

INTERESTED PERSON TRANSACTION

1. Interested Person Transaction

The board of directors of K-REIT Asia Management Limited, as manager of K-REIT Asia (the “**Manager**”), wishes to announce that RBC Dexia Trust Services Singapore Limited, in its capacity as trustee of K-REIT Asia (the “**Borrower**”), has today entered into a loan agreement (the “**Loan Agreement**”) with Kephinance Investment Pte Ltd (“**KIPL**”) with respect to a revolving credit loan facility (the “**Loan Facility**”) of up to S\$391.0 million (the “**Loan**” or “**Facility Amount**”).

Under the terms of the Loan Agreement, KIPL will advance S\$391.0 million in a lump sum to the Borrower on 10 September 2008 or such other date as the parties thereto may agree (the “**Drawdown Date**”).

KIPL, being a wholly-owned subsidiary of Keppel Corporation Limited (which is a controlling unitholder of K-REIT Asia), is considered, for the purpose of the Loan, to be an “interested person” under the Listing Manual (the “**Listing Manual**”) of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).

The Manager is making this announcement under Rule 905 of the Listing Manual.

2. Other Details of the Transaction

The Loan Agreement sets out the terms and conditions under which KIPL grants to the Borrower the Loan Facility for an initial period of thirty months commencing from the Drawdown Date, and thereafter renewable on terms, including the new maturity date, to be agreed between the parties thereto. An upfront fee of 1% of the Facility Amount (the “**Upfront Fee**”) is payable by the Borrower to KIPL in Singapore dollars on the Drawdown Date. The Loan is made on normal commercial terms at arm’s length basis.

Based on current market conditions and assuming that the full loan amount is drawn today, the indicative interest rate is 3.94% per annum. Assuming the rates remain the same on the Drawdown Date, the interest payable on the drawn amount, together with the Upfront Fee, is estimated to be S\$38.5 million for the full thirty-month period. The interest payable and the Upfront Fee would constitute approximately 4.1% of the latest audited net tangible assets of K-REIT Asia as at 31 December 2007.

3. Rationale of the Transaction

KIPL had previously granted a bridging loan facility of up to S\$960.0 million (the “**Bridging Loan**”) to the Borrower to finance the acquisition of One Raffles Quay in December 2007 for an initial period of nine months commencing from the drawdown date. The details of the Bridging Loan had been announced on 10 December 2007 by the Manager through SGXNET.

Due to the current volatile market conditions, the Manager had decided that it would be in the best interests of K-REIT Asia to obtain a new loan from KIPL to re-finance the borrowings outstanding under the Bridging Loan as it is due on 10 September 2008.

4. Statement from the Audit Committee

Having considered the terms and conditions of, as well as the rationale for the entry into, the Loan Agreement, the Audit Committee of the Manager (which wholly comprises of independent directors of the Manager) is of the view that the Loan is made on normal commercial terms and is not prejudicial to the interests of K-REIT Asia and its minority unitholders.

5. Total Value of all Interested Person Transactions

The following table sets out the current total for the financial year ending 31 December 2008 of all transactions with the particular interested person whose transaction is the subject of this announcement and the current total of all interested person transactions for the same financial year, as at the date of this announcement:

Interested Person	Nature of Transaction	Value of Transaction S\$ million
Keppel Corporation Group		
1. Kephinance Investment Pte Ltd	Loan of S\$391.0 million	38.5
Sub-total of interested person transactions with Keppel Corporation Group		38.5
Keppel Land Group		
2. Keppel Land International Limited	Lease of properties	1.4
Sub-total of interested person transactions with Keppel Land Group		39.9
Total for all interested person transactions for the current financial year		39.9

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
28 July 2008

Important Notice

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

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that unitholders of K-REIT Asia 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.