

PRESS RELEASE

**K-REIT Asia's Financial Highlights
Financial Results
For the Period from 1 January to 30 September 2007**

10 October 2007

Continued Positive Growth in Net Profit and Distributable Income

- *Net profit increases to \$11.8 million for the first nine months of 2007, outperforming the same period last year by 46.6%.*
- *Higher rental income pushes up Distributable Income by 34.8% to \$14.9 million for the nine month period to September 2007.*
- *Distribution Per Unit (DPU) amounts to 6.14 cents for the year to date 2007, which works out to an annualised DPU of 8.21 cents.*
- *Portfolio's committed occupancy remains strong at 99.6% as of 30 September 2007.*

Summary of Results

(\$'000)	YTD 3Q2007	YTD 3Q2006	% Chg	3Q2007	3Q2006	% Chg
	Actual	Pro forma ¹		Actual	Actual	
Property Income	29,041	24,676	17.7	10,323	8,769	17.7
Net Property Income	21,238	17,411	22.0	7,493	6,262	19.7
Net Profit	11,770	8,028	46.6	4,163	3,145	32.4
Distributable Income to Unitholders ²	14,892	11,051	34.8	5,411	4,121	31.3

(Cents)	YTD 3Q2007	3Q2007	3Q2006	% Chg
Distribution Per Unit (DPU)	6.14	2.23	1.71	30.4
Annualised DPU	8.21	8.85	6.78	30.5
Distribution Yield (%) ³	3.05	3.29	2.52	30.6

- 1 As K-REIT Asia has no income and expenses for period prior to 26 April 2006, the comparative figures have been compiled based on (i) unaudited financial statements of Mansfield Realty Limited, Keppel Land (Tower D) Pte Ltd and BCH Office Investment Pte Ltd for the period of 1 January 2006 to 25 April 2006 after making certain assumptions and adjustments; and (ii) actual results of K-REIT Asia from 26 April 2006 to 30 September 2006.
- 2 Distributable income to unitholders for the period from 1 January to 30 September 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 \$2.69 on 28 September 2007.

Consistent Improvement in 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 \$14.9 million for the period from 1 January to 30 September 2007, up 34.8% from the same period in 2006. Backed by higher occupancy and rental rates, rental income was higher at \$28.3 million. This in turn pushed up property income by 17.7% year-on-year to reach \$29 million.

DPU continued to improve with the rise in net property income and distributable income. DPU increased by 4.2% from 2.14 cents in 2Q2007 to 2.23 cents in 3Q2007. For the first nine months of 2007, DPU amounted to 6.14 cents and 8.21 cents on an annualised basis.

Execution of Growth Strategy with Maiden Acquisition

K-REIT Asia has proposed to acquire a one-third interest in One Raffles Quay (ORQ) from Keppel Land for \$941.5 million. The strategic acquisition will more than double K-REIT Asia's portfolio size to \$1.76 billion and will further strengthen its position as a premier office-focused commercial REIT in Singapore. In addition, yield accretion from the acquisition of the ORQ stake will benefit unitholders with a higher distribution payout. The acquisition is subject to the approval of shareholders of Keppel Land and unitholders of K-REIT Asia at their respective Extraordinary General Meetings to be held on 11 October 2007.

The manager will continue to actively seek acquisitions of prime commercial properties in Singapore and other Asian growth cities to further grow K-REIT Asia's portfolio size to a targeted \$2 billion. K-REIT Asia will also identify possible asset enhancement initiatives to add value and achieve better returns for its existing properties.

Rosy Office Market Outlook Suggests Further Rental Growth

The Singapore economy continues to expand at a steadily pace and the Singapore government has earlier revised upward its GDP growth forecast for 2007 to 7 – 8% from 5 – 7% previously. Economic growth is now more broad-based, driven particularly by the construction, manufacturing and financial services sectors.

Demand for prime office space is expected to remain strong with continued economic growth, sound business prospects and further expansion of the financial services sector. As such, prime office rents are expected to increase further, especially when new office supply in the central business district (CBD) remains scarce over the next two to three years. With demand surpasses supply, prime office rents edged up further to \$12.60 psf in 3Q2007 from \$10.80 psf in 2Q2007 and \$6.90 psf a year ago.

The buoyant prime office market will continue to augur well for K-REIT Asia, given its portfolio of quality office buildings in the CBD and the new downturn at Marina Bay following the acquisition of the one-third stake in ORQ. With about 70% of the portfolio's net lettable area due for renewal between 2008 and 2010, K-REIT Asia is in a good position to ride on the rising rental market, underpinned by strong underlying demand and tight supply.

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 a portfolio of four quality office buildings valued at \$815 million as at 31 July 2007. Located in Singapore's central business district, 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 Limited, a wholly-owned subsidiary of Keppel Land Limited.

Important Notice

The value of units in K-REIT Asia ("Units") and the income 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 its future performance. This release 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, property expenses and governmental and public policy changes, and the continued availability of financing in the amounts and terms necessary to support future business. 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.