K-REITasia

PRESS RELEASE

K-REIT Asia Unaudited Results for the Second Quarter and Half Year Ended 30 June 2010

19 July 2010

The Directors of K-REIT Asia Management Limited, as manager of K-REIT Asia, announce the unaudited results of K-REIT Asia for the second quarter and half year ended 30 June 2010.

The press release and presentation materials are also available at *www.kreitasia.com*, *www.keppelland.com.sg* and *www.kepcorp.com*.

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PRESS RELEASE

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K-REIT Asia's Financial Highlights
Financial Results
For the Six Months 1 January to 30 June 2010

K-REIT Asia's Distributable Income for First Half 2010 Grew by 20.0% Year-on-Year

- ***Distributable income rose by 20.0% year-on-year to $39.8 million due mainly to higher net property income ("NPI") and lower interest expense.***
- ***NPI increased 39.5% year-on-year to $32.3 million due mainly to contribution from the 50% interest in 275 George Street and the additional 29% interest in Prudential Tower.***
- ***Distribution Per Unit ("DPU") for January to June 2010 amounted to 2.97 cents.***
- ***97.9% portfolio committed occupancy as at 30 June 2010 was higher than Singapore Core CBD occupancy of 93.3%.***
- ***Aggregate leverage level as at 30 June 2010 post debt repayment of $230 million was 15.2%.***

Summary of Results

($'000)	1H 2010	1H 2009	% Change	2Q 2010	2Q 2009	% Change
Property Income	41,440	30,142	37.5	23,230	15,357	51.3
Net Property Income	32,281	23,136	39.5	18,393	12,316	49.3
Distributable Income to Unitholders[1]	39,790	33,154	20.0	21,965	17,496	25.5
Distribution Per Unit (cents)	2.97	2.49[2]	19.3	1.64	1.32[2]	24.2
Annualised Distribution Per Unit (cents)	5.99	5.02[2]	19.3	6.58	5.29[2]	24.4
Distribution Yield (%)	5.3[3]	5.1[4]	3.9%	5.8[3]	5.4[4]	7.4

[1] K-REIT Asia is committed to distributing 100% of its income available for distribution to Unitholders. The distribution to Unitholders for 2Q 2010 and 1H 2010 is based on 100% of the income available for distribution, net of foreign-sourced income that is received after 30 June 2010.

[2] Restated taking into account the effect of the 1-for-1 rights issue and computed based on the issued units at the end of each period aggregated with 666,703,965 rights units issued on 22 November 2009.

[3] Based on market closing price per unit of $1.14 as at 30 June 2010.

[4] Based on market closing price per unit of $0.975 as at 30 June 2009.

Financial 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 $39.8 million for the six months from 1 January 2010 to 30 June 2010 ("1H 2010"), a 20.0% increase from the same period a year before. This was due mainly to the higher NPI from the 29% additional interest in Prudential Tower and the 50% interest in 275 George Street, which was newly acquired at the beginning of March 2010. NPI rose 39.5% year-on-year to $32.3 million in 1H 2010.

The DPU for 2Q 2010 and 1H 2010 were 1.64 cents and 2.97 cents respectively. The DPU for 2Q 2010 was 23.3% higher than the 1.33 cents DPU for 1Q 2010. The DPU for 1H 2010 was 19.3% higher than the DPU achieved in 1H 2009 restated to take into account the effects of the rights issue.

K-REIT Asia will distribute to Unitholders 2.97 cents per unit on 26 August 2010. This DPU is based on 100% of its income available for distribution for the six months from 1 January 2010 to 30 June 2010, net of the foreign-sourced income that is received after 30 June 2010.

Portfolio Operations

K-REIT Asia's portfolio occupancy rate rose 1.9% to 97.9% as at the end of 2Q 2010 compared with the rate at the end of 1Q 2010, buoyed by the sustained economic recovery in the region and the increase in leasing interest in Singapore. Excluding the 50% interest in 275 George Street in Brisbane, the Singapore property portfolio occupancy rate rose 2.1% to 97.6% as at the end of 2Q 2010 compared with that at end 1Q 2010, and is higher than the core CBD occupancy rate.

The average gross monthly rent of K-REIT Asia's portfolio in Singapore, including K-REIT Asia's one-third interest in One Raffles Quay Pte Ltd, declined to $8.19 psf in June 2010, from $8.30 psf in March 2010. There were leases that were restructured to balance K-REIT Asia's lease expiry profile and mitigate concentration risks of expiring leases. The portfolio weighted average lease term to expiry remained a healthy 5.7 years as long lease terms extending five years or more account for 40.5% of the portfolio by net lettable area.

Capital Management

K-REIT Asia maintains a healthy balance sheet with a low aggregate leverage of 15.2% as at 30 June 2010 after completing a $230 million partial repayment of a revolving term loan in April 2010. With no immediate financing needs until 2011 and a $1 billion medium-term note programme established in 2009, K-REIT Asia's financial flexibility will enable it to capitalise on selective acquisition opportunities.

Office Market Turns Positive

The Singapore office sector turned positive after six quarters of consecutive decline. According to CB Richard Ellis ("CBRE"), occupancy in the core central business district rose to 93.3% in 2Q 2010 from 91.9% in 1Q 2010. Grade A and Prime office rentals were $8.45 psf and $6.90 psf respectively in 2Q 2010, up 5.6% from $8.00 psf and 3.0% from $6.70 psf respectively in 1Q 2010.

The earlier concerns about the large supply of office space coming online from 2010 to 2012 have largely been laid to rest in view of the strong take-up by firms in the financial services and professional services sectors. CBRE estimates that with office space absorption at an average of 1.5 million sf per annum, there may be a shortage of office supply in the next four to five years.

Strong Economic Growth

The Singapore economy continued to power ahead in 2Q 2010, as key industries and sectors such as manufacturing, exports, financial services, and construction registered better than expected growth. According to the Ministry of Trade and Industry ("MTI"), the economy grew 16.9% year-on-year in 1Q 2010. This strong growth continued in 2Q 2010 as advance estimates indicate that the economy expanded by 19.3% in 2Q 2010.

The current upbeat business climate has driven greater jobs creation in addition to replacement hires. Robust growth in the manufacturing, exports, construction and financial services sectors in the first half of 2010 have led some companies to reinstate earlier pay cuts while others raised salaries in line with better earnings. Looking ahead, the MTI has revised Singapore's full year GDP growth forecast to 13.0% to 15.0%, up from an earlier forecast of 7.0% to 9.0%.

K-REIT Asia with its portfolio of well-located quality assets and diversified stable of blue-chip tenants is well-positioned to benefit from the strong economic growth in Singapore, positive office sector and increased pace of white-collared employment. K-REIT Asia remains focused on active asset management, retaining existing good tenants and attracting new creditworthy corporations, improving operational and capital efficiencies, and selectively pursuing opportunities for strategic acquisitions in order to deliver stable and growing returns to Unitholders.

About K-REIT Asia (http://www.kreitasia.com)

Sponsored by Keppel Land Limited, one of the largest listed property companies in Singapore, K-REIT Asia was listed on the Singapore Exchange on 28 April 2006 following a distribution in specie of units in KREIT 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 and real estate-related assets in Singapore and pan-Asia.

K-REIT Asia's portfolio in Singapore comprises five assets, namely Bugis Junction Towers, Keppel Towers, GE Tower, Prudential Tower (73.4% interest) and One Raffles Quay Pte Ltd (33.3% interest). In March 2010, K-REIT Asia made its maiden overseas investment and acquired a 50.0% interest in 275 George Street, Brisbane, Australia. K-REIT Asia's portfolio size was $2.3 billion as at 30 June 2010.

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