<u>PRESS RELEASE</u>

K-REIT Asia Unaudited Results for the Second Quarter and Half Year Ended 30 June 2012

16 July 2012

The Directors of K-REIT Asia Management Limited, as manager of K-REIT Asia, announce the unaudited results of K-REIT Asia for the second quarter and half year ended 30 June 2012.

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

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K-REIT Asia's Distributable Income for First Half 2012 (1H 2012) Grew by 94.6% Year-on-Year

- ***Successful conversion of holding structure of Marina Bay Financial Centre Phase 1 (MBFC Phase 1) to a Limited Liability Partnership (LLP) has enabled K-REIT Asia to enjoy tax transparency on income from MBFC Phase 1.***
- ***Income-accretive acquisition of additional 12.39% interest has increased K-REIT Asia's interest in Ocean Financial Centre (OFC) to 99.9%.***
  The acquisition was part-funded by a placement of new K-REIT Asia units issued at a 15% premium to the volume weighted average price of $1.02 per Unit on 25 June 2012.
- ***Property Income and Net Property Income (NPI) for 1H 2012 more than doubled to $75.9m and $59.8m respectively, due mainly to income contribution from OFC.***
- ***Distributable income rose by 94.6% year-on-year to $98.4 million as a result of higher NPI and share of results from MBFC Phase 1 and One Raffles Quay.***
- ***Distribution Per Unit (DPU) rose by 92.0% to 3.84 cents.***
- ***The 7.72 cents annualised DPU for 1H 2012 surpassed the 7.16 cents DPU public forecast for 2012 by 7.8%.***
- ***Portfolio occupancy increased to 97.0% as at 30 June 2012.***
- ***All-in average cost of borrowing for 2Q 2012 stood at 2.0%.***

Summary of Results

($'000)	1H 2012	1H 2011	% Change	2Q 2012	2Q 2011	% Change
Property Income	75,873	36,734	106.5	39,285	18,062	117.5
Net Property Income	59,778	29,242	104.4	31,269	14,303	118.6
Share of results of associates	22,092	14,486	52.5	10,862	8,335	30.3
Distributable Income to Unitholders[1]	98,355	50,544	94.6	49,811	26,291	89.5
Distribution Per Unit (cents)	3.84	2.00[2]	92.0	1.94	1.04[2]	86.5
Annualised Distribution Per Unit (cents)	7.72	4.03[2]	91.6	7.80	4.17[2]	87.1
Distribution Yield (%)	7.3%[3]	N.M.	N.M.	7.3%[3]	N.M.	N.M.

[1] The distributable income to Unitholders is based on 100% of the income available for distribution.

[2] These have been restated to take into account the effect of the fully underwritten, renounceable 17-for-20 rights issue of 1,159,694,000 units at an issue price of $0.85 per rights unit and computed based on the issued units at the end of the period aggregated with 1,159,694,000 units which were issued on 13 December 2011.

[3] The yield is based on the market closing price per unit of $1.065 as at the last trading day, 29 June 2012.

Financial Performance

K-REIT Asia Management Ltd, the Manager of K-REIT Asia, is pleased to announce that in 1H 2012, property income and net property more than doubled to $75.9 million and $59.8 million respectively due mainly to the income contribution from the 87.51% interest in OFC which was acquired on 14 December 2011 as well as enhanced performance from Prudential Tower, 275 George Street and 77 King Street.

Share of results of associates which is attributed to K-REIT Asia's respective one-third interest in One Raffles Quay and MBFC Phase 1 grew 52.5% to $22.1 million. With three of K-REIT Asia's properties fully occupied and another three buildings in its overall portfolio registering higher occupancies in 2Q 2012, K-REIT Asia's distributable income grew 94.6% to $98.4 million.

DPU for 1H 2012 increased 92.0% to 3.84 cents. This translates to an annualised DPU of 7.72 cents which represents a DPU yield of 7.3% based on the market closing price per unit of $1.065 as at 29 June 2012. The 7.72 cents annualised DPU for 1H 2012 is 7.8% ahead of the 7.16 cents DPU public forecast for 2012 which was published in the Circular to Unitholders dated 19 October 2011, issued in conjunction with the acquisition of the 87.51% interest in OFC.

Unitholders can expect to receive the DPU payment for 1H 2012 on 27 August 2012. This will be the last time Unitholders will receive distribution income on a half-yearly basis. Going forward, K-REIT Asia will pay distribution income on a quarterly basis commencing from the financial quarter ending 30 September 2012.

MBFC Phase 1 Obtains Tax Transparency

On 15 June 2012, K-REIT Asia announced the successful conversion of BFC Development Pte. Ltd., which holds MBFC Phase 1, to BFC Development LLP. As a result of the conversion, income generated by MBFC Phase 1 will not be subject to corporate income tax and will flow to K-REIT Asia's Unitholders on a tax transparent basis. This increases the income contribution from K-REIT Asia's interest in MBFC Phase 1 with effect from 15 June 2012.

Strategic Acquisition and Placement of New Units at Premium to Market

On 25 June 2012, K-REIT Asia increased its interest in OFC to 99.9% with the acquisition of an additional 12.39% interest. This acquisition gives the Manager full management control of OFC and strengthens K-REIT Asia's position as the key premium office landlord in the Raffles Place and Marina Bay precincts. Approximately 93% of K-REIT Asia's Singapore assets by value are now located in Singapore's central business district (CBD).

The acquisition was funded by bank borrowings and proceeds from a placement of 60 million new K-REIT Asia units at an issue price of $1.17 per unit. The issue price at an approximate 15% premium to the volume weighted average price on 25 June 2012 was unprecedented and signaled a new floor for K-REIT Asia's unit price. The placement also increased the free float of K-REIT Asia's units in issue.

Portfolio Operations

K-REIT Asia registered improved occupancy across its properties in 2Q 2012. OFC and Prudential Tower increased occupancy to 92.3% and 99.5% respectively as at end-June 2012. K-REIT Asia's Singapore portfolio average occupancy rate increased to 97.0% as at end-June 2012, higher than the average core CBD office occupancy rate of 91.6%. 77 King Street in Sydney also posted a significant increase in occupancy from 88.0% as at end-March 2012 to 92.7% as at end-June 2012.

As at 30 June 2012, less than 2,000 sf of net lettable area (NLA) is due for renewal and approximately 40,000 sf or 1.5% of K-REIT Asia's portfolio NLA is due for rent review in 2012. The weighted average lease term to expiry for the top ten tenants and the entire portfolio stood at healthy levels of 7.7 years and 6.2 years respectively.

Capital Management

The Manager is currently in the process of refinancing $598 million of loans that are due to mature at the end of 2012. Once the refinancing is completed, K-REIT Asia's weighted average debt maturity profile will be extended to 3.6 years, and a larger proportion of its portfolio will be unencumbered. Currently, approximately half of K-REIT Asia's assets under management are unencumbered.

Post-acquisition of the additional 12.4% stake in OFC, aggregate leverage stood at 43.9%. Nonetheless, the Manager was able to reduce the average all-in interest rate to 2.0% and maintain a prudent interest coverage ratio of 5.3 times. Moody's and Standard and Poor's have affirmed their credit ratings on K-REIT Asia at Baa3 (positive) and BBB (stable) respectively.

Singapore Office Market Resilience

The Singapore economy proved to be relatively resilient in 2Q 2012, expanding 1.9% year-on-year after growing 1.4% in 1Q 2012. Barring unforeseen downside risks, the Ministry of Trade and Industry expects Singapore to achieve full year GDP growth between 1.0% and 3.0%.

According to CBRE, average Grade A office rents dipped slightly from $10.60 psf per month as at 1Q 2012 to $10.10 psf per month as at 2Q 2012. This was due mainly to the completion of new Grade A office space in 1H 2012. However, the pressure on Grade A office rents is expected to ease going forward as there are no new developments until 2H 2013.

The average occupancy in the core CBD increased from 90.7% in 1Q 2012 to 91.6% in 2Q 2012 with leasing activity being concentrated in the new buildings. Demand for new Grade A office space from the legal sector increased on the back of regulatory liberalisation and appears to have cushioned the impact of waning office demand from the financial services sector.

Australia Shows Signs of Economic Expansion

The Australian economy remains fairly resilient. The Reserve Bank of Australia (RBA) maintained the benchmark interest rate of 3.50% at its policy meeting on 3 July 2012, indicating its confidence that the economy is robust enough to weather impact from Europe's debt crisis and China's economic slowdown.

Although uncertain global economic conditions may affect business confidence in Sydney, prime gross rents in Sydney's CBD grew in 2Q2012. This was due partly to positive demand from the growing mining sector and the shortage of premium contiguous space. Average prime office rents in Sydney stood at A$812 psm p.a. in 2Q2012. In Brisbane, demand for office space grew on the back of increasing white collar employment, driving prime office rentals up to A$649 psm p.a. in 2Q2012.

Looking Ahead

Despite the supply of new office space in Singapore, the Manager has continued to attract new tenants to its properties and raised the committed occupancies at OFC, MBFC Phase I and Prudential Tower. The Manager believes that K-REIT Asia's properties will continue to appeal to corporate tenants that value strategic location and quality building specifications.

Going forward, the Manager will strive to maintain strong occupancy for its portfolio of properties by attracting new tenants, retaining existing tenants and managing K-REIT Asia's lease profile. It will actively seek to refinance maturing loans at competitive terms and extend the debt maturity profile. It will also continue to undertake prudent interest rate and foreign exchange hedging so as to manage financial risks. The Manager will selectively pursue opportunities for strategic acquisitions so as to deliver long-term growth to Unitholders.

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

K-REIT Asia is one of the largest real estate investment trusts (REIT) listed on the Singapore Exchange Securities Trading Limited (SGX-ST), with an asset size of $6.3 billion, as at 30 June 2012.

Listed by way of an introduction on 28 April 2006, K-REIT Asia's objective is to generate stable income and long-term growth for Unitholders by owning and investing in a portfolio of quality income-producing commercial real estate and real estate-related assets in Singapore and across Asia.

K-REIT Asia's quality portfolio comprises eight premium commercial assets strategically located in the central business districts of Singapore and key cities of Sydney and Brisbane in Australia.

In Singapore, K-REIT Asia owns Bugis Junction Towers, a one-third interest in Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall, a 99.9% interest in Ocean Financial Centre, a one-third interest in One Raffles Quay and a 92.8% interest in Prudential Tower.

In Australia, K-REIT Asia owns the 77 King Street Office Tower and a 50% interest in 8 Chifley Square, both in Sydney as well as a 50% interest in 275 George Street in Brisbane.

K-REIT Asia is sponsored by Keppel Land Limited (Keppel Land), one of Asia's leading property developers, and managed by K-REIT Asia Management Limited, a wholly-owned subsidiary of Keppel Land.