



REAL ESTATE INVESTMENT WORLD ASIA 2009

23 Jun 2009

K-REITasía

Contents

- ❖ Overview
- ❖ Stable Portfolio
- ❖ Balanced Capital Structure
- ❖ Market Review & Outlook

Overview

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⁽¹⁾
- Attributable net lettable area: 1.23 million sf

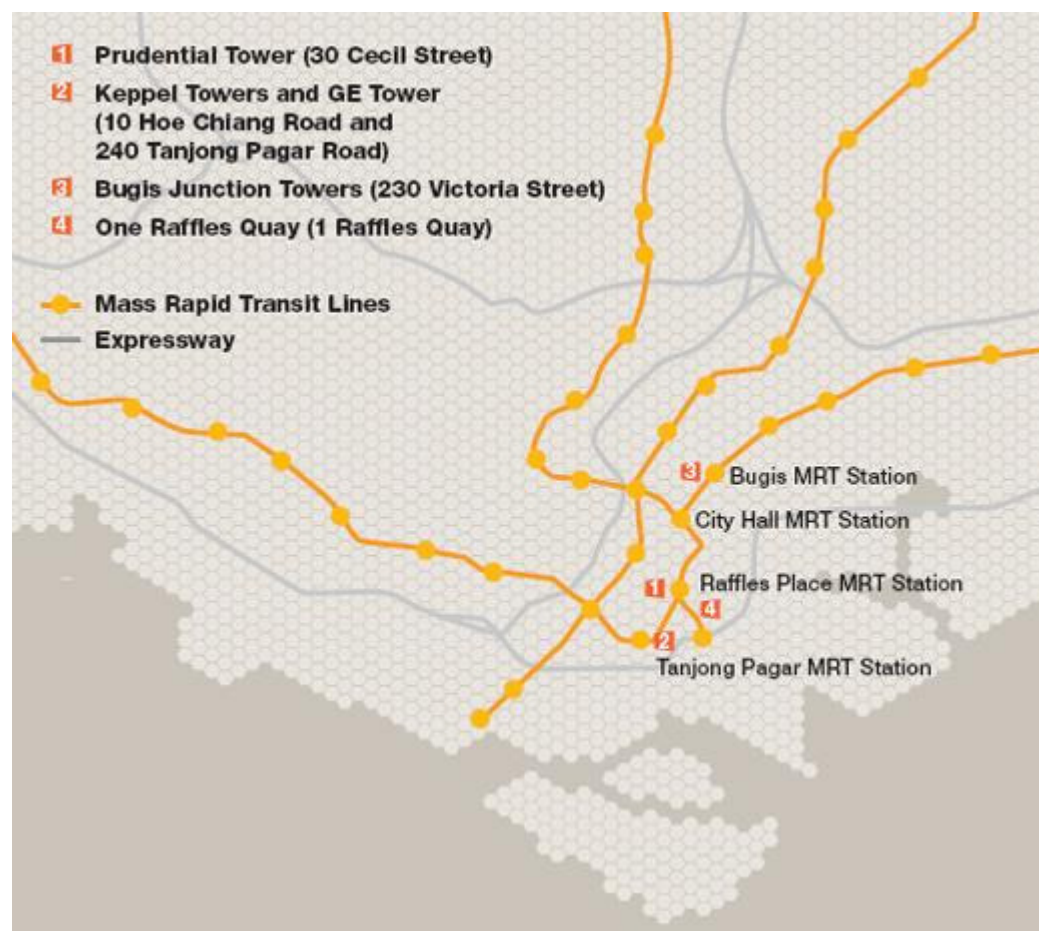
Market Capitalisation

- \$643 million⁽²⁾

(1) As at 31 Dec 2008

(2) As at 22 Jun 2009

Quality Portfolio



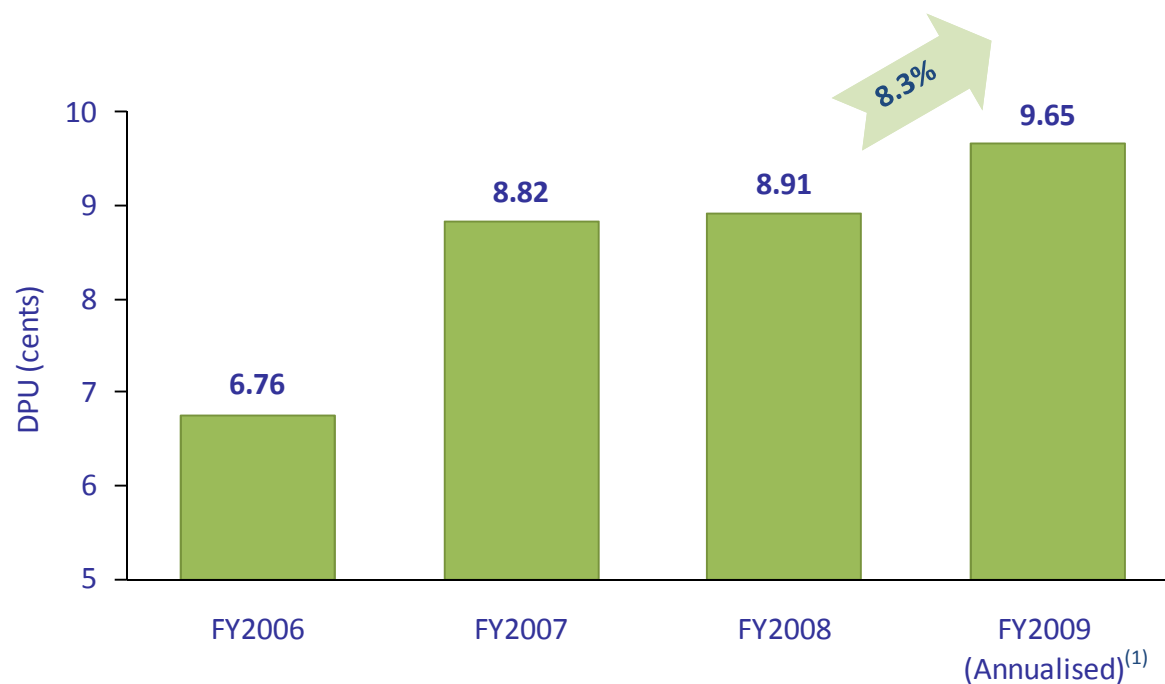
❖ Quality assets

- 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 distribution per unit for first quarter (1Q) 2009; distribution for 1Q 2009 was 2.38 cents per unit.

Healthy Balance Sheet

❖ Aggregate leverage of 27.6%

- Lower than S-REIT sector average of about 30%⁽¹⁾

(\$ million)	As at 31 Mar 2009
Non-current Assets	2,028.0
Total Assets	2,073.0
Borrowings	577.6
Total Liabilities	612.0
Unitholders' Funds	1,461.0
Net Asset Value Per Unit	\$2.22
Adjusted Net Asset Value Per Unit ⁽²⁾	\$2.20

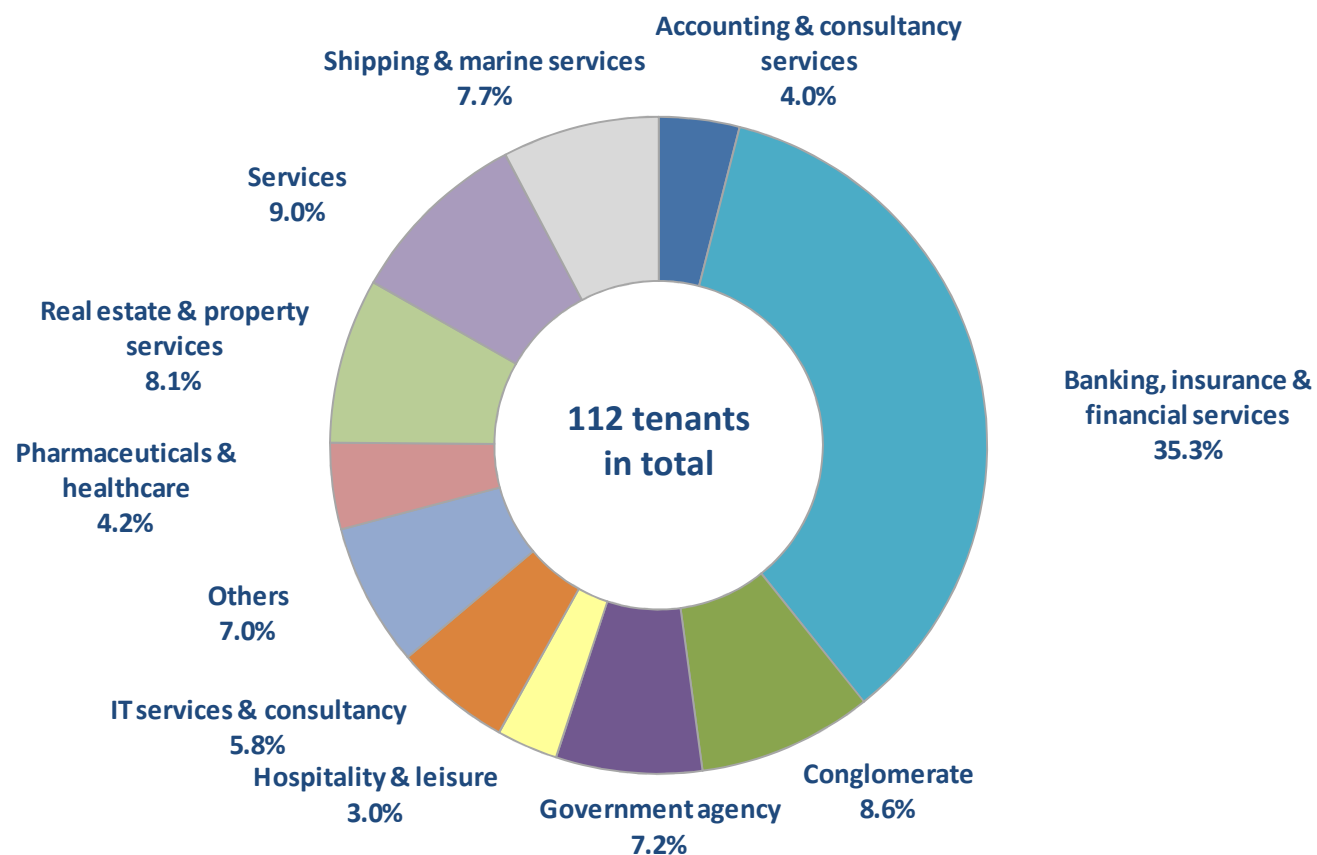
(1) Source: UOBKayHian Research, 11 May 2009

(2) Excluding distributable income for 1Q 2009

Stable Portfolio

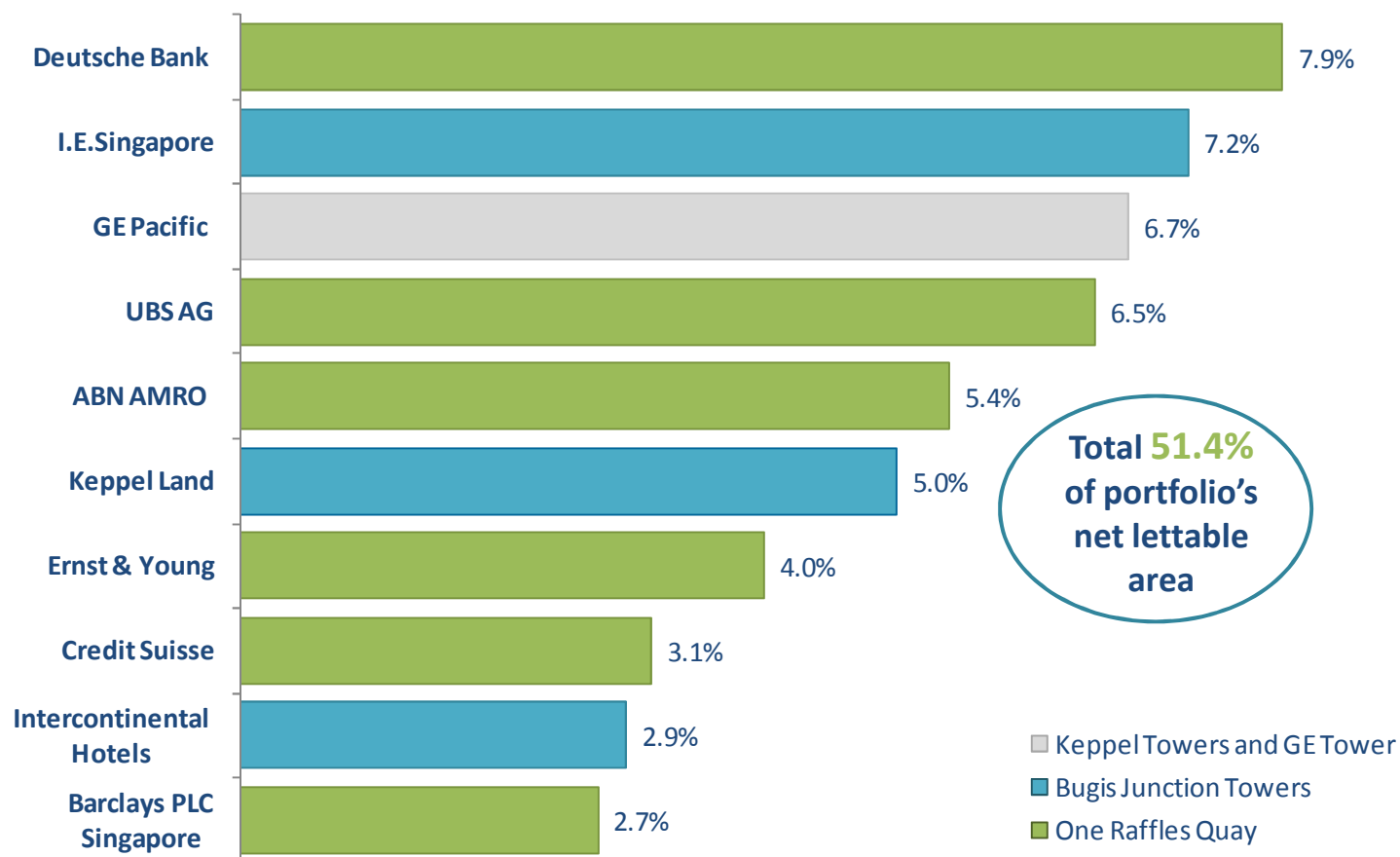
Broad Tenant Diversity

Tenant Business Sector by Net Lettable Area as at 31 Mar 2009



Blue-chip Tenants

Portfolio's Top 10 Tenants by Net Lettable Area as at 31 Mar 2009



Portfolio Occupancy Rate vs Market

❖ 95.8% committed occupancy of portfolio as at 31 Mar 2009 higher than:

- Core CBD occupancy of 93.1%⁽¹⁾
- Island-wide occupancy of 90%⁽²⁾

Assets	Occupancy Rate as at 31 Mar 2009	Vacant Space (sf)
Prudential Tower	87.7%	13,338
Keppel Towers and GE Tower	95.9%	17,637
Bugis Junction Towers	91.5%	21,035
One Raffles Quay (1/3 stake)	100%	-
K-REIT Asia's Portfolio	95.8%	52,010

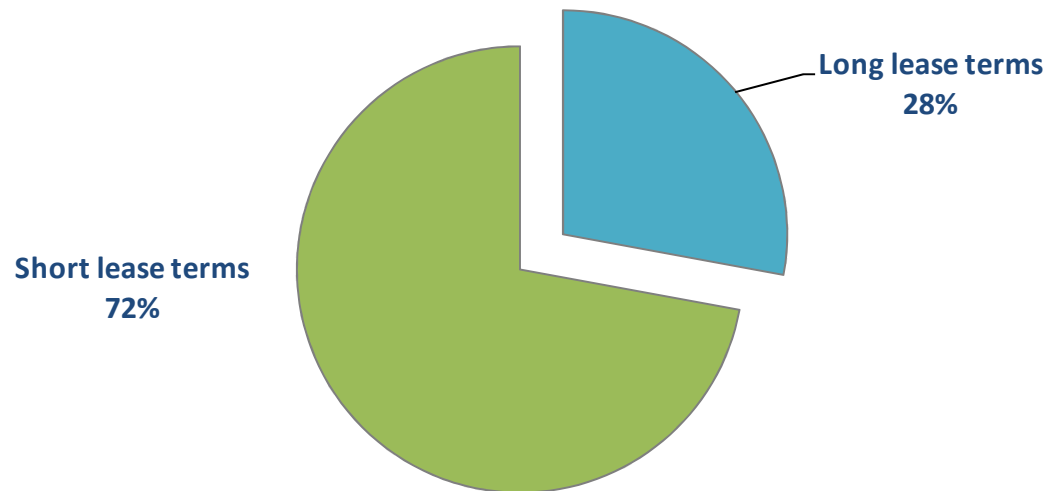
(1) Source: CBRE

(2) Source: URA

Long Lease Terms

- ❖ Weighted average lease term to expiry for
 - Portfolio: 5.5 years
 - Top 10 tenants who account for 51.4% of portfolio's NLA: 7.3 years
- ❖ 28% of portfolio's NLA accounted by long lease terms⁽¹⁾

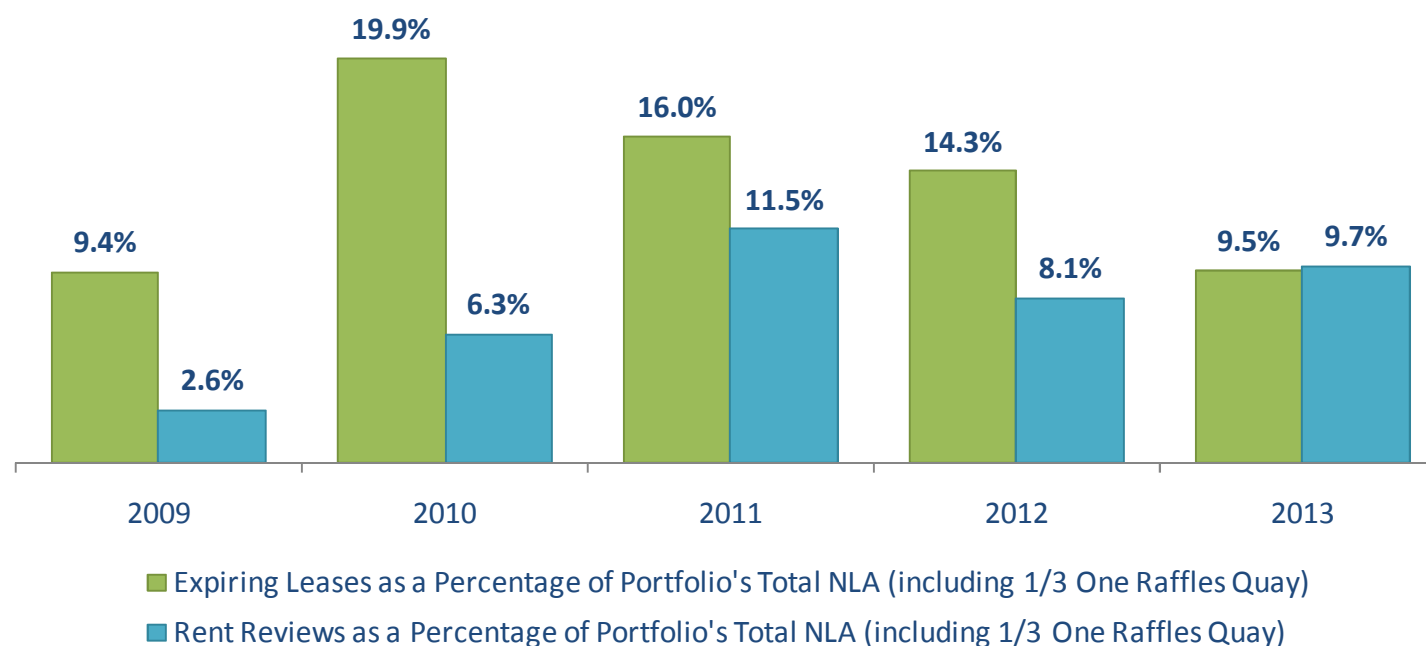
% of Portfolio's Net Lettable Area (NLA) Accounted by Long Lease Terms



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

Portfolio Lease Profile

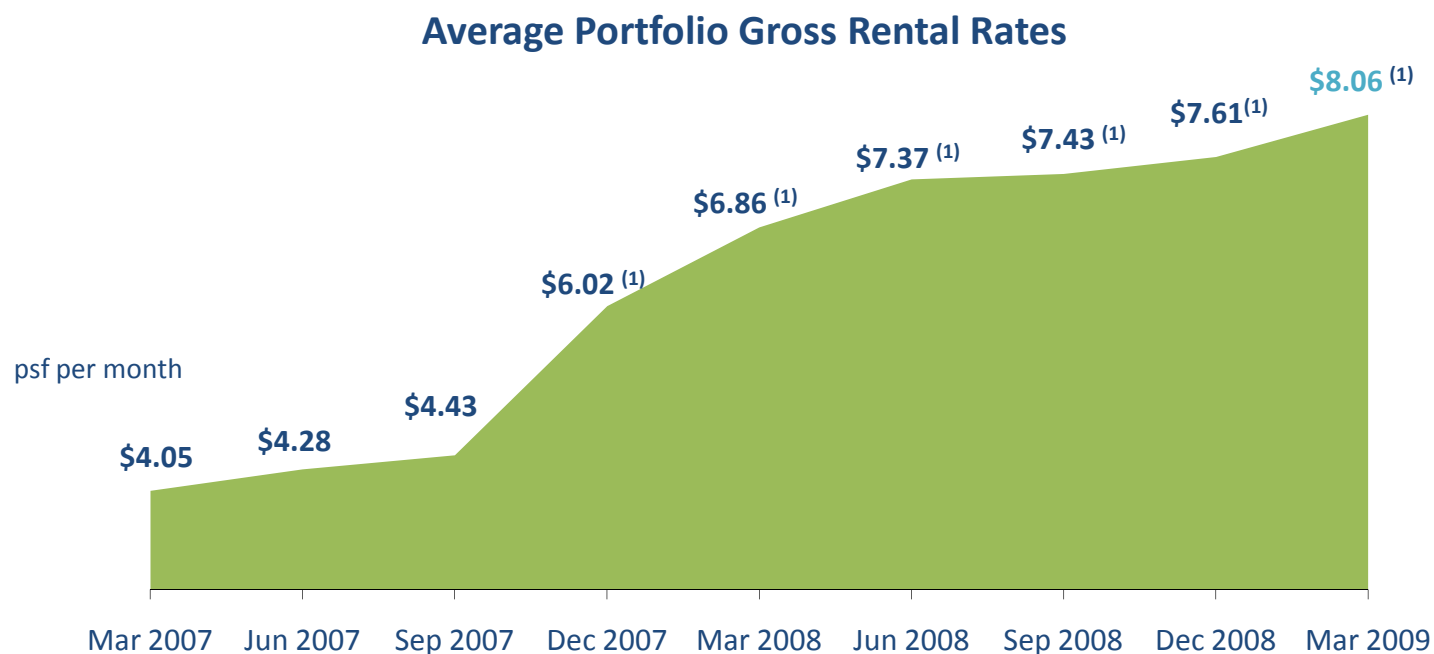
Lease Profile as a % of Net Lettable Area as at 31 Mar 2009



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

Improved Portfolio Rent

- ❖ Average portfolio rent in Mar 2009: \$8.06 psf pm
- ❖ ORQPL's rents buffered against downside risks with income support till end-2011



(1) Includes one-third interest in One Raffles Quay (ORQ) with income support

Balanced Capital Structure

Prudent Financial Management

	As at 31 Mar 2009
Gross Borrowings ⁽¹⁾	\$581.1m
Aggregate Leverage	27.6%
All-in Interest Rate	4.26%
Interest Coverage Ratio ⁽²⁾	3.04 times
Weighted Average Term to Expiry	2.0 years
Corporate Rating (by Moody's)	Baa3

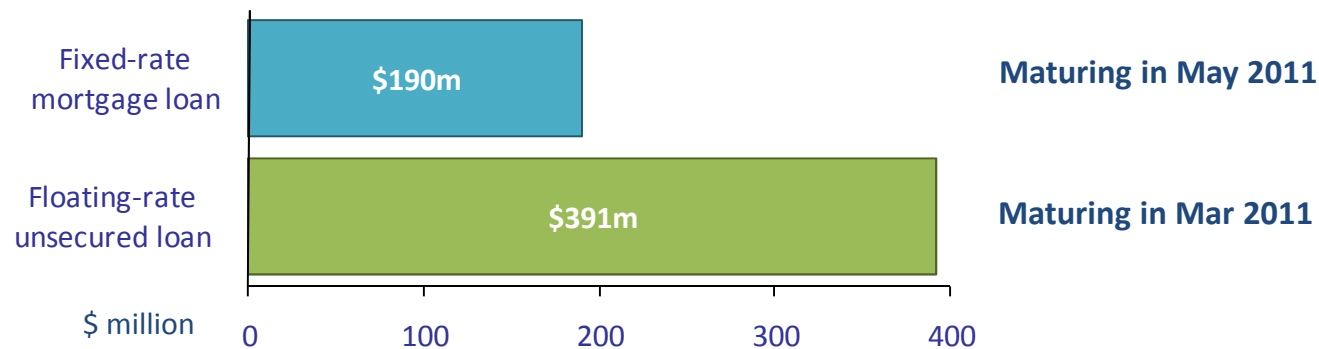
(1) Includes unamortised portion of fees of \$3.5 million

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

No Immediate Need for Refinancing

- ❖ About 2/3 of total debt is unsecured
- ❖ \$1 billion medium-term note programme has been established

Debt Profile as at 31 Mar 2009



Market Review & Outlook

Challenging Market Outlook

❖ Global economy still weak

- Shadow space adds to supply of office space
- Singapore office demand likely to be soft in 2009

❖ Some positive signs of bottoming

- Collective efforts by worldwide governments prevent downturn from worsening
- Singapore government's measures ease impact
- Interest in investment sales starting to pick up slowly

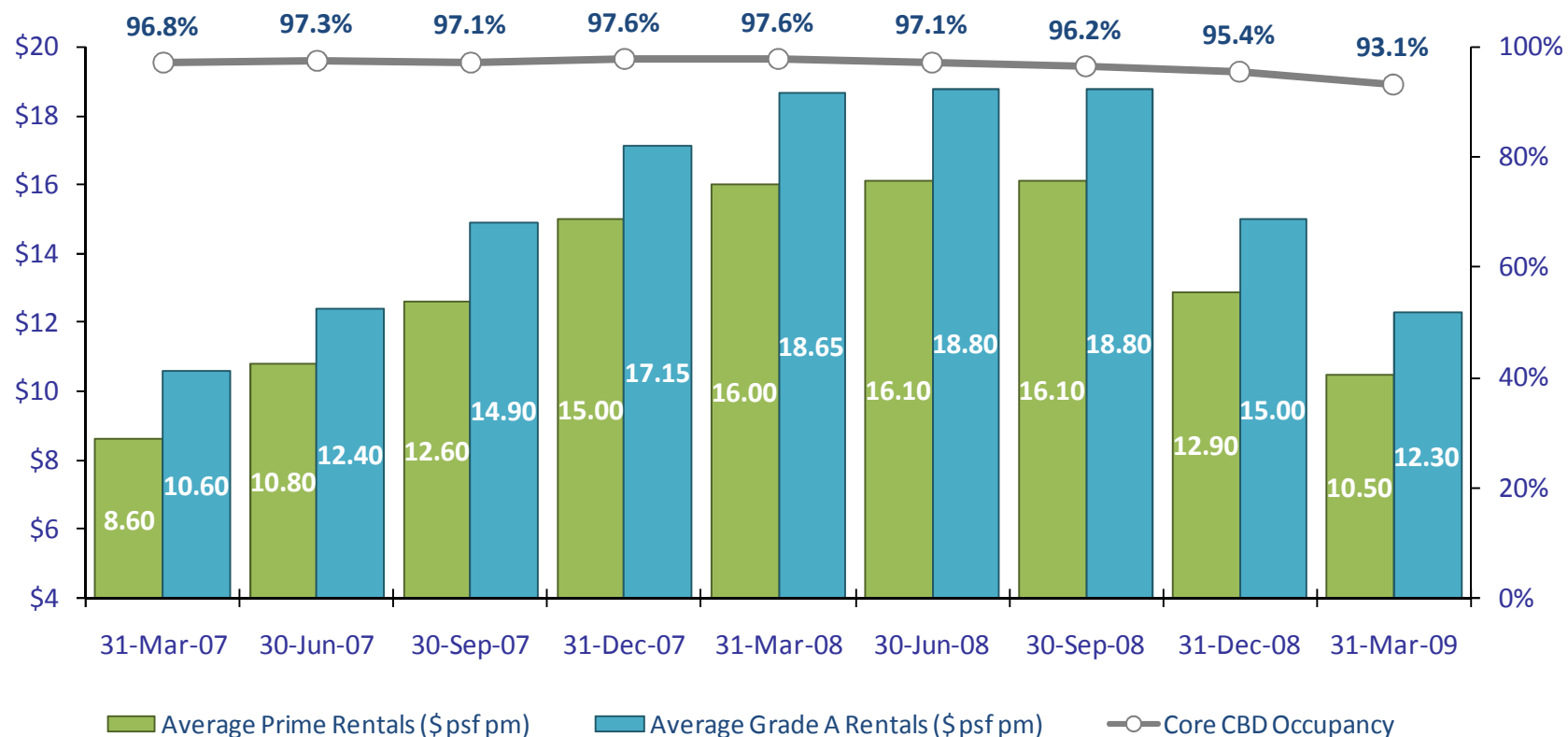
❖ Delays in construction of some office projects have reduced supply

- New office supply, 2Q 2009-2012, lowered to 5.9 mln sf⁽¹⁾ (or 1.6 mln sf p.a.)
- Lease period of shadow space usually shorter than 3 years and sub-lessees thus face risk of relocation

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

Office Rents Moderating

Singapore Office Market Occupancy and Rentals⁽¹⁾



(1) Source: CBRE

Singapore: Key Business Destination

❖ Singapore:

- Remains a key investment market in Asia
 - 4th in Forbes magazine's 2009 ranking of the best countries to do business
- 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

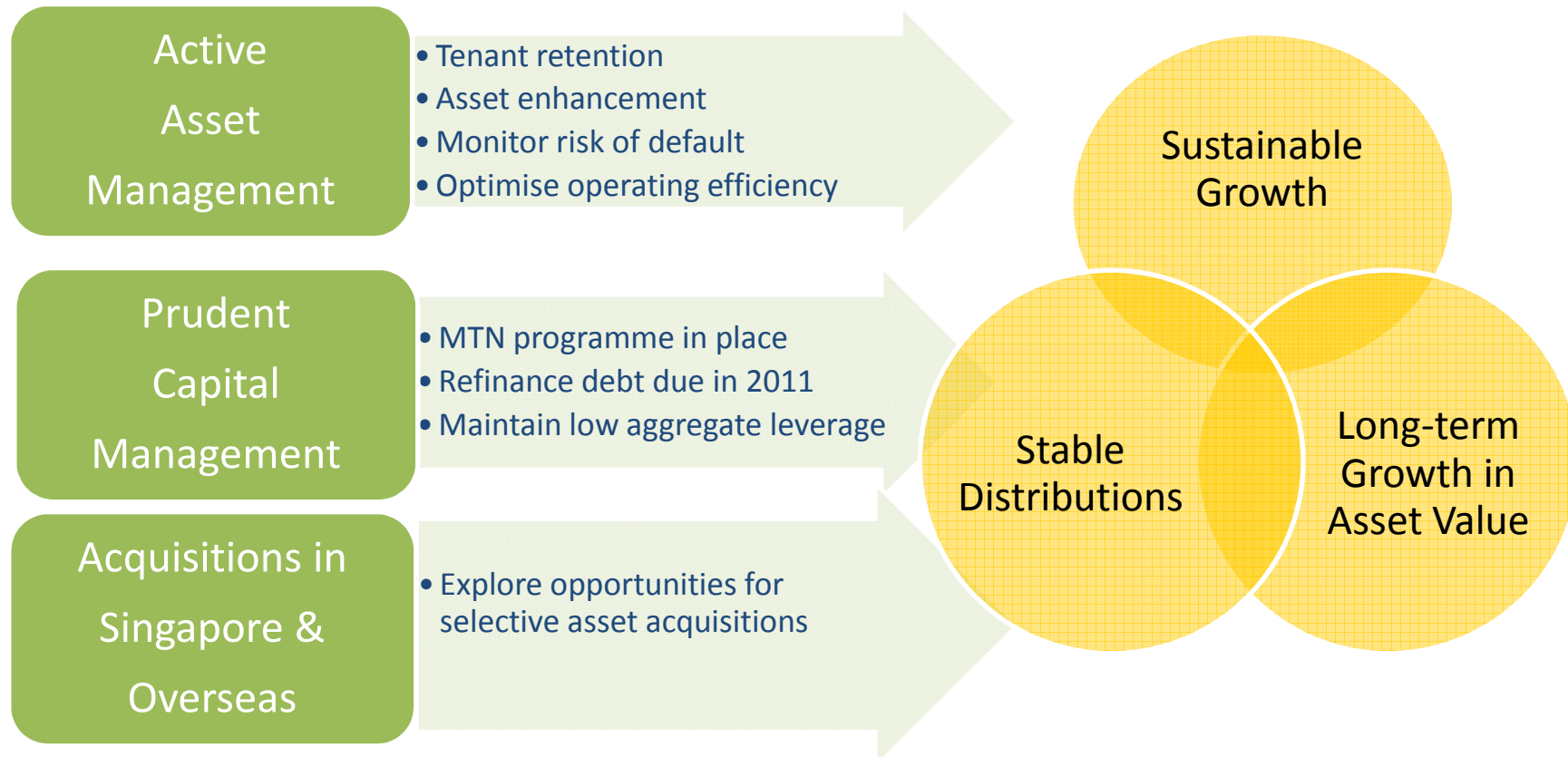
❖ CBRE survey:

- Singapore ranked #15
 - Below Tokyo, Hong Kong, Mumbai and New Delhi
 - Compared to #9 a year ago

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	15	Singapore	82.79
8	Paris, France				

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

Low aggregate leverage

- ❖ Leverage lower than S-REIT sector average
- ❖ No debt refinancing requirements until 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

1Q 2009 Distributable Income Up 37.3%

(\$'000)	1Q 2009	1Q 2008	Change	% Chg
Property Income	14,785	11,506	3,279	28.5
Net Property Income	10,820	9,141	1,679	18.4
Distributable Income to Unitholders	15,658	11,405	4,253	37.3
Distribution Per Unit (cents)	2.38	4.60 ⁽¹⁾	(2.22)	(48.3)
Distribution Yield (%)	16.2 ⁽²⁾	12.1 ⁽³⁾	4.1	33.9

- (1) Based on 248.1 million units in issue at end-March 2008; after a rights issue exercise was completed on 8 May 2008, 396.9 million new units were issued
- (2) Based on K-REIT Asia's unit closing price of \$0.595 as at 31 Mar 2009
- (3) Based on K-REIT Asia's unit closing price of \$1.53 as at 31 Mar 2008

Quarter-on-Quarter Performance

(\$'000)	1Q 2009	4Q 2008	Change	% Chg
Property Income	14,785	14,289	496	3.5
Net Property Income	10,820	11,813	(993)	(8.4)
Distributable Income to Unitholders	15,658	17,410	(1,752) ⁽¹⁾	(10.1)
Distribution Per Unit (cents)	2.38	2.67	(0.29)	(10.9)
Distribution Yield (%)	16.2 ⁽²⁾	15.2 ⁽³⁾	1.0	6.6

(1) The decrease was due mainly to higher property tax expense in 1Q 2009

(2) Based on K-REIT Asia's unit closing price of \$0.595 as at 31 Mar 2009

(3) Based on K-REIT Asia's unit closing price of \$0.70 as at 31 Dec 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

Net Lettable Area	10,074 sm (108,437 sf)
Tenure	99 years expiring 14 Jan 2095
Committed Occupancy	87.7% as at 31 Mar 2009
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

Key Property Information

Net Lettable Area	39,963 sm (430,162 sf)
Tenure	Estate in fee simple
Committed Occupancy	95.9% as at 31 Mar 2009
Purchase Price (on Acquisition)	\$353.3 million
Valuation (as at 31 Dec 2008)	\$580 million (\$1,347 psf)
Number of Tenants	62
Number of Car Park Lots	288

Keppel Towers



GE Tower



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

Net Lettable Area	22,991 sm (247,475 sf)
Tenure	99 years expiring 9 Sep 2089
Committed Occupancy	91.5% as at 31 Mar 2009
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)



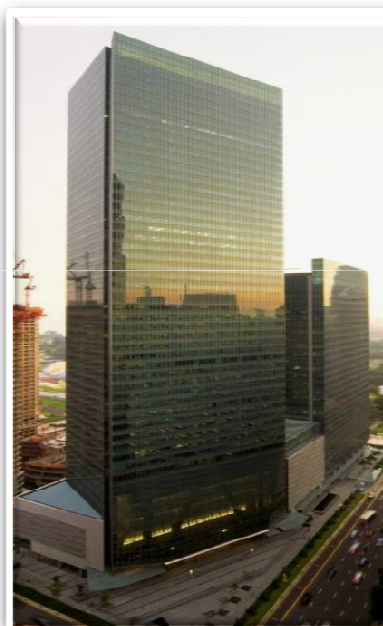
One Raffles Quay

- ❖ 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

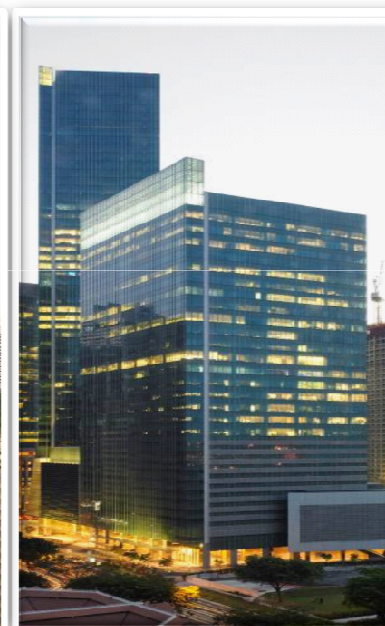
Key Property Information

Net Lettable Area ⁽¹⁾	41,360 sm (445,199 sf)
Tenure	99 years expiring 12 Jun 2100
Committed Occupancy	100% as at 31 Mar 2009
Purchase Price (on Acquisition) ⁽¹⁾	\$941.5 million
Valuation (as at 31 Dec 2008) ⁽¹⁾	\$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