

PRESS RELEASE

K-REIT Asia Unaudited Results for the Quarter Ended 31 March 2012

16 April 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 quarter ended 31 March 2012.

The press release and presentation materials are also available at www.kreitasia.com, www.keppelland.com.sg and www.kepcorp.com.

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K-REIT Asia's Financial Highlights
For the Quarter 1 January 2012 to 31 March 2012

K-REIT Asia's Distributable Income for 1Q2012 Doubled

- **Annualised 1Q2012 Distribution Per Unit (DPU) increased 96.4% to 7.64 cents.**
- **Distributable income for 1Q2012 doubled from the previous quarter to \$48.5 million due mainly to the contribution from the approximately 87.5% interest in Ocean Financial Centre ("OFC Interest") that was acquired on 14 December 2011.**
- **Net income increased 113.0% year-on-year to \$34.1 million due mainly to the contribution from the OFC Interest, and the increase in the share of results from BFC Development Pte Ltd ("BFC DPL") and One Raffles Quay Pte Ltd ("ORQPL").**
- **Average portfolio committed occupancy rose to 96.1% as at end-1Q 2012 from 94.1% as at end- 4Q 2011.**
- **96.3% Singapore portfolio committed occupancy remains well above the average Singapore Core Central Business District ("CBD") occupancy of 90.7%¹.**

Summary of Results

(\$'000)	1Q 2012	1Q 2011	Change	% Change
Property Income	36,588	18,672	17,916	96.0
Net Property Income	28,509	14,939	13,570	90.8
Share of Results of Associates	11,230	6,151	5,079	82.6
Net Income before Tax	34,132	16,027	18,105	113.0
Distributable Income to Unitholders ²	48,544	24,253	24,291	100.2
Distribution Per Unit (cents)	1.90	0.96 ³	0.94	97.9
Annualised Distribution Per Unit (cents)	7.64	3.89 ³	3.75	96.4
Distribution Yield	7.9% ⁴	3.0% ⁵	4.9%	

¹ Source: CB Richard Ellis

² The distribution income to Unitholders is based on 100% of the income available for distribution.

³ 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 on the issued units at the end of the period aggregated with 1,159,694,000 units which were issued on 13 December 2011.

⁴ The yield is based on the market closing price per unit of \$0.965 as at the last trading day, 30 March 2012.

⁵ The yield is based on the market closing price per unit of \$1.29 as at the last trading day, 31 March 2011.

Growth in Property Income

K-REIT Asia doubled its distributable income to \$48.5 million in 1Q 2012, from \$24.3 million in 1Q 2011. The increase was due to higher contributions from its existing properties and new acquisitions comprising the additional four floors of strata office space at Prudential Tower, 50% interest in 8 Chifley Square and approximately 87.5% interest in OFC Interest. These properties were acquired on 3 May, 28 July and 14 December 2011 respectively.

Property income rose 96.0% year-on-year to \$36.6 million, due mainly to the \$17.3 million contribution from the OFC Interest and, to the higher property income from the Prudential Tower Property and 50% interest in 275 George Street. These higher income streams translated to a 90.8% increase in net property income to \$28.5 million.

Share of results of associates increased 82.6% to \$11.2 million as a result of higher contribution from the one-third interest in BFC DPL and ORQPL.

Interest income increased 22.0% to \$6.9 million, due mainly to the coupon interest income from the 50% interest in 8 Chifley Square and higher interest income on the shareholder loan to BFC DPL. Although currently under construction, the interest in 8 Chifley Square will provide regular coupon interest income until the building's expected completion in 3Q 2013.

Improving Portfolio Operations

K-REIT Asia's average portfolio occupancy increased to 96.1% from 94.1% in the previous quarter. The committed occupancies of Ocean Financial Centre and the Prudential Tower Property increased to 90.6% and 98.1% respectively as at end-1Q 2012. The improvement in these two buildings' occupancies brought the average occupancy for the Singapore portfolio to 96.3%. New tenants who took up leases ranging from 2,000 sf to 50,000 sf included firms from various business sectors such as commodities trading, legal and financial services.

As at end-1Q 2012, K-REIT Asia has 1.9% of total net lettable area ("NLA") due for rent review and renewal in 2012. The lease profile remains well-balanced with no more than 16% of the portfolio NLA due for renewal in any one year. The weighted average lease expiry ("WALE") for the portfolio and top ten tenants stood at 6.4 years and 7.9 years respectively. Long lease terms that extend five years or more accounted for a majority 53% of the portfolio by NLA.

Prudent Capital Management

The Manager achieved a lowered all-in average interest rate of 2.03% for 1Q 2012, 32 basis points lower than last quarter's 2.35%. K-REIT Asia's aggregate leverage level is 41.8% as at end-1Q 2012 and the interest coverage ratio stands at a healthy 5.5 times. As at end-1Q 2012, K-REIT Asia's debt expiry profile is well-staggered with a debt weighted average term to maturity of approximately three years.

The Manager maintains a prudent approach towards capital management so as to mitigate refinancing risks and strengthen K-REIT Asia's capital position. It has initiated negotiations to refinance \$535 million worth of borrowings due at the end of 2012 and plans to refinance the loans in due course.

Office Markets in Singapore and Australia Remain Resilient

Led mainly by growth in the manufacturing as well as finance and insurance sectors, the Singapore economy grew 1.6% in 1Q 2012. The Ministry of Trade and Industry affirmed its 2012 economic growth forecast for Singapore at between 1.0% and 3.0%, and acknowledged that uncertainties in the global economy still present downside risks to open economies such as Singapore. The outlook for the rest of 2012 remains subdued as market participants adopt a cautious approach towards investment despite positive signals coming from the US economy and the Eurozone debt situation.

According to CBRE, average Grade A office rental in the central business district slipped 3.6% quarter-on-quarter, to \$10.60 psf per month as at 1Q 2012. Driven by a significant new supply of office space completing in the Marina Bay area, the average occupancy in the core CBD declined to 90.7% in 1Q 2012 from 91.2% in 4Q 2011.

Despite the new supply, leasing activity for the premium and Grade A offices remains active, albeit for smaller spaces of less than 20,000 sf. A “flight-to-quality” trend persists as occupiers capitalise on the adjusted rentals and new supply to consolidate operations and relocate closer to the core of the central business district and the Marina Bay area.

The Australian economy is expected to grow between 3.0% and 3.5% for 2012. At the policy meeting on 3 April 2012, the Reserve Bank of Australia held the benchmark interest rate at 4.25% as Australia continues to face inflationary pressure.

The occupancy and rental rates for prime office spaces in Sydney and Brisbane continue to hold steady on the back of sustained employment growth. Prime office occupancy rates in Sydney trended up from 90.7% to 91.5% over the past three months due to a lack of new prime office supply while average prime office rental rates grew to A\$815 psm per annum in 1Q 2012. Over in Brisbane, healthy demand from tenants translated to a higher average occupancy of prime offices which stood at 96.2% as at end-March 2012. Average net rental rate for prime offices in Brisbane stood at A\$634 psm p.a.

Looking Ahead

K-REIT Asia’s strong portfolio fundamentals and prudent capital management put it in good stead to weather the economic uncertainties in the year ahead. Its long portfolio WALE of 6.4 years, good quality tenants and limited amount of leases due for rent review and renewal will mitigate K-REIT Asia’s downside risks.

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 sustainable 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 listed on the Singapore Exchange Securities Trading Limited, with an asset size of more than \$6.0 billion as at 31 March 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 (Phase One), an 87.5% 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 a 50% interest in 275 George Street in Brisbane as well as the Office Tower at 77 King Street and a 50% interest in 8 Chifley Square, both in Sydney.

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.

Important Notice

The value of units in K-REIT Asia ("Units") and the income from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. The past performance of K-REIT Asia is not necessarily indicative of its future performance. This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes, and the continued availability of financing in the amounts and terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view on future events.