

**K-REIT ASIA**  
**FULL YEAR 2010 FINANCIAL STATEMENT ANNOUNCEMENT**  
**UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010**

**TABLE OF CONTENTS**

	Page
- SUMMARY OF K-REIT ASIA RESULTS	2
- INTRODUCTION	3
1(a)(i) STATEMENT OF TOTAL RETURN AND DISTRIBUTION STATEMENT	4
1(a)(ii) STATEMENT OF COMPREHENSIVE INCOME	6
1(b)(i) BALANCE SHEET	7
1(b)(ii) AGGREGATE AMOUNT OF BORROWINGS AND DEBT SECURITIES	9
1(c) CONSOLIDATED STATEMENT OF CASH FLOWS	10
1(d)(i) STATEMENT OF MOVEMENTS IN UNITHOLDERS' FUNDS	11
1(d)(ii) DETAILS OF CHANGES IN THE UNITS	13
1(d)(iii) TOTAL NUMBER OF ISSUED UNITS	13
1(d)(iv) SALES, TRANSFERS, DISPOSAL, CANCELLATION AND/OR USE OF TREASURY UNITS	13
2 AUDIT	13
3 AUDITORS' REPORT	13
4 ACCOUNTING POLICIES	13
5 CHANGES IN ACCOUNTING POLICIES	13
6 CONSOLIDATED EARNINGS PER UNIT AND DISTRIBUTION PER UNIT	14
7 NET ASSET VALUE	14
8 REVIEW OF PERFORMANCE	15
9 VARIANCE FROM FORECAST STATEMENT	17
10 PROSPECTS	17
11 RISK FACTORS AND RISK MANAGEMENT	18
12 DISTRIBUTIONS	19
13 DISTRIBUTION STATEMENT	20
14, 15 SEGMENTAL INFORMATION	20
16 BREAKDOWN OF SALES	21
17 INTERESTED PERSON TRANSACTIONS	21
18 BREAKDOWN OF TOTAL ANNUAL DISTRIBUTION	22
Appendix QUARTERLY BREAKDOWN	23

**SUMMARY OF K-REIT ASIA RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

	GROUP			
	4Q2010 \$'000	FY2010 \$'000	FY2009 \$'000	+/- %
Property Income	21,360	84,559	62,811	34.6
Net Property Income	17,505	67,305	48,880	37.7
Net Income	14,378	54,700	27,616	98.1
Income Available for Distribution	23,155	85,631	70,519	21.4
Distributable Income to Unitholders <sup>1</sup>	23,155	85,631	70,519	21.4
<b>Distribution per Unit ("DPU") (cents)</b>				
<b>For the Period</b>	<b>1.71</b>	<b>6.37</b>	<b>5.28</b>	20.6
<b>Annualised</b>	<b>6.78</b>	<b>6.37</b>	<b>5.28</b>	20.6
Distribution Yield	4.8% <sup>2</sup>	4.5% <sup>2</sup>	4.8% <sup>3</sup>	(5.9)

**Notes:**

- (1) The distributable income to Unitholders is based on 100% of the income available for distribution.
- (2) The yield is based on the market closing price per unit of \$1.41 as at the last trading day, 31 December 2010.
- (3) The yield is based on the market closing price per unit of \$1.10 as at the last trading day, 31 December 2009.

**DISTRIBUTION AND BOOKS CLOSURE DATE**

Distribution	1 July 2010 to 31 December 2010
Distribution Type	(a) Taxable income (b) Tax-exempt income
Distribution Rate	(a) Taxable income distribution – 1.83 cents per unit (b) Tax-exempt income distribution – 1.55 cents per unit
Books Closure Date	28 January 2011
Payment Date	25 February 2011

## INTRODUCTION

K-REIT Asia is a real estate investment trust constituted by the Trust Deed entered into between K-REIT Asia Management Limited as manager of K-REIT Asia and RBC Dexia Trust Services Singapore Limited as trustee of K-REIT Asia. K-REIT Asia was listed on the Singapore Exchange Securities Trading Limited by way of an introduction on 28 April 2006.

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. K-REIT Asia has a pan-Asian mandate that enables it to invest in quality commercial properties in Singapore and other growth cities pan-Asia.

As at 31 December 2010, K-REIT Asia has an asset size of \$3.5 billion, comprising six quality commercial properties, namely, Bugis Junction Towers, Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall (one-third interest), One Raffles Quay (one-third interest), Prudential Tower Property (approximately 73.4% of the strata area of the building) all in Singapore, 275 George Street, Brisbane (50% interest) and 77 King Street, Sydney, both in Australia.

In December 2010, K-REIT Asia completed the asset swap involving the acquisition of a one-third interest in Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall, and the divestment of Keppel Towers and GE Tower, as well as the acquisition of the office tower at 77 King Street. The transactions upgraded the quality of K-REIT Asia's property portfolio without raising additional equity from Unitholders and are in line with K-REIT Asia's strategy to continuously renew, optimise and grow its property portfolio.

K-REIT Asia is managed by K-REIT Asia Management Limited, a wholly-owned subsidiary of Keppel Land Limited, one of the largest listed property companies in Singapore.

## 1 UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

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 year ended 31 December 2010:

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

#### Statement of Total Return

	Note	<u>Group</u>					
		4Q2010 \$'000	4Q2009 \$'000	+/(-) %	FY2010 \$'000	FY2009 \$'000	+/(-) %
Gross rent		20,579	16,753	22.8	82,413	61,826	33.3
Car park income		445	217	105.1	1,713	882	94.2
Other income		336	45	646.7	433	103	320.4
<b>Property income</b>		<b>21,360</b>	<b>17,015</b>	<b>25.5</b>	<b>84,559</b>	<b>62,811</b>	<b>34.6</b>
Property tax		(727)	(781)	(6.9)	(4,155)	(4,649)	(10.6)
Other property expenses	1	(2,057)	(1,799)	14.3	(8,788)	(5,702)	54.1
Property management fee		(537)	(509)	5.5	(2,187)	(1,884)	16.1
Maintenance and sinking fund contributions		(534)	(485)	10.1	(2,124)	(1,696)	25.2
<b>Property expenses</b>		<b>(3,855)</b>	<b>(3,574)</b>	<b>7.9</b>	<b>(17,254)</b>	<b>(13,931)</b>	<b>23.9</b>
<b>Net property income</b>		<b>17,505</b>	<b>13,441</b>	<b>30.2</b>	<b>67,305</b>	<b>48,880</b>	<b>37.7</b>
Income support	2	7,749	5,495	41.0	26,366	23,011	14.6
Interest income	3	2,427	3,323	(27.0)	12,052	12,845	(6.2)
Share of results of associated companies	4	3,283	1,293	153.9	9,695	8,208	18.1
Amortisation expense	5	(6,727)	(6,591)	2.1	(22,502)	(26,634)	(15.5)
Borrowing costs	6	(3,109)	(6,306)	(50.7)	(16,821)	(24,792)	(32.2)
Manager's management fees	7	(4,180)	(3,357)	24.5	(15,074)	(13,082)	15.2
Trust expenses		(2,415)	(267)	804.5	(5,869)	(820)	615.7
Changes in fair value of derivative financial instruments	8	(155)	-	Nm	(452)	-	Nm
<b>Net income</b>		<b>14,378</b>	<b>7,031</b>	<b>104.5</b>	<b>54,700</b>	<b>27,616</b>	<b>98.1</b>
Gain on divestment of investment property	9	26,439	-	Nm	26,439	-	Nm
Net change in fair value of investment properties	10	31,591	21,095	49.8	31,591	(71,759)	Nm
<b>Total return before tax</b>		<b>72,408</b>	<b>28,126</b>	<b>157.4</b>	<b>112,730</b>	<b>(44,143)</b>	<b>Nm</b>
Income tax expense	11	(1,037)	(138)	651.4	(3,494)	(1,776)	96.7
<b>Total return after tax</b>		<b>71,371</b>	<b>27,988</b>	<b>155.0</b>	<b>109,236</b>	<b>(45,919)</b>	<b>Nm</b>
<b><u>Distribution Statement</u></b>							
<b>Net income</b>		<b>14,378</b>	<b>7,031</b>	<b>104.5</b>	<b>54,700</b>	<b>27,616</b>	<b>98.1</b>
Net tax adjustments	12	9,814	12,507	(21.5)	34,425	44,679	(23.0)
Income tax expense		(1,037)	(138)	651.4	(3,494)	(1,776)	96.7
<b>Income available for distribution</b>		<b>23,155</b>	<b>19,400</b>	<b>19.4</b>	<b>85,631</b>	<b>70,519</b>	<b>21.4</b>
<b>Distributable Income to Unitholders</b>	13	<b>23,155</b>	<b>19,400</b>	<b>19.4</b>	<b>85,631</b>	<b>70,519</b>	<b>21.4</b>
<b>Distribution per unit (cents)</b>							
For the period		1.71	1.45	17.9	6.37	5.28	20.6
Annualised		6.78	5.75	18.0	6.37	5.28	20.6

**Notes:**

Nm – Not meaningful

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

	<u>Group</u>			
	<b>4Q2010</b>	<b>4Q2009</b>	<b>FY2010</b>	<b>FY2009</b>
	\$'000	\$'000	\$'000	\$'000
Marketing expenses	308	273	1,564	807
Utilities	633	395	2,171	1,585
Repair and maintenance	832	849	3,786	2,294
Property management reimbursements	229	271	1,076	983
Other property expenses	55	11	191	33
	2,057	1,799	8,788	5,702

- (2) This is the income support top-up payments received by K-REIT Asia for its one-third interest in One Raffles Quay Pte Ltd ("ORQPL"), the additional six strata floors of Prudential Tower, the 50% interest in 275 George Street, Brisbane and one-third interest in BFC Development Pte Ltd ("BFC DPL") which holds Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall("MBFC").

- (3) Interest income comprises the following:

	<u>Group</u>			
	<b>4Q2010</b>	<b>4Q2009</b>	<b>FY2010</b>	<b>FY2009</b>
	\$'000	\$'000	\$'000	\$'000
Interest income from fixed deposit and current accounts	127	272	782	343
Interest income from shareholder's loans to ORQPL and BFC DPL	2,300	3,051	11,270	12,502
	2,427	3,323	12,052	12,845

- (4) Share of results of associated companies relates to K-REIT Asia's one-third interest in ORQPL's and BFC DPL'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. The one-third interest in BFC DPL was acquired on 15 December 2010.

- (5) Please refer to paragraph 1(b)(i) note 3.

- (6) Borrowing costs comprise the following:

	<u>Group</u>			
	<b>4Q2010</b>	<b>4Q2009</b>	<b>FY2010</b>	<b>FY2009</b>
	\$'000	\$'000	\$'000	\$'000
Interest expense on term loans	1,998	1,883	7,583	7,468
Interest expense on revolving loan	935	3,972	7,057	15,520
Amortisation of transaction costs capitalised	176	451	2,181	1,804
	3,109	6,306	16,821	24,792

- (7) For 2010, the Manager has elected to receive 50% of its management fees in units of K-REIT Asia as compared with 100% in units for 2009.

- (8) This represents the change in fair value of foreign currency forward contracts which were entered into to protect the Group's foreign currency exposure on the net income from its 50% interest in 275 George Street, Brisbane.

- (9) This relates to the gain on divestment of Keppel Towers and GE Tower("KTGE").

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

	<u>Group</u>			
	<b>4Q2010</b>	<b>4Q2009</b>	<b>FY2010</b>	<b>FY2009</b>
	\$'000	\$'000	\$'000	\$'000
Investment properties held directly by the Trust	24,170	16,190	24,170	(65,510)
Investment properties held by associated companies	7,421	4,905	7,421	(6,249)
	31,591	21,095	31,591	(71,759)

(11) Income tax expense comprises (i) tax of 17% (2009: 17%) on the income support received by K-REIT Asia for its interest in ORQPL and BFCDPL, net of deductible interest expense and (ii) withholding tax paid/accrued in relation to the income on the Group's investments in 275 George Street, Brisbane, and 77 King Street, Sydney.

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

	<u>Group</u>			
	4Q2010	4Q2009	FY2010	FY2009
	\$'000	\$'000	\$'000	\$'000
Management fees payable in units	2,090	3,357	7,537	13,082
Trustee's fees	99	78	353	309
Amortisation of transaction costs	6,903	7,042	24,683	28,438
Non-tax deductible expenses	1,761	(176)	4,413	(131)
Share of results of associated companies	(3,283)	(1,293)	(9,695)	(8,208)
Dividend income received	2,820	3,499	9,232	11,189
Change in fair value of derivative financial instruments	155	-	452	-
Effect of recognising accounting income on a straight line basis over the lease terms	(731)	-	(2,550)	-
	9,814	12,507	34,425	44,679

(13) K-REIT Asia is committed to distributing 100% of its income available for distribution to Unitholders. The distributable income to Unitholders is based on 100% of the income available for distribution to Unitholders.

**1(a)(ii) Statement of comprehensive income together with a comparative statement for the corresponding period of the immediately preceding financial year**

**Statement of Comprehensive Income**

	<u>Group</u>					
	4Q2010	4Q2009	+/-)	FY2010	FY2009	+/-)
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Total return after tax</b>	<b>71,371</b>	<b>27,988</b>	<b>155.0</b>	<b>109,236</b>	<b>(45,919)</b>	<b>Nm</b>
Other comprehensive income:						
Translation difference from financial statements of foreign entity	(274)	-	Nm	(228)	-	Nm
Net change in fair value of cash flow hedges	(4,606)	-	Nm	(4,606)	-	Nm
Exchange differences on monetary items forming part of the net investment in foreign operations	(194)	-	Nm	(1,082)	-	Nm
<b>Other comprehensive income for the period, net of tax</b>	<b>(5,074)</b>	<b>-</b>	<b>Nm</b>	<b>(5,916)</b>	<b>-</b>	<b>Nm</b>
<b>Total comprehensive income for the period</b>	<b>66,297</b>	<b>27,988</b>	<b>136.9</b>	<b>103,320</b>	<b>(45,919)</b>	<b>Nm</b>

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

	<i>Note</i>	<b>31/12/10</b>	<b>Group</b>	<b>+/-</b>	<b>31/12/10</b>	<b>Trust</b>	<b>+/-</b>
		\$'000	31/12/09	%	\$'000	31/12/09	%
			\$'000			\$'000	
<b>Non-current assets</b>							
Investment properties	1	1,025,634	1,162,800	(11.8)	662,700	1,162,800	(43.0)
Investment in subsidiary companies		-	-	-	3,862	-	Nm
Investment in associated companies	2	1,981,045	849,239	133.3	1,981,045	849,239	133.3
Amount owing by subsidiary company		-	-	-	381,227	-	Nm
Intangible asset	3	37,242	32,598	14.2	32,485	32,598	(0.3)
<b>Total non-current assets</b>		<b>3,043,921</b>	<b>2,044,637</b>	<b>48.9</b>	<b>3,061,319</b>	<b>2,044,637</b>	<b>49.7</b>
<b>Current assets</b>							
Trade and other receivables	4	22,142	11,453	93.3	12,507	11,453	9.2
Cash and cash equivalents	5	49,860	575,549	(91.3)	49,634	575,549	(91.4)
<b>Total current assets</b>		<b>72,002</b>	<b>587,002</b>	<b>(87.7)</b>	<b>62,141</b>	<b>587,002</b>	<b>(89.4)</b>
<b>Total assets</b>		<b>3,115,923</b>	<b>2,631,639</b>	<b>18.4</b>	<b>3,123,460</b>	<b>2,631,639</b>	<b>18.7</b>
<b>Current liabilities</b>							
Trade and other payables		48,674	28,437	71.2	46,588	28,437	63.8
Income received in advance		4,861	324	Nm	20	324	(93.8)
Derivative financial instruments	6	5,058	-	Nm	5,058	-	Nm
Current portion of security deposits		2,400	4,603	(47.9)	2,400	4,603	(47.9)
Provision for taxation		3,261	4,849	(32.7)	3,261	4,849	(32.7)
<b>Total current liabilities</b>		<b>64,254</b>	<b>38,213</b>	<b>68.1</b>	<b>57,327</b>	<b>38,213</b>	<b>50.0</b>
<b>Non-current liabilities</b>							
Long-term borrowings	7	989,932	578,939	71.0	989,932	578,939	71.0
Non-current portion of security deposits		6,186	11,835	(47.7)	6,186	11,835	(47.7)
<b>Total non-current liabilities</b>		<b>996,118</b>	<b>590,774</b>	<b>68.6</b>	<b>996,118</b>	<b>590,774</b>	<b>68.6</b>
<b>Total liabilities</b>		<b>1,060,372</b>	<b>628,987</b>	<b>(68.6)</b>	<b>1,053,445</b>	<b>628,987</b>	<b>67.5</b>
<b>Net assets</b>		<b>2,055,551</b>	<b>2,002,652</b>	<b>2.6</b>	<b>2,070,015</b>	<b>2,002,652</b>	<b>3.4</b>
Represented by:							
<b>Unitholders' funds</b>		<b>2,055,551</b>	<b>2,002,652</b>	<b>2.6</b>	<b>2,070,015</b>	<b>2,002,652</b>	<b>3.4</b>
Net asset value per unit (\$)		1.52	1.50		1.53	1.50	
Borrowings / Value of deposited properties (%)	8	37.0	27.7				

**Notes:**

Nm – Not meaningful

- (1) *The decrease in investment properties is due to the divestment of KTGE in December 2010, offset by acquisition of a 50% interest in 275 George Street, Brisbane in March 2010, 77 King Street, Sydney in December 2010, and revaluation of investment properties. The valuations were conducted by independent valuers. The valuations of the properties as at 31 December 2010 were:*

<u>Property</u>	<u>Tenure</u>	<u>Date of Valuation</u>	<u>Valuation</u> \$'000
Prudential Tower	99 years from 15 January 1996	31 December 2010	342,600
Bugis Junction Towers	99 years from 10 September 1990	31 December 2010	320,100
275 George Street	Freehold	31 December 2010	215,730
77 King Street	Freehold	31 December 2010	147,204
			1,025,634

- (2) *This relates to the one-third equity interest in associated companies ORQPL and BFCDDL.*
- (3) *This relates to the probable future income support amount which may be received by K-REIT Asia for its one-third interest in ORQPL and BFCDDL, 50% interest in 275 George Street, Brisbane, and 100% interest in 77 King Street, Sydney. The intangible assets will be amortised over the income support periods for the respective properties.*
- (4) *Included in the balances are receivables for income support and dividend income as at 31 December 2010 of \$10.1 million (31 December 2009: \$8.8 million).*
- (5) *The decrease in cash and cash equivalents is due to the utilisation of the rights issue proceeds to fund the acquisition of the 50% interest in 275 George Street, Brisbane in March 2010, 100% interest in 77 King Street, Sydney, one-third interest in associated company BFCDDL, and the part repayment of the revolving loan in April 2010.*
- (6) *Derivative financial instruments relate to the foreign currency forward contracts taken out in relation to the Group's investment in 275 George Street, Brisbane and the fair value of the interest rate swap entered into by the Trust.*
- (7) *This relates to bank borrowings taken up to finance the acquisition of one-third equity interest in associated company BFCDDL.*
- (8) *This is based on the principal amount of borrowings and valuation of deposited properties (held directly and indirectly) of \$3.5 billion as at 31 December 2010.*



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

	<u>Group and Trust</u>	
	<u>As at 31/12/10</u>	<u>As at 31/12/09</u>
	\$'000	\$'000
<b>Secured borrowing</b>		
Amount repayable after one year	425,000	190,085
Less: Unamortised portion of fees	(2,737)	(321)
	<b>422,263</b>	<b>189,764</b>
<b>Unsecured borrowing</b>		
Amount repayable after one year	568,490	391,000
Less: Unamortised portion of fees	(821)	(1,825)
	<b>567,669</b>	<b>389,175</b>
<b>Total borrowings</b>	<b>989,932</b>	<b>578,939</b>

**Details of borrowings and collaterals**

K-REIT Asia has put in place the following facilities, totalling \$1,135 million :

- (i) 5-year mortgage term loan facilities of \$425 million;
- (ii) 5-year term loan facilities of \$100 million;
- (iii) 4-year term loan facilities of \$160 million;
- (iv) 3-year term loan facilities of \$100 million; and
- (v) 2-year revolving credit line of \$350 million.

As a security for the 5-year term loan facilities of \$425 million, K-REIT Asia has mortgaged its Bugis Junction Towers and 73.4% interest in Prudential Tower.

As at 31 December 2010, K-REIT Asia has utilised \$993.5 million and an unutilised \$141.5 million of revolving credit facility to make funds available for K-REIT Asia to meet its future obligations. Out of the outstanding loan amount of \$993.5 million, 80% had been hedged using interest rate swaps.

The weighted average interest rate for all borrowings as at 31 December 2010 stood at 2.75% per annum while the weighted average interest rate for the full year was 3.4%.

## 1(c) Consolidated statement of cash flows

	Note	<b>Group</b>			
		<b>4Q2010</b>	<b>4Q2009</b>	<b>FY2010</b>	<b>FY2009</b>
		\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>					
Total return before tax		72,408	28,126	112,730	(44,143)
Adjustments for:					
Interest income		(2,427)	(3,323)	(12,052)	(12,845)
Amortisation expense		6,727	6,591	22,502	26,634
Share of results of associated companies		(3,283)	(1,293)	(9,695)	(8,208)
Borrowing costs		3,109	6,306	16,821	24,792
Management fees payable in units		2,090	3,357	7,537	13,082
Net change in fair value of investment properties		(31,591)	(21,095)	(31,591)	71,759
Gain on divestment of investment property		(26,439)	-	(26,439)	-
Changes in fair value of unrealised derivative financial instruments		155	-	452	-
Translation of foreign subsidiary		(3,965)	-	(3,321)	-
<b>Operating cash flows before changes in working capital</b>		<b>16,784</b>	<b>18,669</b>	<b>76,944</b>	<b>71,071</b>
(Increase)/Decrease in receivables		(15,185)	6,249	(35,995)	(24,943)
Increase in payables		8,461	5,264	7,422	5,802
Increase/(Decrease) in security deposits		(7,323)	1,935	(7,852)	2,754
Cash flows from operations		2,737	32,117	40,519	54,684
Income taxes paid		(173)	-	(5,087)	-
<b>Net cash flows from operating activities</b>		<b>2,564</b>	<b>32,117</b>	<b>35,432</b>	<b>54,684</b>
<b>Investing activities</b>					
Purchase of investment properties		(137,107)	(107,690)	(377,373)	(107,690)
Proceeds from sale of investment property		570,501	-	570,501	-
Improvements in investment properties		(49)	(2,246)	(546)	(2,246)
Interest received		2,407	3,087	12,266	12,665
Income support received		6,439	5,399	24,392	24,061
Dividend income received from associated company		1,943	3,645	9,911	10,450
Investment in associated company		(1,380,152)	-	(1,380,152)	-
Increase in intangible assets		(27,151)	-	(27,151)	-
Repayment of loan from associated company		300,000	-	300,000	4,000
<b>Net cash flows used in investing activities</b>		<b>(663,169)</b>	<b>(97,805)</b>	<b>(868,152)</b>	<b>(58,760)</b>
<b>Financing activities</b>					
Proceeds from rights issue		-	620,035	-	620,035
Issue expenses		-	(2,982)	-	(2,982)
Loans drawdown		832,490	-	993,490	99,650
Repayment of loans		(190,085)	-	(581,085)	(99,650)
Upfront debt arrangement costs		(3,593)	-	(3,593)	-
Distribution to Unitholders	1	-	-	(76,827)	(66,191)
Interest paid		(2,078)	(1,943)	(24,954)	(15,205)
<b>Net cash flows from financing activities</b>		<b>636,734</b>	<b>615,110</b>	<b>307,031</b>	<b>535,657</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(23,871)</b>	<b>549,422</b>	<b>(525,689)</b>	<b>531,581</b>
Cash and cash equivalents at the beginning of period		73,731	26,127	575,549	43,968
<b>Cash and cash equivalents at the end of period</b>		<b>49,860</b>	<b>575,549</b>	<b>49,860</b>	<b>575,549</b>

**Note:**

- (1) Distribution for FY2010 is for the period of 1 July 2009 to 31 December 2009, paid on 25 February 2010; and 1 January 2010 to 30 June 2010, paid on 26 August 2010.  
Distribution for FY2009 is for the period of 1 July 2008 to 31 December 2008, paid on 23 February 2009; and 1 January 2009 to 30 June 2009, paid on 27 August 2009.

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

<u>Group</u>	<i>Note</i>	<u>Issued Equity</u> \$'000	<u>Accumulated Profits</u> \$'000	<u>Foreign Currency Translation Reserve</u> \$'000	<u>Hedging Reserve</u> \$'000	<u>Total</u> \$'000
<b>Net assets at 1 January 2010</b>		<b>1,645,657</b>	<b>356,995</b>	-	-	<b>2,002,652</b>
Return for the year		-	109,236	-	-	109,236
Other comprehensive income:						
Net change in fair value of cash flow hedges	1	-	-	-	(4,606)	(4,606)
Foreign currency translation	2	-	-	(1,310)	-	(1,310)
Other comprehensive income, net of tax		-	-	(1,310)	(4,606)	(5,916)
Total comprehensive income for the year		-	109,236	(1,310)	(4,606)	103,320
Issue of units for payment of management fees, acquisition and divestment fees	3	26,406	-	-	-	26,406
Distribution to Unitholders		-	(76,827)	-	-	(76,827)
<b>Net assets at 31 December 2010</b>		<b>1,672,063</b>	<b>389,404</b>	<b>(1,310)</b>	<b>(4,606)</b>	<b>2,055,551</b>
<b>Net assets at 1 January 2009</b>		<b>1,016,566</b>	<b>469,105</b>	-	-	<b>1,485,671</b>
Total comprehensive income (Return for the year)		-	(45,919)	-	-	(45,919)
Issue of units for payment of management fees	4	13,056	-	-	-	13,056
Rights issue	5	620,035	-	-	-	620,035
Issue expenses	6	(4,000)	-	-	-	(4,000)
Distribution to Unitholders		-	(66,191)	-	-	(66,191)
<b>Net assets at 31 December 2009</b>		<b>1,645,657</b>	<b>356,995</b>	-	-	<b>2,002,652</b>

**Notes:**

- (1) This relates to the fair value change of the cash flow hedges as a result of interest rate swaps entered into by the Trust.
- (2) The movement in foreign exchange translation reserve relates to the exchange differences arising on the translation of foreign entities and intercompany loans that form part of the Group's net investment in the foreign entities.
- (3) This represents 7,766,746 units issued in FY2010 as satisfaction of management fees payable in units, and 12,114,120 units issued in 4Q2010 in payment of acquisition fee of MBFC and divestment fee of KTGE.
- (4) This represents 16,595,221 units issued in FY2009 respectively as satisfaction of management fees payable in units.
- (5) This relates to gross proceeds raised from the rights issue for 666.7 million units at the issue price of \$0.93.
- (6) This relates to the issuance expenses in relation to the rights issue as mentioned in note 5 above

## Statement of movements in Unitholders' funds

<u>Trust</u>	<i>Note</i>	<u>Issued Equity</u> \$'000	<u>Accumulated Profits</u> \$'000	<u>Hedging Reserve</u> \$'000	<u>Total</u> \$'000
<b>Net assets at 1 January 2010</b>		<b>1,645,657</b>	<b>356,995</b>	-	<b>2,002,652</b>
Return for the year		-	122,390	-	122,390
Other comprehensive income:					
Net change in fair value of cash flow hedges	1	-	-	(4,606)	(4,606)
Other comprehensive income, net of tax		-	-	(4,606)	(4,606)
Total comprehensive income for the year		-	122,390	(4,606)	117,784
Issue of units for payment of management fees, acquisition and divestment fees	2	26,406	-	-	26,406
Distribution to Unitholders		-	(76,827)	-	(76,827)
<b>Net assets at 31 December 2010</b>		<b>1,672,063</b>	<b>402,558</b>	<b>(4,606)</b>	<b>2,070,015</b>
<b>Net assets at 1 January 2009</b>		<b>1,016,566</b>	<b>469,105</b>	-	<b>1,485,671</b>
Total comprehensive income (Return for the year)		-	(45,919)	-	(45,919)
Issue of units for payment of management fees	3	13,056	-	-	13,056
Rights issue	4	620,035	-	-	620,035
Issue expenses	5	(4,000)	-	-	(4,000)
Distribution to Unitholders		-	(66,191)	-	(66,191)
<b>Net assets at 31 December 2009</b>		<b>1,645,657</b>	<b>356,995</b>	-	<b>2,002,652</b>

**Notes:**

- (1) This relates to the fair value change of the cash flow hedges as a result of interest rate swaps entered into by the Trust.
- (2) This represents 7,766,746 units issued in FY2010 respectively as satisfaction of management fees payable in units and 12,114,120 units as satisfaction of acquisition and divestment fees.
- (3) This represents 16,595,221 issued in FY2009 respectively as satisfaction of management fees payable in units.
- (4) This relates to gross proceeds raised from the rights issue for 666.7 million units at the issue price of \$0.93.
- (5) This relates to the issuance expenses in relation to the rights issue as mentioned in note 4 above.

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

	<u>Group and Trust</u>	
	2010 Units	2009 Units
<b>Issued units as at 1 January</b>	<b>1,336,023,351</b>	<b>652,724,165</b>
Issue of new units		
- Payment of management fees in units	6,328,699	13,979,800
<b>Issued units as at 30 September</b>	<b>1,342,352,050</b>	<b>666,703,965</b>
Issue of new units		
- Payment of management fees in units	1,438,047	2,615,421
- Payment of acquisition and divestment fees in units	12,114,120	-
- Rights issue	-	666,703,965
<b>Issued units as at 31 December</b>	<b>1,355,904,217</b>	<b>1,336,023,351</b>

**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.**

K-REIT Asia did not hold any treasury units as at 31 December 2010 and 31 December 2009. Information on the total number of issued units in K-REIT Asia as at 31 December 2010 and 31 December 2009 is 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 Group 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 2009.

**5. CHANGES IN ACCOUNTING POLICIES**

In the current financial period, the Group 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 2010. Changes to the Group'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 Group:

- Improvements to FRSs issued in 2009
- FRS 27 Consolidated and Separate Financial Statements (Revised)
- FRS 103 Business Combinations (Revised)

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

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

	4Q2010	4Q2009	<u>Group</u> FY 2010	FY 2009
<b>Earnings per unit</b> (based on the weighted average number of units as at the end of the period)				
Based on total return before divestment gain and fair value change on investment properties	0.99 cents	0.69 cents	3.82 cents	3.19 cents
Based on total return after divestment gain and fair value change on investment properties	5.31 cents	2.81 cents	8.14 cents	(5.66) cents
- Weighted average number of units as at the end of period	1,345,311,928	997,520,178	1,341,402,008	811,216,571
<b>Distribution per unit</b> (based on the number of units as at the end of period)	1.71 cents	1.45 cents	6.37 cents	5.28 cents
- Number of units in issue at end of period	1,355,904,217	1,336,023,151	1,355,904,217	1,336,023,151

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</u>		<u>Trust</u>	
	As at 31/12/10	As at 31/12/09	As at 31/12/10	As at 31/12/09
NAV per unit based on total number of issued units at the end of the period (\$)	1.52	1.50	1.53	1.50
Adjusted NAV per unit based on total number of issued units at the end of the period (excluding the distributable income) (\$)	1.48	1.47	1.49	1.47

## 8. REVIEW OF PERFORMANCE

### 8(i) Property income contribution of the properties

Property	<u>Group</u>					+ / (-) %
	4Q2010 \$'000	4Q2009 \$'000	+ / (-) %	FY2010 \$'000	FY2009 \$'000	
Prudential Tower Property	4,611	4,514	2.1	19,097	13,429	42.2
Keppel Towers and GE Tower	5,994	7,445	(19.5)	27,560	29,506	(6.6)
Bugis Junction Towers	5,190	5,056	2.7	20,021	19,876	0.7
275 George Street	5,231	-	Nm	17,547	-	Nm
77 King Street	334	-	Nm	334	-	Nm
<b>Total property income</b>	<b>21,360</b>	<b>17,015</b>	<b>25.5</b>	<b>84,559</b>	<b>62,811</b>	<b>34.6</b>

### 8(ii) Income contribution of the properties

Property	<u>Group</u>					+ / (-) %
	4Q2010 \$'000	4Q2009 \$'000	+ / (-) %	FY2010 \$'000	FY2009 \$'000	
Prudential Tower Property	3,838	3,809	0.8	15,650	11,013	42.1
Keppel Towers and GE Tower	4,642	5,490	(15.4)	19,941	22,077	(9.7)
Bugis Junction Towers	4,433	4,142	7.0	16,476	15,790	4.3
275 George Street	4,331	-	Nm	14,977	-	Nm
77 King Street	261	-	Nm	261	-	Nm
<b>Total net property income</b>	<b>17,505</b>	<b>13,441</b>	<b>30.2</b>	<b>67,305</b>	<b>48,880</b>	<b>37.7</b>
One-third interest in ORQPL:						
- Income support	5,661	5,495	3.0	23,206	23,011	0.8
- Interest income	2,000	3,051	(34.4)	10,970	12,502	(12.3)
- Dividend income	2,820	3,499	(19.4)	9,232	11,189	(17.5)
<b>Total income from one-third interest in ORQPL</b>	<b>10,481</b>	<b>12,045</b>	<b>(13.0)</b>	<b>43,408</b>	<b>46,702</b>	<b>(7.1)</b>
One-third interest in BFC DPL:						
- Income support	1,482	-	Nm	1,482	-	Nm
- Interest income	300	-	Nm	300	-	Nm
<b>Total income from one-third interest in BFC DPL</b>	<b>1,782</b>	<b>-</b>	<b>Nm</b>	<b>1,782</b>	<b>-</b>	<b>Nm</b>
<b>Total income contribution</b>	<b>29,768</b>	<b>25,486</b>	<b>16.8</b>	<b>112,495</b>	<b>95,582</b>	<b>17.7</b>

**8. REVIEW OF PERFORMANCE (CONT'D)****Review of performance for 4Q2010 vs 4Q2009**

The acquisition of a one-third interest in BFC Development Pte Ltd ("BFC DPL") which holds Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall, and the 77 King Street office tower were completed on 15 December 2010 and 21 December 2010 respectively. The divestment of Keppel Towers and GE Tower ("KTGE") was completed on 15 December 2010. These transactions had limited material impact on the Group's 4Q2010 net property income and net income.

Turnover for 4Q2010 was \$21.4 million, a significant increase of \$4.3 million or 25.5% over that for 4Q2009. This improvement was due mainly to contributions from the additional six strata floors of Prudential Tower acquired in November 2009 and the 50% stake in 275 George Street acquired in March 2010.

As a result of the increase in assets under management, property expenses for 4Q2010 increased 7.9% to \$3.9 million from \$3.6 million for 4Q2009.

Net property income increased 30.2% to \$17.5 million in 4Q2010 from \$13.4 million in 4Q2009.

A net income for the whole portfolio of \$14.4 million was reported for 4Q2010, an increase of 104.5% over 4Q2009 due to higher net property income, higher share of results from associated companies, and lower borrowing costs from part repayment of a revolving loan.

Distribution to Unitholders increased 19.4% to \$23.2 million in 4Q2010 from \$19.4 million in 4Q2009.

The all-in interest rate was 2.75% per annum in 4Q2010 compared with 4.17% per annum in 4Q2009. The aggregate leverage stood at 37.0% as at 31 December 2010. The weighted average term to expiry of debt is 4.2 years.

The portfolio attained 97.0% committed occupancy as at end December 2010 compared with 95.0% as at end-December 2009.

**Review of performance for 4Q2010 vs 3Q2010**

Turnover for 4Q2010 was \$21.4 million, a marginal decrease of \$0.4 million or 1.8% over that for 3Q2010. The decrease was due mainly to the divestment of KTGE in December 2010 partly mitigated by the acquisitions of the 275 George Street and 77 King Street.

Property expenses of \$3.9 million in 4Q2010 were 9.1% lower than in 3Q2010 due mainly to lower property tax expenses.

Net property income was stable at \$17.5 million in 4Q2010.

Total return before tax increased significantly by \$56.6 million or 358.6% in 4Q2010 due mainly to the divestment gain from KTGE and the revaluation gain on deposited properties offset by higher amortisation and trust expenses.

Distribution to Unitholders for 4Q2010 increased to \$23.2 million from \$22.7 million in 3Q2010. The increase was due mainly to higher share of results from associated companies.

The interest rate for 4Q2010 was 2.75% per annum compared with 3.4% per annum for 3Q2010. The aggregate leverage stood at 37.0% as at 31 December 2010 against 15.1% as at 30 September 2010, and the weighted average term to expiry of debt was increased to 4.2 years in December 2010 from 1.4 years in September 2010.



**8. REVIEW OF PERFORMANCE (CONT'D)****Review of performance for FY2010 vs FY2009**

The two acquisitions (ie one-third interest in BFGDPL and 77 King Street) and the divestment of KTGE which were completed in December 2010 did not have a material impact on the Group's FY2010 net property income and net income.

Turnover for FY2010 was \$84.6 million, an increase of \$21.7 million or 34.6% over that for FY2009. This improvement was due mainly to contributions from the additional six strata floors of Prudential Tower acquired in November 2009 and the 50% stake in 275 George Street acquired in March 2010.

Property expenses of \$17.3 million were higher than the amount in FY2009 by \$3.3 million or 23.9%, due mainly to the growth in assets under management.

Net property income increased by 37.7% to \$67.3 million in FY2010 on the account of higher property income of \$21.7 million offset by higher property expenses of \$3.3 million. Net income increased by \$27.1 million or 98.1% in FY2010 due to a higher net property income, a higher share of results from associated companies, lower amortisation of income support, and lower borrowing costs offset by higher trust expenses due to acquisition expenses incurred.

Distribution to Unitholders for FY2010 was \$85.6 million, an increase of \$15.1 million or 21.4% over that for FY2009. The increase was due to higher net property income and lower borrowing expenses in FY2010, partly offset by the payment of 50% of the management fees in cash as compared with 100% in units in FY2009 and higher trust expenses.

The portfolio attained 97.0% committed occupancy as at end-December 2010 as compared with 95.0% as at end-December 2009.

**9. VARIANCE FROM FORECAST STATEMENT**

No forecast for the twelve months ended 31 December 2010 was previously provided.

**10. PROSPECTS**

The Singapore economy rebounded quickly since the financial crisis. According to advance estimates by the Ministry of Trade and Industry, the economy expanded 12.5% in 4Q2010 a year-on-year basis led by strong recovery in the manufacturing and services sectors which expanded 28.2% and 8.8% respectively. For full year 2010, the economy is estimated to have expanded by 14.7%.

The financial services sector recovered strongly in tandem with the economy as ample liquidity and investment activity drove revenue growth in the core banking and insurance industries. The increase in listing activity as well as mergers and acquisitions in the region also boosted the growth for banks, fund management houses and other financial institutions.

The strong economic recovery saw average rental growth for office space in Singapore turn positive in 2Q2010. Large office occupants in the financial services sector are taking advantage of the adjusted rentals to upgrade and expand their premises. Subsequently, rental values of Grade A and prime offices have trended upwards to \$9.90 psf pm and \$8.30 psf pm in 4Q2010, up by 10.0% and 12.2% respectively from 3Q2010. Occupancy in the core central business district climbed marginally to 95.3% in 4Q2010 from 95.2% in 3Q2010.

Positive growth in demand for Grade A and prime office space in Singapore is expected to continue into 2011 although there may be a temporary increase in vacancy levels in the CBD when new office developments are completed in 2011 and 2012. However, this potential increase in vacancy is expected to be temporary as businesses expand and occupants seek to consolidate operations in contiguous space. Property consultants observed that in most re-locations, occupiers lease more space in their new premises than they vacate at their existing locations. This coupled with the limited supply of office space available in 2013 and 2014. It is likely to provide rental stability in the mid to longer term.

K-REIT Asia remains focused on improving operational and capital efficiencies so as to optimise the performance of its assets and deliver stable and growing returns to Unitholders. It will continue to work towards attracting new tenants, retaining its existing tenants, and managing the rent reviews and renewals that are due in the next 12 months. The Manager will selectively pursue opportunities for strategic

acquisitions that will complement K-REIT Asia's existing portfolio and strengthen its position as a leading pan-Asian commercial REIT.

## 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**

The Manager constantly monitors its exposure to changes in interest rates for its interest-bearing financial liabilities. Interest rate risk is managed on an ongoing basis with the primary objective of limiting the extent to which net interest expense can be affected by adverse movements in interest rates.

The Manager monitors the Group's interest rate exposure on an on-going basis and will manage its exposure to adverse movements in interest rate through financial instruments or other suitable financial products.

### **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 requirements 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**

The Group's foreign currency risk relates mainly to its Australian Dollar denominated investment and distribution income from its foreign subsidiaries. The Manager monitors the Group's foreign currency exposure on an on-going basis and will manage its exposure to adverse movements in foreign currency exchange rates through financial instruments or other suitable financial products.

### **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 the Group's 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

Name of distribution	Distribution for 1 July 2010 to 31 December 2010
Distribution type	(a) Taxable income (b) Tax-exempt income
Distribution rate	(a) Taxable income distribution – 1.83 cents per unit (b) Tax-exempt income distribution – 1.55 cents per unit
Tax rate	<p><u>Taxable income distribution</u> Individuals who receive such distribution as investment income will be exempted from tax.</p> <p>Qualifying Unitholders will receive pre-tax distributions and pay tax on the distributions at their own marginal rates subsequently.</p> <p>Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax exempt.</p> <p>Subject to meeting certain conditions, foreign non-individual unitholders will receive their distributions after deduction of tax at the rate of 10%.</p> <p>All other investors will receive their distributions after deduction of tax at the rate of 17%.</p> <p><u>Tax-exempt income distribution</u> Tax-exempt income distribution is exempt from tax in the hands of all Unitholders. Tax-exempt income relates to net taxed income and one-tier dividend income received by K-REIT Asia.</p>

### (b) Corresponding period of the immediately preceding financial year

Name of distribution	Distribution for 1 July 2009 to 31 December 2009
Distribution type	(a) Taxable income (b) Tax-exempt income
Distribution rate	(a) Taxable income distribution – 2.12 cents per unit (b) Tax-exempt income distribution – 0.65 cents per unit
Tax rate	<p><u>Taxable income distribution</u> Individuals who receive such distribution as investment income will be exempted from tax.</p> <p>Qualifying Unitholders will receive pre-tax distributions and pay tax on the distributions at their own marginal rates subsequently.</p> <p>Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax exempt.</p> <p>Subject to meeting certain conditions, foreign non-individual unitholders will receive their distributions after deduction of tax at the rate of 10%.</p> <p>All other investors will receive their distributions after deduction of tax at the rate of 17%.</p> <p><u>Tax-exempt income distribution</u> Tax-exempt income distribution is exempt from tax in the hands of all Unitholders. Tax-exempt income relates to net taxed income and one-tier dividend income received by K-REIT Asia.</p>

**(c) Date payable**

25 February 2011

**(d) Books closure date**

28 January 2011

**13. DISTRIBUTION STATEMENT**

Other than as disclosed in paragraph 12(a), no distribution has been declared / recommended during the period.

**14. SEGMENTAL INFORMATION**

	FY2010	FY2009	+ / (-)
	\$'000	\$'000	%
<b><u>Property</u></b>			
Prudential Tower Property	15,650	11,013	42.1
Keppel Towers and GE Tower	19,941	22,077	(9.7)
Bugis Junction Towers	16,476	15,790	4.3
275 George Street	14,977	-	Nm
77 King Street	261	-	Nm
<b>Net property income</b>	<b>67,305</b>	<b>48,880</b>	<b>37.7</b>
One-third interest in ORQPL:			
- Income support	23,206	23,011	0.8
- Interest income	10,970	12,502	(12.3)
- Dividend income	9,232	11,189	(17.5)
<b>Total income from one-third interest in ORQPL</b>	<b>43,408</b>	<b>46,702</b>	<b>(7.1)</b>
One-third interest in BFC DPL:			
- Income support	1,482	-	Nm
- Interest income	300	-	Nm
<b>Total income from one-third interest in BFC DPL</b>	<b>1,782</b>	<b>-</b>	<b>Nm</b>
<b>Total income contribution</b>	<b>112,495</b>	<b>95,582</b>	<b>17.7</b>

**15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to paragraph 8 on the review of performance.

**16. BREAKDOWN OF SALES**

	<b>FY2010</b>	<b>FY2009</b>	<b>+/(-)</b>
	\$'000	\$'000	%
(a) Property income reported for first half year	41,440	30,142	37.5
(b) Total return after tax for first half year	23,028	12,163	89.3
(c) Property income reported for second half year	43,119	32,669	32.0
(d) Total return after tax for second half year <sup>1</sup>	86,208	(58,082)	Nm

**Note:**

(1) The total return after tax for second half year FY2010 and FY2009 include fair value changes of the investment properties amounting to approximately \$31.6 million and (\$71.8) million respectively. Fair value changes are non-tax chargeable items and have no impact on the distributable income to Unitholders.

**17. INTERESTED PERSON TRANSACTIONS**

<b>Name of interested person</b>	<b>Aggregate value of all interested person transactions during the financial period under review (excluding transactions of less than \$100,000)</b>	
	<b>FY2010</b>	<b>FY2009</b>
	\$'000	\$'000
Keppel Corporation and its subsidiaries or associates		
- Manager's management fees	15,074	13,082
- Acquisition fee	20,800	1,063
- Property management fees and reimbursable	3,054	2,830
- Leasing commissions	1,134	671
- Income support	24,688	23,011
- Interest on revolving loan <sup>1</sup>	19,687	-
- Deposits and interest income <sup>2</sup>	80	571,896
- Rental and service charge income <sup>1</sup>	1,011	239
- Acquisition of one third interest in MBFC	1,399,221	-
- Divestment of KTGE	563,000	-
RBC Dexia Trust Services Singapore Limited		
- Trustee's fees	353	309

**Note:**

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

(2) This relates to interest income earned from deposits placed with Kepfinance Investment Pte Ltd during 1 January 2010 till 14 January 2010.

**18. BREAKDOWN OF TOTAL ANNUAL DISTRIBUTION**

	<b>FY2010</b>	<b>FY2009</b>
	\$'000	\$'000
1 January 2009 to 30 June 2009 (paid)	-	33,098
1 July 2009 to 31 December 2009 (paid)	-	37,008
1 January 2010 to 30 June 2010 (paid)	39,819	-
1 July 2010 to 31 December 2010 (to be paid) <sup>1</sup>	45,919	-
	<hr/>	<hr/>
	85,738	70,106
	<hr/>	<hr/>

**Note:**

(1) Please refer to paragraph 12(a) on page 19.

## Appendix

### QUARTERLY BREAKDOWN

#### Property contribution by asset (\$'000)

	FY08	1Q09	2Q09	3Q09	4Q09	FY09	1Q10	2Q10	3Q10	4Q10	FY10
<b>Property</b>											
Prudential Tower Property <sup>1</sup>	10,475	2,686	3,103	3,126	4,514	13,429	4,723	4,932	4,831	4,611	19,097
Keppel Towers and GE Tower <sup>4</sup>	25,666	7,196	7,337	7,528	7,445	29,506	7,095	7,180	7,291	5,994	27,560
Bugis Junction Towers	16,505	4,903	4,917	5,000	5,056	19,876	4,965	4,883	4,983	5,190	20,021
275 George Street <sup>2</sup>	-	-	-	-	-	-	1,427	6,235	4,654	5,231	17,547
77 King Street <sup>3</sup>	-	-	-	-	-	-	-	-	-	334	334
<b>Total property income</b>	<b>52,646</b>	<b>14,785</b>	<b>15,357</b>	<b>15,654</b>	<b>17,015</b>	<b>62,811</b>	<b>18,210</b>	<b>23,230</b>	<b>21,759</b>	<b>21,360</b>	<b>84,559</b>

#### Income contribution by asset (\$'000)

	FY08	1Q09	2Q09	3Q09	4Q09	FY09	1Q10	2Q10	3Q10	4Q10	FY10
<b>Property</b>											
Prudential Tower Property <sup>1</sup>	8,270	1,982	2,638	2,584	3,809	11,013	3,855	3,916	4,041	3,838	15,650
Keppel Towers and GE Tower <sup>4</sup>	18,942	5,247	5,601	5,739	5,490	22,077	4,723	4,811	5,765	4,642	19,941
Bugis Junction Towers	12,447	3,591	4,077	3,980	4,142	15,790	4,207	3,920	3,916	4,433	16,476
275 George Street <sup>2</sup>	-	-	-	-	-	-	1,103	5,746	3,797	4,331	14,977
77 King Street <sup>3</sup>	-	-	-	-	-	-	-	-	-	261	261
<b>Net property income</b>	<b>39,659</b>	<b>10,820</b>	<b>12,316</b>	<b>12,303</b>	<b>13,441</b>	<b>48,880</b>	<b>13,888</b>	<b>18,393</b>	<b>17,519</b>	<b>17,505</b>	<b>67,305</b>
One-third interest in ORQPL:											
- Income support	24,799	6,151	6,188	5,177	5,495	23,011	5,968	5,816	5,761	5,661	23,206
- Interest income	8,799	1,892	4,345	3,214	3,051	12,502	3,087	2,973	2,910	2,000	10,970
- Dividend income	10,768	3,116	929	3,645	3,499	11,189	2,092	2,378	1,942	2,820	9,232
<b>Total income from one-third interest in ORQPL</b>	<b>44,366</b>	<b>11,159</b>	<b>11,462</b>	<b>12,036</b>	<b>12,045</b>	<b>46,702</b>	<b>11,147</b>	<b>11,167</b>	<b>10,613</b>	<b>10,481</b>	<b>43,408</b>
One-third interest in BFC DPL <sup>4</sup> :											
- Income support	-	-	-	-	-	-	-	-	-	1,482	1,482
- Interest income	-	-	-	-	-	-	-	-	-	300	300
<b>Total income from one-third interest in BFC DPL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,782</b>	<b>1,782</b>
<b>Total income contribution</b>	<b>84,025</b>	<b>21,979</b>	<b>23,778</b>	<b>24,339</b>	<b>25,486</b>	<b>95,582</b>	<b>25,035</b>	<b>29,560</b>	<b>28,132</b>	<b>29,768</b>	<b>112,495</b>

#### Notes:

- (1) The interest in Prudential Tower Property increased from 44.4% to 73.4% on 2 November 2009.
- (2) The acquisition of the 50% interest in 275 George Street, Brisbane was completed on 1 March 2010.
- (3) The acquisition of the 100% interest in 77 King Street, Sydney was completed on 21 December 2010.
- (4) The acquisition of the one-third interest in BFC DPL and divestment of KTGE was completed on 15 December 2010.

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  
 20 January 2011