



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

## ANNOUNCEMENT

### PROPOSED RENOUNCEABLE RIGHTS ISSUE OF NEW UNITS

#### Introduction

K-REIT Asia Management Limited, as manager of K-REIT Asia (the “**Manager**”), is pleased to announce that it intends to carry out a fully renounceable rights issue (the “**Rights Issue**”), subject to, *inter alia*, the approval of unitholders of K-REIT Asia (“**Unitholders**”).

An additional listing application, together with a draft circular to be issued to Unitholders (the “**Unitholders’ Circular**”) in relation to the Rights Issue, will be submitted to Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in due course.

#### Indicative Terms of the Rights Issue

The following indicative terms are based on the Manager’s assessment of current market conditions and K-REIT Asia’s funding requirements and are subject to change. The Unitholders’ Circular will contain finalised details regarding the Rights Issue, and will reflect market conditions and K-REIT Asia’s funding requirements prevailing at the time of issue of the Unitholders’ Circular.

The Manager intends to carry out the Rights Issue to raise gross proceeds of up to S\$700.0 million.

The price (the “**Rights Issue Price**”) of each unit in K-REIT Asia (the “**Rights Unit**”) to be issued under the Rights Issue will be determined by the Manager closer to the date of launch of the Rights Issue and is expected to be at a discount of up to 20.0% to the then prevailing market price.

The Rights Issue Price will be set out in the offer information statement (the “**OIS**”) to be lodged with the Monetary Authority of Singapore in connection with the Rights Issue.

The rights ratio which will set out the provisional allotment of Rights Units for every existing unit in K-REIT Asia (“**Unit**”) held by eligible Unitholders under the Rights Issue will be decided and notified to Unitholders in the notice of books closure to be issued by K-REIT Asia (fractions of a Unit to be disregarded) and will also be set out in the OIS.

The Rights Units represented by the provisional allotments of (i) eligible Unitholders who decline, do not accept, and elect not to renounce or trade their provisional allotments of Rights Units under the Rights Issue (during the provisional allotment trading period prescribed by the SGX-ST) and/or (ii) ineligible Unitholders, may be issued to satisfy excess Rights Units applications as the Manager may, in its discretion, deem fit. In the allotment of excess Rights Units, preference will be given to rounding of odd lots, followed by allotment to Unitholders who are neither substantial Unitholders nor directors of the Manager. Substantial Unitholders (including Keppel Corporation Limited (“**KCL**”), Keppel Land Limited (“**KLL**”) and their respective subsidiaries, such as Keppel Real Estate Investment Pte Ltd, K-REIT Asia Investment Pte Ltd and the Manager) and directors of the Manager will rank last in priority.

The Rights Issue is subject to, *inter alia*, the receipt of in-principle approval from the SGX-ST for the Rights Issue, the approval of Unitholders at the extraordinary general meeting (“**EGM**”) for the Rights Issue, the lodgement of the OIS and prevailing market conditions at the relevant time.

### **Rationale for the Rights Issue**

In view of current market conditions, the Manager believes that a rights issue is the most appropriate method of raising equity. The Rights Issue will enable K-REIT Asia to refinance its existing loans, strengthen K-REIT Asia's balance sheet and capital structure.

### **Use of Proceeds**

The net proceeds of the Rights Issue (after deducting estimated costs and expenses associated with the Rights Issue) will be used to partially refinance the bridging loan provided by Kephinace Investment Pte Ltd (please see the announcement dated 10 December 2007 for further details on the bridging loan) for the purposes of K-REIT Asia's acquisition of a one-third interest in One Raffles Quay through the acquisition of one-third of the issued share capital of One Raffles Quay Pte Ltd ("**ORQPL**") from Boulevard Development Pte Ltd ("**Boulevard**") and the assignment to K-REIT Asia of Boulevard's rights, title and interest in the shareholder's loan to ORQPL (please see the circular issued to Unitholders dated 22 September 2007 for further details on the acquisition).

### **Undertakings by KCL and KLL**

To demonstrate their support for K-REIT Asia and the Rights Issue, each of KCL and KLL, which own an aggregate interest of approximately 72.6% in K-REIT Asia through their respective wholly-owned subsidiaries as at the date of this announcement, have provided an irrevocable undertaking (collectively, the "**Keppel Undertakings**") that:

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

The Keppel Undertakings will ensure that all the Rights Units will be fully taken up and subscribed, and therefore removing the need of underwriting by external banks or financial institutions.

The Keppel Undertakings will enhance the objective of a successful Rights Issue.

### **Approval from the SGX-ST**

The issue of the Unitholders' Circular is subject to the in-principle approval of the SGX-ST for the Rights Issue. The Manager will announce the receipt of the approval of the SGX-ST for the Rights Issue once this has been received.

BY ORDER OF THE BOARD  
K-REIT Asia Management Limited  
(Company registration no. 200411357K)  
As manager of K-REIT Asia

Choo Chin Teck/Jacqueline Ng  
Joint Company Secretaries  
Singapore  
23 January 2008

### **Important Notice**

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units.

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

The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

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

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

Neither this Announcement nor any copy or portion of it may be sent or taken, transmitted or distributed, directly or indirectly, into the United States, Japan or Canada. It is not an offer of securities for sale in the United States. The Rights Units have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and, accordingly may not be offered or sold within the United States or to, or for the benefit of, U.S. persons (as defined in Regulation S under the Securities Act), except in certain transactions exempt from the registration requirements of the Securities Act.