

# INVESTOR MEETINGS

28 April 2008



## Contents

- Key Strengths
- Financial Results
- Operations Review & Portfolio Performance
- Capital Management
- Market Outlook & Review
- Going Forward

## ***Key Strengths***

### **Key Strengths**

- Pan-Asian office-focused S-REIT
- Quality assets and tenants
- Stable income stream
- Positive rental reversions
- Sponsor's strong support



## 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	31
Principal Tenants	KBC Bank N.V. McGraw-Hill Companies The Executive Centre	GE Pacific Seadrill Management Singapore Business Federation	IE Singapore J.V. Fitness Prudential Assurance Co	ABN Amro Deutsche Bank UBS
Tenure	99 years expiring 14 Jan 2095	Estate in fee simple	99 years expiring 9 Sep 2069	99 years expiring 12 Jun 2100
Valuation <sup>(3)</sup>	\$227 million	\$580 million	\$303 million	\$992 million <sup>(2)</sup>
Committed Occupancy @31 Mar 08	100%	99.2%	99.2%	100%

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

(2) K-REIT Asia owns a one-third interest of One Raffles Quay Pte Ltd; 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

5

## Financial Results

## Distributable Income Up 165.9% over 1Q 2007

(\$'000)	1Q 2008	1Q 2008		1Q 2007	
	Actual	Forecast <sup>(1)</sup>	% Chg	Actual	% Chg
Property Income	11,506	11,484	0.2	8,866	29.8
Property Expenses	(2,365)	(2,487)	(4.9)	(2,404)	(1.6)
Net Property Income	9,141	8,997	1.6	6,462	41.5
Investment and Interest Income <sup>(2)</sup>	11,009	11,023	(0.1)	116	nm
Other Operating Expenses <sup>(3)</sup>	(17,841)	(17,887)	(0.3)	(3,130)	nm
Net Profit Before Tax	2,309	2,133	8.3	3,448	(33.0)
Income Tax	(1,012)	(1,094)	(7.5)	-	nm
Net Profit After Tax	1,297	1,039	24.8	3,448	(62.4)
Distributable Income to Unitholders	11,405	11,270	1.2	4,289	165.9

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

(2) Comprises (a) share of results of associated company for K-REIT Asia's one-third interest in One Raffles Quay Pte Ltd (b) income support and (c) interest income

(3) Comprises (a) amortisation of income support (b) borrowing costs (c) Manager's management fees and (d) trust expenses

7

## DPU Comparison and Advanced Distribution

- DPU jumps by **159.9%** over 1Q 2007
- **1Q 2008 DPU of 4.60¢** to be included in the **Advanced Distribution pay-out**, estimated to be **6.45 - 6.50¢ per unit**, for the period **1 Jan - 7 May 2008**

	1Q 2008	1Q 2008		1Q 2007	
	Actual	Forecast <sup>(1)</sup>	% Chg	Actual	% Chg
Distribution Per Unit (DPU)	4.60 ¢	4.54 ¢	1.3	1.77 ¢	159.9
Annualised DPU <sup>(2)</sup>	18.45 ¢	18.21 ¢	1.3	7.18 ¢	157.0
Distribution Yield <sup>(3)</sup>	12.06%	11.90%	1.3	4.69%	157.0

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

(2) Annualised DPU excludes the effects of the rights units to be issued

(3) Based on K-REIT Asia's market closing price per unit of \$1.53 on 31 March 2008

8

## Income Contribution Up 210% Y-o-Y

(\$'000)	1Q 2008	1Q 2007	
	Actual	Actual	% Chg
Prudential Tower <sup>(1)</sup>	1,832	1,283	42.8
Keppel Towers & GE Tower	4,678	2,863	63.4
Bugis Junction Towers	2,631	2,316	13.6
<b>Total Net Property Income (NPI)</b>	<b>9,141</b>	<b>6,462</b>	<b>41.5</b>
<i>One-third Interest in One Raffles Quay Pte Ltd</i>			
Income Support	6,145	-	nm
Interest Income	2,845	-	nm
Dividend Income	1,898	-	nm
<b>Total Income Received from 1/3 ORQPL</b>	<b>10,888</b>	<b>-</b>	<b>nm</b>
<b>Total Income Contribution</b>	<b>20,029</b>	<b>6,462</b>	<b>210.0</b>

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

9

## Balance Sheet

(\$million)	31 Mar 2008	31 Dec 2007
Non-current Assets	2,055.0	2,061.8
<b>Total Assets</b>	<b>2,081.7</b>	<b>2,088.1</b>
Borrowings <sup>(1)</sup>	1,131.3	1,131.3
<b>Total Liabilities</b>	<b>1,157.0</b>	<b>1,154.3</b>
<b>Unitholders' Funds</b>	<b>924.6</b>	<b>933.8</b>
Net Asset Value Per Unit	\$3.73	\$3.78
Adjusted NAV Per Unit <sup>(2)</sup>	\$3.68	\$3.73

(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.

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

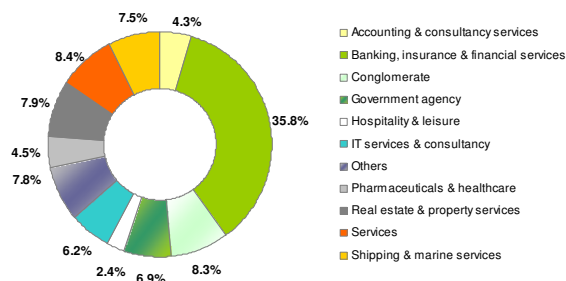
10

# ***Operations Review & Portfolio Performance***

## **Broad Tenant Diversity**

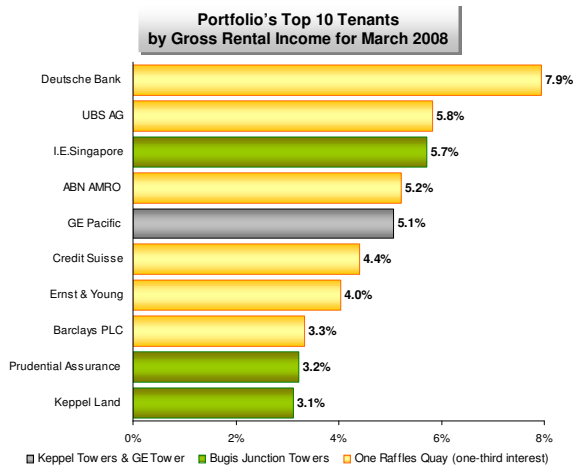
- Total of **121** tenants as at 31 March 2008
- Committed occupancy of **99.6%** for portfolio as at 31 March 2008
- High tenant retention ratio of **93.6%** for 1Q 2008

Tenant Business Sector  
by Net Lettable Area @ 31 Mar 2008



## Improved Tenant Diversification

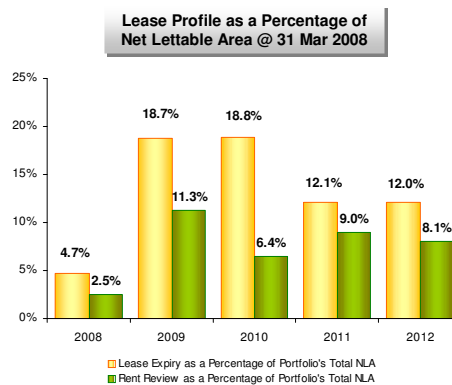
- Top 10 tenants account for **47.9%** of portfolio's monthly gross rental income for March 2008
- Portfolio's weighted average lease term of **6.2 years**
  - Mixture of long lease terms and short lease terms
  - Enhances stability of rental income



13

## Portfolio Lease Expiry & Rent Review Profiles

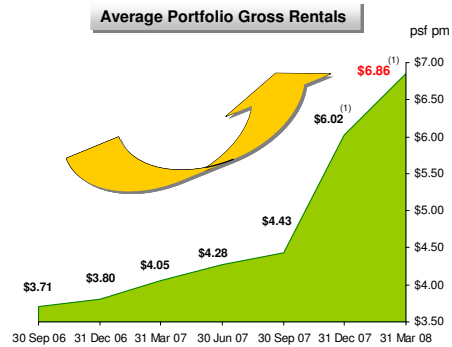
- **Positive rent reversions** expected due to limited prime office space
  - About **42.2%** of portfolio's net lettable area due for lease expiry from 2008 to 2010
  - About **20.2%** of portfolio's net lettable area due for rent review from 2008 to 2010



14

## Further Appreciation in Portfolio Rents

- Average gross rent of portfolio at \$6.86 psf in March 2008, up **69% y-o-y** and **14%** from end-2007
- Uptrend in rental rates remains intact



(1) Includes income support for one-third interest in One Raffles Quay Pte Ltd

15

## *Capital Management*



## Rights Issue to Strengthen Balance Sheet

### ■ Debt Profile

- Fixed-rate mortgage loans of \$190m: 4.06% p.a. until May 2011
- Floating-rate bridging loan of \$942m maturing in Sep 2008

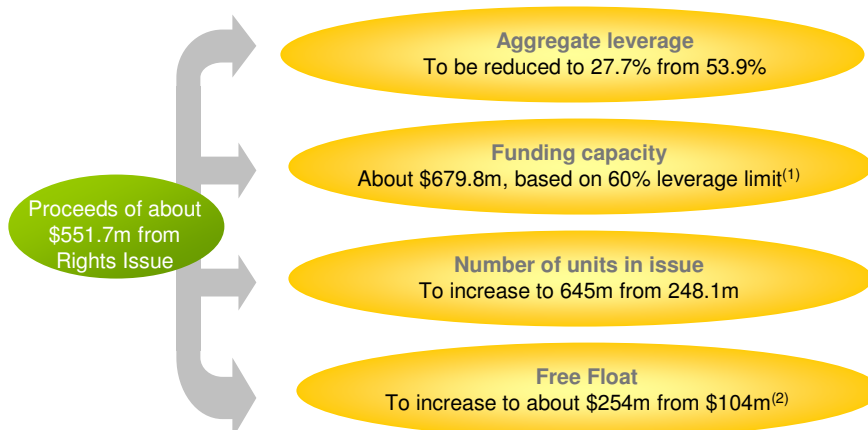
	<i>Pre- Rights Issue</i>	
	31 Mar 2008	31 Dec 2007
<b>Gross Borrowings</b>	\$1,132.1m	\$1,132.1m
<b>Aggregate Leverage <sup>(1)</sup></b>	53.9%	53.9%
<b>All-in Interest Rate <sup>(2)</sup></b>	2.68%	3.88%
<b>Corporate Rating (by Moody's)</b>	Baa3	Baa3

(1) Aggregate Leverage = Gross borrowings / Value of deposited properties

(2) All-in interest rate includes amortisation of upfront debt arrangement expenses of approximately \$1.2 million for the 5-year term loans

17

## Impact of Rights Issue



(1) Based on borrowings of approximately \$581.4m which include \$190 million fixed rate mortgage loan and balance of bridging loan from Keppel Corporation

(2) Based on closing market price of \$1.53 on 31 March 2008 and theoretical ex-rights price of \$1.44, assuming all unitholders take up their proportional allotments; 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

18

## ***Market Outlook & Review***

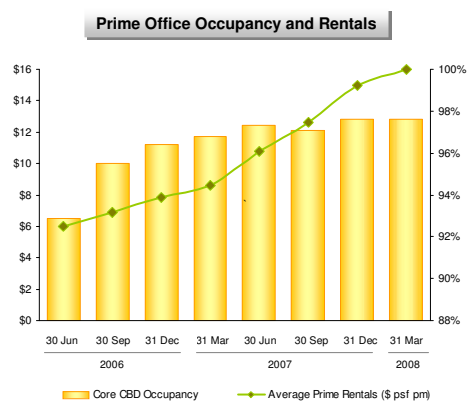
### **Office Rents Supported by Economic Growth**

- Government's 2008 GDP forecast at lower **4 – 6%**
- 1Q 2008 advance GDP growth estimate at **7.2%**

- Continued growth in financial services, construction and manufacturing sectors

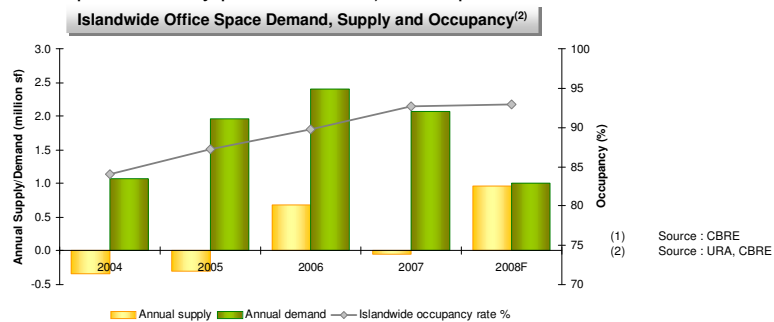
- Prime office space
  - Near full occupancy
  - Rents @ \$16.00 psf pm at end-Mar 2008, up **86%** y-o-y <sup>(1)</sup>

(1) Source : CBRE



## Office Rents Continue to Rise

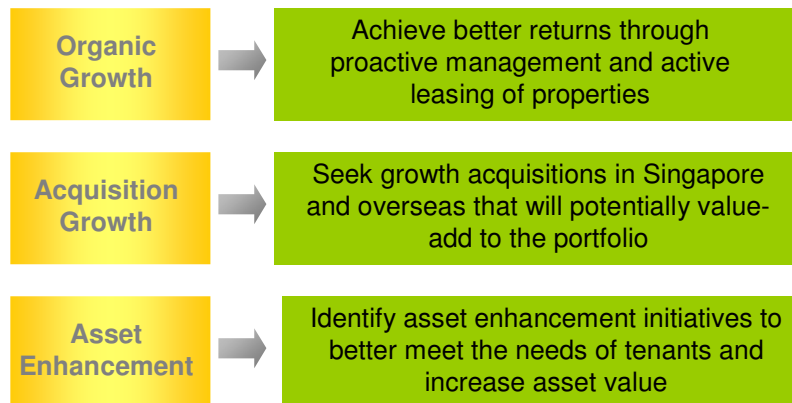
- Demand for prime office space is expected to continue although pace of rental growth is likely to moderate
  - Monthly prime office rents forecast to grow by about 13% y-o-y by end-2008<sup>(1)</sup>
  - No substantial new supply until Marina Bay Financial Centre, Phase I (>50% space already pre-committed) is completed in 2010



21

## *Going Forward*

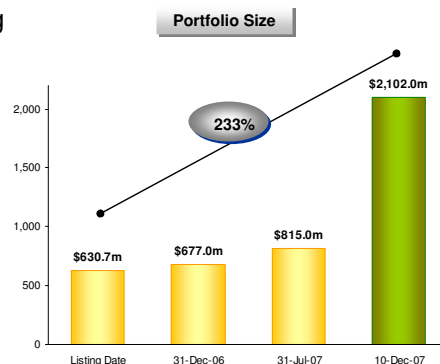
## Growth Strategy



23

## A Pan-Asian Commercial REIT

- **Grow portfolio** by identifying and pursuing quality commercial assets in Singapore and other Asian growth cities
- Ride on different market cycles to allow for **risk diversification** across countries



24

## Strong Keppel Land Sponsorship

### 1 Leading development expertise

- ◆ Leading property developer in Asia
- ◆ Currently has 5.2m sf NLA of prime office space in Singapore, including 3.8m sf under development in CBD and New Downtown, with joint venture partners

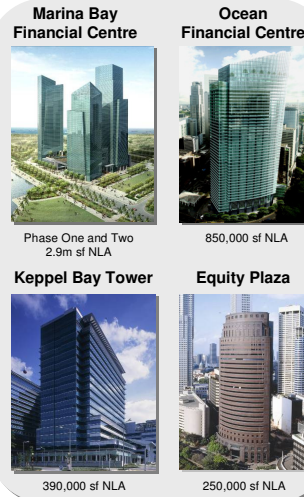
### 2 Strong alignment with K-REIT Asia's unitholders

- ◆ ~42% anchor stake in K-REIT Asia
- ◆ Growing fund management platform

### 3 Established property management expertise

- ◆ Sizeable economies of scale
- ◆ Effective marketing and asset management

#### Singapore



25

## Strong Keppel Land Sponsorship

### 4 Pan-Asian platform and network

- ◆ Strong network in 10 major cities across Asia
- ◆ Currently has 1.7m sf NLA of prime office space overseas, with joint venture partners
- ◆ Competitive edge in sourcing and pursuing pan-Asian acquisition opportunities

#### Indonesia

##### Wisma BCA, Jakarta



410,000 sf NLA

#### Vietnam

##### Saigon Centre, Ho Chi Minh City



178,000 sf NLA (Office & Retail)

#### Vietnam

##### International Centre, Hanoi



82,000 sf NLA

26

# ***Thank You***

## **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.*

# ***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 <sup>(1)</sup>
<b>Listing Date</b>	28 Apr 2006 on Singapore Stock Exchange
<b>Market Capitalisation</b>	\$367.2 million <sup>(2)</sup>
<b>Unit Price</b>	\$1.48 <sup>(2)</sup>
<b>Number of units in issue</b>	248,078,245 <sup>(2)</sup>
<b>Free Float</b>	27.3% <sup>(2)(3)</sup>

- (1) Valuation as at 10 December 2007  
 (2) As at 25 April 2008  
 (3) Excludes total unitholdings of about 72.7% held by Keppel Land and Keppel Corporation

29

## Total Return Since Listing

- Total return of **60%**, outperforming major Singapore indices

	<b>Total Return Since Listing</b>
<b>K-REIT Asia <sup>(1)</sup></b>	<b>64.5%</b>
<b>STI Index <sup>(2)</sup></b>	<b>18.2%</b>
<b>FTSE STI REIT Index <sup>(3)</sup></b>	<b>11.7%</b>



- (1) Total return calculated based on unit price appreciation from first day opening price of \$1.04 on 28 April 2006 to closing price of \$1.53 on 31 March 2008 and total DPU of 18.13 cents from 26 April 2006 to 31 March 2008  
 (2) Total return calculated based on index price appreciation

Source : Bloomberg as at 31 March 2008

30