

PRESS RELEASE

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

20 July 2006

Distributable Income to Unitholders Outperformed Forecast by 17.5%

(\$'000)	Actual ¹	Forecast ²	% Chg
Property Income	5,990	5,710	4.9
Net Property Income	4,338	3,989	8.7
Net Profit	2,054	1,719	19.5
Distributable Income to Unitholders ³	2,797	2,381	17.5
Distribution Per Unit (cents) :			
- For the Period from 26 April to 30 June 2006	1.16	0.98	18.4
- Annualised	6.42	5.43	18.2
Distribution Yield (%) ⁴	4.98	4.21	18.3

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 June 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 June 2006.

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

4 This is based on unit closing price of \$1.29 on 19 July 2006.

Highlights

- K-REIT Asia achieved a distributable income of \$2.8 million, which was 17.5% higher than forecast, for its first interim financial results from 26 April to 30 June 2006.
- Unitholders will be entitled to a distribution per unit (DPU) of 1.16 cents for the period from 26 April to 30 June 2006, which works out to an annualised DPU of 6.42 cents, higher than the forecast DPU of 5.43 cents for 2006.
- Committed occupancy of K-REIT Asia's initial portfolio reached 98.4% as at end-June 2006 as compared with 89% as at 30 September 2005.
- Sustained growth in demand for quality office space and positive rental renewal cycle over the next few years will benefit K-REIT Asia.

K-REIT Asia Delivered Higher Distribution Per Unit to Unitholders

K-REIT Asia Management Ltd, the manager of K-REIT Asia, is pleased to announce K-REIT Asia's first interim financial results. For the period from 26 April to 30 June 2006, K-REIT Asia's distributable income was \$2.8 million, 17.5% higher than the forecast for the same period set out in the Introductory Document. This is due to higher rental income from its property portfolio as a result of higher occupancy and achieved rental rates, and improved operational efficiency and more effective cost management leading to lower property expenses during the period.

Unitholders will be entitled to a DPU of 1.16 cents for the period from 26 April to 30 June 2006. The annualised DPU of 6.42 cents is 18% above the forecast DPU of 5.43 cents for the period from 1 January to 31 December 2006 disclosed in the Introductory Document.

Riding on a Strong Office Market

With limited new supply over the next few years and shrinkage in existing inventory, strong demand for prime office space has spilled over to the broader market. Committed occupancy of K-REIT Asia's property portfolio rose to hit 98.4% as at 30 June 2006, higher than the average occupancy of 92.9% in the Core CBD reported by CB Richard Ellis. K-REIT Asia's portfolio has also seen an improvement in average rental rates and is poised to enjoy further rental upside as existing leases come up for renewal and new leases are signed.

Sustained growth in demand for quality office space and potential rental upside will benefit K-REIT Asia's portfolio. With a healthy lease expiry profile over the next few years, K-REIT Asia is in good stead to ride on the upward rental cycle. A total of 37.4% of total lettable area will be up for renewal in 2007 and 2008, while another 23.6% will be due for renewal in 2009.

Growing into a Pan-Asian Commercial REIT

K-REIT Asia is targeting to grow its current portfolio size of \$630.7 million to about \$2 billion within the next few years. It will identify and pursue selective acquisitions of potential prime commercial properties in Singapore and other promising cities in the region.

It will also leverage Keppel Land's extensive network in Asia, and pipeline of quality commercial properties both in Singapore and the region.

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 Property (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.