

**K-REIT ASIA
SECOND QUARTER 2011 FINANCIAL STATEMENTS ANNOUNCEMENT
UNAUDITED RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2011****TABLE OF CONTENTS**

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**SUMMARY OF K-REIT ASIA RESULTS
FOR THE HALF YEAR ENDED 30 JUNE 2011**

	GROUP			
	2Q2011 \$'000	1H2011 \$'000	1H2010 \$'000	+/(-) %
Property Income	18,062	36,734	41,440	(11.4)
Net Property Income	14,303	29,242	32,281	(9.4)
Share of Results of Associated Companies	8,335	14,486	4,470	224.1
Total Return before Tax	17,666	33,693	24,532	37.3
Income Available for Distribution	26,291	50,544	39,803	27.0
Distributable Income to Unitholders ¹	26,291	50,544	39,790	27.0
Distribution per Unit ("DPU") (cents)				
For the Period	1.93	3.72	2.97	25.3
Annualised	7.74	7.50	5.99	25.2
Distribution Yield	5.8% ²	5.6% ²	5.3% ³	

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 \$1.33 as at the last trading day, 30 June 2011.
- (3) The yield is based on the market closing price per unit of \$1.14 as at the last trading day, 30 June 2010.

Distribution	1 January 2011 to 30 June 2011
Distribution Type	(a) Taxable income (b) Tax-exempt income
Distribution Rate	(a) Taxable income distribution - 1.64 cents per unit (b) Tax-exempt income distribution - 2.08 cents per unit
Books Closure Date	27 July 2011
Payment Date	26 August 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 key cities pan-Asia.

On 3 May 2011, K-REIT Asia completed the acquisition of four levels of strata office (approximately 19.4% interest) at Prudential Tower which increased its interest in Prudential Tower from 73.4% to 92.8%. The income accretive acquisition is in line with K-REIT Asia's strategy to continuously optimise and grow its property portfolio.

As at 30 June 2011, K-REIT Asia has an asset size of approximately \$3.6 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 (approximately 92.8% of the strata area of the building), all in Singapore, and also 275 George Street, Brisbane (50% interest) and the office tower at 77 King Street, Sydney, both in Australia.

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

1 UNAUDITED RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2011

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 half year ended 30 June 2011:

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>					
		2Q2011	2Q2010	+ / (-)	1H2011	1H2010	+ / (-)
		\$'000	\$'000	%	\$'000	\$'000	%
Gross rent		17,780	22,710	(21.7)	36,100	40,605	(11.1)
Car park income		281	472	(40.5)	562	768	(26.8)
Other income		1	48	(97.9)	72	67	7.5
Property income		18,062	23,230	(22.2)	36,734	41,440	(11.4)
Property tax		(1,002)	(1,329)	(24.6)	(1,846)	(2,494)	(26.0)
Other property expenses	1	(1,712)	(2,420)	(29.3)	(3,681)	(4,528)	(18.7)
Property management fee		(454)	(558)	(18.6)	(840)	(1,077)	(22.0)
Maintenance and sinking fund contributions		(591)	(530)	11.5	(1,125)	(1,060)	6.1
Property expenses		(3,759)	(4,837)	(22.3)	(7,492)	(9,159)	(18.2)
Net property income		14,303	18,393	(22.2)	29,242	32,281	(9.4)
Income support	2	10,907	5,877	85.6	20,500	12,352	66.0
Interest income	3	5,512	3,135	75.8	11,201	6,612	69.4
Share of results of associated companies	4	8,335	2,378	250.5	14,486	4,470	224.1
Amortisation expense	5	(7,887)	(5,259)	50.0	(14,881)	(10,553)	41.0
Borrowing costs	6	(7,014)	(4,337)	61.7	(13,766)	(10,436)	31.9
Manager's management fees	7	(5,614)	(3,709)	51.4	(10,987)	(7,142)	53.8
Trust expenses		(622)	(2,645)	(76.5)	(1,777)	(3,015)	(41.1)
Changes in fair value of derivative financial instruments	8	(254)	(243)	4.5	(325)	(37)	778.4
Total return before tax / Net income		17,666	13,590	30.0	33,693	24,532	37.3
Income tax expense	9	(1,296)	(764)	69.6	(2,272)	(1,504)	51.1
Total return after tax		16,370	12,826	27.6	31,421	23,028	36.4
<u>Distribution Statement</u>							
Total return before tax / Net income		17,666	13,590	30.0	33,693	24,532	37.3
Net tax adjustments	10	9,921	9,152	8.4	19,123	16,775	14.0
Income tax expense		(1,296)	(764)	69.6	(2,272)	(1,504)	51.1
Income available for distribution		26,291	21,978	19.6	50,544	39,803	27.0
Distribution to Unitholders	11	26,291	21,965	19.7	50,544	39,790	27.0
Distribution per unit (cents)							
For the period		1.93	1.64	17.7	3.72	2.97	25.3
Annualised		7.74	6.58	17.6	7.50	5.99	25.2

Notes:

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

	<u>Group</u>			
	2Q2011	2Q2010	1H2011	1H2010
	\$'000	\$'000	\$'000	\$'000
Marketing expenses	66	238	395	969
Utilities	588	454	990	930
Repair and maintenance	974	1,374	1,982	1,950
Property management reimbursements	75	315	153	615
Other property expenses	9	39	161	64
	<u>1,712</u>	<u>2,420</u>	<u>3,681</u>	<u>4,528</u>

- (2) This is the income support top-up payments received by K-REIT Asia for the additional 29% and 19.4% interests of Prudential Tower acquired on 2 November 2009 and 3 May 2011 respectively, the 50% interest in 275 George Street, Brisbane, the 77 King Street office tower, Sydney, its one-third interest in One Raffles Quay Pte Ltd ("ORQPL") and the 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:

	2Q2011	2Q2010	1H2011	1H2010
	\$'000	\$'000	\$'000	\$'000
Interest income from fixed deposit and current accounts	221	162	606	552
Interest income from shareholder's loans to ORQPL and BFC DPL	5,291	2,973	10,595	6,060
	<u>5,512</u>	<u>3,135</u>	<u>11,201</u>	<u>6,612</u>

- (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.

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

- (6) Borrowing costs comprise the following:

	2Q2011	2Q2010	1H2011	1H2010
	\$'000	\$'000	\$'000	\$'000
Interest expense on term loans	5,950	1,862	11,562	3,703
Interest expense on revolving loan	873	1,410	1,822	5,217
Amortisation of capitalised transaction costs	191	1,065	382	1,516
	<u>7,014</u>	<u>4,337</u>	<u>13,766</u>	<u>10,436</u>

- (7) The Manager has elected to receive 50% of its management fees in units of K-REIT Asia for FY2011 and FY2010.

- (8) This represents the change in fair value of foreign currency forward contracts which were entered into to hedge the Group's foreign currency exposure on the net income from its Australian properties.

- (9) Income tax expense comprises (i) tax of 17% (2010: 17%) on the income support received by K-REIT Asia for its one third interest in ORQPL and BFC DPL, net of deductible interest expense and (ii) withholding tax accrued in relation to the Group's investments in 275 George Street, Brisbane and 77 King Street office tower, Sydney.

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

	<u>Group</u>			
	2Q2011	2Q2010	1H2011	1H2010
	\$'000	\$'000	\$'000	\$'000
Management fees payable in units	2,807	1,855	5,493	3,571
Trustee's fees	134	87	263	167
Amortisation of intangible asset and capitalised transaction costs	8,078	6,324	15,263	12,069
Temporary differences and other tax adjustments	(1,098)	886	(1,896)	968
	<u>9,921</u>	<u>9,152</u>	<u>19,123</u>	<u>16,775</u>

Included in temporary differences and other tax adjustments are share of results of associated companies, dividend income, changes in fair value of derivative financial instruments, effect of recognizing accounting income on a straight line basis over the lease terms and non-taxable/deductible (income)/expenses.

(11) K-REIT Asia has been 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>			
	2Q2011	2Q2010	+(-)	1H2011	1H2010	+(-)
	\$'000	\$'000	%	\$'000	\$'000	%
Total return after tax	16,370	12,826	27.6	31,421	23,028	36.4
Other comprehensive income:						
Foreign currency translation	9,772	(14,307)	Nm	12,966	(10,988)	Nm
Net change in fair value of cash flow hedges	(4,245)	-	Nm	(11,248)	-	Nm
Other comprehensive income for the period, net of tax	5,527	(14,307)	Nm	1,718	(10,988)	Nm
Total comprehensive income for the period	<u>21,897</u>	<u>(1,481)</u>	Nm	<u>33,139</u>	<u>12,040</u>	175.2

Nm – Not meaningful

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

	Note	Group			Trust		
		30/06/2011 \$'000	31/12/2010 \$'000	+ / (-) %	30/06/2011 \$'000	31/12/2010 \$'000	+ / (-) %
Non-current assets							
Investment properties	1	1,158,966	1,025,634	13.0	781,918	662,700	18.0
Investment in subsidiary company		-	-	-	3,862	3,862	-
Investment in associated companies	2	1,980,882	1,981,045	-	1,980,882	1,981,045	-
Amount owing by subsidiary company		-	-	-	395,110	381,227	3.6
Trade and other receivables		4,369	-	Nm	-	-	-
Intangible asset	3	29,877	37,242	(19.8)	25,750	32,485	(20.7)
Total non-current assets		3,174,094	3,043,921	4.3	3,187,522	3,061,319	4.1
Current assets							
Trade and other receivables	4	22,852	21,144	8.1	24,904	11,902	109.2
Prepaid expenses		805	998	(19.3)	585	605	(3.3)
Cash and cash equivalents		59,770	49,860	19.9	45,324	49,634	(8.7)
Total current assets		83,427	72,002	15.9	70,813	62,141	14.0
Total assets		3,257,521	3,115,923	4.5	3,258,335	3,123,460	4.3
Current liabilities							
Trade and other payables		41,772	44,000	(5.1)	38,588	42,224	(8.6)
Income received in advance		5,369	5,225	2.8	137	74	85.1
Derivative financial instruments	5	862	452	90.7	862	452	90.7
Current portion of security deposits		3,063	2,400	27.6	3,063	2,400	27.6
Provision for taxation		3,803	3,261	16.6	3,488	3,261	7.0
Total current liabilities		54,869	55,338	(0.8)	46,138	48,411	(4.7)
Non-current liabilities							
Long term borrowings	6	1,116,014	989,932	12.7	1,116,014	989,932	12.7
Trade and other payables		16,699	4,310	287.4	12,287	4,310	185.1
Derivative financial instruments	7	15,854	4,606	244.2	15,854	4,606	244.2
Non-current portion of security deposits		6,502	6,186	5.1	6,502	6,186	5.1
Total non-current liabilities		1,155,069	1,005,034	14.9	1,150,657	1,005,034	14.5
Total liabilities		1,209,938	1,060,372	14.1	1,196,795	1,053,445	13.6
Net assets		2,047,583	2,055,551	(0.4)	2,061,540	2,070,015	(0.4)
Represented by:							
Unitholders' funds		2,047,583	2,055,551	(0.4)	2,061,540	2,070,015	(0.4)
Net asset value per unit (\$)		1.51	1.52		1.52	1.53	
Gross borrowings / Value of deposited properties (%)	8	39.2	37.0				

Notes:

Nm – Not meaningful

- (1) *The increase in investment properties is due mainly to the acquisition of the additional 19.4% interest in Prudential Tower on 3 May 2011 and translation gain arising from the Australian properties as a result of the appreciation of the Australia Dollar against the Singapore Dollar.*
- (2) *This relates to the one-third equity interest in ORQPL and BFCDDL and advances to these associated companies.*
- (3) *This relates to the unamortised aggregate income support top-up payments receivable by the Group for its one-third interest in ORQPL and BFCDDL, 100% interest in 77 King Street office tower, Sydney, and the additional 19.4% interest in Prudential Tower. The intangible asset 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 30 June 2011 of \$20.0 million (31 December 2010: \$10.1 million).*
- (5) *This relates to the foreign currency forward contracts taken out in relation to the Group's investments in the Australian properties.*
- (6) *This relates mainly to bank borrowings taken up to finance the acquisition of one-third equity interest in associated company, BFCDDL, and the acquisition of the additional 19.4% interest in Prudential Tower.*
- (7) *This relates to fair value of the interest rate swaps entered into by the Trust.*
- (8) *This is based on the total amount of gross borrowings and valuation of deposited properties (held directly and indirectly) of \$3.6 billion as at 30 June 2011 (31 December 2010: \$3.5 billion).*

1(b)(ii) Aggregate Amount of Borrowings and Debt Securities

	Group and Trust	
	As at 30/06/11	As at 31/12/10
	\$'000	\$'000
Secured borrowings		
Amount repayable after one year	425,000	425,000
Less: Unamortised portion of fees	(2,461)	(2,737)
	422,539	422,263
Unsecured borrowings		
Amount repayable after one year	694,190	568,490
Less: Unamortised portion of fees	(715)	(821)
	693,475	567,669
Total borrowings	1,116,014	989,932

Details of borrowings and collaterals

K-REIT Asia has put in place the following facilities, totalling \$1,262 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;
- (v) 3.5-year revolving credit line of \$350 million; and
- (vi) 3-year term loan facility of \$127 million

As a security for the 5-year term loan facilities of \$425 million, K-REIT Asia mortgaged its Bugis Junction Towers and 73.4% interest in Prudential Tower. In addition, on 17 March 2011, K-REIT Asia granted in favour of the lender the following:

- (i) an assignment of the rights, title and interest of the Trust and to the insurances effected over Bugis Junction Towers;
- (ii) an assignment of all the rights, benefits, title and interest of the Trust in and to the property sale agreement and tenancy agreements relating to Bugis Junction Towers; and
- (iii) a debenture creating fixed and floating charges over all assets of the Trust relating to Bugis Junction Towers.

As at 30 June 2011, K-REIT Asia had utilised approximately \$1,119.2 million and has an unutilised \$142.8 million of facilities available to meet its future obligations. Of the outstanding loan amount of \$1,119.2 million, approximately 70% had been hedged.

The weighted average interest rate for all borrowings for 2Q2011 stood at 2.61% per annum as compared with 2.74% per annum for 1Q2011. The weighted average term to expiry of debt was 4.0 years in June 2011 as compared with 4.2 years in December 2010.

1(c) Consolidated Statement of Cash Flows

Note	Group			
	2Q2011	2Q2010	1H2011	1H2010
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Total return before tax	17,666	13,590	33,693	24,532
Adjustments for:				
Interest income	(5,512)	(3,135)	(11,201)	(6,612)
Amortisation expense	7,887	5,259	14,881	10,553
Share of results of associated companies	(8,335)	(2,378)	(14,486)	(4,470)
Borrowing costs	7,014	4,337	13,766	10,436
Management fees payable in units	2,807	1,855	5,493	3,571
Changes in fair value of unrealised derivative financial instruments	254	243	325	37
Translation of foreign subsidiaries	(27)	(137)	(55)	(141)
Operating cash flows before changes in working capital	21,754	19,634	42,416	37,906
Increase in receivables	(11,115)	(6,156)	(16,385)	(13,590)
(Decrease)/Increase in payables	(115)	(1,863)	(2,851)	1,848
Increase/(Decrease) in security deposits	817	299	979	(538)
Cash flows from operations	11,341	11,914	24,159	25,626
Income taxes paid	(1,730)	(112)	(1,730)	(112)
Net cash flows from operating activities	9,611	11,802	22,429	25,514
Investing activities				
Purchase of investment property	(106,684)	-	(119,195)	(222,823)
Increase in intangible assets	(7,351)	-	(7,351)	-
Improvement in investment property	(958)	-	(981)	-
Interest received	5,505	3,139	11,196	6,842
Income support received	16,208	6,032	28,478	11,576
Dividend income received from associated companies	6,151	2,093	8,971	5,592
Net cash flows from/(used in) investing activities	(87,129)	11,264	(78,882)	(198,813)
Financing activities				
Distribution to Unitholders	-	-	(45,879)	(37,008)
Term loan drawdown	125,700	-	125,700	-
Repayment of revolving loan drawdown	(12,512)	(230,000)	-	(230,000)
Interest paid	(12,284)	(18,305)	(13,458)	(20,146)
Net cash flows from/(used in) financing activities	100,904	(248,305)	66,363	(287,154)
Net increase/(decrease) in cash and cash equivalents	23,386	(225,239)	9,910	(460,453)
Cash and cash equivalents at the beginning of period	36,384	340,335	49,860	575,549
Cash and cash equivalents at the end of period	59,770	115,096	59,770	115,096

Note:

(1) Distribution for 1H2011 is for the period of 1 July 2010 to 31 December 2010, paid on 25 February 2011.
 Distribution for 1H2010 is for the period of 1 July 2009 to 31 December 2009, paid on 25 February 2010.

1(d)(i) Statements of Movements in Unitholders' Funds

Group	Note	Issued	Accumulated	Foreign	Hedging	Total
		Equity	Profits	Currency	Reserve	
		\$'000	\$'000	Translation	Reserve	\$'000
		\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2011		1,672,063	389,404	(1,310)	(4,606)	2,055,551
Return for the period		-	15,051	-	-	15,051
Other comprehensive income, net of tax	1	-	-	3,194	(7,003)	(3,809)
Total comprehensive income		-	15,051	3,194	(7,003)	11,242
Issue of units for payment of management fee	2	2,090	-	-	-	2,090
Distribution to Unitholders		-	(45,879)	-	-	(45,879)
At 31 March 2011		1,674,153	358,576	1,884	(11,609)	2,023,004
Return for the period		-	16,370	-	-	16,370
Other comprehensive income, net of tax	1	-	-	9,772	(4,245)	5,527
Total comprehensive income		-	16,370	9,772	(4,245)	21,897
Issue of units for payment of management fee	2	2,682	-	-	-	2,682
At 30 June 2011		1,676,835	374,946	11,656	(15,854)	2,047,583
At 1 January 2010		1,645,657	356,995	-	-	2,002,652
Return for the period		-	10,202	-	-	10,202
Other comprehensive income, net of tax	3	-	-	3,319	-	3,319
Total comprehensive income		-	10,202	3,319	-	13,521
Issue of units for payment of management fee	4	3,356	-	-	-	3,356
Distribution to Unitholders		-	(37,008)	-	-	(37,008)
At 31 March 2010		1,649,013	330,189	3,319	-	1,982,521
Return for the period		-	12,826	-	-	12,826
Other comprehensive income, net of tax	3	-	-	(14,307)	-	(14,307)
Total comprehensive income		-	12,826	(14,307)	-	(1,481)
Issue of units for payment of management fee	4	1,719	-	-	-	1,719
At 30 June 2010		1,650,732	343,015	(10,988)	-	1,982,759

Notes:

- (1) Other comprehensive income relates to the movement in foreign exchange translation reserve arising on the translation of foreign entities, intercompany loans that form part of the Group's net investment in foreign entities and fair value change of the cash flow hedges as a result of interest rate swaps entered into by the Trust.
- (2) This represents 1,473,527 and 2,084,872 units issued in 1Q2011 and 2Q2011 respectively as satisfaction of management fees payable in units.
- (3) This relates to the movement in foreign exchange translation reserve arising on the translation of foreign entities and intercompany loans that form part of the Group's net investment in foreign entities.
- (4) This represents 3,108,946 and 1,567,983 units issued in 1Q2010 and 2Q2010 respectively as satisfaction of management fees payable in units.

1(d)(i) Statements of Movements in Unitholders' Funds (cont'd)

<u>Trust</u>	<i>Note</i>	<u>Issued</u> <u>Equity</u> \$'000	<u>Accumulated</u> <u>Profits</u> \$'000	<u>Hedging</u> <u>Reserve</u> \$'000	<u>Total</u> \$'000
At 1 January 2011		1,672,063	402,558	(4,606)	2,070,015
Return for the period		-	12,051	-	12,051
Other comprehensive income, net of tax	1	-	-	(7,003)	(7,003)
Total comprehensive income		-	12,051	(7,003)	5,048
Issue of units for payment of management fee	2	2,090	-	-	2,090
Distribution to Unitholders		-	(45,879)	-	(45,879)
At 31 March 2011		1,674,153	368,730	(11,609)	2,031,274
Return for the period		-	31,829	-	31,829
Other comprehensive income, net of tax	1	-	-	(4,245)	(4,245)
Total comprehensive income		-	31,829	(4,245)	27,584
Issue of units for payment of management fee	2	2,682	-	-	2,682
At 30 June 2011		1,676,835	400,559	(15,854)	2,061,540
At 1 January 2010		1,645,657	356,995	-	2,002,652
Return for the period		-	12,342	-	12,342
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	12,342	-	12,342
Issue of units for payment of management fee	3	3,356	-	-	3,356
Distribution to Unitholders		-	(37,008)	-	(37,008)
At 31 March 2010		1,649,013	332,329	-	1,981,342
Return for the period		-	(1,657)	-	(1,657)
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	(1,657)	-	(1,657)
Issue of units for payment of management fee	3	1,719	-	-	1,719
At 30 June 2010		1,650,732	330,672	-	1,981,404

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 1,473,527 and 2,084,872 units issued in 1Q2011 and 2Q2011 respectively as satisfaction of management fees payable in units.
- (3) This represents 3,108,946 and 1,567,983 units issued in 1Q2010 and 2Q2010 respectively as satisfaction of management fees payable in units.

1(d)(ii) Details of Changes in the Units

	<u>Trust</u>	
	2011 Units	2010 Units
Issued units as at 1 January	1,355,904,217	1,336,023,351
Issue of new units:		
- Payment of management fees	1,473,527	3,108,946
Issued units as at 31 March	1,357,377,744	1,339,132,297
Issue of new units:		
- Payment of management fees	2,084,872	1,567,983
Issued units as at 30 June	1,359,462,616	1,340,700,280

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 30 June 2011 and 31 December 2010.

The issued units in K-REIT Asia as at 30 June 2011 and 31 December 2010 were 1,359,462,616 and 1,355,904,217 respectively.

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 2010.

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 2011. 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 2010
Amendment to FRS 32	Financial Instruments: Presentation – Classification of Rights Issues
FRS 24 (Revised)	Related Party Disclosures

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”)

	2Q2011	<u>Group</u>		1H2010
		2Q2010	1H2011	
Earnings per unit (based on weighted average number of units as at the end of the period)	1.20 cents	0.96 cents	2.31 cents	1.72 cents
- Weighted average number of units as at the end of the period	1,358,821,117	1,340,200,593	1,357,883,610	1,339,188,454
Distribution per unit (based on the number of units as at the end of the period)	1.93 cents	1.64 cents	3.72 cents	2.97 cents
- Number of units in issue as at the end of the period	1,359,462,616	1,340,700,280	1,359,462,616	1,340,700,280

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 30/06/11	As at 31/12/10	As at 30/06/11	As at 31/12/10
NAV per unit (S\$) based on issued units at the end of the period	1.51	1.52	1.52	1.53
Adjusted NAV per unit (S\$) based on issued units at the end of the period (excluding the distributable income)	1.47	1.48	1.48	1.49

8. REVIEW OF PERFORMANCE
8(i) Property Income Contribution of the Properties

	2Q2011	2Q2010	Group		1H2011	1H2010	+/(-) %
			+/(-) %	+/(-) %			
	\$'000	\$'000			\$'000	\$'000	
Property							
Prudential Tower ¹	4,763	4,932	(3.4)		9,610	9,655	(0.5)
Keppel Towers and GE Tower ²	-	7,180	Nm		-	14,275	Nm
Bugis Junction Towers	5,277	4,883	8.1		10,635	9,848	8.0
275 George Street ³	5,492	6,235	(11.9)		10,938	7,662	42.8
77 King Street ⁴	2,530	-	Nm		5,551	-	Nm
Total property income	18,062	23,230	(22.2)		36,734	41,440	(11.4)

8(ii) Income Contribution of the Properties

	2Q2011	2Q2010	Group		1H2011	1H2010	+/(-) %
			+/(-) %	+/(-) %			
	\$'000	\$'000			\$'000	\$'000	
Property							
Prudential Tower ¹	3,788	3,916	(3.3)		7,615	7,771	(2.0)
Keppel Towers and GE Tower ²	-	4,811	Nm		-	9,534	Nm
Bugis Junction Towers	4,290	3,920	9.4		8,617	8,127	6.0
275 George Street ³	4,716	5,746	(17.9)		9,328	6,849	36.2
77 King Street ⁴	1,509	-	Nm		3,682	-	Nm
Total net property income	14,303	18,393	(22.2)		29,242	32,281	(9.4)
One-third interest in ORQPL:							
- Income support	4,495	5,816	(22.7)		9,091	11,784	(22.9)
- Interest income	362	2,973	(87.8)		726	6,060	(88.0)
- Dividend income	4,355	2,378	83.1		8,439	4,470	88.8
Total income from one-third interest in ORQPL	9,212	11,167	(17.5)		18,256	22,314	(18.2)
One-third interest in BFCDDL ² :							
- Income support	4,305	-	Nm		8,690	-	Nm
- Interest income	4,929	-	Nm		9,869	-	Nm
- Dividend income	3,937	-	Nm		6,004	-	Nm
Total income from one-third interest in BFCDDL	13,171	-	Nm		24,563	-	Nm
Total income contribution	36,686	29,560	24.1		72,061	54,595	32.0

Notes:

Nm – Not meaningful

- (1) Comprises 92.8% and 73.4% of the strata area in Prudential Tower as of 30 June 2011 and 30 June 2010 respectively.
- (2) Both divestment of Keppel Towers and GE Tower ("KTGE") and acquisition of the one-third interest in BFCDDL were completed on 15 December 2010.
- (3) The acquisition of the 50% interest in 275 George Street, Brisbane was completed on 1 March 2010.
- (4) The acquisition of the 100% interest in 77 King Street, Sydney was completed on 21 December 2010.

8. REVIEW OF PERFORMANCE (CONT'D)**Review of Performance for 2Q2011 vs 2Q2010**

The Group's 2Q2011 results included contributions from its 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 77 King Street office tower ("77 King Street") which were acquired on 15 December 2010 and 21 December 2010 respectively. The results also included contributions from the additional 19.4% interest in Prudential Tower which was acquired on 3 May 2011.

The Group's total return before tax for 2Q2011 was \$17.7 million, an increase of 30.0% over 2Q2010 as a result of higher contributions from the associated companies of \$11.2 million and lower trust expenses, partly offset by lower net property income, higher amortisation expenses, borrowing costs and management fees expenses.

Property income for 2Q2011 was \$18.1 million, due mainly to the loss of \$7.2 million property income resulting from the KTGE divestment on 15 December 2010, but partly offset by higher property income from the two Australian properties of \$1.8 million.

Property expenses for 2Q2011 decreased by \$1.1 million or 22.3% over 2Q2010. The decrease was due mainly to the divestment of KTGE, partly offset by the increase in property expenses from the two Australian properties.

Distribution to Unitholders increased by 19.7% to \$26.3 million in 2Q2011 from \$22.0 million in 2Q2010.

The weighted average interest rate was 2.61% per annum in 2Q2011 compared with 3.54% per annum in 2Q2010. The aggregate leverage stood at 39.2% as at 30 June 2011 against 15.2% as at 30 June 2010, and the weighted average term to expiry of debt was 4.0 years in June 2011 as compared with 0.8 year in June 2010.

The portfolio attained 97.9% committed occupancy as at end-June 2011.

Review of Performance for 2Q2011 vs 1Q2011

Property income for 2Q2011 was \$18.1 million, a marginal decrease of \$0.6 million or 3.3% from \$18.7 million in 1Q2011.

Net property income decreased marginally from \$14.9 million in 1Q2011 to \$14.3 million in 2Q2011, attributed mainly to the marginally lower property income.

The Group's total return before tax was \$17.7 million in 2Q2011 as compared with \$16.0 million in 1Q2011. The increase was attributed mainly to higher share of results of associated companies and lower trust expenses, partly offset by higher amortisation expenses, borrowing costs and management fees expenses.

Distribution to Unitholders for 2Q2011 increased by 8.4% to \$26.3 million from \$24.3 million in 1Q2011.

The weighted average interest rate for 2Q2011 was 2.61% per annum compared with 2.74% per annum for 1Q2011. The aggregate leverage stood at 39.2% as at 30 June 2011 against 37.4% as at 31 March 2011, while the weighted average term to expiry of debt was 4.0 years in June 2011 as compared with 3.9 years in March 2011.

Review of Performance for 1H2011 vs 1H2010

The Group's total return before tax for 1H2011 was \$33.7 million, an increase of 37.3% over 1H2010 as a result of higher contributions from the associated companies of \$20.5 million and lower trust expenses, partly offset by lower net property income, higher amortisation expenses, borrowing costs and management fees expenses.

Property income for 1H2011 was \$36.7 million, a \$4.7 million or 11.4% decrease over that for 1H2010. The decrease was due to the loss of property income from divestment of KTGE of \$14.3 million, partly offset by increase in property income from the two Australian properties of \$8.8 million and Bugis Junction Towers of \$0.8 million.

Property expenses decreased by \$1.7 million or 18.2% from \$9.2 million in 1H2010 to \$7.5 million in 1H2011, due mainly to the divestment of KTGE, but partly offset by increase in property expenses from the two Australian properties.

Net property income decreased by \$3.0 million or 9.4% from \$32.3 million in 1H2010 to \$29.2 million in 1H2011.

Distribution to Unitholders increased by 27.0% to \$50.5 million in 1H2011 from \$39.8 million in 1H2010.

9. VARIANCE FROM FORECAST STATEMENT
Statement of Total Return (Proforma vs Forecast)
Statement of Total Return

	<u>Proforma¹</u>	<u>Forecast²</u>		<u>Proforma¹</u>	<u>Forecast²</u>	
	2Q2011	2Q2011	+/(-) %	1H2011	1H2011	+/(-) %
	\$'000	\$'000		\$'000	\$'000	
Gross rent	17,316	17,101	1.3	35,636	34,815	2.4
Car park income	281	276	1.8	562	553	1.6
Other income	1	21	(95.2)	72	42	71.4
Property income	17,598	17,398	1.1	36,270	35,410	2.4
Property tax	(943)	(1,097)	(14.0)	(1,787)	(2,196)	(18.6)
Other property expenses	(1,710)	(1,797)	(4.8)	(3,679)	(3,387)	8.6
Property management fee	(440)	(366)	20.2	(826)	(752)	9.8
Maintenance and sinking fund contributions	(534)	(556)	(4.0)	(1,068)	(1,112)	(4.0)
Property expenses	(3,627)	(3,816)	(5.0)	(7,360)	(7,447)	(1.2)
Net property income	13,971	13,582	2.9	28,910	27,963	3.4
Income support	9,831	10,128	(2.9)	19,424	19,935	(2.6)
Interest income	5,508	5,346	3.0	11,197	10,692	4.7
Share of results of associated companies	8,335	6,952	19.9	14,486	13,904	4.2
Amortisation expense	(6,969)	(6,910)	0.9	(13,963)	(13,824)	1.0
Borrowing costs	(6,738)	(7,584)	(11.2)	(13,490)	(15,084)	(10.6)
Manager's management fees	(5,471)	(5,236)	4.5	(10,844)	(10,470)	3.6
Trust expenses	(619)	(754)	(17.9)	(1,774)	(1,508)	17.6
Changes in fair value of derivative financial instruments	(254)	-	Nm	(325)	-	Nm
Total return before tax / Net income	17,594	15,524	13.3	33,621	31,608	6.4
Income tax expense	(1,296)	(1,757)	(26.2)	(2,272)	(3,514)	(35.3)
Total return after tax	16,298	13,767	18.4	31,349	28,094	11.6
<u>Distribution Statement</u>						
Total return before tax / Net income	17,594	15,524	13.3	33,621	31,608	6.4
Net tax adjustments	8,933	9,172	(2.6)	18,135	18,242	(0.6)
Income tax expense	(1,296)	(1,757)	(26.2)	(2,272)	(3,514)	(35.3)
Income available for distribution	25,231	22,939	10.0	49,484	46,336	6.8
Distribution to Unitholders	25,231	22,939	10.0	49,484	46,336	6.8
Distribution per unit (cents)						
For the period	1.85	1.68	10.1	3.64	3.40	7.1
Annualised	7.42	6.74	10.1	7.34	6.86	7.0

Notes:

Nm – Not meaningful

- (1) The Proforma results are based on the actual results for 2Q2011 and 1H2011 adjusted to exclude the contributions from the additional 19.4% interest in Prudential Tower acquired on 3 May 2011.
- (2) The Forecast for 2Q2011 and 1H2011 are derived from the Forecast shown in K-REIT Asia's Circular dated 8 November 2010 for the acquisition of one-third interest in BFC DPL and divestment of KTGE and does not include the additional 19.4% interest in Prudential Tower which was acquired on 3 May 2011.

9. VARIANCE FROM FORECAST STATEMENT (CONT'D)**Review of Performance for 2Q2011 (Proforma) vs 2Q2011 (Forecast)**

Compared to the Forecast which does not include the additional 19.4% interest in Prudential Tower acquired on 3 May 2011, the Proforma results have similarly excluded the contributions from the additional 19.4% interest in Prudential Tower.

The Group's 2Q2011 property income of \$17.6 million was an increase of \$0.2 million or 1.1% over the Forecast. Property expenses of \$3.6 million were \$0.2 million or 5.0% lower as compared with Forecast. As a result, net property income rose by \$0.4 million or 2.9% to \$14.0 million.

The Group's total return before tax for 2Q2011 was \$17.6 million, an increase of \$2.1 million or 13.3% over the Forecast. This was due mainly to the higher share of results of associated companies and lower borrowings costs.

Distributable income to Unitholders increased by \$2.3 million or 10.0% to \$25.2 million as compared with Forecast of \$22.9 million.

Review of Performance for 1H2011 (Proforma) vs 1H2011 (Forecast)

Compared to the Forecast which does not include the additional 19.4% interest in Prudential Tower acquired on 3 May 2011, the Proforma results have similarly excluded the contributions from the additional 19.4% interest in Prudential Tower.

Property income for 1H2011 was \$36.3 million, an increase of \$0.9 million or 2.4% over the Forecast. The increase was due mainly to higher property income from the Australian properties.

Net property income rose 3.4% to \$28.9 million as a result of higher property income.

Total return before tax increased by \$2.0 million or 6.4% to \$33.6 million, as compared with \$31.6 million for Forecast. This was due mainly to lower borrowing costs and higher share of results of associated companies.

Distributable income to Unitholders increased by \$3.1 million or 6.8% to \$49.5 from \$46.3 million.

10. PROSPECTS

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 2Q2011 according to advanced estimates. The growth was due mainly to the services industries which expanded 3.3% year-on-year in 2Q2011.

The Singapore office market benefited from the sustained positive economic performance. Despite the new office supply coming online in 1H2011, 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 2Q2011. Occupancy in the core central business district (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.

Over in Australia, the Reserve Bank of Australia has decided to maintain the cash rate at 4.75%. This will support the country'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 held steady at 91.8% 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, K-REIT Asia remains focused on active asset management, retaining existing good tenants and 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.

Outlook for the Financial Year Ending 31 December 2011

Barring any unforeseen circumstances, the Manager expects to achieve its DPU forecast of 6.68 cents for the financial year ending 31 December 2011, based on the Circular dated 8 November 2010.

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 on-going basis with the primary objective of limiting the extent to which net interest expense can be affected by adverse movements in interest rates through financial instruments or other suitable financial products. Currently, the majority of its loans are hedged against interest rate fluctuations for the next 4 years.

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 conducted prior to the 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 distributable income from its Australian Dollar denominated investments. 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. Currently, at least 90% of its Australian income is hedged against foreign exchange fluctuations.

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 January 2011 to 30 June 2011
Distribution type	(a) Taxable income (b) Tax-exempt income
Distribution rate	(a) Taxable income distribution - 1.64 cents per unit (b) Tax-exempt income distribution - 2.08 cents per unit
Tax rate	<p><u>Taxable income distribution</u></p> <p>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></p> <p>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 January 2010 to 30 June 2010
Distribution type	(a) Taxable income (b) Tax-exempt income
Distribution rate	(a) Taxable income distribution - 1.87 cents per unit (b) Tax-exempt income distribution - 1.10 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

26 August 2011

(d) Books Closure Date

27 July 2011

13. DISTRIBUTION STATEMENT

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

14. INTERESTED PERSON TRANSACTIONS

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions of less than \$100,000)	
	2Q2011 \$'000	2Q2010 \$'000
<u>Keppel Land Limited and its subsidiaries or associates</u>		
- Manager's management fees	5,614	3,709
- Acquisition fee	1,251	-
- Property management fees and reimbursable	376	807
- Leasing commissions	58	74
- Rental and service charge income	-	905
- Income support	8,800	5,816
- Interest on term loan ¹	8,192	-
<u>RBC Dexia Trust Services Singapore Limited</u>		
- Trustee's fees	134	87

Note:

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

QUARTERLY BREAKDOWN
Property Contribution by Asset (\$'000)

	FY09	1Q10	2Q10	3Q10	4Q10	FY10	1Q11	2Q11
Property								
Prudential Tower ¹	13,429	4,723	4,932	4,831	4,611	19,097	4,847	4,763
Keppel Towers and GE Tower ²	29,506	7,095	7,180	7,291	5,994	27,560	-	-
Bugis Junction Towers	19,876	4,965	4,883	4,983	5,190	20,021	5,358	5,277
275 George Street ³	-	1,427	6,235	4,654	5,231	17,547	5,446	5,492
77 King Street ⁴	-	-	-	-	334	334	3,021	2,530
Total property income	62,811	18,210	23,230	21,759	21,360	84,559	18,672	18,062

Income Contribution by Asset (\$'000)

	FY09	1Q10	2Q10	3Q10	4Q10	FY10	1Q11	2Q11
Property								
Prudential Tower ¹	11,013	3,855	3,916	4,041	3,838	15,650	3,827	3,788
Keppel Towers and GE Tower ²	22,077	4,723	4,811	5,765	4,642	19,941	-	-
Bugis Junction Towers	15,790	4,207	3,920	3,916	4,433	16,476	4,327	4,290
275 George Street ³	-	1,103	5,746	3,797	4,331	14,977	4,612	4,716
77 King Street ⁴	-	-	-	-	261	261	2,173	1,509
Net property income	48,880	13,888	18,393	17,519	17,505	67,305	14,939	14,303
One-third interest in ORQPL:								
- Income support	23,011	5,968	5,816	5,761	5,661	23,206	4,596	4,495
- Interest income	12,502	3,087	2,973	2,910	2,000	10,970	364	362
- Dividend income	11,189	2,092	2,378	1,942	2,820	9,232	4,084	4,355
Total income from one-third interest in ORQPL	46,702	11,147	11,167	10,613	10,481	43,408	9,044	9,212
One-third interest in BFC DPL ² :								
- Income support	-	-	-	-	1,482	1,482	4,385	4,305
- Interest income	-	-	-	-	300	300	4,940	4,929
- Dividend income	-	-	-	-	-	-	2,067	3,937
Total income from one-third interest in BFC DPL	-	-	-	-	1,782	1,782	11,392	13,171
Total income contribution	95,582	25,035	29,560	28,132	29,768	112,495	35,375	36,686

Notes:

- (1) Comprises 92.8% and 73.4% of the strata area in Prudential Tower as of 30 June 2011 and 30 June 2010 respectively.
- (2) Both divestment of KTGE and acquisition of the one-third interest in BFC DPL were completed on 15 December 2010.
- (3) The acquisition of the 50% interest in 275 George Street, Brisbane was completed on 1 March 2010.
- (4) The acquisition of the 100% interest in 77 King Street, Sydney was completed on 21 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
 18 July 2011

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 Second Quarter 2011 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

18 July 2011