

**K-REIT ASIA
FIRST QUARTER 2008 FINANCIAL STATEMENT ANNOUNCEMENT****UNAUDITED RESULTS FOR THE QUARTER ENDED 31 MARCH 2008****TABLE OF CONTENTS**

	Page	
-	SUMMARY OF K-REIT ASIA RESULTS	2
-	INTRODUCTION	3
1(a)	STATEMENT OF TOTAL RETURN	4
1(b)(i)	BALANCE SHEET	6
1(b)(ii)	AGGREGATE AMOUNT OF BORROWINGS AND DEBT SECURITIES	7
1(c)	STATEMENT OF CASH FLOWS	8
1(d)(i)	STATEMENT OF MOVEMENTS IN UNITHOLDERS' FUNDS	9
1(d)(ii)	DETAILS OF CHANGES IN THE UNITS	10
2	AUDIT	10
3	AUDITORS' REPORT	11
4	ACCOUNTING POLICIES	11
5	CHANGES IN ACCOUNTING POLICIES	11
6	EARNINGS PER UNIT AND DISTRIBUTION PER UNIT	11
7	NET ASSET VALUE	11
8	REVIEW OF PERFORMANCE	12
9	VARIANCE FROM PROSPECTS STATEMENT	14
10	PROSPECTS	15
11	RISK FACTORS AND RISK MANAGEMENT	16
12	DISTRIBUTIONS	17
13	DISTRIBUTION STATEMENT	17
14	INTERESTED PERSON TRANSACTIONS	18
Appendix	QUARTERLY BREAKDOWN	19
-	CONFIRMATION BY THE BOARD	20

**SUMMARY OF K-REIT ASIA RESULTS
FOR THE QUARTER ENDED 31 MARCH 2008**

ACTUAL VS FORECAST

	Actual	Forecast	+ / (-)	Actual	+ / (-)
	1Q 2008	1Q 2008 ¹		1Q 2007	
	\$'000	\$'000	%	\$'000	%
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)
Income Available for Distribution to Unitholders	11,405	11,270	1.2	4,289	165.9
Distributable Income to Unitholders ²	11,405	11,270	1.2	4,289	165.9
Distribution per Unit (cents) For the Period Annualised ³	4.60 18.45	4.54 18.21	1.3 1.3	1.77 7.18	159.9 157.0
Distribution Yield ⁴	12.06%	11.90%	1.3	4.69%	157.0

Notes:

- (1) The forecast for 1Q2008 is derived from the forecast shown in K-REIT Asia's Circular dated 9 April 2008 for the renounceable rights issue.
- (2) The distributable income to Unitholders is based on 100% of the income available for distribution to Unitholders.
- (3) The annualised DPU excludes the effects of the rights units to be issued.
- (4) The yield is based on the market closing price per unit of \$1.53 as at the last trading day, 31 March 2008.

INTRODUCTION

K-REIT Asia is a real estate investment trust constituted by the Trust Deed entered into on 28 November 2005 between K-REIT Asia Management Limited as manager of K-REIT Asia and RBC Dexia Trust Services Singapore Limited as trustee of K-REIT Asia.

On 26 April 2006, K-REIT Asia acquired four buildings from Keppel Land Limited for \$630.7 million in part by cash of approximately \$190.6 million and by the issue of 240.5 million units in K-REIT Asia. Keppel Land Limited in turn distributed approximately 60% of the units in specie to its shareholders and retained the remaining 40% stake. K-REIT Asia was listed on the Singapore Exchange Securities Trading Limited by way of an introduction on 28 April 2006.

K-REIT Asia's objective is to generate stable returns for its Unitholders by owning and investing in a portfolio of quality income-producing commercial real estate and real estate-related assets. The initial properties comprise Prudential Tower Property (approximately 44% of the strata area of the building), Keppel Towers and GE Tower, and Bugis Junction Towers.

On 10 December 2007, K-REIT Asia completed a significant maiden acquisition of a one-third interest in One Raffles Quay for \$951.4 million from its sponsor, Keppel Land Limited, bringing the number of assets in its portfolio to five. K-REIT Asia's portfolio size was \$2.1 billion as at 31 March 2008.

K-REIT Asia is currently engaged in a rights issue exercise. The expected gross proceeds of approximately \$551.7 million will be used to partially repay the bridging loan of \$942 million which was drawn down for the acquisition of a one-third in One Raffles Quay Pte Ltd. The rights units are expected to be issued on 8 May 2008.

Although K-REIT Asia's current portfolio of assets is in Singapore, it has a pan-Asian mandate that enables it to invest in quality commercial properties in other Asian growth cities.

1 UNAUDITED RESULTS FOR THE QUARTER ENDED 31 MARCH 2008

The Directors of K-REIT Asia Management Limited, as manager of K-REIT Asia, announce the following unaudited results of K-REIT Asia for the quarter ended 31 March 2008:

1(a) Statement of total return, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Note	First Quarter Ended 31/3/08 \$'000	First Quarter Ended 31/3/07 \$'000	+ / (-) %
Gross rent		11,244	8,639	30.2
Car park income		250	214	16.8
Other income		12	13	(7.7)
Property income		11,506	8,866	29.8
Property tax		(430)	(662)	(35.0)
Other property expenses	1	(1,177)	(1,041)	13.1
Property management fee		(346)	(266)	30.1
Maintenance and sinking fund contributions		(412)	(435)	(5.3)
Property expenses		(2,365)	(2,404)	(1.6)
Net property income		9,141	6,462	41.5
Income support	2	6,145	-	Nm
Interest income		2,896	116	Nm
Share of results of associated company		1,968	-	Nm
Amortisation expense	3	(6,832)	-	Nm
Borrowing costs		(7,569)	(1,902)	297.9
Manager's management fees		(3,172)	(1,028)	208.6
Trust expenses		(268)	(200)	34.0
Net profit before tax		2,309	3,448	(33.0)
Income tax expense	4	(1,012)	-	Nm
Net profit after tax		1,297	3,448	(62.4)
Total return		1,297	3,448	(62.4)

	Note	First Quarter Ended 31/3/08 \$'000	First Quarter Ended 31/3/07 \$'000	+ / (-) %
<u>Distribution statement</u>				
Net profit before tax		2,309	3,448	(33.0)
Net tax adjustments	5	10,108	841	Nm
Income tax expense		(1,012)	-	Nm
Income available for distribution to Unitholders		11,405	4,289	165.9
Distributable income to Unitholders	6	11,405	4,289	165.9
Distribution per unit (cents)				
For the period		4.60	1.77	
Annualised		18.45	7.18	

Notes:

Nm – Not meaningful

(1) *Included as part of the other property expenses are the following:*

	First Quarter Ended 31/3/08 \$'000	First Quarter Ended 31/3/07 \$'000
<i>Amortisation</i>	-	35

(2) *This is the income support top-up payment received by K-REIT Asia from Boulevard Development Pte Ltd for the quarterly shortfall in accordance with the terms set out in the Deed of Income Support.*

(3) *Please refer to paragraph 1(b)(i) note (3).*

(4) *Income tax comprises tax of 18% on the income support received by K-REIT Asia, net of deductible interest expense.*

(5) *Included in the net tax adjustments are the following:*

	First Quarter Ended 31/3/08 \$'000	First Quarter Ended 31/3/07 \$'000
<i>Management fees payable in units</i>	3,172	1,028
<i>Trustee's fees</i>	79	25
<i>Amortisation expenses</i>	6,892	95
<i>Non-tax deductible expenses</i>	35	33
<i>Certain expenses claimed on an incurred basis</i>	-	(340)
<i>Share of results of associated company</i>	(1,968)	-
<i>Dividend income received</i>	1,898	-
Net tax adjustments	10,108	841

(6) *The distributable income to Unitholders is based on 100% of the income available for distribution to Unitholders.*

1(b)(i) Balance sheet, together with a comparative statement of the end of the immediately preceding financial year

	Note	31/3/08 \$'000	31/12/07 \$'000
Non-current assets			
Investment properties	1	1,110,000	1,110,000
Investment in associated company	2	865,551	865,481
Intangible asset	3	79,450	86,282
Total non-current assets		2,055,001	2,061,763
Current assets			
Cash and cash equivalents		13,270	22,927
Trade and other receivables		13,412	3,394
Total current assets		26,682	26,321
Total assets		2,081,683	2,088,084
Current liabilities			
Trade and other payables		14,018	12,478
Current portion of security deposits		2,296	1,237
Short-term borrowings (unsecured)		942,000	942,000
Provision for taxation		1,175	163
Total current liabilities		959,489	955,878
Non-current liabilities			
Long-term borrowings (secured)	4	189,343	189,283
Non-current portion of security deposits		8,208	9,156
Total non-current liabilities		197,551	198,439
Total liabilities		1,157,040	1,154,317
Net assets		924,643	933,767
Represented by:			
Unitholders' funds	5	924,643	933,767
Net asset value per unit (\$)		3.73	3.78
Borrowings / Value of deposited properties (%)	6	53.9	53.9

Notes:

- (1) Investment properties are stated at valuation performed by an independent professional valuer as at 10 December 2007.
- (2) This relates to the one-third equity interest in associated company, One Raffles Quay Pte Ltd ("ORQPL") acquired on 10 December 2007.
- (3) This relates to the probable future income support amount which might be received by K-REIT Asia. Under the Deed of Income Support, Boulevard Development Pte Ltd has undertaken to make income support top-up payments for the quarterly shortfall (one-third of the difference between ORQPL's net property income and the guaranteed income amount for each quarter) in accordance with the terms set out. The intangible asset will be amortised over the period from 10 December 2007 to 31 December 2011.

- (4) Long-term borrowings are stated net of amortised cost.
- (5) Please refer to statement of movements in Unitholders' funds for details.
- (6) This is based on principal amount of borrowings as stated in paragraph 1(b)(ii) and valuation of \$2.1 billion for the deposited properties (held directly and indirectly by K-REIT Asia) performed by an independent valuer as at 10 December 2007.

1(b)(ii) Aggregate amount of borrowings and debt securities

	As at 31/3/08 \$'000	As at 31/12/07 \$'000
Secured borrowing		
Amount repayable in one year or less, or on demand	-	-
Amount repayable after one year	190,085	190,085
Unsecured borrowing		
Amount repayable in one year or less, or on demand	942,000	942,000
Amount repayable after one year	-	-
Total borrowings	1,132,085	1,132,085

Details of borrowings and collaterals

K-REIT Asia has in place secured facilities comprising (i) a five-year fixed rate term loan facility totalling \$190.1 million, which is funded by the proceeds of commercial mortgage-backed securities notes issued by a special purpose company; and (ii) a short-term credit facility of \$26.0 million from a financial institution.

As security for the above borrowings, K-REIT Asia has granted in favour of the lenders the following:

- (i) a mortgage over each of the initial properties;
- (ii) an assignment and charge of the rental proceeds and tenancy agreements of units in the initial properties;
- (iii) an assignment of the insurance policies relating to the initial properties;
- (iv) an assignment of the agreements relating to the management of the initial properties; and
- (v) a charge creating a fixed and floating charge over certain assets of K-REIT Asia relating to the initial properties.

In addition, K-REIT Asia has put in place a revolving loan facility of up to \$960.0 million from Kephinance Investment Pte Ltd for an initial period of nine months commencing from the drawdown date, and thereafter renewable on terms, including new maturity date, to be agreed between the parties. As at 31 March 2008, a sum of \$942.0 million has been drawn down.

1(c) Statement of cash flows

	<i>Note</i>	First Quarter Ended 31/3/08 \$'000	First Quarter Ended 31/3/07 \$'000
Cash flow from operating activities			
Net profit before tax		2,309	3,448
Adjustments for:			
Interest income		(2,896)	(116)
Amortisation expense		6,832	-
Share of results of associated company		(1,968)	-
Borrowing costs		7,569	1,902
Management fees payable in units		3,172	1,028
Operating cashflows before reinvestment in working capital		15,018	6,262
Increase in receivables		(8,058)	(78)
Decrease in payables		(1,243)	(801)
Security deposits		111	433
Net cash generated from operating activities		5,828	5,816
Cash flow from investing activities			
Interest received		754	119
Income support received		1,080	-
Dividend income received from associated company		1,000	-
Net cash generated from investing activities		2,834	119
Cash flow from financing activities			
Distribution to Unitholders	1	(12,379)	(8,384)
Interest paid		(5,940)	(1,842)
Net cash used in financing activities		(18,319)	(10,226)
Net decrease in cash and cash equivalents		(9,657)	(4,291)
Cash and cash equivalents at the beginning of period		22,927	16,814
Cash and cash equivalents at the end of period		13,270	12,523

Note:

(1) This relates to the distributable income of \$12.4 million for the period of 1 July 2007 to 31 December 2007 and \$8.4 million for the period of 1 July 2006 to 31 December 2006 which were paid on 29 February 2008 and 28 February 2007 respectively.

1(d)(i) Statement of movements in Unitholders' funds

Statement of movements in Unitholders' funds for quarter ended 31 March 2008

	Note	Issued Equity \$'000	Accumulated Profit \$'000	Total \$'000
Net assets at 1 January 2008		454,258	479,509	933,767
Operations				
Net profit after tax		-	1,297	1,297
Net increase in assets resulting from operations		454,258	480,806	935,064
Unitholders' transactions				
Creation of units				
- payment of management fees in units	1	1,958	-	1,958
Distribution to Unitholders	2	-	(12,379)	(12,379)
Net increase/(decrease) in net assets resulting from Unitholders' transactions		1,958	(12,379)	(10,421)
Net assets at 31 March 2008		456,216	468,427	924,643

Notes:

(1) This represents 894,717 units issued as satisfaction of management fees payable in units.

(2) This relates to the distributable income \$12.4 million for the period of 1 July 2007 to 31 December 2007 which was paid on 29 February 2008.

Statement of movements in Unitholders' funds for the quarter ended 31 March 2007

	Note	Issued Equity \$'000	Asset Revaluation Reserve \$'000	Accumulated Profit \$'000	Total \$'000
Net assets at 1 January 2007		440,519	46,300	5,578	492,397
Adoption of FRS 40		-	(46,300)	46,300	-
Restated balance at 1 January 2007		440,519	-	51,878	492,397
Operations					
Net profit after tax		-	-	3,448	3,448
Net increase in net assets resulting from operations		-	-	3,448	3,448
Unitholders' transactions					
Creation of units					
- payment of management fees in units	1	981	-	-	981
Distribution to Unitholders	2	-	-	(8,384)	(8,384)
Net increase/(decrease) in net assets resulting from Unitholders' transactions		981	-	(8,384)	(7,403)
Net assets at 31 March 2007		441,500	-	46,942	488,442

Notes:

- (1) This represents 387,271 units issued as satisfaction of management fees payable in units.
- (2) This relates to the distributable income of \$8.4 million for the period of 1 July 2006 to 31 December 2006 which was paid on 28 February 2007.

1(d)(ii) Details of changes in the units

	Units
Balance at 1 January 2008	247,183,528
Issue of new units	
- payment of management fees in units	894,717
Balance at 31 March 2008	248,078,245

2. AUDIT

The figures have not been audited or reviewed by the auditors.

3. AUDITORS' REPORT

Not applicable.

4. ACCOUNTING POLICIES

The accounting policies and methods of computation in the financial statements for the current financial period are consistent with those for the audited financial statements for the year ended 31 December 2007.

5. CHANGES IN ACCOUNTING POLICIES

There are no significant changes in the accounting policies and methods of computation.

6. EARNINGS PER UNIT ("EPU") AND DISTRIBUTION PER UNIT ("DPU")

	First Quarter Ended 31/3/08	First Quarter Ended 31/3/07
Earnings per unit (based on the weighted average number of units as at the end of period)	0.52 cents	1.43 cents
- Weighted average number of units as at the end of period	247,793,115	241,864,244
Distribution per unit (based on the number of units as at the end of period)	4.60 cents	1.77 cents
- Number of units on issue at end of period	248,078,245	241,997,637

The diluted EPU is the same as the basic EPU as there are no dilutive instruments in issue during the period.

7. NET ASSET VALUE ("NAV")

	Actual 31/3/08	Actual 31/12/07
NAV per unit based on issued units at the end of the period (\$)	3.73	3.78
Adjusted NAV per unit based on issued units at the end of the period (excluding the distributable income) (\$)	3.68	3.73

8. REVIEW OF PERFORMANCE

8(i) Property income contribution of the properties

Property	First Quarter Ended 31/3/08 \$'000	First Quarter Ended 31/3/07 \$'000	+ / (-) %
Prudential Tower Property	2,062	1,632	26.3
Keppel Towers and GE Tower	5,955	4,046	47.2
Bugis Junction Towers	3,489	3,188	9.4
Total property income	11,506	8,866	29.8

8(ii) Income contribution of the properties

Property	First Quarter Ended 31/3/08 \$'000	First Quarter Ended 31/3/07 \$'000	+ / (-) %
Prudential Tower Property	1,832	1,283	42.8
Keppel Towers and GE Tower	4,678	2,863	63.4
Bugis Junction Towers	2,631	2,316	13.6
Total net property income	9,141	6,462	41.5
One-third interest in ORQPL:			
- Income support	6,145	-	Nm
- Interest income	2,845	-	Nm
- Dividend income	1,898	-	Nm
Total income from one-third interest in ORQPL¹	10,888	-	Nm
Total income contribution	20,029	6,462	210.0

Note:

Nm – Not meaningful

(1) The acquisition of one-third interest in ORQPL was completed on 10 December 2007. Thus, there was no income contribution for the first quarter in 2007.

8. REVIEW OF PERFORMANCE**Review of performance for 1Q 2008 vs 1Q 2007**

Turnover for the quarter was \$11.5 million, 29.8% higher than \$8.9 million for the corresponding quarter in 2007. This increase was due mainly to higher rental income as a result of higher rental rates achieved for new and renewed leases as well as improved occupancies. The portfolio also managed to maintain a high committed occupancy of 99.6% as at end-March 2008. Average gross rental rates for the investment properties held directly by K-REIT Asia rose to \$4.99 psf in March 2008 as compared with \$4.05 psf for the same period in 2007. Car park income from Keppel Towers and GE Tower also improved by 16.8%.

Property expenses remained relatively stable at \$2.4 million. Included in 1Q 2008 was a recovery of \$0.5 million of property tax for previous year and this partly offset the higher property management fees of \$0.1 million due to the higher property income achieved and higher marketing expenses of \$0.1 million.

Net property income increased by 41.5% in 1Q 2008 to \$9.1 million on account of higher rental income. Manager's management fees increased by \$2.1 million due mainly to the acquisition of one-third interest in ORQPL, a higher appraised value for the investment properties and higher net property income. On the account of additional loan drawn down to finance the acquisition of one-third interest in ORQPL on 10 December 2007, borrowing costs increased by \$5.7 million to \$7.6 million as compared with that for 1Q 2007. These were partly offset by higher interest income of \$2.9 million from ORQPL and share of results of ORQPL of \$2.0 million.

Net profit before tax for the quarter was \$2.3 million, 33.0% lower than that for 1Q 2007. Distributable income to Unitholders for 1Q 2008 increased by 165.9% to \$11.4 million from 1Q 2007, due mainly to the income contribution from ORQPL which was absent in 1Q 2007.

9. VARIANCE FROM PROSPECTS STATEMENT

9(i) Statement of total return (actual vs forecast)

	Actual First Quarter Ended 31/3/08 \$'000	Forecast¹ First Quarter Ended 31/3/08 \$'000	+ / (-) %
Gross rent	11,244	11,240	-
Car park income	250	235	6.4
Other income	12	9	33.3
Property income	11,506	11,484	0.2
Property tax	(430)	(487)	(11.7)
Other property expenses	(1,177)	(1,243)	(5.3)
Property management fee	(346)	(345)	0.3
Maintenance and sinking fund contributions	(412)	(412)	-
Property expenses	(2,365)	(2,487)	(4.9)
Net property income	9,141	8,997	1.6
Income support	6,145	6,602	(6.9)
Interest income	2,896	2,896	-
Share of results of associated company	1,968	1,525	29.0
Amortisation expense	(6,832)	(6,832)	-
Borrowing costs	(7,569)	(7,570)	-
Manager's management fees	(3,172)	(3,187)	(0.5)
Trust expenses	(268)	(298)	(10.1)
Net profit before tax	2,309	2,133	8.3
Income tax expense	(1,012)	(1,094)	(7.5)
Net profit after tax	1,297	1,039	24.8
Total return	1,297	1,039	24.8
<u>Distribution statement</u>			
Net profit before tax	2,309	2,133	8.3
Net tax adjustments	10,108	10,231	(1.2)
Income tax expense	(1,012)	(1,094)	(7.5)
Income available for distribution to Unitholders	11,405	11,270	1.2
Distributable income to Unitholders	11,405	11,270	1.2
Distribution per unit (cents)			
For the Period	4.60	4.54	1.3

Note:

(1) The forecast for 1Q2008 is derived from the forecast shown in K-REIT Asia's Circular dated 9 April 2008 for the renounceable rights issue.

Review of the performance for 1Q 2008 (actual vs forecast¹)

Turnover was stable at \$11.5 million compared with the forecast for 1Q 2008. Average gross rental rate for the investment properties held directly by K-REIT Asia of \$4.99 psf in March 2008 is also in line with the forecast.

Property expenses were \$2.4 million, 4.9% lower than the forecast, due mainly to lower maintenance expenses of \$0.06 million and lower property tax of \$0.06 million.

Net property income rose 1.6% to \$9.1 million as a result of higher property income. Income support in relation to ORQ fell by \$0.4 million to \$6.1 million but this was offset by higher share of results of ORQPL of \$0.4 million. Manager's management fees and trust expenses were broadly in line with the forecast.

Actual net profit after tax for 1Q 2008 of \$1.3 million exceeded the forecast by 24.8%. Distributable income to Unitholders increased by 1.2% to \$11.4 million.

Note:

(1) The forecast for 1Q2008 is derived from the forecast shown in K-REIT Asia's Circular dated 9 April 2008 for the renounceable rights issue.

10. PROSPECTS

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

According to the Urban Redevelopment Authority, new office take-up in 2007 was 2.07 million sf. In 2008, CB Richard Ellis (CBRE) expects take-up levels to be below 2007's level, as a result of constraints imposed by the lack of new supply and low vacancy. In 1Q 2008, CBRE noted that vacancy rates for Core CBD and Decentralised office space were still low at 2.4% and 3.0% respectively and average prime office rentals rose 86% year-on-year to \$16 psf per month at the end of the quarter. Industry consultants expect further upside in office rentals in 2008 although the rental growth will be more modest.

Despite the more challenging financial market environment, K-REIT Asia is well-positioned to benefit from positive rental reversions, given that K-REIT Asia's existing rental rates are below market 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.

K-REIT Asia's property portfolio size has now exceeded its \$2 billion target. Going forward, the Manager will continue to seek acquisitions of prime commercial properties in Singapore and other Asian growth cities. The Manager is also actively exploring various asset enhancement initiatives to drive organic growth within K-REIT Asia's existing portfolio.

Rights Issue

A rights issue exercise is currently being carried out pursuant to the approval granted by the Unitholders by way of an extraordinary resolution on 31 March 2008 at an extraordinary general meeting of Unitholders.

Under the exercise, the Manager expects to raise gross proceeds of about \$551.7 million based on an issue of 396.9 million rights units at a rights issue price of \$1.39. The number of units in issue will increase to 645 million from 248.1 million following the completion of the rights issue. The rights units are expected to be issued on 8 May 2008.

The proceeds from the rights issue will be used to partially repay the bridging loan of \$942 million which was drawn down for the acquisition of a one-third interest in One Raffles Quay Pte Ltd. This will lower K-REIT Asia's aggregate leverage from 53.9% to 27.7% and provide K-REIT Asia with additional funding capacity to acquire further property acquisitions.

Outlook for the financial year ending 31 December 2008

Barring unforeseen circumstances, the Manager expects to achieve its DPU forecast of 7.53 cents for the financial year ending 31 December 2008, based on the Circular dated 9 April 2008.

11. RISK FACTORS AND RISK MANAGEMENT

K-REIT Asia ascribes great importance to risk management and constantly takes initiatives to systemically review the risks it faces and mitigate them. Some of the key risks that the Manager has identified are as follows:

Interest rate risk

Interest rate exposures are generally managed through appropriate term facilities and fixed-rate positions. The Manager also monitors the interest rate environment to potentially refinance higher cost debt where and when appropriate.

Liquidity risk

The Manager monitors and maintains K-REIT Asia's cash flow position and working capital to ensure that there are adequate liquid reserves in terms of cash and credit facilities to meet short term obligations. Steps have been taken to plan early for funding/expenses so as to better gauge cash position at any point of time.

Credit risk

Credit risk assessments of tenants are carried out by way of credit agencies and corporate searches prior to signing of lease agreements. Tenants are required to pay a security deposit as a multiple of monthly rent and maintain sufficient deposits in their accounts. In addition, the Manager also monitors the property portfolio's tenant trade sector mix to assess exposure to any one potentially volatile trade sector.

Currency risk

Presently, K-REIT Asia has no currency risks as all borrowings are in Singapore dollars. Going forward, as K-REIT starts to acquire assets overseas, it is the intention that any debt financing for such acquisitions will be made in the same currency in which the assets are denominated, whenever possible, so as to serve as a natural currency hedge. The Manager will also adopt appropriate hedging strategies when deemed necessary.

Operational risk

Measures have been put in place to promote sustainability of net property income. Some of these measures include steps taken to negotiate for favourable terms/covenants, manage expenses and maximise property value. In addition, the Manager also continuously reviews disaster and pandemic business continuity plans and modifies them, when necessary.

12. DISTRIBUTIONS**(a) Current financial period reported on**

None.

(b) Corresponding period of the immediately preceding financial year

Not applicable.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

13. DISTRIBUTION STATEMENT

No distribution has been declared/ recommended.

14. INTERESTED PERSON TRANSACTIONS

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions of less than \$100,000)	
	First Quarter Ended 31/3/08 \$'000	First Quarter Ended 31/3/07 \$'000
Keppel Corporation and its subsidiaries or associates		
- Manager's management fees	3,172	1,028
- Property management fees and reimbursables	605	521
- Leasing commissions	116	342
- Rental and service charge income ¹	-	518
RBC Dexia Trust Services Singapore Limited		
- Trustee's fee	79	25

Note:

(1) *The aggregate value of interested person transactions refers to the total contract sum entered into during the respective financial periods.*

By Order of the Board
K-REIT Asia Management Limited
 (Company Registration Number: 200411357K)
 As Manager of K-REIT Asia

CHOO CHIN TECK / JACQUELINE NG
 Joint Company Secretaries
 21 April 2008

K-REIT ASIA'S SEGMENTAL RESULTS – QUARTERLY BREAKDOWN

Income contribution by asset (\$'000)

	FY 06¹	1Q 07	2Q 07	1H 07	3Q 07	4Q 07	FY 07	1Q 08
Property								
Prudential Tower Property	4,395	1,283	1,167	2,450	1,206	1,381	5,037	1,832
Keppel Towers and GE Tower	10,598	2,863	3,645	6,508	3,801	3,432	13,741	4,678
Bugis Junction Towers	8,632	2,316	2,471	4,787	2,486	2,211	9,484	2,631
Total net property income	23,625	6,462	7,283	13,745	7,493	7,024	28,262	9,141
One-third interest in ORQPL ² :								
- Income support	-	-	-	-	-	1,080	1,080	6,145
- Interest income	-	-	-	-	-	690	690	2,845
- Dividend income	-	-	-	-	-	1,000	1,000	1,898
Total income from one-third interest in ORQPL	-	-	-	-	-	2,770	2,770	10,888
Total income contribution	23,625	6,462	7,283	13,745	7,493	9,794	31,032	20,029

Notes:

- (1) K-REIT Asia was established on 28 November 2005 and the acquisition of the initial properties was completed on 26 April 2006. 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 31 December 2006.
- (2) The acquisition of one-third interest in ORQPL was completed on 10 December 2007. Thus, there was no income contribution from the one-third interest in ORQPL for 2006 and 1Q 2007 to 3Q 2007.

Confirmation by the Board

We, TSUI KAI CHONG and TAN SWEE YIOW being two Directors of K-REIT Asia Management Limited (the "Company"), as manager of K-REIT Asia, do hereby confirm on behalf of the Directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the 2008 first quarter's financial statements of K-REIT Asia to be false or misleading in any material respects.

On Behalf of the Board

TSUI KAI CHONG
Chairman



TAN SWEE YIOW
Director

21 April 2008