PRESS RELEASE

K-REIT Asia's Financial Highlights
Financial Results
For the Period from 1 January to 30 June 2008

28 July 2008

Distributable Income Continues to Rise on Strong Rental Reversions

- ***Distributable Income rises by 169.8% year-on-year and outperforms forecast by 13.7% due to strong rental reversions, improved occupancies and contribution from One Raffles Quay.***
- ***Distribution Per Unit (DPU) for 8 May – 30 June 2008 amounts to 1.39 cents, bringing the total DPU pay-out to 7.97 cents for 1H 2008.***
- ***Net property income increases by 33.2% year-on-year to $18.3 million.***
- ***Portfolio achieves 100% committed occupancy as at 30 June 2008.***

Summary of Results

(S$'000)	1H 2008 Actual	1H 2008 Forecast [1]	% Chg	1H 2007 Actual	% Chg
Property Income	24,495	24,258	1.0	18,718	30.9
Net Property Income	18,315	18,573	-1.4	13,745	33.2
Net Profit Before Tax	6,691	4,195	59.5	7,607	-12.0
Distributable Income to Unitholders[2]	25,581	22,490	13.7	9,481	169.8
Distribution Per Unit (Cents)	**3.94**	**3.48**	**13.2**	**3.91**	**0.8**
- **based on weighted average number of units**	**6.98**				
Annualised Distribution Per Unit (Cents)	7.90	6.98	13.2	7.88	0.3
- based on weighted average number of units	11.10				
Distribution Yield[3] (%)	**5.68**	**5.02**	**13.1**	**5.67**	**0.2**
- **based on weighted average number of units**	**10.07**				

[1] The forecast for 2Q 2008 is derived from the forecast shown in K-REIT Asia's circular dated 9 April 2008 for the renounceable rights issue which was completed on 8 May 2008.
[2] Distributable income to unitholders for 1H 2008 includes an advanced distribution of $16.5 million that was already paid out on 18 June 2008; distributable income is based on 100% of the income available for distribution to unitholders.
[3] Based on the market closing price per unit of $1.39 as at 30 June 2008.

Steady 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 $25.6 million for the period from 1 January to 30 June 2008 ("1H 2008"), up 169.8% from the same period in 2007. This was due mainly to higher rental rates achieved for new and renewed leases, improved occupancies and income contribution from K-REIT Asia's one-third interest in One Raffles Quay Pte Ltd ("ORQPL").

Net property income of $18.3 million was 33.2% higher than the $13.7 million reported for 1H 2007, due to higher gross rental income from K-REIT Asia's initial properties, namely Keppel Towers and GE Tower, Prudential Tower and Bugis Junction Towers. Gross rental income increased by 31.4% year-on-year to $24.0 million for 1H 2008.

The 1H 2008 distributable income of $25.6 million includes an advanced distribution of $16.5 million or 6.58 cents per unit for the period from 1 January to 7 May 2008, which has already been paid out to unitholders on 18 June 2008. A distribution of 1.39 cents per unit will be paid out to unitholders for the period from 8 May to 30 June 2008 on 28 August 2008. This brings the total DPU pay-out to 7.97 cents for the period from 1 January to 30 June 2008.

Office Market Remains Firm

Despite the weaker external environment, Singapore's office rents rose slightly in second quarter of 2008, reflecting the tight supply of office space. According to CB Richard Ellis ("CBRE"), average prime rents rose 0.6% to $16.10 per square foot ("psf") while average Grade A rents rose 0.8% to $18.80 psf from the previous quarter. In the same period, core CBD vacancy rate remained low at 2.9%.

Although some corporate occupiers have relocated to business parks from prime CBD area to contain costs, CBRE expects supply of office space to remain tight within the next two years and take-up levels to stay healthy. Office rents will be supported by continued demand for prime office space as Singapore transforms itself into a global city with spin-off multiplier effects from the two integrated resorts currently under construction.

K-REIT Asia achieved 100% committed occupancy as at 30 June 2008. Positive rental reversions and contributions from ORQPL also drove up the average monthly gross rent of K-REIT Asia's portfolio to $7.37 psf in June 2008. This is a 72.2% increase over the S$4.28 psf reported for June 2007 and a 22.4% increase from end-2007. Excluding ORQPL, average gross rent in June 2008 was $5.66 psf for the initial properties.

Capital Management

On 8 May 2008, K-REIT Asia completed its rights issue exercise and issued 396.9 million rights units, bringing the total number of units in issue to 647.2 million. The net proceeds of $550.7 million raised by the rights issue have been used to partially repay the bridging loan of $942 million which was drawn down for the acquisition of the one-third interest in ORQPL. This has lowered K-REIT Asia's aggregate leverage from 53.9% to 27.7%.

K-REIT Asia has secured a new loan of $391 million from Keppel Corporation Limited at an interest rate of 3.94%[4] per annum to refinance the remaining bridging loan which was to have matured in September 2008. The Manager is also establishing a $1 billion medium-term note programme to fund activities.

Outlook for 2008

Based on advance estimates by the Ministry of Trade and Industry, real GDP rose by 1.9%, moderating from 6.9% in first quarter of 2008, due mainly to a contraction in biomedical manufacturing output. The services producing industries, led by financial services and business services sectors, grew by about 6.9% in 2Q 2008, compared with 7.6% in the previous quarter. Nonetheless, the government maintains its full-year growth forecast for the economy at 4 – 6%.

K-REIT Asia is well-positioned to benefit from positive rental reversions, given that its average portfolio rental of $7.37 psf per month is lower than average market rents. Most of the leases expiring or subject to rent review in 2008 have already been secured, with higher rental income locked in for the year.

Therefore, barring unforeseen circumstances, the Manager of K-REIT Asia expects to achieve its forecast distribution of 7.53 cents per unit or 10.09 cents per unit (based on weighted average number of units) for the financial year ending 31 December 2008, as shown in the circular dated 9 April 2008.

[4] Based on current market conditions and assuming that the loan amount is drawn on 28 July 2008.

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 completed its rights issue exercise and issued 396.9 million rights units on 8 May 2008, bringing the total number of units in issue to 647.2 million.

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