PRESS RELEASE

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

23 January 2008

Distributable Income Jumps by 42.5%

- ***Higher rental income boosts Distributable Income by 42.5% to $21.8 million for FY2007.***
- ***Distribution Per Unit (DPU) amounts to 8.82 cents, up 30.5% from FY2006 annualised DPU of 6.76 cents.***
- ***Assets under management (AUM) exceeds $2 billion target at $2.1 billion, up from $677 million as at end-2006.***
- ***Portfolio enjoys full committed occupancy as at 31 December 2007.***

Summary of Results

(S$'000)	FY2007	FY2006	% Chg	4Q2007	4Q2006	% Chg
	Actual	Pro forma [1]		Actual	Actual	
Property Income	40,069	33,778	18.6	11,028	9,102	21.2
Net Property Income	28,262	23,625	19.6	7,024	6,214	13.0
Net Profit	12,689	11,196	13.3	919	3,168	(71.0)
Distributable Income to Unitholders [2]	21,812	15,307	42.5	6,920	4,256	62.6

(Cents)	FY2007	4Q2007	4Q2006	% Chg
Distribution Per Unit (DPU)	8.82	2.80	1.76	59.1
Annualised DPU	8.82	11.11	6.98	59.2
Distribution Yield (%) [3]	4.14	5.22	3.28	59.1

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 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.

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

3 Distribution yield is based on annualised DPU and the unit closing price of $2.13 on 31 December 2007.

Robust Performance

K-REIT Asia achieved a distributable income of $21.8 million for the period from 1 January to 31 December 2007 ("FY2007"), up 42.5% from the same period in 2006.

Net property income ("NPI") grew by 19.6% year-on-year to reach $28.3 million. The increase in NPI was mainly driven by higher gross rental income from K-REIT Asia's properties, namely, Keppel Towers and GE Tower, Prudential Tower and Bugis Junction Towers, on the back of higher occupancy and rental rates. FY2007 gross rental income was higher by 19.0% at $39.1 million, compared to that for FY2006.

K-REIT Asia's one-third share of maiden contributions derived from its newly acquired asset, One Raffles Quay ("ORQ"), amounted to $2.8 million, comprising income support received from the vendor, interest income and dividend income. This additional income contributed to the growth in distributable income.

With the higher distributable income, DPU increased by 25.6% from 2.23 cents in 3Q2007 to 2.80 cents in 4Q2007. DPU amounted to 8.82 cents, up 30.5% from FY2006 annualised DPU of 6.76 cents. For the period from 1 July to 31 December 2007, K-REIT Asia will pay out 4.99 cents per unit on 29 February 2008.

Office Market Continues Uptrend

Demand for office space continued to be strong in 2007, lifting occupancies in the face of tight supply. Committed occupancy of K-REIT Asia's property portfolio reached 99.9%, higher than the Core CBD occupancy of 97.6% as at 31 December 2007 (source: CBRE).

Portfolio Size Exceeds Target

K-REIT Asia completed its acquisition of a one-third interest in ORQ for $951.4 million on 10 December 2007, bringing the number of commercial office assets in its portfolio to five. This yield-accretive acquisition coupled with the portfolio's revaluation gains of $433 million have enlarged K-REIT Asia's portfolio size by 210% to $2.1 billion as at end-2007 from $677 million as at end-2006. This surpasses the $2 billion target portfolio size that the Manager has set out to achieve. K-REIT Asia's net asset value per unit has, in turn, surged by 85.3% from $2.04 to $3.78.

Outlook for 2008

Advance estimates showed that the Singapore economy expanded 6.0% in 4Q2007, bringing the overall GDP growth to 7.5% for 2007. The Ministry of Trade and Industry expects the economy to reach a more sustainable level of growth of 4.5 – 6.5% in 2008, following four years of robust growth.

Despite the current financial market volatility, K-REIT Asia will be able to sustain its income growth, given its fully committed portfolio occupancy and potential rental reversions from its relatively low average rentals. About 44.5% and 21.9% of the portfolio's net lettable area will be due for lease expiry and rent renewal respectively between 2008 and 2010.

Going forward, the Manager will continue to seek acquisitions of prime commercial space in Singapore and other Asian growth cities. The Manager is also actively looking at asset enhancement to drive growth within its existing portfolio.

Proposed Rights Issue

To strengthen K-REIT Asia's balance sheet and capital structure, the Manager plans to raise gross proceeds of up to $700 million by way of a fully renounceable rights issue. The Manager will submit an additional listing application together with a draft Unitholders' Circular to the Singapore Exchange Securities Trading Limited ("SGX-ST").

An extraordinary general meeting will be convened to seek Unitholders' approval for the rights issue. The proposed exercise will offer K-REIT Asia's Unitholders the right to subscribe for new units at a discount of up to 20% to the then-prevailing trading price.

The net proceeds will be used to repay part of the bridging loan of $942 million from Keppel Corporation which was drawn down for the acquisition of a one-third interest in One Raffles Quay Pte Ltd. This will reduce K-REIT Asia's gearing from 53.9% as at 31 December 2007 and provide it with a significant degree of additional debt capacity to acquire further property acquisitions.

The major Unitholders of K-REIT Asia, Keppel Corporation and Keppel Land (collectively, the "Keppel Group"), have also provided an irrevocable undertaking to take up their respective provisional allocation of the rights units and also take up any rights units not subscribed for by minority Unitholders. The Keppel Group will, therefore, remain a major Unitholder of K-REIT Asia, following the completion of the rights issue.

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's portfolio comprises five assets, namely Prudential Tower (approximately 44% of the strata area of the building), Keppel Towers and GE Tower, Bugis Junction Towers and a one-third interest in One Raffles Quay. K-REIT Asia’s portfolio was valued at S$2.1 billion as at 31 December 2007.

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