K-REITasia

PRESS RELEASE

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

20 October 2008

K-REIT Asia Achieves Higher YTD September 2008 Distribution Per Unit

- ***Distributable Income increases by 173.8% year-on-year and outperforms forecast by 13.6% due to strong rental reversions and additional contribution from One Raffles Quay.***
- ***Net property income increases by 31.1% year-on-year to $27.8 million.***
- ***Portfolio achieves 99.4% committed occupancy as at 30 September 2008.***

Summary of Results

($'000)	**Jan - Sep 2008 Actual**	**Jan - Sep 2008 Forecast[1]**	**% Chg**	**Jan - Sep 2007 Actual**	**% Chg**
Property Income	38,357	37,198	3.1	29,041	32.1
Net Property Income	27,846	27,376	1.7	21,238	31.1
Net Profit	12,326	8,531	44.5	11,770	4.7
Distributable Income to Unitholders	40,772	35,899	13.6	14,892	173.8
Distribution Per Unit (Cents)	**6.28**	**5.53**	**13.6**	**6.14**	**2.3**
Annualised Distribution Per Unit (Cents)	8.37	7.37	14.9	8.21	3.2
- based on weighted average number of units	11.00				
Distribution Yield[2] (%)	**8.72**	**7.68**	**14.8**	**8.55**	**3.2**
- based on weighted average number of units	**11.46**				

[1] The forecasts for 3Q 2008 and January-September 2008 were 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] Based on the market closing price per unit of $0.96 as at 30 September 2008.

Improved 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 $40.8 million for the period from 1 January to 30 September 2008 ("YTD September 2008"), up 173.8% from that for the same period in 2007. This was due mainly to higher rental rates achieved for new and renewed leases and income contribution from K-REIT Asia's one-third interest in One Raffles Quay Pte Ltd ("ORQPL").

Higher gross rental income from K-REIT Asia's initial four properties, namely Keppel Towers, GE Tower, Prudential Tower and Bugis Junction Towers, drove up net property income by 31.1% year-on-year to $27.8 million for YTD September 2008.

On the back of the rise in distributable income, 3Q 2008 DPU amounted to 2.34 cents, resulting in a YTD September 2008 DPU of 6.28 cents.

Challenging Market Conditions Ahead

Against the backdrop of heightened uncertainties in the financial markets, average prime rents and average Grade A rents remained unchanged at $16.10 psf and $18.80 psf respectively in 3Q 2008, as reported by CB Richard Ellis ("CBRE"). During the quarter, the core CBD vacancy rate remained low at 3.8%.

The average monthly gross rent of K-REIT Asia's portfolio increased by 67.7% year-on-year to $7.43 psf in September 2008, driven by positive rental reversions and contributions from ORQPL. Excluding ORQPL, average gross rent in September 2008 was $5.99 psf for the initial properties. K-REIT Asia achieved 99.4% committed occupancy as at 30 September 2008.

Despite testing market conditions ahead, the long-term fundamentals for Singapore remain intact, as it transforms into a global city, supporting office demand. Singapore continues to be an attractive business destination in Asia as it diversifies beyond being an international financial hub and establishes multi-hubs in other areas such as biomedical, pharmaceutical, air transport, telecommunications and education.

Capital Management

K-REIT Asia has no debt refinancing requirements until 2011. Its aggregate leverage remains low at 27.6% as at end-September 2008.

Going Forward

According to advance estimates from the Ministry of Trade and Industry, Singapore's real GDP declined by 0.5% in 3Q 2008 from 2.3% growth in 2Q 2008, due mainly to a contraction in the manufacturing industry, which accounts for a quarter of the economy. Given the worsening of the global financial crisis, the Singapore government has revised its full-year growth forecast to about 3% from 4 – 5%.

Despite the economic slowdown, 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.

The current volatile market conditions may present investment opportunities for quality assets. The Manager is monitoring the market and continuing its efforts to seek out such opportunities selectively.

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, GE Tower, Bugis Junction Towers and a one-third interest in One Raffles Quay Pte Ltd. K-REIT Asia's portfolio was valued at $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. Its total number of units in issue was 649.5 million as at end-September 2008.

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