

K-REITasia



THIRD QUARTER 2010 FINANCIAL RESULTS

18 October 2010





Important Notice

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3Q 2010 Highlights

- ✓ YTD Sep 2010 net property income  40.5% y-o-y
- ✓ YTD Sep 2010 distributable income  22.2% y-o-y
 - ✓ 3Q 2010 net property income  42.4% y-o-y
 - ✓ 3Q 2010 distributable income  26.3% y-o-y
- ✓ Portfolio committed occupancy improves to 99.2%
 - ✓ Singapore portfolio occupancy of 99.1% is higher than the core CBD's 95.2%⁽¹⁾
- ✓ Proposed acquisition of a one-third interest in MBFC Phase 1 and divestment of Keppel Towers & GE Tower
 - ✓ Increases DPU and income stability
 - ✓ Upgrades property portfolio without additional equity fund raising
 - ✓ Enlarges portfolio concentration in prime Marina Bay and Raffles Place precincts

***Stronger
Earnings***

***Better
Performance***

***Higher
Occupancy***

***Strategic
Portfolio
Upgrading***

(1) Source: CBRE

Financial Performance

YTD Sep 2010 Net Property Income 40.5%

	YTD Sep 2010	YTD Sep 2009	Change	
Property Income	\$63.2m	\$45.8m	\$17.4m	38.0%
Net Property Income	\$49.8m	\$35.4m	\$14.4m	40.5%
Distributable Income to Unitholders	\$62.5m	\$51.1m	\$11.4m	22.2%
Distribution Per Unit (“DPU”)				
- For the Period	4.65cts	3.83cts ⁽²⁾	0.82cts	21.4%
- Annualised	6.22cts	5.12cts ⁽²⁾	1.1cts	21.5%
Distribution Yield	4.8% ⁽¹⁾	4.3% ⁽¹⁾	0.5%	11.6%

(1) Based on K-REIT Asia’s respective market closing price per unit of \$1.29 as at 30 Sep 2010 and \$1.18 as at 30 Sep 2009.

(2) Restated taking into account the effect of the rights issue completed in Nov 2009.

3Q2010 Net Property Income 42.4% Y-o-Y

	3Q 2010	3Q 2009	Change	
Property Income	\$21.8m	\$15.7m	\$6.1m	39.0%
Net Property Income	\$17.5m	\$12.3m	\$5.2m	42.4%
Distributable Income to Unitholders	\$22.7m	\$18.0m	\$4.7m	26.3%
DPU				
- For the Period	1.69cts	1.35cts ⁽²⁾	0.34cts	25.2%
- Annualised	6.70cts	5.36cts ⁽²⁾	1.34cts	25.0%
Distribution Yield	5.2% ⁽¹⁾	4.5% ⁽¹⁾	0.7%	15.6%

(1) Based on K-REIT Asia's respective market closing price per unit of \$1.29 as at 30 Sep 2010 and \$1.18 as at 30 Sep 2009.

(2) Restated taking into account the effect of the rights issue completed in Nov 2009.

Distributable Income 3.2% Q-o-Q

	3Q 2010	2Q 2010	Change	
Property Income	\$21.8m	\$23.2m	-\$1.5m ⁽²⁾	-6.3 %
Net Property Income	\$17.5m	\$18.4m	-\$0.9m ⁽²⁾	-4.8%
Distributable Income to Unitholders	\$22.7m	\$22.0m	\$0.7m	3.2%
DPU				
- For the Period	1.69cts	1.64cts	0.05cts	3.0%
- Annualised	6.70cts	6.58cts	0.12cts	1.8%
Distribution Yield	5.2% ⁽¹⁾	5.8% ⁽¹⁾	-0.6% ⁽³⁾	-10.3%

(1) Based on K-REIT Asia's respective market closing price per unit of \$1.29 as at 30 Sep 2010 and \$1.14 as at 30 Jun 2010.

(2) The decrease in 3Q property income and net property income is due mainly to a correction to the straight-line accounting of rental income from the 50% stake in 275 George Street in 3Q2010. This adjustment has no impact on the distributable income.

(3) The decrease in Distribution Yield is attributed to the increase in price per unit from \$1.14 as at 30 Jun 2010 to \$1.29 as at 30 Sep 2010.

Healthy Balance Sheet

	As at 30 Sep 2010
Non-current Assets	\$2,250.0m
Total Assets	\$2,353.7m
Borrowings	\$351.1m
Total Liabilities	\$383.4m
Unitholders' Funds	\$1,970.2m
Net Asset Value (NAV) Per Unit	\$1.47
Adjusted NAV Per Unit ⁽¹⁾	\$1.45

(1) Excluding balance distributable income.

Capital Management

Healthy Financial Position

❖ 15.1% aggregate leverage as at 30 Sep 2010

	As at 30 Sep 2010
Gross Borrowings ⁽¹⁾	\$351.0m
Aggregate Leverage	15.1%
All-in Interest Rate ⁽²⁾	3.4%
Interest Coverage Ratio ⁽³⁾	7.4 times
Weighted Average Term to Expiry	1.4 years

(1) Includes unamortised portion of upfront fees in relation to the borrowings.

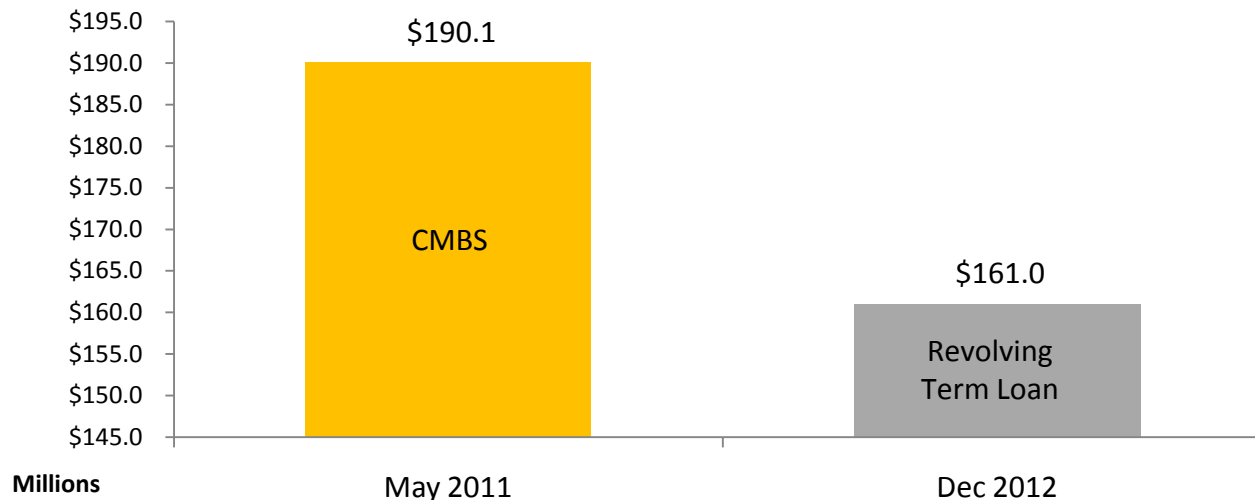
(2) All-in weighted average interest rate excludes the amortisation of the upfront fee for the early repayment of \$230 million and \$161 million in April 2010 and September 2010 respectively.

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

Financial Flexibility

- ✓ Low aggregate leverage of 15.1%
- ✓ 55.2% of assets unencumbered
- ✓ No refinancing due until May 2011
- ✓ \$1bn multi-currency Medium Term Note Programme
- ✓ Cash and cash equivalents of \$73.7m

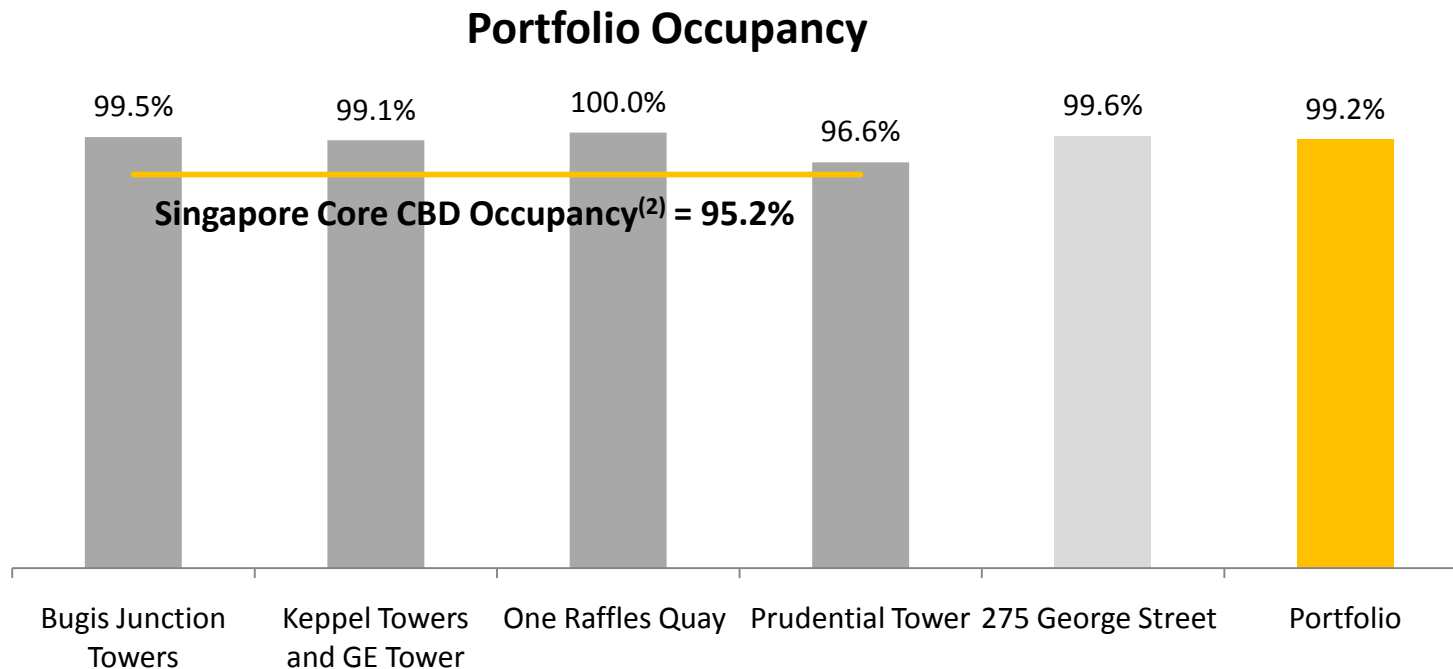
Debt Expiry Profile



Portfolio Analysis

Portfolio Occupancy Rate

- ❖ Portfolio occupancy increased 1.3% q-o-q to 99.2% as at 30 Sep 2010
- ❖ Singapore portfolio occupancy of 99.1%⁽¹⁾ is higher than core CBD's 95.2%⁽²⁾



(1) Singapore portfolio occupancy excludes 275 George Street in Brisbane, Australia

(2) Source: CBRE

Healthy Leasing Activity

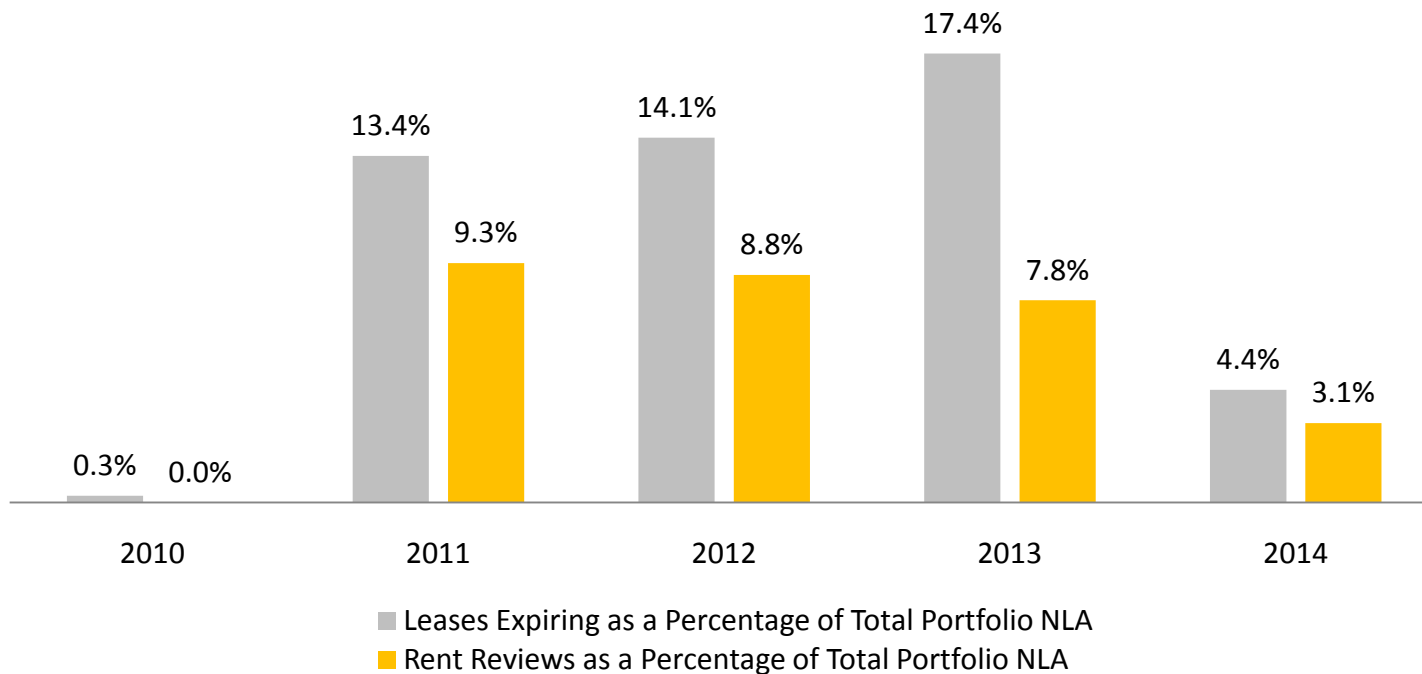
Leasing driven by demand from diversified business sectors

- ❖ 42,993sf NLA renewed in 3Q 2010
- ❖ 29,100sf NLA new take-up in 3Q2010
- ❖ 88% are new tenants and 12% are expansion by existing tenants
- ❖ New tenants include:
 - AXA Life Insurance Singapore, Cathay Pacific Airways and CJ International Asia at Bugis Junction Towers;
 - Kroll Associates and TCA Capital Management at Prudential Tower

Portfolio Lease Profile

- ❖ 100% of rent reviews due in 2010 completed
- ❖ Lease expiries and rent reviews well staggered from 2010-2014

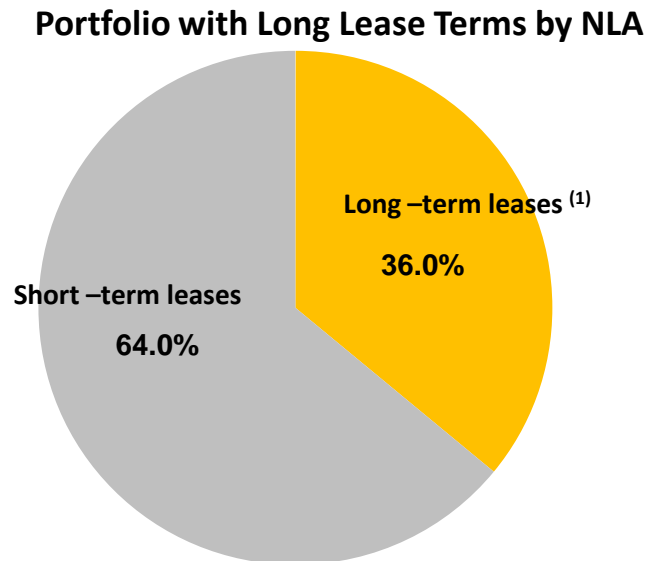
Portfolio Lease Profile⁽¹⁾ (by NLA)



(1) Includes 33.3% stake in One Raffles Quay and 50.0% stake in 275 George Street.

Long Lease Terms Provide Income Stability

- ❖ Weighted average lease term to expiry for
 - Portfolio: 5.5 years
 - Top 10 tenants who account for 51% of portfolio's NLA: 7.1 years
- ❖ Long lease terms⁽¹⁾ account for 36% of portfolio NLA

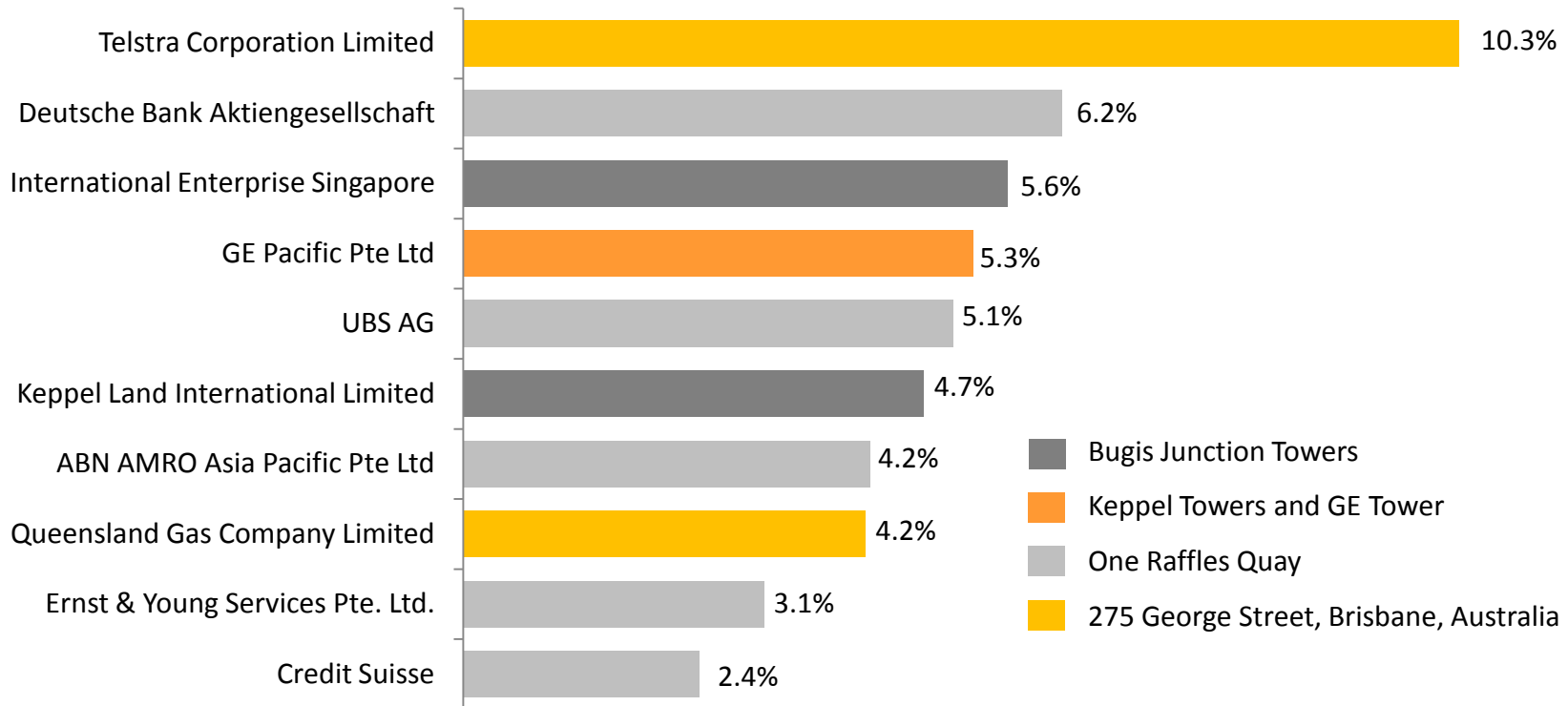


(1) Long lease terms are those with lease terms to expiry of at least 5 years

Blue-chip Tenants

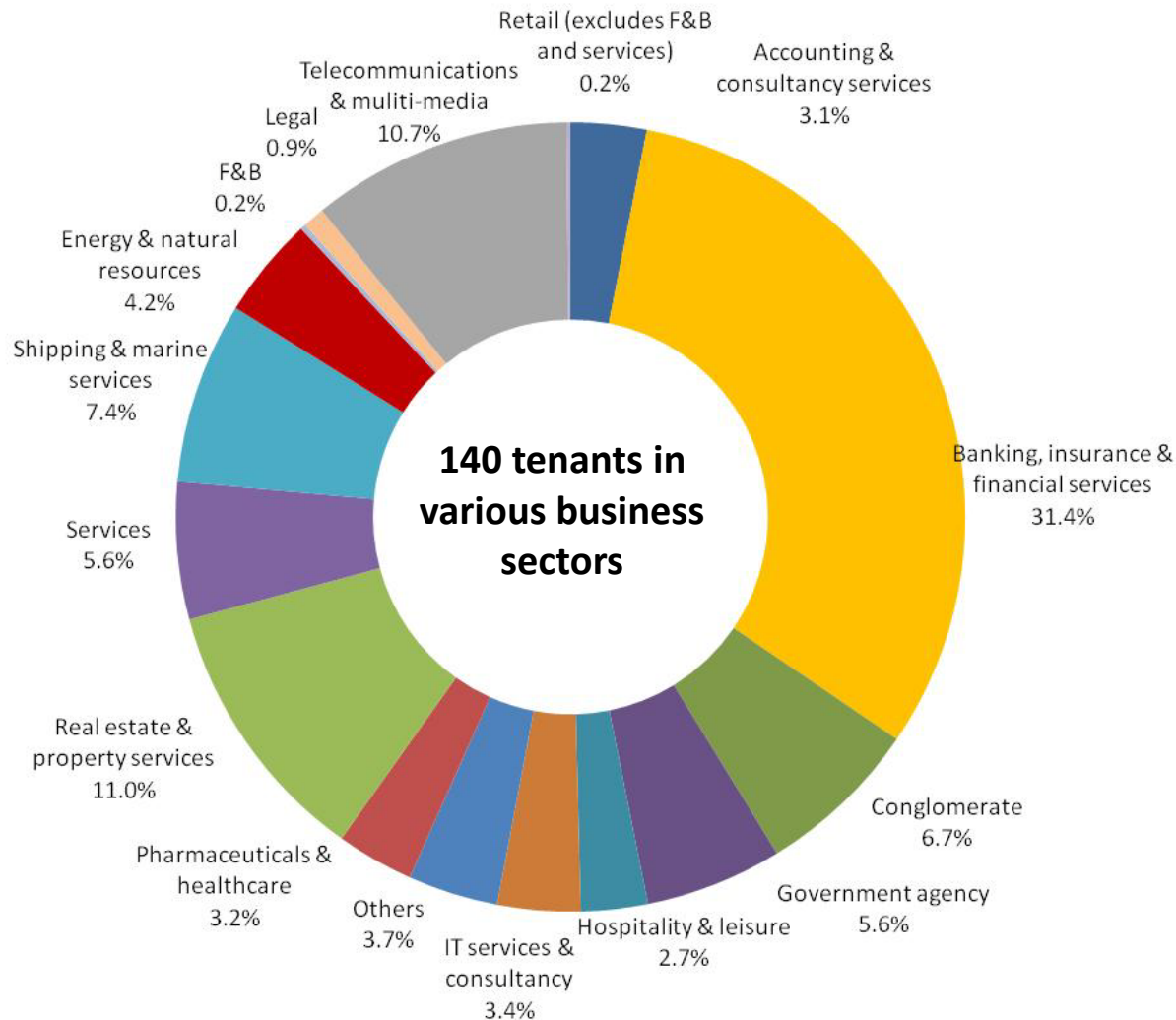
❖ Top 10 tenants comprise 51% of portfolio NLA

Portfolio Top Ten Tenants by NLA



Diverse Tenant Mix

Tenant Business Sector by NLA



***Proposed acquisition of a
one-third stake in MBFC Phase 1
and divestment of KTGE***

Transaction Summary

Proposed Acquisition

- ❖ To acquire Keppel Land's one-third interest in Marina Bay Financial Centre Phase 1 (MBFC 1) for \$1,426.8 million

Proposed Divestment

- ❖ To divest Keppel Towers and GE Tower (KTGE) to Keppel Land for \$573 million

Funding

- ❖ No equity fund raising required
- ❖ Acquisition to be funded by divestment proceeds, additional borrowings and proceeds from the rights issue completed in November 2009.

To Convene EGM in December 2010

- ❖ Unitholders' approval sought for the proposed acquisition of Keppel Land's one-third interest in MBFC 1 and the divestment of KTGE to Keppel Land

Key Benefits

- ❖ Generate growing and sustainable returns to Unitholders
- ❖ Expand and upgrade portfolio without additional equity fund raising
- ❖ Pro-active acquisition and portfolio optimisation
- ❖ Increase Singapore property portfolio in the Raffles Place and Marina Bay areas from 60% to 90%
- ❖ Enhance tenant base and improve cashflow resilience
- ❖ Enlarge asset size and reduce cost of borrowing
- ❖ Extend weighted average lease expiry
- ❖ Improve debt expiry profile

Key Benefits

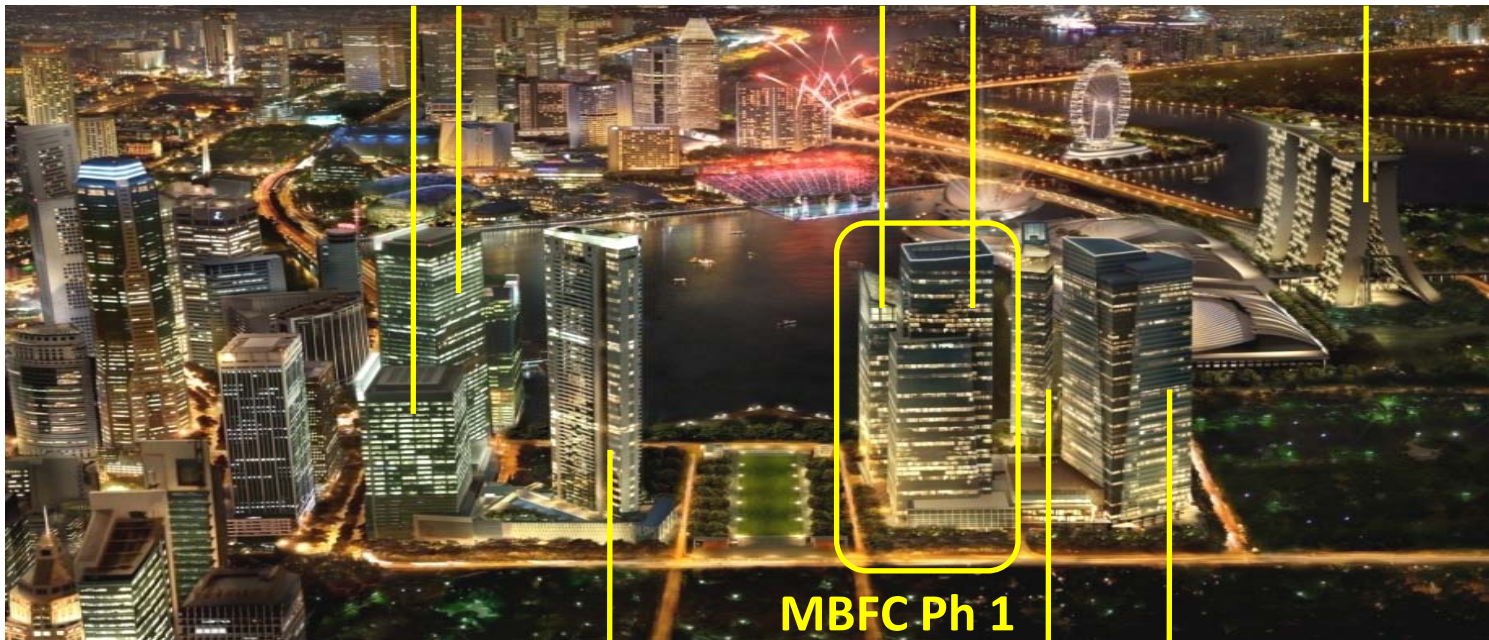
MBFC 1 Office Towers 1 & 2 fully tenanted to leading corporations
Marina Bay Link Mall about 87% committed
Long weighted average lease expiry of 10.3 years
Top ten tenants occupy 89.7% of leased NLA

One Raffles Quay

Tower 1

Tower 2

Marina Bay Sands



Marina Bay Suites

Marina Bay Residences

Tower 3

MBFC 1

Acquisition comprises MBFC Towers 1 & 2 and Marina Bay Link Mall



Key property information¹ as at 30 September 2010

Tenure	99 years Leasehold wef 2005
Agreed Value ²	\$1,426.8 million
Total NLA	1,747,100 sf
Towers 1 & 2 NLA	1,652,700 sf
Marina Bay Link Mall NLA	94,500 sf
Weighted Average Lease Expiry	10.3 years

1. The information shown is based on the entire MBFC 1 unless otherwise stated.
2. Refers to the value agreed between the buyer and seller for the one-third interest in MBFC 1 as at 11 Oct 2010.
The one-third interest in MBFC 1 was independently valued at \$1,433 million and \$ \$1,427 million by Knight Frank Pte Ltd and Savills (Singapore) Pte Ltd respectively.

Keppel Towers & GE Tower

Keppel Towers



GE Tower



Key property information as at 30 September 2010

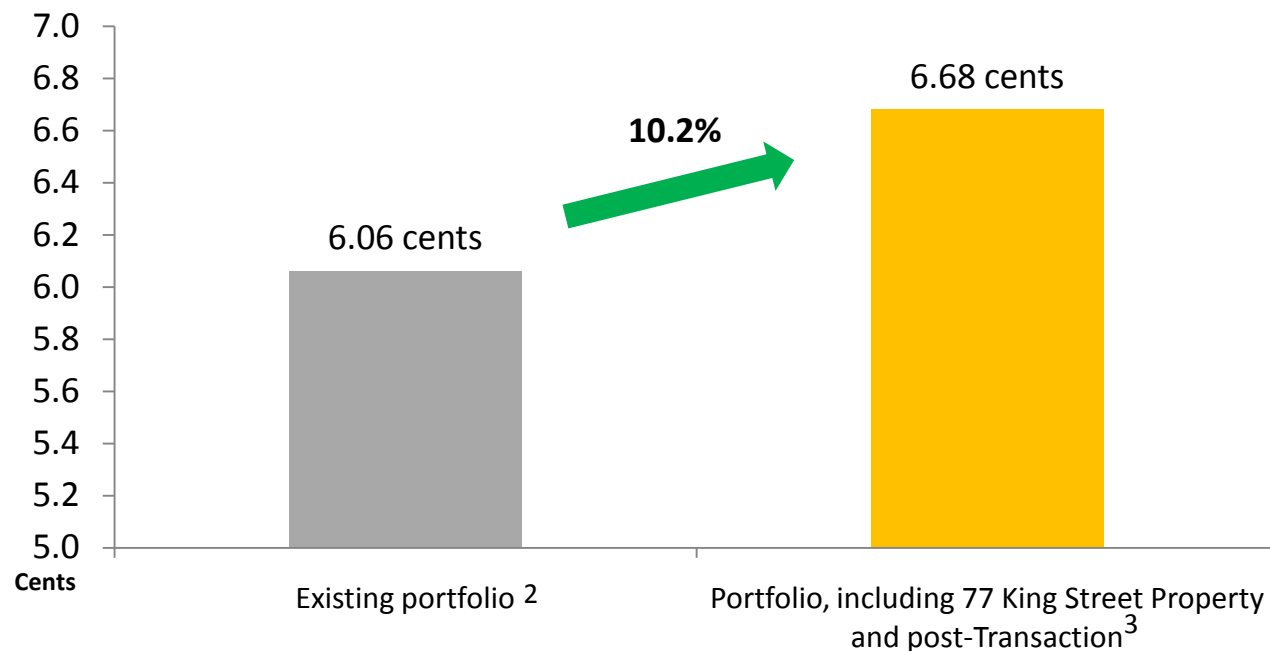
Ownership Interest	100%
Age of buildings	Keppel Towers (19 Years) GE Tower (17 Years)
Tenure	Freehold
Number of storeys	27-storey Keppel Towers and 13-storey GE Tower
Total NLA	430,112 sf
Committed occupancy	99.1%
Agreed Value ¹	\$573.0mn
Valuation based on office use as at 31 December 2009	\$540.7mn (\$1,257 psf)

1. Refers to the value agreed between the buyer and seller as at 11 Oct 2010. Based on the highest and best use that is a residential redevelopment site with commercial use on ground floor. KTGE was independently valued at \$573 million and \$570 million by Savills and Knight Frank respectively. Outline Planning Permission for KTGE for conversion to residential with commercial use on ground floor was obtained in Aug 2010.

K-REIT Asia Post-Transaction

Accretive transaction increases DPU

Forecast DPU FY2011 ¹

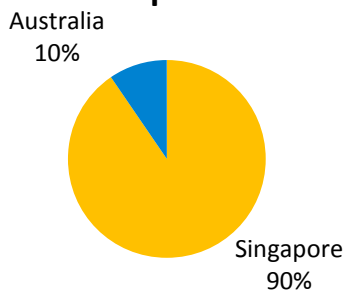


1. Based on the assumptions set out in the Manager's announcement on the profit forecast for the Financial Year 2011, dated 18 Oct 2010.
2. K-REIT Asia's existing portfolio comprising Bugis Junction Towers, Keppel Towers & GE Tower, One Raffles Quay (33.3% interest), Prudential Tower (73.4% interest), and 275 George Street (50.0% interest).
3. K-REIT Asia's portfolio post-Transaction comprises Bugis Junction Towers, One Raffles Quay (33.3% interest), Prudential Tower (73.4% interest), MBFC Phase 1 (33.3% interest), 275 George Street (50.0% interest) and 77 King Street Office Tower.

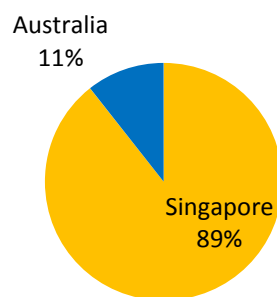
K-REIT Asia Post-Transaction

Enlarged Asset Size & Improved Debt Expiry Profile

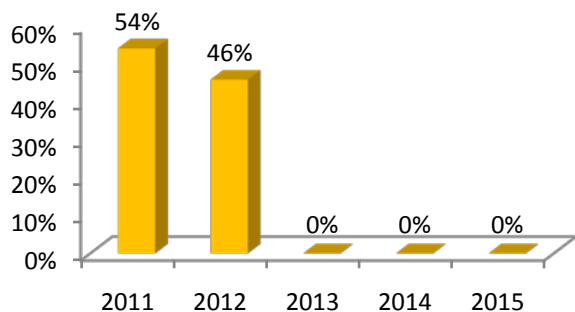
\$2.3 billion portfolio asset size as at 30 Sep 2010¹



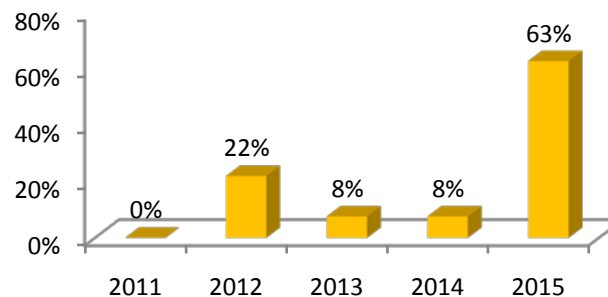
\$3.4 billion portfolio asset size Post-Transaction²



Debt Expiry Profile as at 30 Sep 2010¹



Debt Expiry Profile Post-Transaction²

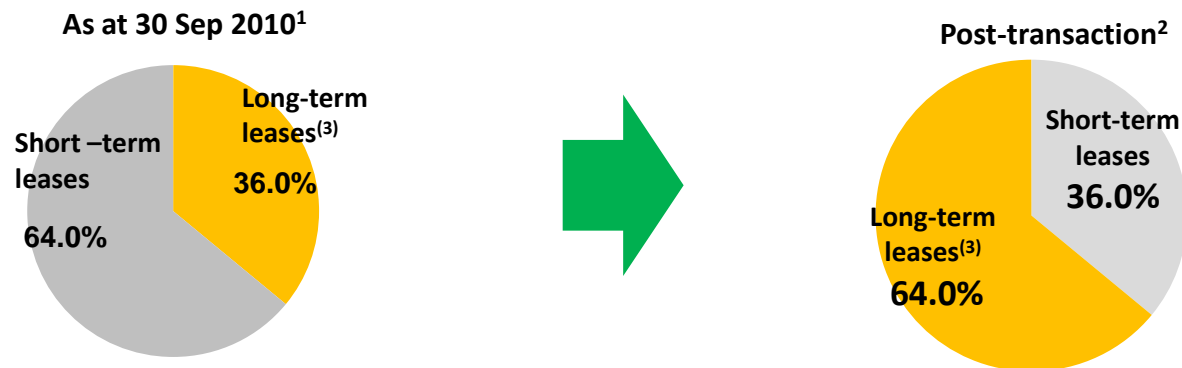


1. K-REIT Asia's portfolio as at 30 Sep 2010 comprising Bugis Junction Towers, Keppel Towers & GE Tower, One Raffles Quay (33.3% interest), Prudential Tower (73.4% interest) and 275 George Street (50.0% interest).
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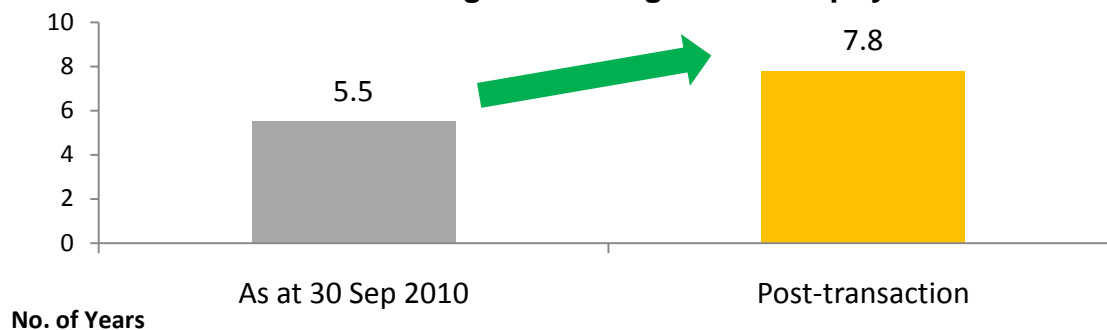
K-REIT Asia Post-Transaction

Enhanced portfolio weighted lease expiry profile

Portfolio Lease Terms by Net Lettable Area



Portfolio Weighted Average Lease Expiry



1. K-REIT Asia's portfolio as at 30 Sep 2010 comprises Bugis Junction Towers, Keppel Towers & GE Tower, One Raffles Quay (33.3% interest), Prudential Tower (73.4% interest), and 275 George Street (50.0% interest).
2. K-REIT Asia's portfolio post-Transaction comprises Bugis Junction Towers, One Raffles Quay (33.3% interest), Prudential Tower (73.4% interest), MBFC Phase 1 (33.3% interest), 275 George Street (50.0% interest) and 77 King Street Office Tower.
3. Long lease terms are those with lease terms to expiry of at least 5 years.

Market Review and Outlook

Sustained Economic Recovery

Singapore GDP on track to achieve between 13.0% to 15.0% growth in 2010

Positive economic outlook

- ❖ 10.3% GDP growth in 3Q2010 y-o-y
- ❖ Positive economic growth in Singapore and the region sustains office sector recovery

Improving office sector fundamentals

- ❖ New prime Grade A properties benefit from higher pre-commitment levels
- ❖ Increase in leasing activity driven by demand from the financial services and insurance sector, legal and professional services as well as oil and gas industry
- ❖ Office rentals in Singapore remains competitive vis-à-vis the rest of the region ranking 37th in CBRE's Global Office Occupancy Cost Survey

Reduction in office supply

- ❖ Concerns of oversupply abating as new office properties register healthy pre-commitment levels and more office properties are converted to residential use
 - Potential conversions include 70 Shenton Way, Starhub Centre, VTB Building Chow House and Keppel Towers & GE Tower

Going Forward

Key Thrusts

Acquisition Growth

Pursue opportunities for acquisitions in Singapore and pan-Asia

Strategic portfolio upgrading and optimisation

Prudent Capital Management

Manage assets and cost structure more effectively

Exercise prudent interest rate and foreign exchange hedging policies

Active Asset Management

Attract creditworthy tenants to increase occupancy as well as retain good existing tenants

Balance lease expiry and rent review profiles to generate stable income to Unitholders

Deliver sustainable long term growth in DPU and asset value

Thank you

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