

# **FY2007 FINANCIAL RESULTS**

23 January 2008



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## Highlights

- Distribution Per Unit (DPU) of **8.82 cents**, up **30.5%** from FY2006
- Asset size **↑ 210%** from \$677m to \$2.1 bil
- Net asset value per unit up **85.3%** from \$2.04 as at end-2006 to \$3.78 as at end-2007
- **Full** committed occupancy for portfolio as at 31 December 2007

## *Financial Results*

## Earnings Continue to Outperform


- Distributable income outperforms by **42.5%** year-on-year to reach **\$21.8m**

(S\$'000)	FY2007	FY2006	% Chg	4Q2007	4Q2006	% Chg
	Actual	Pro forma <sup>(1)</sup>		Actual	Actual	
Property Income	40,069	33,778	18.6	11,028	9,102	21.2
Property Expenses	(11,807)	(10,153)	16.3	(4,004)	(2,888)	38.6
<b>Net Property Income</b>	<b>28,262</b>	<b>23,625</b>	<b>19.6</b>	<b>7,024</b>	<b>6,214</b>	<b>13.0</b>
Investment and Interest Income <sup>(2)</sup>	2,632	236	nm	2,341	117	nm
Other Operating Expenses <sup>(3)</sup>	(18,205)	(12,665)	43.7	(8,446)	(3,163)	167.0
<b>Net Profit</b>	<b>12,689</b>	<b>11,196</b>	<b>13.3</b>	<b>919</b>	<b>3,168</b>	<b>(71.0)</b>
Revaluation of Investment Properties	432,964	-	nm	295,000	-	nm
Income Tax	(163)	-	nm	(163)	-	nm
<b>Net Profit After Revaluation &amp; Tax</b>	<b>445,490</b>	<b>11,196</b>	<b>nm</b>	<b>295,756</b>	<b>3,168</b>	<b>nm</b>
<b>Distributable Income to Unitholders</b>	<b>21,812</b>	<b>15,307</b>	<b>42.5</b>	<b>6,920</b>	<b>4,256</b>	<b>62.6</b>

(1) As K-REIT Asia has no income and expenses for period prior to 26 April 2006, the comparative figures have been compiled based on unaudited financial statements of Mansfield Realty Ltd, Keppel Land (Tower D) Pte Ltd and BCH Office Investment Pte Ltd for the period of 1 January 2006 to 25 April 2006 after making certain assumptions and adjustments  
 (2) Comprises (a) share of results of associated company for K-REIT Asia's one-third interest in One Raffles Quay Pte Ltd ("ORQPL"), the acquisition of which was completed on 10 December 2007 (b) income support and (c) interest income  
 (3) Comprises (a) amortisation of income support (b) borrowing costs (c) Manager's management fees and (d) trust expenses

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## Balance Sheet Highlights

-  in Non-current Assets due mainly to
  - Acquisition of one-third interest in One Raffles Quay Pte Ltd (ORQPL)
  - Revaluation gain of **\$433m** gain from initial properties

(S\$m)	As At	
	31 Dec 2007	31 Dec 2006
Non-current Assets	2,061.8	677.0
<b>Total Assets</b>	<b>2,088.0</b>	<b>694.9</b>
Borrowings <sup>(1)</sup>	1,131.3	189.0
<b>Total Liabilities</b>	<b>1,154.3</b>	<b>202.5</b>
Unitholders' Funds	933.7	492.4
<b>Net Asset Value Per Unit</b>	<b>\$3.78</b>	<b>\$2.04</b>
<b>Adjusted NAV Per Unit <sup>(2)</sup></b>	<b>\$3.73</b>	<b>\$2.00</b>

(1) The increase in borrowings is due to an additional loan of \$942 million for the purchase of the one-third stake of ORQ. Borrowings are stated net of unamortised upfront debt arrangement expenses of approximately \$1.2 million for the 5-year term initial loans of \$190 million.  
 (2) Assuming distribution income has been paid out to Unitholders

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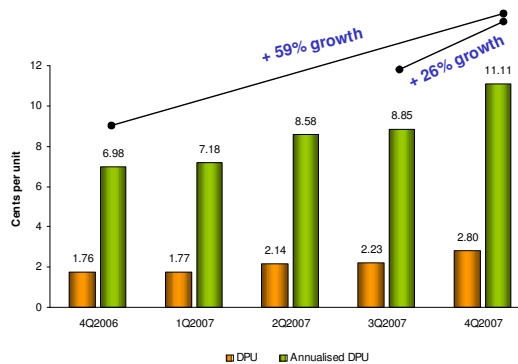
## Income Contribution by Asset

(\$'000)	FY2007	FY2006	% Chg	4Q2007	4Q2006	% Chg
	Actual	Pro forma		Actual	Actual	
Prudential Tower <sup>(1)</sup>	5,037	4,395	14.6	1,381	1,218	13.4
Keppel Towers & GE Tower	13,741	10,598	29.7	3,432	2,980	15.2
Bugis Junction Towers	9,484	8,632	9.9	2,211	2,016	9.7
<b>Total Net Property Income (NPI)</b>	<b>28,262</b>	<b>23,625</b>	<b>19.6</b>	<b>7,024</b>	<b>6,214</b>	<b>13.0</b>
<b>One-third Interest in One Raffles Quay</b>						
Income Support	1,080	-	nm	1,080	-	nm
Interest Income	690	-	nm	690	-	nm
Dividend Income	1,000	-	nm	1,000	-	nm
<b>Total Income Received from 1/3 ORQ</b>	<b>2,770</b>	<b>-</b>	<b>nm</b>	<b>2,770</b>	<b>-</b>	<b>nm</b>
<b>Total Income Contribution</b>	<b>31,032</b>	<b>23,625</b>	<b>31.4</b>	<b>9,794</b>	<b>6,214</b>	<b>57.6</b>

(1) Approximately 44% of strata area of the building

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## Consistent Growth in DPU



	FY2007	FY2006 <sup>(2)</sup>	% Chg
<b>DPU</b>	<b>8.82 ¢</b>	<b>6.76 ¢</b>	<b>30.5%</b>
<b>DPU Yield <sup>(1)</sup></b>	<b>4.14%</b>	<b>3.17%</b>	<b>30.6%</b>

(1) Based on K-REIT Asia's closing price of \$2.13 on 31 December 2007  
 (2) Annualised DPU; K-REIT Asia made its trading debut on 28 April 2006

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## Capital Management

- Debt Profile

- Fixed-rate mortgage loans of S\$190m: 4.06% p.a. until May 2011
- Floating-rate bridging loan of S\$942m: 3.3% p.a. maturing in Sep 2008

	As At	
	31-Dec-07	31-Dec-06
Gross Borrowings	\$1,132.1m	\$190.1m
Gearing <sup>(1)</sup>	53.9%	27.4%
Interest Coverage Ratio <sup>(2)</sup>	2.3 times	2.7 times
All-in Interest Rate <sup>(3)</sup>	3.88%	4.06%
Weighted Average Term to Expiry	1.1 years	4.3 years
Corporate Rating <sup>(4)</sup>	Baa3	-

- (1) Gearing = Gross borrowings / Value of deposited properties  
 (2) Interest coverage ratio = Year-to-date profit before interest and tax / Interest expense  
 (3) All-in interest rate includes amortisation of upfront debt arrangement expenses of approximately \$1.2m for the 5-year term loans  
 (4) Moody's has assigned a corporate family rating of "Baa3" to K-REIT Asia with a stable outlook on 10 December 2007

## *Operations Review & Portfolio Performance*

## Significant Maiden Acquisition

- Completion of **yield-accretive** acquisition of Keppel Land's one-third interest in ORQPL in December 2007
- Asset size **↑ 210%** from \$677m as at end-2006 to **\$2.1 bil** as at end-2007, with ORQ (1/3 interest) accounting for 47% of the asset size
- Portfolio's net lettable area up **57%** from 73,108 sm to **114,426 sm**
- Acquisition **strengthens** K-REIT Asia's position as an office-focused commercial REIT

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## High Quality Portfolio of Assets



Property	Prudential Tower <sup>(1)</sup>	Keppel Towers and GE Tower	Bugis Junction Towers	One Raffles Quay <sup>(2)</sup>
Net Lettable Area (sm)	10,074	40,002	22,990	41,359 <sup>(2)</sup>
Number of Tenants	13	69	12	31
Principal Tenants	KBC Bank N.V. McGraw-Hill Companies The Executive Centre	GE Pacific Seadrill Management Singapore Business Federation	IE Singapore J.V. Fitness Prudential Assurance Co	ABN Amro Deutsche Bank UBS
Tenure	99 years expiring 14 Jan 2095	Estate in fee simple	99 years expiring 9 Sep 2089	99 years expiring 12 Jun 2100
Valuation <sup>(3)</sup>	\$227 million	\$580 million	\$303 million	\$992 million <sup>(2)</sup>
Committed Occupancy	100%	99.8%	100%	100%

(1) K-REIT Asia owns approximately 44% of the strata area of the building

(2) K-REIT Asia owns a one-third interest of ORQPL; net lettable area of 41,359 sm represents one-third of ORQ's total net lettable area and valuation of \$992 million is for one-third interest in ORQ

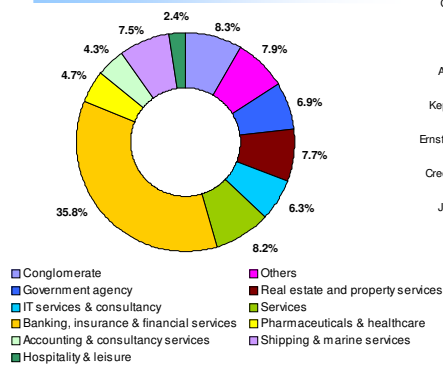
(3) Valuation as at 10 December 2007 by Knight Frank

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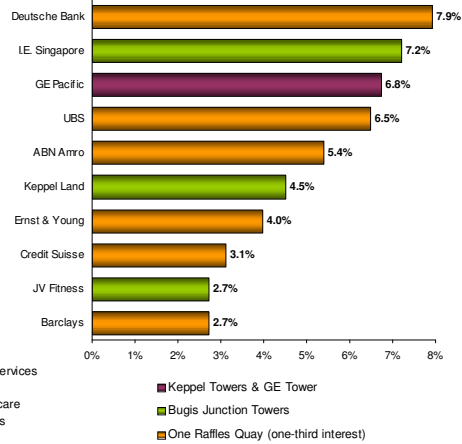
## Broad Tenant Diversity

- Risk diversification: total of **125** tenants as at 31 December 2007

Tenant Trade Sector by NLA @ 31 Dec 2007



Top 10 Tenants:  
50.8% of NLA (114,426 sm) @ 31 Dec 2007

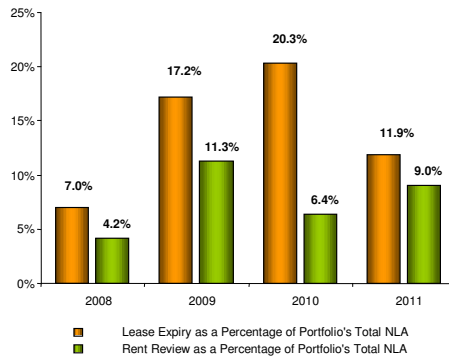


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## Portfolio Lease Expiry & Rent Review Profiles

- Positive rent reversions** expected due to limited prime office space
- About **44.5%** of portfolio's net lettable area due for lease expiry from 2008 to 2010
- About **21.9%** of portfolio's net lettable area due for rent review from 2008 to 2010

Lease Profile as a Percentage of NLA\* @ 31 Dec 2007

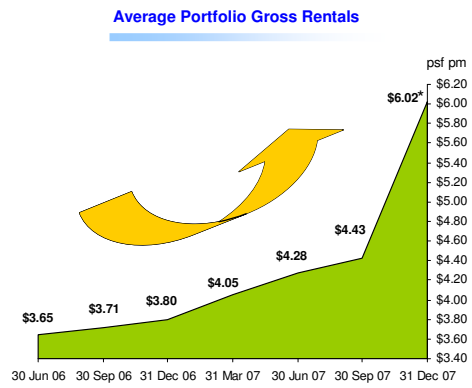


\* Includes one-third (41,359 sm) of One Raffles Quay's total net lettable area

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## Further Appreciation in Portfolio Rents

- Average portfolio gross rent **up 58%** from end-2006
- **Uptrend in rental rates** remains intact



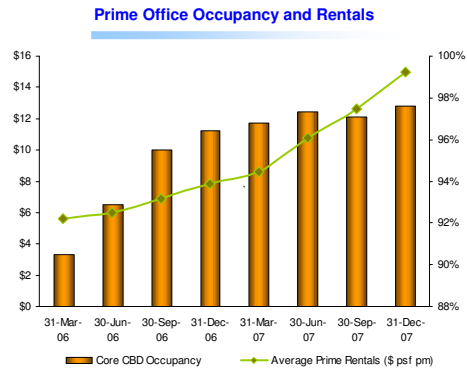
\* Includes income support for one-third interest in ORQPL, the acquisition of which was completed on 10 December 2007

## *Market Outlook & Review*



## Upward Trend in Office Rents

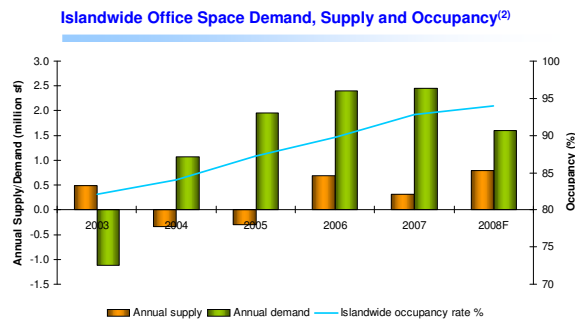
- Singapore economy: 2007 advance GDP growth estimate at **7.5%**
  - Strong growth in financial services and construction sectors
- Government expects economy to grow at healthy **4.5 – 6.5%** in 2008
- Prime office space
  - Near full occupancy
  - Rents @ \$15.00 psf pm at end-Dec 2007, up **92.1%** y-o-y <sup>(1)</sup>



(1) Source : CBRE

## Supply Remains Tight

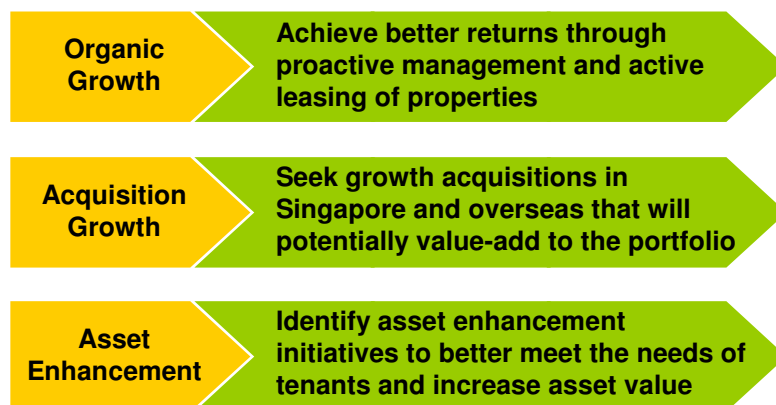
- Healthy office demand expected to continue
  - Office rents forecast to grow by 15 - 20% in 2008<sup>(1)</sup>
- No substantial new supply until Marina Bay Financial Centre, Phase I (>50% space already pre-committed) is completed in 2010



(1) Source : LaSalle Investment Management, 15 December 2007  
 (2) Source : URA, CBRE

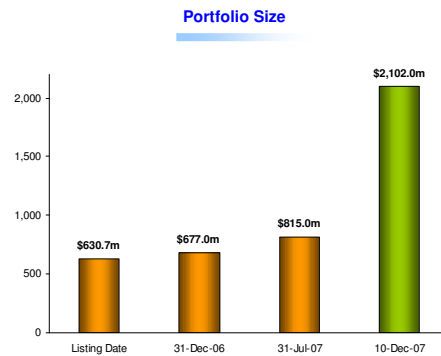
## *Going Forward*

### **Growth Strategy**



## A Pan-Asian Commercial REIT

- **Grow portfolio** by identifying and pursuing quality commercial assets in Singapore and other Asian growth cities
- Ride on different market cycles to allow for **risk diversification** across countries



## *Proposed Rights Issue*

## Proposed Rights Issue of New Units

- To raise up to \$700m
- Issue price to be determined at launch at a discount of up to 20% to then-prevailing trading price
- Net proceeds to be used to repay part of the bridging loan
- Keppel Corporation and Keppel Land undertake to take up their respective provisional allocations of the Rights Units and make excess application for any Rights Units not subscribed for by minority Unitholders
- Notice of Extraordinary General Meeting to be issued after Singapore Exchange's approval in-principle

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# Thank You

**Important Notice**

*The value of units in K-REIT Asia ("Units") and the income from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. 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 the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. The past performance of K-REIT Asia is not necessarily indicative of its future performance. This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of 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.*

## ***Additional Information***

### **Distribution Details**

Distribution Period	1 July 2007 - 31 December 2007
Distribution Rate	<b>4.99 cents per unit</b>
	Taxable: 4.69 cents per unit
	Tax-exempt: 0.30 cent per unit

#### **Distribution Timetable**

Notice of Books Closure Date	23 January 2008
Last Day of Trading on "cum" Basis	28 January 2008, 5.00 pm
Ex-dividend Date	29 January 2008, 9.00 am
Books Closure Date	31 January 2008
Distribution Payment Date	29 February 2008

## Snapshot of K-REIT Asia

<b>Manager</b>	K-REIT Asia Management Limited
<b>Property Portfolio</b>	5 quality commercial office assets valued at \$2.1 bil
<b>Listing and Trading Date</b>	28 Apr 2006 on Singapore Stock Exchange
<b>Market Capitalisation</b>	\$526.5 million (as at 31 Dec 2007) <sup>(1)</sup>
<b>Unit Price</b>	\$2.13 (closing price on 31 Dec 2007)
<b>Total No. of Units</b>	247,183,528 (as at 31 Dec 2007)
<b>Free Float</b>	27.4% (as at 31 Dec 2007) <sup>(2)</sup>

(1) Based on closing price of \$2.13 and 247,183,528 units issued as at 31 Dec 2007  
(2) Excludes total unitholding of about 72.6% held by Keppel Land and Keppel Corporation