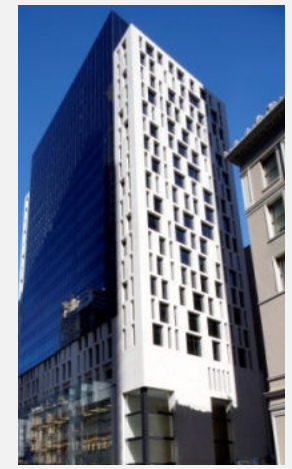
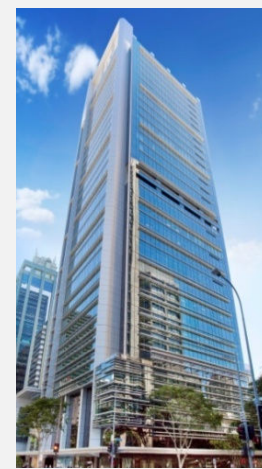
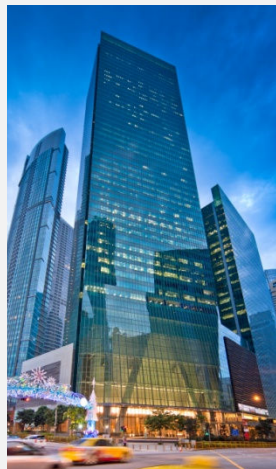


# K-REITasia



## First Half 2011 Financial Results

18 July 2011

Building Strengths. Defining Distinction.



# 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.*

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*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 Singapore Exchange Securities Trading Limited (“SGX-ST”). Listing of the Units on SGX-ST does not guarantee a liquid market for the Units.*



# Contents

- 1H2011 Highlights
- Financial Performance
- Capital Management
- Portfolio Analysis
- Proposed Acquisition of a 50% Interest in 8 Chifley Square, Sydney, Australia
- Market Review and Outlook
- Going Forward
- Additional Information



# 1H2011 Highlights

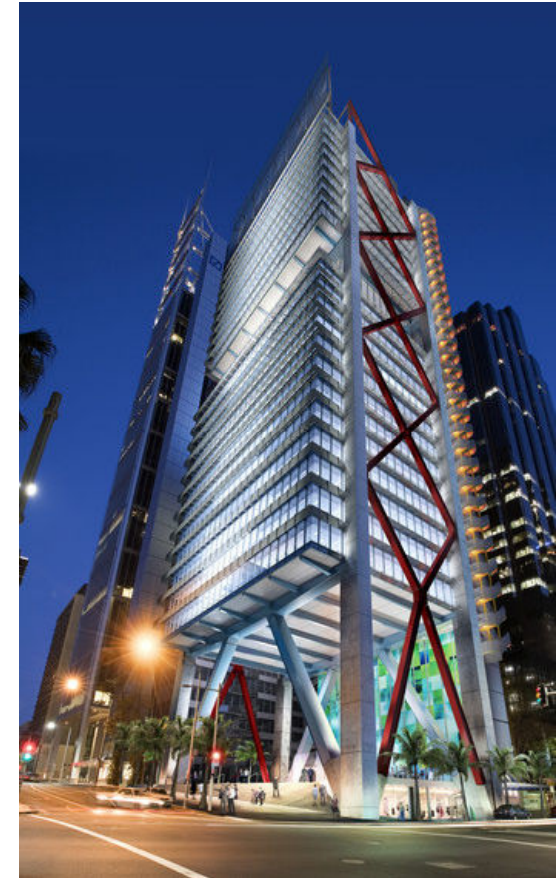
- 1H2011 Distribution per unit **↑25.3%** y-o-y to 3.72 cents
- 1H2011 Distributable income **↑27.0%** y-o-y to \$50.5 million
  
- 2Q2011 Distribution per unit **↑17.7%** y-o-y to 1.93 cents
- 2Q2011 Distributable income **↑19.7%** y-o-y to \$26.3 million
  
- Overall portfolio average occupancy improves to **97.9%** from 96.9%
  - Singapore portfolio occupancy of 98.6% remains significantly higher than core CBD's 94.6%<sup>(1)</sup>
  - Bugis Junction Towers and One Raffles Quay are 100% occupied
  
- Completed the income accretive acquisition of an additional 19.4% interest in Prudential Tower

*(1) Source: CB Richard Ellis.*



# 1H2011 Highlights

- **Income-accretive forward purchase of a 50% interest in 8 Chifley Square, Sydney, Australia**
  - Maiden investment in a premium development project is expected to increase Distribution Per Unit by 1.1%<sup>(1)</sup>
  - Stable income throughout development period with 5 years rental guarantee if the building is not leased out on completion
  - Premium Grade office asset located in the heart of Sydney's core CBD



*(1) Based on proforma financials for FY2010.*



# 1H 2011 Distribution Per Unit

<b>Distribution Per Unit (“DPU”)</b>	3.72 cents
<b>Distribution Period</b>	1 January 2011 – 30 June 2011

<b>Distribution Timetable</b>	
<b>Trading on “Ex” Basis</b>	Monday, 25 July 2011
<b>Books Closure Date</b>	Wednesday, 27 July 2011
<b>Distribution Payment Date</b>	Friday, 26 August 2011

# Financial Performance



## 1H2011 Distributable Income ↑ 27.0% y-o-y to \$50.5m

	1H 2011	1H 2010	Change	
<b>Property Income</b>	\$36.7m	\$41.4m	-\$4.7m	-11.4%
<b>Net Property Income</b>	\$29.2m	\$32.3m	-\$3.0m	-9.4%
<b>Share of Results of Associated Companies</b>	\$14.5m	\$ 4.5m	\$10.0m	224.1%
<b>Distributable Income to Unitholders</b>	\$50.5m	\$39.8m	\$10.7m	27.0%
<b>Distribution Per Unit</b>				
- <b>For the Period</b>	3.72cts	2.97cts	0.75cts	25.3%
- <b>Annualised</b>	7.50cts	5.99cts	1.51cts	25.2%
<b>Distribution Yield</b>	5.6% <sup>(1)</sup>	5.3% <sup>(1)</sup>	0.3%	5.7%

(1) Based on K-REIT Asia's respective market closing price per unit of \$1.33 as at 30 June 2011 and \$1.14 as at 30 June 2010.





## 2Q2011 Distributable Income ↑ 19.7% y-o-y to \$26.3m

	2Q 2011	2Q 2010	Change	
<b>Property Income</b>	\$18.1m	\$23.2m	-\$5.2m	-22.2%
<b>Net Property Income</b>	\$14.3m	\$18.4m	-\$4.1m	-22.2%
<b>Share of Results of Associated Companies</b>	\$8.3m	\$2.4m	\$6.0m	250.5%
<b>Distributable Income to Unitholders</b>	\$26.3m	\$22.0m	\$4.3m	19.7%
<b>Distribution Per Unit</b>				
- <b>For the Period</b>	1.93cts	1.64cts	0.29cts	17.7%
- <b>Annualised</b>	7.74cts	6.58cts	1.16cts	17.6%
<b>Distribution Yield</b>	5.8% <sup>(1)</sup>	5.8% <sup>(1)</sup>	0 %	0%

(1) Based on K-REIT Asia's respective market closing price per unit of \$1.33 as at 30 June 2011 and \$1.14 as at 30 June 2010.



## 2Q2011 DPU ↑ 7.8% q-o-q to 1.93 cents

	2Q 2011	1Q 2011	Change	
<b>Property Income</b>	\$18.1m	\$18.7m	-\$0.6m	-3.3%
<b>Net Property Income</b>	\$14.3m	\$14.9m	-\$0.6m	-4.3%
<b>Share of Results of Associated Companies</b>	\$8.3m	\$6.2m	\$2.2m	35.5%
<b>Distributable Income to Unitholders</b>	\$26.3m	\$24.3m	\$2.0m	8.4%
<b>Distribution Per Unit</b>				
- <b>For the Period</b>	1.93cts	1.79cts	0.14cts	7.8%
- <b>Annualised</b>	7.74cts	7.26cts	0.48cts	6.6%
<b>Distribution Yield</b>	5.8% <sup>(1)</sup>	5.6% <sup>(1)</sup>	0.2%	3.6%

(1) Based on K-REIT Asia's respective market closing price per unit of \$1.33 as at 30 June 2011 and \$1.29 as at 31 March 2011.



# Healthy Balance Sheet

	As at 30 Jun 2011	As at 31 Mar 2011
Non-current Assets	\$3,174.1m	\$3,043.7m
Total Assets	\$3,257.5m	\$3,112.1m
Borrowings <sup>(1)</sup>	\$1,116.0m	\$1,002.6m
Total Liabilities	\$1,209.9m	\$1,089.1m
Unitholders' Funds	\$2,047.6m	\$2,023.0m
Net Asset Value (NAV) Per Unit	\$1.51	\$1.49
Adjusted NAV Per Unit <sup>(2)</sup>	\$1.47	\$1.47

(1) Excludes borrowings accounted for at the level of associated companies and unamortised portion of fees.

(2) Excludes balance distributable income.

## Capital Management



# Healthy Financial Position

	As at 30 Jun 2011 <sup>(4)</sup>	As at 31 Mar 2011
<b>Gross Borrowings<sup>(1)</sup></b>	\$1,419 m	\$1,306 m
<b>Aggregate Leverage</b>	39.2%	37.4%
<b>Average All-in Interest Rate<sup>(2)</sup></b>	2.61%	2.74%
<b>Interest Coverage Ratio<sup>(3)</sup></b>	4.6 times	4.4 times
<b>Weighted Average Term to Expiry</b>	4.0 years	3.9 years

(1) Includes borrowings accounted for at the level of associated companies and the unamortised portion of upfront fees in relation to the borrowings.

(2) Average all-in interest rates for the respective quarters includes cost of swapping floating interest rates to fixed rates.  
Majority of the borrowings at the Trust level carry fixed interest rates.

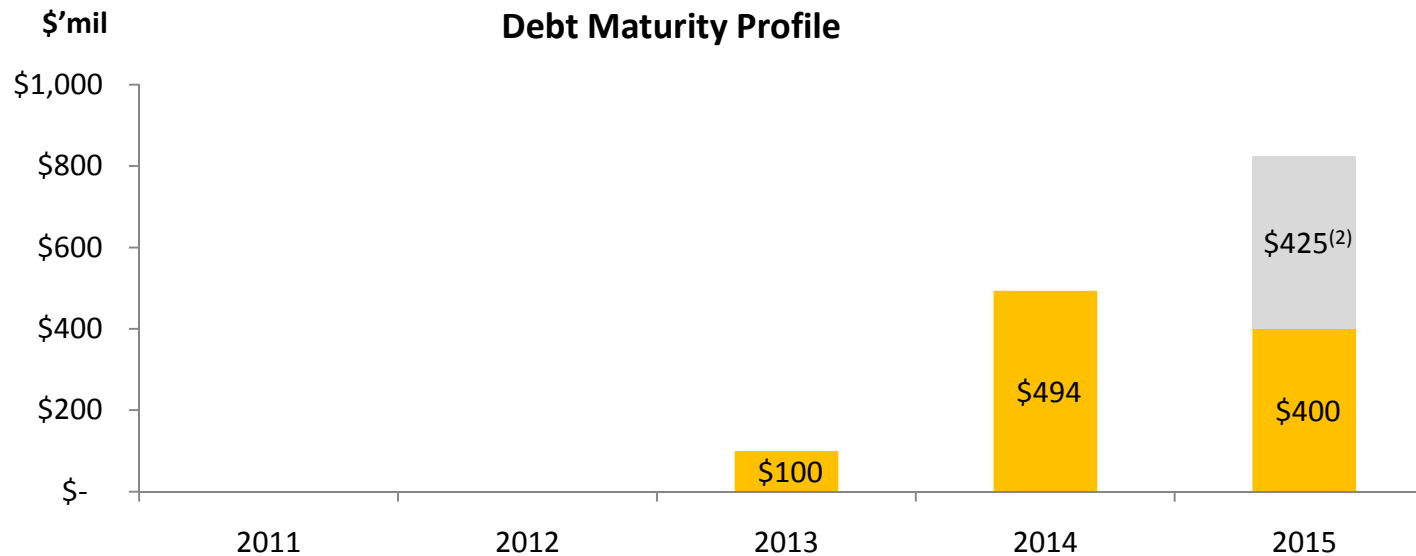
(3) Figures for the respective quarters. Interest coverage ratio = Ratio of year-to-date earnings before interest, tax, depreciation and amortisation divided by interest expense.

(4) Reflects additional borrowings taken to fund the income accretive acquisition of the additional 19.4% interest in Prudential Tower on 3 May 2011.



# Balance Debt Maturity Profile

- Approximately **\$3.0 billion** of assets equivalent to **82%** of AUM unencumbered
- Low exposure to interest rate risk with majority of debt hedged to fixed rates
- Well-staggered debt expiry profile with **4.0 years<sup>(1)</sup>** term to expiry
- Borrowings comprise term loans and a revolving credit facility
- Bank loans diversified across 10 banks



(1) Includes borrowings accounted for at the level of associated companies.

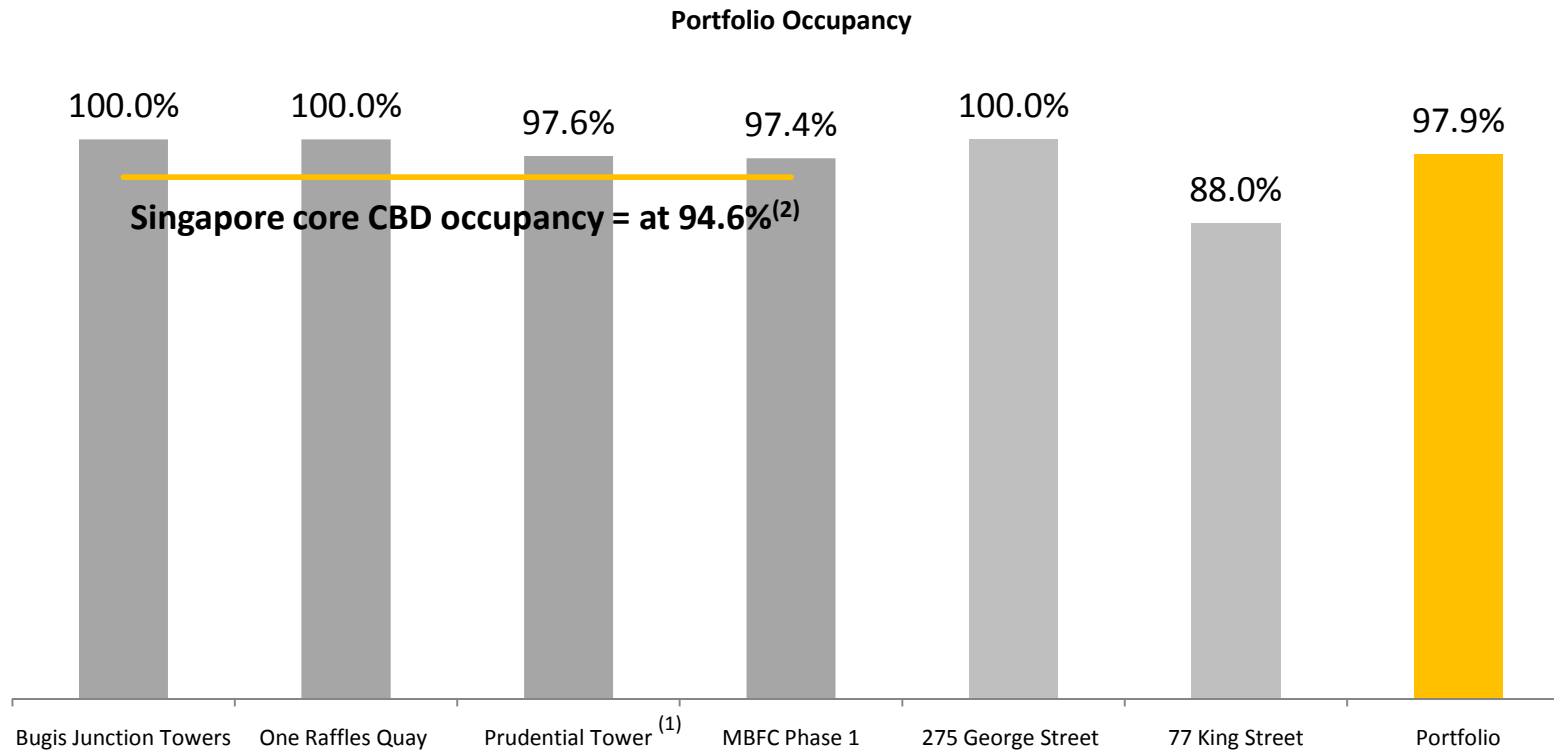
(2) Borrowings secured on 73.4% interest in Prudential Tower and Bugis Junction Towers.

# Portfolio Analysis



# Portfolio Occupancy Rate

- Healthy portfolio occupancy of 97.9%
- Singapore property portfolio occupancy of 98.6% is higher than core CBD occupancy of 94.6%



(1) Refers to K-REIT Asia's 92.8% interest in Prudential Tower.

(2) Source: CB Richard Ellis

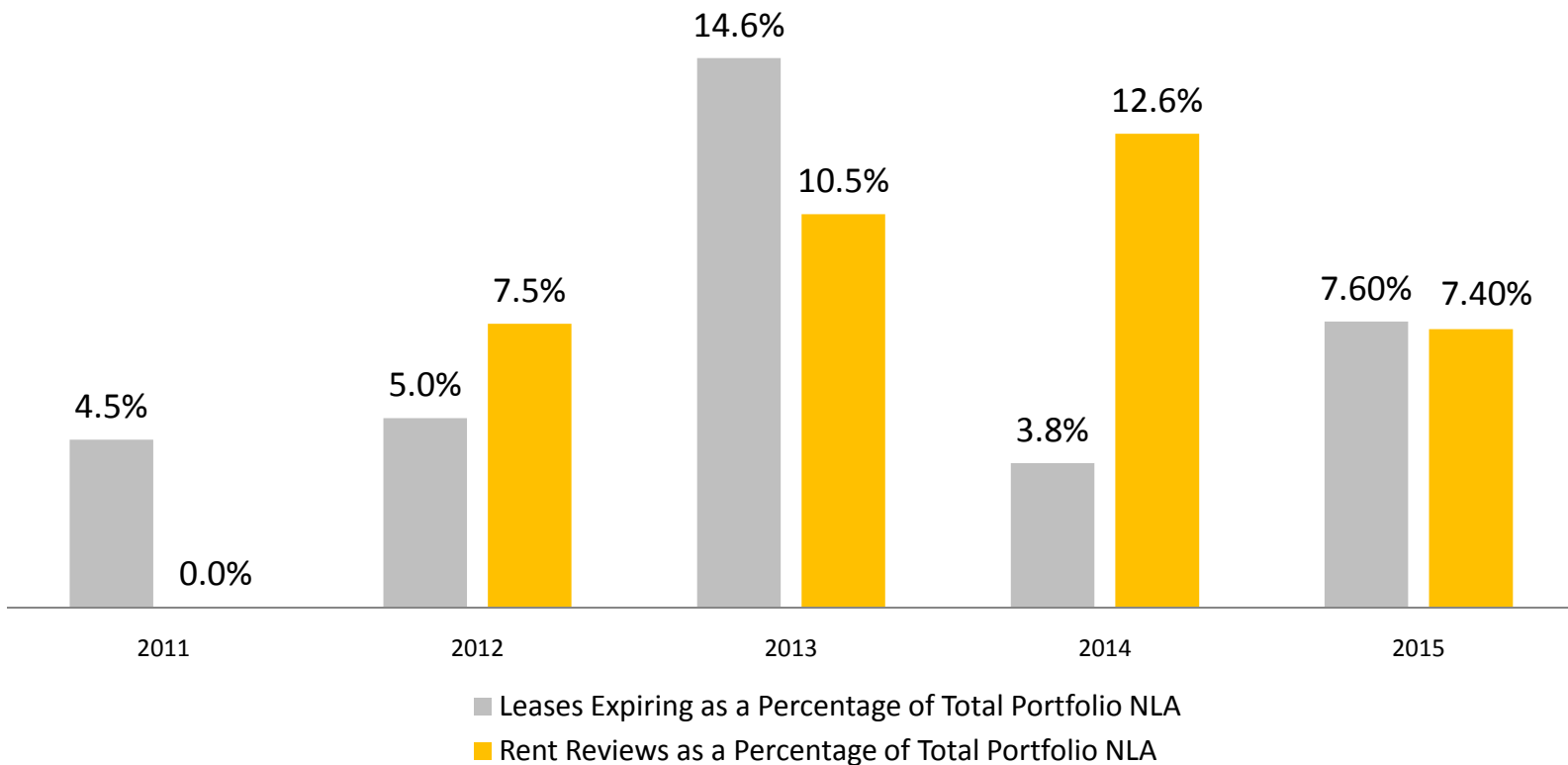




# Portfolio Lease Profile

➤ Well-balanced lease renewal and rent review profile

Portfolio Lease Profile (by Net Lettable Area)





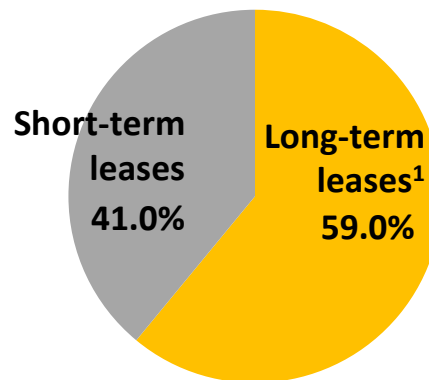
# Stable Lease Portfolio

➤ Portfolio of long leases provides income stability

## Weighted Average Lease Expiry (WALE)



## Portfolio with Long-term Leases<sup>1</sup> by NLA



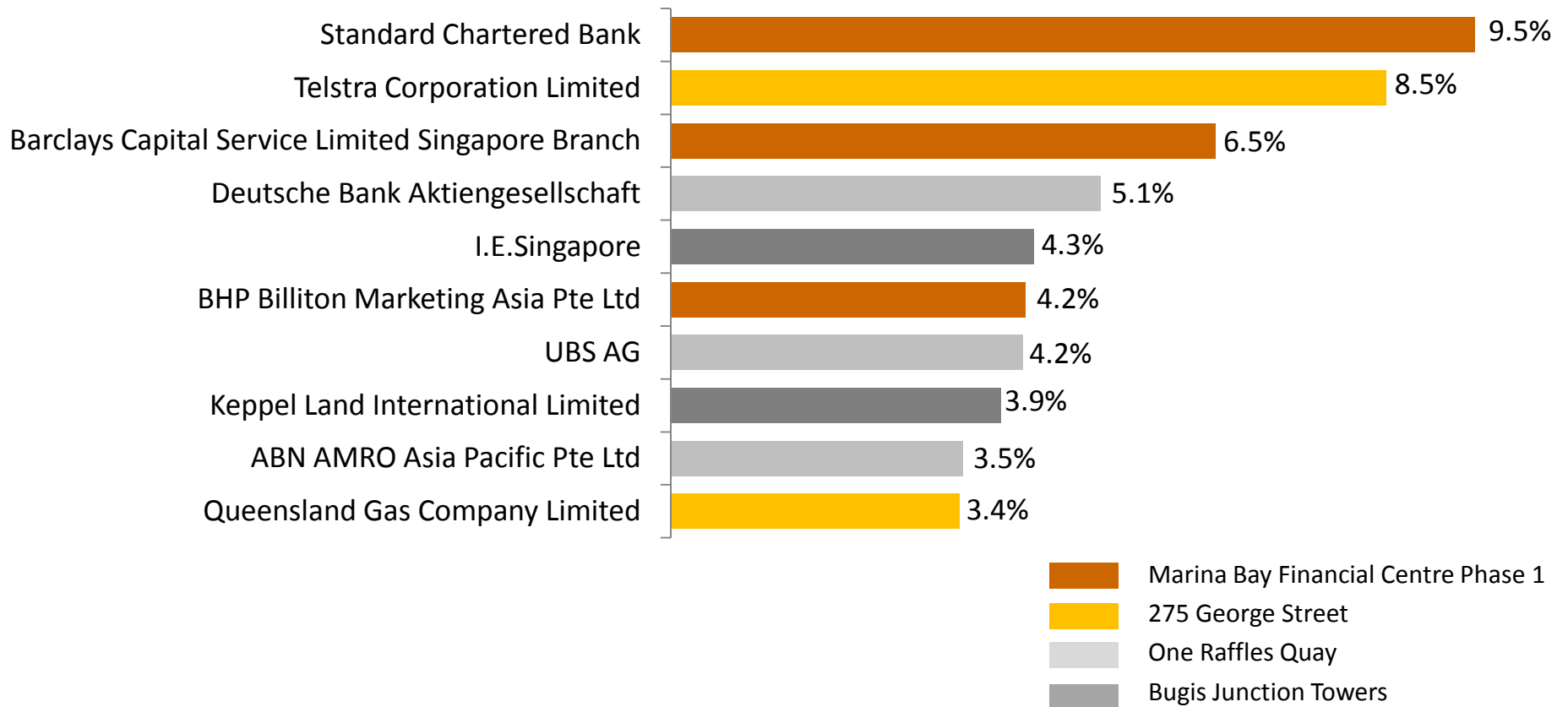
1. Long-term leases are those with lease terms to expiry of at least five years.



# Blue-Chip Tenant Base

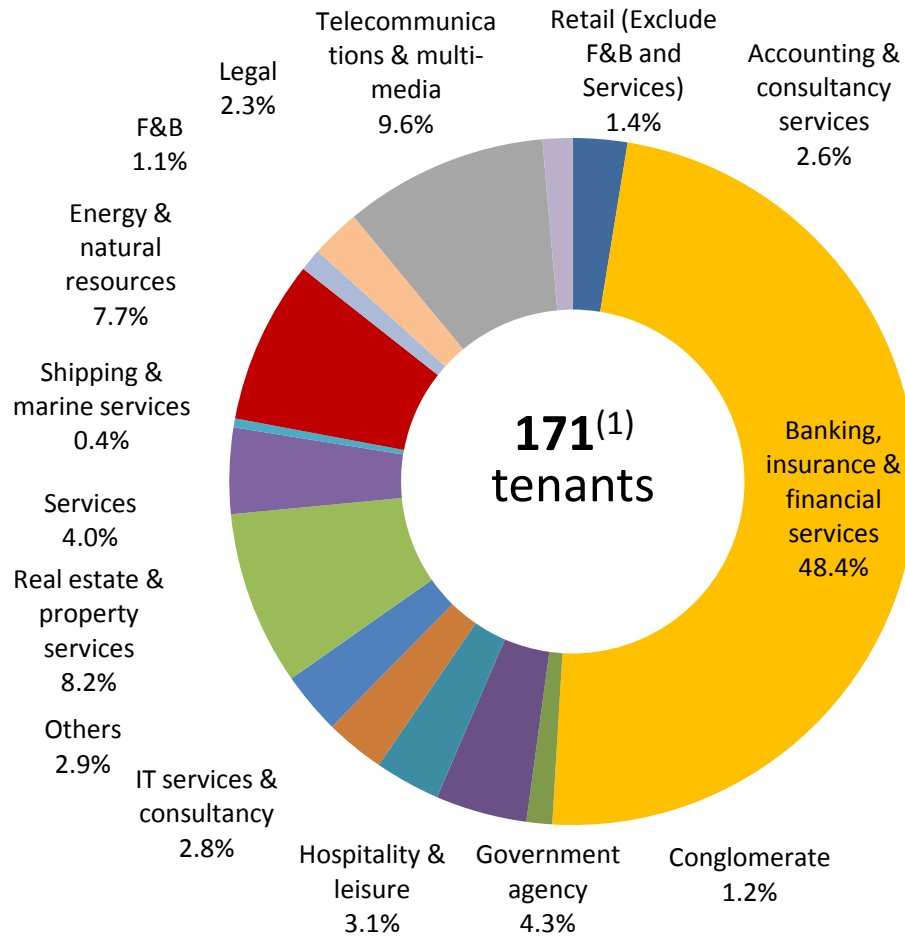
Top Ten Tenants account for **53.0%** of portfolio NLA

## Top Ten Tenants





# Tenants diversified across various business sectors



(1) Tenants with multiple leases are accounted as one tenant.

## New leases signed in 2Q2011:

### ➤ Prudential Tower

- Savills (Singapore)
- Profile Search & Selection (Singapore)
- Kumon Asia & Oceania
- Fednav Singapore
- The SR Group

### ➤ 77 King Street

- Facebook (Australia)



## Enhancement of MBFC Tower 1 Plaza complete



After



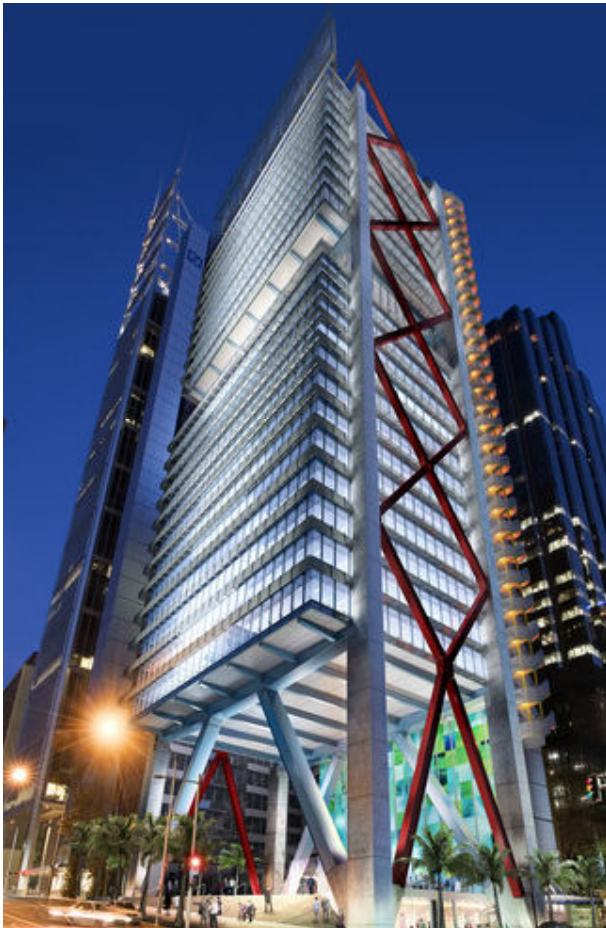
Before

- The Plaza in front of MBFC Tower 1 was officially opened on 1 July 2011
- The area is tenanted by F&B tenants
  - Akari Restaurant
  - Boulevard Bayfront
  - Brawn Steakhouse and
  - Harry's Bar
- New oasis provides diners with an expansive view of the Marina Bay waterfront and increased patronage at the F&B outlets

**Proposed acquisition of a  
50% interest in 8 Chifley Square, Sydney, Australia**



## Proposed Acquisition of a 50% interest in 8 Chifley Square, Sydney, Australia

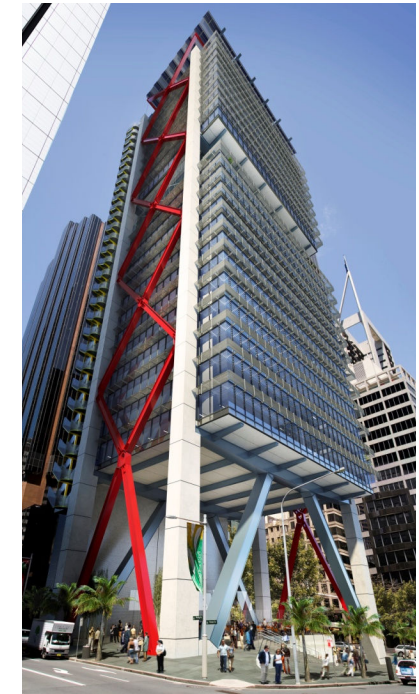


- **1.1%**<sup>(1)</sup> Pro forma DPU accretion FY2010
- Tax efficient investment structure
- Quarterly income distribution throughout the development period
- Stable income and long-term potential for capital appreciation
- Located in the heart of Sydney's **core CBD**
- 30-storey **premium grade** office building under construction
- Building specifications complement K-REIT Asia's existing portfolio

*(1) Based on the additional 0.07 cents pro forma financial effects of the Acquisition on K-REIT Asia's DPU for FY2010. The Acquisition is expected to be completed in 3Q 2013.*



# 8 Chifley Square - Location



Located in the heart of Sydney's core CBD at the intersection of Hunter Street and Elizabeth Street, facing Chifley Tower





# 8 Chifley Square



## Key project details

<b>Building description</b>	30-storey Premium grade office building
<b>Target interest</b>	50.0%
<b>Purchase consideration</b>	Between A\$154.4m and A\$169.8m <sup>(1)</sup> or S\$203.0m to S\$223.3m <sup>(2)</sup>
<b>Grade</b>	Premium Grade
<b>Net lettable area</b>	Approximately 205,700 sf (19,106 sm)
<b>Parking Lots</b>	Estimated 36 car park lots
<b>Expected date of Practical Completion</b>	3Q 2013
<b>50.0% co-owner</b>	Mirvac Property Trust, entity of Mirvac Group

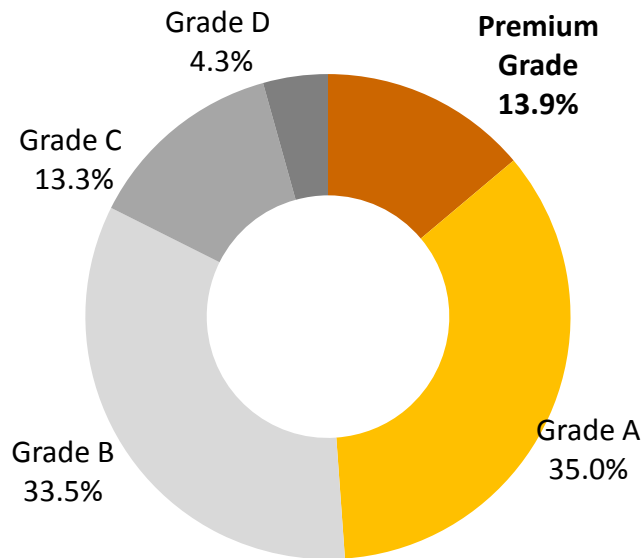
(1) The final purchase consideration will be based on the committed rental rates of the leases when the Property is completed, subject to a maximum of A\$169.8 million.

(2) Based on an assumed exchange rate of 1.315 SGD = 1 AUD



# Sydney Office Market

## Sydney CBD office space



Source: Property Council of Australia

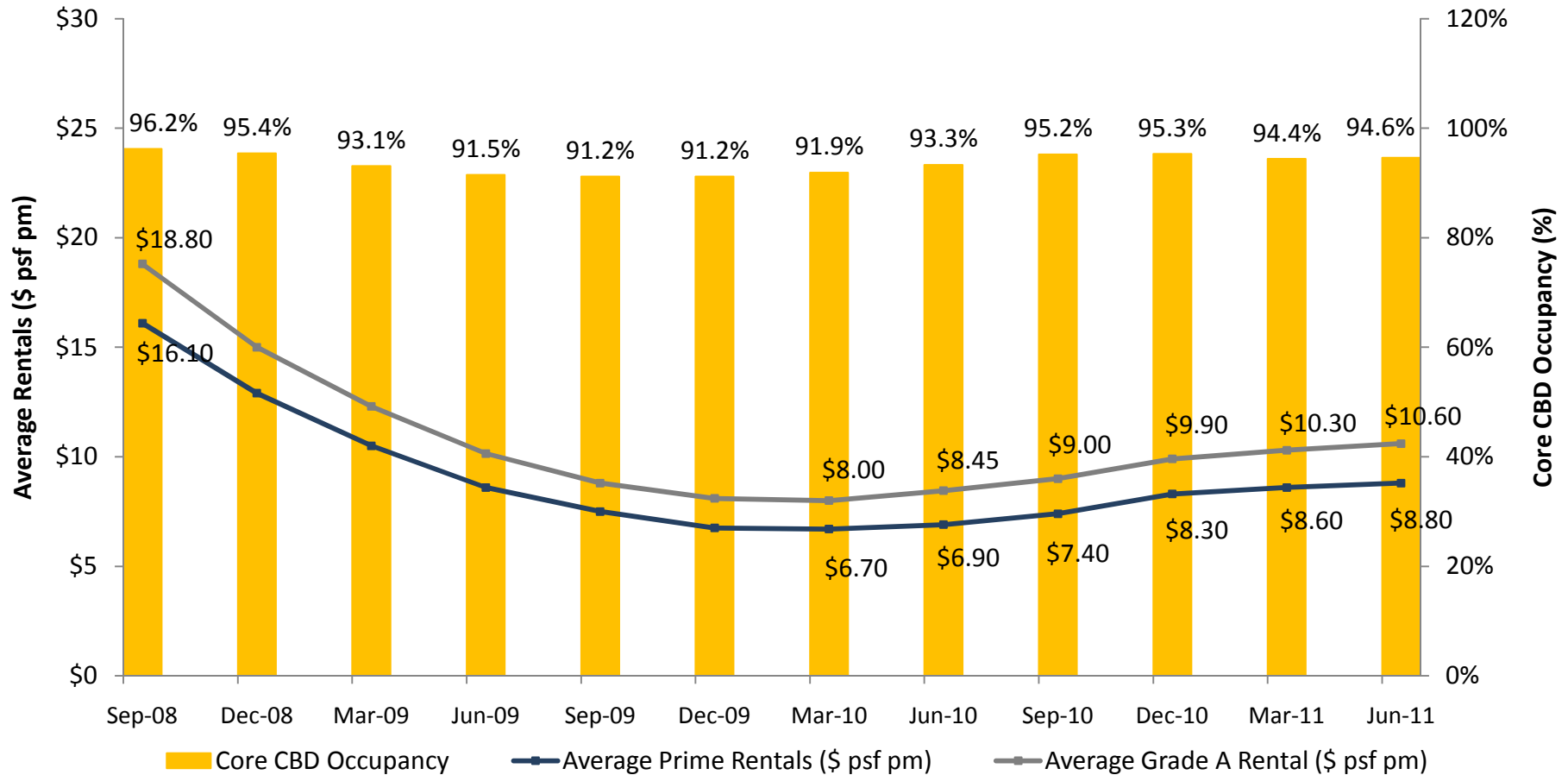
- Largest CBD office market in Australia with 4.8 million sqm of office space
- Future supply is constrained with just over 1.1 million sqm of new supply expected to be completed over the next decade
- Australian economy expected to rebound in 2H2011
- Ensuing demand driven by economic growth is expected to drive up rentals for Premium and A Grade office space
- Growing demand from tenants in the Financial services and Property and Business services sectors

## **Market Review and Outlook**



# Singapore Office Market

➤ Office rentals continue to strengthen



Source: CB Richard Ellis.



# Economic & Office Market Outlook

## Singapore

- Singapore's economy expanded 0.5% in 2Q2011 and the Government forecasts full year GDP growth to be around 5% to 7% for 2011
- Office rentals and average occupancy rates continue to hold up despite significant amounts of new supply entering the market in 1H2011
- Landlords benchmark rentals against higher rents in new or uncompleted developments

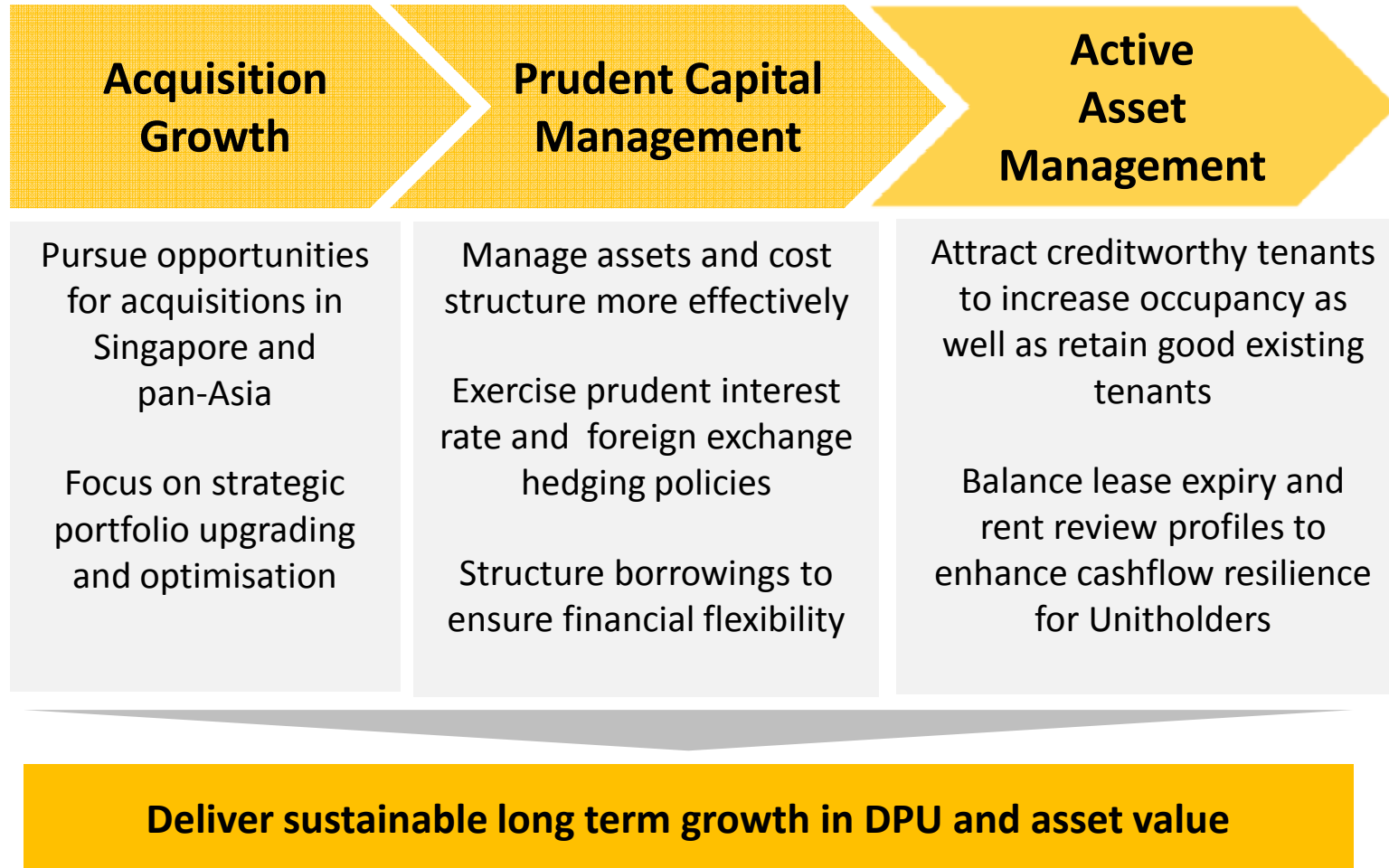
## Australia

- Economy stays resilient and is expected to rebound in 2H2011
- RBA maintains interest rate at 4.75%
- Vacancy rates are falling in major office markets on the back of strengthening demand and tightening supply in markets such as Sydney and Brisbane
- Tenant incentives have been declining in both cities

## Going Forward



# Key Thrusts



**Additional Information**





# Singapore's Leading Office REIT

## Overview

- Listed on the SGX-ST in April 2006 with a market cap of \$1.8bn<sup>(1)</sup> as at 30 June 2011.
- Quality portfolio of six commercial Grade A office assets valued at approximately \$3.6bn and spanning 1.9m sf NLA as at 30 June 2011.
- High quality property portfolio with blue-chip tenants.
- Strong sponsorship by Keppel Land Limited.
- Proven organic growth and acquisition track record.

*(1) Based on market closing unit price of S\$1.33 on 30 Jun 2011.*



# Portfolio Information

As at 30 Jun 2011	Bugis Junction Towers	MBFC 1 <sup>(2)</sup>	One Raffles Quay	Prudential Tower Property	275 George Street	77 King Street Office Tower
<b>Attributable NLA (sf)</b>	246,238	581,472	445,120	223,722	224,686	148,033
<b>Ownership</b>	100%	33.3%	33.3%	92.8%	50.0%	100%
<b>Number of tenants</b>	11	76	29	34	9	17
<b>Principal tenants</b>	IE Singapore, InterContinental Hotels Group, Keppel Land	Barclays Capital, BHP Billiton, Standard Chartered Bank	ABN Amro, Deutsche Bank, UBS	Compass Office Singapore, McGraw-Hill Companies, The Executive Centre	Queensland Gas Company, Telstra Corporation	Capgemini Australia, Hebert Geer, Rebel Sport,
<b>Tenure</b>	99 years expiring 9 Sep 2089	99 years expiring 10 October 2104	99 years expiring 12 Jun 2100	99 years expiring 14 Jan 2095	Freehold	Freehold
<b>Valuation<sup>(1)</sup></b>	\$320.1m \$1,300 psf	1,447.0m \$2,488 psf	\$1,015.0m \$2,280 psf	\$342.6m & \$125.1m <sup>(3)</sup>	\$215.7m <sup>(4)</sup> \$960 psf	\$147.2m <sup>(4)</sup> \$994 psf
<b>Committed occupancy</b>	100%	97.4%	100%	97.6%	100%	88.0%

(1) Valuation as at 31 Dec 2010 based on K-REIT Asia's interest in the respective property.

(2) Refers to Marina Bay Financial Centre Tower 1 & 2 and Marina Bay Link Mall.

(3) K-REIT Asia's 73.4% interest in Prudential Tower was valued at \$342.6m as at 31 Dec 2010. Its additional 19.4% interest acquired on 3 May 2011 was valued at \$125.1 million.

(4) Based on an exchange rate of A\$1 = S\$1.269.

# *Thank you*

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