

Press Release

Unaudited Results for the Half-Year Ended 30 June 2007 for K-REIT Asia

18 July 2007

The Directors of K-REIT Asia Management Limited, as manager of K-REIT Asia, announce the unaudited results of K-REIT Asia for half year ended 30 June 2007.

Presentation materials are also available on *www.kepcorp.com*, *www.kepland.com.sg* and *www.kreitasia.com*

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PRESS RELEASE

K-REIT Asia's Financial Highlights 1H2007 Financial Results For the Period 1 January to 30 June 2007

18 July 2007

Net Profit and Distributable Income Leap by 55.8% and 36.8% respectively

- *Net Profit soars to \$7.6 million in 1H2007, surpassing 1H2006 by 55.8%.*
- *K-REIT Asia's Distributable Income rises 36.8% to reach \$9.5 million in 1H2007 on higher rental income.*
- *Distribution Per Unit (DPU) amounts to 3.91 cents for 1H2007, which works out to an annualised DPU of 7.88 cents.*
- *Portfolio's committed occupancy climbs to 99.6% as at 30 June 2007.*

Summary of Results

(\$'000)	1H2007	1H2006	% Chg	2Q2007	2Q2006	% Chg
	Actual	Pro forma ¹		Actual	Pro forma ¹	
Property Income	18,718	15,907	17.7	9,852	8,039	22.6
Net Property Income	13,745	11,149	23.3	7,283	5,583	30.4
Net Profit	7,607	4,883	55.8	4,159	2,441	70.4
Distributable Income to Unitholders ²	9,481	6,930	36.8	5,192	3,460	50.1

(Cents)	1H2007	2Q2007	1Q2007	% Chg
Distribution Per Unit	3.91	2.14	1.77	20.9
Annualised	7.88	8.58	7.18	19.5
Distribution Yield (%) ³	2.76	3.00	2.51	19.5

- 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) the 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) the actual results of K-REIT Asia from 26 April 2006 to 30 June 2006.
- 2 Distributable income to unitholders for the period from 1 January to 30 June 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 \$2.86 on 29 June 2007.

Strong Performance Continues

K-REIT Asia Management Ltd, the manager of K-REIT Asia, is pleased to announce that K-REIT Asia achieved a distributable income of \$9.5 million for the period from 1 January to 30 June 2007, surpassing the first half of 2006 by 36.8%. Net property income outperformed by 23.3% year-on-year to reach \$13.7 million due to higher rental income.

With the rise in net property and distributable income, DPU also improved. DPU rose 20.9% from 1.77 cents in 1Q2007 to 2.14 cents in 2Q2007. For the period from 1 January to 30 June 2007, DPU reached 3.91 cents and 7.88 cents on an annualised basis.

Further Growth in Rents Expected

Given sound economic prospects and continued growth in most industries, demand for prime office space is expected to sustain. With limited new supply in the Central Business District (CBD) expected over the next two to three years, rents are expected to rise further. According to CB Richard Ellis, occupancy rates for Core and Fringe CBD office space rose further to 97.3% and 96.2% respectively in 2Q2007. With increased competition for space, prime office rents rose to \$10.50 psf in 2Q2007 from \$8.60 psf in the previous quarter and \$6.00 psf a year ago.

In the current rising rental environment, K-REIT Asia is poised to benefit with a portfolio of well-located quality office buildings. With about 70% of the portfolio's net lettable area due for renewal between 2007 and 2010, K-REIT Asia is in good stead to capitalise on the market upswing. Strong underlying demand combined with limited quality office space will continue to support high occupancies and rental growth.

Growth Strategy

The manager will continue to actively seek acquisitions of prime commercial properties in Singapore and other Asian growth cities. K-REIT Asia is also reviewing possible asset enhancement initiatives to add value to the existing portfolio. Through proactive asset management, K-REIT Asia aims to drive growth to maximize returns on its existing portfolio.

Outlook for 2007

Surpassing expectations, the Ministry of Trade and Industry's advance estimates indicate that the Singapore economy expanded 8.2% in 2Q2007. The Singapore government is expected to revise upward its current GDP forecast of 5% – 7% for 2007. Economic growth was primarily supported by broad-based business expansion across various sectors, particularly construction, manufacturing and financial services.

With its portfolio of quality office buildings, K-REIT Asia is in a good position to capitalise on the benefits of rental income growth from the second half of the year. Barring unforeseen circumstances, the manager of K-REIT Asia is confident that it will achieve a performance consistent with that reported for 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 a portfolio of four quality office buildings valued at \$677 million as at 31 December 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.

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.