

PRESS RELEASE

K-REIT Asia Unaudited Results for the Second Quarter and Half Year Ended 30 June 2011

18 July 2011

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 2011.

The press release and presentation materials should be read in conjunction with K-REIT Asia's SGXNET announcement on the financial results for the second quarter and half year ended 30 June 2011. The 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 2011**

K-REIT Asia's Distributable Income for First Half 2011 ("1H 2011") Grew by 27.0% Year-on-Year

- *Distribution Per Unit ("DPU") for 1H 2011 rose by 25.3% to 3.72 cents.*
- *Distributable income rose by 27.0% year-on-year to \$50.5 million due mainly to higher interest income and share of results from BFC Development Pte Ltd, which owns Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall.*
- *Portfolio occupancy rose to 97.9% as at 30 June 2011.*
- *Post acquisition of the additional 19.4% interest in Prudential Tower, the aggregate leverage level stood at 39.2% as at 30 June 2011.*
- *All-in average cost of borrowing for 2Q 2011 stood at 2.61%.*

Summary of Results

(\$'000)	1H 2011	1H 2010	% Change	2Q 2011	2Q 2010	% Change
Property Income	36,734	41,440	-11.4	18,062	23,230	-22.2
Net Property Income	29,242	32,281	-9.4	14,303	18,393	-22.2
Share of results of associated companies	14,486	4,470	224.1	8,335	2,378	250.5
Distributable Income to Unitholders ¹	50,544	39,790	27.0	26,291	21,965	19.7
Distribution Per Unit (cents)	3.72	2.97	25.3	1.93	1.64	17.7
Annualised Distribution Per Unit (cents)	7.50	5.99	25.2	7.74	6.58	17.6
Distribution Yield (%)	5.6 ²	5.3 ³	5.7	5.8 ²	5.8 ³	0

¹ The distribution to Unitholders for 2Q 2011 and 1H 2011 is based on 100% of the income available for distribution.

² Based on market closing price per unit of \$1.33 as at 30 June 2011.

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

Financial Performance

K-REIT Asia Management Ltd, the manager of K-REIT Asia, is pleased to announce that K-REIT Asia's distributable income grew 27.0% to \$50.5 million in 1H 2011. This was due mainly to the higher interest income and share of results attributed to the recently acquired one-third interest in Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall ("MBFC Phase 1"). Share of results from associated companies for 1H2011 increased 224.1% to \$14.5 million due to the inclusion of the one-third interest in MBFC Phase 1.

Net property income ("NPI") for 1H 2011 was \$29.2 million due mainly to the divestment of Keppel Towers and GE Tower in December 2010. This was offset by the NPI contributions from the 50% interest in 275 George Street in Brisbane and the office tower at 77 King Street in Sydney which were acquired in March 2010 and December 2010 respectively.

K-REIT Asia will be distributing 3.72 cents per unit for 1H 2011, an increase of 25.3% from the same period a year ago. The DPU for 2Q 2011 increased 7.8% to 1.93 cents in 2Q 2011 from 1.79 cents in 1Q 2011. K-REIT Asia will pay out the DPU for 1H 2011 to Unitholders on 26 August 2011.

Portfolio Operations

K-REIT Asia completed the acquisition of an additional 19.4% interest in Prudential Tower on 3 May 2011 and increased its interest in the building to 92.8%.

K-REIT Asia's average portfolio occupancy rate increased 1.0% quarter-on-quarter to 97.9 % as at end-2Q 2011. Its Singapore property portfolio which accounts for 90% of its total property value was 98.6%, significantly higher than the Singapore core central business district ("CBD") occupancy rate of 94.6%.

On the back of sustained leasing activity in 1H 2011, all the rent reviews due in 2011 have been completed and 4.5% of net lettable area is due for renewal in 2H 2011. The weighted average lease term to expiry for the entire portfolio and the top ten tenants were healthy at 7.20 years and 8.51 years respectively.

Capital Management

The Manager refinanced K-REIT Asia's borrowings in 2Q 2011 and reduced the average all-in interest rate to 2.61% for 2Q 2011 as compared with 2.74% for 1Q 2011. The weighted average debt maturity profile was extended to 4.0 years and K-REIT Asia has no debt due for refinancing in 2011 and 2012.

K-REIT Asia's aggregate leverage as at end-2Q 2011 increased to 39.2% from 37.4% as at end-1Q 2011 as a result of the additional borrowings taken to fund the acquisition of the additional 19.4% strata interest in Prudential Tower. Approximately \$3.0 billion or 82.0% of K-REIT Asia's assets under management remain unencumbered.

Singapore Office Market Recovery Remains on Track

The Singapore Ministry of Trade and Industry maintained a positive outlook on the near-term economy and forecasted a GDP growth of between 5.0% and 7.0% for 2011 as the economy grew 0.5% in 2Q 2011 according to advanced estimates. The growth was due mainly to the services industries which expanded 3.3% year-on-year in 2Q 2011.

The Singapore office market benefited from the sustained positive economic performance. Despite the significant amounts of new office supply coming online in 1H 2011, mostly at Ocean Financial Centre and Asia Square Tower 1, changes in average rentals and occupancy have stayed positive.

According to CB Richard Ellis (CBRE), Grade A and prime office rentals increased 2.9% and 2.3% quarter-on-quarter to \$10.60 psf per month and \$8.80 psf per month respectively in 2Q 2011. Occupancy in the core CBD climbed 0.2% from last quarter to 94.6%. Asking rents have also stayed on an uptrend as landlords benchmark rentals to higher rents at new or uncompleted developments.

Australia shows Resilience Post Flooding in Queensland

The Reserve Bank of Australia has decided to maintain the cash rate at 4.75%. This will support Australia's economic expansion in the second half of 2011 as growth strengthens further in the resource, agriculture and tourism sectors.

CBRE estimates that the average gross face rents for prime office space in Brisbane's CBD stood at approximately A\$740 psm p.a. as at end-June 2011. The Brisbane CBD office market occupancy held steady at 90.6% at end-June 2011.

The average CBD occupancy rate in Sydney was 91.8% as at end-June 2011 despite an increase in office supply. The demand for office space grew in tandem with growth in white collared employment which is expected to hit 3.3% in 2011. Gross face rents for prime CBD office space stood at A\$660 psm p.a. as at end-June 2011.

Looking Ahead

The healthy economic outlook for Singapore and Australia, coupled with the strong Singapore dollar and Australian dollar bodes well for K-REIT Asia. The Manager remains focused on active asset management, retaining existing good tenants, attracting new creditworthy corporations and improving operational and capital efficiencies within its existing portfolio. It will also selectively pursue opportunities for strategic acquisitions so as to deliver sustainable 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 K-REIT Asia to its shareholders.

K-REIT Asia aims to generate steady and sustainable returns for its Unitholders by investing in quality income-producing commercial properties and real estate-related assets in Singapore and key cities pan-Asia.

As at 30 June 2011, K-REIT Asia has an asset size of approximately \$3.6 billion, comprising six quality commercial properties. In Singapore, these include Bugis Junction Towers, a one-third interest in Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall, a one-third interest in One Raffles Quay and a 92.8% interest in Prudential Tower. In Australia, K-REIT Asia owns the office tower at 77 King Street in Sydney and a 50% interest in 275 George Street in Brisbane.

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.