

**Press Release****K-REIT Asia acquires prime office development in Sydney**

*The yield accretive acquisition reinforces K-REIT Asia's strategy to generate stable and growing returns to Unitholders by acquiring quality commercial assets.*

**Singapore, 19 July 2010** - K-REIT Asia Management Limited, as Manager of K-REIT Asia, is pleased to announce that RBC Dexia Trust Services Singapore Limited, in its capacity as the trustee of K-REIT Asia has, through K-REIT (Australia) Sub-Trust 1, a wholly-owned subsidiary of K-REIT Asia, entered into a sale and purchase agreement with Kingvest Pty Limited (the "Vendor") to acquire 100% of the office tower and part of the retail component at 77 King Street in Sydney, Australia (the "Property") for a price consideration of A\$120 million or approximately S\$145 million (the "Acquisition").

77 King Street is located in the heart of Sydney's Central Business District (CBD). Recently refurbished, it has a total net lettable area of 170,662 sq ft across 18 levels of Grade A office space and five levels of quality retail space and is in close proximity to major CityRail Stations – Wynyard, Martin Place and Town Hall Stations.

Following the Acquisition, K-REIT Asia will own the entire 18-level office tower or approximately 130,394 sq ft of office space, and 16,856 sq ft of retail space across the ground and two basement levels. The Acquisition will be made on a fully leased basis with an income top up of up to A\$4 million for a maximum period of six years.

The weighted average lease expiry for the office component is approximately 5.8 years. Key office tenants include consulting firm CapGemini Australia, rating agency Fitch Australia, law firm Herbert Geer and online travel company Expedia Australia. Leading sporting and leisure equipment, apparel and footwear retailer Rebel Sports is the main tenant occupying the retail space over two basement levels.

Professor Tsui Kai Chong, Chairman of K-REIT Asia Management Limited, said, "This Acquisition is in line with K-REIT Asia's investment strategy of acquiring quality commercial buildings pan-Asia. In addition, it demonstrates our ability to acquire yield accretive and income-producing assets overseas that strengthen K-REIT Asia's sterling portfolio."

Ms Ng Hsueh Ling, CEO of K-REIT Asia Management Limited, added, "It is a rare opportunity to be able to acquire a prime asset that is strategically located in the heart of Sydney. More importantly, as all the leases for this Acquisition are embedded with fixed annual rental escalations, the stable and growing cash flows will contribute towards the steady returns which K-REIT Asia aims to provide to Unitholders. The Acquisition will also improve income diversification and enhance K-REIT Asia's current tenant base."

The Acquisition diversifies K-REIT Asia's geographical risk which is presently concentrated within Singapore. The Sydney office market is the largest in Australia. The real estate market is developed with well-defined real estate regulations and an enforceable legal system that provides a stable environment conducive for investments.

The Acquisition will be funded by a combination of debt and equity from the proceeds from K-REIT Asia's rights issue that was completed in November 2009. K-REIT Asia's aggregate leverage is expected to increase from 15.2% as at 30 June 2010 to 20.4% after the completion of the Acquisition in the fourth quarter of 2010.

**About K-REIT Asia (<http://www.kreitasia.com>)**

Sponsored by Keppel Land Limited, one of the largest listed property companies in Singapore, K-REIT Asia was listed on the Singapore Exchange on 28 April 2006 following a distribution in specie of units in K-REIT Asia to shareholders.

K-REIT Asia aims to generate stable income and long-term growth for Unitholders by investing in quality income-producing commercial properties and real estate-related assets in Singapore and pan-Asia.

K-REIT Asia's current portfolio comprises six assets, namely Bugis Junction Towers, GE Tower, Keppel Towers, Prudential Tower (73.4% interest), and One Raffles Quay Pte Ltd (33.3% interest) in Singapore, as well as 275 George Street (50.0% interest) in Brisbane, Australia. K-REIT Asia's portfolio size was \$2.3 billion as at 30 June 2010.

K-REIT Asia is managed by K-REIT Asia Management Limited, a wholly-owned subsidiary of Keppel Land Limited.

**About 77 King Street, Sydney, Australia**

77 King Street is a prime commercial building located in the heart of Sydney's CBD, in close proximity to major CityRail Stations – Wynyard, Martin Place and Town Hall Stations. It has a net lettable area of 170,662 sf across 18 levels of Grade A office space and five levels of quality retail space.

77 King Street was first developed in 1975 and subsequently underwent a full refurbishment in 2008. The revamped building boasts a modern façade designed by Burley Katon Halliday and uses energy efficient chilled beam air-conditioning technology to minimise utility expenses while cooling the interiors.

The office space is tenanted by consulting firm CapGemini Australia, rating agency Fitch Australia, law firm Herbert Geer and other well-known corporations, while leading sporting and leisure equipment, apparel and footwear retailer Rebel Sports and a cafe occupy the retail space over the ground and two basement levels.

**For more information, please contact:**

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*This press release is also available on [www.kreitasia.com](http://www.kreitasia.com), [www.keppelland.com.sg](http://www.keppelland.com.sg) and [www.kepcorp.com](http://www.kepcorp.com).*

77 King Street, Sydney, Australia

