K-REITasia

PRESS RELEASE

K-REIT Asia's Financial Highlights
1Q2007 Financial Results
For the Period 1 January to 31 March 2007

16 April 2007

Distributable Income Outperforms by 23.6% and Annualised DPU Improves to 7.18 Cents

- ***K-REIT Asia's Distributable Income hits $4.3 million on higher occupancies and rentals, reflecting a year-on-year improvement of 23.6%***
- ***Distribution Per Unit (DPU) amounted to 1.77 cents for the period, which works out to an annualised DPU of 7.18 cents***
- ***Committed occupancy remains steady at 99.4%***
- ***Expiry of old leases allows for positive rent reversions as well as new leases at higher rates***

Summary of Results

($'000)	1Q2007	1Q2006	% Chg
	Actual	Pro forma [1]	
Property Income	8,866	7,868	12.7
Net Property Income	6,462	5,566	16.1
Net Profit	3,448	2,442	41.2
Distributable Income to Unitholders [2]	4,289	3,470	23.6
Distribution Per Unit (cents):			
For the Period from 1 January to 31 March 2007	1.77	n.a.	n.a.
Annualised	7.18	n.a.	n.a.
Distribution Yield (%) [3]	2.24	n.a.	n.a.

1 As K-REIT Asia had no income and expenses for the corresponding preceding quarter from 1 January to 31 March 2006, the comparative pro forma figures are based on the unaudited financial statements of Mansfield Realty Limited, Keppel Land (Tower D) Pte Ltd and BCH Office Investment Pte Ltd after making certain assumptions and adjustments.

2 Distributable income to unitholders for the period from 1 January to 31 March 2007 is based on 100% of the taxable income available for distribution to unitholders.

3 Distribution yield is based on annualised DPU and the unit closing price of $3.20 on 30 March 2007.

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Steady Performance

K-REIT Asia Management Ltd, the manager of K-REIT Asia, is pleased to announce that K-REIT Asia achieved a distributable income of $4.3 million for the period from 1 January to 31 March 2007, exceeding the corresponding quarter in 2006 by 23.6%. Net property income outperformed year-on-year by 16.1% to reach $6.5 million due to higher occupancies and rental rates achieved for new and renewed leases.

As a result of higher net property and distributable income, DPU also improved. For the period from 1 January to 31 March 2007, the DPU is 1.77 cents, which works out to an annualised DPU of 7.18 cents.

Positive Rental Reversions to Continue

Strong underlying demand combined with limited office space will support high occupancies and rents over the next few years. According to CB Richard Ellis (CBRE), take-up levels in 2007 are expected to continue to be strong, albeit slightly below the 2.4 million sf recorded in 2006, as a result of constraints imposed by the lack of new supply and low vacancy.

Vacancy rates for Core and Fringe CBD office space have declined to 3.2% and 4.9% respectively in 1Q2007. CBRE reports that average prime office rents rose 10.1% to $8.60 psf in 1Q2007 from $7.81 psf in 4Q2006. Rents are expected to continue escalating over the next few years due to the shortage of new supply and continued strong demand.

With a portfolio of strategically located prime office buildings, K-REIT Asia expects to benefit from the rising rental environment as the expiry of leases has allowed for positive rent reversions of more than 50% higher than preceding rents. With 72% of the portfolio's net lettable area due for renewal between 2007 and 2010, K-REIT Asia is well-positioned to further capitalise on the market upswing.

Growth Strategy

K-REIT Asia is actively seeking acquisitions that will value-add to its current portfolio of prime commercial properties. Through proactive asset management, K-REIT Asia also aims to drive growth to maximize returns on its existing portfolio.

In line with its pan-Asian commercial mandate, K-REIT Asia will focus on Singapore as well as other Asian growth cities to grow its assets under management to a targeted size of $2 billion within the next few years.

Outlook for 2007

The Ministry of Trade and Industry estimates that the Singapore economy expanded 6% in 1Q2007. The Singapore government expects the economy to grow at 4.5% – 6.5% in 2007 due to business expansion across the financial services, construction and manufacturing sectors.

With its portfolio of four prime office buildings, K-REIT Asia is poised to reap the benefits of further rental income growth in the year ahead. Barring unforeseen circumstances, the manager of K-REIT Asia is confident of delivering a performance consistent with that achieved in the current period.

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

Sponsored by Keppel Land Limited, one of the largest listed property companies, 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 in net asset value for unitholders by investing in income-producing commercial properties in Singapore and Asia.

K-REIT Asia has an initial portfolio of four quality office buildings revalued at $677 million as at end-2006. Located in Singapore's CBD, they are Prudential Tower (approximately 44% of the strata area), Keppel Towers and GE Tower, and Bugis Junction Towers. K-REIT Asia is managed by K-REIT Asia Management Ltd, a wholly owned subsidiary of Keppel Land Limited.