

# INVESTOR MEETINGS

Sep 2008



## Contents

- ❖ Overview
- ❖ Resilient Portfolio
- ❖ Improved Capital Efficiency
- ❖ Market Review & Outlook
- ❖ Going Forward
- ❖ Additional Information

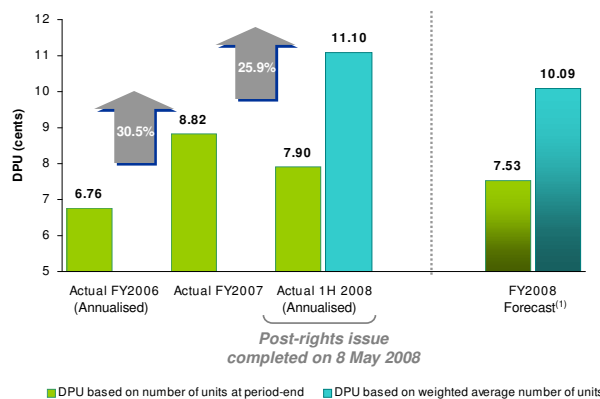
## Overview of K-REIT Asia

- ❖ Commercial REIT with Pan-Asian mandate
- ❖ Portfolio of 5 quality office assets producing steady and sustainable returns
  - ♦ Assets under management<sup>(1)</sup>: S\$2,102 million
  - ♦ Net lettable area: 114,425 sm or 1,231,673 sf

Prudential Tower <sup>(2)</sup>	Keppel Towers & GE Tower	Bugis Junction Towers	One Raffles Quay
NLA : 10,074 sm Valuation : \$227m (\$2,093 psf)	NLA : 40,002 sm Valuation : \$580m (\$1,347 psf)	NLA : 22,990 sm Valuation : \$303m (\$1,224 psf)	NLA : 41,359 sm <sup>(3)</sup> Valuation : \$992m <sup>(3)</sup> (\$2,228 psf)
Occupancy: 100% <sup>(4)</sup>	Occupancy: 100% <sup>(4)</sup>	Occupancy: 100% <sup>(4)</sup>	Occupancy: 100% <sup>(4)</sup>

(1) Based on valuation as at 10 Dec 2007 by Knight Frank  
 (2) K-REIT Asia owns approximately 44% of the strata area of the building  
 (3) Based on K-REIT Asia's one-third interest of One Raffles Quay Pte Ltd  
 (4) Committed occupancy as at 30 Jun 2008

## Rising DPUs



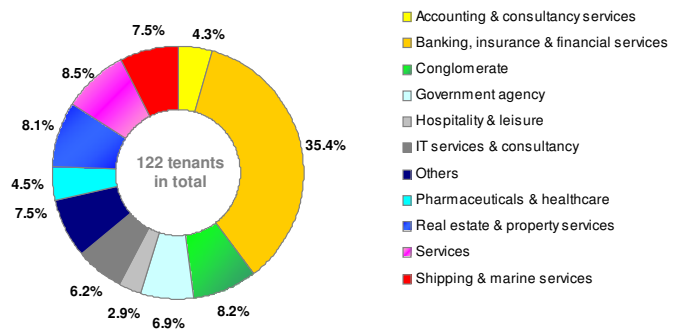
(1) Based on forecast as stated in K-REIT Asia's Circular dated 9 Apr 2008 for the renounceable rights issue

Total DPU pay-out of 7.97 cents:  
6.58 cents for 1 Jan – 7 May 2008 and 1.39 cents for 8 May – 30 Jun 2008

# Resilient Portfolio

## Broad Tenant Diversity

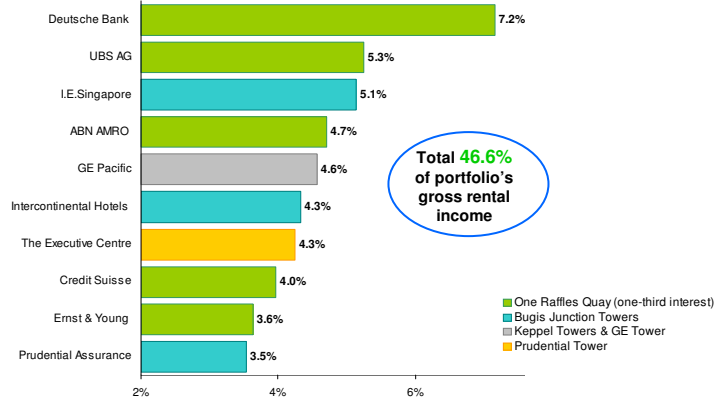
Tenant Business Sector by Net Lettable Area @ 30 Jun 2008



100% portfolio committed occupancy as at 30 Jun 2008

## Blue-chip Tenants on Long Leases

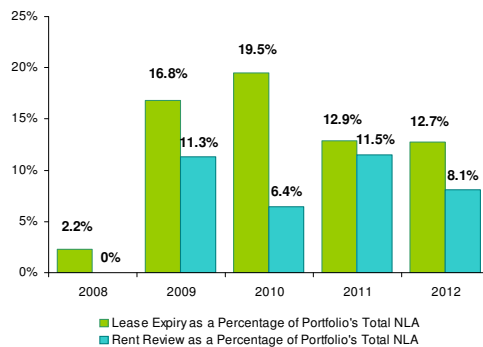
Portfolio's Top 10 Tenants by Monthly Gross Rental Income for Jun 2008



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

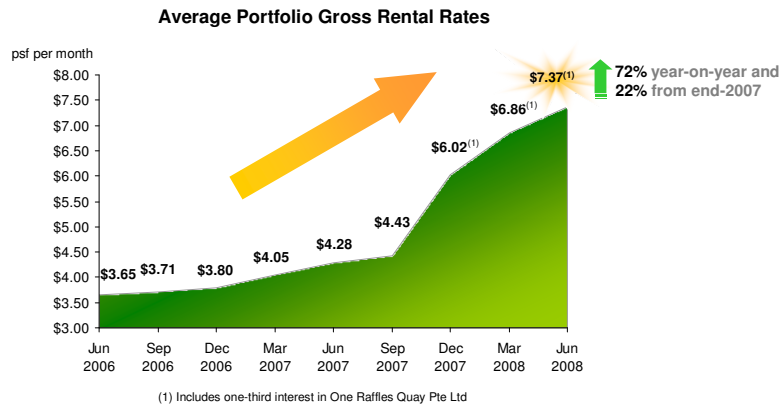
## Portfolio Lease Expiry & Rent Review Profiles

Lease Profile as a Percentage of Net Lettable Area @ 30 Jun 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

## Further Appreciation in Portfolio Rents



Positive rental reversions expected due to limited prime office space

9

## *Improved Capital Efficiency*

10

## Enhanced Funding Capacity After Rights Issue

- ❖ Gross proceeds of about \$551.7 million from Rights Issue completed in May 2008
- ❖ Funding capacity of about \$679.8 million, based on 60% leverage limit

*Post-Rights Issue*

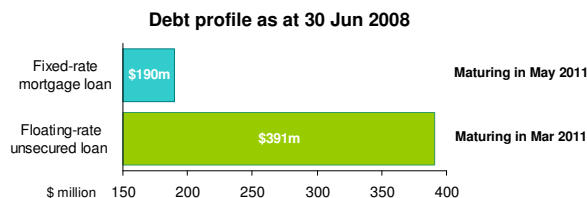
	31 Dec 2007	30 Jun 2008
<b>Gross Borrowings</b>	\$1,132.1m	\$581.4m
<b>Aggregate Leverage</b>	53.9%	27.7%
<b>All-in Interest Rate</b>	3.88%	2.66%
<b>Interest Coverage Ratio <sup>(1)</sup></b>	2.3 times	1.52 times
<b>Weighted Average Term to Expiry</b>	1.15 years	1.07 years
<b>Corporate Rating (by Moody's)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

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

11

## No Refinancing Concerns

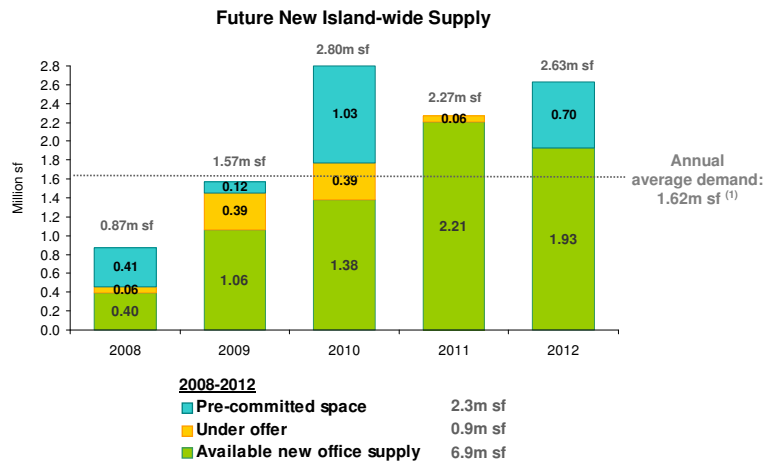
- ❖ Total debt amount of \$581 million as at 30 Jun 2008, representing aggregate leverage of only 27.7%
- ❖ No immediate refinancing requirements, as all loans are maturing in 2011
- ❖ For the longer term, a \$1 billion medium-term note programme is being established



12

# Market Review & Outlook

## Stable Office Demand-Supply Expected



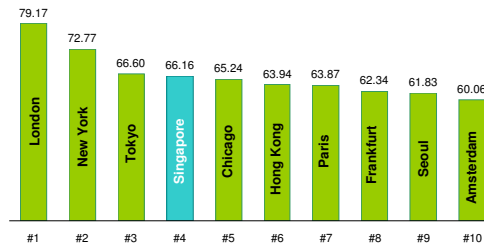
(1) Source: CBRE

(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
  - ◆ Singapore: High scores for legal/political framework and ease of doing business

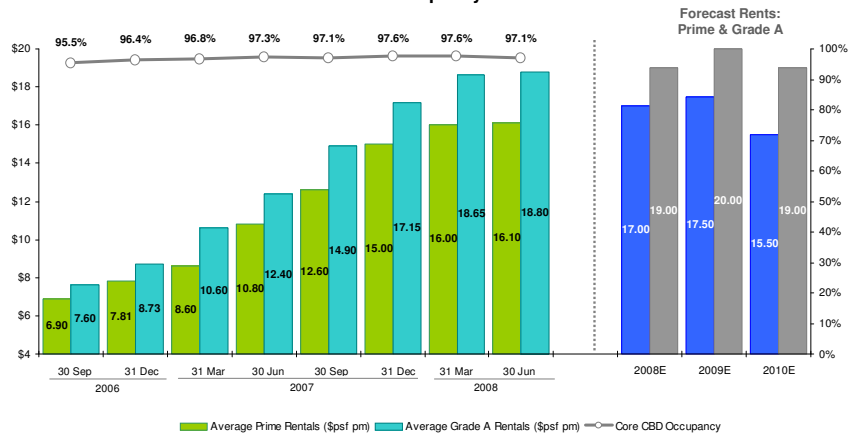
Top 10 Centers of Commerce in the World



15

## Office Rents Expected to Remain Firm

Office Market Occupancy and Rentals



Source : CBRE

16



# 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

## Leveraging on Key Strengths

**Pan-Asian office-focused S-REIT**

- ❖ Office-focused
- ❖ Pursue pan-Asian acquisition opportunities

**Quality assets and tenants**

- ❖ Portfolio of prime and grade-A office buildings
- ❖ Buildings located at convenient locations within/near CBD
- ❖ Quality tenants with diverse trade mix

**Stable income stream**

- ❖ Increasing DPU's since listing in 2006
- ❖ Long lease terms offer stability during down-cycles

**Positive rental reversions**

- ❖ Office market rents expected to remain firm
- ❖ Portfolio's average rental rate lower than market rates

**Sponsor's strong support**

- ❖ One of Asia's premier property companies with sizeable commercial projects under development
- ❖ Pan-Asian platform and network

# 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.

## ***Additional Information***

21

## **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 billion
<b>Listing Date</b>	28 Apr 2006 on Singapore Stock Exchange
<b>Market Capitalisation</b>	\$805 million as at 4 Sep 2008
<b>Unit Price</b>	\$1.24
<b>Number of Units in Issue</b>	649,452,305
<b>Free Float</b>	24.8% <sup>(1)</sup>
<b>Aggregate Leverage</b>	27.7%

(1) Excludes stakes of about 43.8% held by Keppel Land and 31.4% held by Keppel Corporation

22

## 1H 2008 DPU Outperformed Forecast by 13.2%

(\$'000)	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)
Distributable Income to Unitholders <sup>(2)</sup>	25,581	22,490	13.7	9,481	169.8
Distribution Per Unit (cents)	3.94	3.48	13.2	3.91	0.8

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

23

## 2Q 2008 DPU Outperformed Forecast by 26.0%

(\$'000)	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)
Distributable Income to Unitholders	14,176	11,220	26.3	5,192	173.0
Distribution Per Unit (cents)	2.18	1.73	26.0	2.14	1.9

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

24

## 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

25

## Balance Sheet

(\$million)	<i>Post-Rights Issue</i>	
	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

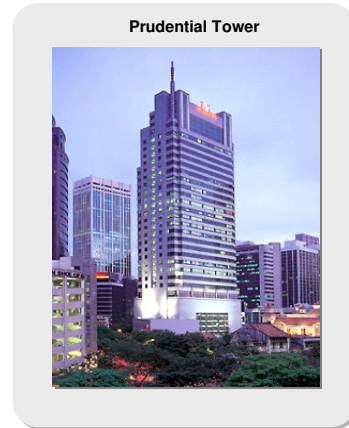
(1) Borrowings are stated net of unamortised upfront debt arrangement expenses of approximately \$1.2 million for the 5-year term loans of \$190 million.

26

## Prudential Tower Property

- ❖ 30-storey Grade-A building
- ❖ Located at Raffles Place, within a 5-minute walk from MRT station
- ❖ 44.4% of building's strata area owned by K-REIT Asia
- ❖ Winner of prestigious office/ industrial category of the FIABCI Prix d'Excellence Awards 2004

Key Property Information	
Net Lettable Area	10,074 sm (108,439 sf)
Tenure	99 years expiring 14 Jan 2095
Committed Occupancy	100%, as at 30 Jun 2008
Purchase price (on acquisition)	\$117.7 million
Valuation (as at 10 Dec 2007)	\$227 million (\$2,093 psf)
Number of Tenants	13
Number of car park lots	181
Principal Tenants	KBC Bank N.V. McGraw-Hill Companies The Executive Centre



27

## Keppel Towers & GE Tower

- ❖ Keppel Towers: 27-storey office building
- ❖ GE Tower: 13-storey office building, within a five-minute walk from MRT station
- ❖ Located in the Tanjong Pagar vicinity

Key Property Information	
Net Lettable Area	40,002 sm (430,582 sf)
Tenure	Estate in fee simple
Committed Occupancy	100%, as at 30 Jun 2008
Purchase price (on acquisition)	\$353.3 million
Valuation (as at 10 Dec 2007)	\$580 million (\$1,347 psf)
Number of Tenants	68
Number of car park lots	288
Principal Tenants	GE Pacific Seadrill Management Singapore Business Federation

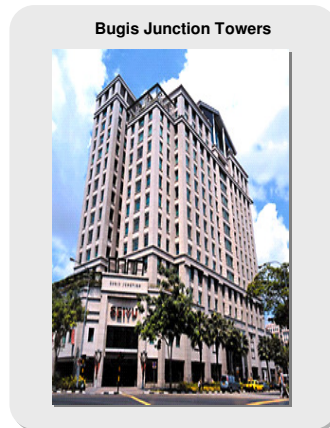


28

## Bugis Junction Towers

- ❖ 15-storey office tower located along Victoria Street,
- ❖ Directly linked to Bugis MRT station
- ❖ Part of an integrated development known as Bugis Junction with a popular retail mall and the five-star InterContinental Singapore hotel

Key Property Information	
Net Lettable Area	22,990 sm (247,464 sf)
Tenure	99 years expiring 9 Sep 2089
Committed Occupancy	100%, as at 30 Jun 2008
Purchase price (on acquisition)	\$159.5 million
Valuation (as at 10 Dec 2007)	\$303.0 million (\$1,224 psf)
Number of Tenants	9
Number of car park lots	648 (for the entire integrated development)
Principal Tenants	IE Singapore J.V. Fitness Prudential Assurance Co

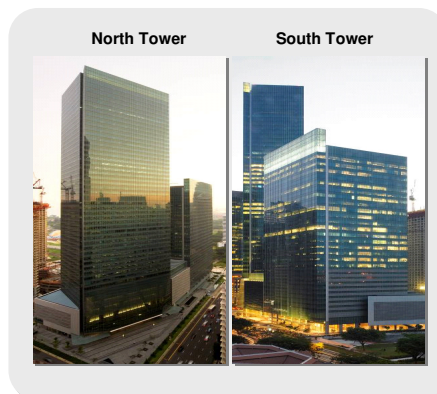


29

## One Raffles Quay

- ❖ Strategically located at Marina Bay and gateway to Singapore's new business and financial district
- ❖ One of the largest office developments with a 50-storey North Tower and a 29-storey South Tower
- ❖ Direct underground link to Raffles Place MRT station
- ❖ Winner of prestigious office category of the FIABCI Prix d'Excellence Awards 2008

Key Property Information	
Net Lettable Area <sup>(1)</sup>	41,359 sm (445,188 sf)
Tenure	99 years expiring 12 Jun 2100
Committed Occupancy	100%, as at 30 Jun 2008
Purchase price (on acquisition) <sup>(1)</sup>	\$941.5 million
Valuation (as at 10 Dec 2007) <sup>(1)</sup>	\$992.0 million (\$2,228 psf)
Number of Tenants	31
Number of car park lots	713
Principal Tenants	ABN Amro Deutsche Bank UBS



(1) The information shown is related to K-REIT Asia's one-third interest in One Raffles Quay Pte Ltd and not as a whole interest

30