

**PRESS RELEASE**

**K-REIT Asia's Financial Results  
For the Period from 1 January to 30 September 2009**

**13 October 2009**

**K-REIT Asia's Distribution Per Unit Grew by 22.1% Year-on-Year**

- *Net property income increased 27.3% year-on-year to \$35.4 million.*
- *Distributable income rose by 25.4% year-on-year due to positive rental reversions.*
- *Distribution Per Unit for January to September 2009 amounted to 7.67 cents.*
- *Portfolio's committed occupancy was 94.9% as at 30 September 2009, higher than core CBD occupancy of 91.2%.*

**Summary of Results**

	YTD Sep 2009	YTD Sep 2008	Change	3Q 2009	3Q 2008	Change
Property Income	\$45.8m	\$38.3m	19.4%	\$15.7m	\$13.9m	12.9%
Net Property Income	\$35.4m	\$27.8m	27.3%	\$12.3m	\$9.5m	29.1%
Distributable Income to Unitholders	\$51.1m	\$40.8m	25.4%	\$18.0m	\$15.2m	18.3%
Distribution Per Unit	7.67cts	6.28cts	22.1%	2.69cts	2.34cts	15.0%
Annualised Distribution Per Unit	10.25cts	8.37cts	22.5%	10.67cts	9.28cts	15.0%
Distribution Yield	8.7% <sup>1</sup>	8.7% <sup>2</sup>	-	9.0% <sup>1</sup>	9.7% <sup>2</sup>	-7.2%

<sup>1</sup> Based on K-REIT Asia's closing price per unit of \$1.18 as at 30 September 2009

<sup>2</sup> Based on K-REIT Asia's closing price per unit of \$0.96 as at 30 September 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 \$51.1 million for the period from 1 January to 30 September 2009 (“YTD Sep 2009”). This was 25.4% higher than that for the same period in 2008, due mainly to higher rental rates achieved for new and renewed leases. Gross rental income from K-REIT Asia’s initial properties, namely Keppel Towers, GE Tower, Prudential Tower and Bugis Junction Towers, grew by 19.9% year-on-year to \$45.1 million for YTD Sep 2009.

Net property income for YTD Sep 2009 was \$35.4 million which represents a 27.3% year-on-year increase, due to the higher gross rental income from K-REIT Asia’s initial properties.

Income contribution from K-REIT Asia’s one-third interest in One Raffles Quay Pte Ltd (“ORQPL”) in YTD Sep 2009 amounted to \$34.7 million, comprising income support, interest income and dividend income. This was 5.3% higher than the \$32.9 million achieved in the corresponding period last year.

The average gross monthly rent of K-REIT Asia’s portfolio registered \$7.91 psf in September 2009, easing slightly by 2.7% from \$8.13 psf in June 2009. It would have been \$8.22 psf if not for a lower level of income support from K-REIT Asia’s one-third interest in ORQPL. The lower income support was due to higher net property income arising from lower property expenses.

Distribution per unit (“DPU”) for YTD Sep 2009 was 22.1% year-on-year higher at 7.67 cents while third quarter 2009 (“3Q 2009”) DPU of 2.69 cents was 15% higher than that in the corresponding period in 2008.

**Proposed Rights Issue**

On 30 September 2009, K-REIT Asia has proposed an underwritten renounceable one-for-one rights issue at \$0.93 per unit. The Manager intends to raise gross proceeds of approximately \$620 million to repay borrowings and finance potential acquisitions and asset enhancement initiatives. Upon completion of the rights issue exercise, K-REIT Asia’s aggregate leverage is expected to decrease from 33% (after taking into account the latest valuation of K-REIT Asia’s assets and proposed acquisition of six strata floors of Prudential Tower) to 9.1%, providing it with additional funding capacity to pursue acquisition growth. The total number of units in issue will increase from 666.7 million to approximately 1.3 billion.

An extraordinary general meeting will be convened on 21 October 2009 to seek K-REIT Asia Unitholders’ approval for the proposed rights issue.

**Improved Economic Outlook**

According to advance estimates by the Ministry of Trade and Industry (“MTI”), the economy continued to show signs of recovery in 3Q 2009, with real GDP recording a 14.9% growth on a quarter-on-quarter basis, following a 22% expansion in the second quarter. The MTI now expects the Singapore economy to contract by 2%-2.5% in 2009, an upward revision from its earlier forecast of 4%-6% contraction.

With the improved economic outlook, office leasing activities increased while the rate of decline for office rents continued to ease in 3Q 2009. Prime office monthly rents averaged \$7.50 psf in 3Q 2009, reflecting a 12.8% quarter-on-quarter contraction compared with the 18.1% fall in 2Q 2009 and 18.6% decrease in 1Q 2009. Average Grade A monthly rents registered a 13.3% quarter-on-quarter decrease to \$8.80 psf, compared with the 17.5% decline in 2Q 2009 and 18.0% contraction in Q1 2009. Core Central Business District office occupancy rates eased slightly to 91.2% in 3Q 2009 from 91.5% in 2Q 2009 (source: CB Richard Ellis).

K-REIT Asia is well positioned to capitalise on this phase of economic stabilisation with its high-quality asset portfolio, strong tenancy profile and broad tenant diversity. Based on committed leases as at end-September 2009, K-REIT Asia's gross rental income for FY2009 already exceeds that for FY2008. The weighted average lease term to expiry for K-REIT Asia's portfolio is 5.3 years while that of its top 10 tenants is 6.8 years, providing income stability for Unitholders.

Going forward, with the added financial flexibility upon completion of the proposed rights issue, the Manager intends to pursue opportunities for strategic acquisitions in Singapore and across Asia. The Manager will also continue to focus on tenant retention, attract new tenants and seek to manage K-REIT Asia's assets and operating cost structure more efficiently.

**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 in Asia.

K-REIT Asia's portfolio comprises five assets, namely Bugis Junction Towers, Prudential Tower (of which K-REIT Asia owns 44% of the total strata area of the building), Keppel Towers, GE Tower and also a one-third interest in One Raffles Quay Pte Ltd. K-REIT Asia's ownership in Prudential Tower will increase to 73% of the total strata area of the building upon the completion of its recent proposed acquisition of an additional six strata floors. After the completion of this acquisition in November 2009, K-REIT Asia's portfolio size will be S\$2.1 billion.

K-REIT Asia is managed by K-REIT Asia Management Limited, 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.