

# Financial Results for the Period from 26 Apr to 30 Sep 2006

**18 October 2006**



# Content

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- Highlights
- Financial Results
- Portfolio Performance
- Market Review and Outlook
- Going Forward

# Highlights

## Financial Results (26 Apr to 30 Sep 2006)

- Distributable income outperformed forecast by 21% to reach \$6.9m
- Distribution per unit (DPU) of 2.87 cents, 22% above forecast
  - ★ Annualised DPU of 6.63 cents, 22% higher than forecast of 5.43 cents <sup>(1)</sup>
  - ★ On track to deliver higher distribution in 2006 relative to forecast
- Portfolio occupancy near 100%, underpinned by strong office demand amid limited supply
- Total returns of 36.2% since listing <sup>(2)</sup>

(1) As disclosed in the Introductory Document. Annualised DPU of 6.63 cents is also 3% above 6.42 cents in the previous quarter

(2) Total returns is derived based on K-REIT Asia's unit price appreciation from its first day closing price of \$1.49 on 28 Apr 2006 to the closing price of \$2.00 on 17 Oct 2006 and total DPU payout of 2.87 cents for the year up to 30 Sep 2006

# ***Financial Results***

# Distributable Income Exceeded Forecast

- Distributable income of \$6.9m, 21% higher than forecast

(\$'000)	3Q2006 <sup>(1)</sup>	26 Apr to 30 Sep 2006		
	Actual	Actual <sup>(2)</sup>	Forecast <sup>(3)</sup>	% Chg
Property Income	8,769	14,759	13,671	8.0
Property Expenses	(2,507)	(4,159)	(4,121)	0.9
Net Property Income	6,262	10,600	9,550	11.0
Non-Property Expenses	(3,117)	(5,401)	(5,435)	(0.6)
Net Profit	3,145	5,199	4,115	26.3
Distributable Income to Unitholders	4,121	6,918	5,701	21.3

(1) For the period from 1 Jul to 30 Sep 2006

(2) For the period from 26 Apr to 30 Sep 2006

(3) Forecast is extracted from the Introductory Document and prorated for the period from 26 Apr to 30 Sep 2006

# DPU Better than Forecast

- DPU of 2.87 cents outperformed forecast by 22%
  - Annualised DPU of 6.63 cents versus forecast of 5.43 cents <sup>(1)</sup>

	3Q2006 <sup>(2)</sup>	From 26 Apr to 30 Sep 2006		
	Actual	Actual <sup>(3)</sup>	Forecast <sup>(4)</sup>	% Chg
Distribution Per Unit (DPU)	1.71 ¢	2.87 ¢	2.35 ¢	22.1%
Annualised DPU	6.78 ¢	6.63 ¢	5.43 ¢	22.1%
Distribution Yield <sup>(5)</sup>	3.4%	3.3%	2.7%	22.2%

(1) Annualised DPU of 6.63 cents is based on DPU of 2.87 cents for the period from 26 Apr to 30 Sep 2006, and Forecast DPU of 5.43 cents is for the period from 1 Jan to 31 Dec 2006 as disclosed in the Introductory Document

(2) For the period from 1 Jul to 30 Sep 2006

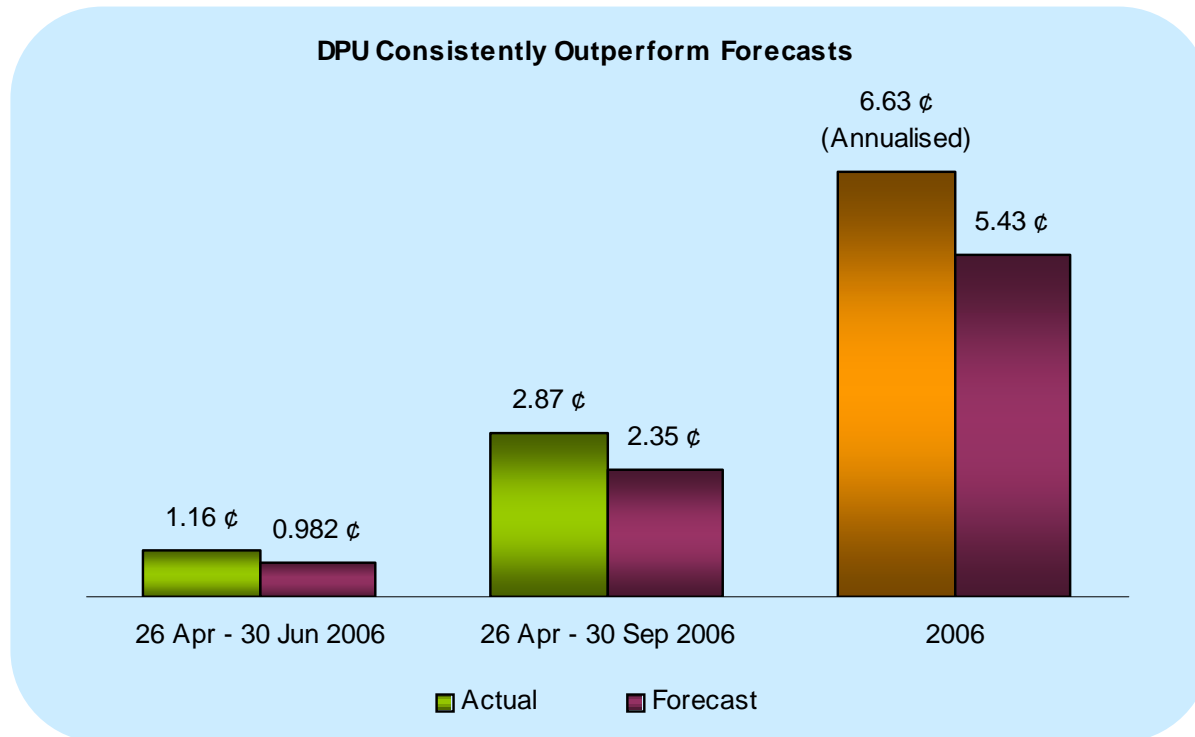
(3) For the period from 26 Apr to 30 Sep 2006

(4) Forecast is extracted from the Introductory Document and prorated for the period from 26 Apr to 30 Sep 2006

(5) Based on unit closing price of \$2.00 on 17 Oct 2006

# DPU Growth

- On track to deliver higher distribution for 2006 relative to forecast <sup>(1)</sup>



(1) Forecast DPU of 5.43 cents as disclosed in the Introductory Document

# Interest Rate Exposure Capped

- Locked in fixed rate loans to mitigate interest rate risk
  - 100% fixed for five years until May 2011

	As At		
	30-Sep-06	30-Jun-06	30 Sep 05 <sup>(1)</sup>
Borrowings	\$190.1m	\$190.1m	\$190.6m
Gearing <sup>(2)</sup>	29.5%	29.6%	30.0%
Interest Coverage Ratio <sup>(3)</sup>	2.7 times	2.5 times	2.3 times
All-in Interest Rate <sup>(4)</sup>	4.06%	4.06%	3.96%
Weighted Average Term to Expiry	4.6 years	4.9 years	Not Applicable

(1) Pro forma figures as disclosed in the Introductory Document

(2) Gearing = Borrowings / Total Assets

(3) Interest Coverage Ratio = YTD Profit before Interest and Tax / Net Interest

(4) All-in Interest Rate for 5-year term loans includes the amortisation of upfront debt arrangement expenses of approximately \$1.2m

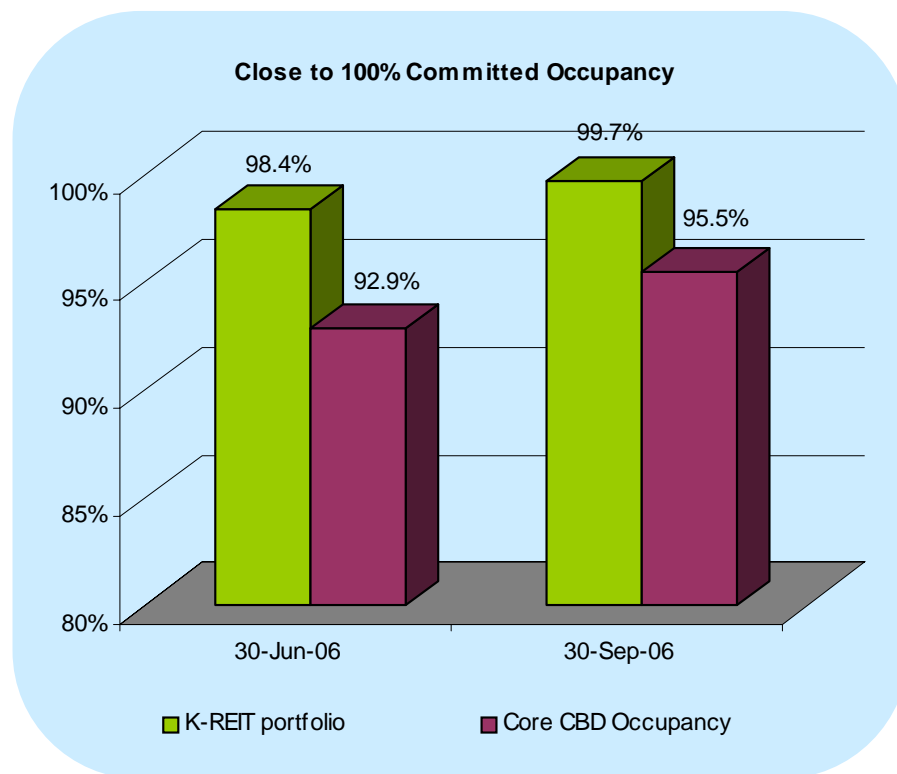


# ***Portfolio Performance***

# High Portfolio Occupancy

- Committed occupancy hit 99.7% at end-Sep 2006

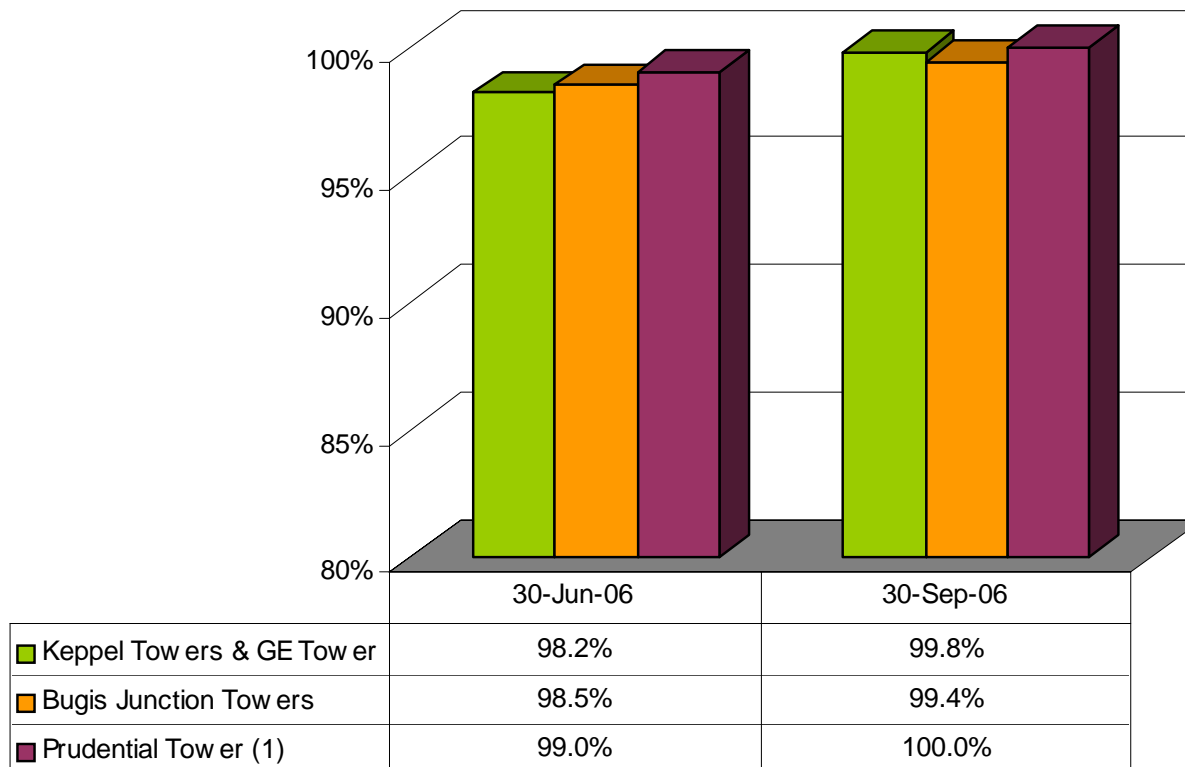
- Substantially higher vs 89% a year ago
- Ahead of Core CBD occupancy of 95.5% (Source : CBRE)
- Prudential Tower (1) now fully tenanted



Source : CBRE and K-REIT Asia

(1) Approximately 44% of strata area of the building

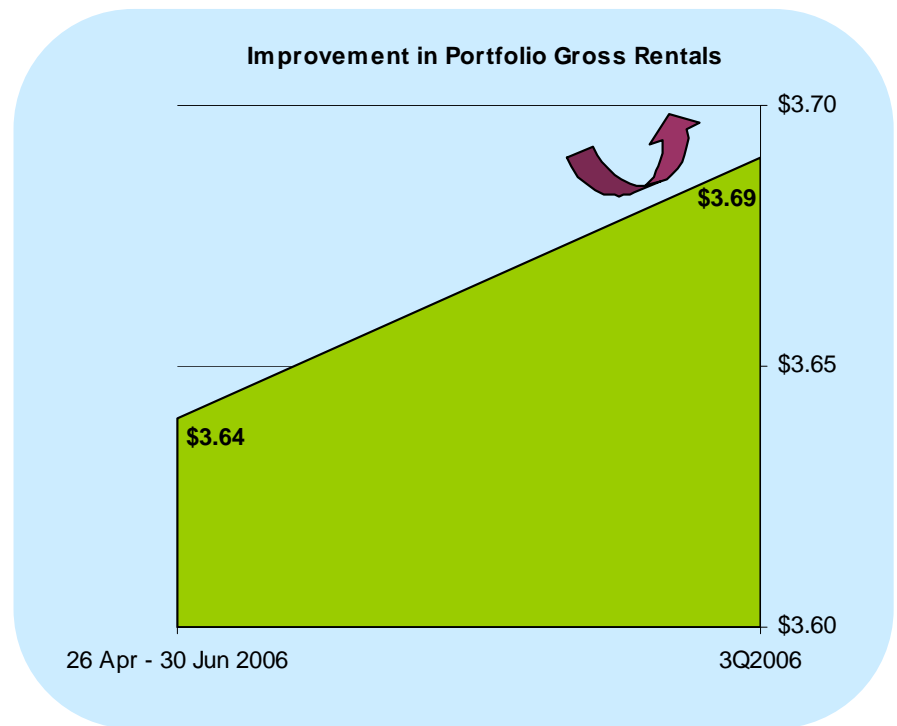
# Committed Occupancy on the Rise



(1) Approximately 44% of strata area of the building

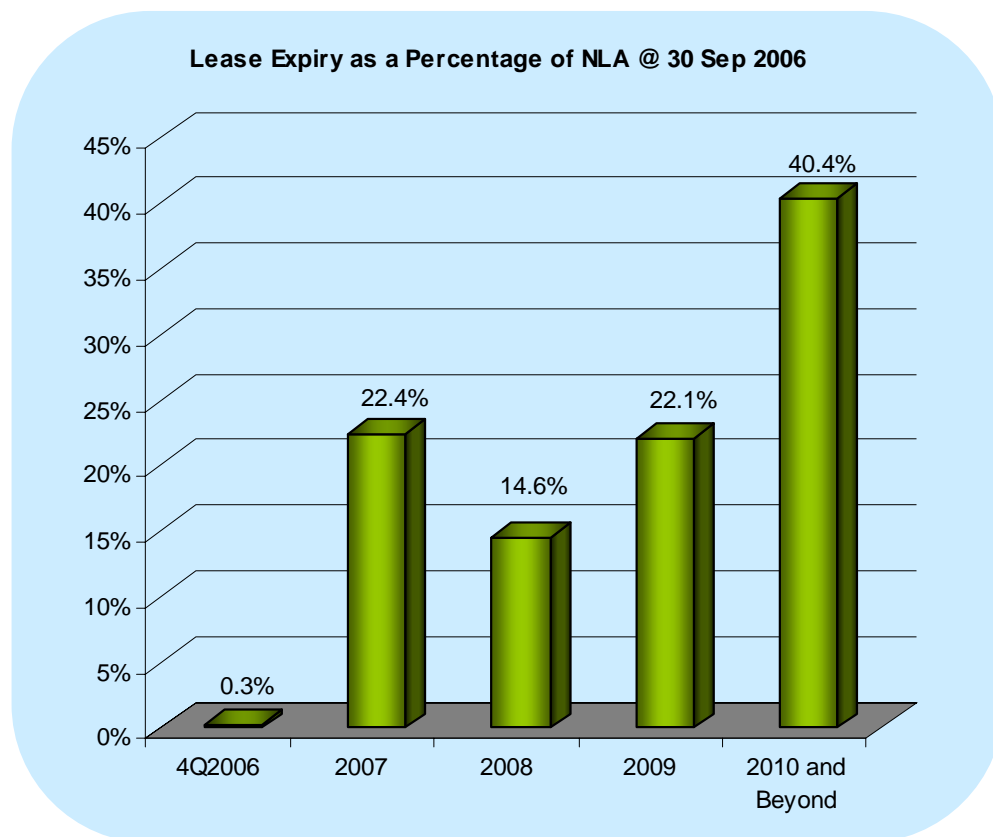
# Steady Growth in Portfolio Rentals

- Steady rise in occupancy and rental rates
  - Renewals signed at 17% above preceding rents
  - Average gross rents about 3% higher than forecast



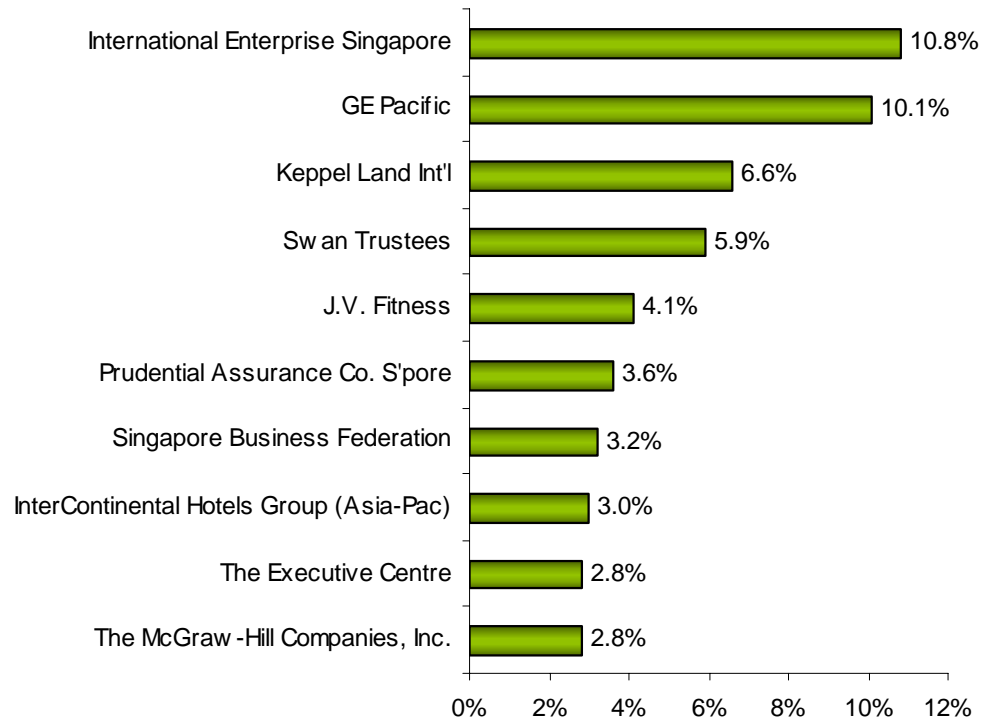
# Favourable Lease Renewal Cycle

- Well balanced lease expiry profile
  - About 60% of net lettable area due for renewal from now until 2009
  - Higher reversionary rentals expected on sustained demand and tight office supply



# Broad Tenant Diversity

Top 10 Tenants : 53% of NLA (73,108 sm) @ 30 Sep 2006



# Close to 100% Retention Rate

- High tenant retention rate of 99.3%, reflecting good tenant relationships

	As at 30 Sep 2006	
	Area Renewed (sm)	Tenant Retention Rate
Prudential Tower <sup>(1)</sup>	2,219	100%
Keppel Towers & GE Tower	4,314	97.9%
Bugis Junction Towers	6,876	100%
Overall Portfolio	13,409	99.3%

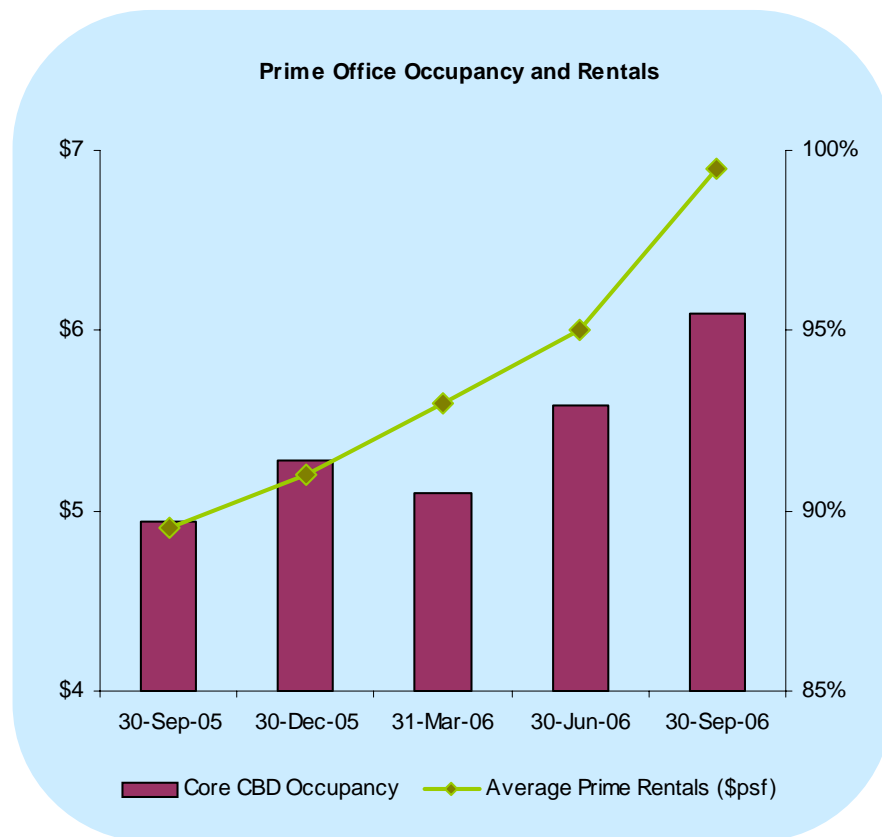
(1) Approximately 44% of strata area of the building

# ***Market Review and Outlook***



# Growing Office Demand

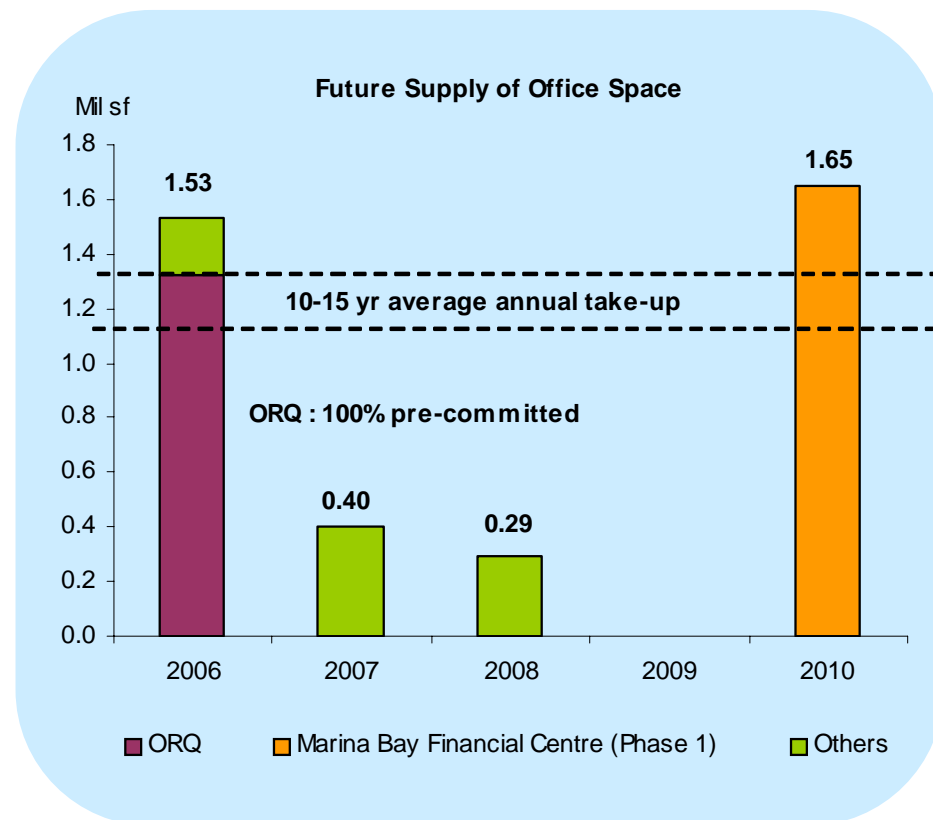
- Sustained high demand for prime office space pushed up rentals significantly
  - Average prime rents rose further to \$6.90 psf at end-Sep 2006, up 15% q-o-q (Source : CBRE)
  - Prime rents forecast to reach \$7.30 psf by end-2006 (Source : CBRE)
  
- Projected office demand of 2 mln sf for 2006 (Source : CBRE)



Source : CBRE

# Supply Remains Tight

- No major new supply until completion of Marina Bay Financial Centre (Phase One) in 2010
  - Conversion and redevelopment to further cut CBD office stock by 1.5 mln sf over next few years
- Supply squeeze to fuel further increases in occupancy and rentals



Source : CBRE and K-REIT Asia

# ***Going Forward***

# Grow into a Pan-Asian Commercial REIT

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- Identify and pursue good quality, well-located properties in Singapore and around the region
- Diversify risks across countries, riding on different market cycles
- Target Assets Under Management (AUM) of S\$2 bln within the next few years

***Thank You***

# ***Additional Slides***


# Snapshot of K-REIT Asia

Manager	K-REIT Asia Management Limited
Property Portfolio	Four quality office buildings valued at \$630.7m
Listing and Trading Date	28 April 2006 on Singapore Stock Exchange
Market Capitalisation	\$482.0 million (as at 17 Oct 2006) <sup>(1)</sup>
Unit Price	\$2.00 (closing price on 17 Oct 2006)
Free Float	28.1% (as at 17 Oct 2006) <sup>(2)</sup>

(1) Market capitalisation is based on 241 mln units issued as at 30 Sep 2006

(2) Excludes total unitholding of 71.9% held by Keppel Land and Keppel Corporation

# Property Portfolio

	Prudential Tower <sup>(1)</sup>	Keppel Towers	GE Tower	Bugis Junction Towers
				
<b>Total Lettable Area (sm)</b>	10,074	40,044	22,990	
<b>Car Park Lots</b>	-	288	-	
<b>Number of Tenants</b>	14	66	13	
<b>Principal Tenants</b>	<ul style="list-style-type: none"> <li>- The McGraw-Hill Companies, Inc.</li> <li>- The Executive Centre</li> <li>- KBC Bank N.V. (Singapore Branch)</li> </ul>	<ul style="list-style-type: none"> <li>- GE Pacific Pte Ltd</li> <li>- Singapore Business Federation</li> <li>- Novartis (Singapore) Pte Ltd</li> </ul>	<ul style="list-style-type: none"> <li>- International Enterprise Singapore</li> <li>- J.V. Fitness Pte Ltd</li> <li>- Prudential Assurance Company Singapore (Pte) Ltd</li> </ul>	
<b>Title</b>	Leasehold estate of 99 years expiring 14 Jan 2095	Estate in fee simple	Leasehold estate of 99 years expiring 9 Sep 2089	
<b>Valuation <sup>(2)</sup></b>	\$117.7 million	\$353.5 million	\$159.5 million	
<b>Committed Occupancy</b>	100.0%	99.8%	99.4%	

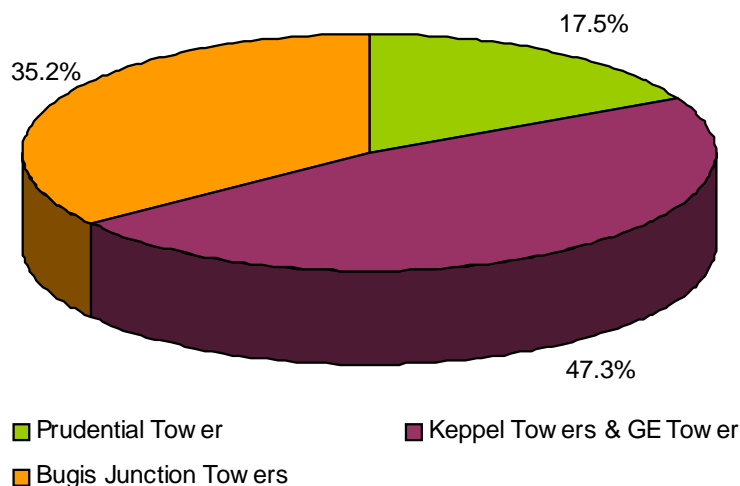
Information as at 30 Sep 2006

(1) Approximately 44% of strata area of the building

(2) Average appraised value as at 24 Nov 2005



# Gross Revenue by Asset



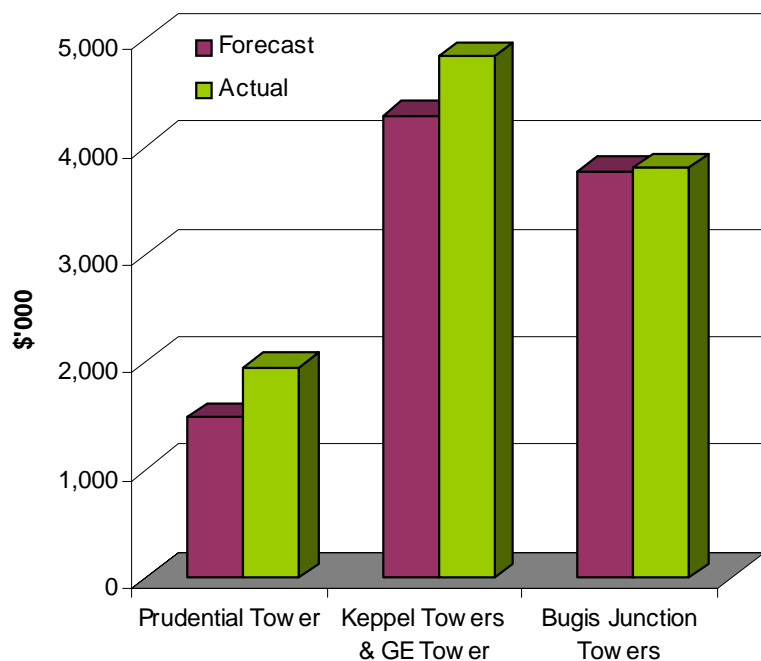
	From 26 Apr to 30 Sep 2006		
	Actual <sup>(1)</sup>	Forecast <sup>(2)</sup>	% Chg
Prudential Tower <sup>(3)</sup>	2,578	2,120	21.6
Keppel Towers & GE Tower	6,985	6,363	9.8
Bugis Junction Towers	5,196	5,188	0.2
<b>Total Property Income</b>	<b>14,759</b>	<b>13,671</b>	<b>8.0</b>

(1) For the period from 26 Apr to 30 Sep 2006

(2) Forecast is extracted from the Introductory Document and prorated for the period from 26 Apr to 30 Sep 2006

(3) Approximately 44% of strata area of the building

# Net Property Income by Asset



	From 26 Apr to 30 Sep 2006		
	Actual <sup>(1)</sup>	Forecast <sup>(2)</sup>	% Chg
Prudential Tower <sup>(3)</sup>	1,948	1,482	31.4
Keppel Towers & GE Tower	4,844	4,291	12.9
Bugis Junction Towers	3,808	3,777	0.8
<b>Total Net Property Income</b>	<b>10,600</b>	<b>9,550</b>	<b>11.0</b>

(1) For the period from 26 Apr to 30 Sep 2006

(2) Forecast is extracted from the Introductory Document and prorated for the period from 26 Apr to 30 Sep 2006

(3) Approximately 44% of strata area of the building

# Balance Sheet Highlights

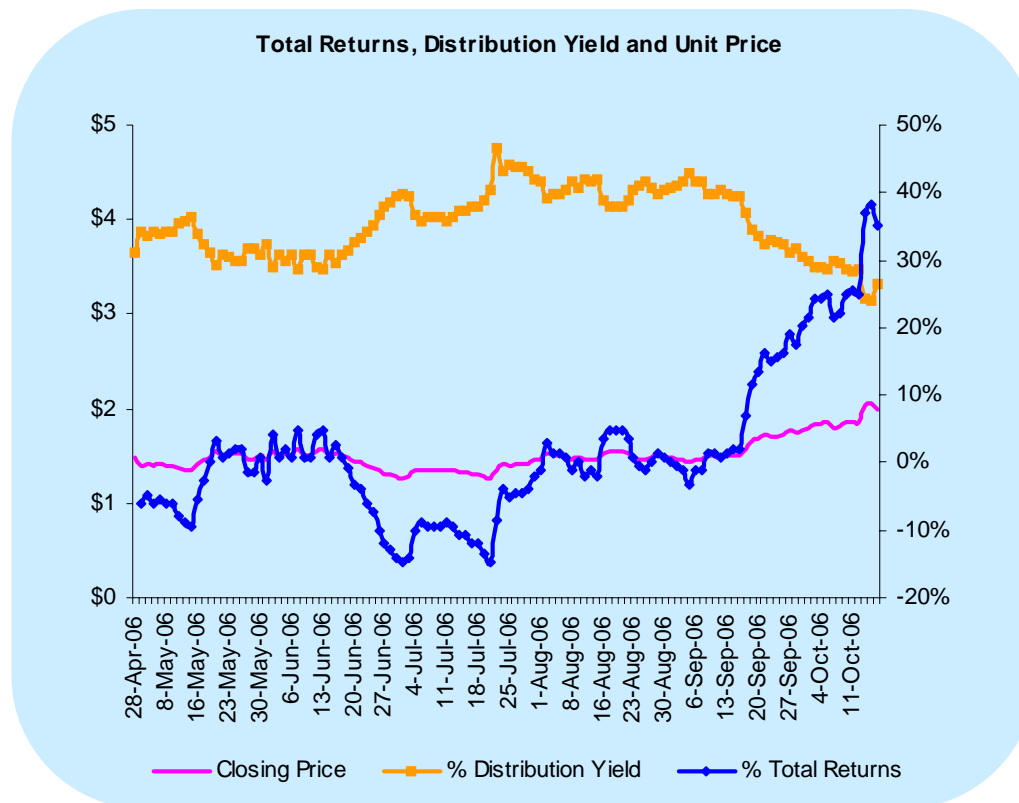
(\$m)	As At		
	30-Sep-06	30-Jun-06	30 Sep 05 <sup>(1)</sup>
Non-current Assets	630.7	630.7	630.7
<b>Total Assets</b>	<b>643.7</b>	<b>641.4</b>	<b>635.2</b>
Borrowings	189.0	188.8	189.3
<b>Total Liabilities</b>	<b>201.8</b>	<b>200.8</b>	<b>196.6</b>
Unitholders' Funds	441.9	440.6	438.6
<b>Net Asset Value Per Unit</b>	<b>\$1.83</b>	<b>\$1.83</b>	<b>\$1.82</b>
<b>Adjusted NAV Per Unit <sup>(2)</sup></b>	<b>\$1.82</b>	<b>\$1.82</b>	<b>\$1.82</b>

(1) Pro forma figures as disclosed in the Introductory Document

(2) Assuming distribution income has been paid out to Unitholders

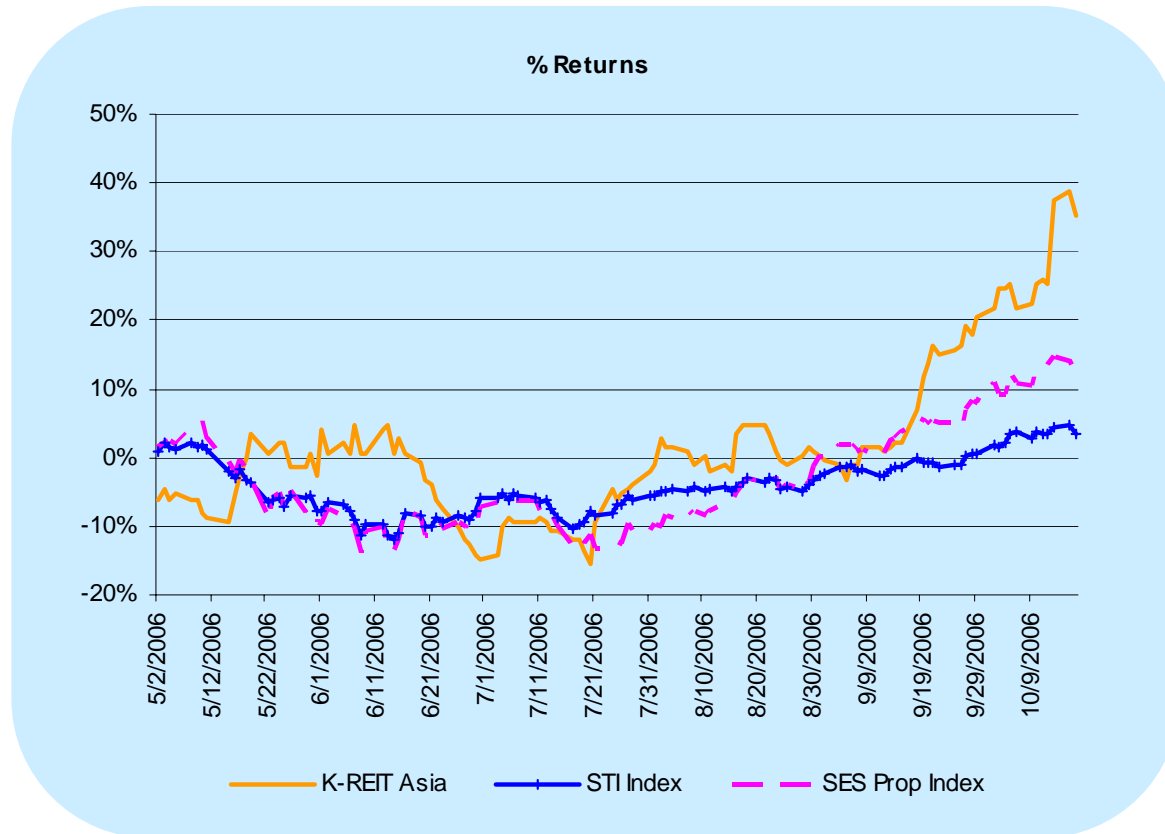
# Total Returns

- Total returns of 36.2% since listing (1)



(1) Total returns is derived based on K-REIT Asia's unit price appreciation from its first day closing price of \$1.49 on 28 Apr 2006 to the closing price of \$2.00 on 17 Oct 2006 and total DPU payout of 2.87 cents for the year up to 30 Sep 2006

# Comparable Returns



Source : Bloomberg

As at 17 Oct 2006

*This release may contain statements which are subject to risks and uncertainties that could cause actual results to differ materially from such statements. You are cautioned not to place undue reliance on such statements, which are based in the current views of Management on future developments and events.*