

**K-REIT ASIA  
FIRST QUARTER 2012 FINANCIAL STATEMENTS ANNOUNCEMENT****UNAUDITED RESULTS FOR THE QUARTER ENDED 31 MARCH 2012****TABLE OF CONTENTS**

	Page
- SUMMARY OF K-REIT ASIA RESULTS	2
- INTRODUCTION	3
1(a)(i) STATEMENT OF TOTAL RETURN AND DISTRIBUTION STATEMENT	4
1(a)(ii) STATEMENT OF COMPREHENSIVE INCOME	6
1(b)(i) BALANCE SHEETS	7
1(b)(ii) AGGREGATE AMOUNT OF BORROWINGS AND DEBT SECURITIES	9
1(c) CONSOLIDATED STATEMENT OF CASH FLOWS	10
1(d)(i) STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS	11
1(d)(ii) DETAILS OF CHANGES IN THE UNITS	13
1(d)(iii) TOTAL NUMBER OF ISSUED UNITS	13
1(d)(iv) SALES, TRANSFERS, DISPOSAL, CANCELLATION AND/OR USE OF TREASURY UNITS	13
2 AUDIT	13
3 AUDITORS' REPORT	13
4 ACCOUNTING POLICIES	13
5 CHANGES IN ACCOUNTING POLICIES	14
6 CONSOLIDATED EARNINGS PER UNIT AND DISTRIBUTION PER UNIT	15
7 NET ASSET VALUE	15
8 REVIEW OF PERFORMANCE	16
9 VARIANCE FROM FORECAST STATEMENT	18
10 PROSPECTS	20
11 RISK FACTORS AND RISK MANAGEMENT	21
12 DISTRIBUTIONS	22
13 DISTRIBUTION STATEMENT	22
14 INTERESTED PERSON TRANSACTIONS	22
Appendix QUARTERLY BREAKDOWN	23
CONFIRMATION BY THE BOARD	24

## SUMMARY OF K-REIT ASIA RESULTS FOR THE QUARTER ENDED 31 MARCH 2012

	GROUP		
	1Q2012 \$'000	1Q2011 \$'000	+/(-) %
Property Income	36,588	18,672	96.0
Net Property Income	28,509	14,939	90.8
Share of Results of Associates	11,230	6,151	82.6
Total Return before Tax	34,132	16,027	113.0
Income Available for Distribution	48,544	24,253	100.2
Distributable Income to Unitholders <sup>1</sup>	48,544	24,253	100.2
<b>Distribution per Unit ("DPU") (cents)</b>			
<b>For the Period</b>	<b>1.90</b>	<b>1.79</b>	6.1
<b>Annualised</b>	<b>7.64</b>	<b>7.26</b>	5.2
Distribution Yield	7.9% <sup>2</sup>	5.6% <sup>3</sup>	
<b>Adjusted for Rights Issue</b>			
<b>DPU (cents)</b>			
<b>For the Period</b>	<b>1.90</b>	<b>0.96</b> <sup>4</sup>	97.9
<b>Annualised</b>	<b>7.64</b>	<b>3.89</b> <sup>4</sup>	96.4

**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 \$0.965 as at the last trading day, 30 March 2012.
- (3) The yield is based on the market closing price per unit of \$1.29 as at the last trading day, 31 March 2011.
- (4) 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 end of the period aggregated with 1,159,694,000 units which were issued on 13 December 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.

As at 31 March 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, 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 77 King Street Office Tower and a 50% interest in 8 Chifley Square, 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 QUARTER ENDED 31 MARCH 2012

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 quarter ended 31 March 2012:

### 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	Group		+ / (-) %
		1Q2012 \$'000	1Q2011 \$'000	
Gross rent		35,848	18,320	95.7
Car park income		339	281	20.6
Other income		401	71	464.8
<b>Property income</b>		<b>36,588</b>	<b>18,672</b>	<b>96.0</b>
Property tax		(2,677)	(844)	217.2
Other property expenses	1	(3,835)	(1,969)	94.8
Property management fee		(919)	(386)	138.1
Maintenance and sinking fund contributions		(648)	(534)	21.3
<b>Property expenses</b>		<b>(8,079)</b>	<b>(3,733)</b>	<b>116.4</b>
<b>Net property income</b>		<b>28,509</b>	<b>14,939</b>	<b>90.8</b>
Rental support	2	24,896	9,593	159.5
Interest income	3	6,943	5,689	22.0
Share of results of associates	4	11,230	6,151	82.6
Amortisation expense	5	(15,668)	(6,994)	124.0
Borrowing costs	6	(11,112)	(6,752)	64.6
Manager's management fees	7	(9,515)	(5,373)	77.1
Trust expenses		(1,151)	(1,155)	(0.3)
Changes in fair value of derivative financial instruments	8	-	(71)	Nm
<b>Total return before tax</b>		<b>34,132</b>	<b>16,027</b>	<b>113.0</b>
Income tax expense	9	(4,162)	(976)	326.4
<b>Total return after tax</b>		<b>29,970</b>	<b>15,051</b>	<b>99.1</b>
<b>Attributable to:</b>				
Unitholders		28,502	15,051	89.4
Non-controlling interest		1,468	-	Nm
		<b>29,970</b>	<b>15,051</b>	<b>99.1</b>

#### Distribution Statement

<b>Total return for the period attributable to Unitholders</b>		<b>28,502</b>	<b>15,051</b>	<b>89.4</b>
Net tax adjustments	10	20,042	9,202	117.8
<b>Income available for distribution</b>		<b>48,544</b>	<b>24,253</b>	<b>100.2</b>
<b>Distribution to Unitholders</b>	11	<b>48,544</b>	<b>24,253</b>	<b>100.2</b>
<b>Distribution per unit (cents)</b>				
For the period	12	1.90	0.96	97.9
Annualised	12	7.64	3.89	96.4

**Notes:**

Nm – Not meaningful

(1) Included in other property expenses are the following:

	<u>Group</u>	
	<b>1Q2012</b>	<b>1Q2011</b>
	\$'000	\$'000
Marketing expenses	94	329
Utilities	1,955	402
Repair and maintenance	938	1,008
Property management reimbursements	390	78
Other property expenses	458	152
	<u>3,835</u>	<u>1,969</u>

(2) This relates to 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 ("BFC DPL") 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>	
	<b>1Q2012</b>	<b>1Q2011</b>
	\$'000	\$'000
Interest income from fixed deposits and current accounts	270	385
Interest income from shareholder's loans to ORQPL and BFC DPL	5,790	5,304
Interest income from convertible notes in Mirvac 8 Chifley Trust	883	-
	<u>6,943</u>	<u>5,689</u>

(4) Share of results of associates relates to K-REIT Asia's one-third interests 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 4.

(6) Borrowing costs comprise the following:

	<u>Group</u>	
	<b>1Q2012</b>	<b>1Q2011</b>
	\$'000	\$'000
Interest expense on term loans	9,551	5,612
Interest expense on revolving loans	1,253	949
Amortisation of capitalised transaction costs	308	191
	<u>11,112</u>	<u>6,752</u>

(7) 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 FY2012 and FY2011.

(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 in the net income from its Australian properties.

(9) Income tax expense comprises (i) tax of 17% (2011: 17%) on the rental support top-up payments received by K-REIT Asia for its interests in ORQPL, BFC DPL and OPLLP, net of deductible interest expense, and (ii) withholding tax accrued in relation to the income from the Group's investments in 275 George Street, Brisbane, the office tower at 77 King Street and 8 Chifley Square, both in Sydney.

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

	<u>Group</u>	
	1Q2012	1Q2011
	\$'000	\$'000
Management fees payable in units	6,443	2,686
Trustee's fees	224	129
Amortisation of intangible asset and capitalised transaction costs	15,976	7,185
Temporary differences and other tax adjustments	(2,601)	(798)
	20,042	9,202

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

(12) DPU for 1Q2011 has 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 end of the period aggregated with 1,159,694,000 units which were issued on 13 December 2011.

**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>		
	1Q2012	1Q2011	+/(-) %
	\$'000	\$'000	%
<b>Total return after tax</b>	<b>29,970</b>	<b>15,051</b>	<b>99.1</b>
<b>Other comprehensive income:</b>			
Foreign currency translation	4,242	3,194	32.8
<u>Cashflow hedges:</u>			
Net change in fair value of cash flow hedges	(2,640)	(7,003)	(62.3)
Share of net change in fair value of cash flow hedges of an associate	(1,296)	-	Nm
<b>Other comprehensive income for the period, net of tax</b>	<b>306</b>	<b>(3,809)</b>	<b>Nm</b>
<b>Total comprehensive income for the period</b>	<b>30,276</b>	<b>11,242</b>	<b>169.3</b>

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			
		31/03/2012	31/12/2011 (restated)	31/12/2010 (restated)	+ / (-)	31/03/2012	31/12/2011	+ / (-)
		\$'000	\$'000	\$'000	%	\$'000	\$'000	%
<b>Non-current assets</b>								
Investment properties	1	3,478,227	3,472,069	1,025,634	0.2	883,823	881,870	0.2
Investment in subsidiaries		-	-	-	-	1,611,151	1,611,166	-
Investment in associates	2	2,090,003	2,092,711	1,978,276	(0.1)	1,979,813	1,979,813	-
Investment in joint ventures	3	57,514	37,011	-	55.4	-	-	-
Amount owing by subsidiary		-	-	-	-	454,732	430,314	5.7
Other non-current receivables		9,222	6,734	-	36.9	522	-	Nm
Fixed assets		48	53	-	(9.4)	-	-	-
Intangible asset	4	122,315	137,945	37,242	(11.3)	9,471	10,893	(13.1)
Derivative financial instruments	5	4,350	5,264	-	(17.4)	4,350	5,264	(17.4)
<b>Total non-current assets</b>		<b>5,761,679</b>	<b>5,751,787</b>	<b>3,041,152</b>	<b>0.2</b>	<b>4,943,862</b>	<b>4,919,320</b>	<b>0.5</b>
<b>Current assets</b>								
Trade and other receivables	6	46,913	30,582	21,144	53.4	53,857	21,069	155.6
Prepaid expenses		1,036	723	998	43.3	581	544	6.8
Cash and cash equivalents		71,623	65,741	49,860	(16.5)	31,376	59,386	(47.2)
Derivative financial instruments	5	6,230	4,835	-	28.9	6,230	4,835	28.9
<b>Total current assets</b>		<b>125,802</b>	<b>121,881</b>	<b>72,002</b>	<b>3.2</b>	<b>92,044</b>	<b>85,834</b>	<b>7.2</b>
<b>Total assets</b>		<b>5,887,481</b>	<b>5,873,668</b>	<b>3,113,154</b>	<b>0.2</b>	<b>5,035,906</b>	<b>5,005,154</b>	<b>0.6</b>
<b>Current liabilities</b>								
Trade and other payables		143,647	141,355	44,000	1.6	56,207	45,645	23.1
Income received in advance		3,157	2,352	5,225	34.2	461	105	339.0
Short term borrowings	7	515,586	510,127	-	1.1	-	-	-
Current portion of security deposits		2,963	1,213	2,400	144.3	2,963	1,213	144.3
Derivative financial instruments	5	474	267	452	77.5	474	267	77.5
Provision for taxation		9,628	5,402	3,261	78.2	8,612	5,056	70.3
<b>Total current liabilities</b>		<b>675,455</b>	<b>660,716</b>	<b>55,338</b>	<b>2.2</b>	<b>68,717</b>	<b>52,286</b>	<b>31.4</b>
<b>Non-current liabilities</b>								
Income received in advance		12,256	15,179	4,310	(19.3)	7,710	9,102	(15.3)
Long term borrowings	7	1,683,334	1,655,833	989,932	1.7	1,783,125	1,755,715	1.6
Derivative financial instruments	8	25,889	22,974	4,606	12.7	25,889	22,974	12.7
Non-current portion of security deposits		26,229	26,720	6,186	(1.8)	6,903	8,118	(15.0)
<b>Total non-current liabilities</b>		<b>1,747,708</b>	<b>1,720,706</b>	<b>1,005,034</b>	<b>1.6</b>	<b>1,823,627</b>	<b>1,795,909</b>	<b>1.5</b>
<b>Total liabilities</b>		<b>2,423,163</b>	<b>2,381,422</b>	<b>1,060,372</b>	<b>1.8</b>	<b>1,892,344</b>	<b>1,848,195</b>	<b>2.4</b>
<b>Net assets</b>		<b>3,464,318</b>	<b>3,492,246</b>	<b>2,052,782</b>	<b>(0.8)</b>	<b>3,143,562</b>	<b>3,156,959</b>	<b>(0.4)</b>
Represented by:								
Unitholders' funds		3,250,017	3,279,413	2,052,782	(0.9)	3,143,562	3,156,959	(0.4)
Non-controlling interest		214,301	212,833	-	0.7	-	-	-
		<b>3,464,318</b>	<b>3,492,246</b>	<b>2,052,782</b>	<b>(0.8)</b>	<b>3,143,562</b>	<b>3,156,959</b>	<b>(0.4)</b>
Net asset value per unit (\$)		1.27	1.29	1.51		1.23	1.24	
Gross borrowings / Value of deposited properties (%)	9	41.8	41.6	37.0				

**Notes:**

Nm – Not meaningful

- (1) *The increase in investment properties is due mainly to translation exchange differences arising from the Australian properties, and capital expenditure for Prudential Tower.*
- (2) *This relates to the one-third equity interests in ORQPL and BFCDDL 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 BFCDDL, 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 OPLL. The intangible asset will be amortised over the remaining rental support periods for the respective properties.*
- (5) *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.*
- (6) *Included in the balances are receivables for rental support top-up payments and dividend income of \$34.2 million as at 31 March 2012 (31 December 2011: \$17.3 million).*
- (7) *This relates mainly to bank borrowings taken up to finance the acquisition of one-third equity interest in associate, BFCDDL, 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 OPLL. The balance also includes the bank borrowings recorded in OPLL.*
- (8) *This relates to the fair value of the interest rate swaps entered into by the Trust.*
- (9) *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 March 2012 (31 December 2011: \$6.0 billion).*



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

	<u>Group</u>	
	As at 31/03/12 \$'000	As at 31/12/11 \$'000
<b>Secured borrowings</b>		
Amount repayable within one year	415,656	410,222
Amount repayable after one year	425,000	425,000
Less: Unamortised portion of fees	(2,046)	(2,185)
	<b>838,610</b>	<b>833,037</b>
<b>Unsecured borrowings</b>		
Amount repayable within one year	100,000	100,000
Amount repayable after one year	1,262,652	1,235,434
Less: Unamortised portion of fees	(2,342)	(2,511)
	<b>1,360,310</b>	<b>1,332,923</b>
<b>Total borrowings</b>	<b>2,198,920</b>	<b>2,165,960</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, 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 \$760 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 March 2012, the Group had utilised approximately \$2,203.3 million and had an unutilised \$368.7 million of facilities available to meet its future obligations.

The weighted average interest rate for all borrowings for 1Q2012 stood at 2.03% per annum as compared with 2.35% per annum for 4Q2011. The weighted average term to expiry of debt was 2.9 years as at 31 March 2012 as compared to 3.1 years as at 31 December 2011.

## 1(c) Consolidated Statement of Cash Flows

	<u>Group</u>	
	1Q2012	1Q2011
Note	\$'000	\$'000
<b>Operating activities</b>		
Total return before tax	34,132	16,027
Adjustments for:		
Interest income	(6,943)	(5,689)
Amortisation expense	15,668	6,994
Share of results of associates	(11,230)	(6,151)
Borrowing costs	11,112	6,752
Management fees payable in units	6,443	2,686
Changes in fair value of unrealised derivative financial instruments	-	71
Depreciation	5	-
Translation differences	56	(28)
<b>Operating cash flows before changes in working capital</b>	<b>49,243</b>	<b>20,662</b>
Increase in receivables	(27,134)	(5,270)
Decrease in payables	(6,884)	(2,736)
Increase in security deposits	1,259	162
Cash flows from operations	16,484	12,818
Income taxes paid	(359)	-
<b>Net cash flows generated from operating activities</b>	<b>16,125</b>	<b>12,818</b>
<b>Investing activities</b>		
Deposit paid for purchase of investment property	-	(12,511)
Improvement in investment properties	(2,282)	(23)
Interest received	7,008	5,691
Rental support received	20,625	12,270
Investment in a joint venture	(20,349)	-
Dividend income received from associates	-	2,820
<b>Net cash flows generated from investing activities</b>	<b>5,002</b>	<b>8,247</b>
<b>Financing activities</b>		
Distribution to Unitholders	1 (62,416)	(45,879)
Loans drawdown	32,653	12,512
Interest paid	(5,549)	(1,174)
<b>Net cash flows used in financing activities</b>	<b>(35,312)</b>	<b>(34,541)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(14,185)</b>	<b>(13,476)</b>
Cash and cash equivalents at the beginning of period	85,741	49,860
Effect of exchange rate changes on cash and cash equivalents	67	-
<b>Cash and cash equivalents at the end of period</b>	<b>71,623</b>	<b>36,384</b>

### Notes:

- (1) Distribution for 1Q2012 is for the period 1 July 2011 to 31 December 2011, paid on 24 February 2012.  
Distribution for 1Q2011 is for the period 1 July 2010 to 31 December 2010, paid on 25 February 2011.

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

Group	Note	Units in Issue \$'000	Accumulated Profits \$'000	Foreign Currency	Hedging Reserve \$'000	Non- controlling	Total \$'000
				Translation Reserve \$'000		Interest \$'000	
At 1 January 2012		2,682,996	583,025	11,356	(14,745)	212,833	3,475,465
Change in accounting policy	1	-	16,781	-	-	-	16,781
<b>As restated</b>		<b>2,682,996</b>	<b>599,806</b>	<b>11,356</b>	<b>(14,745)</b>	<b>212,833</b>	<b>3,492,246</b>
Return for the period		-	28,502	-	-	1,468	29,970
Other comprehensive income, net of tax	2	-	-	4,242	(3,936)	-	306
Total comprehensive income		-	28,502	4,242	(3,936)	1,468	30,276
Issue of units for payment of management fees	3	3,860	-	-	-	-	3,860
Issue expenses adjustment	4	352	-	-	-	-	352
Distribution to Unitholders		(1,783)	(60,633)	-	-	-	(62,416)
<b>At 31 March 2012</b>		<b>2,685,425</b>	<b>567,675</b>	<b>15,598</b>	<b>(18,681)</b>	<b>214,301</b>	<b>3,464,318</b>
<b>At 1 January 2011</b>		<b>1,672,063</b>	<b>389,404</b>	<b>(1,310)</b>	<b>(4,606)</b>	<b>-</b>	<b>2,055,551</b>
Change in accounting policy		-	(2,769)	-	-	-	(2,769)
<b>As restated</b>		<b>1,672,063</b>	<b>386,635</b>	<b>(1,310)</b>	<b>(4,606)</b>	<b>-</b>	<b>2,052,782</b>
Return for the period		-	15,051	-	-	-	15,051
Other comprehensive income, net of tax	2	-	-	3,194	(7,003)	-	(3,809)
Total comprehensive income		-	15,051	3,194	(7,003)	-	11,242
Issue of units for payment of management fees	5	2,090	-	-	-	-	2,090
Distribution to Unitholders		-	(45,879)	-	-	-	(45,879)
<b>At 31 March 2011</b>		<b>1,674,153</b>	<b>355,807</b>	<b>1,884</b>	<b>(11,609)</b>	<b>-</b>	<b>2,020,235</b>

### Notes:

- (1) Please refer to paragraph 5: Changes in Accounting Policies, on page 14.
- (2) 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.
- (3) This represents 4,721,998 units issued in 1Q2012 as satisfaction of management fees payable in units.
- (4) This relates to issue expense adjustment in relation to the rights issue of 1,159,694,000 units in December 2011.
- (5) This represents 1,473,527 units issued in 1Q2011 as satisfaction of management fees payable in units.

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

<u>Trust</u>	<u>Note</u>	<u>Units in Issue</u> \$'000	<u>Accumulated Profits</u> \$'000	<u>Hedging Reserve</u> \$'000	<u>Total</u> \$'000
<b>At 1 January 2012</b>		<b>2,682,996</b>	<b>487,105</b>	<b>(13,142)</b>	<b>3,156,959</b>
Return for the period		-	47,447	-	47,447
Other comprehensive income, net of tax	1	-	-	(2,640)	(2,640)
Total comprehensive income		-	47,447	(2,640)	44,807
Issue of units for payment of management fees	2	3,860	-	-	3,860
Issue expenses adjustments	3	352	-	-	352
Distribution to Unitholders		(1,783)	(60,633)	-	(62,416)
<b>At 31 March 2012</b>		<b>2,685,425</b>	<b>473,919</b>	<b>(15,782)</b>	<b>3,143,562</b>
<b>At 1 January 2011</b>		<b>1,672,063</b>	<b>400,406</b>	<b>(4,606)</b>	<b>2,067,863</b>
Return for the period		-	5,900	-	5,900
Other comprehensive income, net of tax	1	-	-	(7,003)	(7,003)
Total comprehensive income		-	5,900	(7,003)	(1,103)
Issue of units for payment of management fees	4	2,090	-	-	2,090
Distribution to Unitholders		-	(45,879)	-	(45,879)
<b>At 31 March 2011</b>		<b>1,674,153</b>	<b>360,427</b>	<b>(11,609)</b>	<b>2,022,971</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 4,721,998 units issued in 1Q2012 as satisfaction of management fees payable in units.
- (3) This relates to issue expense adjustment in relation to the rights issue of 1,159,694,000 units which were issued in December 2011.
- (4) This represents 1,473,527 units issued in 1Q2011 as satisfaction of management fees payable in units.

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

	<u>Group and Trust</u>	
	<u>2012</u> Units	<u>2011</u> Units
Issued units as at 1 January	2,547,574,969	1,355,904,217
Issue of new units:		
- Payment of management fees	4,721,998	1,473,527
<b>Issued units as at 31 March</b>	<b>2,552,296,967</b>	<b>1,357,377,744</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 March 2012 and 31 December 2011.

Total number of issued units in K-REIT Asia as at 31 March 2012 and 31 December 2011 were 2,552,296,967 and 2,547,574,969 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**

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on 1 January 2012.

Except as disclosed in paragraph 5 below, the adoption of these standards and interpretations did not have any effect on the financial performance or positions of the Group and the Trust.

**5. CHANGES IN ACCOUNTING POLICIES**

The Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets are effective for annual periods beginning on or after 1 January 2012. On 1 January 2012, the Group adopted the Amendments to FRS 12.

The Amendments to FRS 12 apply to the measurement of deferred tax liabilities and assets arising from investment properties measured using the fair value model under FRS 40 Investment Property, including investment property acquired in a business combination and subsequently measured using the fair value model. For purposes of measuring deferred tax, the Amendments introduce a rebuttable presumption that the carrying amount of an investment property measured at fair value will be recovered entirely through sale. The presumption can be rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits over time, rather than through sale.

The change in accounting policy has been applied retrospectively. The effects of the adoption of the Amendments to FRS 12 are as follows:

	<b>31/03/2012</b>	<b>Group 31/12/2011 (restated)</b>	<b>31/12/2010 (restated)</b>
	\$'000	\$'000	\$'000
Increase/ (Decrease) in:			
<u>Consolidated Balance Sheets</u>			
Investment in associates	-	16,781	(2,769)
Retained earnings	-	16,781	(2,769)
	<b>FY 2012</b>	<b>FY 2011 (restated)</b>	
	\$'000	\$'000	
<u>Statement of Total Return</u>			
Net change in fair value of investment properties	-	19,550	
Total return for the year	-	19,550	
Basic and diluted earnings per Unit (cents) based on total return for the year	-	1.38	

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

	<u>Group</u>	
	1Q2012	1Q2011 (restated)
<b>Earnings per unit</b> (based on weighted average number of units as at the end of the period)	1.12 cents	1.02 cents <sup>1</sup>
- Weighted average number of units as at the end of the period	2,550,792,154	1,475,864,579 <sup>1</sup>
<b>Distribution per unit (adjusted for rights issue)</b> (based on the number of units as at the end of the period including rights units)	1.90 cents	0.96 cents <sup>2</sup>
- Number of units in issue as at the end of the period	2,552,296,967	2,517,071,744 <sup>2</sup>

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 fully underwritten, renounceable 17-for-20 rights issue of 1,159,694,000 units which were issued on 13 December 2011.
- (2) 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 end of the period aggregated with 1,159,694,000 units which were issued on 13 December 2011.

**7. NET ASSET VALUE (“NAV”)**

	<u>Group</u>	
	As at 31/03/12	As at 31/12/11 (restated)
NAV <sup>1</sup> per unit (\$) based on issued units at the end of the year	1.27	1.29
Adjusted NAV <sup>1</sup> per unit (\$) based on issued units at the end of the year (excluding the distributable income)	1.25	1.26

**Notes:**

- (1) Excludes non-controlling interest's share of net asset value.

## 8. REVIEW OF PERFORMANCE

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

	<u>Group</u>		
	1Q2012	1Q2011	
	\$'000	\$'000	
<b><u>Property</u></b>			
Prudential Tower <sup>1</sup>	5,231	4,847	7.9
Bugis Junction Towers	5,038	5,358	(6.0)
Ocean Financial Centre <sup>2</sup>	17,296	-	Nm
275 George Street	6,041	5,446	10.9
77 King Street	2,982	3,021	(1.3)
<b>Total property income</b>	<b>36,588</b>	<b>18,672</b>	<b>96.0</b>

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

	<u>Group</u>		
	1Q2012	1Q2011	
	\$'000	\$'000	
<b><u>Property</u></b>			
Prudential Tower <sup>1</sup>	4,412	3,827	15.3
Bugis Junction Towers	4,155	4,327	(4.0)
Ocean Financial Centre <sup>2</sup>	12,644	-	Nm
275 George Street	5,064	4,612	9.8
77 King Street	2,234	2,173	2.8
<b>Total net property income</b>	<b>28,509</b>	<b>14,939</b>	<b>90.8</b>
One-third interest in ORQPL:			
- Rental support	3,422	4,596	(25.5)
- Interest income	398	364	9.3
- Dividend income	6,052	4,084	48.2
<b>Total income from one-third interest in ORQPL</b>	<b>9,872</b>	<b>9,044</b>	<b>9.2</b>
One-third interest in BFC DPL:			
- Rental support	1,487	4,385	(66.1)
- Interest income	5,392	4,940	9.1
- Dividend income	6,590	2,067	218.8
<b>Total income from one-third interest in BFC DPL</b>	<b>13,469</b>	<b>11,392</b>	<b>18.2</b>
Ocean Financial Centre <sup>2</sup>			
- Rental support	18,949	-	Nm
8 Chifley Square <sup>3</sup>			
- Interest income	883	-	Nm
<b>Total income contribution</b>	<b>71,682</b>	<b>35,375</b>	<b>102.6</b>

**Notes:**

Nm – Not meaningful

- (1) This comprises 92.8% and 73.4% of the strata area in Prudential Tower as of 31 March 2012 and 31 March 2011 respectively.
- (2) The acquisition of the approximate 87.5% interest in OPLL which owns Ocean Financial Centre was completed on 14 December 2011.
- (3) The acquisition of the 50% interest in 8 Chifley Square was completed on 28 July 2011.



**Review of Performance for 1Q2012 vs 1Q2011**

The Group's 1Q2012 results 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"), which were acquired on 3 May 2011, 28 July 2011 and 14 December 2011 respectively.

Property income for 1Q2012 was \$36.6 million, a significant increase of \$17.9 million or 96.0% over that for 1Q2011. The increase was due mainly to property income from OFC of \$17.3 million and higher property income from Prudential Tower and 275 George Street.

Net property income increased by 90.8% from \$14.9 million in 1Q2011 to \$28.5 million in 1Q2012 primarily as a result of the acquisition of OFC in December last year.

The Group's total return before tax for 1Q2012 was \$34.1 million, a significant increase of 113.0% over 1Q2011 as a result of higher contributions from the associates, higher interest income and rental support, partly offset by higher amortisation expenses, borrowing costs and management fees resulting from the increased asset under management.

Distribution to Unitholders doubled from \$24.3 million in 1Q2011 to \$48.5 million in 1Q2012.

The weighted average interest rate was 2.03% per annum in 1Q2012 compared with 2.74% per annum in 1Q2011. The aggregate leverage stood at 41.8% as at 31 March 2012. The weighted average term to expiry of debt was 2.9 years as at 31 March 2012.

The portfolio attained 96.1% committed occupancy as at 31 March 2012.

**Review of Performance for 1Q2012 vs 4Q2011**

Property income for 1Q2012 was \$36.6 million, an increase of \$14.0 million or 61.8% from \$22.6 million over that for 4Q2011. This was due mainly to higher property income from Prudential Tower, 275 George Street and OFC.

Net property income increased from \$17.8 million in 4Q2011 to \$28.5 million in 1Q2012, attributed mainly to higher property income.

Total return before tax for 1Q2012 was \$34.1 million, an increase of \$11.8 million or 52.6% over that for 4Q2011 (excluding net change in fair value of investment properties). The increase was due mainly to higher net property income, rental support and interest income, partly offset by higher management fees, amortisation expenses and borrowing costs.

Distribution to Unitholders increased by \$12.8 million or 35.9%, from \$35.7 million in 4Q2011 to \$48.5 million in 1Q2012.

The weighted average interest rate for 1Q2012 was 2.03% per annum compared with 2.35% per annum for 4Q2011.

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

	<u>Actual</u>	<u>Forecast</u> <sup>1</sup>	
	1Q2012	1Q2012	+/(-) %
	\$'000	\$'000	
Gross rent	35,848	36,130	(0.8)
Car park income	339	275	23.3
Other income	401	299	34.1
<b>Property income</b>	<b>36,588</b>	<b>36,704</b>	<b>(0.3)</b>
Property tax	(2,677)	(2,774)	(3.5)
Other property expenses	(3,835)	(5,207)	(26.3)
Property management fee	(919)	(946)	(2.9)
Maintenance and sinking fund contributions	(648)	(678)	(4.4)
<b>Property expenses</b>	<b>(8,079)</b>	<b>(9,605)</b>	<b>(15.9)</b>
<b>Net property income</b>	<b>28,509</b>	<b>27,099</b>	<b>5.2</b>
Rental support	24,896	21,041	18.3
Interest income	6,943	6,728	3.2
Share of results of associates	11,230	10,253	9.5
Amortisation expense	(15,668)	(15,657)	0.1
Borrowing costs	(11,112)	(12,701)	(12.5)
Manager's management fees	(9,515)	(9,268)	2.7
Trust expenses	(1,151)	(942)	22.2
<b>Total return before tax</b>	<b>34,132</b>	<b>26,553</b>	<b>28.5</b>
Income tax expense	(4,162)	(3,537)	17.7
<b>Total return after tax</b>	<b>29,970</b>	<b>23,016</b>	<b>30.2</b>
<b>Attributable to:</b>			
Unitholders	28,502	21,653	31.6
Non-controlling interest	1,468	1,363	7.7
	<b>29,970</b>	<b>23,016</b>	<b>30.2</b>
<b><u>Distribution Statement</u></b>			
<b>Total return for the period attributable to Unitholders</b>	<b>28,502</b>	<b>21,653</b>	<b>31.6</b>
Net tax adjustments	20,042	23,856	(16.0)
<b>Income available for distribution</b>	<b>48,544</b>	<b>45,509</b>	<b>6.7</b>
<b>Distribution to Unitholders</b>	<b>48,544</b>	<b>45,509</b>	<b>6.7</b>
<b>Distribution per unit (cents)</b>			
<b>For the period</b>	<b>1.90</b>	<b>1.79</b>	<b>6.1</b>
<b>Annualised</b>	<b>7.64</b>	<b>7.20</b>	<b>6.1</b>

**Notes:**

(1) The Forecast for 1Q2012 is derived from the Forecast shown in K-REIT Asia's Circular dated 19 October 2011 for the acquisition of the approximate 87.5% interest in Ocean Financial Centre.

**VARIANCE FROM FORECAST STATEMENT (CONT'D)****Review of Performance for 1Q2012 (Actual) vs 1Q2012 (Forecast)**

The Group's net property income for 1Q2012 was \$28.5 million, which is an increase of \$1.4 million or 5.2% over the Forecast of \$27.1 million. This was due mainly to lower property expenses incurred.

Total return before tax for 1Q2012 was \$34.1 million, an increase of \$7.6 million or 28.5% over the Forecast of \$26.6 million. This was due mainly to higher net property income, rental support, share of results from associates and lower borrowing costs, partly offset by higher management fees and trust expenses.

Distributable income to Unitholders increased by \$3.0 million or 6.7% to \$48.5 million as compared with Forecast of \$45.5 million.

DPU of 1.90 cents exceeded the Forecast of 1.79 cents by 6.1%.

**10. PROSPECTS**

Led mainly by growth in the manufacturing and financial services sectors, the Singapore economy grew 1.6% in 1Q2012. The Ministry of Trade and Industry affirmed its 2012 economic growth forecast for Singapore at between 1.0% and 3.0%, citing that uncertainties in the global economy still present downside risks to open economies such as Singapore's. 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 1Q2012. Driven by the significant amount of new supply of office space completing in the Marina Bay area, the average occupancy in the core CBD declined to 90.7% in 1Q2012 from 91.2% in 4Q2011.

Despite the new supply, leasing activity for the premium and Grade A offices remains active, albeit for smaller spaces of less than 20,000sf. 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 cut the benchmark interest rate to 4.0% to boost economic activity and to return the trade balance back to a surplus.

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 p.a. in 1Q2012. Over in Brisbane, healthy demand from tenants translated to higher average occupancy of prime offices which stood at 96.2%. Prime office rental rates in Brisbane stood at A\$634 psm p.a..

K-REIT Asia maintained a healthy portfolio occupancy of 96.1% and weighted average lease expiry of 6.4 years as at end 1Q2012. Approximately 50,000 sf or 1.9% of its portfolio net lettable area are due for rent review and renewal for the rest of 2012.

Looking ahead, 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**

The Manager 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**

None

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

Not applicable.

**(c) Date Payable**

Not applicable.

**(d) Books Closure Date**

Not applicable.

**13. DISTRIBUTION STATEMENT**

No distribution has been declared / recommended during the period.

**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)	
	1Q2012 \$'000	1Q2011 \$'000
<u>Keppel Corporation Limited and its subsidiaries or associates</u>		
- Manager's management fees	9,515	5,373
- Property management fees and reimbursable	1,204	386
- Project management fees	90	-
- Leasing commissions	233	312
- Rental support	23,858	8,981
- Electricity expenses <sup>1</sup>	7,771	-
- Transportation expenses <sup>1</sup>	452	-
<u>RBC Dexia Trust Services Singapore Limited</u>		
- Trustee's fees	224	129

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

**Notes:**

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

## QUARTERLY BREAKDOWN

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

	1Q11	2Q11	3Q11	4Q11	FY11	1Q12
<b>Property</b>						
Prudential Tower <sup>1</sup>	4,847	4,763	4,830	4,748	19,188	5,231
Bugis Junction Towers	5,358	5,277	5,085	5,606	21,326	5,038
Ocean Financial Centre <sup>2</sup>	-	-	-	2,866	2,866	17,296
275 George Street	5,446	5,492	5,709	5,627	22,274	6,041
77 King Street	3,021	2,530	2,990	3,773	12,314	2,982
<b>Total property income</b>	<b>18,672</b>	<b>18,062</b>	<b>18,614</b>	<b>22,620</b>	<b>77,968</b>	<b>36,588</b>

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

	1Q11	2Q11	3Q11	4Q11	FY11	1Q12
<b>Property</b>						
Prudential Tower <sup>1</sup>	3,827	3,788	3,429	3,709	14,753	4,412
Bugis Junction Towers	4,327	4,290	4,122	3,804	16,543	4,155
Ocean Financial Centre <sup>2</sup>	-	-	-	2,046	2,046	12,644
275 George Street	4,612	4,716	4,720	4,752	18,800	5,064
77 King Street	2,173	1,509	2,386	3,444	9,512	2,234
<b>Net property income</b>	<b>14,939</b>	<b>14,303</b>	<b>14,657</b>	<b>17,755</b>	<b>61,654</b>	<b>28,509</b>
One-third interest in ORQPL:						
- Rental support	4,596	4,495	4,636	5,061	18,788	3,422
- Interest income	364	362	361	359	1,446	398
- Dividend income	4,084	4,355	3,988	3,304	15,731	6,052
<b>Total income from one-third interest in ORQPL</b>	<b>9,044</b>	<b>9,212</b>	<b>8,985</b>	<b>8,724</b>	<b>35,965</b>	<b>9,872</b>
One-third interest in BFCDP:						
- Rental support	4,385	4,305	1,103	1,730	11,523	1,487
- Interest income	4,940	4,929	4,922	4,883	19,674	5,392
- Dividend income	2,067	3,937	6,941	8,594	21,539	6,590
<b>Total income from one-third interest in BFCDP</b>	<b>11,392</b>	<b>13,171</b>	<b>12,966</b>	<b>15,207</b>	<b>52,736</b>	<b>13,469</b>
Ocean Financial Centre <sup>2</sup>						
- Rental support	-	-	-	8,611	8,611	18,949
8 Chifley Square <sup>3</sup>						
- Interest income	-	-	376	533	909	883
<b>Total income contribution</b>	<b>35,375</b>	<b>36,686</b>	<b>36,984</b>	<b>50,830</b>	<b>159,875</b>	<b>71,682</b>

#### Notes:

- (1) This comprises the additional 19.4% interest of Prudential Tower acquired on 3 May 2011.
- (2) The acquisition of the approximate 87.5% interest in OPLLP which owns Ocean Financial Centre was completed on 14 December 2011.
- (3) 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 / KELVIN CHUA HUA YEOW  
 Joint Company Secretaries  
 16 April 2012

**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 First Quarter 2012 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

16 April 2012