

## Extraordinary General Meeting

31 March 2008



## Important Notice

*The circular containing the offer information statement and the wrap-around document (the "Rights Issue Circular") in relation to the proposed rights issue described in this presentation ("Rights Issue") will be dispatched to all unitholders of K-REIT Asia ("Unitholders") and will be made available on the website of K-REIT Asia at [www.kreitasia.com](http://www.kreitasia.com) when the offer in relation to the Rights Issue is made, subsequent to approval by Unitholders for the Rights Issue at the extraordinary general meeting of K-REIT Asia to be held on 31 March 2008. A potential investor should read the Rights Issue Circular before deciding whether to subscribe for or purchase units in K-REIT Asia ("Units") under the Rights Issue.*

*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, K-REIT Asia Management Limited, as manager of K-REIT Asia (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.*

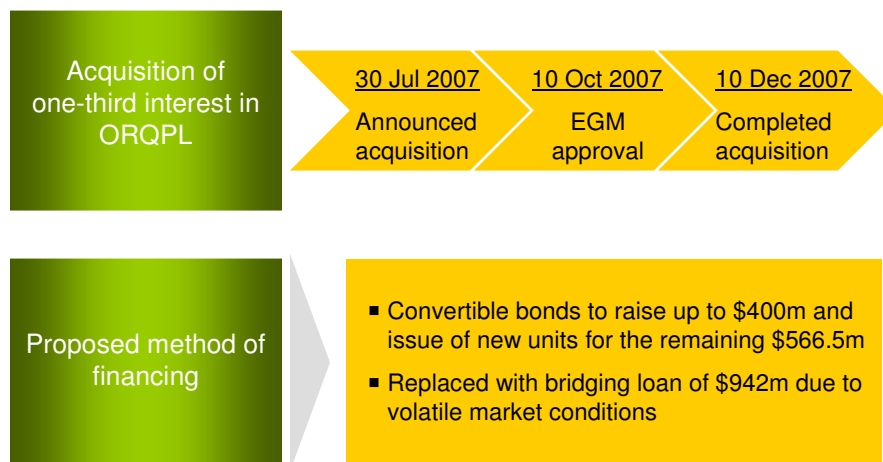
## Approvals Sought

To seek unitholders' approval for:

- Resolution 1 – Extraordinary Resolution:  
Proposed Rights Issue
  
- Resolution 2 – Ordinary Resolution:  
Proposed General Mandate for the issue of new  
units and/or convertible securities

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## Background



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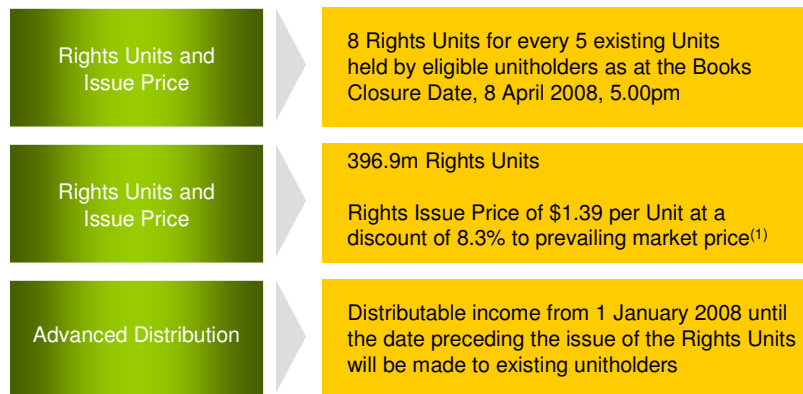
## Rationale for Renounceable Rights Issue

- **Most appropriate means** of raising equity under current market conditions
  - Net asset value as at 31 December 2007: \$3.78 per unit
  - Trading price as at 28 March 2008: \$1.53 per unit
  - Fresh equity to new unitholders will be dilutive to existing unitholders
- **Reduce aggregate leverage**
  - Approaching maximum allowable limit of 60%
  - To reduce leverage and strengthen balance sheet
  - To enhance ability for **acquisition of new properties** in Singapore and the region
- Allow unitholders to **participate in K-REIT Asia's growth** without dilution of proportional stake
- Enhance **credit profile**

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## Key Details of Proposed Rights Issue

- Gross proceeds of about \$551.7m to be raised



(1) Prevailing market price is defined as the volume-weighted average trading price (S\$1.52) for the three business days immediately preceding the price-fixing date, being 28 March 2008

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## Key Details of Proposed Rights Issue

- Net proceeds to partially refinance the bridging loan taken to complete acquisition of 1/3 stake of One Raffles Quay
- **Priority to minority unitholders** for allocation of excess Rights Units
- Undertaking by **Keppel Corporation** and **Keppel Land** to take up:
  - Provisional allocations of the Rights Units and
  - Any Rights Units not subscribed for by minority unitholders

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## Impact on Aggregate Leverage and Free Float

- Based on gross proceeds of about \$551.7m, aggregate leverage of 53.9% will be reduced to **27.7%**
- Funding capacity of about \$679.8m based on borrowings<sup>(1)</sup> of \$581.4m and 60% aggregate leverage limit
- Number of units increased by 160% from 248.1m to **645.0m**
- Increase in free float will then increase from \$104m to about \$254m<sup>(2)</sup>, based on theoretical ex-rights price of \$1.44<sup>(3)</sup>

(1) Borrowings include \$190m fixed rate mortgage loan and balance of bridging loan from Keppel Corporation  
(2) Assuming all unitholders take up their proportional allotments  
(3) Theoretical ex-rights price = (Market capitalisation of K-REIT Asia before rights issue + Gross proceeds from rights issue) / Enlarged number of units after rights issue, based on closing market price of \$1.53 on 28 March 2008

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## Net Income and Distribution Forecast

- Based on Rights Ratio of 8 for 5 and rights issue price of \$1.39/unit:

(S\$'000)	Actual	Forecast	% Change
	FY2007	FY2008	
Property Income	40,069	50,543	26.1
Property Expenses	(11,807)	(14,594)	23.6
<b>Net Property Income</b>	<b>28,262</b>	<b>35,949</b>	<b>27.2</b>
Investment and Interest Income	2,632	44,164	nm
Other Operating Expenses	(18,205)	(67,497)	270.8
<b>Net Profit</b>	<b>12,689</b>	<b>12,616</b>	<b>(0.6)</b>
Revaluation Gain on Investment Properties	432,964	-	nm
Income Tax	(163)	(4,454)	nm
<b>Net Profit After Revaluation &amp; Tax</b>	<b>445,490</b>	<b>8,162</b>	<b>nm</b>
<b>Distributable Income to Unitholders</b>	<b>21,812</b>	<b>49,055</b>	<b>124.9</b>

Based on the profit forecast and accompanying assumptions shown in Appendix A which must be read together with the Independent's Accountant's Report in Appendix B of the Unitholders' Circular dated 13 March 2008, adjusted for the following:

- Approximately 396.9 million Right Units will be issued based on a Rights Ratio of 8 for 5, as compared to the 372.1 million Rights Units (based on a Rights Ratio of 3 for 2) stated in Appendix A of the Circular;
- Rights Issue Price of S\$1.39 per Unit as compared to S\$1.20 per Unit in Appendix A of the Circular; and
- Increase in the net proceeds of the Rights Issue to S\$550.7 million as compared to S\$445.5 million in Appendix A of the Circular, which will be used to partially repay the bridging loan on 1 June 2008

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## Impact on Distribution Per Unit

	Actual	Forecast	% Change
	FY2007	FY2008	
Distributable Income to Unitholders (S\$'000)	21,812	49,055	124.9
Units in Issue ('000) <sup>(1)</sup>	247,183	651,491	163.6
<b>DPU (cents)</b>	<b>8.82</b>	<b>7.53</b>	<b>(14.7)</b>
<b>DPU Yield<sup>(2)</sup> (%)</b>	<b>5.81</b>	<b>5.23</b>	<b>(9.9)</b>

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- Rights Issue Price of S\$1.39 per Unit as compared to S\$1.20 per Unit in Appendix A of the Circular; and
- Increase in the net proceeds of the Rights Issue to S\$550.7 million as compared to S\$445.5 million in Appendix A of the Circular, which will be used to partially repay the bridging loan on 1 June 2008

(1) The number of units in issue includes the Manager's forecast of units to be issued (i) pursuant to the rights issue at a rights issue price of S\$1.39 per unit on 1 June 2008 and (ii) as payment for the Manager's management fees for FY2008

(2) Actual FY2007 DPU yield is based on DPU of 8.82 cents and prevailing market price of S\$1.52 per unit; forecast FY2008 DPU yield is based on theoretical ex-rights price of S\$1.44 per unit and closing market price of S\$1.53 on 28 March 2008

(3) Theoretical ex-rights price = (Market capitalisation of K-REIT Asia before rights issue + Gross proceeds from rights issue) / Enlarged number of units after rights issue

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## Pro Forma Balance Sheet

	As At 31 December 2007		% Change
	Actual	Pro forma	
Net Asset Value (S\$ million)	921.4 <sup>(1)</sup>	1,470.2 <sup>(2)(3)</sup>	59.6
<b>Represented by:</b>			
Unitholders' Funds (S\$ million)	921.4	1,470.2	59.6
Issued Units (million)	247.2	642.7 <sup>(4)</sup>	160.0
Net Asset Value Per Unit (S\$)	3.73	2.29	nm

- (1) Based on the FY2007 audited financial statements and adjusted for the distribution payable in February 2008 in relation to K-REIT Asia's distributable income for the period 1 July 2007 to 31 December 2007
- (2) Based on Rights Ratio of 8 for 5 and that approximately 396.9 million Rights Units are issued at a Rights Issue Price of S\$1.39 per Unit pursuant to the rights issue
- (3) Net proceeds from the Rights issue of approximately S\$548.7 million are used to partially refinance the bridging loan on 31 December 2007, thereby reducing aggregate leverage to 27.8% from 53.9% as at 31 December 2007
- (4) Based on 395.5 million units issued pursuant to the rights issue

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## Use of Proceeds from Rights Issue

### Proceeds from proposed rights issue will be used to:

- Reduce aggregate leverage and strengthen balance sheet
- Enhance ability for acquisition of new properties in Singapore and the region
  - Potential pipeline of assets from Keppel Land and third parties

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## Timetable

Subject to unitholders' approval:

Last day and time of trading on "cum-rights" basis	3 April 2008, 5.00 pm
Books closure date for Rights Issue	8 April 2008, 5.00 pm
Books closure date for Advanced Distribution	By 15 May 2008
Completion of the Rights Issue	By 15 May 2008
Issue of Rights Units as well as commencement of trading of Rights Units	By 15 May 2008

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***Thank You***

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