

K-REITasia

Investor Meeting Slides

29 June 2012



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About K-REIT Asia

Singapore's Leading Office REIT

Overview

- Listed on the SGX-ST in April 2006 with a market cap of \$2.6 bn⁽¹⁾ as at 25 June 2012.
- Quality portfolio of eight commercial Grade A office assets valued at approximately \$6.3 bn and spanning 2.8m sf NLA as at 25 June 2012.
- High quality office property portfolio with blue-chip tenants.
- Strong sponsorship by Keppel Land Limited.
- Proven organic growth and acquisition track record.

(1) Based on market closing price of S\$1.02 per unit as at 25 June 2012.

Property Portfolio

Singapore Properties



Ocean Financial Centre
(99.9% interest)



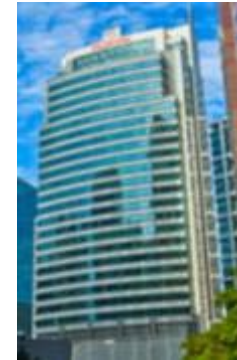
MBFC⁽¹⁾ Towers 1 and 2
and Marina Bay Link Mall
(33.3% interest)



Bugis Junction
Towers



One Raffles Quay
(33.3% interest)



Prudential Tower
(92.8% interest)

Australia Properties



275 George Street
(50% interest),
Brisbane



77 King Street
Office Tower,
Sydney



8 Chifley Square (50% interest),
Sydney

**Building under construction,
expected to be completed in 3Q 2013.*

Growth History

2012



Obtained tax transparency for MBFC Phase 1



Additional 12.39% interest in Ocean Financial Centre

AUM: S\$6.3 billion

- Property Portfolio:
 - 92% in Singapore
 - 8% in Australia
- Increased interest in Ocean Financial Centre to 99.9%
- Obtained tax transparency for MBFC Phase 1 via LLP structure

2011



Additional 19.4% interest in Prudential Tower to 92.8%



50.0% interest in 8 Chifley Square, Sydney



87.5% interest in Ocean Financial Centre

AUM: S\$6.0 billion

- First forward funding acquisition structure – 50% interest in 8 Chifley Square
- First SREIT to structure LLP to hold assets

2010



50.0% interest in 275 George Street, Brisbane



One-third interest in MBFC Phase 1



77 King Street, Sydney

AUM: S\$3.5 billion

- First overseas acquisition - 50% interest in 275 George Street
- First SREIT to qualify for MIT structure
- First strategic asset swap

2009

First third-party acquisition – Additional 29.0% interest in Prudential Tower to 73.4%

AUM: S\$2.1 billion

2007

Maiden acquisition of One-third interest in One Raffles Quay

AUM: S\$2.1 billion

2006

K-REITasia was listed in April

AUM: S\$630.7 million

Update on Ocean Financial Centre

Ocean Financial Centre



(1) As at 25 June 2012.

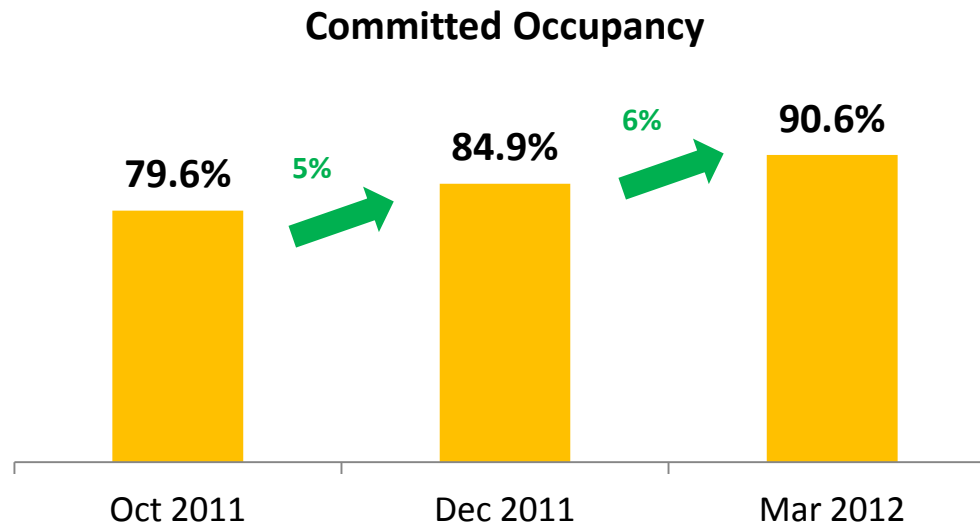
(2) As at 31 March 2012.

Key Property Details

Description	<p>A 43-storey premium Grade A office development</p> <ul style="list-style-type: none"> ▪ Office tower completed in April 2011 ▪ 222-lot car park and retail podium expected to be completed by mid-2013
Ownership Interest¹	Approximately 99.9%
Net Lettable Area (NLA)	887,423 sf (100% interest)
Title	Leasehold estate of 99 years expiring 13 December 2110
Committed Occupancy²	90.6%
Key Tenants	ANZ Banking Group, BNP Paribas, Drew & Napier LLC, The Executive Centre

Update on Ocean Financial Centre

- Successfully converted interest in Ocean Financial Centre (OFC) into a Limited Liability Partnership (LLP)
- Unitholders benefit from tax transparent property income
- Steadily increased committed occupancy to **91%**
- Leased an additional **98,000sf**



Acquisition of 12.39% in OFC



Transaction Summary

Ownership Interest	Approximately 12.39%
Net Lettable Area (NLA)	109,952 sf. (12.39% interest)
Title	Leasehold estate of 99 years expiring 13 December 2110
Acquisition Price	\$261.6 million or \$2,380 psf
Rental Support	\$24.1 million or approximately \$219 psf to be drawn over the period from legal completion to 31 December 2017
Funding	<ul style="list-style-type: none">▪ Approximately \$219.8 million in bank borrowings▪ \$70.2 million proceeds from private placement of 60 million units at \$1.17 per unit▪ Placement price per unit is 15% premium to market closing price on day of announcement.

Acquisition Benefits

- Immediate DPU accretion
- Additional income from OFC is tax transparent
- Full management control of OFC
- Reduces average age of K-REIT Asia's property portfolio from 5.1 years to 4.9 years
- Partial funding via placement increases free float from 22.8% to 24.6%
- Strengthens K-REIT Asia's position as key premium office landlord in the Raffles Place and Marina Bay precincts



Update on MBFC Phase 1

MBFC Phase 1 Obtains Tax Transparency



- Successfully converted holding structure of Marina Bay Financial Centre Phase 1 into a Limited Liability Partnership (LLP)
- Unitholders benefit from tax transparent property income
- Increased rental revenue potential

1Q 2012 Highlights

1Q 2012 Highlights

- Distribution per unit **↑ 97.9%** y-o-y to **1.90 cents**
 - Distributable income **↑ 100.2%** y-o-y to **\$48.5 million**
 - Net property income **↑ 90.8%** y-o-y to **\$28.5 million**
 - Share of results of associates **↑ 82.6%** y-o-y to **\$11.2 million**
- All-in interest rate **↓** to **2.03%** for 1Q 2012 from 2.35% for 4Q 2011
- Portfolio committed occupancy **↑** to **96.1%** from 94.1%
 - Singapore portfolio committed occupancy **↑** to **96.3%** from 93.9%
 - Prudential Tower committed occupancy **↑** to **98.1%** from 94.1%
- 8 Chifley Square was awarded **6 Star Green Star – Office Design v2 rating** certification by the Green Building Council of Australia



Key Financial Indicators

	1Q 2012	1Q 2011	Change
Property Income	\$36.6m	\$18.7m	96.0%
Net Property Income	\$28.5m	\$14.9m	90.8%
Share of Results of Associates	\$11.2m	\$6.2m	82.6%
Distributable Income to Unitholders⁽¹⁾	\$48.5m	\$24.3m	100.2%
Distribution Per Unit (DPU)	1.90 cents	0.96 cents ⁽²⁾	97.9%
Annualised DPU	7.64 cents	3.89 cents	96.4%
Distribution Yield	7.9% ⁽³⁾	3.0% ⁽⁴⁾	4.9%

(1) The distribution income to Unitholders is based on 100% of the income available for distribution.

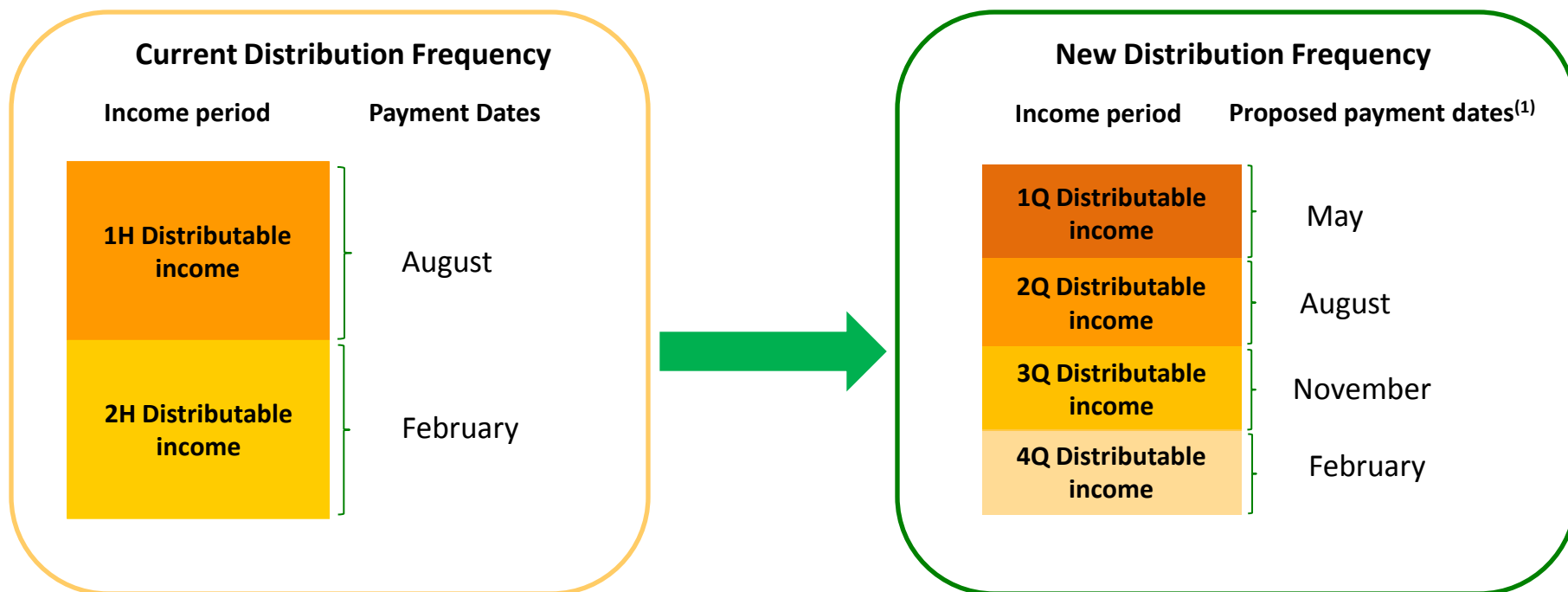
(2) The DPU for 1Q2011 is restated to take into account the effect of the fully underwritten, renounceable 17-for-20 rights issue of 1,159,694,000 units at an issue price of \$0.85 per rights unit and computed based on the issued units at the end of the period aggregated with 1,159,694,000 units which were issued on 13 December 2011.

(3) The yield is based on the market closing price of \$0.965 per unit as at the last trading day, 30 March 2012.

(4) The yield is based on the restated DPU of 3.89 cents for 1Q 2011 and the market closing price of \$1.29 per unit as at 31 March 2011. The distribution yield based on 1Q2011 DPU of 1.79 cents is 5.6%.

Quarterly Distribution Payment

- Quarterly DPU distribution will take effect from **3Q 2012**
- More frequent income distributions to Unitholders
- Quarterly distributions will improve returns to investors taking into account the time value of money
- In line with objective to deliver stable and sustainable returns to Unitholders



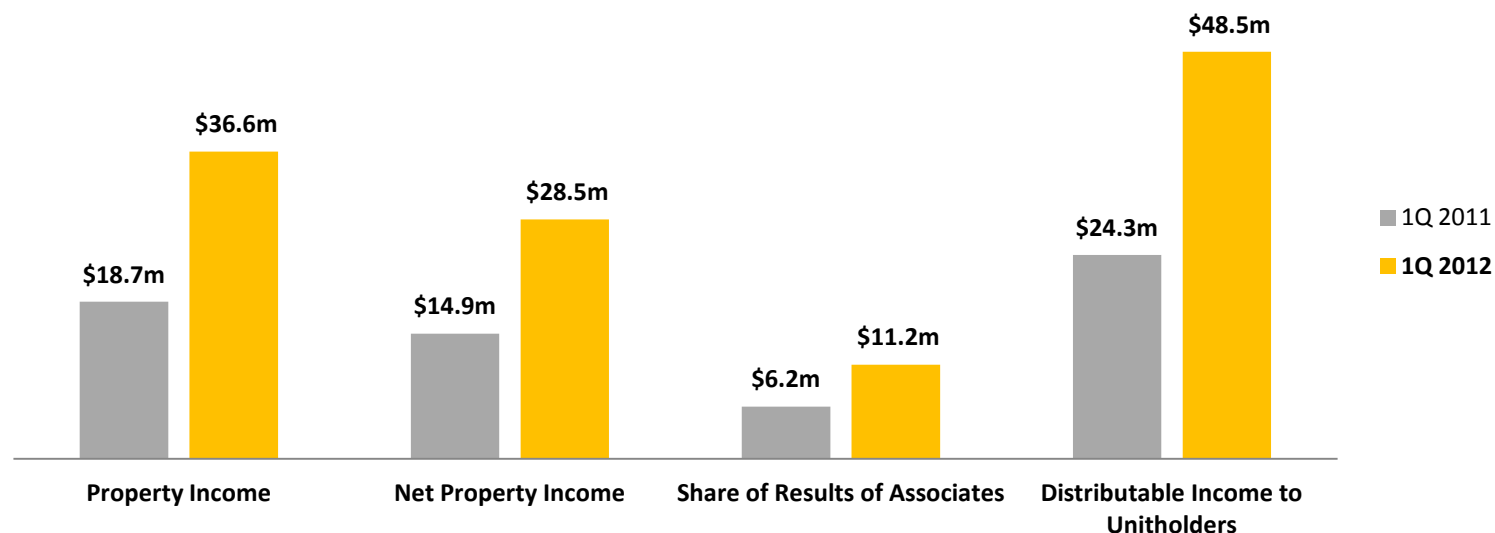
(1) Exact date of payment of distribution income may vary.



1Q 2012
Financial Performance

1Q 2012 Distributable Income **doubled** y-o-y to \$48.5m

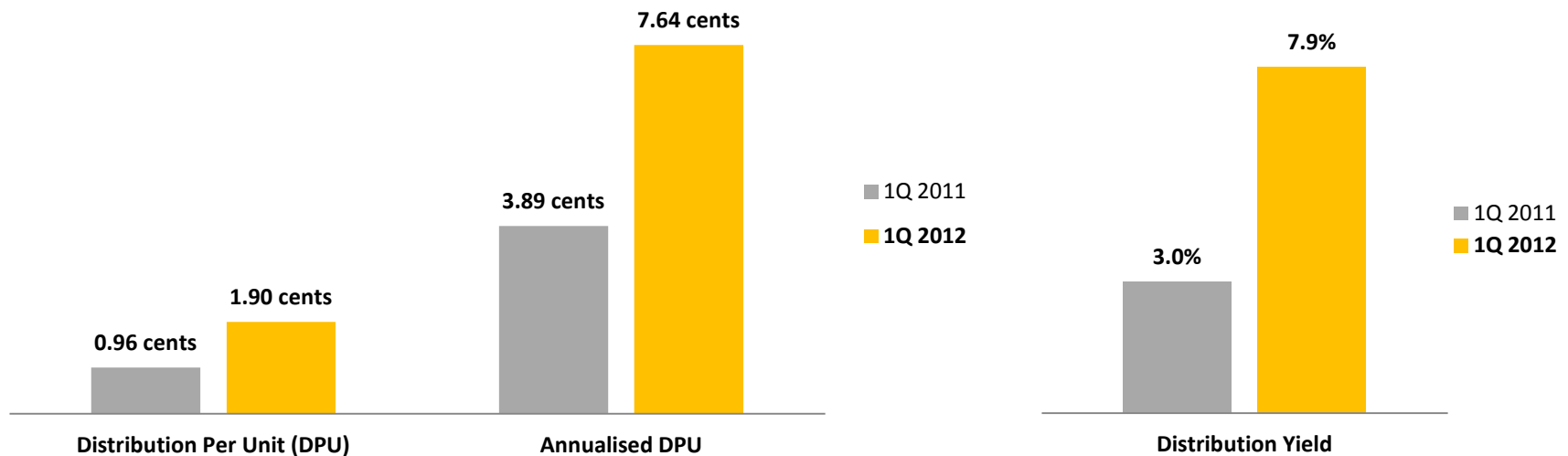
	1Q 2012	1Q 2011	Change
Property Income	\$36.6m	\$18.7m	\$17.9m 96.0%
Net Property Income	\$28.5m	\$14.9m	\$13.6m 90.8%
Share of Results of Associates	\$11.2m	\$6.2m	\$5.1m 82.6%
Distributable Income to Unitholders ⁽¹⁾	\$48.5m	\$24.3m	\$24.3m 100.2%



(1) The distribution income to Unitholders is based on 100% of the income available for distribution.

1Q 2012 DPU 97.9% y-o-y to 1.90 cents

	1Q 2012	1Q 2011	Change	
Distribution Per Unit (DPU)				
- For the Period	1.90 cents	0.96 cents ⁽¹⁾	0.94 cents	97.9%
- Annualised	7.64 cents	3.89 cents ⁽¹⁾	3.75 cents	96.4%
Distribution Yield	7.9% ⁽²⁾	3.0% ⁽³⁾	4.9%	163.3%



(1) Restated to take into account the effect of the fully underwritten, renounceable 13-for-20 rights issue of 1,159,694,000 units at an issue price of \$0.85 per rights unit and computed based on the issued units at end of the period aggregated with 1,159,694,000 units which were issued on 13 December 2011.

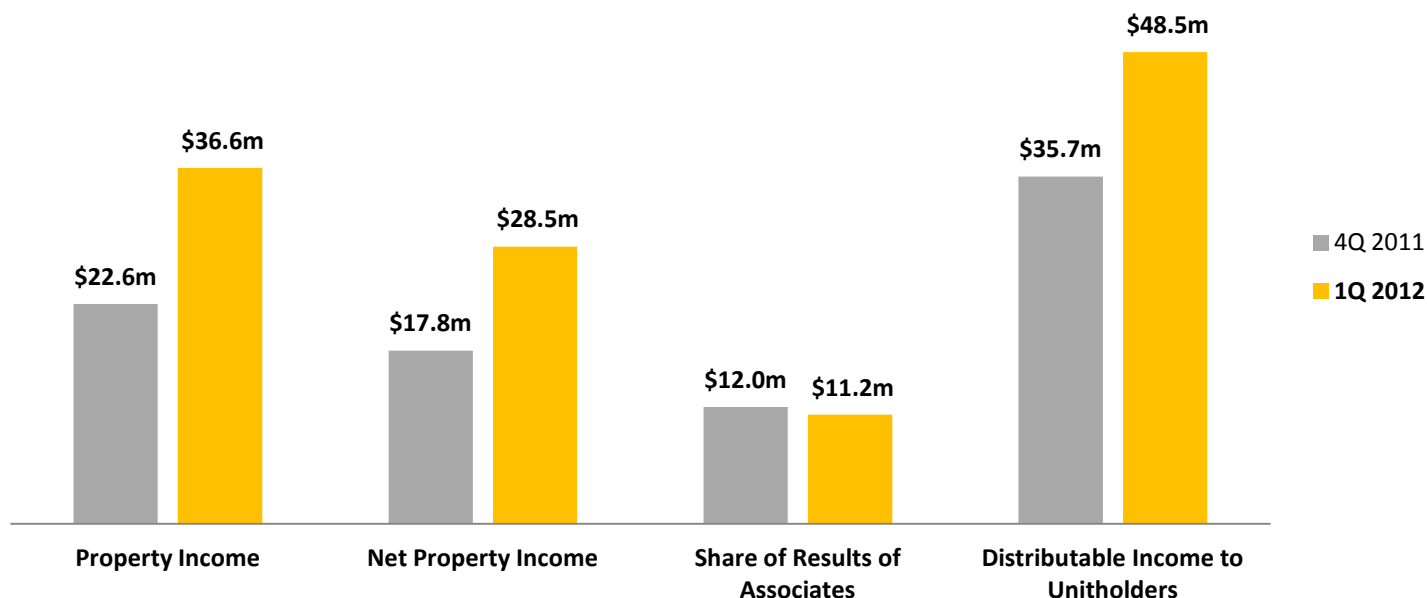
(2) The yield is based on the market closing price of \$0.965 as at 30 March 2012.

(3) The yield is based on the restated DPU of 3.89 cents for 1Q 2011 and the market closing price of \$1.29 per unit as at 31 March 2011.

The distribution yield based on 1Q2011 DPU of 1.79 cents is 5.6%.

1Q 2012 Distributable Income ↑ 35.9% q-o-q

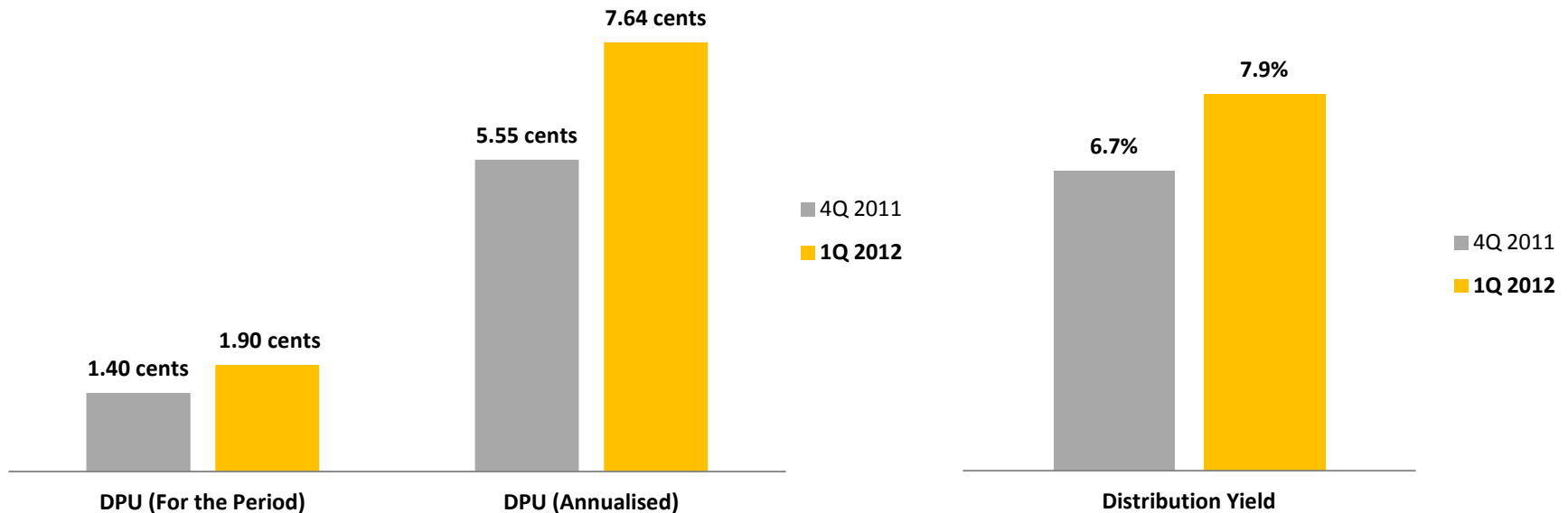
	1Q 2012	4Q 2011	Change	
Property Income	\$36.6m	\$22.6m	\$14.0m	61.8%
Net Property Income	\$28.5m	\$17.8m	\$10.8m	60.6%
Share of Results of Associates	\$11.2m	\$12.0m	-\$0.8m	-6.2%
Distributable Income to Unitholders ⁽¹⁾	\$48.5m	\$35.7m	\$12.8m	35.9%



(1) The distribution income to Unitholders is based on 100% of the income available for distribution.

1Q 2012 DPU ↑ 35.7% q-o-q

	1Q 2012	4Q 2011	Change	
Distribution Per Unit (DPU)				
- For the Period	1.90 cents	1.40 cents ⁽¹⁾	0.50 cents	35.7%
- Annualised	7.64 cents	5.55 cents	2.09 cents	37.7%
Distribution Yield	7.9% ⁽²⁾	6.7% ⁽³⁾	1.2%	17.9%



(1) The DPU for 4Q 2011 is computed based on the enlarged unit base pursuant to the Rights Issue completed on 13 December 2011.

(2) The yield is based on the market closing price of \$0.965 as at the last trading day, 30 March 2012.

(3) The yield is based on the market closing price of \$0.83 as at the last trading day, 30 December 2011.

Capital Management

Healthy Financial Position

	As at 31 Mar 2012	As at 31 Dec 2011
Gross Borrowings⁽¹⁾	\$2,523 m ⁽⁴⁾	\$2,495 m ⁽⁴⁾
Aggregate Leverage	41.8%	41.6%
Average All-in Interest Rate⁽²⁾	2.03%	2.35%
Interest Coverage Ratio⁽³⁾	5.5 times	5.5 times
Weighted Average Term to Expiry	2.9 years	3.1 years

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

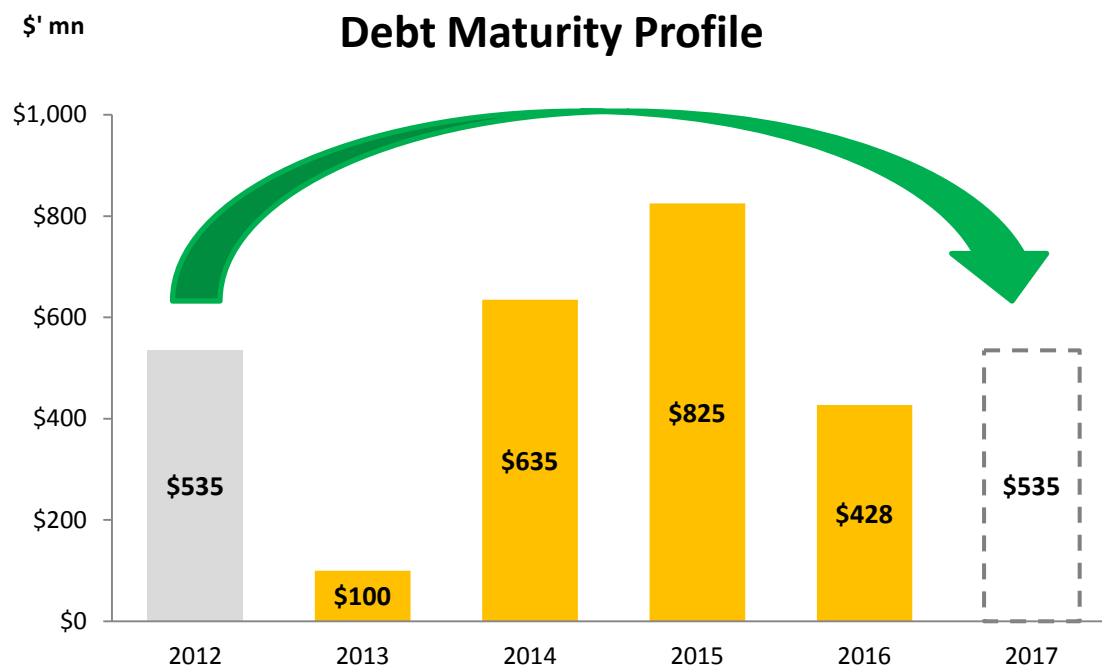
(2) Average all-in interest rates for the respective quarters include cost of swapping floating interest rates to fixed rates.

(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) Includes K-REIT Asia's proportionate share of the deferred payments due to the construction of the car park and retail podium at Ocean Financial Centre.

Balanced Debt Maturity Profile

- Well-staggered debt expiry profile with average **2.9 years⁽¹⁾** term to expiry
- All-in interest cost of **2.03%** achieved in 1Q 2012
- Borrowings diversified across **12** lenders



When the \$535 million loans due for refinancing on 31 December 2012 are refinanced for 5 years to 2017, the weighted debt term to expiry will be extended to **4.0 years**.

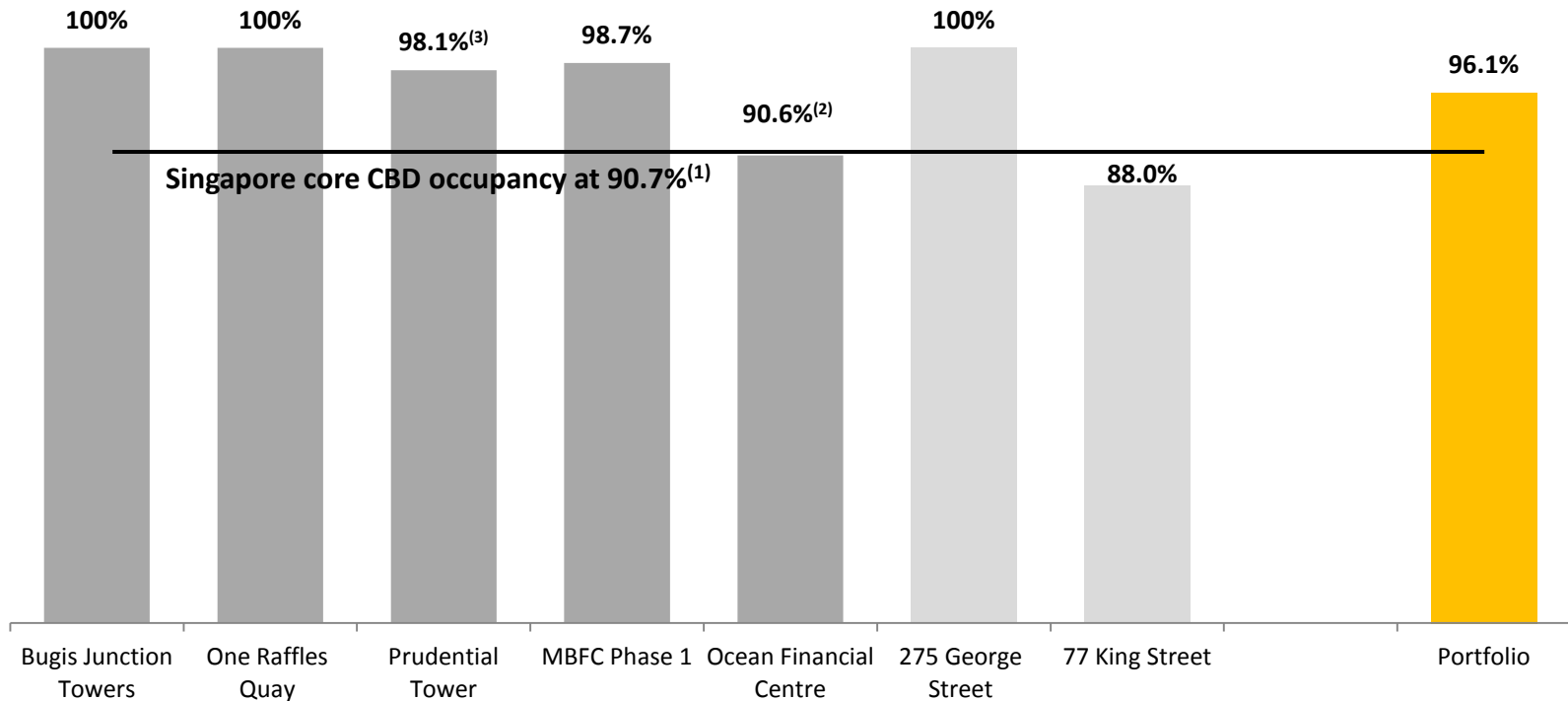
(1) Includes borrowings accounted for at the level of associates.



**1Q 2012
Portfolio Analysis**

Portfolio Occupancy Rate

- Healthy portfolio occupancy of **96.1%**
- Singapore property portfolio occupancy of **96.3%** is higher than core CBD occupancy of 90.7%



(1) Source: CB Richard Ellis

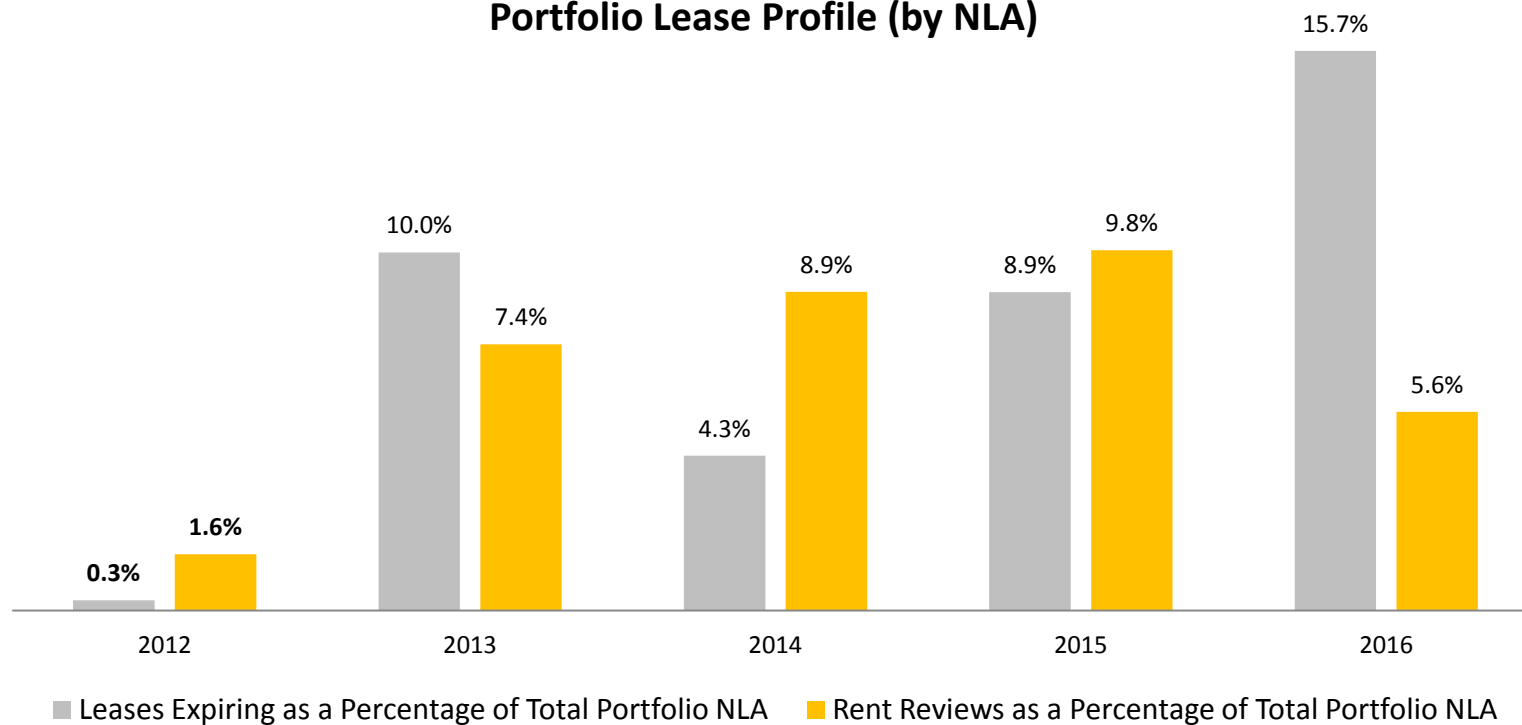
(2) Ocean Financial Centre was acquired on 14 December 2011.

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

Portfolio Lease Profile

- Well-balanced lease renewal and rent review profile
- Only **1.9%** of portfolio NLA due for rent review and renewal for the rest of 2012

Portfolio Lease Profile (by NLA)



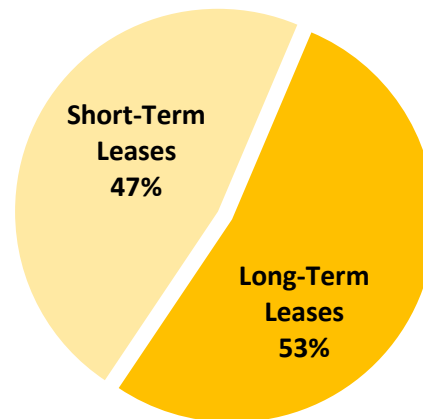
Stable Lease Portfolio

- Top ten tenants have long WALE of **7.9 years**

Weighted Average Lease Expiry (WALE)



Portfolio with Long-Term Leases⁽¹⁾ by NLA

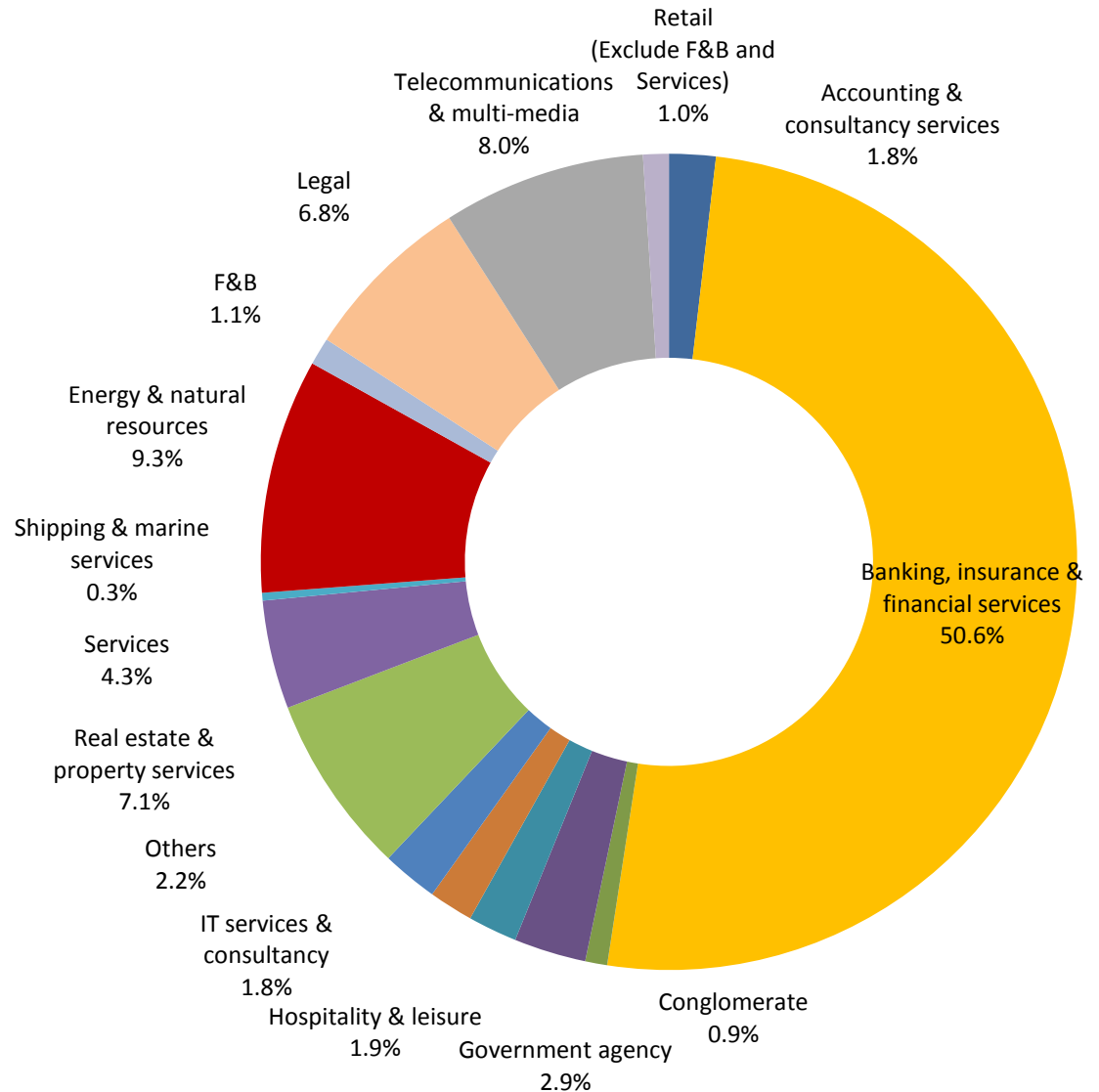


(1) Long-term leases are those with lease terms to expiry of at least five years.

Tenants diversified across various business sectors

208⁽¹⁾ tenants from a diversified range of business sectors

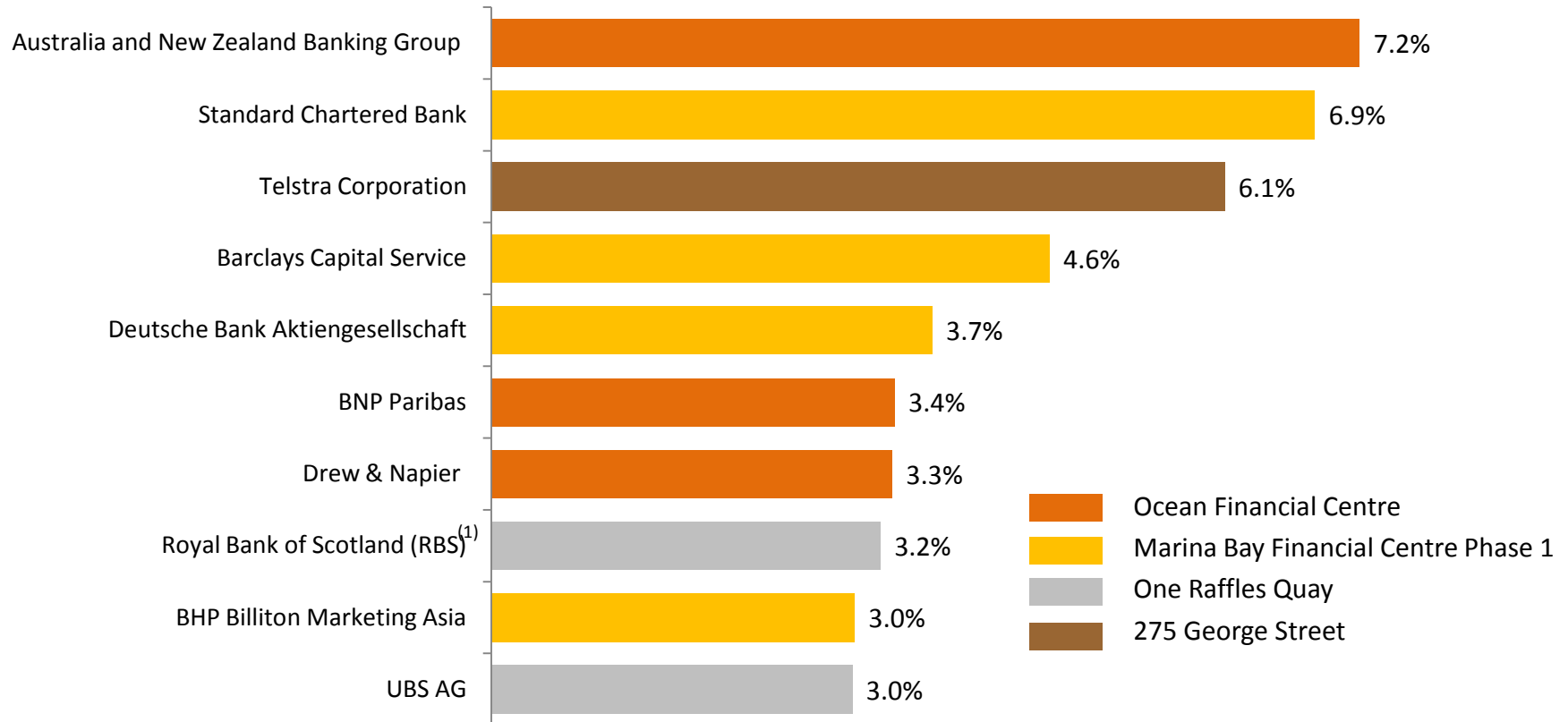
(1) Tenants with multiple leases are accounted as one tenant.



Blue-Chip Tenant Base

Top ten tenants account for **44.4%** of portfolio NLA

Top Ten Tenants



(1) Royal Bank of Scotland has leased premises at Ocean Financial Centre and One Raffles Quay.

Staying Competitive

- Enhancement works at **Bugis Junction Towers** will complete in 1Q2013



Before



After

Staying Competitive

- Enhancement works at **Prudential Tower** will complete in 4Q2012



Before

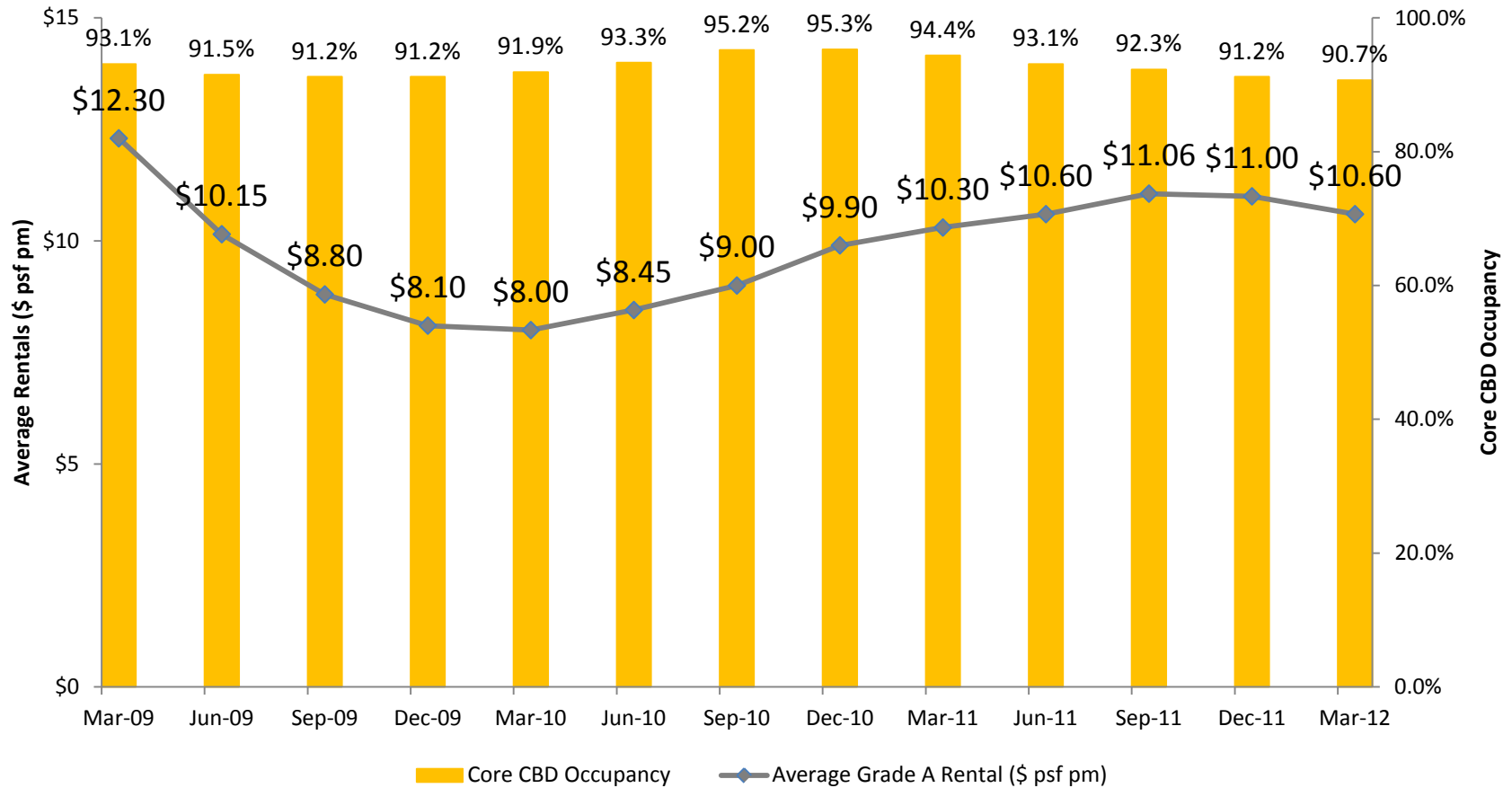


After

Market Review and Outlook

Singapore Office Market

Average Grade A office rental slips to \$10.60psf per month due to new supply



Source: CB Richard Ellis.

Economic and Office Markets Outlook

Singapore

- Economy remains on track to achieve growth of between 1% to 3% in 2012
- Positive leasing activity continues at new premium Grade A office buildings
- Occupiers maintain flight-to-quality in relocating to newer and better specified buildings

Australia

- Occupancy and rental rates of prime office spaces in Sydney and Brisbane to hold steady on the back of sustained employment growth
- Lack of new supply of Grade A offices in Sydney presents rental growth opportunities



Going Forward

Strategic Direction

Enhancing Assets

- ✓ Improving buildings' performance and efficiency
- ✓ Maintaining a balanced tenancy profile
- ✓ Attracting quality and creditworthy tenants
- ✓ Reinforcing relationships to retain good tenants
- ✓ Executing prudent lease strategies

Maximising Performance

- ✓ Strengthening property management expertise and capabilities
- ✓ Improving quality of fittings and finishes
- ✓ Leveraging technology to improve operations
- ✓ Focusing on safety and security
- ✓ Implementing environmentally sustainable initiatives

Achieving Capital Efficiency

- ✓ Optimising capital structure
- ✓ Negotiating competitive credit facilities to meet working capital requirements
- ✓ Diversifying sources of funding to mitigate refinancing risk
- ✓ Limiting exposure to fluctuations in interest and foreign exchange rates

Acquiring Quality Assets

- ✓ Increasing market intelligence to identify potential acquisition targets
- ✓ Conducting feasibility studies and comprehensive due diligence on potential acquisitions
- ✓ Structuring investments to optimise tax efficiency and repatriation of income from foreign assets

Additional Information

Portfolio Information

	Singapore Portfolio					Australia Portfolio		
	Bugis Junction Towers	MBFC Interest ⁽²⁾	Ocean Financial Centre Interest	One Raffles Quay Interest	Prudential Tower Property	275 George Street Property	77 King Street Property	8 Chifley Square Interest ⁽⁶⁾
Attributable NLA (sf)	244,978	581,653	886,536 ⁽³⁾	445,120	222,845	224,688	147,980	102,850
Ownership	100.0%	33.3%	~99.9% ⁽³⁾	33.3%	92.8%	50.0%	100.0%	50.0%
Number of tenants	12	82	29	29	38	9	16	1
Principal tenants	IE Singapore, InterContinental Hotels Group, Keppel Land	Barclays Capital, BHP Billiton, Standard Chartered Bank	ANZ, BNP Paribas, Drew & Napier LLC	Royal Bank of Scotland, Deutsche Bank, UBS	McGraw-Hill Companies, The Executive Centre, UniCredit Bank	Queensland Gas Company, Telstra Corporation	Capgemini Australia, Hebert Geer, Drake Australia	Corrs Chambers Westgarth ⁽⁷⁾
Tenure	99 years expiring 9 Sep 2089	99 years expiring 10 October 2104	99 years expiring 13 December 2110	99 years expiring 12 Jun 2100	99 years expiring 14 Jan 2095	Freehold	Freehold	99 years expiring 5 Apr 2105
Valuation ⁽¹⁾ (S\$ million)	410.5	1,513.0	2,345.0 ⁽⁴⁾	1,099.0	477.4	238.2 ⁽⁵⁾	156.2 ⁽⁵⁾	204.4 ⁽⁸⁾
Committed occupancy	100.0%	98.7%	90.6%	100.0%	98.1%	100.0%	88.0%	40.0%

(1) Valuation as at 1 October 2011 based on K-REIT Asia's interest in the respective properties unless otherwise stated.

(2) Refers to K-REIT's one-third interest in Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall.

(3) Includes the acquisition of an additional 12.39% interest in Ocean Financial Centre (OFC) completed on 25 June 2012.

(4) Based on the sum of the valuations of the 87.5% interest in OFC as at 15 September 2011 and the 12.39% interest in OFC as at 15 June 2012.

(5) Based on the exchange rate of A\$1 = S\$1.324.

(6) 8 Chifley Square currently under construction and expected to be completed in 3Q 2013.

(7) Pre-committed lease.

(8) Based on the lower acquisition consideration of A\$154.4million on completion and an exchange rate of A\$1 = S\$1.324.

Thank you

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