

PRESS RELEASE

**K-REIT Asia's Financial Highlights
Financial Results
For the Period from 1 January to 31 March 2009**

21 April 2009

K-REIT Asia's First Quarter 2009 Distributable Income Higher by 37.3%

- **Distributable income grew by 37.3% year-on-year due to positive rental reversions.**
- **Distribution Per Unit ("DPU") will amount to 2.38 cents on an enlarged base of 657.5 million units**
- **Net property income grew 18.4% year-on-year to \$10.8 million.**
- **Aggregate leverage remained low at 27.6% as at 31 March 2009.**
- **Portfolio's committed occupancy stands at 95.8% with average gross rent at \$8.06 psf per month.**

Summary of Results

(\$'000)	1Q 2009	1Q 2008	Change	% Chg
Property Income	14,785	11,506	3,279	28.5
Net Property Income	10,820	9,141	1,679	18.4
Total Return before Tax	5,717	2,309	3,408	147.6
Distributable Income to Unitholders	15,658	11,405	4,253	37.3
Distribution Per Unit (Cents)	2.38	4.60 ¹	(2.22)	(48.3)
Annualised Distribution Per Unit (Cents)	9.65	18.45	(8.80)	(47.7)
Distribution Yield (%)	16.2 ²	12.1 ³	4.1	33.9

¹ Based on 248.1 million units in issue at end-March 2008; after a rights issue exercise was completed on 8 May 2008, 396.9 million new units were issued

² Based on K-REIT Asia's closing price per unit of \$0.595 as at 31 March 2009

³ Based on K-REIT Asia's closing price per unit of \$1.53 as at 31 March 2008

Positive Rental Reversions

K-REIT Asia Management Ltd, the manager of K-REIT Asia, is pleased to announce that K-REIT Asia achieved a distributable income of \$15.7 million for the period from 1 January to 31 March 2009 ("1Q 2009"), up 37.3% from that for the same period in 2008. This was due mainly to higher rental rates achieved for new and renewed leases.

Net property income of \$10.8 million was 18.4% higher than the \$9.1 million reported for first quarter 2008 ("1Q 2008"). The growth was underpinned by higher gross rental income from K-REIT Asia's properties, namely, Keppel Towers, GE Tower, Prudential Tower and Bugis Junction Towers. Gross rental income increased by 29.4% year-on-year to \$14.5 million for 1Q 2009.

Income contribution from K-REIT Asia's one-third interest in One Raffles Quay Pte Ltd in 1Q 2009 amounted to \$11.2 million, comprising income support, interest income and dividend income. This was 2.5% higher than the \$10.9 million achieved in the corresponding period last year.

1Q 2009 DPU of 2.38 cents was 48.3% lower than the 4.60 cents reported in 1Q 2008, due to an enlarged base from the additional 396.9 million new units issued under a rights issue exercise on 8 May 2008.

Subdued Market

In 1Q 2009, the office sector softened. Average prime and Grade A monthly rents declined by 34.4% and 34.0% year-on-year to \$10.50 psf and \$12.30 psf respectively.

Occupancy rates for core Central Business District office space eased to 93.1% in 1Q 2009 from 95.4% in 4Q 2008 and 97.6% in 1Q 2008 (source: CB Richard Ellis). The committed occupancy of K-REIT Asia's portfolio was higher at 95.8% than market as at 31 March 2009.

Capital Management

K-REIT Asia remains in a healthy financial position, with a low aggregate leverage of 27.6% as at end-March 2009. It has no immediate refinancing concerns as its existing loans will mature in 2011. It has established a \$1 billion medium-term note programme to provide it with greater funding flexibility.

Outlook for 2009

The Singapore economy continued to be weighed down by the deepening global economic crisis in 1Q 2009. According to advance estimates from the Ministry of Trade and Industry ("MTI"), the economy contracted by 11.5% in 1Q 2009, against the same period last year, due mainly to a decline in the manufacturing sector. This follows a 4.2% decrease in the last quarter of 2008. The MTI now expects the economy to contract by 6% to 9% in 2009.

To stabilise the economy, the Singapore government has announced further measures such as a \$20.5 billion stimulus package and confirmed the suspension of government land sales. This, together with ongoing public sector projects and soon-to-be-completed integrated resort developments, will lend support to the property sector.

Notwithstanding the challenging environment, K-REIT Asia has a portfolio that still enjoys positive rental reversions and a diverse tenant business mix. Its income from its one-third interest in One Raffles Quay remains sustainable with income support lasting until end-2011.

The weighted average lease term to expiry for K-REIT Asia's portfolio and those of its top 10 tenants at 5.5 years and 7.3 years respectively, provides stability for K-REIT Asia's rental income.

Given the uncertainties ahead, the Manager will place emphasis on tenant retention and seek to improve operational and cost efficiencies. K-REIT Asia will also make selective asset acquisitions should opportunities arise.

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 size was \$2.1 billion as at 31 March 2009.

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 657.5 million as at end-March 2009.

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.