

PRESS RELEASE

K-REIT Asia's Financial Highlights for the Period from 26 April to 30 September 2006

18 October 2006

Annualised Distribution Per Unit Outperformed Forecast by 22%

(\$'000)	Actual ¹	Forecast ²	% Chg
Property Income	14,759	13,671	8.0
Net Property Income	10,600	9,550	11.0
Net Profit	5,199	4,115	26.3
Distributable Income to Unitholders ³	6,918	5,701	21.3
Distribution Per Unit (cents) :			
- For the Period from 26 April to 30 September 2006	2.87	2.35	22.1
- Annualised	6.63	5.43	22.1
Distribution Yield (%) ⁴	3.3	2.7	22.2

1 K-REIT Asia was established on 28 November 2005, but acquisition of the properties was completed on 26 April 2006. Hence, the income relates to the period from 26 April to 30 September 2006.

2 Forecast figures are derived by pro-rating the forecast figures for 2006 disclosed in the Introductory Document for the period from 26 April to 30 September 2006.

3 Distributable income to unitholders for the period from 26 April to 30 September 2006 is based on 100% of the taxable income available for distribution to unitholders.

4 This is based on annualised DPU and unit closing price of \$2.00 on 17 October 2006.

Highlights

- K-REIT Asia continued to outperform, registering a distributable income of \$6.9 million for the period from 26 April to 30 September 2006, up 21.3% from forecast.
- Total Distribution per Unit (DPU) amounted to 2.87 cents for the period from 26 April to 30 September 2006, which works out to an annualised DPU of 6.63 cents, 22% higher than earlier forecast of 5.43 cents
- Committed occupancy reached 99.7% as at end-September 2006, reflecting a substantial improvement from 89% a year ago.

Strong Improvement in DPU

K-REIT Asia Management Ltd, the manager of K-REIT Asia, is pleased to announce that K-REIT Asia achieved a distributable income of \$6.9 million for the period from 26 April to 30 September 2006, exceeding its forecast by 21.3%. The improvement was due mainly to higher rental income as a result of better portfolio occupancy and rental rates achieved for new and renewed leases.

DPU for 3Q2006 was 1.71 cents, higher than the 1.16 cents announced in the previous quarter, bringing the total DPU for the period from 26 April to 30 September 2006 to 2.87 cents. This works out to an annualised DPU of 6.63 cents, 22% above forecast DPU of 5.43 cents for 2006 as disclosed in the Introductory Document.

A Robust Office Market Bodes Well for K-REIT Asia

The broad-based recovery of the office market continued to gain momentum in 3Q2006. Committed occupancy of K-REIT Asia's property portfolio reached 99.7% as at 30 September 2006, up from 89% a year ago. Its portfolio occupancy is also higher than the Core CBD occupancy of 95.5% as reported by CB Richard Ellis. Reversionary rentals of K-REIT Asia's portfolio were also 17% higher than preceding rates.

Strong underlying demand for office space against the backdrop of tightening supply will continue to support high portfolio occupancy. With a positive reversionary cycle and a well-balanced lease expiry profile where about 60% of net lettable area will be up for renewal between now and 2009, K-REIT Asia expects further rental income growth.

Two-pronged Strategy to Drive Growth

Apart from driving organic growth to maximize returns and yields of its existing portfolio, K-REIT Asia is currently working actively to seek out acquisitions which will value-add to its current portfolio of prime commercial properties.

K-REIT Asia will focus on Singapore and other Asian growth cities to grow its Assets Under Management (AUM) to a targeted size of \$2 billion within the next few years.

About K-REIT Asia

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 an initial portfolio of four quality office buildings valued at \$630.7 million. 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.