

PRESS RELEASE

**K-REIT Asia's Financial Highlights
FY2006 Financial Results
For the Period 26 April to 31 December 2006**

22 January 2007

Distribution Per Unit Outperforms Forecast by 24.5% while Occupancy hits 100%

- *K-REIT Asia's Net Property Income hits \$16.8 million on higher rentals and improved occupancy of its buildings, outperforming forecast by 11.3%*
- *Taxable income available for distribution to unitholders surpasses forecast by 23.9% to reach \$11.2 million.*
- *Total Distribution Per Unit (DPU) amounted to 4.63 cents for the period, which works out to an annualised DPU of 6.76 cents, and outperforming forecast by 24.5%.*
- *Committed occupancy for the four prime office buildings reached 100% as at end-December 2006, as compared to the average portfolio occupancy of 95% a year ago.*

Summary of Results

(\$'000)	Actual ¹	Forecast ²	% Chg
Property Income	23,861	21,632	10.3
Net Property Income	16,814	15,111	11.3
Net Profit Before Tax	8,367	6,511	28.5
Net Tax Adjustments	2,807	2,510	11.8
Distributable Income to Unitholders ³	11,174	9,021	23.9
Distribution Per Unit (cents) :			
For the Period from 26 April to 31 December 2006	4.63	3.72	24.5
Annualised	6.76	5.43	24.5
Distribution Yield (%) ⁴	2.70	2.17	24.5

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 31 December 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 31 December 2006.

3 Distributable income to unitholders for the period from 26 April to 31 December 2006 is based on 100% of the taxable income available for distribution to unitholders.

4 This is based on annualised DPU and the unit closing price of \$2.50 on 29 December 2006.

Strong Performance Exceeds Forecast

K-REIT Asia Management Ltd, the manager of K-REIT Asia, is pleased to announce that K-REIT Asia has performed better than forecast for FY2006. For the period from 26 April to 31 December 2006, K-REIT Asia achieved a distributable income of \$11.2 million, exceeding its forecast by 23.9%. Net property income exceeds forecast by 11.3% to reach \$16.8 million. As a result of higher net property and distributable income, DPU also outperformed forecast. The improvement was due mainly to higher rentals and full occupancies, in particular from Keppel Towers and Prudential Tower.

For the period from 1 July to 31 December 2006, K-REIT Asia will pay out 3.47 cents per unit on 28 February 2007. This is in addition to the 1.16 cents per unit already paid on 28 August 2006 for the period 26 April to 30 June 2006. The total distribution payout for the period from 26 April to 31 December 2006 amounts to 4.63 cents, which works out to an annualised DPU of 6.76 cents. This is 24.5% above forecast DPU of 5.43 cents for 2006 as stated in the Introductory Document.

Office Market Uptrend Continues

Strong underlying demand for office space against the backdrop of tightening supply has driven occupancies upward. Committed occupancy of K-REIT Asia's property portfolio reached 100% as at 31 December 2006, surpassing the Core CBD occupancy of 96.4% and Fringe CBD occupancy of 93.1%. (Source: CBRE). Reversionary rentals of K-REIT Asia's portfolio in the last quarter of 2006 continued to rise.

With a positive reversionary cycle and a well-balanced lease expiry profile, K-REIT Asia expects continued rental income growth. About 53% of net lettable area will be up for renewal between 2007 and 2009, when the supply of new office space is limited to less than 600,000 sf per annum, which is substantially lower than historical take-up. In addition, CBRE estimates that the steepest increase in rental growth will occur in the next 12 to 18 months. K-REIT Asia will be able to capitalize on this as about 31% of K-REIT Asia's net lettable area will be up for renewal over the next 24 months. Given the uptrend of the office market, a quality portfolio and proactive management, K-REIT Asia expects to continue to deliver sustainable returns to unitholders.

Proactive Management to Drive Growth

K-REIT Asia is working actively to seek out acquisitions that will value-add to its current portfolio of prime commercial properties. Through active asset management and continuous asset enhancements, K-REIT Asia also aims to drive growth to maximize returns and yields on its existing portfolio.

In its strive to become a pan Asian commercial REIT, K-REIT Asia will focus on Singapore as well as other Asian growth cities to grow its assets under management to a targeted size of \$2 billion within the next few years.

Outlook for 2007

Advanced estimates by the Ministry of Trade and Industry showed that the Singapore economy expanded 5.9% in 4Q2006, bringing overall GDP growth for 2006 to 7.7%. The Singapore government is expecting the economy to continue growing at a healthy rate of 4 – 6% in 2007.

K-REIT Asia expects the office market to continue to be strong in 2007 supported by sound economic fundamentals and growth in the financial and business services sectors. Rentals and capital values are likely to grow with the limited new supply in the CBD in the next few years. No substantial new supply is expected until 2010 when Marina Bay Financial Centre (Phase I) comes on stream.

With its portfolio of four prime office buildings, K-REIT Asia is poised to reap the benefits of further rental income growth in the year ahead. In tandem with the positive economic outlook for 2007, the manager of K-REIT Asia is confident of delivering a forecast distribution per unit consistent with that achieved in 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 an initial portfolio of four quality office buildings revalued at \$677 million as at end-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.