

# FINANCIAL RESULTS

1 Jan to 30 Sep 2008

20 Oct 2008



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## Highlights

- ✓ YTD Sep 2008 distributable income ↑ 174% y-o-y
- ✓ Excl 1/3 ORQPL, net property income ↑ 31.3% y-o-y
- ✓ Portfolio with 99.4% committed occupancy
- ✓ Average portfolio gross rental rate ↑ 67.7% y-o-y
- ✓ Low aggregate leverage of 27.6%
- ✓ No refinancing requirements until 2011

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## *Financial Results*

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**YTD Sep 2008 DPU Outperformed Forecast by 13.6%**

(\$'000)	YTD Sep 2008	YTD Sep 2008		YTD Sep 2007	
	Actual	Forecast <sup>(1)</sup>	% Chg	Actual	% Chg
<b>Property Income</b>	38,357	37,198	3.1	29,041	32.1
<b>Net Property Income</b>	27,846	27,376	1.7	21,238	31.1
<b>Distributable Income to Unitholders</b>	40,772	35,899	13.6	14,892	173.8
<b>Distribution Per Unit (cents)</b>	6.28 <sup>(2)</sup>	5.53	13.6	6.14	2.3
<b>Distribution Yield (%)</b>	8.72 <sup>(3)</sup>				

- (1) Derived from the forecast shown in K-REIT Asia's circular dated 9 Apr 2008 for the renounceable rights issue  
 (2) Annualised YTD Sep 2008 distribution per unit: 8.37 cents;  
 Based on weighted average number of units: 11.00 cents  
 (3) Based on K-REIT Asia's unit closing price of \$0.96 as at 30 Sep 2008

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**3Q 2008 DPU Outperformed Forecast by 13%**

(\$'000)	3Q 2008	3Q 2008		3Q 2007	
	Actual	Forecast <sup>(1)</sup>	% Chg	Actual	% Chg
<b>Property Income</b>	13,862	12,940	7.1	10,323	34.3
<b>Net Property Income</b>	9,531	8,803	8.3	7,493	27.2
<b>Distributable Income to Unitholders</b>	15,191	13,409	13.3	5,411	180.7
<b>Distribution Per Unit (cents)</b>	2.34 <sup>(2)</sup>	2.07	13.0	2.23	4.9
<b>Distribution Yield (%)</b>	9.67 <sup>(3)</sup>				

- (1) Derived from the forecast shown in K-REIT Asia's circular dated 9 Apr 2008 for the renounceable rights issue  
 (2) Annualised 3Q 2008 distribution per unit: 9.28 cents;  
 (3) Based on K-REIT Asia's unit closing price of \$0.96 as at 30 Sep 2008

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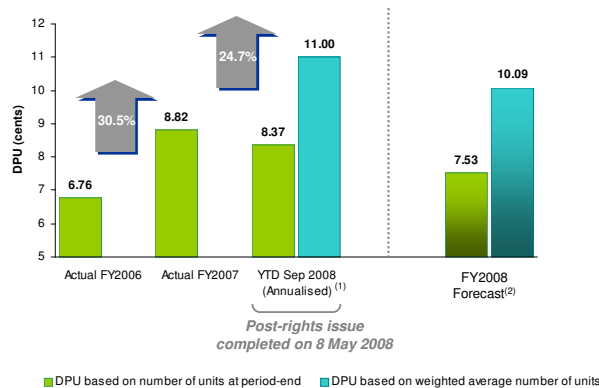
## YTD Sep 2008 Income Contribution Up 186% Y-o-Y

(\$'000)	YTD Sep 2008			3Q 2008			3Q 2007		
	Actual	Actual	% Chg	Actual	Actual	% Chg	Actual	Actual	% Chg
Prudential Tower	5,726	3,656	56.6	2,099	1,206	74.0			
Keppel Towers and GE Tower	13,543	10,309	31.4	4,018	3,801	5.7			
Bugis Junction Towers	8,577	7,273	17.9	3,414	2,486	37.3			
<b>Total Net Property Income</b>	<b>27,846</b>	<b>21,238</b>	<b>31.1</b>	<b>9,531</b>	<b>7,493</b>	<b>27.2</b>			
<i>1/3 Interest in One Raffles Quay Pte Ltd</i>									
Income Support	18,477	-	nm	6,233	-	nm			
Interest Income	6,435	-	nm	1,710	-	nm			
Dividend Income	8,008	-	nm	3,331	-	nm			
<b>Total Income from 1/3 ORQPL</b>	<b>32,920</b>	<b>-</b>	<b>nm</b>	<b>11,274</b>	<b>-</b>	<b>nm</b>			
<b>Total Income Contribution</b>	<b>60,766</b>	<b>21,238</b>	<b>186.1</b>	<b>20,805</b>	<b>7,493</b>	<b>177.7</b>			

Growth in income contribution driven by positive rental reversions, improved occupancies and new contributions from One Raffles Quay

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## Rising DPUs



(1) Based on actual YTD Sep 2008 distribution per unit of 6.28 cents  
 (2) Based on forecast as stated in K-REIT Asia's Circular dated 9 Apr 2008 for the renounceable rights issue

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## Healthy Balance Sheet

- ❖ Aggregate leverage of 27.6% → one of the lowest among Singapore-listed commercial REITs

(\$million)	As at 30 Sep 2008
Non-current Assets	2,034.5
<b>Total Assets</b>	<b>2,069.4</b>
Borrowings <sup>(1)</sup>	576.7
<b>Total Liabilities</b>	<b>604.7</b>
<b>Unitholders' Funds</b>	<b>1,464.7</b>
Net Asset Value Per Unit	\$2.26
Net Asset Value Per Unit (after payment of 3Q 2008 distributable income)	\$2.19

(1) Borrowings are stated net of unamortised upfront debt arrangement expenses.

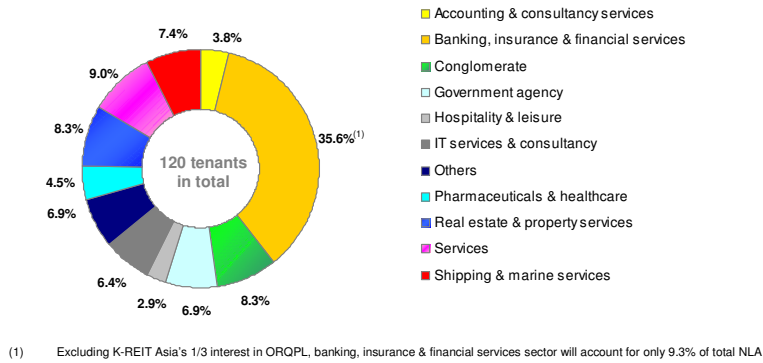
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## Stable Portfolio

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## Broad Tenant Diversity

Tenant Business Sector by Net Lettable Area @ 30 Sep 2008

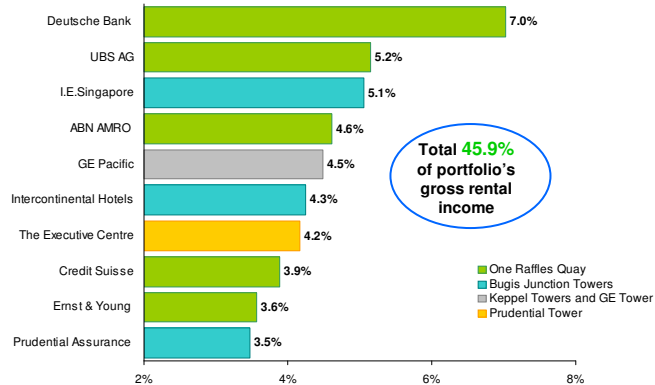


99.4% portfolio committed occupancy as at 30 Sep 2008

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## Blue-chip Tenants on Long Leases

Portfolio's Top 10 Tenants by Monthly Gross Rental Income for Sep 2008

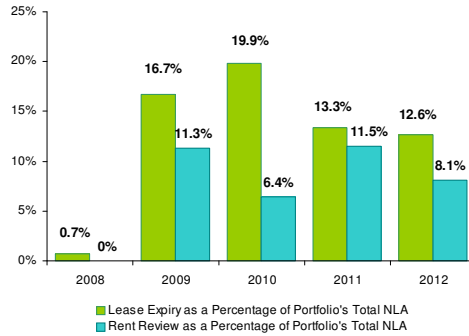


Weighted average lease term of 6 years;  
Mixture of long and short lease terms enhances stability of rental income

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## Portfolio Lease Expiry & Rent Review Profiles

Lease Profile as a Percentage of Net Lettable Area @ 30 Sep 2008

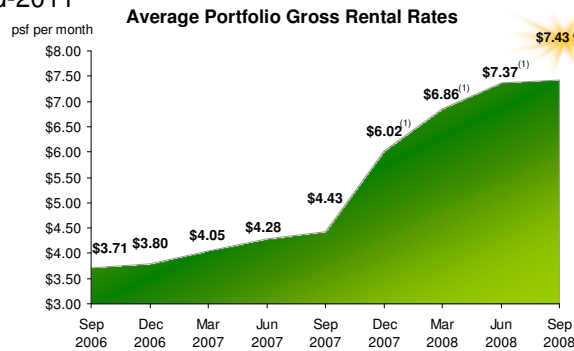


Lease expiries are well dispersed from 2009 – 2012

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## Low Average Portfolio Rent

- ❖ Excluding ORQPL, average portfolio rent of about \$6 psf pm → lower than current market rents
- ❖ ORQPL's rents buffered against downside risks with income support till end-2011



(1) Includes one-third interest in One Raffles Quay Pte Ltd (ORQPL)

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## Portfolio Valuations vs Market Valuations

❖ K-REIT Asia's asset valuations<sup>(1)</sup>

Prudential Tower	About \$2,100 psf
Keppel Towers and GE Tower	About \$1,300 psf
Bugis Junction Towers	About \$1,200 psf
One Raffles Quay	About \$2,200 psf

❖ Market valuations for prime office

- ◆ CBRE: \$2,900 psf and
- ◆ Jones Lang LaSalle: \$2,700 psf in 3Q 2008

(1) Valuations as at 10 Dec 2007 by Knight Frank

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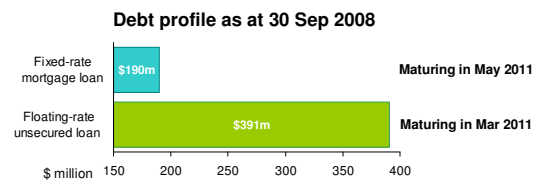
## *Balanced Capital Structure*

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## No Refinancing Concerns until 2011

30 Sep 2008	
Gross Borrowings	\$581.2m
Aggregate Leverage	27.6%
All-in Interest Rate	2.77%
Interest Coverage Ratio <sup>(1)</sup>	1.71 times
Weighted Average Term to Expiry	2.50 years
Corporate Rating (by Moody's)	Baa3



(1) Interest coverage ratio = Year-to-date profit before interest and tax / Interest expense

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## Market Review & Outlook

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## S'pore Continues to be Attractive in Asia

- ❖ Weak macroeconomic sentiment currently
  - ❖ Office supply limited for next 2 years although demand is uncertain
- ❖ Singapore remains a key business destination in longer-term
  - ◆ World's easiest place to do business  
( "Doing Business 2009" ranking by World Bank)
    - Retained top ranking for the 3<sup>rd</sup> consecutive year
    - Ranked 1<sup>st</sup> on ease of international trade and employment of workers
  - ◆ Most competitive economy in Asia and 5th globally  
( "Global Competitiveness Index 2008-2009" ranking by World Economic Forum)
  - ◆ Diversifying beyond a financial hub and establishing multi-hubs in biomedical, pharmaceutical, air transport, telecom, education, etc.

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## Going Forward

- ❖ On track to achieve higher than forecast FY2008 distribution of 7.53<sup>(1)</sup> cents per unit based on number of units at year-end
- ❖ Current economic uncertainties present opportunities for selective asset acquisitions

(1) As shown in the rights issue circular dated 9 Apr 2008

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# Thank You

*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

## 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 billion
<b>Listing Date</b>	28 Apr 2006 on Singapore Stock Exchange
<b>Market Capitalisation</b>	\$494 million as at 17 Oct 2008
<b>Unit Price</b>	\$0.76
<b>Number of Units in Issue</b>	649,452,305
<b>Free Float</b>	24.8% <sup>(1)</sup>
<b>Aggregate Leverage</b>	27.6%

(1) Excludes stakes of about 43.8% held by Keppel Land and 31.4% held by Keppel Corporation

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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
Net Lettable Area (sm)	10,074	40,002	22,991	41,360 <sup>(2)</sup>
Number of Tenants	13	66	9	32
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 (\$2,093 psf)	\$580 million (\$1,347 psf)	\$303 million (\$1,224 psf)	\$992 million <sup>(2)</sup> (\$2,228 psf)
Committed Occupancy @30 Sep 08	96.4%	99.3%	100%	100%

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

(2) Net lettable area of 41,359 sm represents one-third of One Raffles Quay's total net lettable area and valuation of \$992 million is for one-third interest in One Raffles Quay

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

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