

**K-REIT ASIA  
FULL YEAR 2011 FINANCIAL STATEMENTS ANNOUNCEMENT****UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011****TABLE OF CONTENTS**

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## SUMMARY OF K-REIT ASIA RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

	GROUP			
	4Q2011 \$'000	FY2011 \$'000	FY2010 \$'000	+/(-) %
Property Income	22,620	77,968	84,559	(7.8)
Net Property Income	17,755	61,654	67,305	(8.4)
Share of Results of Associates	11,978	37,393	9,695	285.7
Net Income	22,361	73,732	54,700	34.8
Income Available for Distribution	35,729	112,965	85,631	31.9
Distributable Income to Unitholders <sup>1</sup>	35,729	112,965	85,631	31.9
<b>Distribution per Unit ("DPU") (cents)</b>				
<b>For the Period</b>	<b>1.40</b>	<b>7.08</b> <sup>2</sup>	<b>6.37</b>	11.1
Distribution Yield	6.7% <sup>3</sup>	8.5% <sup>3</sup>	4.5% <sup>4</sup>	
<b>Adjusted for Rights Issue</b>				
<b>DPU (cents)</b>				
<b>For the Period</b>	<b>1.40</b>	<b>4.43</b> <sup>6</sup>	<b>3.40</b> <sup>5</sup>	30.3

### Notes:

- (1) The distribution income to Unitholders is based on 100% of the income available for distribution.
- (2) Total DPU for FY2011 is 7.08 cents based on 1.79 cents, 1.93 cents, 1.96 cents and 1.40 cents announced in 1Q2011, 2Q2011, 3Q2011 and 4Q2011 results announcements respectively.
- (3) The yield is based on the market closing price per unit of \$0.83 as at the last trading day, 30 December 2011.
- (4) The yield is based on the market closing price per unit of \$1.41 as at the last trading day, 31 December 2010.
- (5) Restated to take into account the effect of the fully underwritten, renounceable 17-for-20 rights issue of 1,159,694,000 units to raise gross proceeds of \$985.7 million at an issue price of \$0.85 per rights unit and computed based on the issued units at end of each period aggregated with 1,159,694,000 units which were issued on 13 December 2011.

### DISTRIBUTION AND BOOKS CLOSURE DATE

Distribution	1 July 2011 to 31 December 2011
Distribution Type	(a) Taxable income (b) Tax-exempt income (c) Capital
Distribution Rate	(a) Taxable income distribution - 0.81 cents per unit (b) Tax-exempt income distribution - 1.57 cents per unit (c) Capital distribution - 0.07 cents per unit
Books Closure Date	27 January 2012
Payment Date	24 February 2012

**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 14 December 2011, K-REIT Asia completed the acquisition of approximately 87.5% equity interest in Ocean Financial Centre, a landmark 43-storey premium Grade A office tower in the heart of Singapore's central business district.

As at 31 December 2011, K-REIT Asia has an asset size of approximately \$6.0 billion, comprising eight quality commercial properties. In Singapore, K-REIT Asia owns Bugis Junction Towers, Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall (one-third interest), Ocean Financial Centre (87.5% interest), One Raffles Quay (one-third interest) and Prudential Tower (approximately 92.8% of the strata area of the building). In Australia, K-REIT Asia owns 275 George Street in Brisbane (50% interest), the office tower at 77 King Street and 8 Chifley Square (50% interest), a property under development, both in Sydney.

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

## 1 UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 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 year ended 31 December 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>					
		4Q2011	4Q2010	+/(-) %	FY2011	FY2010	+/(-) %
		\$'000	\$'000		\$'000	\$'000	
Gross rent		21,679	20,579	5.3	76,070	82,413	(7.7)
Car park income		303	445	(31.9)	1,154	1,713	(32.6)
Other income		638	336	89.9	744	433	71.8
<b>Property income</b>		<b>22,620</b>	<b>21,360</b>	<b>5.9</b>	<b>77,968</b>	<b>84,559</b>	<b>(7.8)</b>
Property tax		(1,323)	(727)	82.0	(4,265)	(4,155)	2.6
Other property expenses	1	(2,566)	(2,057)	24.7	(8,070)	(8,788)	(8.2)
Property management fee		(328)	(537)	(38.9)	(1,582)	(2,187)	(27.7)
Maintenance and sinking fund contributions		(648)	(534)	21.3	(2,397)	(2,124)	12.9
<b>Property expenses</b>		<b>(4,865)</b>	<b>(3,855)</b>	<b>26.2</b>	<b>(16,314)</b>	<b>(17,254)</b>	<b>(5.4)</b>
<b>Net property income</b>		<b>17,755</b>	<b>17,505</b>	<b>1.4</b>	<b>61,654</b>	<b>67,305</b>	<b>(8.4)</b>
Rental support	2	17,210	7,749	122.1	45,633	26,366	73.1
Interest income	3	5,962	2,427	145.7	23,048	12,052	91.2
Share of results of associates	4	11,978	3,283	264.8	37,393	9,695	285.7
Share of results of joint venture	5	(33)	-	Nm	(33)	-	Nm
Amortisation expense	6	(13,348)	(6,727)	98.4	(36,035)	(22,502)	60.1
Borrowing costs	7	(7,993)	(3,109)	157.1	(28,932)	(16,821)	72.0
Manager's management fees	8	(6,951)	(4,180)	66.3	(23,699)	(15,074)	57.2
Trust expenses		(2,223)	(2,415)	(8.0)	(4,510)	(5,869)	(23.2)
Changes in fair value of derivative financial instruments	9	4	(155)	Nm	(787)	(452)	74.1
<b>Net income</b>		<b>22,361</b>	<b>14,378</b>	<b>55.5</b>	<b>73,732</b>	<b>54,700</b>	<b>34.8</b>
Gain on divestment of investment property	10	-	26,439	Nm	-	26,439	Nm
Net change in fair value of investment properties	11	228,735	31,591	>500	228,735	31,591	>500
<b>Total return before tax</b>		<b>251,096</b>	<b>72,408</b>	<b>246.8</b>	<b>302,467</b>	<b>112,730</b>	<b>168.3</b>
Income tax expense	12	(2,789)	(1,037)	168.9	(6,321)	(3,494)	80.9
<b>Total return after tax</b>		<b>248,307</b>	<b>71,371</b>	<b>247.9</b>	<b>296,146</b>	<b>109,236</b>	<b>171.1</b>
<b>Attributable to:</b>							
Unitholders		242,233	71,371	239.4	290,072	109,236	165.5
Non-controlling interest		6,074	-	Nm	6,074	-	Nm
		<b>248,307</b>	<b>71,371</b>	<b>247.9</b>	<b>296,146</b>	<b>109,236</b>	<b>171.1</b>
<b>Distribution Statement</b>							
<b>Total return for the period attributable to Unitholders</b>		<b>242,233</b>	<b>71,371</b>	<b>239.4</b>	<b>290,072</b>	<b>109,236</b>	<b>165.5</b>
Net tax adjustments	13	(206,504)	(48,216)	328.3	(177,107)	(23,605)	>500
<b>Income available for distribution</b>		<b>35,729</b>	<b>23,155</b>	<b>54.3</b>	<b>112,965</b>	<b>85,631</b>	<b>31.9</b>
<b>Distribution to Unitholders</b>	14	<b>35,729</b>	<b>23,155</b>	<b>54.3</b>	<b>112,965</b>	<b>85,631</b>	<b>31.9</b>
<b>Distribution per unit (cents)</b>							
For the period		1.40	1.71	(18.1)	7.08	6.37	11.1

**Notes:**

Nm – Not meaningful

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

	<u>Group</u>			
	4Q2011	4Q2010	FY2011	FY2010
	\$'000	\$'000	\$'000	\$'000
Marketing expenses	729	308	1,452	1,564
Utilities	751	633	2,258	2,171
Repair and maintenance	752	832	3,516	3,786
Property management reimbursements	140	229	381	1,076
Other property expenses	194	55	463	191
	<u>2,566</u>	<u>2,057</u>	<u>8,070</u>	<u>8,788</u>

(2) This is the rental support top-up payments received by K-REIT Asia for its one-third interest in One Raffles Quay Pte Ltd ("ORQPL"), 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 one-third interest in BFC Development Pte Ltd ("BFCDPL") which holds Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall ("MBFC"), the office tower at 77 King Street, Sydney, and the approximate 87.5% interest in Ocean Properties LLP ("OPLLP") which holds Ocean Financial Centre.

(3) Interest income comprises the following:

	<u>Group</u>			
	4Q2011	4Q2010	FY2011	FY2010
	\$'000	\$'000	\$'000	\$'000
Interest income from fixed deposits and current accounts	187	127	1,019	782
Interest income from shareholder's loans to ORQPL and BFCDPL	5,242	2,300	21,120	11,270
Interest income from convertible notes in Mirvac 8 Chifley Trust	533	-	909	-
	<u>5,962</u>	<u>2,427</u>	<u>23,048</u>	<u>12,052</u>

(4) Share of results of associates relates to K-REIT Asia's one-third interest in ORQPL's and BFCDPL's net profit after tax which is represented by the proportionate share of gross revenue less property expenses, interest expense, and income tax.

(5) Share of results of joint venture relates to K-REIT Asia's 50% interest in Mirvac 8 Chifley Trust's net profit after tax which is represented by the proportionate share of gross revenue less property expenses, interest expense, and income tax.

(6) Please refer to paragraph 1(b)(i), note 4.

(7) Borrowing costs comprise the following:

	<u>Group</u>			
	4Q2011	4Q2010	FY2011	FY2010
	\$'000	\$'000	\$'000	\$'000
Interest expense on term loans	6,792	1,998	23,999	7,583
Interest expense on revolving loans	988	935	4,146	7,057
Amortisation of capitalised transaction costs	213	176	787	2,181
	<u>7,993</u>	<u>3,109</u>	<u>28,932</u>	<u>16,821</u>

(8) The Manager has elected to receive 100% of its management fee earned in respect of the approximate 87.5% interest in OPLLP and 50% of its management fee earned for the rest of the properties in units of K-REIT Asia for FY2011. The Manager has elected to receive 50% of its management fee in units of K-REIT Asia for FY2010.

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

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

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

	<u>Group</u>			
	4Q2011	4Q2010	FY2011	FY2010
	\$'000	\$'000	\$'000	\$'000
Investment properties held directly by the Trust	133,290	24,170	133,290	24,170
Investment properties held directly by associates	95,445	7,421	95,445	7,421
	<u>228,735</u>	<u>31,591</u>	<u>228,735</u>	<u>31,591</u>

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

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

	<u>Group</u>			
	4Q2011	4Q2010	FY2011	FY2010
	\$'000	\$'000	\$'000	\$'000
Management fees payable in units	3,848	2,090	12,222	7,537
Trustee's fees	163	99	564	353
Gain on divestment of investment property	-	(26,439)	-	(26,439)
Net change in fair value of investment properties (net of non-controlling interest)	(222,896)	(31,591)	(222,896)	(31,591)
Amortisation of intangible asset and capitalised transaction costs	13,561	6,903	36,822	24,683
Temporary differences and other tax adjustments	(1,180)	722	(3,819)	1,852
	<u>(206,504)</u>	<u>(48,216)</u>	<u>(177,107)</u>	<u>(23,605)</u>

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

(14) 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>					
	4Q2011	4Q2010	+(-)	FY2011	FY2010	+(-)
	\$'000	\$'000	%	\$'000	\$'000	%
Total return after tax	248,307	71,371	247.9	296,146	109,236	171.1
<b>Other comprehensive income:</b>						
Foreign currency translation	11,741	(468)	Nm	12,666	(1,310)	Nm
<b>Cashflow hedges:</b>						
Net change in fair value of cash flow hedges	21,881	(4,606)	Nm	(8,536)	(4,606)	85.3
Share of net change in fair value of cash flow hedges of an associate	2,107	-	Nm	(1,603)	-	Nm
Other comprehensive income for the period, net of tax	35,729	(5,074)	Nm	2,527	(5,916)	Nm
<b>Total comprehensive income for the period</b>	<u>284,036</u>	<u>66,297</u>	<u>328.4</u>	<u>298,673</u>	<u>103,320</u>	<u>189.1</u>

Nm – Not meaningful

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

**Balance Sheets**

	Note	Group			Trust		
		31/12/2011 \$'000	31/12/2010 \$'000	+ / (-) %	31/12/2011 \$'000	31/12/2010 \$'000	+ / (-) %
<b>Non-current assets</b>							
Investment properties	1	3,472,069	1,025,634	238.5	881,870	662,700	33.1
Investment in subsidiaries		-	-	-	1,611,166	3,862	>500
Investment in associates	2	2,075,930	1,981,045	4.8	2,077,533	1,981,045	4.9
Investment in joint venture	3	37,011	-	Nm	-	-	-
Amount owing by subsidiary		-	-	-	430,314	381,227	12.9
Other non-current receivables		6,734	-	Nm	-	-	-
Intangible asset	4	137,945	37,242	270.4	10,893	32,485	(66.5)
Fixed assets	5	53	-	Nm	-	-	-
Derivative financial instruments	6	5,264	-	Nm	5,264	-	Nm
<b>Total non-current assets</b>		<b>5,735,006</b>	<b>3,043,921</b>	<b>88.4</b>	<b>5,017,040</b>	<b>3,061,319</b>	<b>63.9</b>
<b>Current assets</b>							
Trade and other receivables	7	30,582	21,144	44.6	21,069	11,902	77.0
Prepaid expenses		723	998	(27.6)	544	605	(10.1)
Cash and cash equivalents		85,741	49,860	72.0	59,386	49,634	19.6
Derivative financial instruments	6	4,835	-	Nm	4,835	-	Nm
<b>Total current assets</b>		<b>121,881</b>	<b>72,002</b>	<b>69.3</b>	<b>85,834</b>	<b>62,141</b>	<b>38.1</b>
<b>Total assets</b>		<b>5,856,887</b>	<b>3,115,923</b>	<b>88.0</b>	<b>5,102,874</b>	<b>3,123,460</b>	<b>63.4</b>
<b>Current liabilities</b>							
Trade and other payables		141,355	44,000	221.3	45,645	42,224	8.1
Income received in advance		2,352	5,225	(55.0)	105	74	41.9
Short term borrowings	8	510,127	-	Nm	-	-	-
Derivative financial instruments	6	267	452	(40.9)	267	452	(40.9)
Current portion of security deposits		1,213	2,400	(49.5)	1,213	2,400	(49.5)
Provision for taxation		5,402	3,261	65.7	5,056	3,261	55.0
<b>Total current liabilities</b>		<b>660,716</b>	<b>55,338</b>	<b>&gt;500</b>	<b>52,286</b>	<b>48,411</b>	<b>8.0</b>
<b>Non-current liabilities</b>							
Long term borrowings	8	1,655,833	989,932	67.3	1,755,715	989,932	77.4
Other non-current payables		15,179	4,310	252.2	9,102	4,310	111.2
Derivative financial instruments	9	22,974	4,606	398.8	22,974	4,606	398.8
Non-current portion of security deposits		26,720	6,186	331.9	8,118	6,186	31.2
<b>Total non-current liabilities</b>		<b>1,720,706</b>	<b>1,005,034</b>	<b>71.2</b>	<b>1,795,909</b>	<b>1,005,034</b>	<b>78.7</b>
<b>Total liabilities</b>		<b>2,381,422</b>	<b>1,060,372</b>	<b>124.6</b>	<b>1,848,195</b>	<b>1,053,445</b>	<b>75.4</b>
<b>Net assets</b>		<b>3,475,465</b>	<b>2,055,551</b>	<b>69.1</b>	<b>3,254,679</b>	<b>2,070,015</b>	<b>57.2</b>
Represented by:							
<b>Unitholders' funds</b>		<b>3,262,632</b>	<b>2,055,551</b>	<b>58.7</b>	<b>3,254,679</b>	<b>2,070,015</b>	<b>57.2</b>
<b>Non-controlling interest</b>		<b>212,833</b>	<b>-</b>	<b>Nm</b>	<b>-</b>	<b>-</b>	<b>-</b>
		<b>3,475,465</b>	<b>2,055,551</b>	<b>69.1</b>	<b>3,254,679</b>	<b>2,070,015</b>	<b>57.2</b>
Net asset value per unit (\$)		1.28	1.52		1.28	1.53	
Gross borrowings / Value of deposited properties (%)	10	41.6	37.0				

**Notes:**

Nm – Not meaningful

- (1) The increase in investment properties is due mainly to the acquisition of additional 19.4% interest in Prudential Tower on 3 May 2011, the acquisition of the approximate 87.5% interest in Ocean Financial Centre through OPLLP on 14 December 2011, revaluation of investment properties and translation exchange differences arising from the Australian properties. The valuations were conducted by independent valuers. The valuations of the properties as at 31 December 2011 were:

<u>Property</u>	<u>Tenure</u>	<u>Date of Valuation</u>	<u>Valuation \$'000</u>
Prudential Tower	99 years from 15 January 1996	1 October 2011	471,370
Bugis Junction Towers	99 years from 10 September 1990	1 October 2011	410,500
275 George Street	Freehold	1 October 2011	235,980
77 King Street	Freehold	1 October 2011	154,697
Ocean Financial Centre	99 years from 14 December 2011	15 September 2011	2,199,522
			3,472,069

- (2) This relates to the one-third equity interest in ORQPL and BFC DPL and advances to these associates.
- (3) This relates to the 50% interest in Mirvac 8 Chifley Trust ("M8CT") which was acquired on 28 July 2011, advances to this joint venture and convertible notes held which were issued by this joint venture. M8CT owns 8 Chifley Square, Sydney, a property currently under development.
- (4) This relates to the unamortised aggregate rental support top-up payments receivable by the Group for its one-third interest in ORQPL and BFC DPL, 100% interest in the office tower at 77 King Street, Sydney, the additional 19.4% interest in Prudential Tower, and the approximate 87.5% interest in OPLLP. The intangible asset will be amortised over the rental support periods for the respective properties.
- (5) This relates to fixed assets acquired in the acquisition of Ocean Financial Centre through OPLLP.
- (6) This relates to the fair value of the foreign currency forward contracts entered into in relation to the net income from the Australian properties and investment in 8 Chifley Square.
- (7) Included in the balances are receivables for rental support and dividend income of \$17.3 million (31 December 2010: \$10.1 million).
- (8) This relates mainly to bank borrowings taken up to finance the acquisition of one-third equity interest in associate, BFC DPL, the additional 19.4% interest in Prudential Tower, the 50% interest in 8 Chifley Square and the acquisition of the approximate 87.5% interest in OPLLP. The balance also includes the bank borrowings recorded in OPLLP.
- (9) This relates to the fair value of the interest rate swaps entered into by the Trust.
- (10) This is based on the total amount of gross borrowings and valuation of deposited properties (held directly and indirectly) of \$6.0 billion as at 31 December 2011 (31 December 2010: \$3.5 billion).



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

	<u>Group</u>	
	As at 31/12/11 \$'000	As at 31/12/10 \$'000
<b>Secured borrowings</b>		
Amount repayable within one year	410,222	-
Amount repayable after one year	425,000	425,000
Less: Unamortised portion of fees	(2,185)	(2,737)
	<b>833,037</b>	<b>422,263</b>
<b>Unsecured borrowings</b>		
Amount repayable within one year	100,000	-
Amount repayable after one year	1,235,434	568,490
Less: Unamortised portion of fees	(2,511)	(821)
	<b>1,332,923</b>	<b>567,669</b>
<b>Total borrowings</b>	<b>2,165,960</b>	<b>989,932</b>

### Details of Collaterals

As a security for the 5-year term loan facilities of \$425 million, the Group had 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 a security for the 4-year term loan facility of \$794 million, the Group had mortgaged its Ocean Financial Centre and granted in favour of the lender the following:

- (i) an assignment of construction contracts and construction guarantees, shareholders undertaking, subordination deed, trust deed; and
- (ii) an assignment of rental and insurance proceeds derived from the property.

As at 31 December 2011, the Group had utilised approximately \$2,170.7 million and had an unutilised \$435.3 million of facilities available to meet its future obligations.

The weighted average interest rate for all borrowings for 4Q2011 stood at 2.35% per annum as compared with 2.48% per annum for 3Q2011. The weighted average interest rate for full year was 2.53% as compared with 3.40% for FY2010. The weighted average term to expiry of debt was 3.1 years in December 2011 as compared with 4.2 years in December 2010.

## 1(c) Consolidated Statement of Cash Flows

		<u>Group</u>			
	Note	4Q2011 \$'000	4Q2010 \$'000	FY2011 \$'000	FY2010 \$'000
<b>Operating activities</b>					
Total return before tax		251,096	72,408	302,467	112,730
Adjustments for:					
Interest income		(5,962)	(2,427)	(23,048)	(12,052)
Amortisation expense		13,348	6,727	36,035	22,502
Share of results of associates		(11,978)	(3,283)	(37,393)	(9,695)
Share of results of joint venture		33	-	33	-
Borrowing costs		7,993	3,109	28,932	16,821
Management fees payable in units		3,848	2,090	12,222	7,537
Net change in fair value of investment properties		(228,735)	(31,591)	(228,735)	(31,591)
Gain on divestment of investment property		-	(26,439)	-	(26,439)
Changes in fair value of unrealised derivative financial instruments		-	155	-	452
Translation differences		13	(3,965)	356	(3,321)
<b>Operating cash flows before changes in working capital</b>		<b>29,656</b>	<b>16,784</b>	<b>90,869</b>	<b>76,944</b>
Increase in receivables		(23,504)	(15,185)	(48,960)	(35,995)
(Decrease)/ Increase in payables		(16,908)	8,461	(19,332)	7,422
Increase/(Decrease) in security deposits		18,262	(7,323)	19,347	(7,852)
Cash flows from operations		7,506	2,737	41,924	40,519
Income taxes paid		(331)	(173)	(4,184)	(5,087)
<b>Net cash flows generated from operating activities</b>		<b>7,175</b>	<b>2,564</b>	<b>37,740</b>	<b>35,432</b>
<b>Investing activities</b>					
Purchase of investment property		-	(137,107)	(119,195)	(377,373)
Proceeds from sale of investment property		-	570,501	-	570,501
Increase in intangible assets		-	(27,151)	(7,351)	(27,151)
Improvement in investment properties		(193)	(49)	(1,267)	(546)
Interest received		5,371	2,407	22,102	12,266
Rental support received		3,592	6,439	44,592	24,392
Investment in a joint venture		193	-	(37,092)	-
Investment in an associate		-	(1,380,152)	-	(1,380,152)
Net cash outflow on acquisition of a subsidiary	2	(1,563,684)	-	(1,563,684)	-
Dividend income received from associates		22,827	1,943	40,090	9,911
<b>Net cash flows used in investing activities</b>		<b>(1,531,894)</b>	<b>(963,169)</b>	<b>(1,621,805)</b>	<b>(1,168,152)</b>
<b>Financing activities</b>					
Distribution to Unitholders	1	-	-	(96,451)	(76,827)
Loans drawdown		605,989	832,490	766,944	993,490
Loan to an associate		(1,874)	-	(1,874)	-
Repayment of loan from an associate		-	300,000	-	300,000
Repayment of loans		-	(190,085)	-	(581,085)
Upfront debt arrangement costs		(1,925)	(3,593)	(1,925)	(3,593)
Interest paid		(12,226)	(2,078)	(27,083)	(24,954)
Proceeds from rights issues		985,740	-	985,740	-
Issue expenses		(5,405)	-	(5,405)	-
<b>Net cash flows generated from financing activities</b>		<b>1,570,299</b>	<b>936,734</b>	<b>1,619,946</b>	<b>607,031</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>45,580</b>	<b>(23,871)</b>	<b>35,881</b>	<b>(525,689)</b>
Cash and cash equivalents at the beginning of period		40,161	73,731	49,860	575,549
<b>Cash and cash equivalents at the end of period</b>		<b>85,741</b>	<b>49,860</b>	<b>85,741</b>	<b>49,860</b>

### Notes:

- (1) Distribution for FY2011 is for the period 1 July 2010 to 31 December 2010, paid on 25 February 2011; 1 January 2011 to 30 June 2011, paid on 26 August 2011.  
Distribution for FY2010 is for the period 1 July 2009 to 31 December 2009, paid on 25 February 2010; 1 January 2010 to 30 June 2010, paid on 26 August 2010.

**1(c) Consolidated Statement of Cash Flows (cont'd)**

**Notes:**

(2) Effect of acquisition of Ocean Properties Pte. Limited ("OPPL") on cash flows is as follows:

	\$'000
Fair value of OPPL's NTA Acquired	1,579,265
<u>Add:-</u>	
Acquisition costs	27,720
Total consideration	<u>1,606,985</u>
<u>Less:-</u>	
Non-cash consideration:	
- Acquisition fee	(20,131)
Accrued acquisition costs	<u>(3,542)</u>
	(23,673)
Consideration settled in cash	1,583,312
Less: cash & cash equivalents of OPPL acquired	<u>(19,628)</u>
Net cash outflow on acquisition	<u>1,563,684</u>

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

Group	Note	Issued Equity \$'000	Accumulated Profits \$'000	Foreign	Hedging Reserve \$'000	Non-	Total \$'000
				Currency Translation Reserve \$'000		controlling Interest \$'000	
At 1 January 2011		1,672,063	389,404	(1,310)	(4,606)	-	2,055,551
Return for the year		-	290,072	-	-	6,074	296,146
Other comprehensive income, net of tax	1	-	-	12,666	(10,139)	-	2,527
Total comprehensive income		-	290,072	12,666	(10,139)	6,074	298,673
Issue of units for payment of management fees and acquisition fees	2	30,598	-	-	-	-	30,598
Rights issue	3	985,740	-	-	-	-	985,740
Issue expenses	4	(5,405)	-	-	-	-	(5,405)
Distribution to Unitholders		-	(96,451)	-	-	-	(96,451)
Acquisition of a subsidiary		-	-	-	-	206,759	206,759
At 31 December 2011		2,682,996	583,025	11,356	(14,745)	212,833	3,475,465
At 1 January 2010		1,645,657	356,995	-	-	-	2,002,652
Return for the year		-	109,236	-	-	-	109,236
Other comprehensive income, net of tax	1	-	-	(1,310)	(4,606)	-	(5,916)
Total comprehensive income		-	109,236	(1,310)	(4,606)	-	103,320
Issue of units for payment of management fees, acquisition and divestment fees	5	26,406	-	-	-	-	26,406
Distribution to Unitholders		-	(76,827)	-	-	-	(76,827)
At 31 December 2010		1,672,063	389,404	(1,310)	(4,606)	-	2,055,551

### Notes:

- (1) Other comprehensive income relates to the movement in foreign exchange translation reserve arising from the translation of foreign entities, intercompany loans that form part of the Group's net investment in foreign entities, fair value change of the cash flow hedges as a result of interest rate swaps and foreign currency forward contracts entered into by the Trust and share of fair value change of hedging reserves of an associate.
- (2) This represents 8,442,733 units issued in FY2011 as satisfaction of management fees payable in units and 23,534,019 units issued on 30 December 2011 in payment of acquisition fee for the approximate 87.5% interest in OPLLP.
- (3) This relates to gross proceeds raised from the rights issue of 1,159,694,000 units at the issue price of \$0.85 per unit.
- (4) This relates to the issuance expenses in relation to the rights issue as mentioned in note 3 above.
- (5) 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 the acquisition fee of MBFC and divestment fee of KTGE.

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

<u>Trust</u>	Note	<u>Issued Equity</u> \$'000	<u>Accumulated Profits</u> \$'000	<u>Hedging Reserve</u> \$'000	<u>Total</u> \$'000
<b>At 1 January 2011</b>		<b>1,672,063</b>	<b>402,558</b>	<b>(4,606)</b>	<b>2,070,015</b>
Return for the year		-	278,718	-	278,718
Other comprehensive income, net of tax	1	-	-	(8,536)	(8,536)
Total comprehensive income		-	278,718	(8,536)	270,182
Issue of units for payment of management fees and acquisition fees	2	30,598	-	-	30,598
Rights issue	3	985,740	-	-	985,740
Issue expenses	4	(5,405)	-	-	(5,405)
Distribution to Unitholders		-	(96,451)	-	(96,451)
<b>At 31 December 2011</b>		<b>2,682,996</b>	<b>584,825</b>	<b>(13,142)</b>	<b>3,254,679</b>
<b>At 1 January 2010</b>		<b>1,645,657</b>	<b>356,995</b>	<b>-</b>	<b>2,002,652</b>
Return for the year		-	122,390	-	122,390
Other comprehensive income, net of tax	1	-	-	(4,606)	(4,606)
Total comprehensive income		-	122,390	(4,606)	117,784
Issue of units for payment of management fees, acquisition and divestment fees	5	26,406	-	-	26,406
Issue expenses		-	-	-	-
Distribution to Unitholders		-	(76,827)	-	(76,827)
<b>At 31 December 2010</b>		<b>1,672,063</b>	<b>402,558</b>	<b>(4,606)</b>	<b>2,070,015</b>

**Notes:**

- (1) This relates to fair value change of the cash flow hedges as a result of interest rate swaps and foreign currency forward contracts entered into by the Trust.
- (2) This represents 8,442,733 units issued in FY2011 as satisfaction of management fees payable in units and 23,534,019 units issued on 30 December 2011 in payment of acquisition fee for the approximate 87.5% interest in OPLL.
- (3) This relates to gross proceeds raised from the rights issue of 1,159,694,000 units at the issue price of \$0.85 per unit.
- (4) This relates to the issuance expenses in relation to the rights issue as mentioned in note 3 above.
- (5) 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 the acquisition fee of MBFC and divestment fee of KTGE.

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

	<b>Group and Trust</b>	
	<b>2011 Units</b>	<b>2010 Units</b>
<b>Issued units as at 1 January</b>	<b>1,355,904,217</b>	<b>1,336,023,351</b>
Issue of new units:		
- Payment of management fees	5,710,905	6,328,699
<b>Issued units as at 30 September</b>	<b>1,361,615,122</b>	<b>1,342,352,050</b>
Issue of new units:		
- Payment of management fees	2,731,828	1,438,047
- Rights issue	1,159,694,000	-
- Payment of acquisition and divestment fees in units	23,534,019	12,114,120
<b>Issued units as at 31 December</b>	<b>2,547,574,969</b>	<b>1,355,904,217</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 2011 and 31 December 2010.

Total number of issued units in K-REIT Asia as at 31 December 2011 and 31 December 2010 are as disclosed in paragraph 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 year 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:-

Amendment to FRS 32	Improvements to FRSs issued in 2010 Financial Instruments:
FRS 24 (Revised)	Presentation – Classification of Rights Issues 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”)

	4Q2011	4Q2010	<u>Group</u> FY2011	FY2010
<b>Earnings per unit</b> (based on weighted average number of units as at the end of the period)				
Based on total return before gain on divestment of investment property and fair value change on investment properties	1.21 cents	0.91 cents <sup>1</sup>	4.73 cents	3.51 cents <sup>1</sup>
Based on total return after gain on divestment of investment property and fair value change on investment properties	15.11 cents	4.88 cents <sup>1</sup>	20.42 cents	7.49 cents <sup>1</sup>
- Weighted average number of units as at the end of the period	1,603,558,849	1,463,222,055 <sup>1</sup>	1,420,582,653	1,458,969,449 <sup>1</sup>
<b>Distribution per unit</b> (based on the number of units as at the end of the period)	1.40 cents	1.71 cents <sup>2</sup>	7.08 cents	6.37 cents <sup>2</sup>
- Number of units in issue as at the end of the period	2,547,574,969	1,355,904,217	2,547,574,969	1,355,904,217

The diluted EPU is the same as the basic EPU as there are no dilutive instruments in issue during the period.

**Notes:**

- (1) The comparative figures for earnings per unit and weighted average number of units in issue have been adjusted to account for the effect of the rights issue in paragraph 1(d)(ii).  
 (2) As previously reported.

## 7. NET ASSET VALUE (“NAV”)

	<u>Group</u>		<u>Trust</u>	
	As at 31/12/11	As at 31/12/10	As at 31/12/11	As at 31/12/10
NAV per unit (S\$) based on issued units at the end of the year	1.28	1.52	1.28	1.53
Adjusted NAV per unit (S\$) based on issued units at the end of the year (excluding the distributable income)	1.26	1.48	1.25	1.49

## 8. REVIEW OF PERFORMANCE

### 8(i) Property Income Contribution of the Properties

Property	4Q2011	4Q2010	Group		FY2010	FY2011	+/(-) %
	\$'000	\$'000	+/(-) %	\$'000			
Prudential Tower <sup>1</sup>	4,748	4,611	3.0	19,188	19,097	0.5	
Keppel Towers and GE Tower <sup>2</sup>	-	5,994	Nm	-	27,560	Nm	
Bugis Junction Towers	5,606	5,190	8.0	21,326	20,021	6.5	
Ocean Financial Centre <sup>3</sup>	2,866	-	Nm	2,866	-	Nm	
275 George Street <sup>4</sup>	5,627	5,231	7.6	22,274	17,547	26.9	
77 King Street <sup>5</sup>	3,773	334	>500	12,314	334	>500	
<b>Total property income</b>	<b>22,620</b>	<b>21,360</b>	<b>5.9</b>	<b>77,968</b>	<b>84,559</b>	<b>(7.8)</b>	

### 8(ii) Income Contribution of the Properties

Property	4Q2011	4Q2010	Group		FY2010	FY2011	+/(-) %
	\$'000	\$'000	+/(-) %	\$'000			
Prudential Tower <sup>1</sup>	3,709	3,838	(3.4)	14,753	15,650	(5.7)	
Keppel Towers and GE Tower <sup>2</sup>	-	4,642	Nm	-	19,941	Nm	
Bugis Junction Towers	3,804	4,433	(14.2)	16,543	16,476	0.4	
Ocean Financial Centre <sup>3</sup>	2,046	-	Nm	2,046	-	Nm	
275 George Street <sup>4</sup>	4,752	4,331	9.7	18,800	14,977	25.5	
77 King Street <sup>5</sup>	3,444	261	>500	9,512	261	>500	
<b>Total net property income</b>	<b>17,755</b>	<b>17,505</b>	<b>1.4</b>	<b>61,654</b>	<b>67,305</b>	<b>(8.4)</b>	
One-third interest in ORQPL:							
- Rental support	5,061	5,661	(10.6)	18,788	23,206	(19.0)	
- Interest income	359	2,000	(82.1)	1,446	10,970	(86.8)	
- Dividend income	3,323	2,820	17.8	15,750	9,232	70.6	
<b>Total income from one-third interest in ORQPL</b>	<b>8,743</b>	<b>10,481</b>	<b>(16.6)</b>	<b>35,984</b>	<b>43,408</b>	<b>(17.1)</b>	
One-third interest in BFC DPL <sup>2</sup> :							
- Rental support	1,730	1,482	16.7	11,523	1,482	>500	
- Interest income	4,883	300	>500	19,674	300	>500	
- Dividend income	8,698	-	Nm	21,643	-	Nm	
<b>Total income from one-third interest in BFC DPL</b>	<b>15,311</b>	<b>1,782</b>	<b>&gt;500</b>	<b>52,840</b>	<b>1,782</b>	<b>&gt;500</b>	
Ocean Financial Centre <sup>3</sup>							
- Rental support	8,611	-	Nm	8,611	-	Nm	
8 Chifley Square <sup>6</sup>							
- Interest income	533	-	Nm	909	-	Nm	
<b>Total income contribution</b>	<b>50,953</b>	<b>29,768</b>	<b>71.2</b>	<b>159,998</b>	<b>112,495</b>	<b>42.2</b>	

#### Notes:

Nm – Not meaningful

- (1) This comprises 92.8% and 73.4% of the strata area in Prudential Tower as of 31 December 2011 and 31 December 2010 respectively.
- (2) Both divestment of Keppel Towers and GE Tower ("KTGE") and acquisition of the one-third interest in BFC DPL were completed on 15 December 2010.
- (3) The acquisition of the approximate 87.5% interest in OPLL which owns Ocean Financial Centre was completed on 14 December 2011.
- (4) The acquisition of the 50% interest in 275 George Street, Brisbane was completed on 1 March 2010.
- (5) The acquisition of the 100% interest in the office tower at 77 King Street, Sydney was completed on 21 December 2010.
- (6) The acquisition of the 50% interest in 8 Chifley Square was completed on 28 July 2011.



**Review of Performance for 4Q2011 vs 4Q2010**

The Group's 4Q2011 results included contributions from its one-third interest in BFC Development Pte Ltd ("BFCDPL"), which holds Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall, and the office tower at 77 King Street ("77 King Street"), which were acquired on 15 December 2010 and 21 December 2010 respectively. This was partly offset by the loss of contributions resulting from the divestment of Keppel Towers and GE Tower ("KTGE") on 15 December 2010. The results also included contributions from the additional 19.4% interest in Prudential Tower, 50% interest in 8 Chifley Square, and the approximate 87.5% interest in Ocean Financial Centre ("OFC") through OPLLP, which were acquired on 3 May 2011, 28 July 2011 and 14 December 2011 respectively.

The Group's net income for 4Q2011 was \$22.4 million, a significant increase of 55.5% over 4Q2010 as a result of higher contributions from the associated companies of \$11.8 million, higher interest income and rental support, partly offset by higher amortisation expenses, borrowing costs and management fees resulting from the increased assets under management.

Property income for 4Q2011 was \$22.6 million, an increase of \$1.3 million or 5.9% over that for 4Q2010. The increase was due mainly to higher property income from the two Australian properties, Bugis Junction Towers and OFC's property income of \$2.9 million, partly offset by loss of \$6.0 million property income resulting from the KTGE divestment.

Total return before tax for 4Q2011 of \$251.1 million, which included a net fair value gain of \$228.7 million, was 246.8% higher than total return before tax for 4Q2010 of \$72.4 million, which included a net fair value gain of \$31.6 million.

Distribution to Unitholders increased significantly by 54.3% to \$35.7 million in 4Q2011 from \$23.2 million in 4Q2010.

The weighted average interest rate was lowered to 2.35% per annum in 4Q2011 compared with 2.75% per annum in 4Q2010. The aggregate leverage stood at 41.6% as at 31 December 2011. The weighted average term to expiry of debt was 3.1 years as at December 2011.

The portfolio attained 94.1% committed occupancy as at end-December 2011.

**Review of Performance for 4Q2011 vs 3Q2011**

Property income for 4Q2011 was \$22.6 million, an increase of \$4.0 million or 21.5% from \$18.6 million in 3Q2011. This was due mainly to higher property income from 77 King Street, Bugis Junction Towers and OFC's property income of \$2.9 million.

Net property income increased from \$14.7 million in 3Q2011 to \$17.8 million in 4Q2011, attributed mainly to higher property income.

Net income for 4Q2011 was \$22.4 million, an increase of \$4.7 million or 26.5% over that for 3Q2011. The increase was due mainly to higher property income, rental support and share of results of associated companies, partly offset by higher trust expenses, management fees and amortisation expenses.

Distribution to Unitholders increased by \$9.0 million, from \$26.7 million in 3Q2011 to \$35.7 million in 4Q2011.

The weighted average interest rate for 4Q2011 was 2.35% per annum compared with 2.48% per annum for 3Q2011.

**8. REVIEW OF PERFORMANCE (CONT'D)****Review of Performance for FY2011 vs FY2010**

The Group's net income for FY2011 was \$73.7 million, an increase of 34.8% over that for FY2010, due mainly to higher contributions from the associated companies, higher interest income and rental support, partly offset by lower net property income, higher amortisation expenses, borrowing costs and management fees.

Property income for FY2011 was \$78.0 million, a \$6.6 million or 7.8% decrease over that for FY2010. The decrease was due mainly to the loss of property income from the divestment of KTGE, partly offset by higher property income from the two Australian properties, Bugis Junction Towers and OFC's property income of \$2.9 million.

Property expenses decreased by \$0.9 million or 5.4% from FY2010 to \$16.3 million in FY2011 in line with the decrease in property income.

Total return before tax for FY2011 of \$302.5 million, which included a net fair value gain of \$228.7 million, was 168.3% higher than total return before tax for FY2010 of \$112.7 million, which included a net fair value gain of \$31.6 million.

Distribution to Unitholders increased by 31.9% to \$113.0 million in FY2011 from \$85.6 million in FY 2010.

## 9. VARIANCE FROM FORECAST STATEMENT

### Statement of Total Return (Proforma vs Forecast)

	<u>Proforma<sup>1</sup></u>	<u>Forecast<sup>2</sup></u>		<u>Proforma<sup>1</sup></u>	<u>Forecast<sup>2</sup></u>	
	<u>4Q2011</u>	<u>4Q2011</u>	<u>+/(-)</u>	<u>FY2011</u>	<u>FY2011</u>	<u>+/(-)</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>
Gross rent	18,121	16,955	6.9	71,319	68,321	4.4
Car park income	298	280	6.4	1,149	1,111	3.4
Other income	603	22	>500	709	86	>500
<b>Property income</b>	<b>19,022</b>	<b>17,257</b>	<b>10.2</b>	<b>73,177</b>	<b>69,518</b>	<b>5.3</b>
Property tax	(915)	(1,116)	(18.0)	(3,706)	(4,428)	(16.3)
Other property expenses	(2,043)	(1,743)	17.2	(7,381)	(6,781)	8.8
Property management fee	(306)	(356)	(14.0)	(1,524)	(1,456)	4.7
Maintenance and sinking fund contributions	(557)	(560)	(0.5)	(2,160)	(2,228)	(3.1)
<b>Property expenses</b>	<b>(3,821)</b>	<b>(3,775)</b>	<b>1.2</b>	<b>(14,771)</b>	<b>(14,893)</b>	<b>(0.8)</b>
<b>Net property income</b>	<b>15,201</b>	<b>13,482</b>	<b>12.8</b>	<b>58,406</b>	<b>54,625</b>	<b>6.9</b>
Rental support	7,697	10,084	(23.7)	33,999	40,122	(15.3)
Interest income	5,418	5,346	1.3	22,122	21,384	3.5
Share of results of associates	11,978	6,951	72.3	37,393	27,807	34.5
Amortisation expense	(6,833)	(6,855)	(0.3)	(27,689)	(27,559)	0.5
Borrowing costs	(6,715)	(7,667)	(12.4)	(26,997)	(30,418)	(11.2)
Manager's management fees	(5,926)	(5,255)	12.8	(22,330)	(20,971)	6.5
Trust expenses	(2,136)	(754)	183.3	(4,356)	(3,017)	44.4
Changes in fair value of derivative financial instruments	4	-	Nm	(787)	-	Nm
<b>Net Income</b>	<b>18,688</b>	<b>15,332</b>	<b>21.9</b>	<b>69,761</b>	<b>61,973</b>	<b>12.6</b>
Net change in fair value of investment properties	224,561	-	Nm	224,561	-	Nm
<b>Total return before tax</b>	<b>243,249</b>	<b>15,332</b>	<b>&gt;500</b>	<b>294,322</b>	<b>61,973</b>	<b>374.9</b>
Income tax expense	(1,325)	(1,795)	(26.2)	(4,857)	(7,103)	(31.6)
<b>Total return after tax</b>	<b>241,924</b>	<b>13,537</b>	<b>&gt;500</b>	<b>289,465</b>	<b>54,870</b>	<b>427.5</b>
<b><u>Distribution Statement</u></b>						
<b>Total return after tax</b>	<b>241,924</b>	<b>13,537</b>	<b>&gt;500</b>	<b>289,465</b>	<b>54,870</b>	<b>427.5</b>
Net tax adjustments	(215,415)	9,006	Nm	(187,712)	36,366	Nm
<b>Income available for distribution</b>	<b>26,509</b>	<b>22,543</b>	<b>17.6</b>	<b>101,753</b>	<b>91,236</b>	<b>11.5</b>
<b>Distribution to Unitholders</b>	<b>26,509</b>	<b>22,543</b>	<b>17.6</b>	<b>101,753</b>	<b>91,236</b>	<b>11.5</b>
<b>Distribution per unit (cents)</b>						
For the period	1.94	1.64	18.3	7.46	6.68	11.7
<b><u>Adjusted for Rights Units<sup>3</sup></u></b>						
<b>Distribution per Unit (cents)</b>						
For the period	1.05	0.89	18.0	4.03	3.61	11.6

#### Notes:

Nm – Not meaningful

- (1) The Proforma results are based on the actual results for 4Q2011 and FY2011 adjusted to exclude the contributions from the additional 19.4% interest in Prudential Tower, 50% interest in 8 Chiffley Square and the approximate 87.5% in Ocean Financial Centre, which were acquired on 3 May 2011, 28 July 2011 and 14 December 2011 respectively.
- (2) The Forecast for 4Q2011 and FY2011 are derived from the Forecast shown in K-REIT Asia's Circular dated 8 November 2010 for the acquisition of one-third interest in BFCDFL and divestment of KTGE and does not include the additional 19.4% interest in Prudential Tower, 50% interest in 8 Chiffley Square, and the approximate 87.5% in Ocean Financial Centre, which were acquired on 3 May 2011, 28 July 2011 and 14 December 2011 respectively.
- (3) Adjusted to take into account the effect of the fully underwritten, renounceable 17-for-20 rights issue of 1,159,694,000 units to raise gross proceeds of \$985.7 million at an issue price of \$0.85 per rights unit.

**VARIANCE FROM FORECAST STATEMENT (CONT'D)****Review of Performance for 4Q2011 (Proforma) vs 4Q2011 (Forecast)**

Compared with the Forecast which does not include the additional 19.4% interest in Prudential Tower acquired on 3 May 2011, the 50% interest in 8 Chifley Square acquired on 28 July 2011, and the approximate 87.5% interest in OPLL P acquired on 14 December 2011, the Proforma results have similarly excluded the contributions from these investments.

The Group's net property income rose by \$1.7 million or 12.8% to \$15.2 million as compared with Forecast of \$13.5 million, due mainly to higher contributions from the Australian properties and the 73.4% interest in Prudential Tower.

Net income for 4Q2011 was \$18.7 million, an increase of \$3.4 million or 21.9% over the Forecast. This was due mainly to higher net property income, higher share of results of associated companies and lower borrowing costs, partly offset by lower rental support and higher trust expenses and management fees.

Distributable income to Unitholders increased by \$4.0 million or 17.6% to \$26.5 million as compared with Forecast of \$22.5 million.

**Review of Performance for FY2011 (Proforma) vs FY2011 (Forecast)**

Compared with the Forecast which does not include the additional 19.4% interest in Prudential Tower acquired on 3 May 2011, the 50% interest in 8 Chifley Square acquired on 28 July 2011, and the approximate 87.5% interest in OPLL P acquired on 14 December 2011, the Proforma results have similarly excluded the contributions from these investments.

The Group's net property income was \$58.4 million for FY2011 and increase of \$3.8 million or 6.9% over the Forecast. This was due mainly to higher property income of \$3.7 million or 5.3% over the Forecast and lower property expenses by \$0.1 million or 0.8% as compared with Forecast.

Net income increased by \$7.8 million or 12.6% to \$69.8 million as compared with Forecast. This was due to higher net property income, higher share of results of associated companies and lower borrowing costs, partly offset by lower rental support and higher trust expenses and management fees.

Distributable income to Unitholders increased by \$10.5 million or 11.5% to \$101.8 million as compared with Forecast of \$91.2 million.

**10. PROSPECTS**

According to advance estimates released by the Ministry of Trade and Industry, the Singapore economy grew 4.8% in 2011, in line with its earlier estimates of around 5.0%. In 4Q 2011, the economy expanded 3.6% year-on-year. Growth in the fourth quarter was driven mainly by the manufacturing and services sectors which grew 6.5% and 3.2% respectively.

According to CBRE, the average monthly rental for Grade A offices at Marina Bay and Raffles Place locations stayed consistent at \$11.00 psf in 4Q 2011. On a year-on-year basis, the average rental increased 11.7%. Office occupancy in 4Q 2011 stood at 91.2%. Given the new supply of office space coming on line, the vacancy is expected to rise from the current 8% to 12% in 2012.

Nonetheless, real estate consultants are optimistic that net office demand will remain positive in 2012 due to the new entrants coming into Singapore to set up their businesses. These are mainly from business sectors such as energy and natural resources and legal services.

The Reserve Bank of Australia (RBA) estimates GDP growth for 2011 to be 2.75% and range between 3.0% and 3.5% in 2012. Against the uncertain debt conditions in Europe and rising inflation at home, the RBA reduced interest rate to 4.25% in the second half of 2011.

According to the Property Council of Australia, employment growth in the mining and government sectors will likely drive net positive absorption of office space and increase occupancy rates in Brisbane's CBD. However, growth in occupancy rates and rentals in Brisbane will be tempered by new supply of office space coming on line in 2012. CBRE reported that the prime office occupancy rates and indicative prime office average rents in Brisbane remained stable at 96% and A\$750 psm p.a. respectively.

In Sydney, the average gross face rent for prime office space stood at A\$790 psm p.a. CBRE estimates that the average occupancy for prime office will likely be stable at around 90.7%. However, occupancy is expected to improve given the sustained growth in white-collared employment and given that there is almost no new supply over the next 18 months.

K-REIT Asia has approximately 2.2% of net lettable area due for rent review and renewal in 2012. Its portfolio weighted average lease expiry of 6.7 years and prudent capital position put it in good stead to ride through a potential market downtrend in 2012.

The Manager will focus on attracting new tenants, retaining its existing tenants, and managing K-REIT Asia's lease profile. It will continue to exercise prudent interest rate and foreign exchange hedging policies so as to manage financial risks. The Manager will also selectively pursue opportunities for strategic acquisitions so as to deliver long term growth to Unitholders.

**11. RISK FACTORS AND RISK MANAGEMENT**

K-REIT Asia ascribes great importance to risk management and constantly takes initiatives to systematically 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.

**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 and progressive payments in 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.

**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 2011 to 31 December 2011
Distribution Type	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
Distribution rate	(a) Taxable income distribution - 0.81 cents per unit (b) Tax-exempt income distribution - 1.57 cents per unit (c) Capital distribution - 0.07 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> <p><u>Capital distribution</u> Capital distribution represents a return of capital to Unitholders for Singapore income tax purposes and is therefore not subject to income tax. For Unitholders who are liable to Singapore income tax on profits from sale of K-REIT Asia units, the amount of capital distribution will be applied to reduce the cost base of their K-REIT Asia units for Singapore income tax purposes.</p>

**12. DISTRIBUTIONS (CONT'D)**

**(b) Corresponding Period of the Immediately Preceding Financial Year**

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>

**(c) Date Payable**

24 February 2012

**(d) Books Closure Date**

27 January 2012

**13. DISTRIBUTION STATEMENT**

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



## 14. SEGMENTAL INFORMATION

	<u>Group</u>		+/(-) %
	FY2011 \$'000	FY2010 \$'000	
<b><u>Property</u></b>			
Prudential Tower <sup>1</sup>	14,753	15,650	(5.7)
Keppel Towers and GE Tower <sup>2</sup>	-	19,941	Nm
Bugis Junction Towers	16,543	16,476	0.4
Ocean Financial Centre <sup>3</sup>	2,046	-	Nm
275 George Street <sup>4</sup>	18,800	14,977	25.5
77 King Street <sup>5</sup>	9,512	261	>500
<b>Total net property income</b>	<b>61,654</b>	<b>67,305</b>	<b>(8.4)</b>
One-third interest in ORQPL:			
- Rental support	18,788	23,206	(19.0)
- Interest income	1,446	10,970	(86.8)
- Dividend income	15,750	9,232	70.6
<b>Total income from one-third interest in ORQPL</b>	<b>35,984</b>	<b>43,408</b>	<b>(17.1)</b>
One-third interest in BFC DPL <sup>2</sup> :			
- Rental support	11,523	1,482	>500
- Interest income	19,674	300	>500
- Dividend income	21,643	-	Nm
<b>Total income from one-third interest in BFC DPL</b>	<b>52,840</b>	<b>1,782</b>	<b>&gt;500</b>
Ocean Financial Centre <sup>3</sup>			
- Rental support	8,611	-	Nm
8 Chifley Square <sup>6</sup>			
- Interest income	909	-	Nm
<b>Total income contribution</b>	<b>159,998</b>	<b>112,495</b>	<b>42.2</b>

**Notes:**

Nm – Not meaningful

- (1) This comprises 92.8% and 73.4% of the strata area in Prudential Tower as of 31 December 2011 and 31 December 2010 respectively.
- (2) Both divestment of Keppel Towers and GE Tower ("KTGE") and acquisition of the one-third interest in BFC DPL were completed on 15 December 2010.
- (3) The acquisition of the approximate 87.5% interest in OPLLP which owns Ocean Financial Centre was completed on 14 December 2011.
- (4) The acquisition of the 50% interest in 275 George Street, Brisbane was completed on 1 March 2010.
- (5) The acquisition of the 100% interest in the office tower at 77 King Street, Sydney was completed on 21 December 2010.
- (6) The acquisition of the 50% interest in 8 Chifley Square was completed on 28 July 2011.

## 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

	<u>Group</u>		+/( -) %
	FY2011 \$'000	FY2010 \$'000	
(a) Property income reported for first half year	36,734	41,440	(11.4)
(b) Total return after tax for first half year	31,421	23,028	36.4
(c) Property income reported for second half year	41,234	43,119	(4.4)
(d) Total return after tax for second half year <sup>1</sup>	264,725	86,208	207.1

**Notes:**

(1) The total return after tax for second half year FY2011 and FY2010 includes fair value changes of the investment properties amounting to approximately \$228.7 million and \$31.6 million respectively. Fair value changes are non-taxable items and have no impact on the distributable income to Unitholders.

## 17. INTERESTED PERSON TRANSACTIONS

Name of Interested Person	<b>Aggregate value of all interested person transactions during the financial year under review (excluding transactions of less than \$100,000)</b>	
	FY2011 \$'000	FY2010 \$'000
<u>Keppel Corporation Limited and its subsidiaries or associates</u>		
- Manager's management fees	23,699	15,074
- Acquisition fee	23,437	17,935
- Divestment fee	-	2,865
- Property management fees and reimbursable	1,692	3,054
- Leasing commissions	1,230	1,134
- Rental support	38,922	24,688
- Interest on term loan <sup>1</sup>	8,192	19,687
- Rental and service charge income <sup>1</sup>	32,898	1,011
- Acquisition of approximately 87.5% interest in Ocean Properties Pte Limited	1,579,265	-
- Deposits and interest income <sup>2</sup>	-	80
- Acquisition of one third interest in MBFC	-	1,399,221
- Divestment of KTGE	-	563,000
<u>RBC Dexia Trust Services Singapore Limited</u>		
- Trustee's fees	564	353

No IPT mandate has been obtained by K-REIT Asia for the financial year under review.

**Notes:**

(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 Kephinance Investment Pte Ltd during 1 January 2010 till 14 January 2010.

**18. BREAKDOWN OF TOTAL ANNUAL DISTRIBUTION**

	<b>FY2011</b>	<b>FY2010</b>
	<b>\$'000</b>	<b>\$'000</b>
1 January 2010 to 30 June 2010 (paid)	-	39,819
1 July 2010 to 31 December 2010 (paid)	-	45,919
1 January 2011 to 30 June 2011 (paid)	50,572	-
1 July 2011 to 31 December 2011 (to be paid) <sup>1</sup>	62,393	-
	<u>112,965</u>	<u>85,738</u>

**Notes:**

(1) Please refer to paragraph 12(a) on page 22.

**19. DISCLOSURE OF A PERSON OCCUPYING A MANAGERIAL POSITION**

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, we confirm that none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a director or chief executive officer or substantial shareholder of the Company.

## QUARTERLY BREAKDOWN

### Property Contribution by Asset (\$'000)

	1Q10	2Q10	3Q10	4Q10	FY10	1Q11	2Q11	3Q11	4Q11	FY11
<b>Property</b>										
Prudential Tower <sup>1</sup>	4,723	4,932	4,831	4,611	19,097	4,847	4,763	4,830	4,748	19,188
Keppel Towers and GE Tower <sup>2</sup>	7,095	7,180	7,291	5,994	27,560	-	-	-	-	-
Bugis Junction Towers	4,965	4,883	4,983	5,190	20,021	5,358	5,277	5,085	5,606	21,326
Ocean Financial Centre <sup>3</sup>	-	-	-	-	-	-	-	-	2,886	2,886
275 George Street <sup>4</sup>	1,427	6,235	4,654	5,231	17,547	5,446	5,492	5,709	5,627	22,274
77 King Street <sup>5</sup>	-	-	-	334	334	3,021	2,530	2,990	3,773	12,314
<b>Total property income</b>	<b>18,210</b>	<b>23,230</b>	<b>21,759</b>	<b>21,360</b>	<b>84,559</b>	<b>18,672</b>	<b>18,062</b>	<b>18,614</b>	<b>22,620</b>	<b>77,968</b>

### Income Contribution by Asset (\$'000)

	1Q10	2Q10	3Q10	4Q10	FY10	1Q11	2Q11	3Q11	4Q11	FY11
<b>Property</b>										
Prudential Tower <sup>1</sup>	3,855	3,916	4,041	3,838	15,650	3,827	3,788	3,429	3,709	14,753
Keppel Towers and GE Tower <sup>2</sup>	4,723	4,811	5,765	4,642	19,941	-	-	-	-	-
Bugis Junction Towers	4,207	3,920	3,916	4,433	16,476	4,327	4,290	4,122	3,804	16,543
Ocean Financial Centre <sup>3</sup>	-	-	-	-	-	-	-	-	2,046	2,046
275 George Street <sup>4</sup>	1,103	5,746	3,797	4,331	14,977	4,612	4,716	4,720	4,752	18,800
77 King Street <sup>5</sup>	-	-	-	261	261	2,173	1,509	2,386	3,444	9,512
<b>Net property income</b>	<b>13,888</b>	<b>18,393</b>	<b>17,519</b>	<b>17,505</b>	<b>67,305</b>	<b>14,939</b>	<b>14,303</b>	<b>14,657</b>	<b>17,755</b>	<b>61,654</b>
One-third interest in ORQPL:										
- Rental support	5,968	5,816	5,761	5,661	23,206	4,596	4,495	4,636	5,061	18,788
- Interest income	3,087	2,973	2,910	2,000	10,970	364	362	361	359	1,446
- Dividend income	2,092	2,378	1,942	2,820	9,232	4,084	4,355	3,988	3,323	15,750
<b>Total income from one-third interest in ORQPL</b>	<b>11,147</b>	<b>11,167</b>	<b>10,613</b>	<b>10,481</b>	<b>43,408</b>	<b>9,044</b>	<b>9,212</b>	<b>8,985</b>	<b>8,743</b>	<b>35,984</b>
One-third interest in BFCDDL <sup>2</sup> :										
- Rental support	-	-	-	1,482	1,482	4,385	4,305	1,103	1,730	11,523
- Interest income	-	-	-	300	300	4,940	4,929	4,922	4,883	19,674
- Dividend income	-	-	-	-	-	2,067	3,937	6,941	8,698	21,643
<b>Total income from one-third interest in BFCDDL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,782</b>	<b>1,782</b>	<b>11,392</b>	<b>13,171</b>	<b>12,966</b>	<b>15,311</b>	<b>52,840</b>
Ocean Financial Centre <sup>3</sup>										
- Rental support	-	-	-	-	-	-	-	-	8,611	8,611
8 Chifley Square <sup>6</sup>										
- Interest income	-	-	-	-	-	-	-	376	533	909
<b>Total income contribution</b>	<b>25,035</b>	<b>29,560</b>	<b>28,132</b>	<b>29,768</b>	<b>112,495</b>	<b>35,375</b>	<b>36,686</b>	<b>36,984</b>	<b>50,953</b>	<b>159,998</b>

#### Notes:

- (1) This comprises 92.8% and 73.4% of the strata area in Prudential Tower as of 31 December 2011 and 31 December 2010 respectively.
- (2) Both divestment of KTGE and acquisition of the one-third interest in BFCDDL were completed on 15 December 2010.
- (3) The acquisition of the approximate 87.5% interest in OPLLP which owns Ocean Financial Centre was completed on 14 December 2011.
- (4) The acquisition of the 50% interest in 275 George Street, Brisbane was completed on 1 March 2010.
- (5) The acquisition of the 100% interest in the office tower at 77 King Street, Sydney was completed on 21 December 2010.
- (6) The acquisition of the 50% interest in 8 Chifley Square, Sydney was completed on 28 July 2011.

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  
 17 January 2012