



K-REITasía

Investor Presentation

October 2010

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Section 1

K-REIT Asia Overview



Singapore's leading office REIT

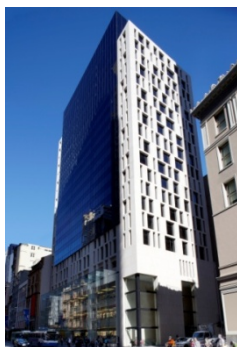
Vision: To be the office real estate investment trust of choice renowned for its sterling portfolio of pan-Asian assets.

- ❖ Listed on the SGX-ST with a market cap of S\$1.8bn¹ as at 22 October 2010
- ❖ 1.5m sf NLA portfolio of prime Grade A office assets valued at S\$2.3bn as at 30 September 2010²
- ❖ Announced portfolio optimising transaction – proposed acquisition of one-third interest in Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall (MBFC Property), and divestment of Keppel Towers & GE Tower (KTGE) will significantly enhance K-REIT Asia's office portfolio quality, scale and further leverage the portfolio towards Singapore's new prime downtown – Marina Bay
- ❖ Strong sponsorship by Keppel Land enables K-REIT Asia to leverage on Keppel Land's sizeable commercial asset base and projects under development in Singapore

1. Based on market closing unit price of S\$1.34 on 22 October 2010.

2. Excludes NLA contribution of 77 King Street Office Tower acquisition, which is to be completed in December 2010.

Portfolio of quality assets



As at 30 September 2010	77 King Street ²	275 George Street	One Raffles Quay
Attributable NLA (sf)	147,756	224,686	445,120
Ownership	100%	50.0%	33.3%
Number of tenants	15	8	31
Tenure	Freehold	Freehold	99 years expiring 12 Jun 2100
Valuation ¹	S\$145m (S\$985 psf)	S\$209m (S\$932 psf)	S\$935m (S\$2,100 psf)
Committed occupancy	76.8%	99.6%	100.0%

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

2. Information correct as at 19 July 2010. The acquisition is expected to be completed in December 2010.




Portfolio of quality assets (cont'd)



As at 30 September 2010	Prudential Tower	Bugis Junction Towers	Keppel Towers and GE Tower (KTGE)
Attributable NLA (sf)	175,672	246,259	430,112
Ownership	73.4%	100.0%	100.0%
Number of tenants	26	10	66
Tenure	99 years expiring 14 Jan 2095	99 years expiring 9 Sep 2089	Freehold
Valuation ¹	S\$325m (S\$1,850 psf)	S\$297m (S\$1,200 psf)	S\$541m (S\$1,257 psf)
Committed occupancy	96.6%	99.5%	99.1%

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

 KTGE to be divested.



Our strategy

Disciplined Acquisition Growth

- ❖ Pursue value accretive acquisition opportunities in Singapore and pan-Asia
- ❖ Focus on leading office assets in strong markets
- ❖ 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 for Unitholders

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

Key milestones and historical DPU performance

Recent key milestones

11 Oct 2010

Announced proposed acquisition of one-third stake in MBFC Towers 1 and 2 and Marina Bay Link Mall, and divestment of KTGE

31 Jan 2010

Announced acquisition of 50% interest in 275 George Street, Brisbane, Australia for S\$209m

1 Sep 2009

Announced acquisition of additional strata lots in Prudential Towers from 44% to 73% for S\$106m

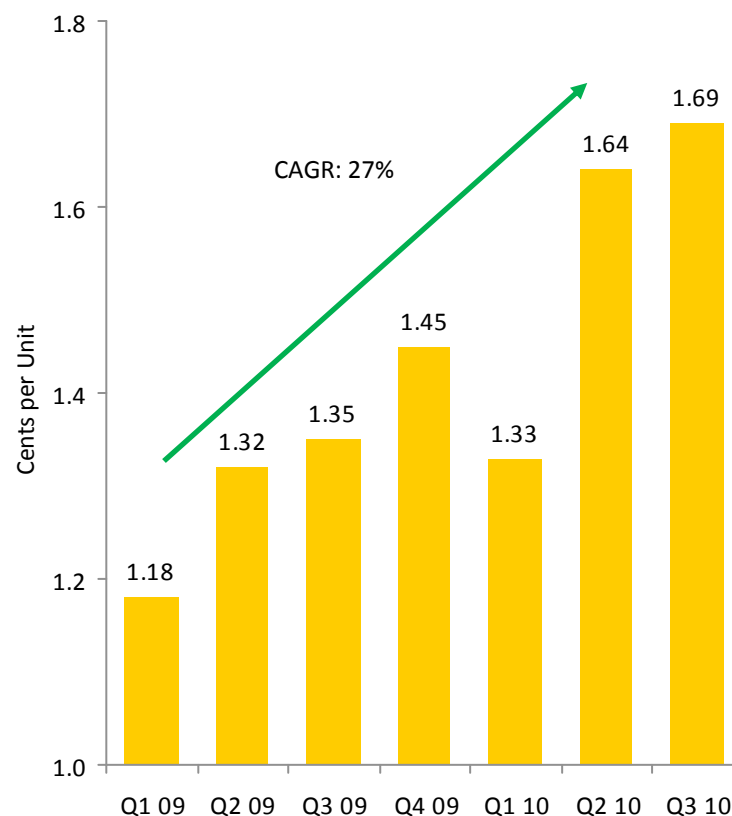
19 Jul 2010

Announced acquisition of 77 King Street office tower in Sydney, Australia for S\$145m

30 Sep 2009

Announced rights issue with gross proceeds of S\$620m

Strong DPU growth¹



1. DPU stated on a quarterly basis



Strong Keppel Land sponsorship

1 Leading development expertise

- ❖ Leading property developer having successfully completed multiple landmark commercial developments

2 Strong alignment with K-REIT Asia's Unitholders

- ❖ Anchor stake of approx. 45%
- ❖ Injection of one-third interest in One Raffles Quay in 2007

3 Established property management expertise

- ❖ Established property management capabilities and economies of scale
- ❖ Strong relationship with key tenants

MBFC Phase 2⁽¹⁾



c. 1.3m sf office NLA

Ocean Financial Centre⁽¹⁾



c. 850,000 sf NLA

Keppel Bay Tower⁽¹⁾



c. 387,880 sf NLA

Equity Plaza⁽¹⁾



c. 250,315 sf NLA

1. Properties owned or being developed by Keppel Land



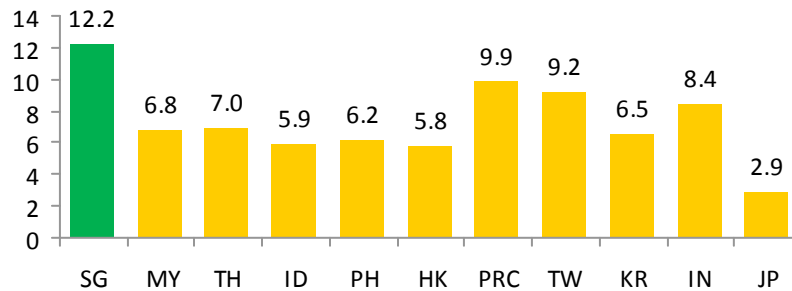
Section 2

Singapore Overview



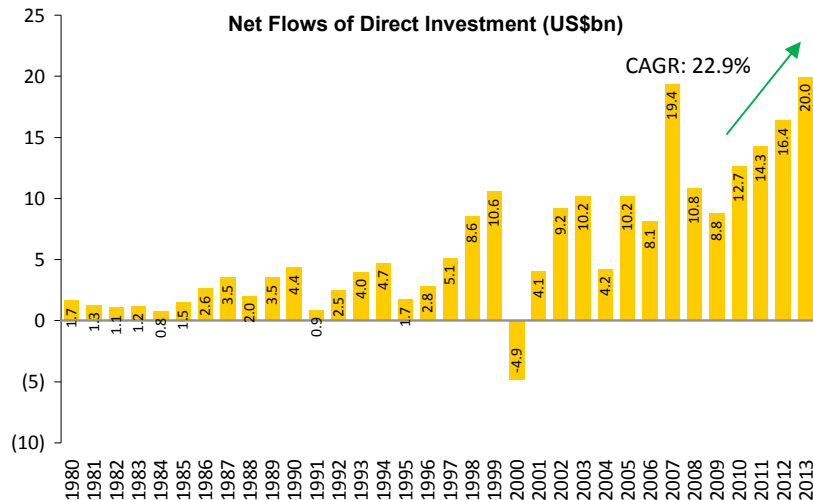
Singapore is one of Asia's leading economies with robust macro economic fundamentals

Forecast 2010 GDP Growth Estimates (%)



Source: EIU estimates

Net Flows of Direct Investment (US\$bn)



Source: MAS and IMF

❖ Singapore's global recognition is reflected in consistent high rankings in competitiveness rankings:

- **No.1 in IMD's World Competitiveness Scoreboard 2010** ahead of Hong Kong, the USA, and Switzerland in IMD's review of 58 global economies
- **No. 1 in Doing Business 2010 Report on the ease of doing business** ahead of Hong Kong, the United States and the United Kingdom
- **No. 2 in BERI Report 2010 as the city with the best investment potential** for 16 consecutive years
- **No.1 in the Globalisation Index 2009** ranking on foreign trade and investment

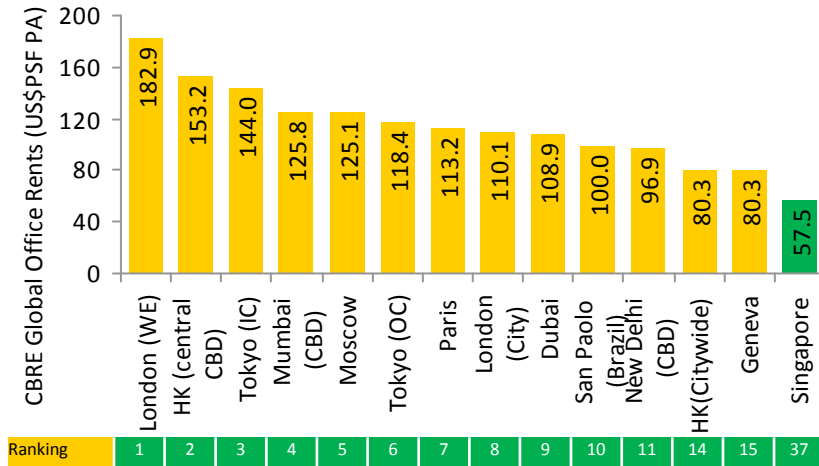
❖ MTI forecast 13%-15% GDP growth for FY2010

❖ 22.9% CAGR in forecast net flows of direct investment between 2010 and 2013

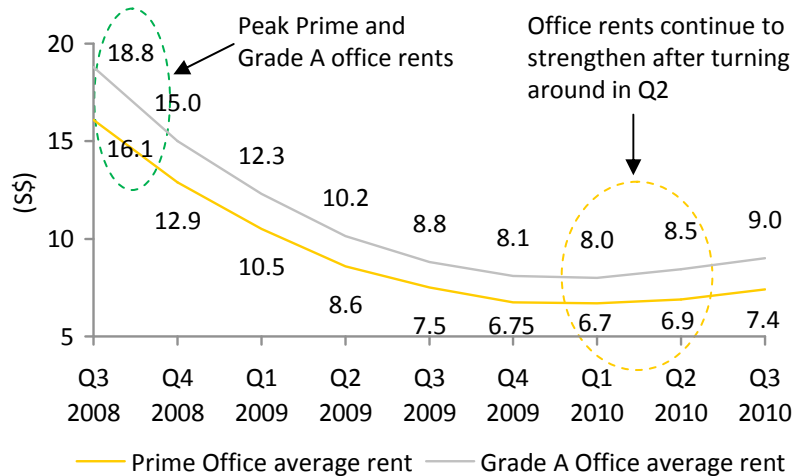
❖ Leading REIT market in Asia (ex. Japan) with market capitalisation growing at a CAGR of c.57% in the past 9 years. Total market capitalisation for S-REITs reached approximately S\$41.7bn (US\$32.4bn) as at 22 October 2010

❖ Strong performance of recent S-REIT IPOs illustrates significant global investor appetite for Singapore centric yield plays

Singapore office rents are inexpensive in a global context but continue to strengthen



- Based on CBRE's latest Global Office Rents report, Singapore has dropped from the 32nd most expensive office market globally to 37th, compared to the 9th spot it occupied as at end 2008
- Stronger than expected economic growth presents a strong foundation for office sector growth
 - Considerable upside potential in office rents as office rents at an approximately 50% discount to 2008 peak
- Redevelopment of older office buildings in the central business district into residential properties expected to further drive office rentals upwards



Source: CBRE

Section 3

**Acquisition of a one-third interest in Marina Bay Financial Centre
Towers 1 and 2 and Marina Bay Link Mall and
Divestment of Keppel Towers & GE Tower**



Transaction summary

Proposed Acquisition

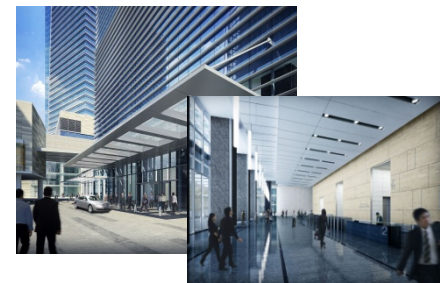
- ❖ Keppel Land's one-third interest in MBFC Towers 1 & 2 and Marina Bay Link Mall – purchase consideration of S\$1,427m, including an income support of up to S\$29m

Proposed Divestment

- ❖ To divest KTGE to Keppel Land for S\$573 million

Funding

- ❖ Disposal proceeds from the sale of KTGE mitigates the need for equity fund raising, maximising accretion to existing Unitholders
- ❖ Acquisition to be funded by
 - Divestment proceeds : S\$570m;
 - Additional borrowings : S\$821m; and
 - Rights issue proceeds (completed in November 2009) : S\$41.5m



Transaction is subject to certain conditions, including Unitholders' approval with EGM to be held in December 2010

Rationale: Optimising and upgrading K-REIT Asia's portfolio

Increased exposure to Grade A office in Raffles Place and new downtown

- ❖ MBFC Phase 1 (prime Grade A office asset) located in Marina Bay – Singapore's new downtown
 - Located alongside existing portfolio property - One Raffles Quay
 - K-REIT Asia poised to become largest owner of prime Grade A office properties in Singapore's core CBD area compared to other office S-REITs
- ❖ Limited known supply of office properties expected in the core CBD/Marina Bay area over next few years
 - Sponsor Keppel Land currently developing MBFC Phase 2 and Ocean Financial Centre
- ❖ Value maximising funding structure with sale of Keppel Towers and GE Tower at above book value



- 1 MBFC Phase 1
- 2 MBFC Phase 2
- 3 One Raffles Quay
- 4 Prudential Tower
- 5 Ocean Financial Center

■ Post-Transaction portfolio ■ Properties under development by Keppel Land

MBFC: The premier office asset in Singapore

A prestigious landmark commercial development



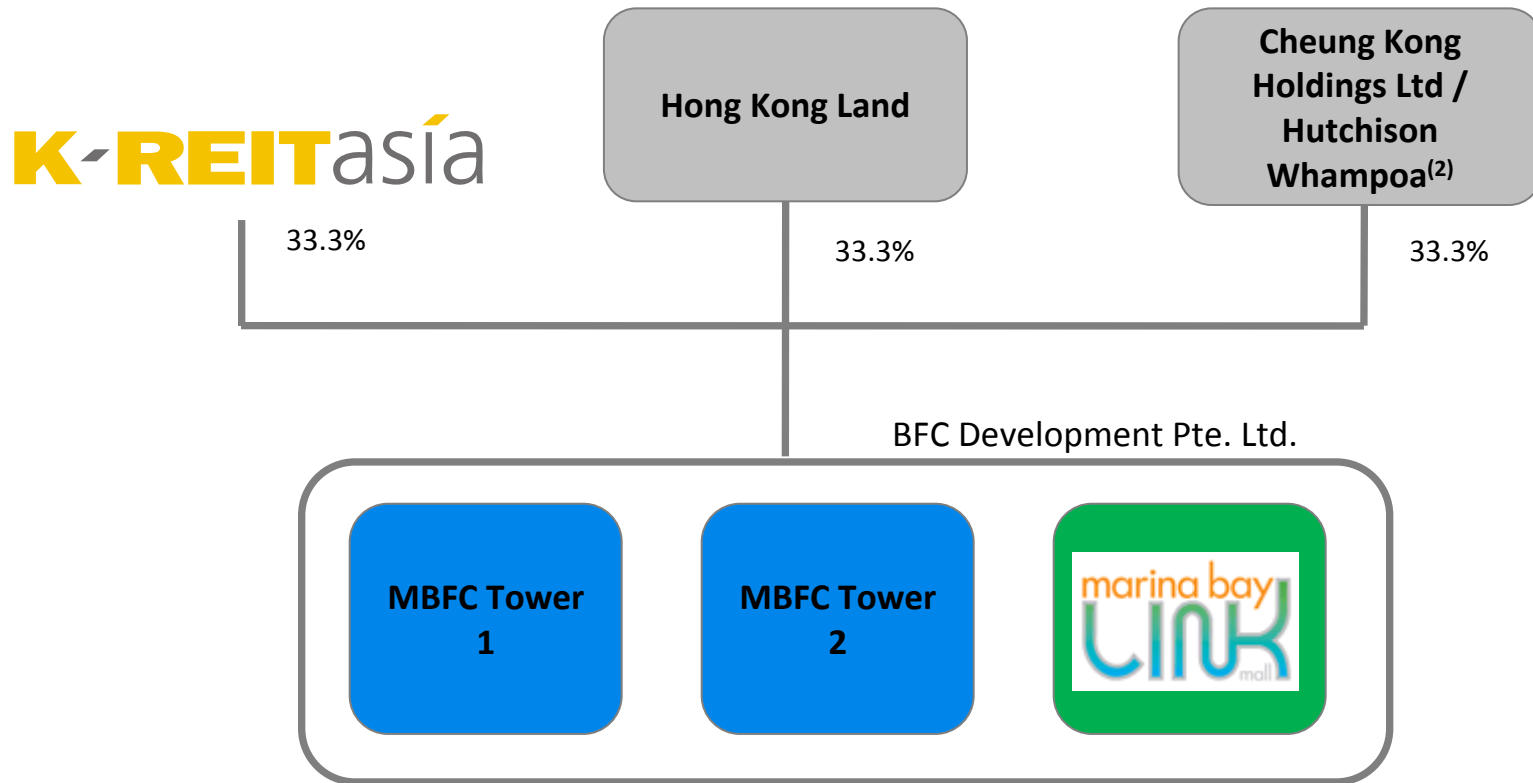
- ❖ Acquisition comprises Marina Bay Financial Centre Towers 1 & 2 and the retail Marina Bay Link Mall
- ❖ Strategically located in Singapore's new financial district
- ❖ Close proximity to the newly developed Marina Bay Sands Integrated Resort
- ❖ Retail / pedestrian link to Raffles Place MRT interchange station, future Downtown MRT station and Marina Bay Sands Integrated Resort

Key property information¹

Tenure	99 years Leasehold w.e.f. 2005
Acquisition consideration	S\$1,427 million
NLA (sf)	<div> <div> 33-Storey Office Tower 1 620,800 </div> <div> Marina Bay Link Mall 94,500 </div> <div> 50-Storey Office Tower 2 1,031,900 </div> <div> Total NLA: 1,747,200 sf </div> </div>
Car park lots	684
Weighted Average Lease Expiry	10.3 years

1. As at 30 September, 2010

Joint ownership structure with established real estate managers⁽¹⁾

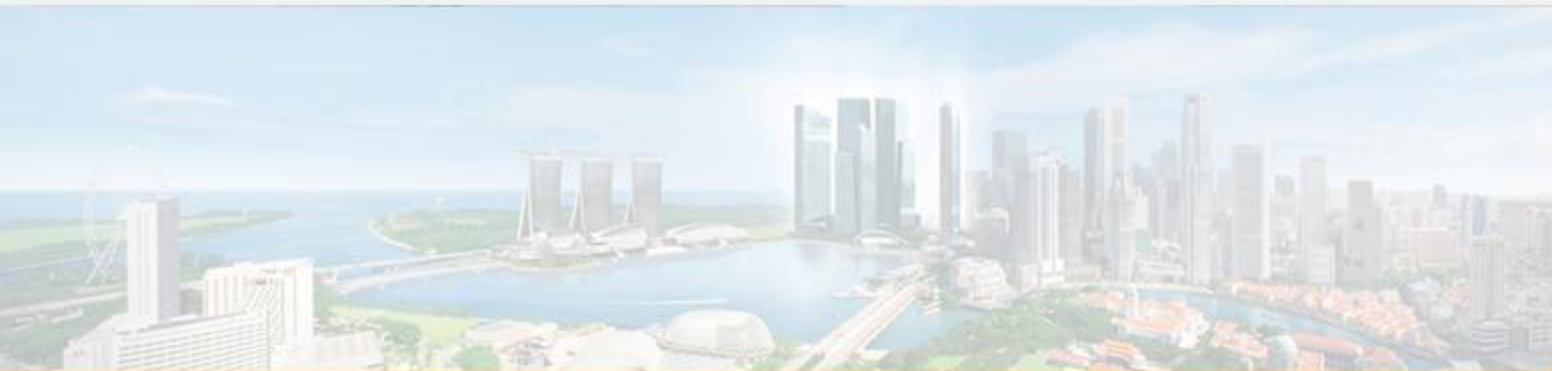


1. Upon completion of the Transaction.

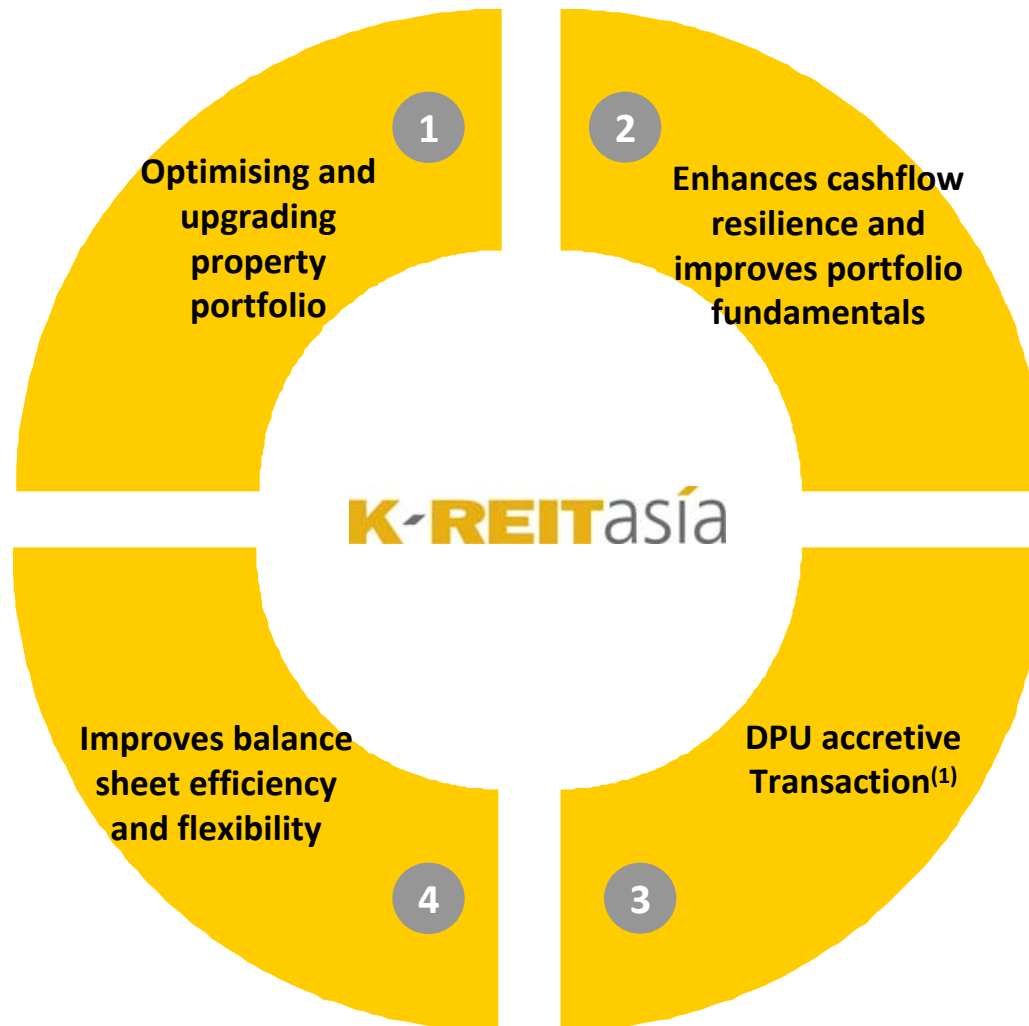
2. On 26 October 2010, Suntec REIT announced its proposed acquisition of Cheung Kong Holdings Ltd and Hutchinson Whampoa's 1/3 interest in BFC Development Pte Ltd.

Section 4

Key Benefits of Transaction



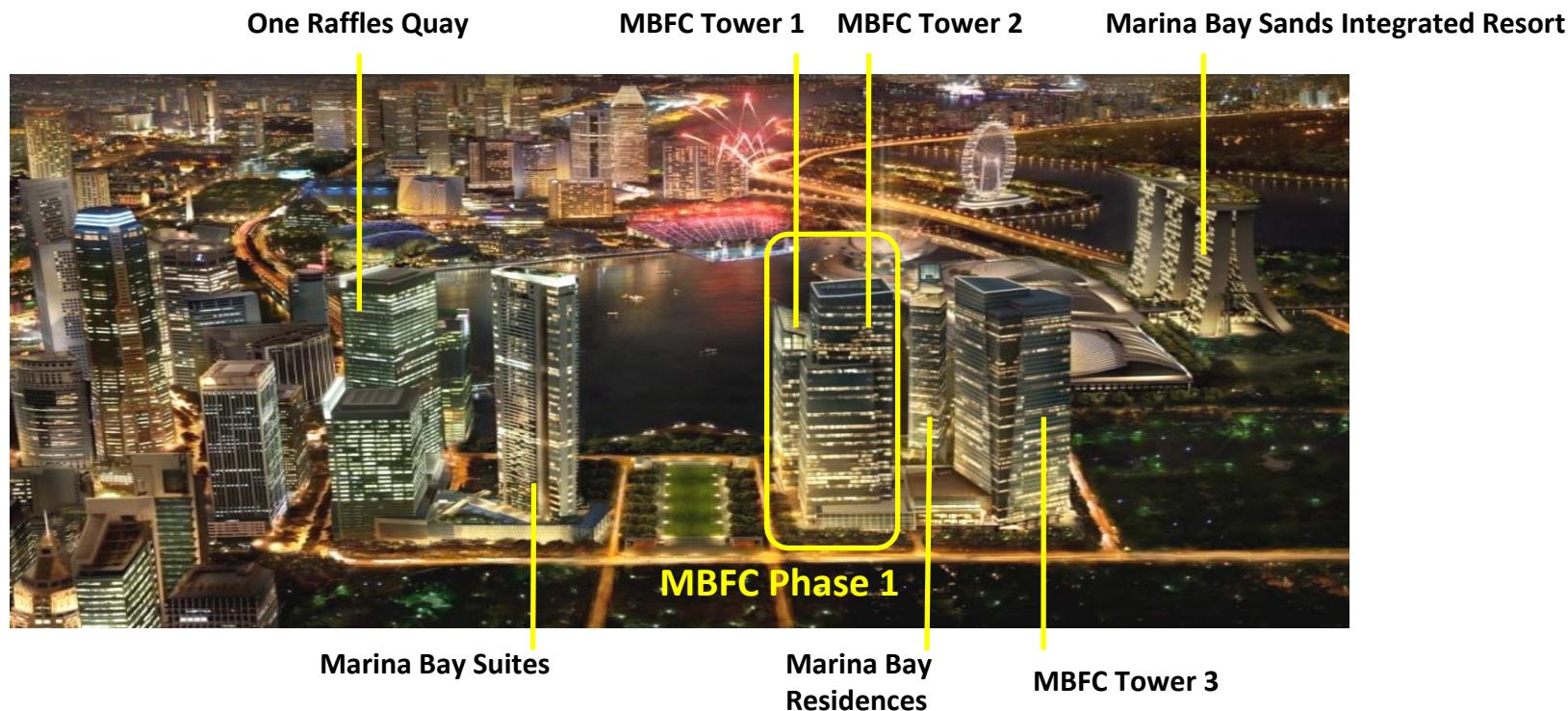
Key benefits of the Transaction



1. Based on the assumptions set out in K-REIT Asia Management Limited's announcement on the profit forecast for the Financial Year 2011 dated 18 October 2010.

1 Optimising and upgrading property portfolio

Acquisition of super prime Grade A property in core Singapore CBD area



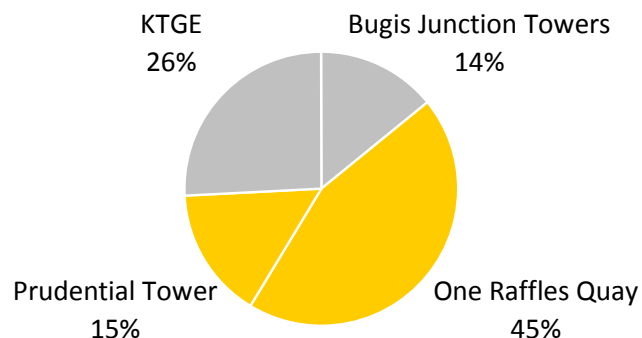
- ❖ Located in Marina Bay which is envisaged as the new Singapore downtown
- ❖ Designed by internationally-acclaimed architecture firm, Kohn Pederson Fox, New York
- ❖ Easy access via major expressways
- ❖ Retail / pedestrian link to Raffles Place MRT interchange station, future Downtown MRT station and Marina Bay Sands Integrated Resort

1 Optimising and upgrading property portfolio

Positive rebalancing of portfolio

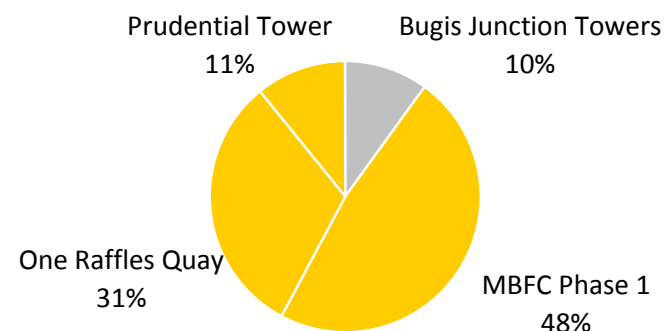
- ❖ K-REIT Asia's Singapore property portfolio in Raffles Place and Marina Bay increases from **60% to 90%** post-Transaction (based on assets under management)
 - Key locations for “front offices” of leading multi-national corporations in Singapore
- ❖ Enhances K-REIT Asia's position as a leading commercial REIT in Asia
- ❖ Well-positioned to leverage on the uptick in the Singapore office sector

Singapore portfolio as at 30 Sep 2010



Total Attributable Value: S\$2.1bn

Singapore portfolio post-Transaction



Total Attributable Value: S\$3.0bn

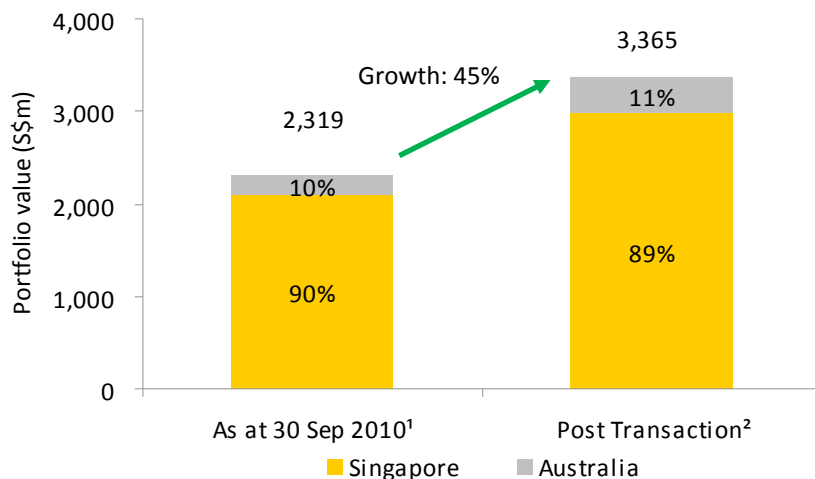
■ Raffles Place & Marina Bay area ■ Others

1 Optimising and upgrading property portfolio

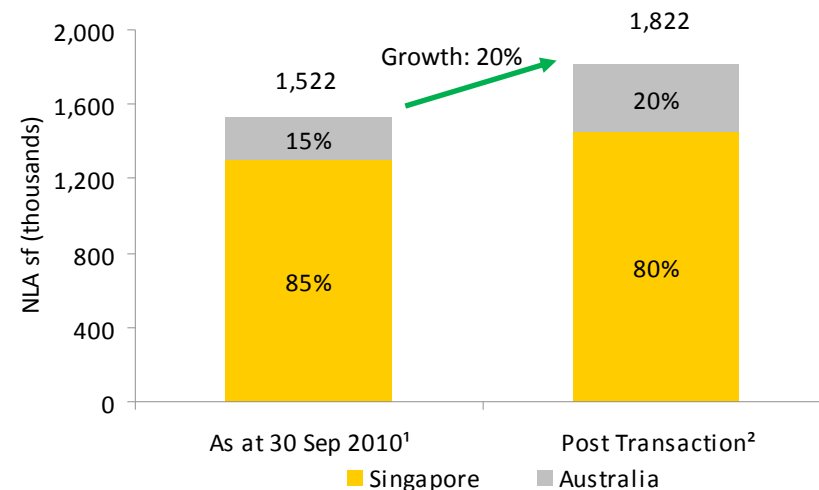
Delivering on growth strategy

- ❖ Significantly increases scale of K-REIT Asia's portfolio
- ❖ Reinforces strategy to invest in the top office properties in hard to access markets with attractive fundamentals to support continued capital appreciation
- ❖ Illustrates K-REIT Asia's ability to execute acquisitions in prime Grade A office sector

Portfolio value (\$m)



Attributable NLA (sf)



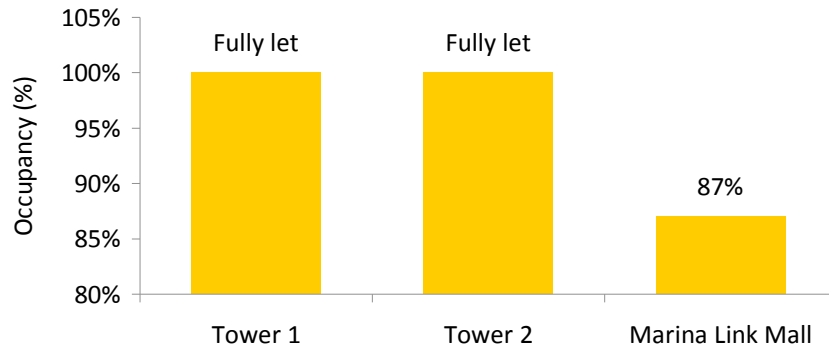
1. K-REIT Asia's existing portfolio comprising Bugis Junction Towers, Keppel Towers & GE Tower, One Raffles Quay (33.3% interest), Prudential Tower (73.4% interest), and 275 George Street (50.0% interest).

2. K-REIT Asia's portfolio post-Transaction comprises Bugis Junction Towers, One Raffles Quay (33.3% interest), Prudential Tower (73.4% interest), MBFC Property (33.3% interest), 275 George Street (50.0% interest) and 77 King Street Office Tower.

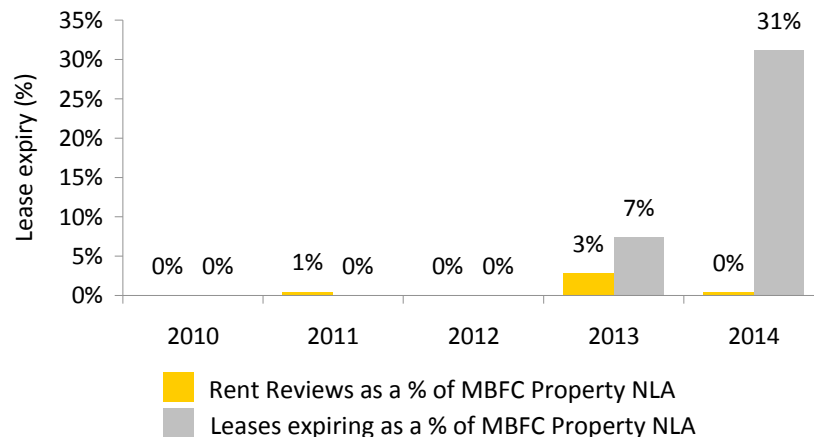
Enhances cashflow resilience and improves portfolio fundamentals

Blue-chip tenant base with committed occupancy

MBFC Property Committed Occupancy



MBFC Property Lease Expiry Profile

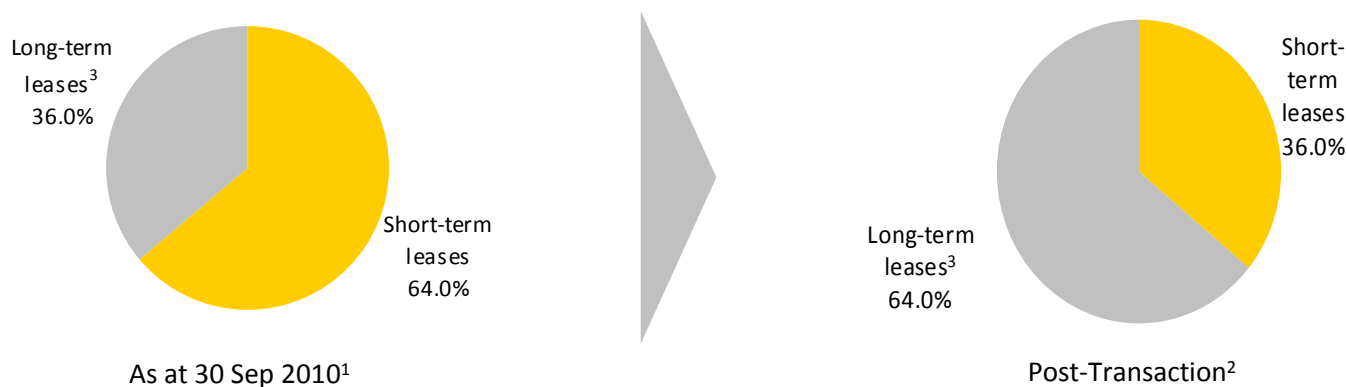


- ❖ Singapore's position as a regional hub and broad based economic growth underpinning demand for MBFC Property
- ❖ Long and staggered weighted average lease expiry of 10.3 years
- ❖ Top ten tenants occupy 90% of leased NLA
- ❖ Office towers 1 and 2 are fully let to blue-chip global multinational tenants
- ❖ Marina Bay Link Mall is about 87% leased

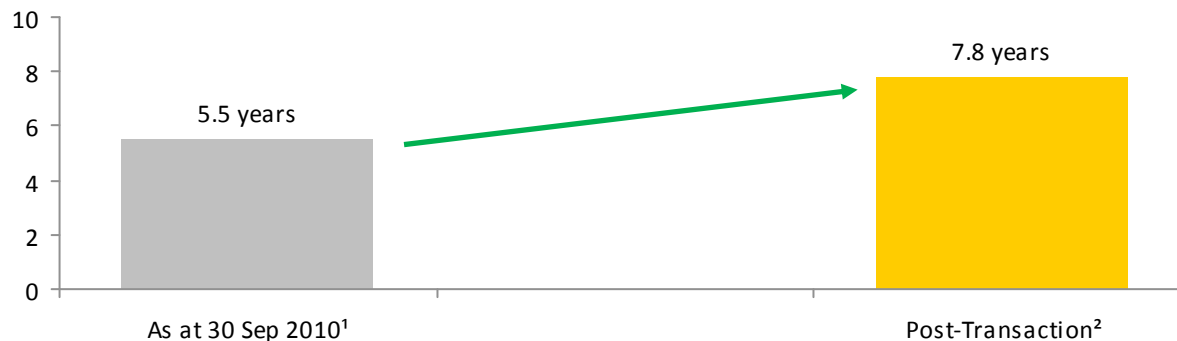
Enhances cashflow resilience and improves portfolio fundamentals

Improved lease expiry profile post-Transaction

Portfolio Lease Terms by Net Lettable Area



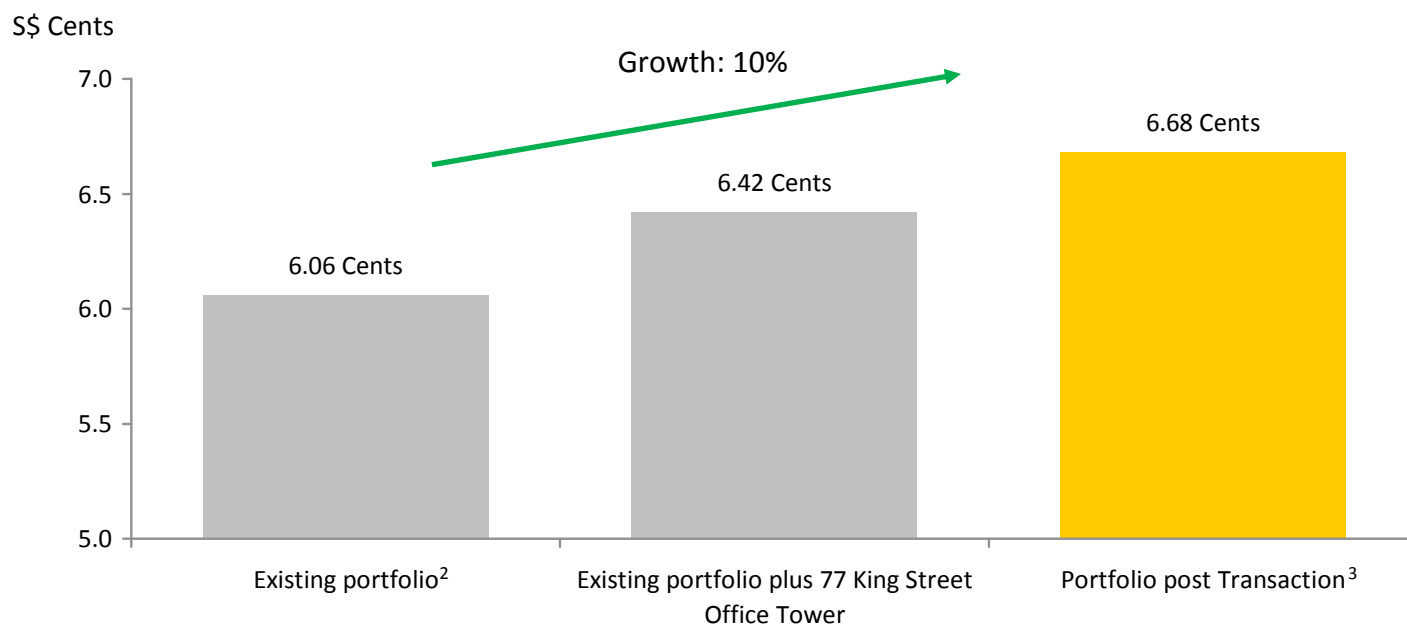
Portfolio Weighted Average Lease Expiry (years)



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


3 DPU accretive Transaction

10% growth in DPU in FY 2011

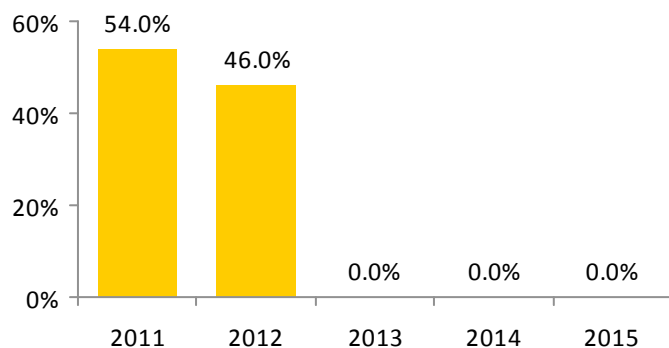


1. Based on the assumptions set out in the Manager's announcement on the profit forecast for the Financial Year 2011, dated 18 Oct 2010.
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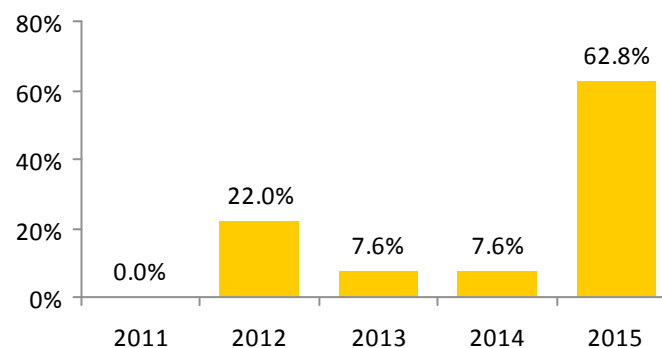
4 Improves balance sheet efficiency and flexibility


- ❖ All-in cost of borrowings  from 3.4% to approximately at 3.05% post-Transaction
- ❖ Debt maturity profile is well-balanced and staggered post-Transaction
 - No immediate refinancing needs
 - Debt weighted term to maturity increased from 1.4 years to 4.1 years

Debt Expiry Profile as at 30 Sept 2010¹



Debt Expiry Profile Post-Transaction²



- ❖ Unencumbered assets  from 54.3% to 81.5% post-Transaction
- ❖ Aggregate leverage level at 39.1% post-Transaction

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Section 5

K-REIT Asia Investment Highlights



Attractive investment proposition



Leading pure-play commercial REIT



High quality portfolio with blue-chip tenants



Proven organic growth and acquisition track record



Strong sponsorship commitment from Keppel Land



Thank You

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<http://www.kreitasia.com>