

# INVESTOR MEETINGS

March 2008





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# ***Introduction***

## **Introduction**

- Leading **pan-Asian office-focused** S-REIT
- Asset size  **210%** from \$677m as at end-2006 to \$2.1 bil as at end-2007
- Net asset value per unit  **85.3%** from \$2.04 as at end-2006 to \$3.78 as at end-2007
- **Full** committed occupancy for portfolio as at 31 December 2007
- Strong support by way of **Keppel Group's sponsorship** and continued alignment of interests

## High Quality Portfolio of Assets



Property	Prudential Tower <sup>(1)</sup>	Keppel Towers and GE Tower	Bugis Junction Towers	One Raffles Quay <sup>(2)</sup>
Net Lettable Area (sm)	10,074	40,002	22,990	41,359 <sup>(2)</sup>
Number of Tenants	13	69	12	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 2089	99 years expiring 12 Jun 2100
Valuation <sup>(3)</sup>	\$227 million	\$580 million	\$303 million	\$992 million <sup>(2)</sup>
Committed Occupancy	100%	99.8%	100%	100%

(1) K-REIT Asia owns approximately 44% of the strata area of the building which amounts to 10,074 square metres

(2) K-REIT Asia owns a one-third interest of ORQPL, net lettable area of 41,359 sm represents one-third of ORQ's total net lettable area and valuation of \$992 million is for one-third interest in ORQ

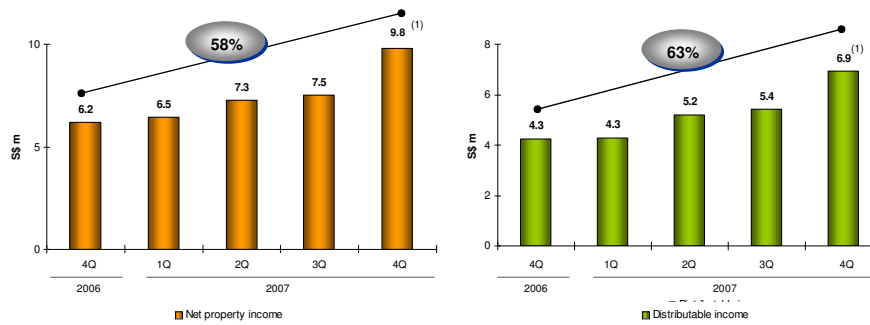
(3) Valuation as at 10 December 2007 by Knight Frank

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## *Financial Highlights*

## Earnings Continue to Outperform

- Earnings driven by higher gross rental income

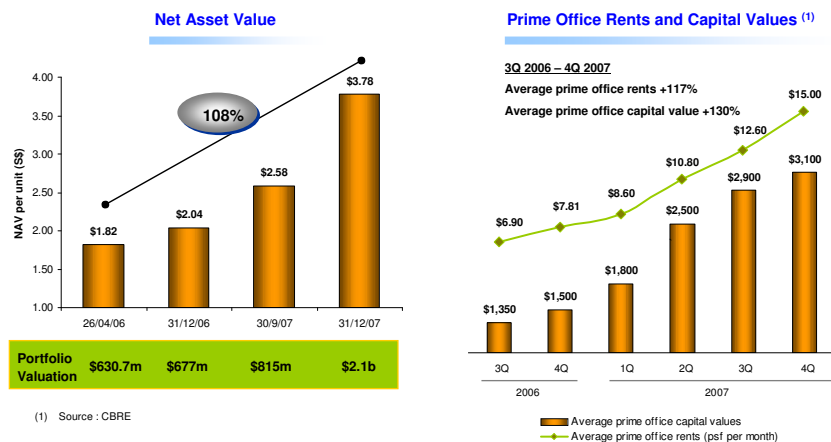


(1) Net property income and distributable income include contribution from K-REIT Asia's one-third interest in One Raffles Quay Pte Ltd (ORQPL), commencing from 11 December 2007.

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## Solid Asset Backing

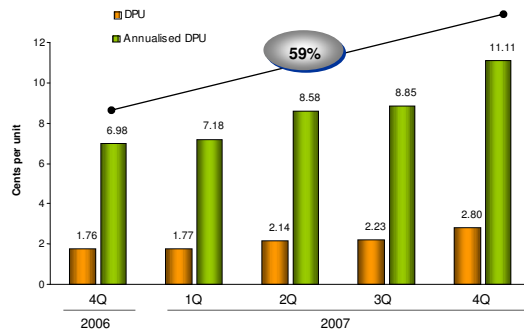
- Strong NAV growth, with **further upside potential** from increase in office capital values



(1) Source : CBRE

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## Consistent Growth in DPU



	FY2007	FY2006 <sup>(2)</sup>	% Chg
DPU	8.82 ¢	6.76 ¢	30.5%
DPU Yield <sup>(1)</sup>	4.14%	3.17%	30.6%

(1) Based on K-REIT Asia's closing price of \$2.13 on 31 December 2007  
 (2) Annualised DPU; K-REIT Asia made its trading debut on 28 April 2006

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## Strong Total Return Since Listing

- Strong total return of **118%** outperforming major Singapore indices

	Total Return Since Listing
K-REIT Asia <sup>(1)</sup>	118%
SESProp Index <sup>(2)</sup>	51.6%
STI Index <sup>(2)</sup>	40.5%



(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 \$2.13 on 31 December 2007 and total DPU of 13.53 cents from 26 April 2006 to 31 December 2007  
 (2) Total return calculated based on index price appreciation and dividend payouts

Source : Bloomberg as at 31 December 2007

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## Capital Management

- Debt Profile
  - Fixed-rate mortgage loans of S\$190m: 4.06% p.a. until May 2011
  - Floating-rate bridging loan of S\$942m: 3.3% p.a. maturing in Sep 2008
- Aggregate leverage expected to fall with proposed rights issue

	As At	
	31-Dec-07	31-Dec-06
Gross Borrowings	\$1,132.1m	\$190.1m
Aggregate leverage <sup>(1)</sup>	53.9%	27.4%
Interest Coverage Ratio <sup>(2)</sup>	2.3 times	2.7 times
All-in Interest Rate <sup>(3)</sup>	3.88%	4.06%
Weighted Average Term to Expiry	1.1 years	4.3 years
Corporate Rating <sup>(4)</sup>	Baa3	-

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

(2) Interest coverage ratio = Year-to-date profit before interest and tax / Interest expense

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

(4) Moody's has assigned a corporate family rating of "Baa3" to K-REIT Asia with a stable outlook on 10 December 2007

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## Operations Review & Portfolio Performance

## Significant Maiden Acquisition

Completed yield-accretive acquisition of **one-third interest in ORQPL** on 10 December 2007



Asset size **↑210%** from \$677m as at end-2006 to **\$2.1 bil** as at end-2007, with ORQ (1/3 interest) accounting for 47% of the asset size

Portfolio's net lettable area **↑57%** from 73,108 sm to **114,426 sm**

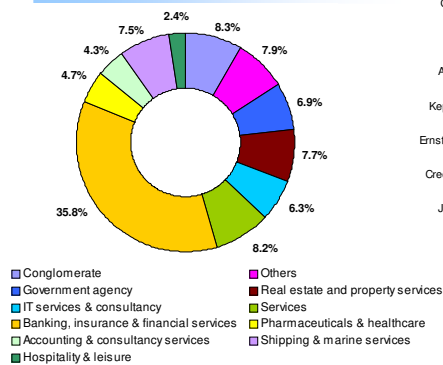
Acquisition **strengthens** K-REIT Asia's position as an office-focused commercial REIT

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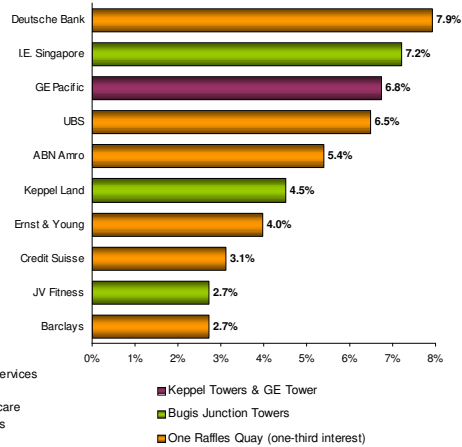
## Broad Tenant Diversity

- Risk diversification: total of **125** tenants as at 31 December 2007

**Tenant Trade Sector by NLA @ 31 Dec 2007**



**Top 10 Tenants:**  
50.8% of NLA (114,426 sm) @ 31 Dec 2007

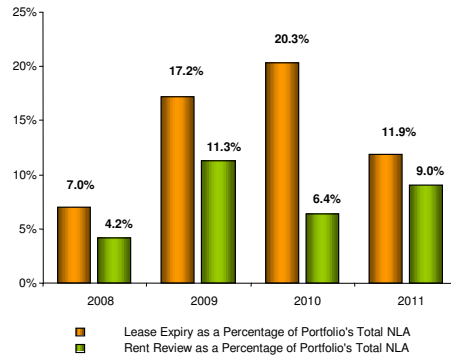


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## Positive Rent Reversions Expected

- **Positive rent reversions** expected due to limited prime office space
- About **44.5%** of portfolio's net lettable area due for lease expiry from 2008 to 2010
- About **21.9%** of portfolio's net lettable area due for rent review from 2008 to 2010

Lease Profile as a Percentage of NLA\* @ 31 Dec 2007



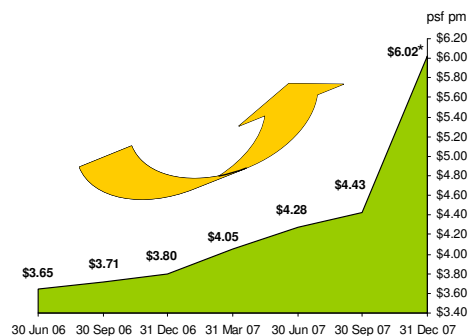
\* Includes one-third (41,359 sm) of One Raffles Quay's total net lettable area

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## Further Appreciation in Portfolio Rents

- Average portfolio gross rent **up 58%** from end-2006
- **Uptrend in rental rates** remains intact

Average Portfolio Gross Rentals



\* Includes income support for one-third interest in ORQPL, the acquisition of which was completed on 10 December 2007

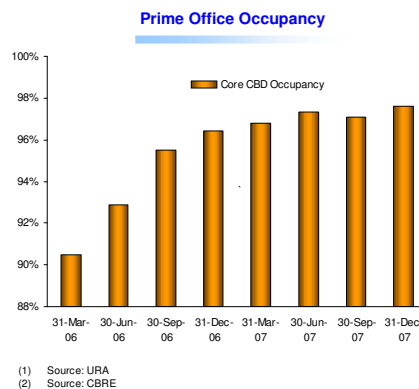
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## ***Market Outlook & Review***

### **Upward Trend in Office Rents**

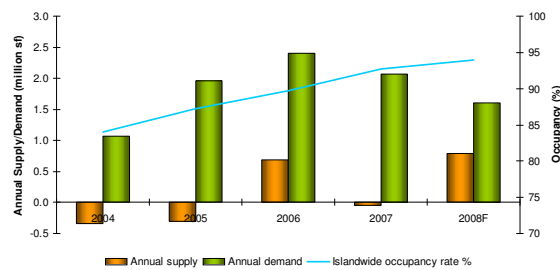
- Singapore economy: 2007 GDP growth at **7.7%**
  - Strong growth in financial services and construction sectors
- Government expects economy to grow at healthy **4.0 – 6.0%** in 2008
- Prime office space
  - Near full occupancy
  - Take-up of 2.07m sf in 2007 <sup>(1)</sup>
  - Rents @ \$15.00 psf pm at end-Dec 2007, up **92.1%** y-o-y <sup>(2)</sup>



## Supply Remains Tight

- Healthy office demand expected to continue
  - Office rents forecast to grow by 15 - 20% in 2008<sup>(1)</sup>
- No substantial new supply until Marina Bay Financial Centre, Phase I (>50% space already pre-committed) is completed in 2010

Islandwide Office Space Demand, Supply and Occupancy<sup>(2)</sup>

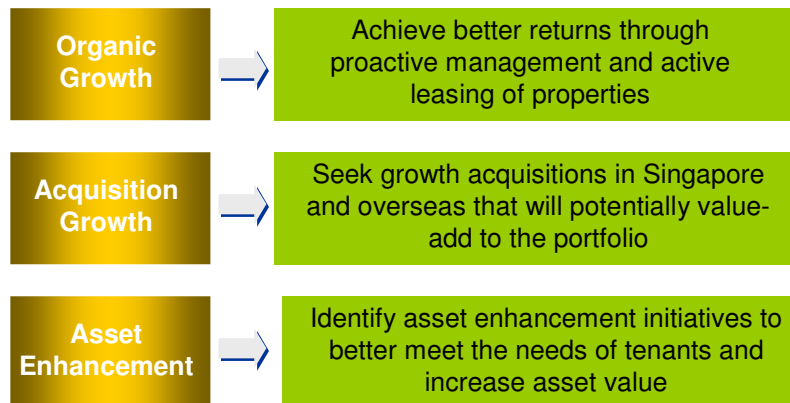


(1) Source : LaSalle Investment Management, 15 December 2007  
 (2) Source : URA, CBRE

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## *Going Forward*

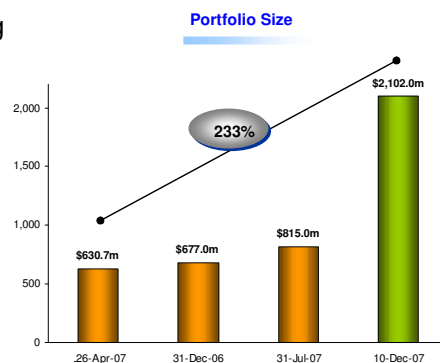
## Growth Strategy



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## 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



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## 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
- 2 **Pan-Asian platform and network**
  - ◆ Strong network in 10 major cities across Asia
  - ◆ Competitive edge in sourcing and pursuing pan-Asian acquisition opportunities
- 3 **Strong alignment with K-REIT Asia's unitholders**
  - ◆ ~42% anchor stake in K-REIT Asia
  - ◆ Growing fund management platform
- 4 **Established property management expertise**
  - ◆ Sizeable economies of scale
  - ◆ Effective marketing and asset management

**Marina Bay Financial Centre**



Phase One and Two  
2.9m sf NLA

**Ocean Financial Centre**



850,000 sf NLA

**Keppel Bay Tower**



387,676 sf NLA

**Equity Plaza**

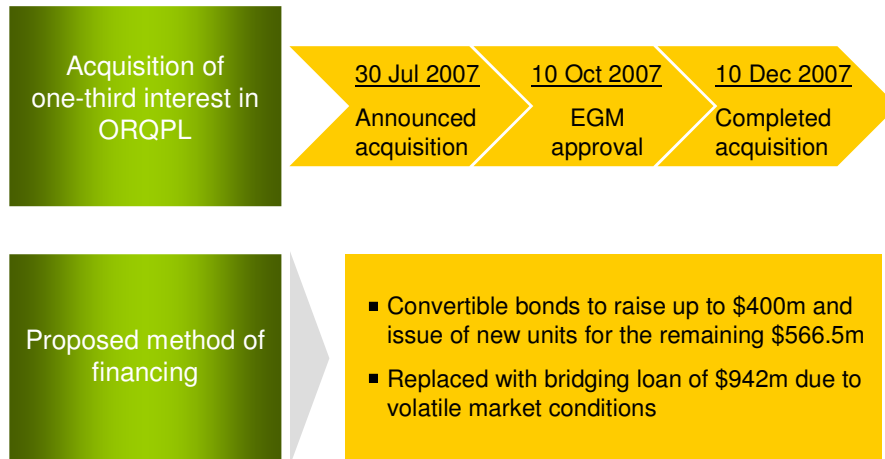


249,165 sf NLA

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## *Proposed Rights Issue*

## Background



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## Issues under Current Market Conditions

- Acquisition of one-third interest in ORQPL
  - Funded entirely by bridging loan
  - Led to aggregate leverage of 53.9% as at 31 December 2007
- High aggregate leverage:
  - Approaching maximum allowable limit of 60%
  - Needs to be reduced to avoid risk of breaching the limit
  - Hinders ability to undertake further acquisitions
- Equity issue
  - Net asset value as at 31 December 2007: \$3.78 per unit
  - Trading price as at 3 March 2008: \$1.60 per unit
  - Issuance of new units at current unit price will be dilutive to unitholders

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## Rationale for Renounceable Rights Issue

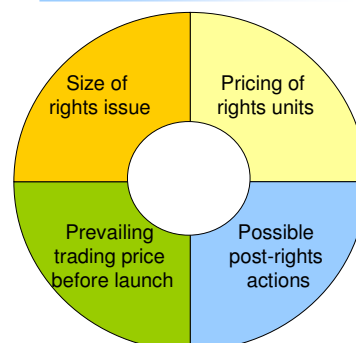
- **Most appropriate means** of raising equity under current market conditions
- Allow unitholders to **participate in K-REIT Asia's growth** without dilution of proportional stake
- **Reduce aggregate leverage**
  - To strengthen balance sheet and optimise capital structure
  - To enhance ability and responsiveness in acquisition of new properties
  - To avoid possible breach of 60% aggregate leverage limit
- Enhance **credit profile**

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## Details of Proposed Rights Issue

- **Up to \$700m** to be raised
- Issue price at a discount of **up to 20%** to the prevailing trading price before launch
- Net proceeds will be used to repay part of the bridging loan
- Keppel Corporation and Keppel Land undertake to take up:
  - Respective allocations of the Units and
  - Any Units not subscribed for by minority unitholders

**Various parameters for the proposed rights issue**



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## Sponsor's Commitment to K-REIT Asia

**Keppel Land remains committed to growing K-REIT Asia as separate listed platform**

Maintaining K-REIT Asia as platform for unlocking value from commercial developments

Expanding its property fund management business

Alignment of interests

**K-REIT**asía

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## Going Forward

- EGM to obtain support from K-REIT Asia's unitholders to proceed with rights issue
- Unitholders can:
  - Subscribe to rights or
  - Sell rights to market or
  - Choose not to exercise rights
- Free float:
  - Issue to be addressed when current conditions improve

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# ***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***



## Balance Sheet Highlights

-  in Non-current Assets due mainly to

- Acquisition of one-third interest in **One Raffles Quay Pte Ltd (ORQPL)**
- Revaluation gain of **\$433m gain** from initial properties

(S\$m)	As At	
	31 Dec 2007	31 Dec 2006
Non-current Assets	2,061.8	677.0
<b>Total Assets</b>	<b>2,088.0</b>	<b>694.9</b>
Borrowings <sup>(1)</sup>	1,131.3	189.0
<b>Total Liabilities</b>	<b>1,154.3</b>	<b>202.5</b>
Unitholders' Funds	933.7	492.4
<b>Net Asset Value Per Unit</b>	<b>\$3.78</b>	<b>\$2.04</b>
<b>Adjusted NAV Per Unit <sup>(2)</sup></b>	<b>\$3.73</b>	<b>\$2.00</b>

(1) The increase in borrowings is due to an additional loan of \$942 million for the purchase of the one-third stake of ORQ. 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.

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## Income Contribution by Asset

(\$'000)	FY2007	FY2006	% Chg	4Q2007	4Q2006	% Chg
	Actual	Pro forma		Actual	Actual	
Prudential Tower <sup>(1)</sup>	5,037	4,395	14.6	1,381	1,218	13.4
Keppel Towers & GE Tower	13,741	10,598	29.7	3,432	2,980	15.2
Bugis Junction Towers	9,484	8,632	9.9	2,211	2,016	9.7
<b>Total Net Property Income (NPI)</b>	<b>28,262</b>	<b>23,625</b>	<b>19.6</b>	<b>7,024</b>	<b>6,214</b>	<b>13.0</b>
<b>One-third Interest in ORQPL</b>						
Income Support	1,080	-	nm	1,080	-	nm
Interest Income	690	-	nm	690	-	nm
Dividend Income	1,000	-	nm	1,000	-	nm
<b>Total Income Received from 1/3 ORQPL</b>	<b>2,770</b>	<b>-</b>	<b>nm</b>	<b>2,770</b>	<b>-</b>	<b>nm</b>
<b>Total Income Contribution</b>	<b>31,032</b>	<b>23,625</b>	<b>31.4</b>	<b>9,794</b>	<b>6,214</b>	<b>57.6</b>

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

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## One Raffles Quay – Key Information

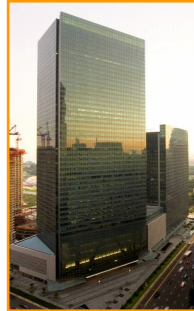
Strategically located in new downtown at **Marina Bay** with direct underground access to Raffles Place MRT station.

Fully occupied with blue-chip tenants with long-term leases.

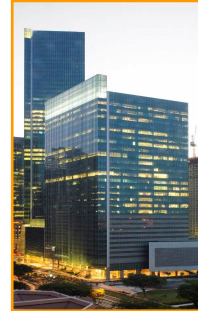
Close to **Marina Bay Sands Integrated Resort** and **Formula 1** night race circuit.

<b>Gross Lettable Area</b>	1,339,407 sf
<b>Net Lettable Area</b>	1,335,565 sf
<b>Carpark Lots</b>	713
<b>Number of Tenants</b>	31
<b>Tenure</b>	99 years expiring 12 Jun 2100
<b>Valuation</b>	\$992 million <sup>(1)</sup>
<b>Committed Occupancy</b>	100%
<b>Property Description</b>	Comprises a 50-storey North Tower, a 29-storey South Tower and an underground retail link

North Tower



South Tower



### Major Tenants



(1) K-REIT Asia owns a one-third stake with an attributable net lettable area of 41,359 sm and a corresponding valuation of \$992 million as at 10 December 2007 by Knight Frank

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## 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 and Trading Date</b>	28 Apr 2006 on Singapore Stock Exchange
<b>Market Capitalisation</b>	\$396.9 million (as at 3 Mar 2008) <sup>(1)</sup>
<b>Unit Price</b>	\$1.60 (closing price on 3 Mar 2008)
<b>Total No. of Units</b>	248,078,245 (as at 3 Mar 2008)
<b>Free Float</b>	27.3% (as at 3 Mar 2008) <sup>(2)</sup>

(1) Based on closing price of \$1.60 and 248,078,245 units issued as at 3 March 2008

(2) Excludes total unitholding of about 72.7% held by Keppel Land and Keppel Corporation

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