

**K-REIT ASIA
THIRD QUARTER 2009 FINANCIAL STATEMENT ANNOUNCEMENT****UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30
SEPTEMBER 2009****TABLE OF CONTENTS**

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**SUMMARY OF K-REIT ASIA RESULTS
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2009**

	3Q2009 \$'000	YTD Sep 2009 \$'000	YTD Sep 2008 \$'000	+/- %
Property Income	15,654	45,796	38,357	19.4
Net Property Income	12,303	35,439	27,846	27.3
Net Income	7,277	20,585	12,326	67.0
Income Available for Distribution to Unitholders	17,965	51,119	40,772	25.4
Distributable Income to Unitholders ¹	17,965	51,119	40,772	25.4
Distribution per Unit ("DPU") (cents)				
For the Period	2.69	7.67	6.28	22.1
Annualised	10.67	10.25	8.37²	22.5
Distribution Yield	9.0% ³	8.7% ³	8.7% ⁴	-

Notes:

(1) The distributable income to Unitholders is based on 100% of the income available for distribution to Unitholders.

(2) The annualised YTD Sep 2008 DPU based on the weighted average number of units in issue was 11.00 cents.

(3) The yield is based on the market closing price per unit of \$1.18 as at the last trading day, 30 September 2009.

(4) The yield is based on the market closing price per unit of \$0.96 as at the last trading day, 30 September 2008.

Nm – Not meaningful

INTRODUCTION

K-REIT Asia is a real estate investment trust managed by K-REIT Asia Management Limited, with RBC Dexia Trust Services Singapore Limited as trustee.

K-REIT Asia's objective is to generate steady and sustainable returns for its Unitholders by owning and investing in a portfolio of quality income-producing commercial real estate and real estate-related assets. Although K-REIT Asia's current portfolio of assets is in Singapore, it has a pan-Asian mandate that enables it to invest in quality commercial properties in other Asian growth cities. K-REIT Asia aims to maintain a strong balance sheet and also steadily grow its portfolio,

In 2006, K-REIT Asia acquired four office buildings from Keppel Land Limited for \$630.7 million in part by cash of approximately \$190.6 million and in part by the issue of 240.5 million units in K-REIT Asia. Keppel Land Limited in turn distributed approximately 60% of the units in specie to its shareholders and retained the remaining 40% stake. K-REIT Asia was listed on the Singapore Exchange Securities Trading Limited on 28 April 2006. The initial four properties comprise Prudential Tower Property (approximately 44% of the strata area of the building), Keppel Towers, GE Tower, and Bugis Junction Towers.

On 10 December 2007, K-REIT Asia completed a significant maiden acquisition of a one-third interest in One Raffles Quay for \$951.4 million from its sponsor, Keppel Land Limited, bringing the number of assets in its portfolio to five.

On 8 May 2008, K-REIT Asia completed its rights issue and issued 396.9 million rights units to raise gross proceeds of about \$551.7 million.

In early September 2009, K-REIT Asia announced that it entered into a sale & purchase agreement for an additional six strata floors of Prudential Tower. Upon completion of the acquisition in November 2009, K-REIT Asia's ownership in Prudential Tower will increase to 73% of the total strata area of the building. On 29 September 2009, K-REIT Asia's portfolio was valued at \$1.97 billion. This will increase to \$2.1 billion after the expected completion of the acquisition of six strata floors of Prudential Tower.

On 30 September 2009, K-REIT Asia announced an underwritten renounceable rights issue to raise gross proceeds of approximately \$620 million to repay borrowings and finance potential acquisitions and asset enhancement initiatives. An extraordinary general meeting will be convened on 21 October 2009 to seek Unitholders' approval for the rights issue.

K-REIT Asia's total number of units in issue was 666.7 million as at end-September 2009. This will increase to approximately 1.3 billion upon completion of the proposed rights issue,

1 UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2009

The Directors of K-REIT Asia Management Limited, as manager of K-REIT Asia, announce the following unaudited results of K-REIT Asia for the third quarter and nine months ended 30 September 2009:

1(a) Statement of total return and comprehensive income and distribution statement, together with a comparative statement for the corresponding period of the immediately preceding financial year

Statement of Total Return and Comprehensive Income

<u>Group and Trust</u>						
				YTD	YTD	
	3Q2009	3Q2008	+ / (-)	Sep 2009	Sep 2008	+ / (-)
Note	\$'000	\$'000	%	\$'000	\$'000	%
Gross rent	15,400	13,611	13.1	45,073	37,585	19.9
Car park income	224	242	(7.4)	665	735	(9.5)
Other income	30	9	Nm	58	37	56.8
Property income	15,654	13,862	12.9	45,796	38,357	19.4
Property tax	(1,237)	(1,800)	(31.3)	(3,868)	(3,306)	17.0
Other property expenses	(1,240)	(1,702)	(27.1)	(3,903)	(4,818)	(19.0)
Property management fee	(470)	(417)	12.7	(1,375)	(1,151)	19.5
Maintenance and sinking fund contributions	(404)	(412)	(1.9)	(1,211)	(1,236)	(2.0)
Property expenses	(3,351)	(4,331)	(22.6)	(10,357)	(10,511)	(1.5)
Net property income	12,303	9,531	29.1	35,439	27,846	27.3
Income support	5,177	6,233	(16.9)	17,516	18,477	(5.2)
Interest income	3,228	1,734	86.2	9,522	6,615	43.9
Share of results of associated company	2,809	3,331	(15.7)	6,915	8,078	(14.4)
Amortisation expense	(6,636)	(6,739)	(1.5)	(20,043)	(20,356)	(1.5)
Borrowing costs	(6,225)	(4,552)	36.8	(18,486)	(17,417)	6.1
Manager's management fees	(3,173)	(3,256)	(2.5)	(9,725)	(9,650)	0.8
Trust expenses	(206)	(647)	(68.2)	(553)	(1,267)	(56.4)
Net income	7,277	5,635	29.1	20,585	12,326	67.0
Net change in fair value of investment properties	(92,854)	-	Nm	(92,854)	-	Nm
Total return before tax	(85,577)	5,635	Nm	(72,269)	12,326	Nm
Income tax expense	(493)	(1,096)	(55.0)	(1,638)	(2,570)	(36.3)
Total return after tax	(86,070)	4,539	Nm	(73,907)	9,756	Nm
Total comprehensive income	(86,070)	4,539	Nm	(73,907)	9,756	Nm

Distribution Statement

Net income	7,277	5,635	29.1	20,585	12,326	67.0
Net tax adjustments	11,181	10,652	5.0	32,172	31,016	3.7
Income tax expense	(493)	(1,096)	(55.0)	(1,638)	(2,570)	(36.3)
Income available for distribution to Unitholders	17,965	15,191	18.3	51,119	40,772	25.4
Distributable income to Unitholders	17,965	15,191	18.3	51,119	40,772	25.4
Distribution per unit (cents)						
For the period	2.69	2.34	15.0	7.67	6.28	22.1
Annualised	10.67	9.28	15.0	10.25	8.37	22.5

Notes:

Nm – Not meaningful

- (1) Included as part of the other property expenses are the following:

	<u>Group and Trust</u>			
	3Q2009	3Q2008	YTD Sep 2009	YTD Sep 2008
	\$'000	\$'000	\$'000	\$'000
Marketing expenses	72	97	534	956
Utilities	385	526	1,190	1,418
Repair and maintenance	577	807	1,445	1,616
Property management reimbursements	199	258	712	775
Other property expenses	7	14	22	53
	1,240	1,702	3,903	4,818

- (2) This is the income support top-up payment received by K-REIT Asia from Boulevard Development Pte Ltd, the vendor of the one-third interest in One Raffles Quay Pte Ltd ("ORQPL") for the quarterly shortfall in accordance with the terms set out in the Deed of Income Support.

- (3) Interest income comprises the following:

	<u>Group and Trust</u>			
	3Q2009	3Q2008	YTD Sep 2009	YTD Sep 2008
	\$'000	\$'000	\$'000	\$'000
Interest income from fixed deposit and current accounts	14	24	71	180
Interest income from shareholder's loan to ORQPL	3,214	1,710	9,451	6,435
	3,228	1,734	9,522	6,615

- (4) Share of results of associated company relates to K-REIT Asia's one-third interest in ORQPL's net profit after tax which is represented by the proportionate share of gross revenue less property expenses, interest expense and income tax and excluding the net change in fair value of its investment property.

- (5) Please refer to paragraph 1(b)(i) note 4.

- (6) Borrowing costs comprise the following:

	<u>Group and Trust</u>			
	3Q2009	3Q2008	YTD Sep 2009	YTD Sep 2008
	\$'000	\$'000	\$'000	\$'000
Interest expense on term loans	1,882	1,882	5,585	5,606
Interest expense on bridge/revolving loan	3,892	2,480	11,548	11,501
Amortisation of transaction costs capitalised	451	190	1,353	310
	6,225	4,552	18,486	17,417

- (7) The Manager's management fees are paid in units.

- (8) The net change in fair value on investment properties is analysed as follows:

	<u>Group and Trust</u>			
	3Q2009	3Q2008	YTD Sep 2009	YTD Sep 2008
	\$'000	\$'000	\$'000	\$'000
Investment properties held directly by the Trust	(81,700)	-	(81,700)	-
Investment properties held by associated company *	(11,154)	-	(11,154)	-
	(92,854)	-	(92,854)	-

* The net change in fair value of investment property held by associated company was included in share of results of associated company in FY2008. There was no revaluation performed for 3Q3008 and YTD Sep 2008.

- (9) Income tax expense comprises tax of 17% (2008: 18%) on the income support received by K-REIT Asia, net of deductible of interest expense.

(10) Included in the net tax adjustments are the following:

	<u>Group and Trust</u>			
	3Q2009	3Q2008	YTD Sep 2009	YTD Sep 2008
	\$'000	\$'000	\$'000	\$'000
Management fees payable in units	3,173	3,256	9,725	9,650
Trustee's fees	75	108	231	265
Amortisation of transaction costs	7,087	6,929	21,396	20,666
Non-tax deductible expenses	10	359	45	505
Share of results of associated company	(2,809)	(3,331)	(6,915)	(8,078)
Dividend income received	3,645	3,331	7,690	8,008
Net tax adjustments	11,181	10,652	32,172	31,016

(11) The distributable income to Unitholders is based on 100% of the income available for distribution to Unitholders. K-REIT Asia's distribution policy is to distribute at least 90% of its taxable income available for distribution to Unitholders.

1(b)(i) Balance sheet, together with a comparative statement of the end of the immediately preceding financial year

	Note	<u>Group and Trust</u>		+/- %
		30/9/09	31/12/08	
		\$'000	\$'000	
Non-current assets				
Investment properties	1	1,035,300	1,117,000	(7.3)
Investment in subsidiary company	2	-	-	-
Investment in associated company	3	846,540	862,469	(1.8)
Intangible asset	4	39,189	59,232	(33.8)
Total non-current assets		1,921,029	2,038,701	(5.8)
Current assets				
Cash and cash equivalents		26,127	43,968	(40.6)
Trade and other receivables	5	23,011	9,653	138.4
Total current assets		49,138	53,621	(8.4)
Total assets		1,970,167	2,092,322	(5.8)
Current liabilities				
Trade and other payables		17,009	12,759	33.3
Current portion of security deposits		5,809	3,602	61.3
Provision for taxation		4,711	3,073	53.3
Total current liabilities		27,529	19,434	41.7
Non-current liabilities				
Long-term borrowings		578,488	577,135	0.2
Non-current portion of security deposits		8,694	10,082	(13.8)
Total non-current liabilities		587,182	587,217	-
Total liabilities		614,711	606,651	1.3
Net assets		1,355,456	1,485,671	(8.8)
Represented by:				
Unitholders' funds		1,355,456	1,485,671	(8.8)
Net asset value per unit (\$)		2.03	2.28	(11.0)
Borrowings / Value of deposited properties (%)	6	29.5	27.6	6.9

Notes:

- (1) The investment properties were revalued by Colliers International Consultancy & Valuation (Singapore) Pte Ltd on 29 September 2009 as follows:

<u>Property</u>	<u>Tenure</u>	<u>Date of Valuation</u>	<u>Valuation</u> <u>(\$'000)</u>
Prudential Tower	99 years from 15 January 1996	29 September 2009	200,600
Keppel Towers and GE Tower	Estate in fee simple	29 September 2009	537,700
Bugis Junction Towers	99 years from 10 September 1990	29 September 2009	297,000
			1,035,300

- (2) This relates to the 100% investment in K-REIT Asia MTN Pte. Ltd. ("KRMTN") of \$1. K-REIT Asia Group results include KRMTN. As there is no activity in KRMTN since its incorporation, the accounts of the Group are the same as those of the Trust.
- (3) This relates to the one-third equity interest in associated company ORQPL.
- (4) This relates to the probable future income support amount which might be received by K-REIT Asia. Under the Deed of Income Support, Boulevard Development Pte Ltd ("Boulevard") has undertaken to make income support top-up payments for the quarterly shortfall (one-third of the difference between the ORQPL's net property income and the guaranteed income amount for each quarter) in accordance with the terms set out therein. The intangible asset will be amortised over the period from 10 December 2007 to 31 December 2011.
- (5) Included in the balances are receivables for income support from Boulevard and dividend income from ORQPL as at 30 September 2009 of \$8.8 million (31 December 2008: \$9.1 million) and a deposit of \$10.6 million paid for the proposed acquisition of 6 strata floors at Prudential Tower.
- (6) This is based on the principal amount of borrowings as stated in paragraph 1(b)(ii) and valuation of \$1.97 billion for the deposited properties (held directly and indirectly by K-REIT Asia) performed by independent valuers as at 29 September 2009.

1(b)(ii) Aggregate amount of borrowings and debt securities

	<u>Group and Trust</u>	
	As at 30/9/09 \$'000	As at 31/12/08 \$'000
Secured borrowing		
Amount repayable in one year or less, or on demand	-	-
Amount repayable after one year	190,085	190,085
Less: Unamortised portion of fees	(381)	(561)
	189,704	189,524
Unsecured borrowing		
Amount repayable in one year or less, or on demand	-	-
Amount repayable after one year	391,000	391,000
Less: Unamortised portion of fees	(2,216)	(3,389)
	388,784	387,611
Total borrowings	578,488	577,135

Details of borrowings and collaterals

K-REIT Asia has in place a secured five-year fixed rate term loan facility totalling \$190.1 million, which is funded by the proceeds of commercial mortgage-backed securities notes issued by a special purpose company. As at 30 September 2009, the term loans are fully drawn down and bear interest at a blended rate of 3.9% per annum.

As security for the term loan facility, K-REIT Asia has granted in favour of the lenders the following:

- (i) a mortgage over each of the investment properties;
- (ii) an assignment and charge over the rental collection account relating to the investment properties;
- (iii) an assignment of the insurance policies relating to the investment properties;
- (iv) an assignment of the agreements relating to the management of the investment properties; and
- (v) a fixed and floating charge over certain assets of K-REIT Asia relating to the investment properties.

On 10 September 2008, K-REIT Asia put in place a revolving loan facility of \$391.0 million from Kephinace Investment Pte Ltd for a period of thirty months commencing from 10 September 2008 and thereafter renewable on terms, including a new maturity date to be agreed between the parties. As at 30 September 2009, the amount outstanding was \$388.8 million.

1(c) Statement of cash flows

<u>Group and Trust</u>				
	3Q2009	3Q2008	YTD Sep 2009	YTD Sep 2008
Note	\$'000	\$'000	\$'000	\$'000
Cash flow from operating activities				
Total return before tax	(85,577)	5,635	(72,269)	12,326
Adjustments for:				
Interest income	(3,228)	(1,734)	(9,522)	(6,615)
Amortisation expense	6,636	6,739	20,043	20,356
Share of results of associated company	(2,809)	(3,331)	(6,915)	(8,078)
Borrowing costs	6,225	4,552	18,486	17,417
Management fees payable in units	3,173	3,256	9,725	9,650
Net change in fair value of investment properties	92,854	-	92,854	-
Operating cash flows before reinvestment in working capital	17,274	15,117	52,402	45,056
Increase in receivables	(6,175)	(5,372)	(20,563)	(18,347)
Increase/(Decrease) in payables	1,273	67	538	(221)
Security deposits	(48)	68	819	2,475
Net cash generated from operating activities	12,324	9,880	33,196	28,963
Cash flow from investing activities				
Interest received	3,230	3,610	9,578	7,318
Income support received	6,188	5,593	18,662	13,324
Dividend income received from associated company	945	2,779	6,805	5,677
Deposit paid for purchase of investment property	(10,629)	-	(10,629)	-
Repayment of loan from associated company	-	7,000	4,000	7,000
Net cash (used in)/generated from investing activities	(266)	18,982	28,416	33,319
Cash flow from financing activities				
Distribution to Unitholders	1 (33,098)	(9,028)	(66,191)	(37,872)
Repayment of short-term borrowing (unsecured)	-	(274)	-	(551,000)
Proceeds from rights issue	-	-	-	551,726
Establishment and issue expenses	-	-	-	(1,000)
Interest paid	(1,882)	(5,771)	(13,262)	(18,259)
Upfront debt arrangement fees	-	(3,910)	-	(3,910)
Net cash used in financing activities	(34,980)	(18,983)	(79,453)	(60,315)
Net (decrease)/increase in cash and cash equivalents	(22,922)	9,879	(17,841)	1,967
Cash and cash equivalents at the beginning of period	49,049	15,015	43,968	22,927
Cash and cash equivalents at the end of period	26,127	24,894	26,127	24,894

Note:

(1) Distribution for 3Q2009 is for the period of 1 January 2009 to 30 June 2009, paid on 27 August 2009.

Distribution for 3Q2008 is for the period of 8 May 2008 to 30 June 2008, paid on 28 August 2008.

Distribution for YTD Sep 2009 is for the period of 1 July 2008 to 31 December 2008, paid on 23 February 2009; 1 January 2009 to 30 June 2009, paid on 27 August 2009.

Distribution for YTD Sep 2008 is for the period 1 July 2007 to 31 December 2007, paid on 29 February 2008; 1 January 2008 to 7 May 2008, paid on 18 June 2008; and 8 May 2008 to 30 June 2008, paid on 28 August 2008.

1(d)(i) Statement of movements in Unitholders' funds

Statement of movements in Unitholders' funds for third quarter and nine months ended 30 September 2009

	<u>Group and Trust</u>			
	Note	Issued Equity \$'000	Accumulated Profit \$'000	Total \$'000
Net assets at 1 January 2009		1,016,566	469,105	1,485,671
<u>Operations</u>				
Total comprehensive income		-	12,163	12,163
Net increase in net assets resulting from operations		-	12,163	12,163
<u>Unitholders' transactions</u>				
Creation of units		6,563	-	6,563
- Payment of management fees in units	1	-	(33,093)	(33,093)
Distribution to Unitholders	2	-	(33,093)	(33,093)
Net increase/(decrease) in net assets resulting from Unitholders' transactions		6,563	(33,093)	(26,530)
Net assets at 30 June 2009		1,023,129	448,175	1,471,304
<u>Operations</u>				
Total comprehensive income		-	(86,070)	(86,070)
Net increase in net assets resulting from operations		-	(86,070)	(86,070)
<u>Unitholders' transactions</u>				
Creation of units		3,320	-	3,320
- Payment of management fees in units	3	-	(33,098)	(33,098)
Distribution to Unitholders	4	-	(33,098)	(33,098)
Net increase/(decrease) in net assets resulting from Unitholders' transactions		3,320	(33,098)	(29,778)
Net assets at 30 September 2009		1,026,449	329,007	1,355,456

Notes:

- (1) This represents 10,558,988 units issued as satisfaction of management fees payable in units.
- (2) This relates to the distributable income of \$33.1 million for the period of 1 July 2008 to 31 December 2008 which was paid on 23 February 2009.
- (3) This represents 3,420,812 units issued as satisfaction of management fees payable in units.
- (4) This relates to the distributable income of \$33.1 million for the period of 1 January 2009 to 30 June 2009 which was paid on 27 August 2009.

Statement of movements in Unitholders' funds for third quarter and nine months ended 30 September 2008

<u>Group and Trust</u>				
	Note	Issued Equity \$'000	Accumulated Profit \$'000	Total \$'000
Net assets at 1 January 2008		454,258	479,509	933,767
<u>Operations</u>				
Total comprehensive income		-	5,217	5,217
Net increase in net assets resulting from operations		-	5,217	5,217
<u>Unitholders' transactions</u>				
Creation of units				
- Payment of management fees in units	1	5,149	-	5,149
- Rights issue	2	551,726	-	551,726
Establishment and issue expenses	3	(1,000)	-	(1,000)
Distribution to Unitholders	4	-	(28,844)	(28,844)
Net increase/(decrease) in net assets resulting from Unitholders' transactions		555,875	(28,844)	527,031
Net assets at 30 June 2008		1,010,133	455,882	1,466,015
<u>Operations</u>				
Total comprehensive income		-	4,539	4,539
Net increase in net assets resulting from operations		-	4,539	4,539
<u>Unitholders' transactions</u>				
Creation of units				
- Payment of management fees in units	5	3,204	-	3,204
Distribution to Unitholders	6	-	(9,028)	(9,028)
Net increase/(decrease) in net assets resulting from Unitholders' transactions		3,204	(9,028)	(5,824)
Net assets at 30 September 2008		1,013,337	451,393	1,464,730

Notes:

- (1) This represents 3,048,366 units issued as satisfaction of management fees payable in units.
- (2) This relates to the gross proceeds raised from the renounceable rights issue for 396.9 million units at the issue price of \$1.39.
- (3) This relates to the issuance expenses in relation to the renounceable rights issue.
- (4) This relates to the distributable income of \$12.4 million for the period of 1 July 2007 to 31 December 2007 which was paid on 29 February 2008 and \$16.5 million for the period of 1 January 2008 to 7 May 2008 which was paid on 18 June 2008.
- (5) This represents 2,295,219 units issued as satisfaction of management fees payable in units.
- (6) This relates to the distributable income of \$9.0 million for the period of 8 May 2008 to 30 June 2008 which was paid on 28 August 2008.

1(d)(ii) Details of changes in the units

	<u>Group and Trust</u>	
	2009 Units	2008 Units
Issued units as at 1 January	652,724,165	247,183,528
Issue of new units	10,558,988	3,048,366
- Payment of management fees in units		
- Rights issue	-	396,925,192
Issued units as at 30 June	663,283,153	647,157,086
Issue of new units		
- Payment of management fees in units	3,420,812	2,295,219
Issued units as at 30 September	666,703,965	649,452,305

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period, and as at the end of the immediately preceding year.

There were no treasury units in K-REIT Asia since the date of listing of K-REIT Asia on 28 April 2006. The total number of issued units in K-REIT Asia as at the end of the current and preceding financial periods are disclosed in 1(d)(ii).

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. AUDIT

The figures have not been audited or reviewed by the auditors.

3. AUDITORS' REPORT

Not applicable.

4. ACCOUNTING POLICIES

Except as disclosed in paragraph 5 below, the Trust has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2008.

5. CHANGES IN ACCOUNTING POLICIES

In the current financial period, the Trust adopted the new/revised Financial Reporting Standards (“FRS”) and Interpretations of FRS (“INT FRS”) that are effective for annual periods beginning on or after 1 January 2009. Changes to the Trust’s accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the new or amended FRSs that are relevant to the Trust:

FRS 1 (Revised)	Presentation of Financial Statements
Amendments to FRS 23	Borrowing Costs
FRS 108	Operating Segments

The adoption of the above FRS did not result in any substantial change to the Trust’s accounting policies or any significant impact on the financial statements.

6. EARNINGS PER UNIT (“EPU”) AND DISTRIBUTION PER UNIT (“DPU”)

	<u>Group and Trust</u>			
	3Q2009	3Q2008	YTD Sep 2009	YTD Sep 2008
Earnings per unit (based on the weighted average number of units as at the end of the period)				
based on total return before fair value loss on investment properties	1.02 cents	0.70 cents	2.87 cents	2.09 cents
based on total return after fair value loss on investment properties	(12.93) cents	0.70 cents	(11.18) cents	2.09 cents
- Weighted average number of units as at the end of period	665,625,666	648,728,812	661,058,657	467,631,045
Distribution per unit (based on the number of units as at the end of period)				
- Number of units in issue at end of period	666,703,965	649,452,305	666,703,965	649,452,305

The diluted EPU is the same as the basic EPU as there are no dilutive instruments in issue during the period.

7. NET ASSET VALUE (“NAV”)

	<u>Group and Trust</u>	
	<u>As at 30/09/09</u>	<u>As at 31/12/08</u>
NAV per unit based on issued units at the end of the period (\$)	2.03	2.28
Adjusted NAV per unit based on issued units at the end of the period (excluding the distributable income) (\$)	2.01	2.23

8. REVIEW OF PERFORMANCE

8(i) Property income contribution of the properties

Property	<u>Group and Trust</u>					
	<u>3Q2009 \$'000</u>	<u>3Q2008 \$'000</u>	<u>+/(-) %</u>	<u>YTD Sep 2009 \$'000</u>	<u>YTD Sep 2008 \$'000</u>	<u>+/(-) %</u>
Prudential Tower Property	3,126	2,870	8.9	8,915	7,685	16.0
Keppel Towers and GE Tower	7,528	6,492	16.0	22,061	18,706	17.9
Bugis Junction Towers	5,000	4,500	11.1	14,820	11,966	23.9
Total property income	15,654	13,862	12.9	45,796	38,357	19.4

8(ii) Income contribution of the properties

Property	<u>Group and Trust</u>					
	<u>3Q2009 \$'000</u>	<u>3Q2008 \$'000</u>	<u>+/(-) %</u>	<u>YTD Sep 2009 \$'000</u>	<u>YTD Sep 2008 \$'000</u>	<u>+/(-) %</u>
Prudential Tower Property	2,584	2,099	23.1	7,204	5,726	25.8
Keppel Towers and GE Tower	5,739	4,018	42.8	16,587	13,543	22.5
Bugis Junction Towers	3,980	3,414	16.6	11,648	8,577	35.8
Total net property income	12,303	9,531	29.1	35,439	27,846	27.3
One-third interest in ORQPL:						
- Income support	5,177	6,233	(16.9)	17,516	18,477	(5.2)
- Interest income	3,214	1,710	88.0	9,451	6,435	46.9
- Dividend income	3,645	3,331	9.4	7,690	8,008	(4.0)
Total income from one-third interest in ORQPL	12,036	11,274	6.8	34,657	32,920	5.3
Total income contribution	24,339	20,805	17.0	70,096	60,766	15.4

8. REVIEW OF PERFORMANCE**Review of performance for 3Q2009 vs 3Q2008**

Turnover for 3Q2009 was \$15.7 million, an increase of \$1.8 million or 12.9% over 3Q2008. This improvement was due mainly to positive rental reversions.

The portfolio attained 94.9% committed occupancy as at end-September 2009. Average gross rental rate for the four investment properties held directly by K-REIT Asia was \$7.14 psf in September 2009 as compared with \$5.99 psf in September 2008. Including K-REIT Asia's one-third interest in ORQPL, the portfolio's average gross rental rate was \$7.91 psf in September 2009 as compared with \$7.43 psf in September 2008.

Property expenses of \$3.4 million were lower than 3Q2008 by \$1.0 million or 22.6% due mainly to lower property tax, marketing and maintenance expenses.

A net income of \$7.3 million was reported for 3Q2009, an increase of 29.1% over 3Q2008. The increase in borrowing costs by \$1.7 million to \$6.2 million in 3Q2009 was due to higher interest incurred for the revolving loan.

Based on the latest revaluation undertaken as at 29 September 2009, a net fair value loss of \$92.9 million was taken up in 3Q2009.

Distributable income to Unitholders for 3Q2009 increased to \$18.0 million from \$15.2 million in 3Q2008.

For the quarter, the all-in interest rate was 4.25% as compared with 3.11% for 3Q2008. The aggregate leverage stood at 29.5% as at 30 September 2009. The weighted average term to expiry of debt is 1.5 years.

Review of performance for 3Q2009 vs 2Q2009

Turnover for 3Q2009 remained relatively the same as compared with that for 2Q2009.

The portfolio attained 94.9% committed occupancy as at end-September 2009. Average gross rental rate for the four investment properties held directly by K-REIT Asia was \$7.14 psf in September 2009 as compared with \$7.11 psf in June 2009. Including K-REIT Asia's one-third interest in ORQPL, the portfolio's average gross rental rate was \$7.91 psf in September 2009 against \$8.13 psf in June 2009. The dip in the portfolio's average gross rental rate was due mainly to lower income support for ORQ as a result of higher property income arising from lower property expenses incurred by ORQ.

Property expenses of \$3.4 million were higher than 2Q2009 by \$0.3 million or 10.2%, attributed mainly to the higher property tax accounted for in 3Q09 in the absence of the one-time reversal of property tax that was taken up in 2Q2009.

The net income of \$7.3 million for 3Q2009 was marginally lower than that of \$7.6 million for 2Q2009.

Distributable income to Unitholders was \$18.0 million, an increase of \$0.5 million or 2.7% against 2Q2009.

For the quarter to quarter comparison, the all-in interest rate remained the same at 4.25% in both 3Q2009 and 2Q2009. The aggregate leverage stood at 29.5% as at 30 September 2009 against 27.6% as at 30 June 2009 as a result of the revaluation of the investment properties and the ORQ property conducted on 29 September 2009.

Review of performance for YTD Sep 2009 vs YTD Sep 2008

Turnover for YTD Sep 2009 increased by 19.4% over YTD Sep 2008 to \$45.8 million. This improvement was due mainly to positive rental reversions.

The portfolio attained 94.9% committed occupancy as at end September 2009 as compared with 99.4% as at end-September 2008. Average gross rental rate for the four investment properties held directly by K-REIT Asia was \$7.14 psf in September 2009 as compared with \$5.99 psf in September 2008. Including K-REIT Asia's one-third interest in ORQPL, the portfolio's average gross rental rate was \$7.91 psf in September 2009 against \$7.43 psf in September 2008.

Net property income for YTD Sep 2009 was \$35.4 million, an increase of \$7.6 million or 27.3% over YTD Sep 2008 due mainly to higher property income. As a result of the higher net property income, net income for YTD Sep 2009 increased by 67.0% to \$20.6 million as compared with YTD Sep 2008.

Distributable income to Unitholders increased to \$51.1 million for YTD Sep 2009 from \$40.8 million in YTD Sep 2008.

9. VARIANCE FROM PROSPECTS STATEMENT

K-REIT Asia did not make any previous forecast.

10. PROSPECTS

According to advance estimates by the Ministry of Trade and Industry (MTI), the economy continued to show signs of recovery, 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 3Q2009. Prime office monthly rents averaged \$7.50 psf in 3Q2009, reflecting a 12.8% quarter-on-quarter contraction compared with the 18.1% fall in 2Q2009 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 2Q2009 and a 18.0% contraction in 1Q2009 (source: CB Richard Ellis).

Core Central Business District (CBD) office occupancy rates eased slightly to 91.2% in 3Q2009 from 91.5% in 2Q2009 (source: CB Richard Ellis). The improvement in business confidence, the current competitive office rental rates in Singapore compared with other Asian cities such as Hong Kong and Tokyo, and the tendency for tenants to engage in "flight to quality" are favourable factors for Singapore's office sector.

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.

On 30 September 2009, K-REIT Asia announced an underwritten renounceable 1-for-1 rights issue at \$0.93 per unit to raise gross proceeds of approximately \$620 million. Upon completion of the rights issue exercise, K-REIT Asia's aggregate leverage is expected to decrease from 33% to 9.1%, providing it with additional funding capacity to pursue acquisition growth.

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.

11. RISK FACTORS AND RISK MANAGEMENT

K-REIT Asia ascribes great importance to risk management and constantly takes initiatives to systemically review the risks it faces and mitigates them. Some of the key risks that the Manager has identified are as follows:

Interest rate risk

Interest rate exposures are managed through appropriate term facilities and floating positions. The Manager also monitors the interest rate environment closely to optimise the refinancing higher cost debt where and when appropriate.

Liquidity risk

The Manager monitors and maintains K-REIT Asia's cash flow position and working capital to ensure that there are adequate liquid reserves in terms of cash and credit facilities to meet short term obligations. Steps have been taken to plan early for funding and expenses so as to manage the cash position at any point of time.

Credit risk

Credit risk assessments of tenants are carried out by way of evaluation of information from corporate searches prior to signing of lease agreements. Tenants are required to pay a security deposit as a multiple of monthly rents and maintain sufficient deposits in their accounts. In addition, the Manager also monitors the property portfolio's tenant trade sector mix to assess exposure to any one potentially volatile trade sector.

Currency risk

Presently, K-REIT Asia has no currency risks as all borrowings are in Singapore dollars. Going forward, when K-REIT Asia starts to acquire assets overseas, it is the intention that any debt financing for such acquisitions will be made in the same currency in which the assets are denominated, whenever possible, so as to serve as a natural currency hedge. The Manager will also adopt appropriate hedging strategies when deemed necessary.

Operational risk

Measures have been put in place to promote sustainability of net property income. Some of these measures include steps taken to negotiate for favourable terms/covenants, manage expenses, actively monitor rental payments from tenants, continuously evaluate our counter-parties and maximise property value. In addition, the Manager also continuously reviews disaster and pandemic business continuity plans and modifies them, when necessary.

12. DISTRIBUTIONS

(a) Current financial period reported on

None.

(b) Corresponding period of the immediately preceding financial year

Not applicable.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

13. DISTRIBUTION STATEMENT

No distribution has been declared / recommended during the period.

14. INTERESTED PERSON TRANSACTIONS

Name of interested person

Keppel Corporation Limited and its subsidiaries or associates

- Manager's management fees
- Property management fees and reimbursable
- Leasing commissions
- Rental and service charge income ¹
- Interest on revolving loan ²

RBC Dexia Trust Services Singapore Limited

- Trustee's fees

Aggregate value of all interested person transactions during the financial period under review (excluding transactions of less than \$100,000)		
	3Q2009	3Q2008
	\$'000	\$'000
Keppel Corporation Limited and its subsidiaries or associates		
- Manager's management fees	3,173	3,256
- Property management fees and reimbursable	659	676
- Leasing commissions	64	94
- Rental and service charge income ¹	-	1,411
- Interest on revolving loan ²	-	38,514
RBC Dexia Trust Services Singapore Limited		
- Trustee's fees	75	108

Note:

(1) *The aggregate value of interested person transactions refers to the total contract sum entered into during the respective financial periods.*

(2) *The aggregate value of interested person transactions refers to the total estimated interest payable on the revolving loan for the entire loan tenure.*

Appendix

QUARTERLY BREAKDOWN

Property contribution by asset (\$'000)

	FY07	1Q08	2Q08	3Q08	4Q08	FY08	1Q09	2Q09	3Q09
<u>Property</u>									
Prudential Tower Property	6,880	2,062	2,753	2,870	2,790	10,475	2,686	3,103	3,126
Keppel Towers and GE Tower	20,008	5,955	6,259	6,492	6,960	25,666	7,196	7,337	7,528
Bugis Junction Towers	13,181	3,489	3,977	4,500	4,539	16,505	4,903	4,917	5,000
Total property income	40,069	11,506	12,989	13,862	14,289	52,646	14,785	15,357	15,654

Income contribution by asset (\$'000)

	FY07	1Q08	2Q08	3Q08	4Q08	FY08	1Q09	2Q09	3Q09
<u>Property</u>									
Prudential Tower Property	5,037	1,832	1,795	2,099	2,544	8,270	1,982	2,638	2,584
Keppel Towers and GE Tower	13,741	4,678	4,847	4,018	5,399	18,942	5,247	5,601	5,739
Bugis Junction Towers	9,484	2,631	2,532	3,414	3,870	12,447	3,591	4,077	3,980
Net property income	28,262	9,141	9,174	9,531	11,813	39,659	10,820	12,316	12,303
One-third interest in ORQPL ¹ :									
- Income support	1,080	6,145	6,099	6,233	6,322	24,799	6,151	6,188	5,177
- Interest income	690	2,845	1,880	1,710	2,364	8,799	1,892	4,345	3,214
- Dividend income	1,000	1,898	2,779	3,331	2,760	10,768	3,116	929	3,645
Total income from one-third interest in ORQPL	2,770	10,888	10,758	11,274	11,446	44,366	11,159	11,462	12,036
Total income contribution	31,032	20,029	19,932	20,805	23,259	84,025	21,979	23,778	24,339

Note:

(1) The acquisition of one-third interest in ORQPL was completed on 10 December 2007.

By Order of the Board
K-REIT Asia Management Limited
(Company Registration Number: 200411357K)
As Manager of K-REIT Asia

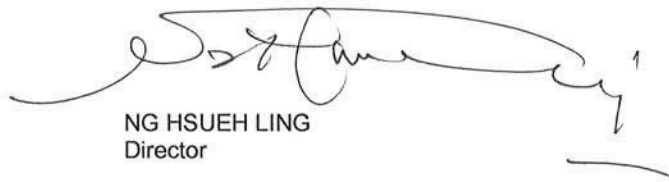
CHOO CHIN TECK / JACQUELINE NG
Joint Company Secretaries
13 October 2009

CONFIRMATION BY THE BOARD

We, TSUI KAI CHONG and NG HSUEH LING, being two Directors of K-REIT Asia Management Limited (the "Company"), as manager of K-REIT Asia, do hereby confirm on behalf of the Directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the Third Quarter 2009 financial statements of K-REIT Asia to be false or misleading in any material respect.

On behalf of the Board

TSUI KAI CHONG
Chairman



NG HSUEH LING
Director

13 October 2009