

K-REITasia



INVESTOR MEETINGS

31 August 2010

Important Notice

The past performance of K-REIT Asia is not necessarily indicative of its future performance. Certain statements made in this presentation may not be based on historical information or facts and may be “forward-looking” statements due to 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.

Agenda

- ❖ Overview of K-REIT Asia
- ❖ Key Highlights
- ❖ Financial Performance
- ❖ Going Forward
- ❖ Appendices

Overview of K-REIT Asia

K-REIT Asia at a Glance

K-REIT Asia

- ❖ Real estate investment trust investing in quality income-producing commercial real estate and real estate-related assets pan-Asia
- ❖ Portfolio size of 6 assets valued at S\$2.3bn as at 30 June 2010
- ❖ Portfolio NLA of 1.5mn sf as at 30 June 2010
- ❖ Market cap of S\$1.6bn⁽¹⁾ as at 30 July 2010
- ❖ Listed on the SGX on 28 April 2006
- ❖ Managed by K-REIT Asia Management Limited⁽²⁾
- ❖ Keppel Land and Keppel Corporation own a combined 76% stake in K-REIT Asia

Sponsor

- ❖ Sponsored by Keppel Land Limited, one of the largest property companies listed on the Singapore Exchange
- ❖ Leading developer of prime commercial properties in Singapore with pan-Asian presence

Recent activities

- ❖ 2 November 2009 – completed acquisition of six additional strata floors in Prudential Tower
- ❖ 23 November 2009 – completed renounceable 1-for-1 rights issue that was oversubscribed by 11% and raised \$620.0 mn in gross proceeds
- ❖ 1 March 2010 – completed acquisition of a 50% stake in 275 George Street in Brisbane, Australia
- ❖ 29 April 2010 – K-REIT Asia Management Limited was awarded the Capital Markets Services Licence for real estate investment trust management by the Monetary Authority of Singapore
- ❖ 19 July 2010 – announced the acquisition of the prime office tower at 77 King Street in Sydney, Australia

1. Based on market closing unit price of \$1.19 on 30 July 2010.

2. A wholly-owned subsidiary of Keppel Land Limited.

Portfolio of Quality Assets

**77 King Street⁽¹⁾
Sydney Australia**



**275 George Street
Brisbane, Australia
(50% Stake)**



**One Raffles Quay
North Tower
(33% Stake)**



**One Raffles Quay
South Tower
(33% stake)**



**Bugis Junction
Towers**



Keppel Towers



GE Tower



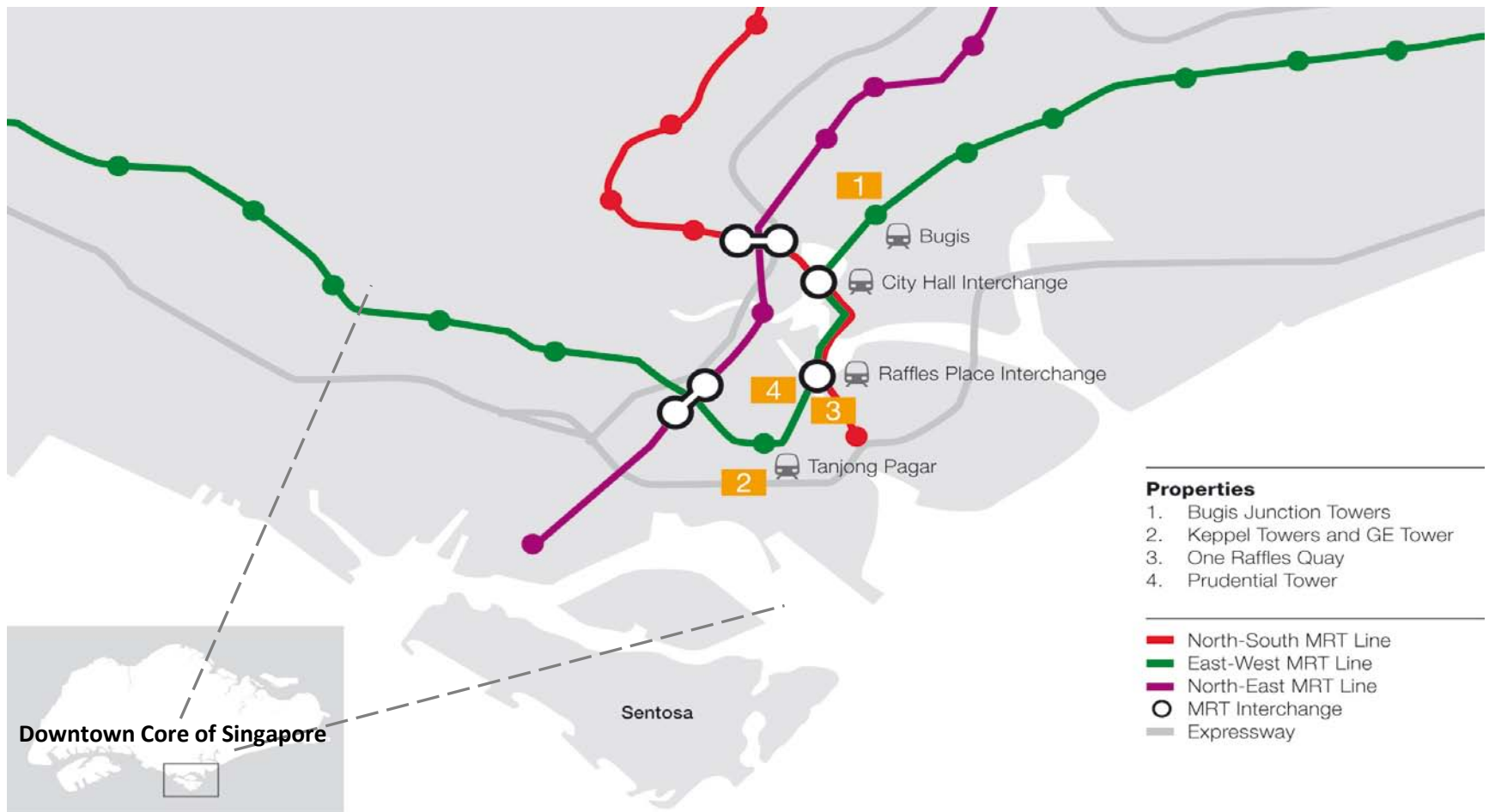
**Prudential Tower
(73.4% stake)**



1. The acquisition of the office tower at 77 King Street is expected to be completed in fourth quarter 2010.

Singapore Property Portfolio

Quality commercial properties strategically located near train stations and expressways



Singapore Asset Portfolio

Bugis Junction Towers

- ❖ Prime 15-storey office tower
- ❖ Part of Bugis Junction - an integrated development comprising a retail mall and the five-star InterContinental Singapore Hotel
- ❖ Direct underground link to Bugis MRT station



Key property information as at 30 June 2010

Ownership Interest	100%
Attributable NLA	247,475 sf
Tenure	99 years expiring 9 September 2089
Committed occupancy	94.6%
Valuation (as at 31 December 2009)	S\$297.0mm (S\$1,200 psf)
Number of tenants	8
Number of car park lots ⁽¹⁾	648 (for the entire integrated development)

1. Car park lots owned and managed by the management corporation.

Keppel Towers and GE Tower

- ❖ Keppel Towers: Prime 27-storey office building
- ❖ GE Tower: Prime 13-storey office building
- ❖ 5-minute walk from Tanjong Pagar MRT station



Key property information as at 30 June 2010

Ownership Interest	100%
Attributable NLA	430,112 sf
Tenure	Estate in fee simple
Committed occupancy	97.4%
Valuation (as at 31 December 2009)	S\$540.7mm (S\$1,257 psf)
Number of tenants	65
Number of car park lots	288

Singapore Asset Portfolio

Prudential Tower Property

- ❖ 30-storey Grade-A building
- ❖ Located in the CBD, within a 5-minute walk from Raffles Place MRT station
- ❖ Winner of office/industrial category of the FIABCI Prix d'Excellence Award 2003



Key property information as at 30 June 2010 ⁽¹⁾	
Ownership Interest	73.4%
Attributable NLA	175,675 sf
Tenure	99 years expiring 14 January 2095
Committed occupancy	96.6%
Valuation (as at 31 December 2009)	S\$325.1mm (S\$1,850 psf)
Number of tenants	24
Number of car park lots	181 ^(2,3)

1. The information shown is based on K-REIT Asia's 73.4% interest in Prudential Tower.
2. Car park lots owned and managed by the management corporation.
3. For the entire development.
4. The information shown is based on K-REIT Asia's one-third interest in One Raffles Quay Pte Ltd.

One Raffles Quay

- ❖ Grade-A office building strategically located at the heart of the business and financial district
- ❖ Direct underground link to Raffles Place MRT station
- ❖ Winner of the FIABCI Prix d'Excellence Award 2008 and BCA Green Mark Gold 2009



Key property information as at 30 June 2010 ⁽⁴⁾	
Ownership Interest	33.3%
Attributable NLA	445,120 sf
Tenure	99 years expiring 12 June 2100
Committed occupancy	100.0% ⁽³⁾
Valuation (as at 31 December 2009)	S\$934.9mm (S\$2,100 psf)
Number of tenants	31 ⁽³⁾
Number of car park lots	713 ⁽³⁾

Australia Asset Portfolio

275 George Street, Brisbane 50% stake

- ❖ 30-storey Grade-A building completed in April 2009
- ❖ Located in the revitalised George Street precinct of Brisbane's CBD
- ❖ Rated 5 Star Green Star – Office As Built v2, and targeting a 4.5 Star NABERS Energy rating
- ❖ All leases have fixed annual rental escalations



Key property information as at 30 June 2010⁽¹⁾

Ownership Interest	50.0% tenant-in-common
Attributable NLA	224,686 sf
Tenure	Estate in fee simple
Committed occupancy	99.4%
Valuation (as at 28 January 2010)	\$209.4mm (\$932psf)
Number of tenants	7 ⁽²⁾
Number of car park lots	244 ⁽²⁾

1. The information shown is based on K-REIT Asia's 50% interest in 275 George Street, Brisbane.
2. For the entire development.
3. The acquisition is expected to be completed in 4Q2010.

Office Tower at 77 King Street⁽³⁾, Sydney

- ❖ 18 Storey Grade-A building completely refurbished in September 2008
- ❖ Located in heart of Sydney's CBD
- ❖ Tenanted by consultancy firm CapGemini and rating agency Fitch Australia
- ❖ All leases have fixed annual rental escalations



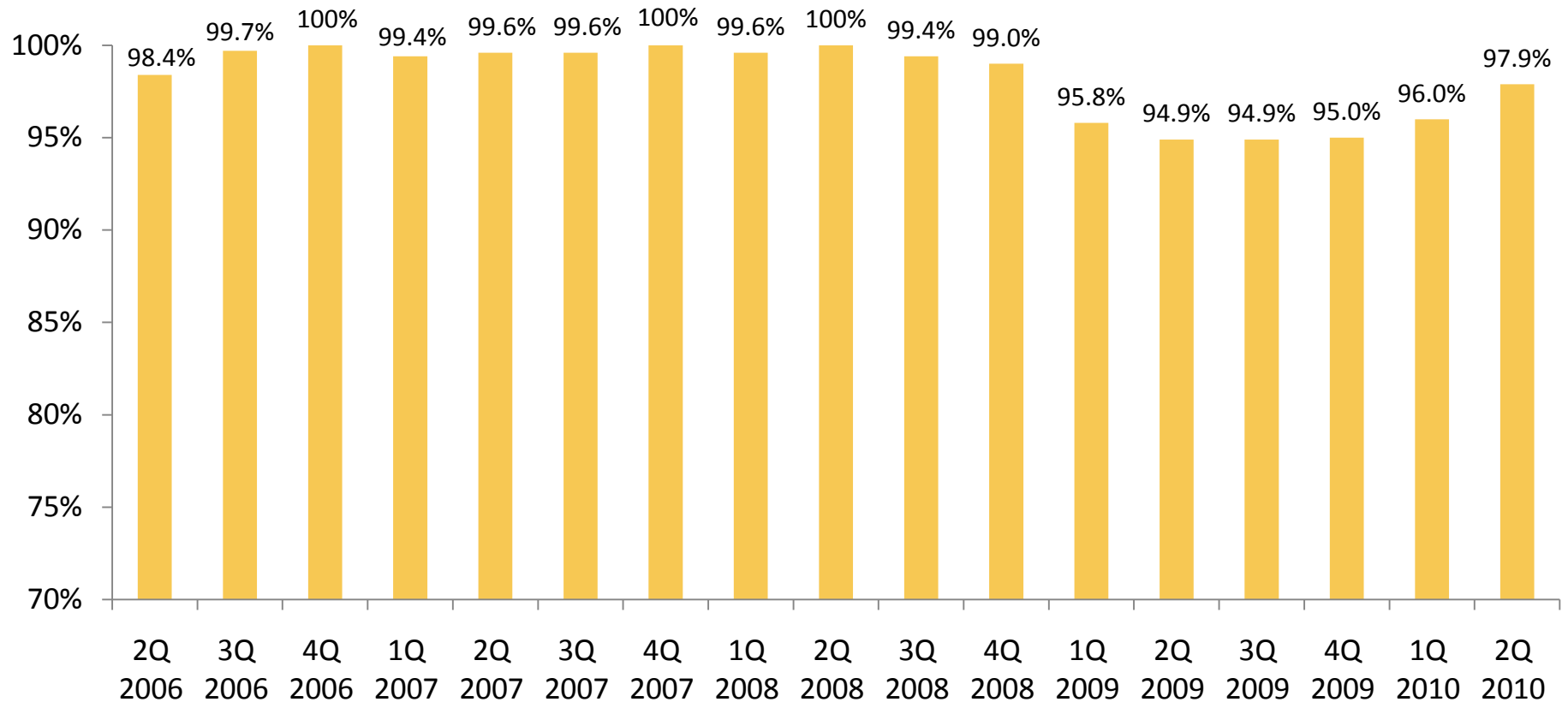
Key property information as at 19 July 2010

Ownership Interest	Lots 1,3,4 and 5
Attributable NLA	147,250 sf
Tenure	Estate in fee simple
Committed occupancy	75.8%
Purchase Consideration (as at 16 July 2010)	\$145mm (\$985psf)
Number of tenants	15

Key Highlights

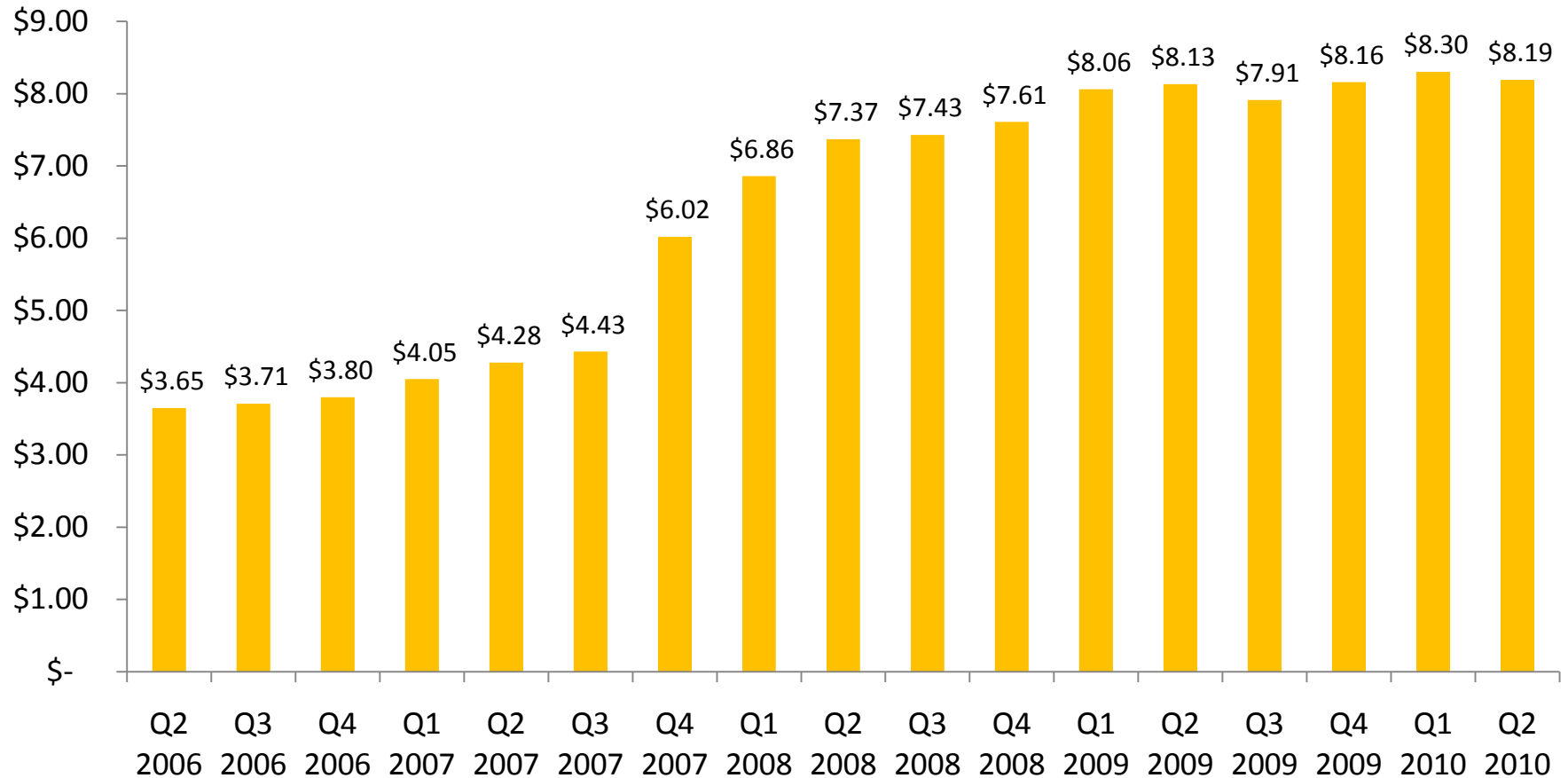
Track Record of Occupancy Rates

Portfolio Occupancy



Steady Portfolio Rent

Singapore Portfolio Average Monthly Rent⁽¹⁾

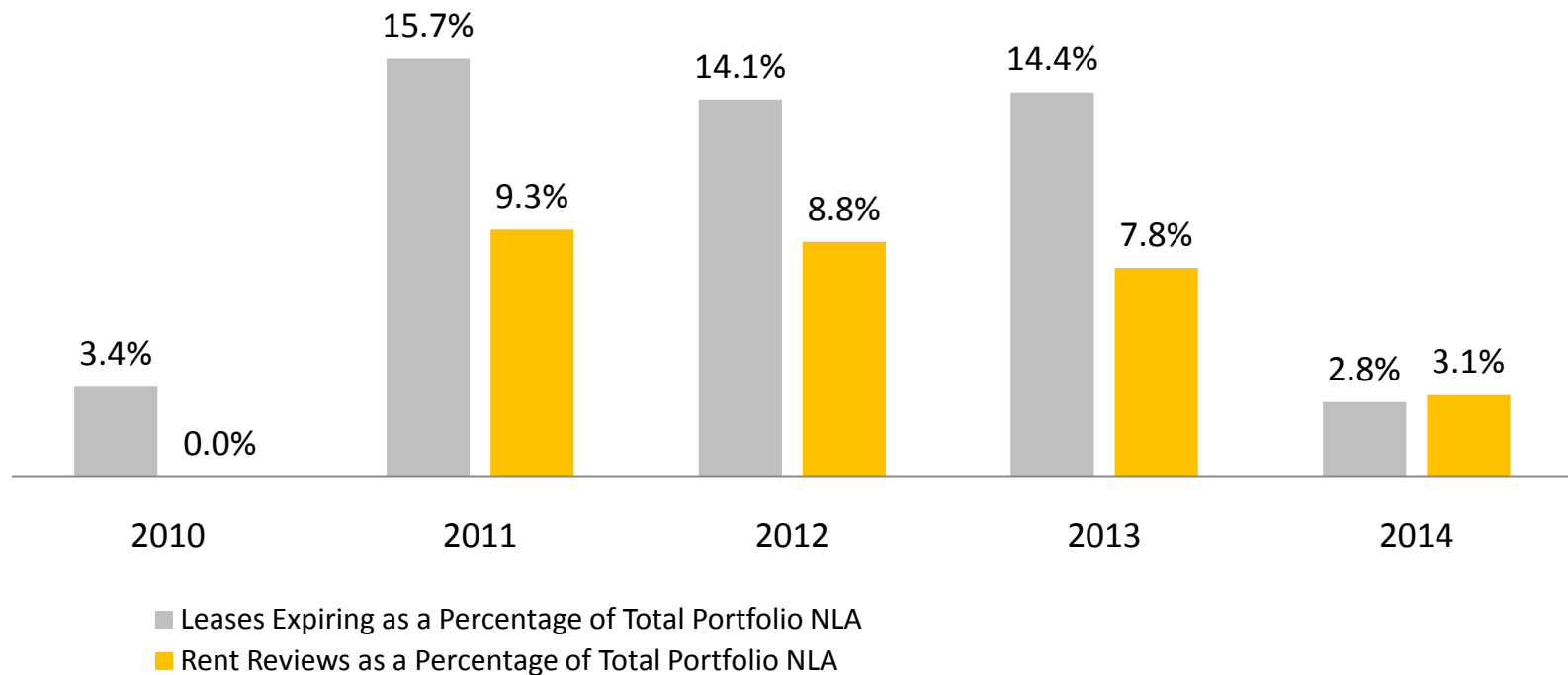


1. Includes average rental at One Raffles Quay from 4Q2007 onwards.

Balanced Portfolio Lease Expiry

- ❖ 100% of rent reviews due in 2010 completed
- ❖ Lease expiries and rent reviews well staggered from 2010-2013

Portfolio Lease Profile⁽¹⁾ by NLA

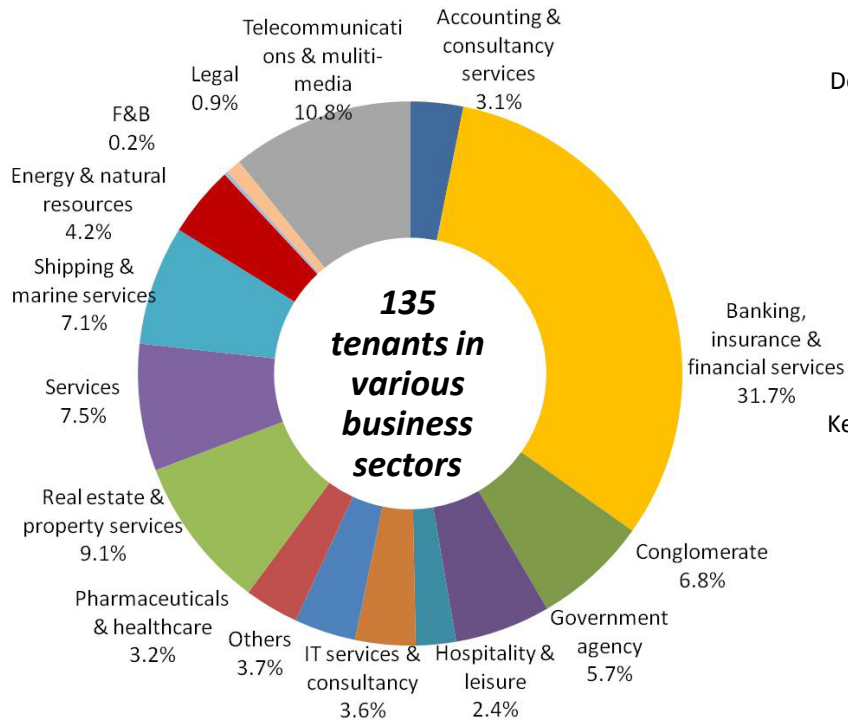


1. Includes 33.3% stake in One Raffles Quay and 50.0% stake in 275 George Street.

Diverse Blue-chip Tenant Base

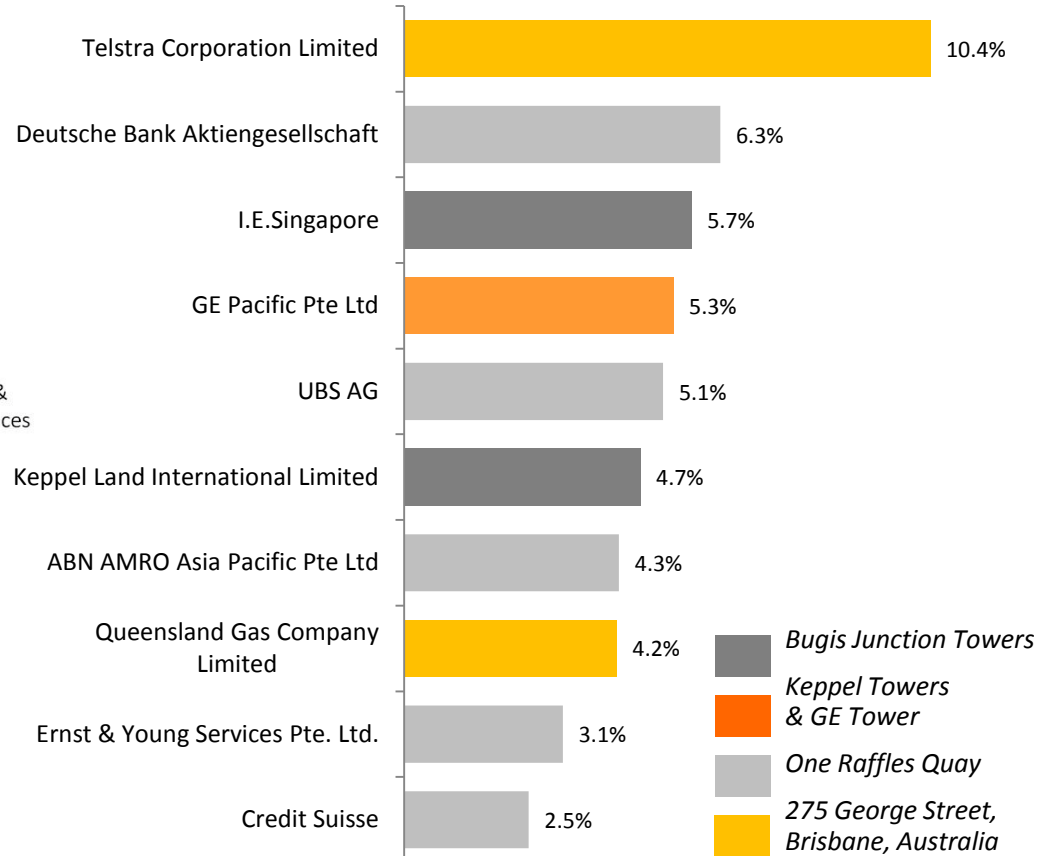
Broad tenant diversity

Tenant Business Sector by NLA



Top 10 tenants have a WALE of 7.3yrs

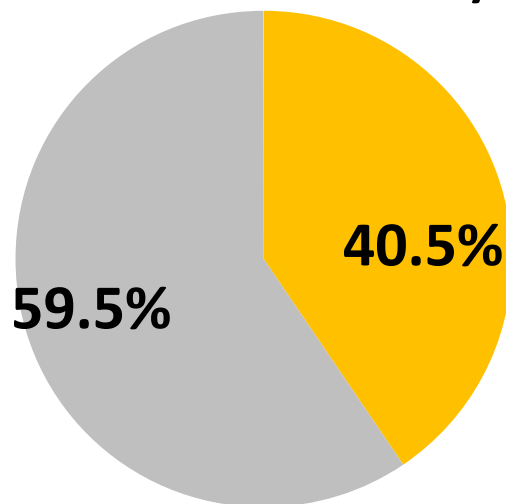
Portfolio Top 10 Tenants by NLA



Long Lease Terms provide Income Stability

- ❖ *Weighted average lease term to expiry for*
 - *Portfolio: 5.7 years*
 - *Top 10 tenants who account for 52% of portfolio's NLA: 7.3 years*
- ❖ *Long lease terms⁽¹⁾ account for 40.5% of portfolio's NLA*

Portfolio Lease Terms by NLA

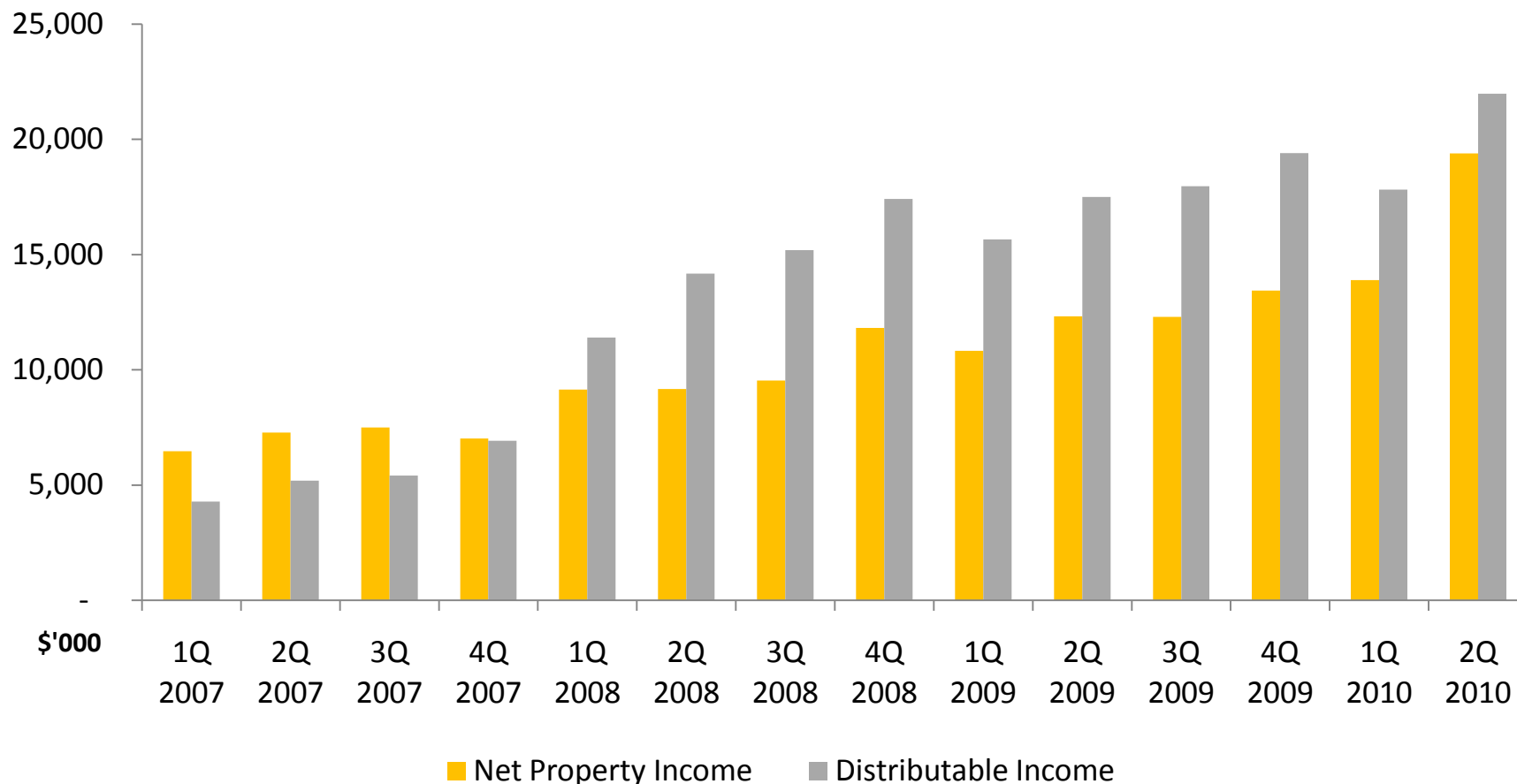


1. Long lease terms are those with lease terms to expiry of at least 5 years

Financial Performance

Financial Performance

Net Property Income and Distributable Income



K-REIT Asia was established on 28 November 2005 and the acquisition of its initial properties was completed on 26 April 2006.

K-REIT Asia delivered a net property income of \$16.8m and a distributable income of \$11.2m for the period 26 April 2006 to 31 December 2006.

Healthy Balance Sheet

	As at 30 June 2010
Non-current Assets	\$2,245.4 m
Total Assets	\$2,373.3 m
Borrowings	\$351.1 m
Total Liabilities	\$390.5 m
Unitholders' Funds	\$1,982.8 m
Net Asset Value (NAV) Per Unit ⁽¹⁾	\$1.48
Adjusted NAV Per Unit ⁽²⁾	\$1.45

1. Based on 1,340,700,280 units in issue as at 30 June 2010.

2. Excluding balance distributable income.

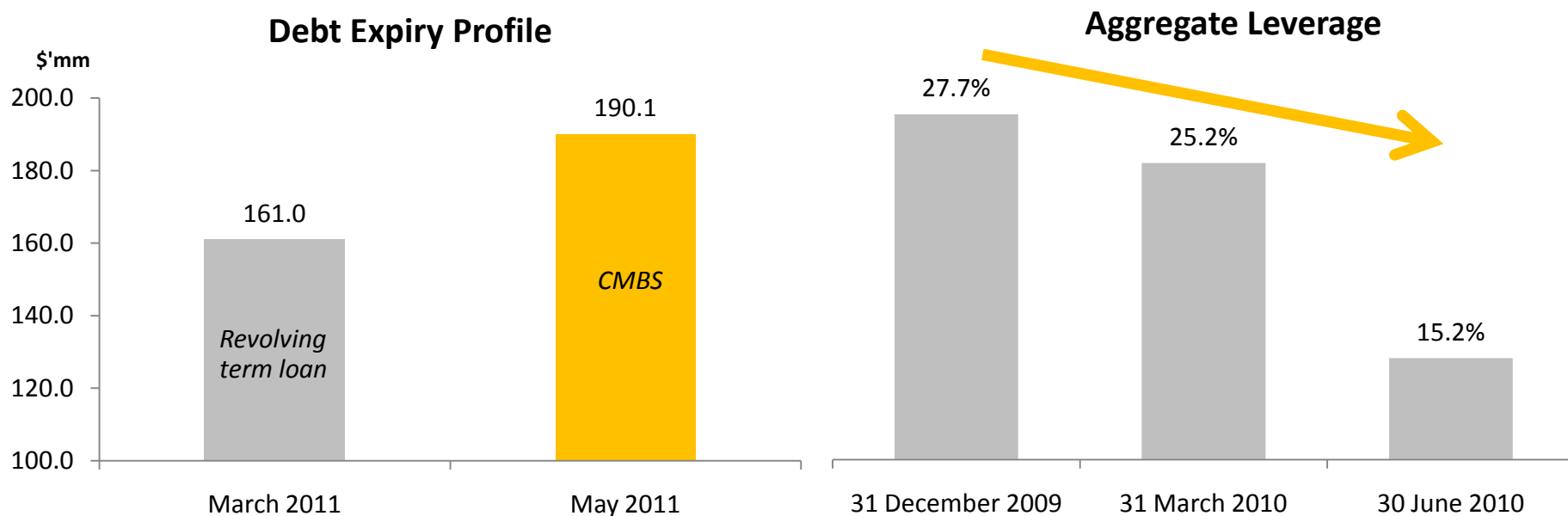
Healthy Financial Position

	As at 30 June 2010
Gross Borrowings ⁽¹⁾	\$351.1m
Aggregate Leverage	15.2%
All-in Interest Rate	3.54% ⁽²⁾
Interest Coverage Ratio ⁽³⁾	5.4 times
Weighted Average Term to Expiry	0.8 years

1. *Includes unamortised portion of upfront fees in relation to the borrowings.*
2. *Excludes the one-time amortization charge for early repayment of \$230 million in April 2010.*
3. *Interest coverage ratio = Ratio of year-to-date earnings before interest, tax, depreciation and amortisation to interest expense.*

Low Aggregate Leverage

- ✓ *Low Aggregate Leverage at 15.2%*
- ✓ *54.3% of assets unencumbered*
- ✓ *\$1bn multi-currency Medium Term Note Programme*



Going Forward

Key Strengths

Prime assets with blue-chip tenants

- ❖ Portfolio of six strategically located commercial office properties in Singapore and Australia
- ❖ Diversified stable of creditworthy tenants
- ❖ Above-market portfolio occupancy of 97.9% as at 30 June 2010



Stable and growing income

- ❖ Stable income underpinned by long term leases (WALE of 5.7 years)
- ❖ Steady growth of average portfolio rent
- ❖ Income support protects against negative rental reversions:
 - ORQ income support until end of 2011
 - Additional stake in Prudential Tower has net property income guarantee until end of 2014
 - 275 George Street income support until June 2012

Strong capital position

- ❖ Aggregate leverage of 15.2% as at 30 June 2010
- ❖ No immediate refinancing risks
- ❖ Undrawn S\$1bn MTN Programme

Positive financial performance

- ❖ Steady growth of net property income and distributable income
- ❖ 2009 distributable income  21.2% y-o-y
- ❖ 2009 net property income  23.3% y-o-y

Strong sponsorship

- ❖ Proven track record in commercial asset development and management
- ❖ Sizeable commercial asset base and projects under development in Singapore and across Asia

Three-pronged Growth Strategies

Key Strategies	Track Record	Initiatives
Active asset management	<ul style="list-style-type: none"> ❖ Portfolio occupancy consistently above market levels ❖ Steady growth of average portfolio rent 	<ul style="list-style-type: none"> ❖ Attract new creditworthy tenants to increase occupancy as well as retain good existing tenants ❖ Embark on asset enhancement initiatives to optimise income
Prudent capital management	<ul style="list-style-type: none"> ❖ Strong capital position ❖ No immediate refinancing needs ❖ Prudent valuation practice 	<ul style="list-style-type: none"> ❖ Manage K-REIT Asia's assets and cost structure more effectively ❖ Exercise prudent interest rate and forex hedging policies to maintain stable income distribution to Unitholders
Acquisition growth	<ul style="list-style-type: none"> ❖ Assets under management rose 241%⁽¹⁾ since listing ❖ Enlarged stake in Prudential Tower and 50% stake in 275 George Street 	<ul style="list-style-type: none"> ❖ Pursue opportunities for strategic acquisitions in Singapore and Pan-Asia

...to deliver sustainable long term growth in DPU and asset value

1. Based on portfolio asset size of \$2,307mn and \$677mn as at 30 June 2010 and 31 December 2006 respectively.

Appendices

Key Portfolio Statistics

As at 30 June 2010	Bugis Junction Towers	Keppel Towers and GE Tower	One Raffles Quay	Prudential Tower ⁽²⁾	275 George Street ⁽³⁾
Attributable NLA (sf)	247,475	430,112	445,120	175,675	224,686
Ownership	100.0%	100.0%	33.3%	73.4%	50.0%
Number of tenants	8	65	31	24	7
Principal tenants	IE Singapore, Keppel Land, InterContinental Hotels Group	GE Pacific, Novartis Singapore, Seadrill Management	Deutsche Bank, UBS, ABN Amro	UniCredit Bank AG, The Executive Centre, McGraw-Hill Companies	Telstra Corporation, Queensland Gas Company
Tenure	99 years expiring 9 Sep 2089	Estate in fee simple	99 years expiring 12 Jun 2100	99 years expiring 14 Jan 2095	Estate in fee simple
Valuation⁽¹⁾	S\$297.0mm S\$1,200 psf	S\$540.7mm S\$1,257 psf	S\$934.9mm S\$2,100 psf	S\$325.1mm S\$1,850 psf	S\$209.4mm S\$932 psf
Committed occupancy	94.6%	97.4%	100.0%	96.6%	99.4%

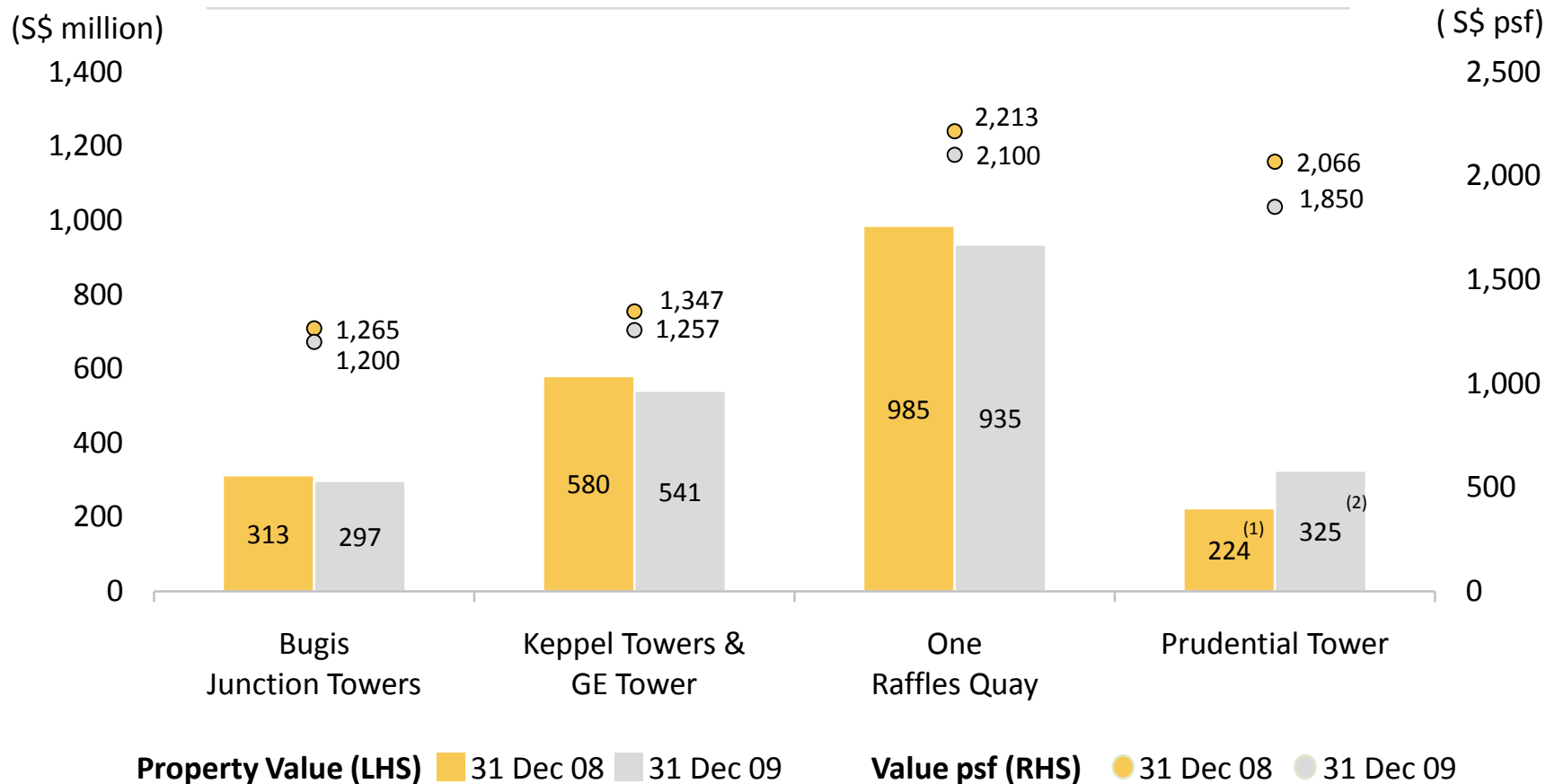
1. Valuation as at 31 December 2009 based on K-REIT Asia's interest in the respective property.

2. K-REIT Asia's ownership in Prudential Tower increased from approx. 44.4% to 73.4% following the acquisition of 6 additional strata floors on 2 November 2009.

3. Acquisition of the 50.0% interest in 275 George Street was completed on 1 March 2010.

Portfolio Valuation

	31 Dec 08	31 Dec 09	Change
Total Singapore Portfolio Value (S\$ million)	2,102	1,973 ⁽¹⁾	(6.1%)
Total Value psf (S\$)	1,707	1,603 ⁽¹⁾	

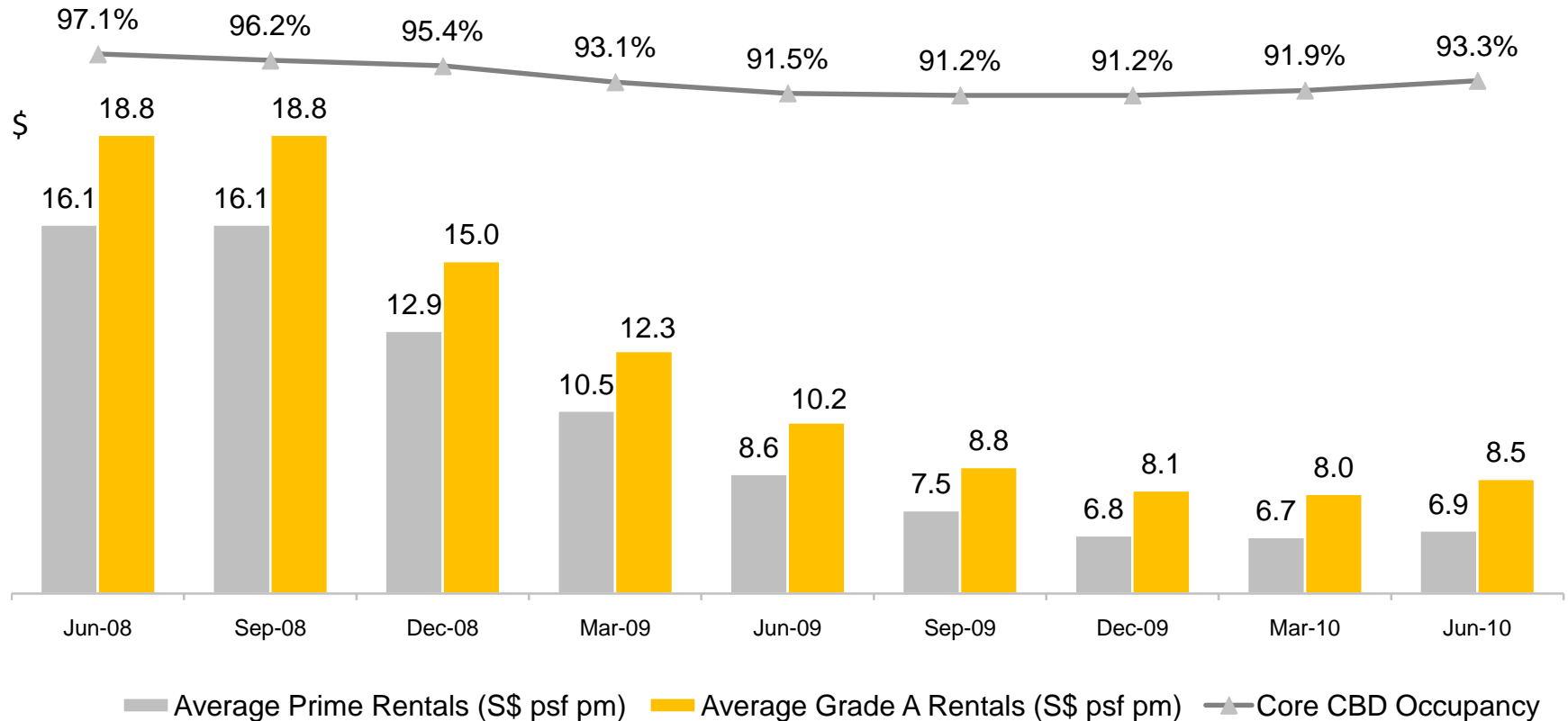


1. Excludes the additional 29.0% interest in Prudential Tower.

2. Includes the additional 29.0% interest in Prudential Tower that was acquired on 2 November 2009.

Singapore Office Market turns Positive

Occupancy and rentals rise on the back of sustained economic expansion



Source: CBRE

Sustained Economic Recovery

Singapore GDP growth in 2010 to range between 13.0% to 15.0%

Positive economic outlook

- ❖ 18.8% GDP growth in 2Q2010 y-o-y
- ❖ 17.9 % GDP growth in 1H2010 y-o-y
- ❖ Stronger than expected growth provides positive spin-offs for office sector
- ❖ Financial services sector boosted by increased foreign exchange trading and domestic bank lending activities

Improving office sector fundamentals

- ❖ Occupancy and rental levels pick up as office market bottoms out
- ❖ Adjustment in office rentals make Singapore a more competitive and attractive business destination vis-à-vis the rest of the region
- ❖ Improvement in business sentiments and jobs creation
 - New hires most significant in the banking and financial services, as well as risk and compliance industries

Reduction in office supply

- ❖ 3.7mn sf new office supply from 2Q 2010-2016 (or 0.53mn sf per annum)⁽¹⁾
- ❖ Conversion of office space in central area to other uses such as residential and hotel may trim supply
 - CBRE estimates that about 1.3 mn sq ft of office space will be converted to mainly residential use up to 2013.

Source: CBRE, Ministry of Trade & Industry (Singapore)

1. Excluding estimated pre-committed space of about 3.2mn sf

Singapore remains key investment market in Asia

- ❖ World's Most Competitive Country
"IMD World Competitiveness Yearbook 2010"
- ❖ World's easiest place to do business
"Doing Business 2009" ranking by World Bank for 4th consecutive year
- ❖ World's most open economy for International Trade and Investment
"The Global Enabling Trade Report 2009"
- ❖ 4th best financial centre globally in 2009
Ranking by World Economic Forum, up from 10th in 2008
- ❖ Most competitive country in Asia (ranking 3rd worldwide)
"Global Competitiveness Report"
- ❖ Diversifying beyond a financial hub and establishing multi-hubs in various industry sectors
- ❖ Positive spin-offs for office sector as Singapore transforms into a global city and with the completion of the two integrated resorts

Thank you

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