit of the Applicant's Securities Account which is available for acceptance; and
  - (c) the total number of provisional allotments of Rights Units which has been disposed of by the Applicant.
- The Applicant hereby acknowledges that CDP's and the Manager's determination shall be conclusive and binding on him.
- (19) The Applicant irrevocably requests and authorises CDP to accept instructions from the Participating Bank through whom the Electronic Application is made in respect of the provisional allotments of Rights Units accepted by the Applicant and (if applicable) Excess Rights Units which the Applicant has applied for.
- (20) With regard to any acceptance and/or application which does not conform strictly to the instructions set out under this Offer Information Statement, the ARE, the ARS, the PAL and/or any other application form for the Rights Units in relation to the Rights Issue, or which does not comply with the instructions for Electronic Application, or where the Applicant's Securities Account is credited with less than the relevant number of Rights Units subscribed for as at the Closing Date, or in the case of an application by the ARE, the ARS and/or any other application form for the Rights Units in relation to the Rights Issue which is illegible, incomplete, incorrectly completed or

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

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

**LIST OF PARTICIPATING BANKS**

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

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

### 1. INTRODUCTION

- 1.1 Eligible Scripholders are entitled to receive this Offer Information Statement with the following documents which are enclosed with, and are deemed to constitute a part of, this Offer Information Statement:

PAL incorporating:

Form of Acceptance	Form A
Request for Splitting	Form B
Form of Renunciation	Form C
Form of Nomination	Form D
Excess Rights Units Application Form	Form E

- 1.2 The provisional allotments of the Rights Units and applications for Excess Rights Units are governed by the terms and conditions of this Offer Information Statement, (if applicable) the Trust Deed and the PAL. The number of Rights Units provisionally allotted to Eligible Scripholders is indicated in the PAL. Eligible Scripholders may accept their provisional allotments of Rights Units, in full or in part, and are eligible to apply for Excess Rights Units.
- 1.3 Full instructions for the acceptance of and payment for the Rights Units provisionally allotted to Eligible Scripholders and the procedures to be adopted should they wish to renounce, transfer or split their provisional allotments are set out in the PAL.
- 1.4 Where an acceptance, application and/or payment does not conform strictly to the instructions set out under this Offer Information Statement, the PAL and/or any other application form for Rights Units and/or Excess Rights Units, or is illegible, incomplete or incorrectly completed or is accompanied by an improperly or insufficiently drawn remittance, the Manager and/or the Unit Registrar may, at their/its absolute discretion, reject or treat as invalid any such acceptance, application, payment and/or other process of remittance at any time after receipt in such manner as they/it may deem fit.
- 1.5 The Manager and/or the Unit Registrar shall be entitled to process each application submitted for the acceptance of the provisional allotment of Rights Units and (if applicable) application for Excess Rights Units and the payment received in relation thereto, pursuant to such application, by an Eligible Scripholder, on its own, without regard to any other application and payment that may be submitted by the same Eligible Scripholder. For the avoidance of doubt, insufficient payment for an application may render the application invalid. Evidence of payment (or overpayment) in other applications shall not constitute, or be construed as, an affirmation of such invalid application submitted for the acceptance of the provisional allotment of Rights Units and (if applicable) application for Excess Rights Units.
- 1.6 The Manager reserves the right to proceed with the Rights Issue notwithstanding a default by the Lead Manager, Underwriter and Financial Adviser in the performance of its obligation under the Management and Underwriting Agreement.
- 1.7 **Eligible Scripholders who intend to trade any part of their provisional allotments of Rights Units on the SGX-ST should note that all dealings in, and transactions of, the provisional**

**allotments of Rights Units through the SGX-ST will be effected under the book-entry (scripless) settlement system. Accordingly, the PALs will not be valid for delivery pursuant to trades done on the SGX-ST.**

- 1.8 Unless expressly provided to the contrary in this Offer Information Statement and/or the PAL, a person who is not a party to any contracts made pursuant to the Offer Information Statement and/or the PAL has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore, to enforce any term of such contracts. Notwithstanding any term contained herein, the consent of any third party is not required for any subsequent agreement by the parties thereto to amend or vary (including any release or compromise of any liability) or terminate such contracts. Where third parties are conferred rights under such contracts, those rights are not assignable or transferable.

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

- 2.1 An Eligible Scripholder who wishes to accept his entire provisional allotment of Rights Units or to accept any part of it and reject the balance should:

- (a) complete the Form of Acceptance (Form A) for the number of Rights Units which he wishes to accept; and
- (b) return the PAL in its entirety, duly completed and signed, together with a single remittance for the full amount due and payable on acceptance by post at his own risk in the enclosed self-addressed envelope provided, to **K-REIT ASIA MANAGEMENT LIMITED, AS MANAGER OF K-REIT ASIA, C/O THE UNIT REGISTRAR, BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD., 3 CHURCH STREET, #08-01 SAMSUNG HUB, SINGAPORE 049483**, so as to reach the Unit Registrar not later than **5.00 p.m. on 13 November 2009**.

## **2.2 Insufficient Payment**

The attention of the Eligible Scripholder is also drawn to paragraph 2.3 of this Appendix entitled "Appropriation" which sets out the circumstances and manner in which the Manager and/or the Unit Registrar shall be entitled to determine the number of Rights Units which the Eligible Scripholder has given instructions to accept.

## **2.3 Appropriation**

An Eligible Scripholder should note that by accepting his provisional allotment of Rights Units, he acknowledges that, the Manager and/or the Unit Registrar, in determining the number of Rights Units which the Eligible Scripholder has given instructions to accept, shall be authorised and entitled to have regard to the aggregate amount of payment received for the acceptance of Rights Units, whether by way of Cashier's Order or Banker's Draft in Singapore currency drawn on a bank in Singapore.

## **3. REQUEST FOR SPLITTING (FORM B), FORM OF RENUNCIATION (FORM C) AND FORM OF NOMINATION (FORM D)**

- 3.1 Eligible Scripholders who wish to accept only part and renounce the balance of their provisional allotments of Rights Units, or who wish to renounce all or part of their provisional allotments of Rights Units in favour of more than one person, should first, using the Request for Splitting (Form B), request to have their provisional allotments of Rights Units under the PAL split into separate PALs ("**Split Letters**") according to their requirements. The duly completed and signed Form B, together with the PAL in its entirety, should then be returned by post at their own risk, in the enclosed self-addressed envelope provided, to **K-REIT ASIA MANAGEMENT LIMITED, AS**

**MANAGER OF K-REIT ASIA, C/O THE UNIT REGISTRAR, BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD., 3 CHURCH STREET, #08-01 SAMSUNG HUB, SINGAPORE 049483**, as soon as possible and in any case to reach the Unit Registrar not later than **5.00 p.m. on 9 November 2009** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of K-REIT Asia). Split Letters will then be issued to Eligible Scripholders in accordance with their request. No Split Letters will be issued to Eligible Scripholders if Form B (together with the PAL in its entirety) is received after **5.00 p.m. on 9 November 2009**.

- 3.2** The Split Letters representing the number of Rights Units which Eligible Scripholders intend to renounce may be renounced by completing the Form for Renunciation (Form C) before delivery to the renounee. Eligible Scripholders should complete Form A of the Split Letter(s) representing that part of their provisional allotments of Rights Units they intend to accept, if any. The said Split Letter(s) together with the remittance for the payment in the prescribed manner should be returned by post at their own risk in the enclosed self-addressed envelope provided, to **K-REIT ASIA MANAGEMENT LIMITED, AS MANAGER OF K-REIT ASIA, C/O THE UNIT REGISTRAR, BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD., 3 CHURCH STREET, #08-01 SAMSUNG HUB, SINGAPORE 049483** so as to reach the Unit Registrar not later than **5.00 p.m. on 13 November 2009**.
- 3.3** Eligible Scripholders who wish to renounce their entire provisional allotments of Rights Units in favour of one person, or renounce any part of it in favour of one person and reject the balance, should complete Form C for the number of provisional allotments of Rights Units which they wish to renounce and deliver the PAL in its entirety to the renounee.
- 3.4** The renounee(s) should complete and sign the Form of Nomination (Form D) and forward Form D, together with the PAL in its entirety and the remittance for the payment in the prescribed manner by post at his/their own risk, in the enclosed self-addressed envelope provided, to **K-REIT ASIA MANAGEMENT LIMITED, AS MANAGER OF K-REIT ASIA, C/O THE UNIT REGISTRAR, BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD., 3 CHURCH STREET, #08-01 SAMSUNG HUB, SINGAPORE 049483** so as to reach the Unit Registrar not later than **5.00 p.m. on 13 November 2009**.
- 3.5** Each Eligible Scripholder may consolidate the Rights Units provisionally allotted in the PAL together with those comprised in any PALs and/or Split Letters renounced in his favour by completing and signing Form A and the Consolidated Listing Form in Form D of the PAL and attaching thereto all the said renounced PALs and/or Split Letters, each duly completed and signed and with the serial number of the Principal PAL (as hereinafter defined) stated on each of them.

A renounee who is not an Eligible Scripholder and who wishes to consolidate the provisional allotments of Rights Units comprised in several renounced PALs and/or Split Letters in one name only or in the name of a joint Securities Account should complete the Consolidated Listing Form in Form D of only one PAL or Split Letter (the "**Principal PAL**") by entering therein details of the renounced PALs and/or Split Letters and attaching thereto all the said renounced PALs and/or Split Letters, each duly completed and signed, and with the serial number of the Principal PAL stated on each of them.

**ALL THE RENOUNCED PALS AND SPLIT LETTERS, EACH DULY COMPLETED AND SIGNED, MUST BE ATTACHED TO FORM A OR FORM D (AS THE CASE MAY BE).**

#### **4. PAYMENT**

- 4.1** Payment in relation to the PALs must be made in Singapore currency in the form of a Cashier's Order or Banker's Draft drawn on a bank in Singapore and made payable to "**K-REIT ASIA RIGHTS ISSUE ACCOUNT**" and crossed "**NOT NEGOTIABLE, A/C PAYEE ONLY**" with the



name and address of the Eligible Scripholder or acceptor clearly written in block letters on the reverse side of the Cashier's Order or Banker's Draft. **NO OTHER FORM OF PAYMENT (INCLUDING THE USE OF A PERSONAL CHEQUE, POSTAL ORDER OR MONEY ORDER ISSUED BY A POST OFFICE IN SINGAPORE) WILL BE ACCEPTED.** The completed PAL and remittance should be forwarded, by post AT THE SENDER'S OWN RISK, in the enclosed self-addressed envelope provided, to **K-REIT ASIA MANAGEMENT LIMITED, AS MANAGER OF K-REIT ASIA, C/O THE UNIT REGISTRAR, BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD., 3 CHURCH STREET, #08-01 SAMSUNG HUB, SINGAPORE 049483**, so as to reach the Unit Registrar not later than **5.00 p.m. on 13 November 2009**.

- 4.2 If acceptance and (if applicable) excess application and payment in the prescribed manner as set out in the Offer Information Statement and the PAL are not received by **5.00 p.m. on 13 November 2009**, the provisional allotments of Rights Units will be deemed to have been rejected and will forthwith lapse and become void and cease to be available for acceptance, and such provisional allotments not so accepted will be used to satisfy excess applications, if any, or disposed of or dealt with in such manner as the Manager may, in their absolute discretion, deem fit in the interests of K-REIT Asia. The Manager will return or refund all unsuccessful acceptance and (if applicable) application monies received in connection therewith by ordinary post AT THE RISK OF THE ELIGIBLE SCRIPHOLDERS OR THEIR RENOUNCEE(S), AS THE CASE MAY BE, without interest or any share of revenue or other benefit arising therefrom, within 14 days after the Closing Date.

## 5. EXCESS RIGHTS UNITS APPLICATION FORM (FORM E)

- 5.1 Eligible Scripholders who wish to apply for Excess Rights Units in addition to those which have been provisionally allotted to them may do so by completing the Excess Rights Units Application Form (Form E) and forwarding it together with the PAL and a **SEPARATE REMITTANCE** for the full amount payable in respect of the Excess Rights Units applied for in the form and manner set out in paragraph 4 above, by post AT THEIR OWN RISK, in the enclosed self-addressed envelope provided, to **K-REIT ASIA MANAGEMENT LIMITED, AS MANAGER OF K-REIT ASIA, C/O THE UNIT REGISTRAR, BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD., 3 CHURCH STREET, #08-01 SAMSUNG HUB, SINGAPORE 049483**, so as to reach the Unit Registrar not later than **5.00 p.m. on 13 November 2009**. **NO OTHER FORM OF PAYMENT (INCLUDING THE USE OF A PERSONAL CHEQUE, A POSTAL ORDER OR MONEY ORDER ISSUED BY A POST OFFICE IN SINGAPORE) WILL BE ACCEPTED.**
- 5.2 The Excess Rights Units available for application are subject to the terms and conditions contained in the PAL, Form E, and this Offer Information Statement. Applications for Excess Rights Units will, at the Manager's absolute discretion, be satisfied from such Rights Units as are not validly taken up by the Eligible Unitholders or their respective renouncee(s) or Purchaser(s), together with any unsold "nil-paid" provisional allotments of Rights Units of Ineligible Unitholders and any Rights Units that are otherwise not allotted for whatever reason in accordance with the terms and conditions contained in this Offer Information Statement, (if applicable) the Trust Deed, the instructions contained in the PAL and/or any other application form for Rights Units. In the event that applications are received by the Manager for more Excess Rights Units than are available, the Excess Rights Units available will be allotted in such manner as the Manager may, in their absolute discretion, deem fit in the interests of K-REIT Asia. The Manager reserves the right to reject, in whole or in part, any application for Excess Rights Units without assigning any reason whatsoever.
- 5.3 If no Excess Rights Units are allotted to an Eligible Scripholder, his remittance submitted on application for Excess Rights Units will be returned or refunded to him. If the number of Excess Rights Units allotted to an Eligible Scripholder is less than that applied for, the surplus application monies will be refunded to him. These amounts will be returned or refunded, without interest or

any share of revenue or other benefit arising therefrom, within 14 days after the Closing Date. All monies and documents to be sent to the Eligible Scripholder shall be sent by ordinary post and AT HIS OWN RISK.

## **6. GENERAL**

- 6.1** No acknowledgement or receipt will be issued for any acceptance, application or payment received.
- 6.2 Eligible Scripholders who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser.**
- 6.3** Upon listing and quotation on the Official List of the SGX-ST, any trading of the Rights Units on the SGX-ST will be via the book-entry (scripless) settlement system. All dealings in, and transactions (including transfers) of, the Rights Units effected through the SGX-ST and/or CDP shall be in accordance with CDP's "Terms and Conditions for Operation of Securities Accounts with The Central Depository (Pte) Limited" and "Terms And Conditions for The Central Depository (Pte) Limited to Act as Depository for The Rights Units" as the same may be amended from time to time, copies of which are available from CDP.
- 6.4 Eligible Scripholders and their renounees who wish to accept the Rights Units provisionally allotted to them and (if applicable) apply for Excess Rights Units, and who wish to trade the Rights Units issued to them on the SGX-ST under the book-entry (scripless) settlement system, should open and maintain Securities Accounts with CDP in their own names (if they do not already maintain such Securities Accounts) before accepting any Rights Units or applying for any Excess Rights Units, in order for the Rights Units and, if applicable, the Excess Rights Units that may be allotted to them to be credited by CDP into their Securities Accounts. Eligible Scripholders and their renounees who wish to accept and/or apply for the Excess Rights Units and have their Rights Units credited into their Securities Accounts must fill in their Securities Account numbers and/or NRIC/passport numbers (for individuals) or registration numbers (for corporations) in the relevant forms comprised in the PAL. Eligible Scripholders and their renounees who fail to fill in their Securities Account numbers and/or NRIC/passport numbers (for individuals) or registration numbers (for corporations) or who provide incorrect or invalid Securities Account numbers and/or NRIC/passport numbers (for individuals) or registration numbers (for corporations) or whose particulars provided in the forms comprised in the PAL differ from those particulars in their Securities Accounts maintained with CDP will be issued letters of entitlement in their own names for the Rights Units and (if applicable) the Excess Rights Units allotted to them. Such letters of entitlement, if issued, will be forwarded to them by registered post AT THEIR OWN RISK and will not be valid for delivery pursuant to trades done on the SGX-ST under the book-entry (scripless) settlement system, although they will continue to be prima facie evidence of legal title.**
- 6.5** If the Eligible Scripholders' addresses stated in the PALs are different from their addresses registered with CDP, they must inform CDP of their updated addresses promptly, failing which the notification letters on successful allotments will be sent to their addresses last registered with CDP.

- 6.6** A holder of letter(s) of entitlement, or an Eligible Scripholder who wishes to deposit his Rights Units and (if applicable) the Excess Rights Units allotted to him with CDP to trade on the SGX-ST, must present his letter(s) of entitlement to the Unit Registrar for the purpose of verification after which, the Unit Registrar will provide a deed of transfer to be completed by the holder of such letter(s) of entitlement or Eligible Scripholder in order to effect the deposit of his Rights Units and (if applicable) Excess Rights Units allotted to him with CDP. The holder of such letter(s) of entitlement or the Eligible Scripholder will need to provide to the Unit Registrar, the details of his securities account or sub-account for his Rights Units and (if applicable) Excess Rights Units allotted to him to be deposited with the CDP. He will also need to present a cheque for the amount of S\$10.70 (which amount may be revised subsequently at CDP's discretion) in favour of **"THE CENTRAL DEPOSITORY (PTE) LIMITED"** as payment of CDP's deposition fee. Thereafter, the Unit Registrar will make the necessary arrangements with CDP for the deposit of his Rights Units and (if applicable) the Excess Rights Units. After the Rights Units and (if applicable) the Excess Rights Units have been credited into his securities account or sub-account with CDP, the holder of such letter(s) of entitlement or Eligible Scripholder will receive notification of the same from CDP, through the post, within seven Market Days.
- 6.7 THE FINAL TIME AND DATE FOR ACCEPTANCES AND/OR APPLICATIONS AND PAYMENT FOR THE RIGHTS UNITS AND/OR EXCESS RIGHTS UNITS IS 5.00 P.M. ON 13 NOVEMBER 2009.**

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