

# Proposed Rights Issue

## Investor Meetings

February/March 2008



## Background

---

Acquisition of  
one-third interest in  
ORQPL

30 Jul 2007

Announced  
acquisition

10 Oct 2007

EGM  
approval

10 Dec 2007

Completed  
acquisition

Proposed method of  
financing

- Convertible bonds to raise up to \$400m and issue of new units for the remaining \$566.5m
- Replaced with bridging loan of \$942m due to volatile market conditions

## 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 19 February 2008: \$1.65 per unit
  - Issuance of new units at current unit price will be dilutive to unitholders

## Rationale for Renounceable Rights Issue

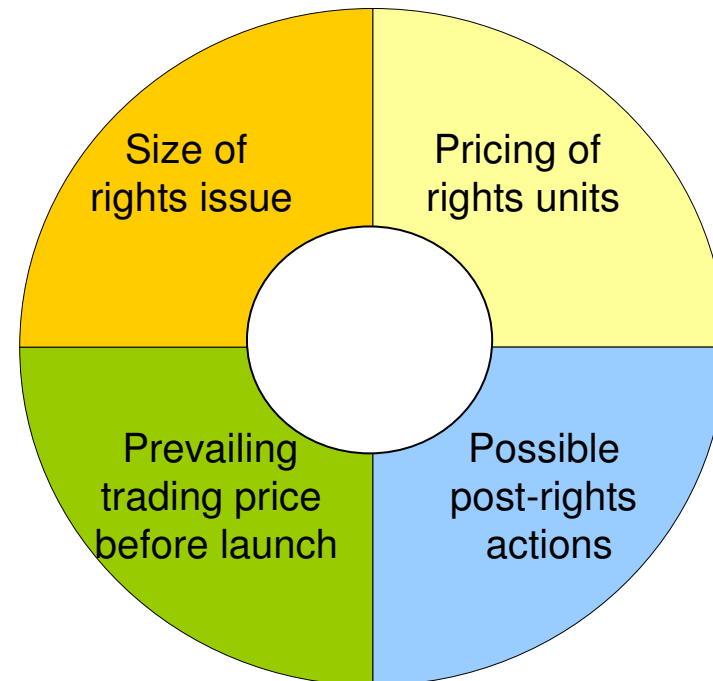
---

- **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**

## 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



## 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**asia

## 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

# ***Additional Information***



# One Raffles Quay – Key Information



**One Raffles Quay**

<b>Property Description</b>	<b>Comprises a 50-storey North Tower, a 29-storey South Tower and an underground retail link</b>
<b>Net Lettable Area</b>	<b>41,359 sm <sup>(1)</sup></b>
<b>Carpark Lots</b>	<b>713</b>
<b>Number of Tenants</b>	<b>31</b>
<b>Principal Tenants</b>	<b>ABN Amro Deutsche Bank UBS</b>
<b>Tenure</b>	<b>99 years expiring 12 Jun 2100</b>
<b>Valuation <sup>(2)</sup></b>	<b>\$992 million <sup>(1)</sup></b>
<b>Committed Occupancy</b>	<b>100%</b>

(1) K-REIT Asia owns a one-third interest of One Raffles Quay Pte Ltd ("ORQPL"); net lettable area of 41,359 sm represents one-third of ORQPL's total net lettable area and valuation of \$992 million is for one-third interest in ORQPL

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