

PRESS RELEASE

K-REIT Asia's Financial Highlights Financial Results For the Period from 1 January to 31 March 2008

21 April 2008

Distributable Income Jumps by 165.9%

- *Income contribution from one-third interest in One Raffles Quay Pte Ltd improves Distributable Income by 165.9% year-on-year to \$11.4 million for 1Q 2008*
- *Distribution Per Unit (DPU) amounts to 4.6 cents up 159.9% year-on-year*
- *Net property income increases by 41.5% to \$9.1 million, compared to 1Q 2007*
- *Portfolio's committed occupancy remains high at 99.6% as at 31 March 2008.*

Summary of Results

(S\$'000)	1Q 2008	1Q 2008	% Chg	1Q 2007	% Chg
	Actual	Forecast ¹		Actual	
Property Income	11,506	11,484	0.2	8,866	29.8
Net Property Income	9,141	8,997	1.6	6,462	41.5
Net Profit Before Tax	2,309	2,133	8.3	3,448	(33.0)
Distributable Income to Unitholders ²	11,405	11,270	1.2	4,289	165.9

(Singapore cents)	1Q 2008	1Q 2008	% Chg	1Q 2007	% Chg
	Actual	Forecast ¹		Actual	
Distribution per unit	4.60	4.54	1.3	1.77	159.9
Annualised distribution per unit ³	18.45	18.21	1.3	7.18	157.0
Distribution yield ⁴ (%)	12.06	11.90	1.3	4.69	157.0

¹ The forecast for 1Q 2008 is derived from the forecast shown in K-REIT Asia's Circular dated 9 April 2008 for the renounceable rights issue.

² Distributable income to unitholders is based on 100% of the income available for distribution to unitholders.

³ Annualised distribution per unit excludes the effects of the rights units to be issued.

⁴ Based on the market closing price per unit of \$1.53 as at the last trading day, 31 March 2008.

Steady performance

K-REIT Asia achieved a distributable income of \$11.4 million for the period from 1 January to 31 March 2008 ("1Q 2008"), up 165.9% from the same period in 2007. This was mainly due to income contribution from K-REIT Asia's one-third interest in One Raffles Quay Pte Ltd ("ORQPL"), the acquisition of which was completed on 10 December 2007. The contribution amounted to \$10.9 million, comprising income support received from the vendor, interest income and dividend income.

Net property income ("NPI") of \$9.1 million was 41.5% higher than the \$6.5 million reported for first quarter 2007 ("1Q 2007"). The growth in NPI was underpinned 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 rental rates. Gross rental income increased by 30.2% year-on-year to \$11.2 million for 1Q 2008.

Distribution per unit ("DPU") for 1Q 2008 was 4.60 cents, exceeding forecast¹ by 1.3%. This amount of 4.60 cents will be included in the advanced distribution pay-out which is estimated to be 6.45 to 6.50 cents per unit, for the period 1 January to 7 May 2008.

Office Rents Continue to Rise

The tight supply of prime office space lifted occupancies and rental rates further. Committed occupancy of K-REIT Asia's property portfolio was 99.6%, higher than the Core CBD occupancy of 97.6% as at 31 March 2008 (source: CB Richard Ellis). With the contribution of the one-third interest in ORQPL, the average monthly gross rent of K-REIT Asia's portfolio grew by 69.4% year-on-year and 14% from end-2007 to reach \$6.86 per square foot ("psf") in March 2008.

Rights Issue

The Manager is currently implementing a rights issue exercise that was approved by K-REIT Asia's unitholders at an extraordinary general meeting held on 31 March 2008.

Under the exercise, the Manager expects to raise gross proceeds of approximately \$551.7 million based on an issue of 396.9 million rights units at a rights issue price of \$1.39. The number of K-REIT Asia units in issue will increase to 645 million from 248.1 million following the completion of the rights issue.

The proceeds from the rights issue will be used to partially repay the bridging loan of \$942 million which was taken to complete the acquisition of the one-third interest in ORQPL. This will lower K-REIT Asia's aggregate leverage from 53.9% to 27.7% and thus provide the REIT with additional funding capacity of up to \$679.8 million to acquire further property acquisitions.

The rights units are expected to commence trading on the Singapore Exchange Securities Trading Limited on 8 May 2008.

Outlook for 2008

According to advance GDP estimates, the Singapore economy has expanded by 7.2% in 1Q 2008. This was stronger than the 5.4% growth in 4Q 2007 and the 6.4% growth achieved in 1Q 2007. The Ministry of Trade and Industry expects the economy to grow at a slower rate of 4 - 6% in 2008.

According to the Urban Redevelopment Authority, new office take-up in 2007 was 2.07 million square feet. In 2008, CB Richard Ellis expects take-up levels to be below 2007's level, due to a shortage of new supply and already high occupancies. The consultancy estimated an 86% year-on-year jump in average prime office rentals to \$16.00 psf per month for 1Q 2008. Industry consultants expect further upside in office rentals in 2008 although the growth will be more modest.

Despite the challenging financial market conditions brought on by the knock-on effect of the US subprime problems, K-REIT Asia is well-positioned to benefit from positive rental reversions, given that the REIT's existing rental rates are below market rates and 42.2% and 20.2% of its portfolio's net lettable area will be due for lease expiry and rent review respectively between 2008 and 2010.

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 Pte Ltd. K-REIT Asia's portfolio was valued at S\$2.1 billion as at 10 December 2007.

K-REIT Asia is currently engaged in a rights issue exercise which is expected to increase the number of units in issue to 645 million from 248.1 million, following the expected issue of the rights units on 8 May 2008.

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.