

K-REITasia



**Proposed Acquisition of
Marina Bay Financial Centre Phase I (one-third interest)
and Divestment of Keppel Towers and GE Tower**

11 October 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 that could cause actual results to differ materially from such statements. 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.

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Transaction Summary

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

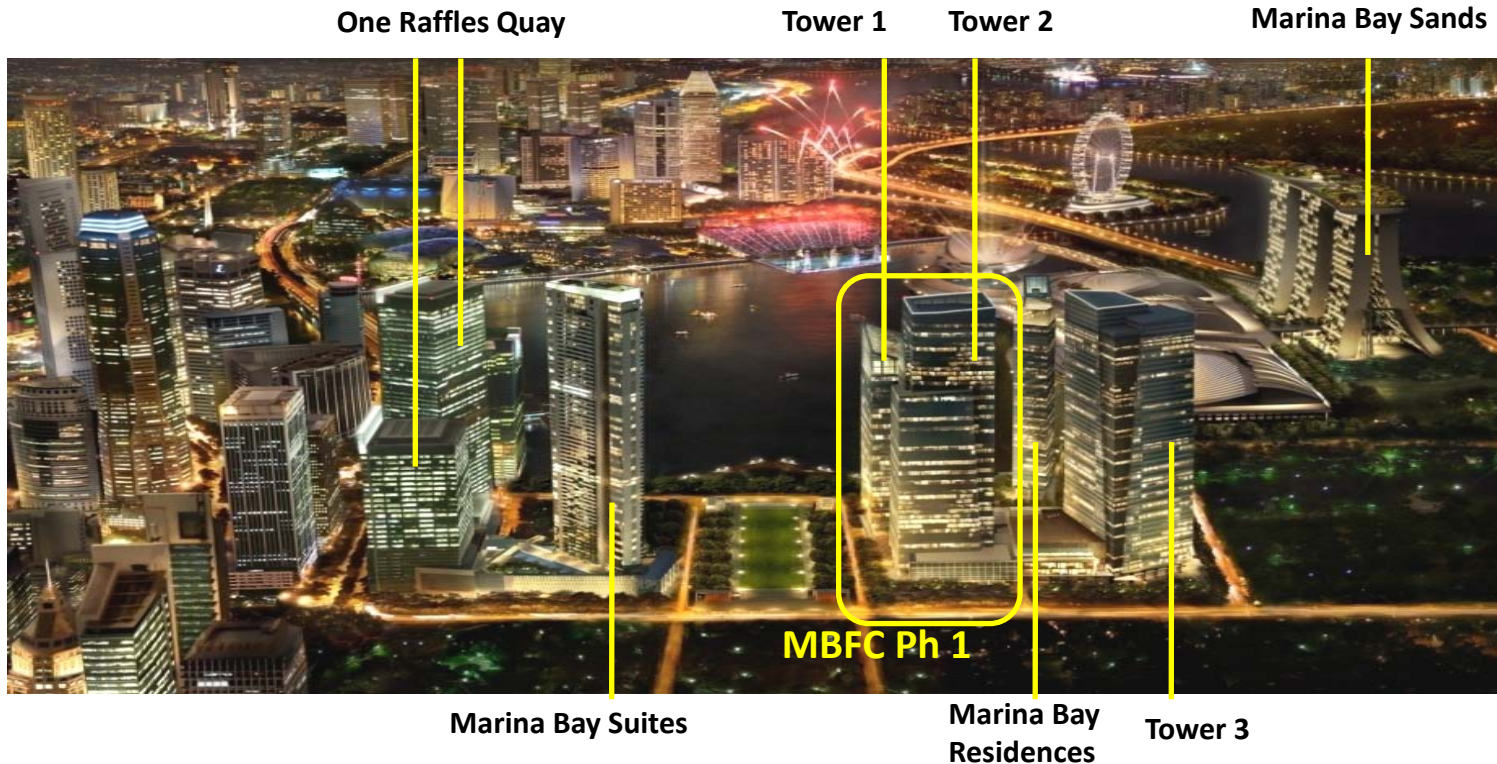
- ❖ Unitholders' approval sought for the proposed acquisition of Keppel Land's one-third interest in MBFC 1 and the divestment of KTGE to Keppel Land

Key Benefits of Transaction

Key Benefits of Transaction

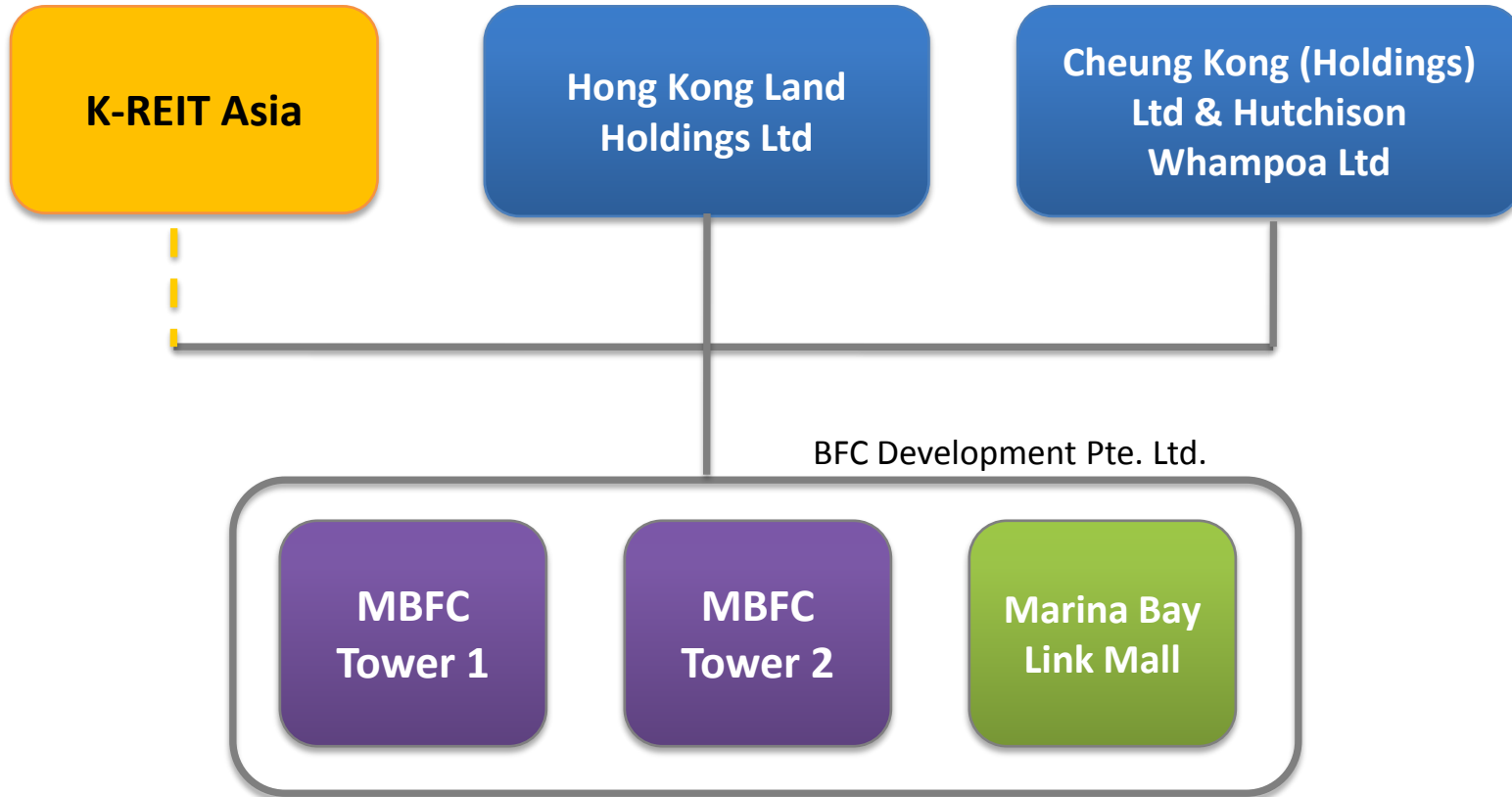
- ❖ Expand and upgrade portfolio without additional Equity Fund Raising
- ❖ Pro-active acquisition & portfolio optimisation
- ❖ Increase Singapore property portfolio in the Raffles Place and Marina Bay areas from 60% to 90%
- ❖ Enhance tenant base and improve cashflow resilience
- ❖ Generate sustainable returns to Unitholders

Marina Bay Financial Centre



- ❖ Located in Singapore's Marina Bay financial and business district
- ❖ Subterranean pedestrian link to the Raffles Place MRT Station, the upcoming Downtown MRT Station and the Marina Bay Sands integrated resort.
- ❖ Designed by internationally-acclaim architecture firm, Kohn Pederson Fox, New York

One-third interest in MBFC 1



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 Net Lettable Area	1,747,100 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 October 2010.

MBFC 1

**Office Towers 1 & 2 tenanted to leading corporations
Long weighted average lease expiry of 10.3 years
Top ten tenants occupy 89.7% of leased NLA**

Key property information¹

	Description	NLA (sf)	Committed Occupancy
Office	33-storey Office Tower 1	620,800	Fully Let
	50-storey Office Tower 2	1,031,900	
Retail	Marina Bay Link Mall	94,500	About 87%

1. The information shown is based on the entire MBFC 1.

Keppel Towers & GE Tower

Keppel Towers



GE Tower



Key property information as at 30 June 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	97.4%
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 October 2010. Based on the highest and best use that is a residential redevelopment site with commercial on ground floor use. Outline Planning Permission for KTGE for conversion to residential with commercial use on ground floor was obtained in August 2010.

Funding Structure

Funding Structure




No equity fund raising required

All-in cost of borrowings expected to  from 3.54%¹ to approximately 3.05% post-Transaction

Funding sources

- ❖ Proceeds from Divestment²: \$570 million
- ❖ Bank borrowings: \$821 million
- ❖ Rights issue proceeds³: \$41.5 million

Healthy balance sheet

- ❖ Unencumbered assets  from 54.3%¹ to 81.5% post-Transaction
- ❖ All-in cost of borrowings  from 3.54%¹ to approximately at 3.05% post-Transaction
- ❖ Extended debt expiry profile is well-balanced and staggered
- ❖ Debt weighted term to maturity  from 0.8 years¹ to 4 years
- ❖ Aggregate leverage level at 39.1% post-Transaction

1. As at 30 June 2010.

2. Divestment price of \$573 million less divestment-related cost of \$3 million.

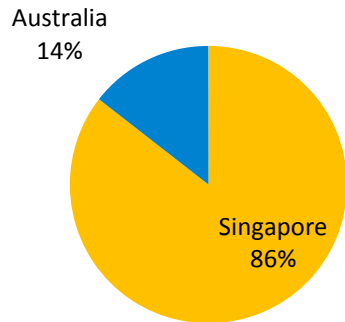
3. Remaining balance to be funded by the proceeds from the rights issue completed in November 2009.

K-REIT Asia

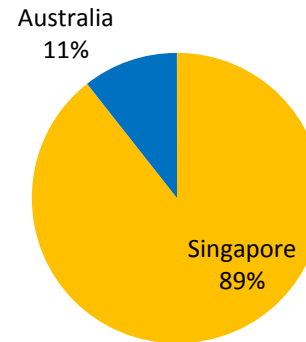
Post-Transaction

Enlarged Asset Size & Improved Debt Expiry Profile

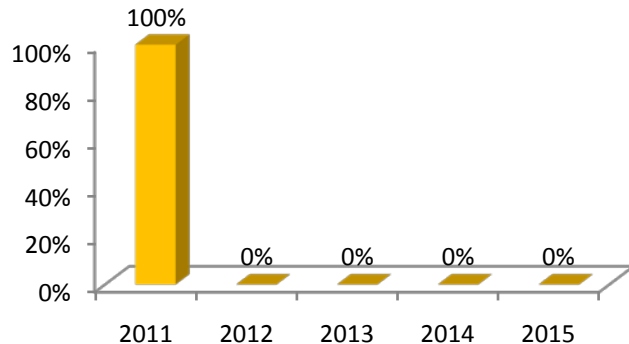
**\$2.5 billion portfolio asset size
as at 30 June 2010¹**



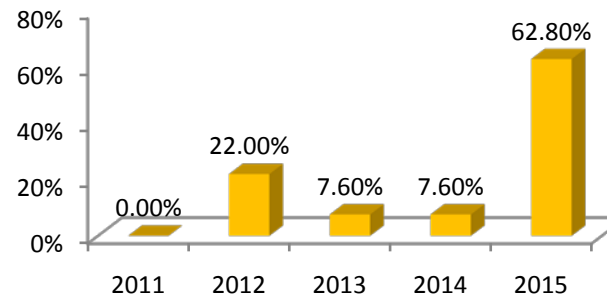
**\$3.4 billion portfolio asset size
Post-Transaction²**



**Debt Expiry Profile
as at 30 June 2010¹**



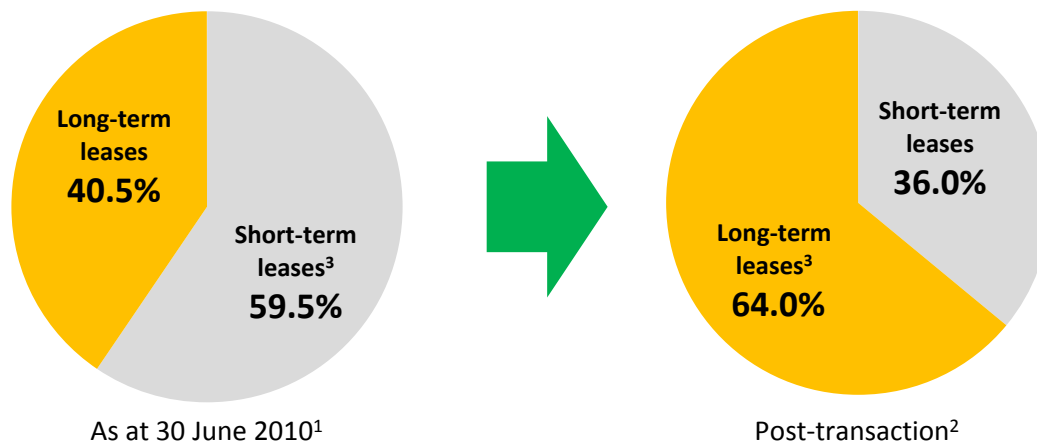
**Debt Expiry Profile
Post-Transaction²**



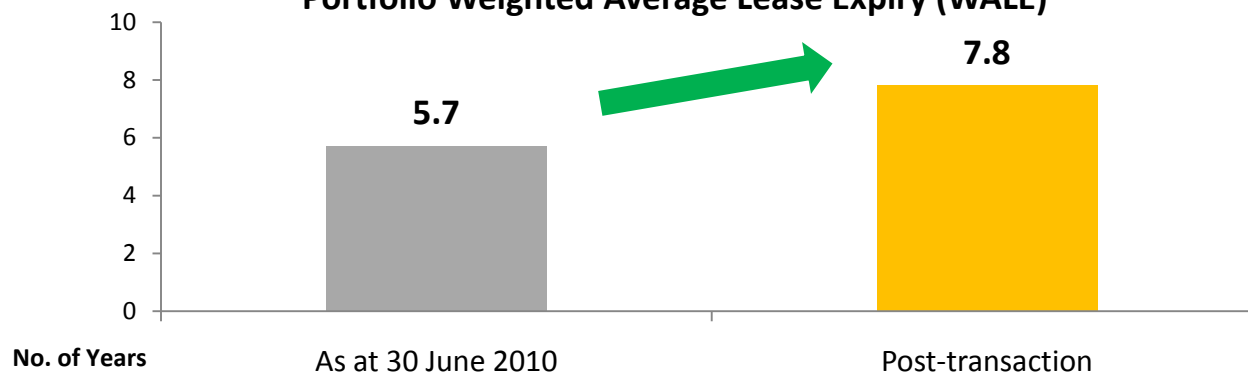
1. K-REIT Asia's portfolio as at 30 June 2010 comprising Bugis Junction Towers, Keppel Towers & GE Tower, One Raffles Quay (33.3% interest), Prudential Tower (73.4% interest), 275 George Street (50.0% interest), and assuming the completion of the acquisition of 77 King Street Office Tower.
2. K-REIT 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.

Enhanced Portfolio WALE

Portfolio Lease Terms by Net Lettable Area



Portfolio Weighted Average Lease Expiry (WALE)



1. K-REIT Asia's portfolio as at 30 June 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.

Conclusion

Conclusion

**Unique arrangement enables
portfolio renewal and expansion
without additional Equity Fund Raising**

**Pro-active acquisition,
portfolio optimisation, &
upgrading of K-REIT Asia's portfolio**

Deliver sustainable returns to Unitholders

Thank you

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