

# 1H 2008 FINANCIAL RESULTS

28 July 2008



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## Highlights

✓ Distributable income ↑ 169.8% y-o-y

✓ Excl 1/3 ORQPL, NPI ↑ 33.2% y-o-y

**Robust  
financial  
results**

✓ Portfolio with 100% committed occupancy

✓ Average portfolio gross rental rate ↑ 72% y-o-y

**Resilient  
portfolio**

✓ Aggregate leverage ↓ to 27.7%

✓ No refinancing concerns

**Improved  
capital  
efficiency**

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## ***Robust Financial Results***

## 1H 2008 DPU Outperformed Forecast by 13.2%

| (\$'000)   | 1H 2008       | 1H 2008                 |             | 1H 2007      |              |
|--|---------------|-------------------------|-------------|--------------|--------------|
|  | Actual        | Forecast <sup>(1)</sup> | % Chg       | Actual       | % Chg        |
| Property Income  | 24,495        | 24,258                  | 1.0         | 18,718       | 30.9         |
| Property Expenses  | (6,180)       | (5,685)                 | 8.7         | (4,973)      | 24.3         |
| Net Property Income                                      | 18,315        | 18,573                  | (1.4)       | 13,745       | 33.2         |
| Investment and Interest Income                           | 21,872        | 22,068                  | (0.9)       | 204          | nm           |
| Other Operating Expenses                                 | (33,496)      | (36,446)                | (8.1)       | (6,342)      | nm           |
| Net Profit Before Tax                                    | 6,691         | 4,195                   | 59.5        | 7,607        | (12.0)       |
| Income Tax   | (1,474)       | (2,177)                 | (32.3)      | -            | nm           |
| Net Profit After Tax                                     | 5,217         | 2,018                   | 158.5       | 7,607        | (31.4)       |
| <b>Distributable Income to Unitholders<sup>(2)</sup></b> | <b>25,581</b> | <b>22,490</b>           | <b>13.7</b> | <b>9,481</b> | <b>169.8</b> |
| <b>Distribution Per Unit (cents)</b>                     | <b>3.94</b>   | <b>3.48</b>             | <b>13.2</b> | <b>3.91</b>  | <b>0.8</b>   |

(1) Derived from the forecast shown in K-REIT Asia's Circular dated 9 April 2008 for the renounceable rights issue  
 (2) Includes a distribution of \$16.47 million for the period, 1 January - 7 May 2008 (prior to the completion of the rights issue)

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## 2Q 2008 DPU Outperformed Forecast by 26.0%

| (\$'000)                                   | 2Q 2008       | 2Q 2008                 |             | 2Q 2007      |              |
|--|---------------|-------------------------|-------------|--------------|--------------|
|  | Actual        | Forecast <sup>(1)</sup> | % Chg       | Actual       | % Chg        |
| Property Income                            | 12,989        | 12,774                  | 1.7         | 9,852        | 31.8         |
| Property Expenses                          | (3,815)       | (3,198)                 | 19.3        | (2,569)      | 48.5         |
| Net Property Income                        | 9,174         | 9,576                   | (4.2)       | 7,283        | 26.0         |
| Investment and Interest Income             | 10,863        | 11,045                  | (1.6)       | 88           | nm           |
| Other Operating Expenses                   | (15,655)      | (18,559)                | (15.6)      | (3,212)      | nm           |
| Net Profit Before Tax                      | 4,382         | 2,062                   | 112.5       | 4,159        | 5.4          |
| Income Tax                                 | (462)         | (1,083)                 | (57.3)      | -            | nm           |
| Net Profit After Tax                       | 3,920         | 979                     | 300.4       | 4,159        | (5.7)        |
| <b>Distributable Income to Unitholders</b> | <b>14,176</b> | <b>11,220</b>           | <b>26.3</b> | <b>5,192</b> | <b>173.0</b> |
| <b>Distribution Per Unit (cents)</b>       | <b>2.18</b>   | <b>1.73</b>             | <b>26.0</b> | <b>2.14</b>  | <b>1.9</b>   |

(1) Derived from the forecast shown in K-REIT Asia's Circular dated 9 April 2008 for the renounceable rights issue

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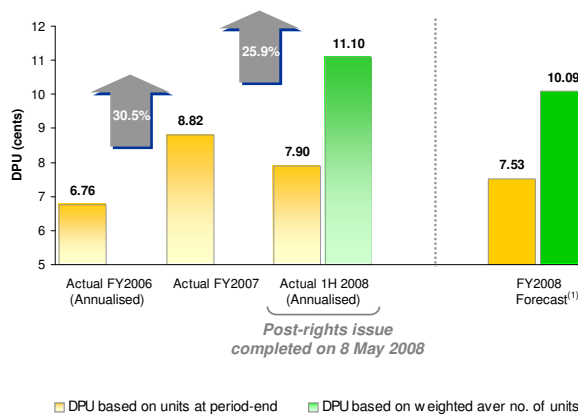
## 1H 2008 Income Contribution Up 191% Y-o-Y

| (\$'000)  | 1H 2008       |               |              | 1H 2007       |              |              | 2Q 2008 |        |       | 2Q 2007 |        |       |
|---|---------------|---------------|--------------|---------------|--------------|--------------|---------|--------|-------|---------|--------|-------|
|   | Actual        | Actual        | % Chg        | Actual        | Actual       | % Chg        | Actual  | Actual | % Chg | Actual  | Actual | % Chg |
| Prudential Tower                                | 3,627         | 2,450         | 48.0         | 1,795         | 1,167        | 53.8         |         |        |       |         |        |       |
| Keppel Towers & GE Tower                        | 9,525         | 6,508         | 46.4         | 4,847         | 3,645        | 33.0         |         |        |       |         |        |       |
| Bugis Junction Towers                           | 5,163         | 4,787         | 7.9          | 2,532         | 2,471        | 2.5          |         |        |       |         |        |       |
| <b>Total Net Property Income (NPI)</b>          | <b>18,315</b> | <b>13,745</b> | <b>33.2</b>  | <b>9,174</b>  | <b>7,283</b> | <b>26.0</b>  |         |        |       |         |        |       |
| <i>1/3 Interest in One Raffles Quay Pte Ltd</i> |               |               |              |               |              |              |         |        |       |         |        |       |
| Income Support                                  | 12,244        | -             | nm           | 6,099         | -            | nm           |         |        |       |         |        |       |
| Interest Income                                 | 4,725         | -             | nm           | 1,880         | -            | nm           |         |        |       |         |        |       |
| Dividend Income                                 | 4,677         | -             | nm           | 2,779         | -            | nm           |         |        |       |         |        |       |
| <b>Total Income from 1/3 ORQPL</b>              | <b>21,646</b> | <b>-</b>      | <b>nm</b>    | <b>10,758</b> | <b>-</b>     | <b>nm</b>    |         |        |       |         |        |       |
| <b>Total Income Contribution</b>                | <b>39,961</b> | <b>13,745</b> | <b>190.7</b> | <b>19,932</b> | <b>7,283</b> | <b>173.7</b> |         |        |       |         |        |       |

Growth in income contribution driven by positive rental reversions, improved occupancies and new contributions from One Raffles Quay

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## Rising DPUs



(1) Based on forecast as stated in K-REIT Asia's Circular dated 9 April 2008 for the renounceable rights issue

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## Balance Sheet

| (\$million)               | Post-Rights Issue |                |
|---------------------------|-------------------|----------------|
|                           | 31 Dec 2007       | 30 Jun 2008    |
| Non-current Assets        | 2,061.8           | 2,048.2        |
| <b>Total Assets</b>       | <b>2,088.1</b>    | <b>2,074.8</b> |
| Borrowings <sup>(1)</sup> | 1,131.3           | 580.7          |
| <b>Total Liabilities</b>  | <b>1,154.3</b>    | <b>608.8</b>   |
| <b>Unitholders' Funds</b> | <b>933.8</b>      | <b>1,466.0</b> |
| Net Asset Value Per Unit  | \$3.78            | \$2.26         |
| Adjusted NAV Per Unit     | \$3.73            | \$2.22         |

(1) Borrowings are stated net of unamortised upfront debt arrangement expenses of approximately \$1.2 million for the 5-year term loans of \$190 million.

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## Distribution Details

Distribution Period 8 May - 30 June 2008  
 Distribution Rate **1.39 cents per unit**  
 - Taxable: 0.67 cents per unit  
 - Tax-exempt: 0.72 cent per unit

### Distribution Timetable

Last Day of Trading on "cum" Basis 31 July 2008, 5.00 pm  
 Ex-dividend Date 1 August 2008, 9.00 am  
 Books Closure Date 5 August 2008  
 Distribution Payment Date 28 August 2008

DPU of 6.58 cents was paid to Unitholders on 18 June 2008 for the period 1 Jan – 7 May 2008

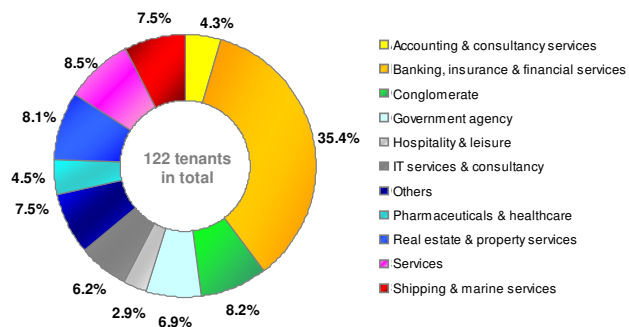
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# Resilient Portfolio



## Broad Tenant Diversity

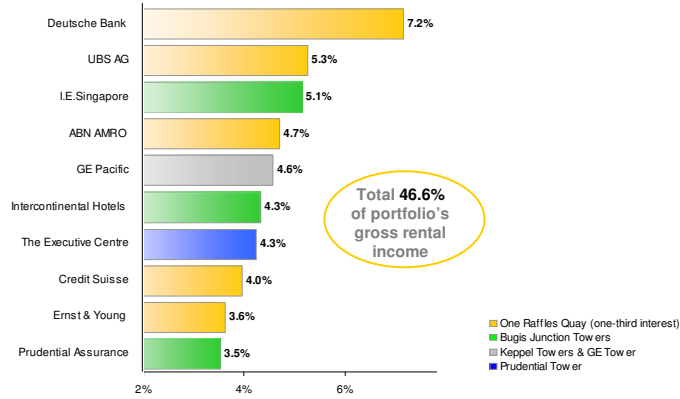
Tenant Business Sector by Net Lettable Area @ 30 June 2008



100% portfolio committed occupancy as at 30 June 2008

## Blue-chip Tenants on Long Leases

Portfolio's Top 10 Tenants by Monthly Gross Rental Income for June 2008

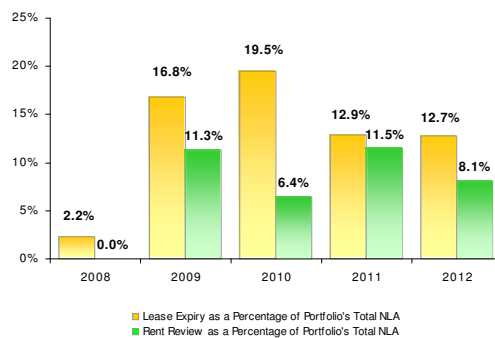


Weighted average lease term of 6 years;  
Mixture of long and short lease terms enhances stability of rental income

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## Portfolio Lease Expiry & Rent Review Profiles

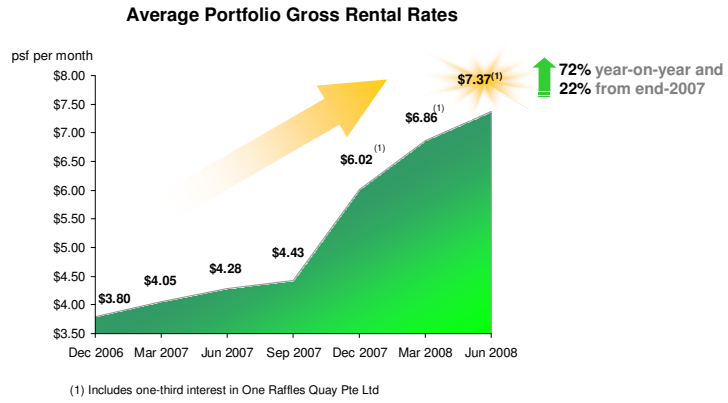
Lease Profile as a Percentage of Net Lettable Area @ 30 June 2008



Most of the leases expiring or subject to rent review in 2008 have already been secured;  
higher rental income locked in for the year

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## Further Appreciation in Portfolio Rents



Positive rental reversions expected due to limited prime office space

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## Improved Capital Efficiency



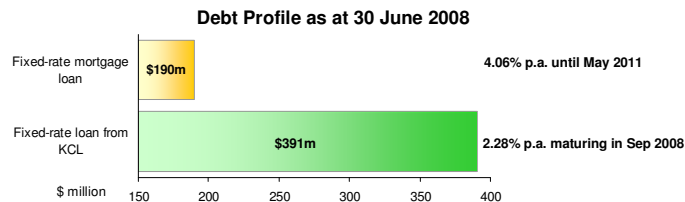
## Enhanced Funding Capacity After Rights Issue

|  | <i>Post-Rights Issue</i> |             |
|--|--------------------------|-------------|
|  | 31 Dec 2007              | 30 Jun 2008 |
| <b>Gross Borrowings</b>                | \$1,132.1m               | \$581.4m    |
| <b>Aggregate Leverage</b>              | 53.9%                    | 27.7%       |
| <b>All-in Interest Rate</b>            | 3.88%                    | 2.66%       |
| <b>Interest Coverage Ratio</b>         | 2.3 times                | 1.52 times  |
| <b>Weighted Average Term to Expiry</b> | 1.15 years               | 1.07 years  |
| <b>Corporate Rating (by Moody's)</b>   | Baa3                     | Baa3        |

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## No Refinancing Concerns

- New loan of \$391 million from Keppel Corporation:
  - Maturity in March 2011 at an interest rate of 3.94% p.a.<sup>(1)</sup>
- \$1 billion medium-term note programme is being established to fund activities

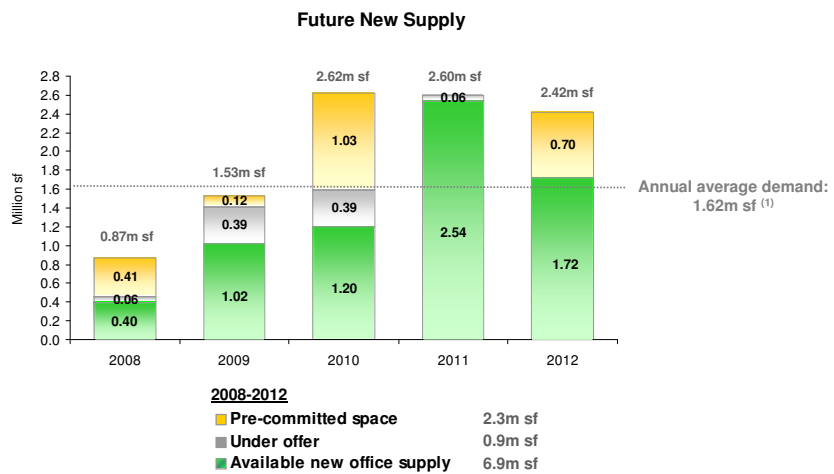


(1) Based on current market conditions and assuming that the loan amount is drawn on 28 July 2008

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# Market Review & Outlook

## Stable Office Demand-Supply Expected



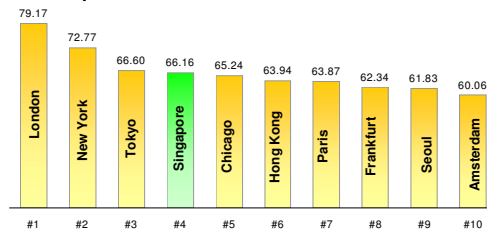
(1) Source: CBRE

(2) Pre-committed space estimates by CBRE and K-REIT Asia Management Ltd

## Singapore's Growth Supports Office Demand

- Asean Business Outlook Survey by American Chamber of Commerce
  - 71% of American senior executives plan to expand in ASEAN within the next two years
- 2008 Mastercard Worldwide Centers of Commerce Index
  - S'pore: High scores for legal/political framework and ease of doing business

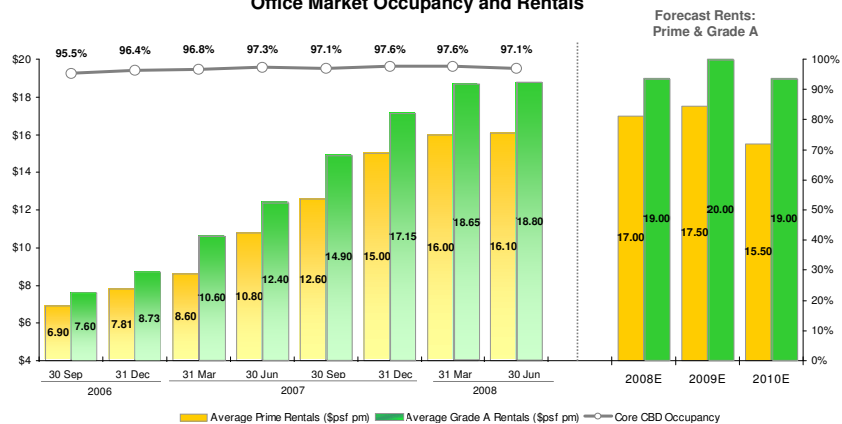
Top 10 Centers of Commerce in the World



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## Office Rents Expected to Remain Firm

Office Market Occupancy and Rentals



Source : CBRE

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# Going Forward



## Growth Strategy

**Organic Growth**  
Achieve better returns through proactive management and active leasing of properties

**Acquisition Growth**  
Seek growth acquisitions in Singapore and overseas that will potentially value-add to the portfolio

**Asset Enhancement**  
Identify asset enhancement initiatives to better meet the needs of tenants and increase asset value

A background image of a dense cityscape with various skyscrapers and buildings under a hazy sky.

# **Thank You**

*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.*

A background image of a dense cityscape with various skyscrapers and buildings under a hazy sky.

# **Additional Information**

## Snapshot of K-REIT Asia

|                                 |  |
|---------------------------------|--|
| <b>Manager</b>                  | K-REIT Asia Management Limited                         |
| <b>Property Portfolio</b>       | 5 quality commercial office assets valued at \$2.1 bil |
| <b>Listing Date</b>             | 28 Apr 2006 on Singapore Stock Exchange                |
| <b>Market Capitalisation</b>    | \$906 million as at 25 July 2008                       |
| <b>Unit Price</b>               | \$1.40   |
| <b>Number of Units in Issue</b> | 647,157,086  |
| <b>Free Float</b>               | 24.9% <sup>(1)</sup>                                   |
| <b>Aggregate Leverage</b>       | 27.7%  |

(1) Excludes stakes of about 43.6% held by Keppel Land and 31.5% held by Keppel Corporation

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## High Quality Portfolio of Assets



| Property                           | Prudential Tower <sup>(1)</sup>                                | Keppel Towers and GE Tower   | Bugis Junction Towers                                   | One Raffles Quay                              |
|------------------------------------|--|--|---|---|
| Net Lettable Area (sm)             | 10,074   | 40,002   | 22,990  | 41,359 <sup>(2)</sup>                         |
| Number of Tenants                  | 13   | 68   | 9   | 32  |
| Principal Tenants                  | KBC Bank N.V.<br>McGraw-Hill Companies<br>The Executive Centre | GE Pacific<br>Seadrill Management<br>Singapore Business Federation | IE Singapore<br>J.V. Fitness<br>Prudential Assurance Co | ABN Amro<br>Deutsche Bank<br>UBS              |
| Tenure                             | 99 years expiring<br>14 Jan 2095                               | Estate in fee simple   | 99 years expiring<br>9 Sep 2089                         | 99 years expiring<br>12 Jun 2100              |
| Valuation <sup>(3)</sup>           | \$227 million<br>(\$2,093 psf)                                 | \$580 million<br>(\$1,347 psf)                                     | \$303 million<br>(\$1,224 psf)                          | \$992 million <sup>(2)</sup><br>(\$2,228 psf) |
| Committed Occupancy<br>@30 June 08 | 100%   | 100%   | 100%  | 100%  |

(1) K-REIT Asia owns approximately 44% of the strata area of the building

(2) Net lettable area of 41,359 sm represents one-third of One Raffles Quay's total net lettable area and valuation of \$992 million is for one-third interest in One Raffles Quay

(3) Valuation as at 10 December 2007 by Knight Frank

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