



# INVESTOR MEETINGS

August 2009

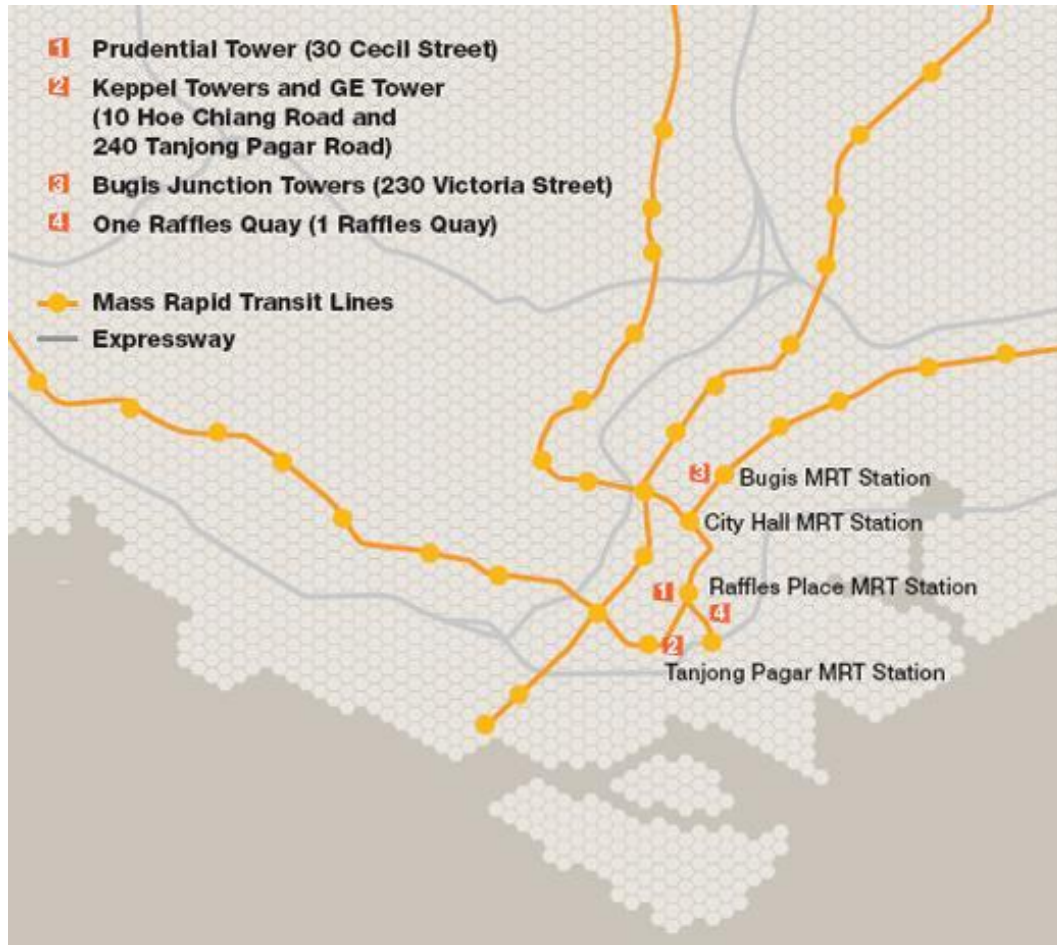
**K-REIT**asía

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# *Overview*

# Quality Portfolio



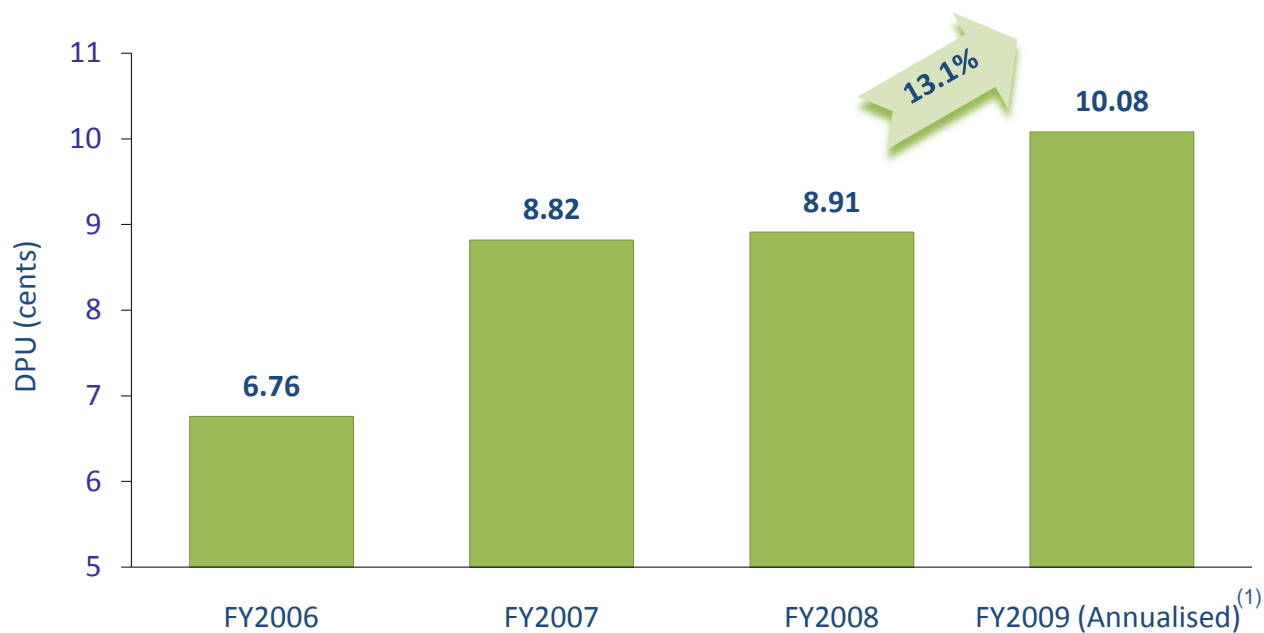
## ❖ Quality assets

- Located near/within Central Business District
- Award-winning One Raffles Quay and Prudential Tower

## ❖ Blue-chip tenants

## ❖ Managed by experienced professionals

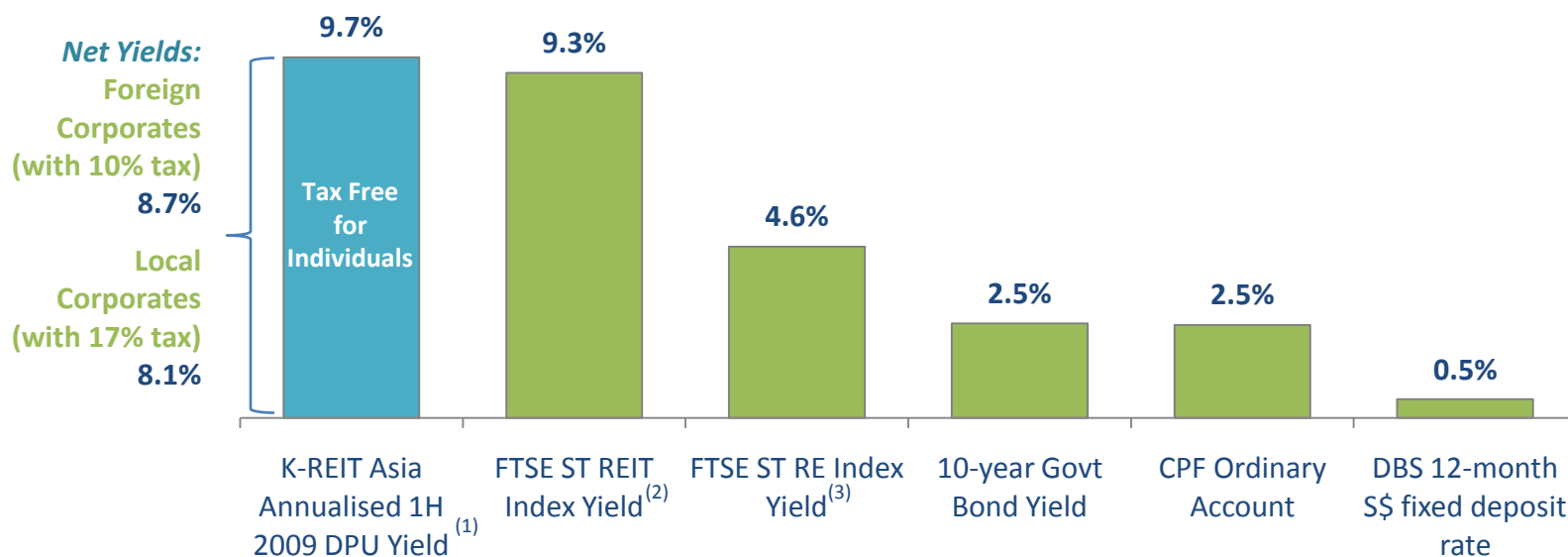
# Rising Distributions Per Unit



(1) Based on annualised DPU for 1H 2009; distribution for 1H 2009 was 5.00 cents per unit

# Attractive Distribution Yield

As at 12 Aug 2009



- (1) Based on annualised 1H 2009 distribution per unit of 10.08 cents and unit price of \$1.04 on 12 Aug 2009
- (2) Based on 12-month gross dividend yield of stocks in the FTSE ST Real Estate Investment Trust Index as at 12 Aug 2009
- (3) Based on 12-month gross dividend yield of stocks in the FTSE ST Real Estate Index as at 12 Aug 2009

# Healthy Balance Sheet

❖ Aggregate leverage maintained at 27.6%

(\$ million)	As at 30 Jun 2009
<b>Non-current Assets</b>	2,021.4
<b>Total Assets</b>	2,080.1
<b>Borrowings</b>	578.0
<b>Total Liabilities</b>	608.8
<b>Unitholders' Funds</b>	1,471.3
<b>Net Asset Value Per Unit</b>	\$2.22
<b>Adjusted Net Asset Value Per Unit <sup>(1)</sup></b>	\$2.17

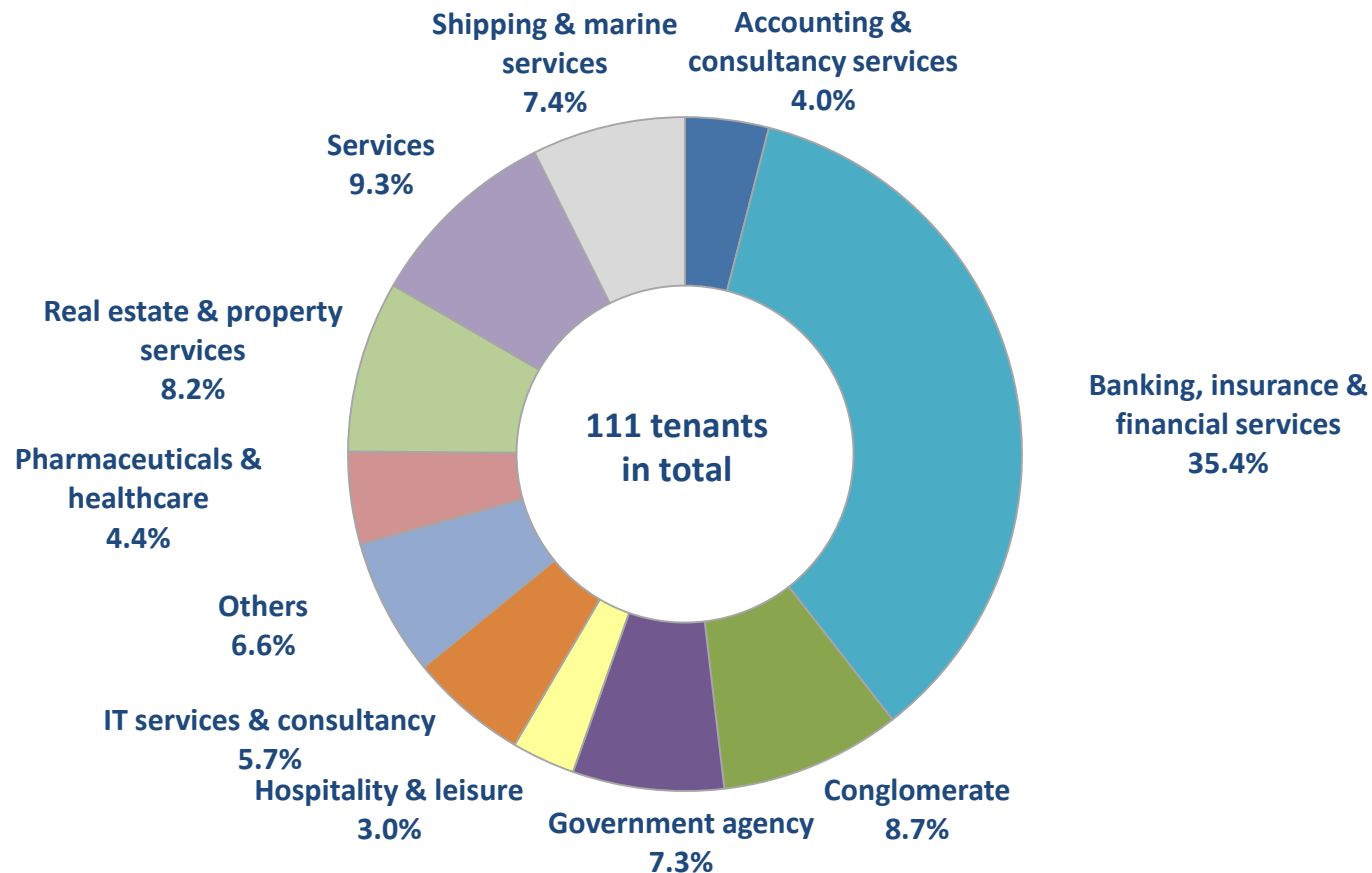
(1) Excluding distributable income for 1H 2009

# ***Stable Portfolio***



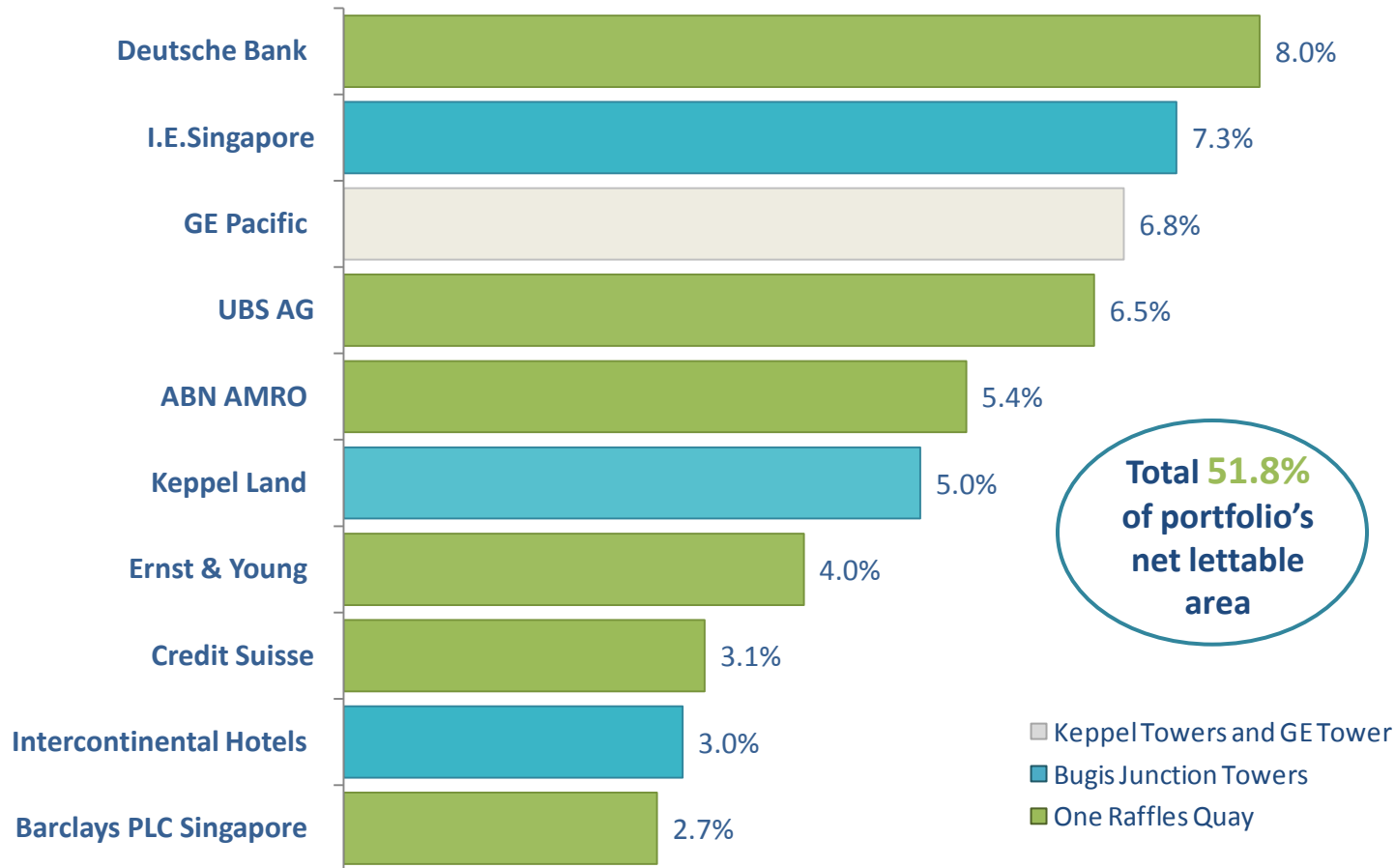
# Broad Tenant Diversity

Tenant Business Sector by Net Lettable Area as at 30 Jun 2009



# Blue-chip Tenants

Portfolio's Top 10 Tenants by Net Lettable Area as at 30 Jun 2009



# Portfolio Occupancy Rate vs Market

❖ 94.9% committed occupancy of portfolio as at 30 Jun 2009, higher than:

- Core CBD occupancy of 91.5%<sup>(1)</sup>
- Island-wide occupancy of 89.2%<sup>(2)</sup>

K-REIT Asia's Assets	As at 30 Jun 2009	As at 31 Dec 2008	Change in Vacancy
Keppel Towers and GE Tower	93.3%	99.2%	25,804 sf
Prudential Tower (44.4% of strata area <sup>(3)</sup> )	87.7%	92.3%	5,016 sf
Bugis Junction Towers	91.5%	100%	20,968 sf
One Raffles Quay (1/3 stake)	100%	100%	-
<b>Portfolio</b>	<b>94.9%</b>	<b>99%</b>	<b>51,788 sf</b>

(1) Source: CBRE

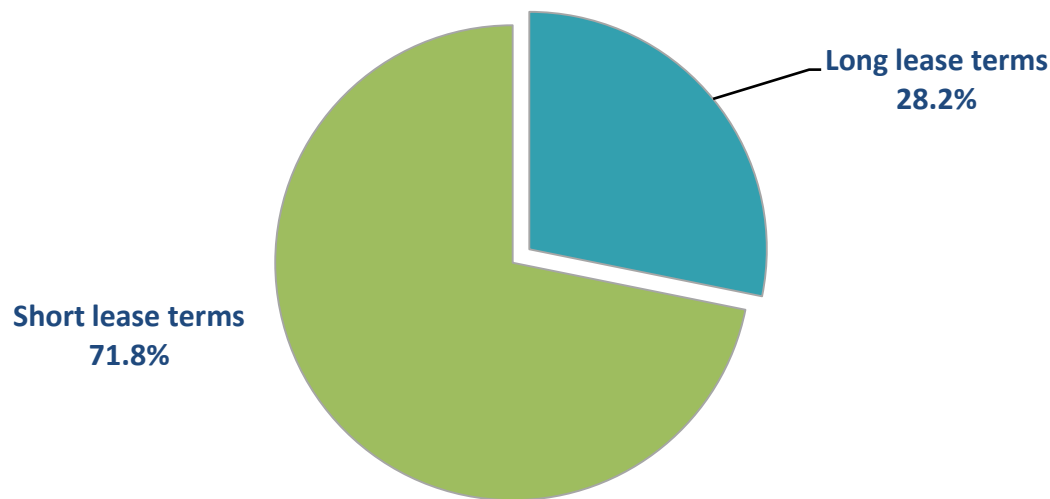
(2) Source: URA

(3) Equivalent to net lettable area of 108,437 sf

# Long Lease Terms Provide Stable Income

- ❖ Weighted average lease term to expiry for
  - Portfolio: 5.4 years
  - Top 10 tenants who account for 51.8% of portfolio's NLA: 7.1 years
- ❖ 28.2% of portfolio's NLA accounted by long lease terms<sup>(1)</sup>

**% of Portfolio's Net Lettable Area (NLA) Accounted by Long Lease Terms**

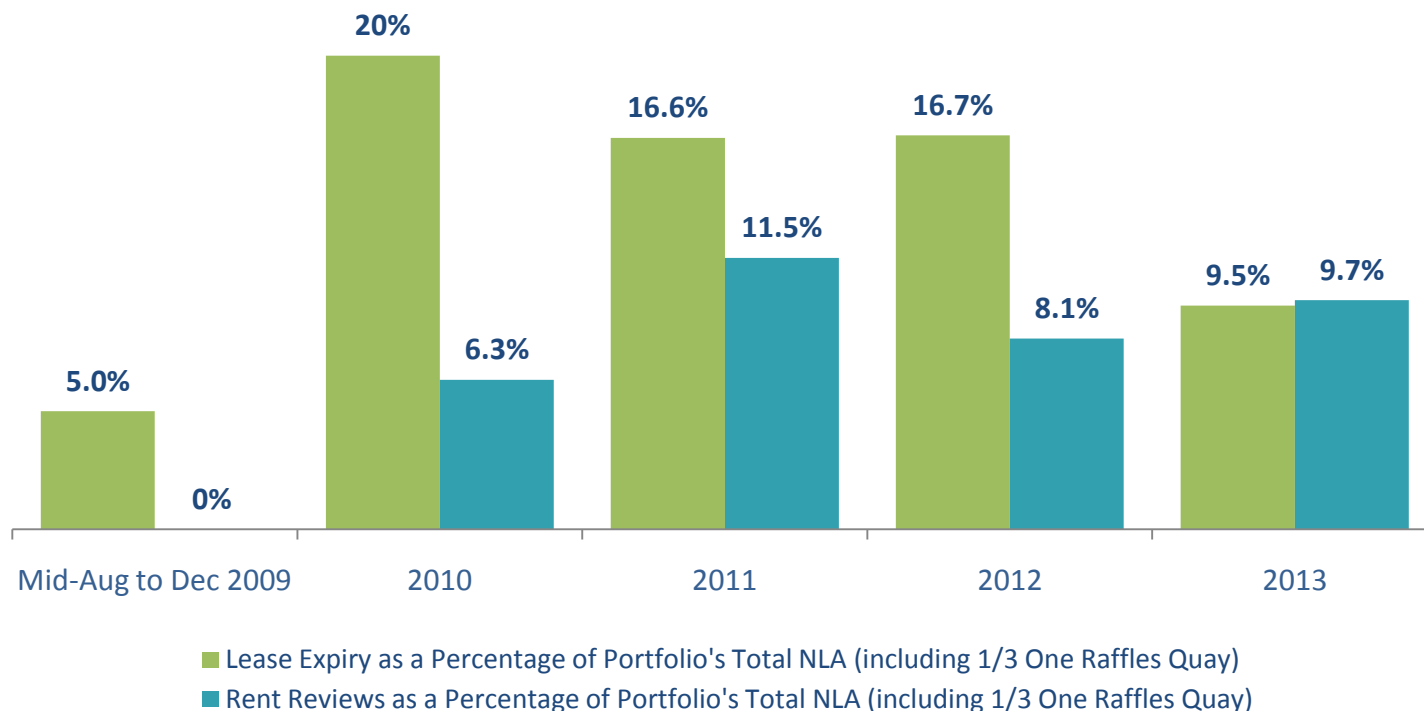


(1) Long lease terms are those with lease term to expiry of at least 5 years

# Portfolio Lease Profile

- ❖ Gross rental income based on committed leases for FY2009 already exceeds FY2008's total gross rental income

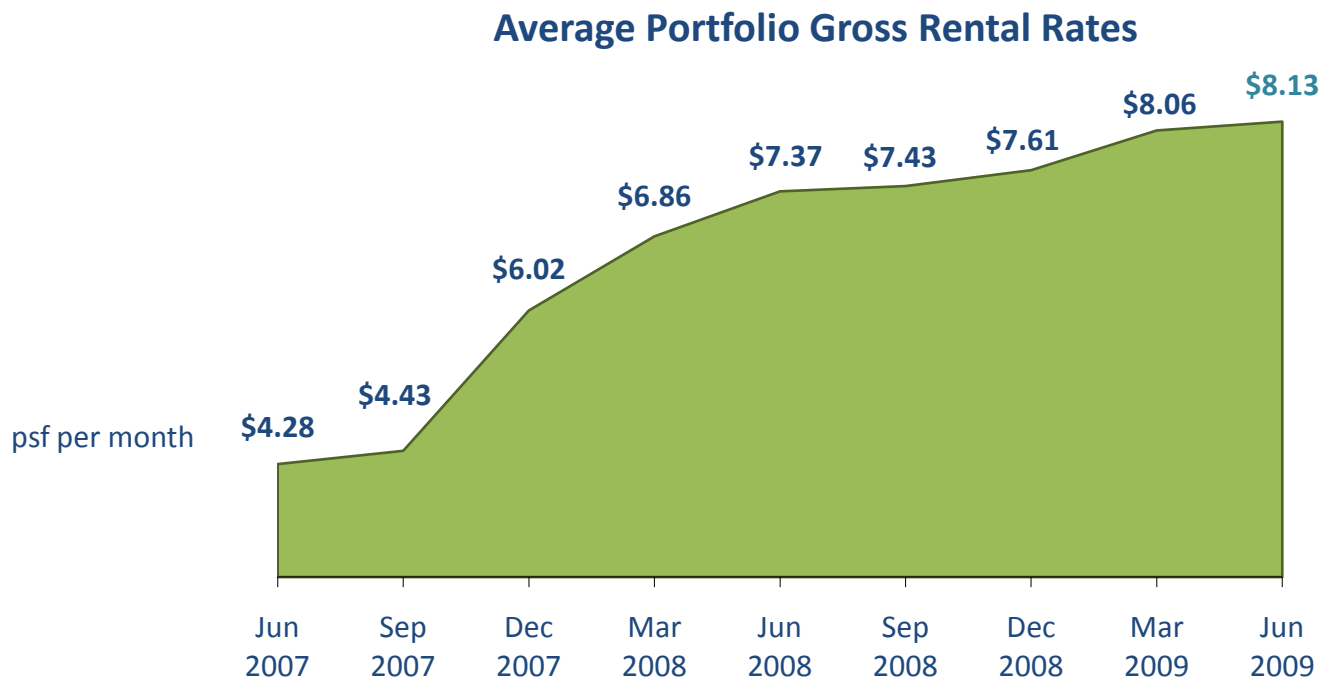
Lease Profile as a % of Net Lettable Area as at 12 Aug 2009



# Improved Average Portfolio Rent

❖ Average portfolio rent in Jun 2009: \$8.13 psf pm<sup>(1)</sup>

- \$7.11 psf pm, excluding 1/3 ORQ



(1) Includes income support from one-third interest in One Raffles Quay (ORQ), with effect from Dec 2007

# ***Balanced Capital Structure***

# Prudent Financial Management

- ❖ Aggregate leverage will exceed 60% limit only if average portfolio valuation falls by more than 54%

	As at 30 Jun 2009
Gross Borrowings <sup>(1)</sup>	\$581.1m
Aggregate Leverage	27.6%
All-in Interest Rate	4.26%
Interest Coverage Ratio <sup>(2)</sup>	3.18 times
Weighted Average Term to Expiry	1.8 years

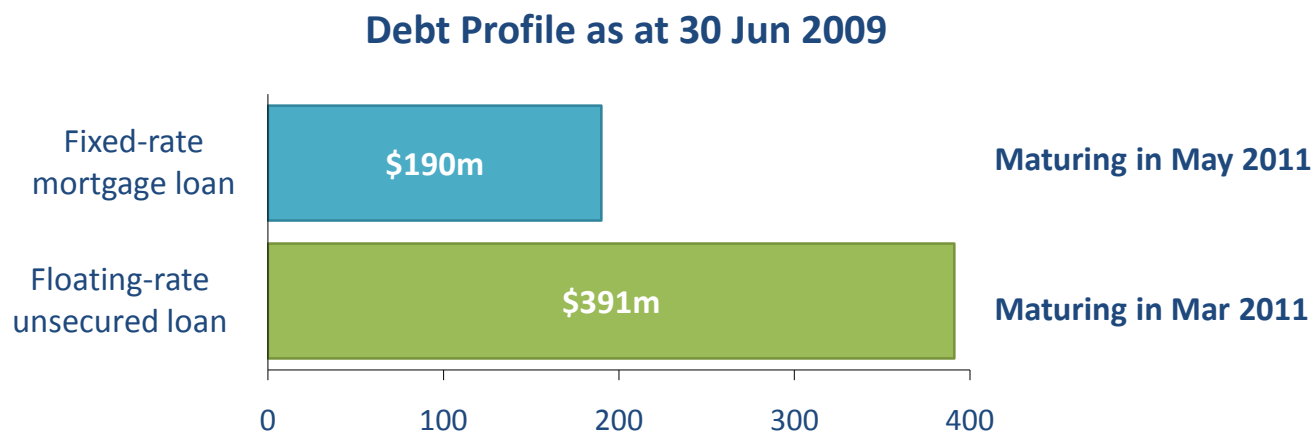
(1) Includes unamortised portion of fees of \$3.0 million

(2) Interest coverage ratio = Ratio of year-to-date earnings before interest, tax, depreciation and amortisation to interest expense



# Debt Maturity Only In 2011

- ❖ About 2/3 of total debt is unsecured
- ❖ \$1 billion medium-term note programme in place



# ***Market Review & Outlook***

# Market Sentiments Improve

## ❖ Uncertainty in global economic outlook

- Singapore office demand likely to be subdued in 2009

## ❖ Some positive signs of bottoming

- Collective efforts by worldwide governments prevent downturn from worsening
- Singapore government revises 2009 GDP forecast upwards to between -6% and -4%
- Investment sales and leasing activities starting to pick up slowly with increase in office leasing enquiries
- Fall in office demand for past 3 quarters but quantum of decline easing

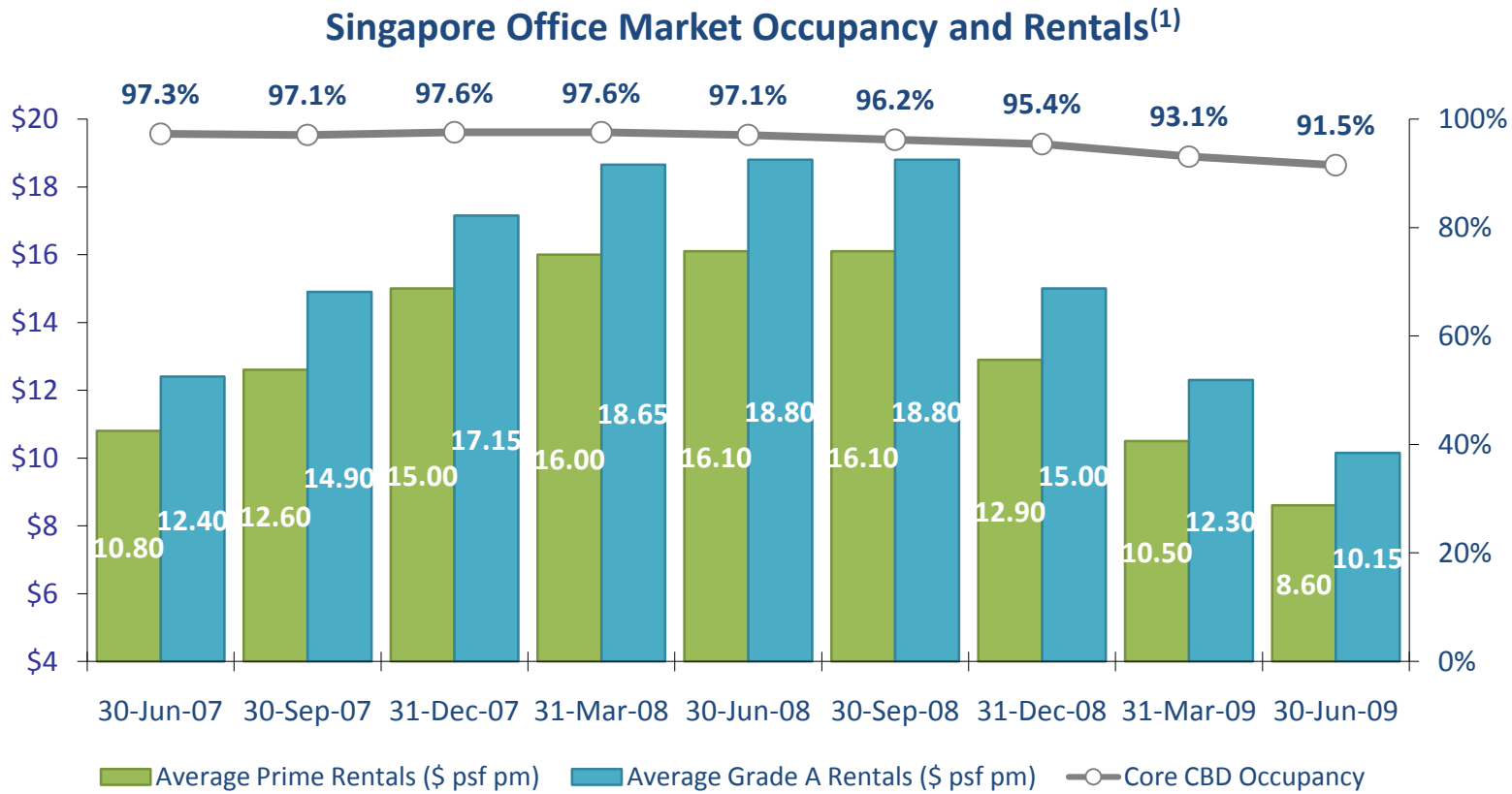
## ❖ Delays in construction of office projects have reduced supply

- New office supply, 2Q 2009-2012, lowered to 5.9 mil sf<sup>(1)</sup> (or 1.6 mil sf pa)

(1) Excluding pre-committed space of about 2.4 million sf as estimated by CBRE

# Moderation in Rents Eases in 2Q

- ❖ Flight to quality and opportunistic expansion as rents moderate



(1) Source: CBRE

# Singapore: Key Business Destination

## ❖ Singapore:

- Remains a key investment market in Asia
  - 4<sup>th</sup> in Forbes magazine's 2009 ranking of the best countries to do business
- Financial sector in Singapore selectively re-hiring
- Diversifying beyond a financial hub and establishing multi-hubs in various industry sectors
- In the medium term: Positive spin-offs for office sector with transformation of Singapore into a global city and the completion of the two integrated resorts

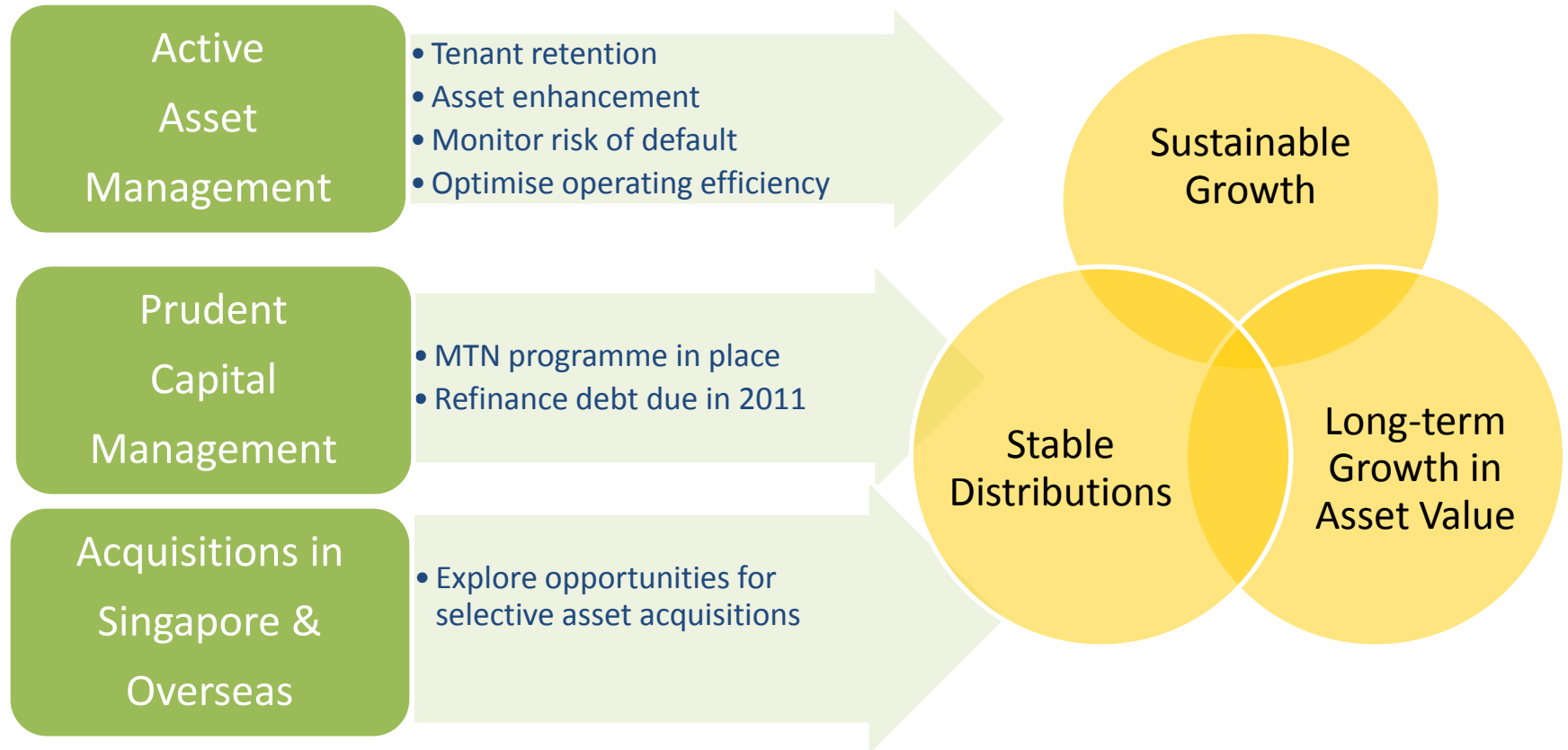
# Competitive Occupancy Costs in Singapore

- ❖ Colliers' Asia-Pacific Grade A office rents ranking in 2Q 2009
  - Singapore's rents fell below Ho Chi Minh City
- ❖ CBRE survey: Singapore ranked #15, compared to #9 a year ago
  - Ranked below Tokyo, Hong Kong, Mumbai and New Delhi

**CBRE's Global 50 Index for Office Occupancy Costs, May 2009**

Rank	Market	US\$/sq ft per year	Rank	Market	US\$/sq ft per year
1	Tokyo (Inner Central), Japan	183.62	9	London (City), England	103.50
2	London (West End), England	172.62	10	Dublin, Ireland	93.56
3	Moscow, Russia	170.24	11	Abu Dhabi, United Arab Emirates	91.21
4	Hong Kong (Central CBD)	150.42	12	New Delhi, India	86.94
5	Tokyo (Outer Central), Japan	149.58	13	Paris La Defense, France	86.04
6	Mumbai, India	131.04	14	Hong Kong (Citywide)	84.47
7	Dubai, United Arab Emirates	122.52	<b>15</b>	<b>Singapore</b>	<b>82.79</b>
8	Paris, France	114.89			

# Going Forward



# 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

- ❖ Long lease terms offer stability during down-cycles
- ❖ ORQ's rents buffered by income support until end-2011

## Healthy balance sheet

- ❖ Leverage maintained at 27.6%
- ❖ Debt maturity only in 2011

## Sponsor's strong support

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



### **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***

# Overview

## ❖ Corporate background:

- Listed on SGX in April 2006 following a distribution *in specie* of units
- Initial portfolio of 4 office buildings valued at \$630.7 million
- 5 assets currently after acquiring 1/3 interest in One Raffles Quay in Dec 2007

### Investment Theme

- Commercial REIT with pan-Asian mandate

### Assets under Management

- \$2,102 million<sup>(1)</sup>
- Attributable net lettable area: 1.23 million sf

### Market Capitalisation

- \$693 million<sup>(2)</sup>

(1) As at 31 Dec 2008

(2) As at 12 Aug 2009

# 1H 2009 Distributable Income Up 29.6%

(\$'000)	1H 2009	1H 2008	Change	% Chg
<b>Property Income</b>	30,142	24,495	5,647	23.1
<b>Net Property Income</b>	23,136	18,315	4,821	26.3
<b>Distributable Income to Unitholders</b>	33,154	25,581	7,573	29.6
<b>Distribution Per Unit (cents)</b>	5.00	3.94	1.06	26.9
<b>Distribution Yield (%)</b>	10.3 <sup>(1)</sup>	5.7 <sup>(2)</sup>	4.6	80.7

(1) Based on K-REIT Asia's closing unit price of \$0.975 as at 30 Jun 2009

(2) Based on K-REIT Asia's closing unit price of \$1.39 as at 30 Jun 2008

# 2Q 2009 Distributable Income Up 23.4%

(\$'000)	2Q 2009	2Q 2008	Change	% Chg
<b>Property Income</b>	15,357	12,989	2,368	18.2
<b>Net Property Income</b>	12,316	9,174	3,142	34.2
<b>Distributable Income to Unitholders</b>	17,496	14,176	3,320	23.4
<b>Distribution Per Unit (cents)</b>	2.64	2.18	0.46	21.1
<b>Distribution Yield (%)</b>	10.9 <sup>(1)</sup>	6.3 <sup>(2)</sup>	4.6	73.0

(1) Based on K-REIT Asia's closing unit price of \$0.975 as at 30 Jun 2009

(2) Based on K-REIT Asia's closing unit price of \$1.39 as at 30 Jun 2008

# 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 office/industrial category of the FIABCI Prix d'Excellence Awards 2003



## Key Property Information as at 30 Jun 2009

Net Lettable Area	10,074 sm (108,437 sf)
Tenure	99 years expiring 14 Jan 2095
Committed Occupancy	87.7%
Purchase Price (on Acquisition)	\$117.7 million
Valuation (as at 31 Dec 2008)	\$224 million (\$2,066 psf)
Number of Tenants	10
Number of Car Park Lots	181

# Keppel Towers and 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

*Keppel Towers*



*GE Tower*



## Key Property Information as at 30 Jun 2009

Net Lettable Area	39,963 sm (430,162 sf)
Tenure	Estate in fee simple
Committed Occupancy	93.3%
Purchase Price (on Acquisition)	\$353.3 million
Valuation (as at 31 Dec 2008)	\$580 million (\$1,347 psf)
Number of Tenants	61
Number of Car Park Lots	288

# 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 retail mall and the five-star InterContinental Singapore hotel

## Key Property Information as at 30 Jun 2009

Net Lettable Area	22,991 sm (247,475 sf)
Tenure	99 years expiring 9 Sep 2089
Committed Occupancy	91.5%
Purchase Price (on Acquisition)	\$159.5 million
Valuation (as at 31 Dec 2008)	\$313 million (\$1,265 psf)
Number of Tenants	8
Number of Car Park Lots	648 (for the entire integrated development)





# One Raffles Quay

- ❖ Grade-A office building strategically located at gateway to Singapore's new business and financial district
- ❖ 50-storey North Tower and a 29-storey South Tower
- ❖ Direct underground link to Raffles Place MRT station
- ❖ Won FIABCI Prix d'Excellence Award 2008 and was awarded Green Mark Gold 2009

## Key Property Information as at 30 Jun 2009

Net Lettable Area <sup>(1)</sup>	41,360 sm (445,199 sf)
Tenure	99 years expiring 12 Jun 2100
Committed Occupancy	100%
Purchase Price (on Acquisition) <sup>(1)</sup>	\$941.5 million
Valuation (as at 31 Dec 2008) <sup>(1)</sup>	\$985 million (\$2,213 psf)
Number of Tenants	32
Number of Car Park Lots	713

*North Tower*



*South Tower*



(1) The information shown is based on K-REIT Asia's one-third interest in One Raffles Quay Pte Ltd