

K-REITasia



1H 2009 FINANCIAL RESULTS

20 Jul 2009

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Highlights

- ✓ 1H 2009 distributable income  29.6% y-o-y
- ✓ Net property income  26.3% y-o-y
- ✓ Portfolio with 94.9% committed occupancy
- ✓ Average portfolio gross rental rate in Jun 2009  10.3% y-o-y
- ✓ Aggregate leverage maintained at 27.6%
- ✓ Debt maturity only in 2011

Operations Review

1H 2009 Distributable Income Up 29.6%

(\$'000)	1H 2009	1H 2008	Change	% Chg
Property Income	30,142	24,495	5,647	23.1
Net Property Income	23,136	18,315	4,821	26.3
Distributable Income to Unitholders	33,154	25,581	7,573	29.6
Distribution Per Unit (cents)	5.00	3.94	1.06	26.9
Distribution Yield (%)	10.3 ⁽¹⁾	5.7 ⁽²⁾	4.6	80.7

(1) Based on K-REIT Asia's closing unit price of \$0.975 as at 30 Jun 2009

(2) Based on K-REIT Asia's closing unit price of \$1.39 as at 30 Jun 2008

2Q 2009 Distributable Income Up 23.4%

(\$'000)	2Q 2009	2Q 2008	Change	% Chg
Property Income	15,357	12,989	2,368	18.2
Net Property Income	12,316	9,174	3,142	34.2
Distributable Income to Unitholders	17,496	14,176	3,320	23.4
Distribution Per Unit (cents)	2.64	2.18	0.46	21.1
Distribution Yield (%)	10.9 ⁽¹⁾	6.3 ⁽²⁾	4.6	73.0

(1) Based on K-REIT Asia's closing unit price of \$0.975 as at 30 Jun 2009

(2) Based on K-REIT Asia's closing unit price of \$1.39 as at 30 Jun 2008

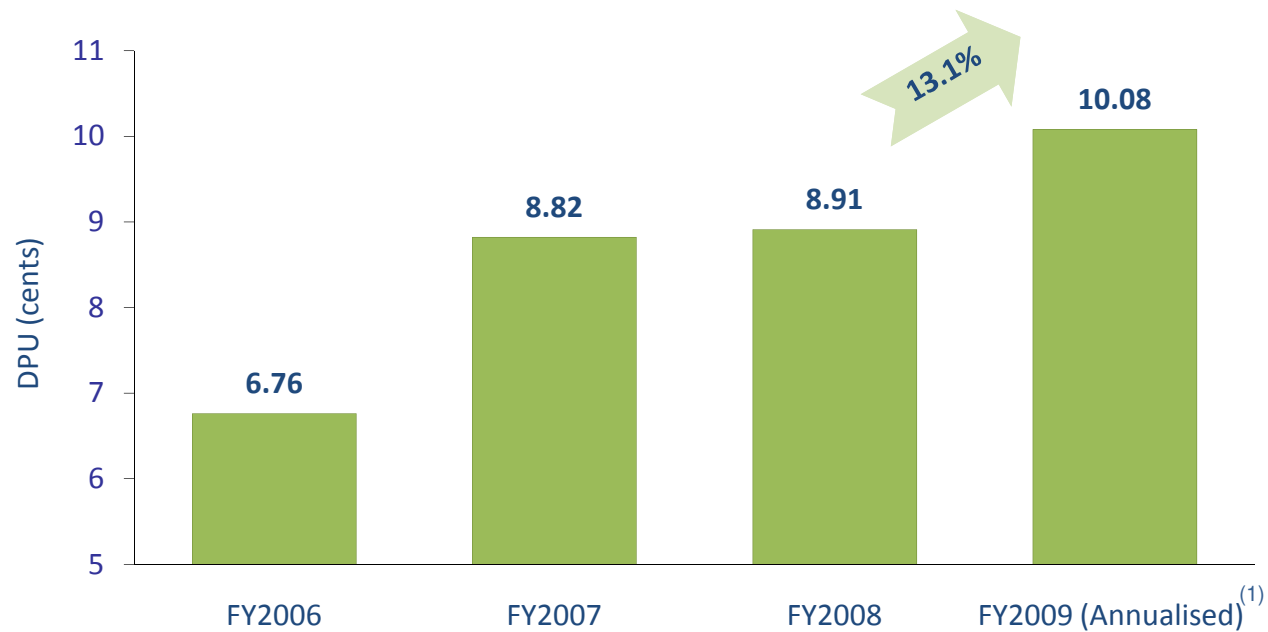
Quarter-on-Quarter Performance

(\$'000)	2Q 2009	1Q 2009	Change	% Chg
Property Income	15,357	14,785	572	3.9
Net Property Income	12,316	10,820	1,496	13.8
Distributable Income to Unitholders	17,496	15,658	1,838	11.7
Distribution Per Unit (cents)	2.64	2.38	0.26	10.9
Distribution Yield (%)	10.9 ⁽¹⁾	16.2 ⁽²⁾	(5.3)	(32.7)

(1) Based on K-REIT Asia's closing unit price of \$0.975 as at 30 Jun 2009

(2) Based on K-REIT Asia's closing unit price of \$0.595 as at 31 Mar 2009

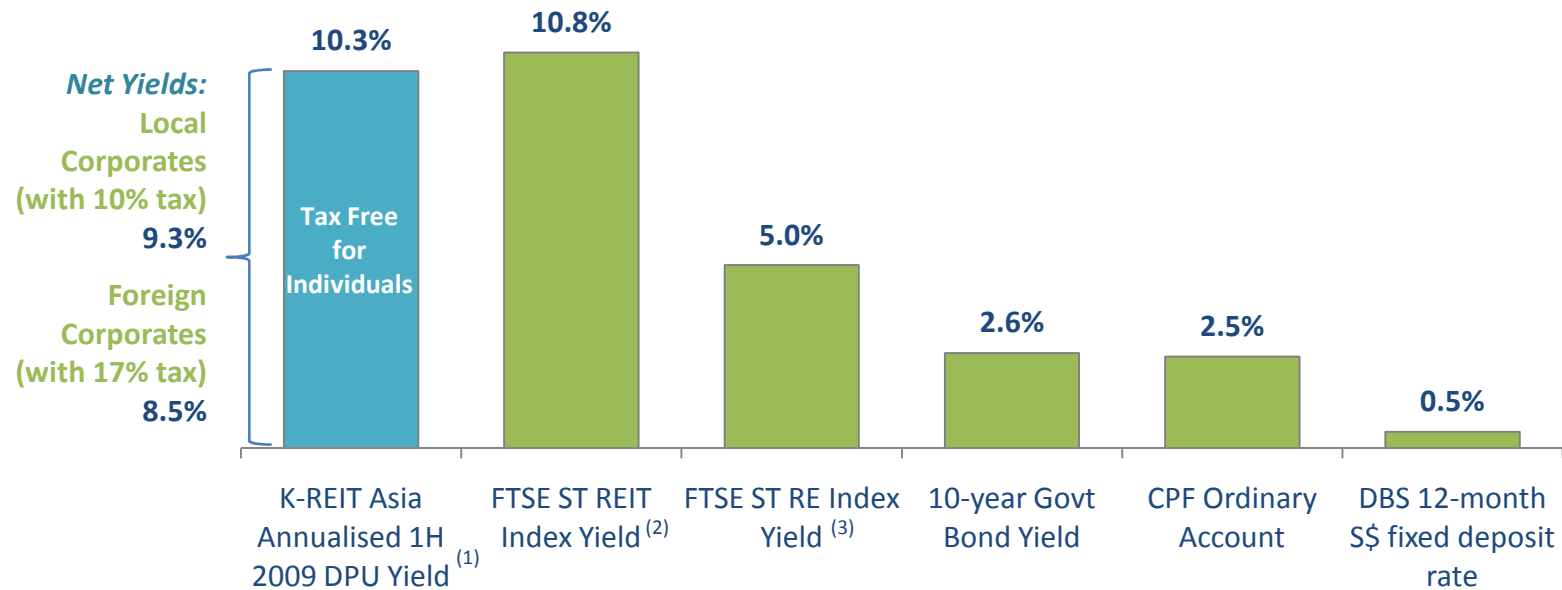
Rising DPUs



(1) Based on annualised DPU for 1H 2009; distribution for 1H 2009 was 5.00 cents per unit

Attractive Distribution Yield

As at 30 Jun 2009



- (1) Based on annualised 1H 2009 distribution per unit of 10.08 cents and unit price of \$0.975 on 30 Jun 2009
- (2) Based on 12-month gross dividend yield of stocks in the FTSE ST Real Estate Investment Trust Index as at 30 Jun 2009
- (3) Based on 12-month gross dividend yield of stocks in the FTSE ST Real Estate Index as at 30 Jun 2009

Healthy Balance Sheet

❖ Aggregate leverage maintained at 27.6%

(\$ million)	As at 30 Jun 2009
Non-current Assets	2,021.4
Total Assets	2,080.1
Borrowings	578.0
Total Liabilities	608.8
Unitholders' Funds	1,471.3
Net Asset Value Per Unit	\$2.22
Adjusted Net Asset Value Per Unit ⁽²⁾	\$2.17

(1) Source: UOBKayHian Research, 11 May 2009

(2) Excluding distributable income for 1H 2009

Recent Awards

One Raffles Quay

- BCA Green Mark Gold Award

Singapore Corporate Awards 2009

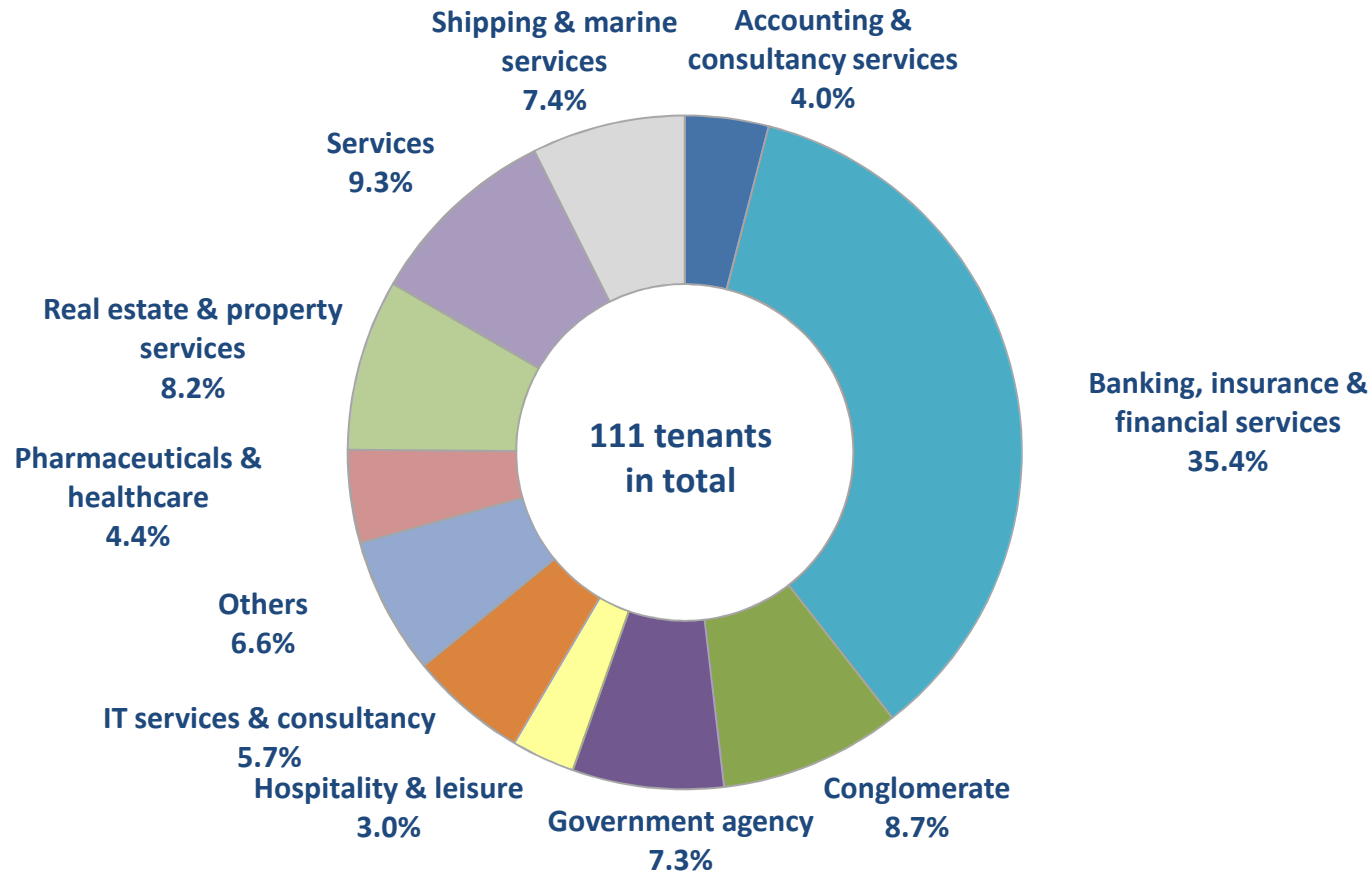
- Best Annual Report Award (Silver) "Reits" category
- Best Investor Relations Award (Silver) "\$300m to less than \$1b market capitalisation" category



Portfolio Analysis

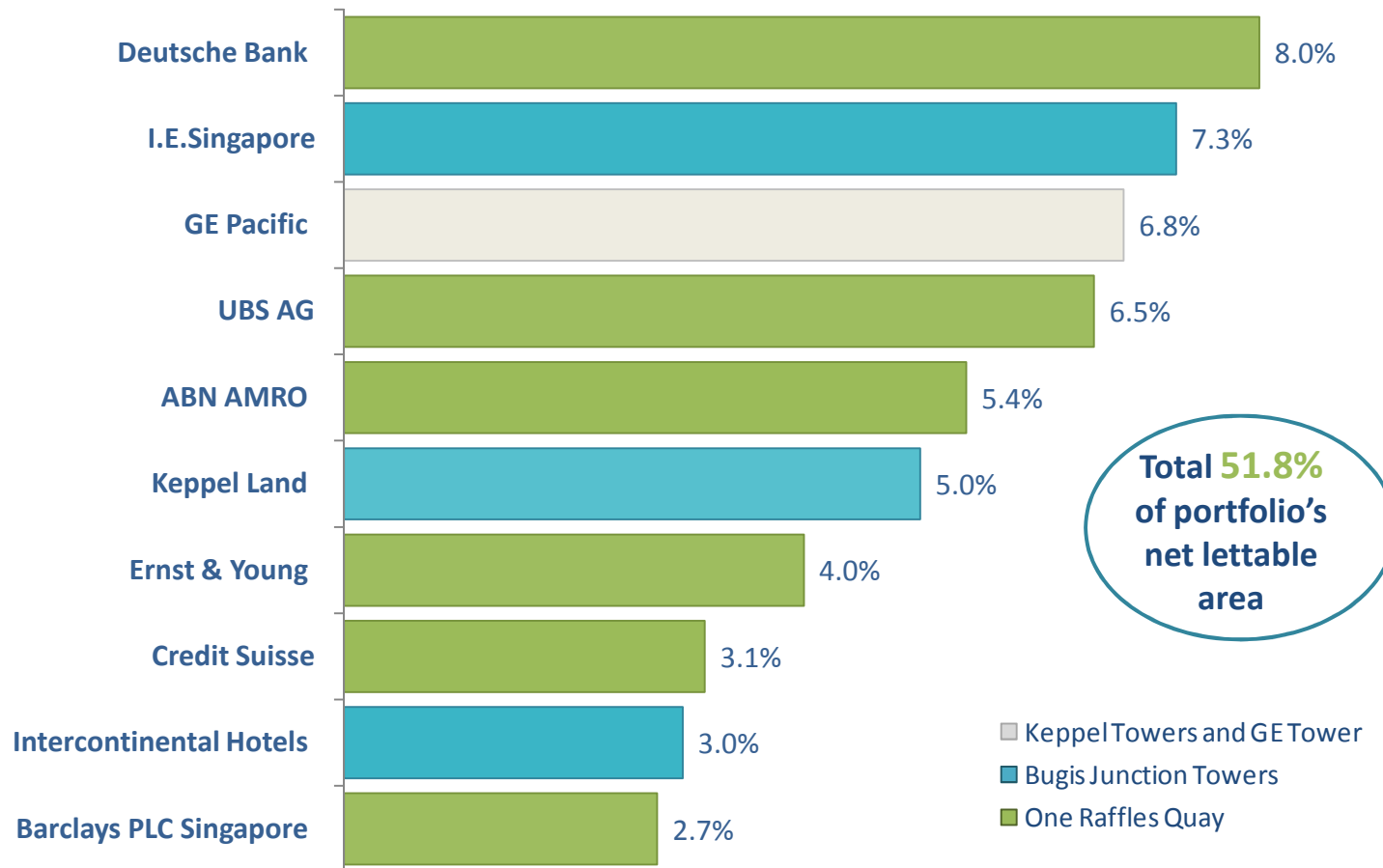
Broad Tenant Diversity

Tenant Business Sector by Net Lettable Area as at 30 Jun 2009



Blue-chip Tenants

Portfolio's Top 10 Tenants by Net Lettable Area as at 30 Jun 2009



Occupancy Rate

- ❖ 94.9% committed occupancy of portfolio as at 30 Jun 2009 higher than core CBD occupancy of 91.5% ⁽¹⁾

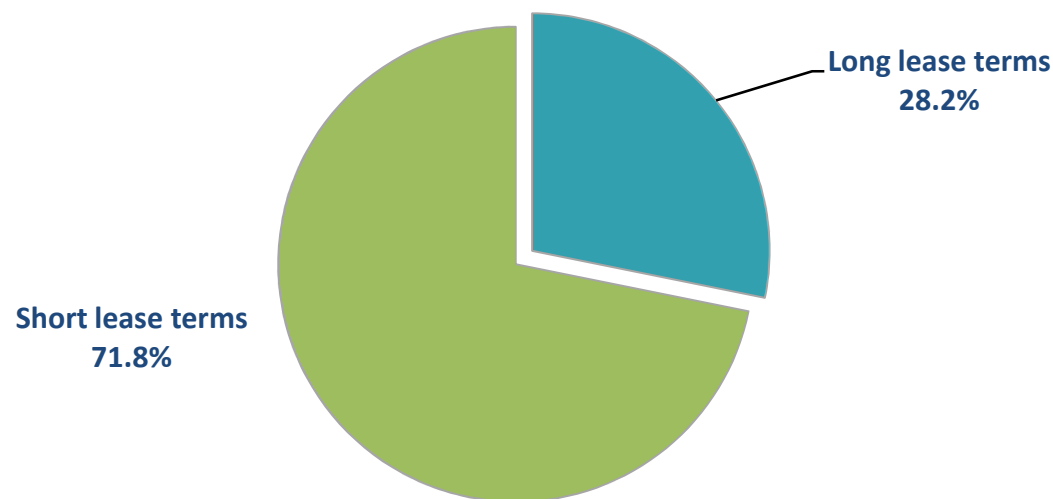
K-REIT Asia's Assets	As at 30 Jun 2009	As at 31 Dec 2008	Change in Vacancy
Prudential Tower	87.7%	92.3%	5,016 sf
Keppel Towers and GE Tower	93.3%	99.2%	25,804 sf
Bugis Junction Towers	91.5%	100%	20,968 sf
One Raffles Quay (1/3 stake)	100%	100%	-
Portfolio	94.9%	99%	51,788 sf

(1) Source: CBRE

Long Lease Terms Provide Stable Income

- ❖ Weighted average lease term to expiry for
 - Portfolio: 5.4 years
 - Top 10 tenants who account for 51.8% of portfolio's NLA: 7.1 years
- ❖ 28.2% of portfolio's NLA accounted by long lease terms⁽¹⁾

% of Portfolio's Net Lettable Area (NLA) Accounted by Long Lease Terms

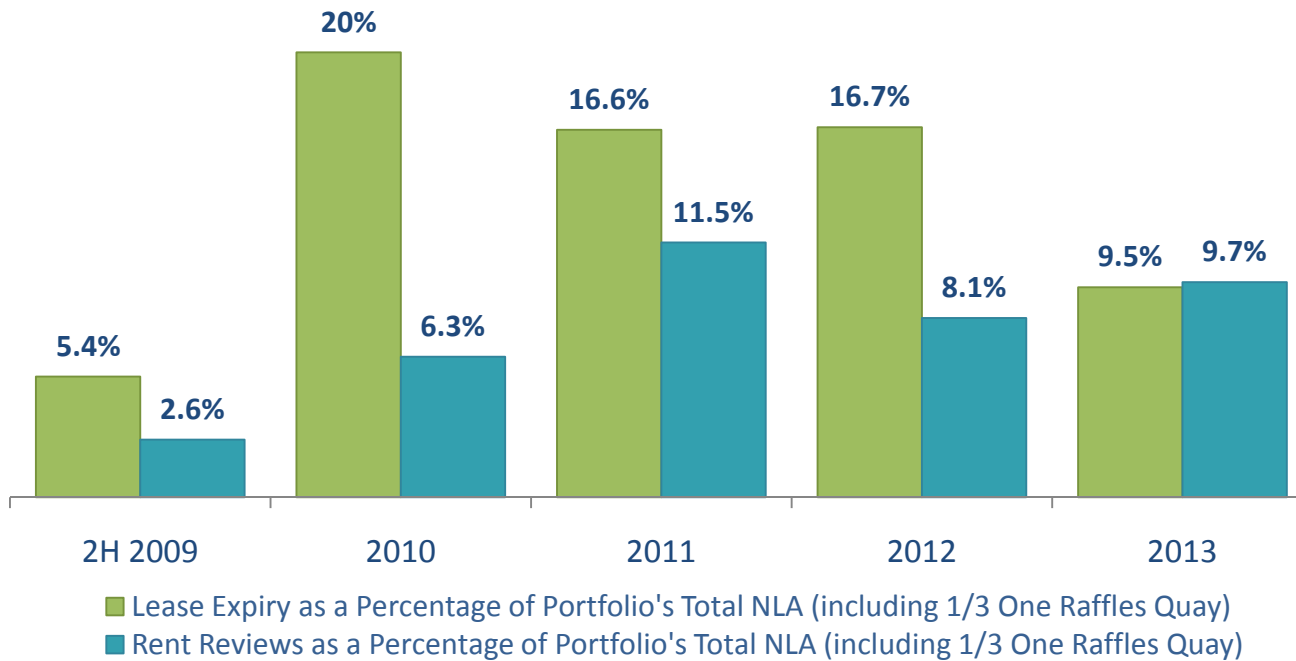


(1) Long lease terms are those with lease term to expiry of at least 5 years

Portfolio Lease Profile

- ❖ Gross rental income based on committed leases for FY2009 already exceeds FY2008's total gross rental income

Lease Profile as a % of Net Lettable Area as at 30 Jun 2009



2009 Lease Profile by Asset

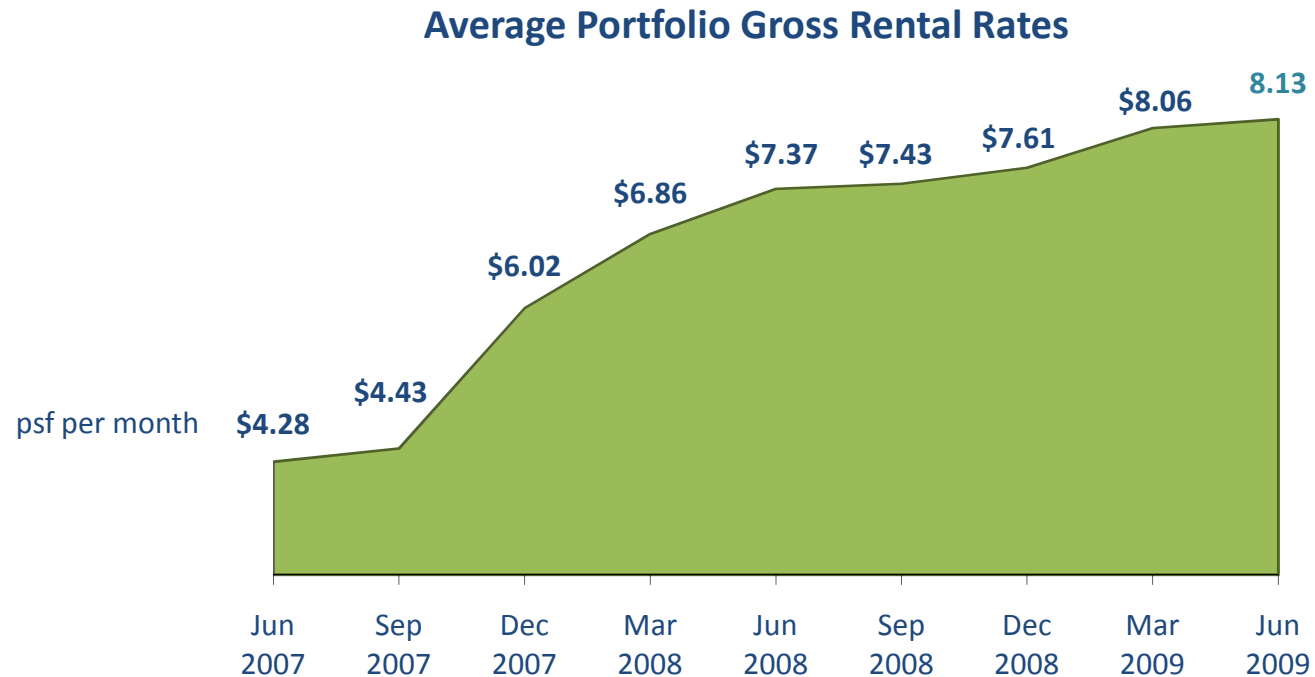
❖ Only 5.4% of portfolio's NLA up for lease expiry in 2H 2009

As at 30 Jun 2009	Net Lettable Area (NLA)			
	Leases <i>Expiring</i> in Jul-Dec 09 (sf)	% of Portfolio's NLA	Leases Subject to <i>Rent Review</i> in Jul-Dec 09 (sf)	% of Portfolio's NLA
PT	18,762	1.5%	-	-
KTGE	44,371	3.6%	-	-
BJT	-	-	-	-
ORQ (1/3 stake)	3,731	0.3%	31,915	2.6%
Total	66,864	5.4%	31,915	2.6%

(1) PT: Prudential Tower; KTGE: Keppel Towers and GE Tower; BJT: Bugis Junction Towers; ORQ: One Raffles Quay

Improved Average Portfolio Rent

- ❖ Average portfolio rent in Jun 2009: \$8.13 psf pm⁽¹⁾
 - \$7.11 psf pm, excluding 1/3 ORQ



(1) Includes income support from one-third interest in One Raffles Quay (ORQ), with effect from Dec 2007

Capital Management

Prudent Financial Management

- ❖ Aggregate leverage will exceed 60% limit only if average portfolio valuation falls by more than 54%

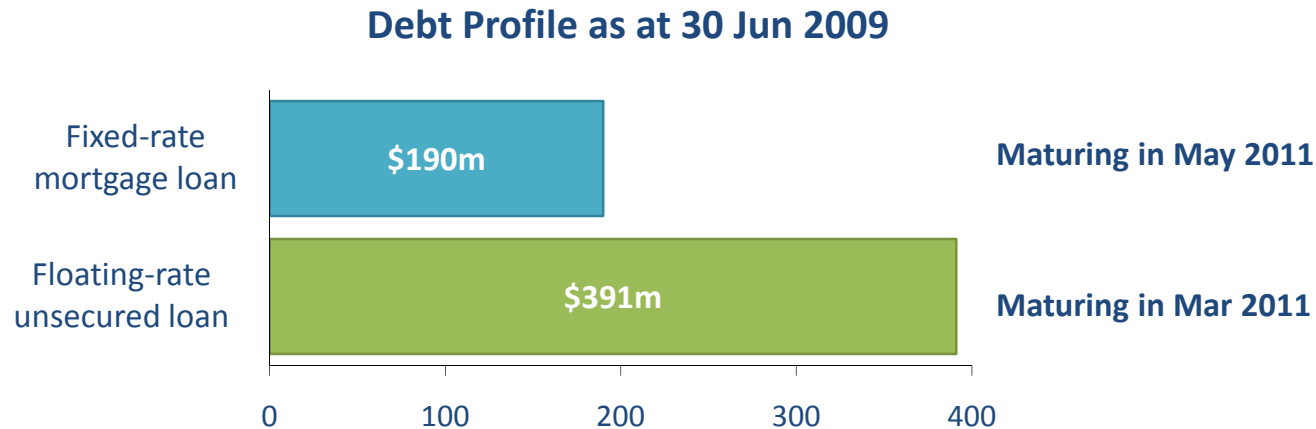
	As at 30 Jun 2009
Gross Borrowings ⁽¹⁾	\$581.1m
Aggregate Leverage	27.6%
All-in Interest Rate	4.26%
Interest Coverage Ratio ⁽²⁾	3.18 times
Weighted Average Term to Expiry	1.8 years
Corporate Rating (by Moody's)	Baa3

(1) Includes unamortised portion of fees of \$3.0 million

(2) Interest coverage ratio = Ratio of year-to-date earnings before interest, tax, depreciation and amortisation to interest expense

Debt Maturity Only In 2011

- ❖ About 2/3 of total debt is unsecured
- ❖ \$1 billion medium-term note programme in place



Market Review and Outlook

Market Sentiments Improve

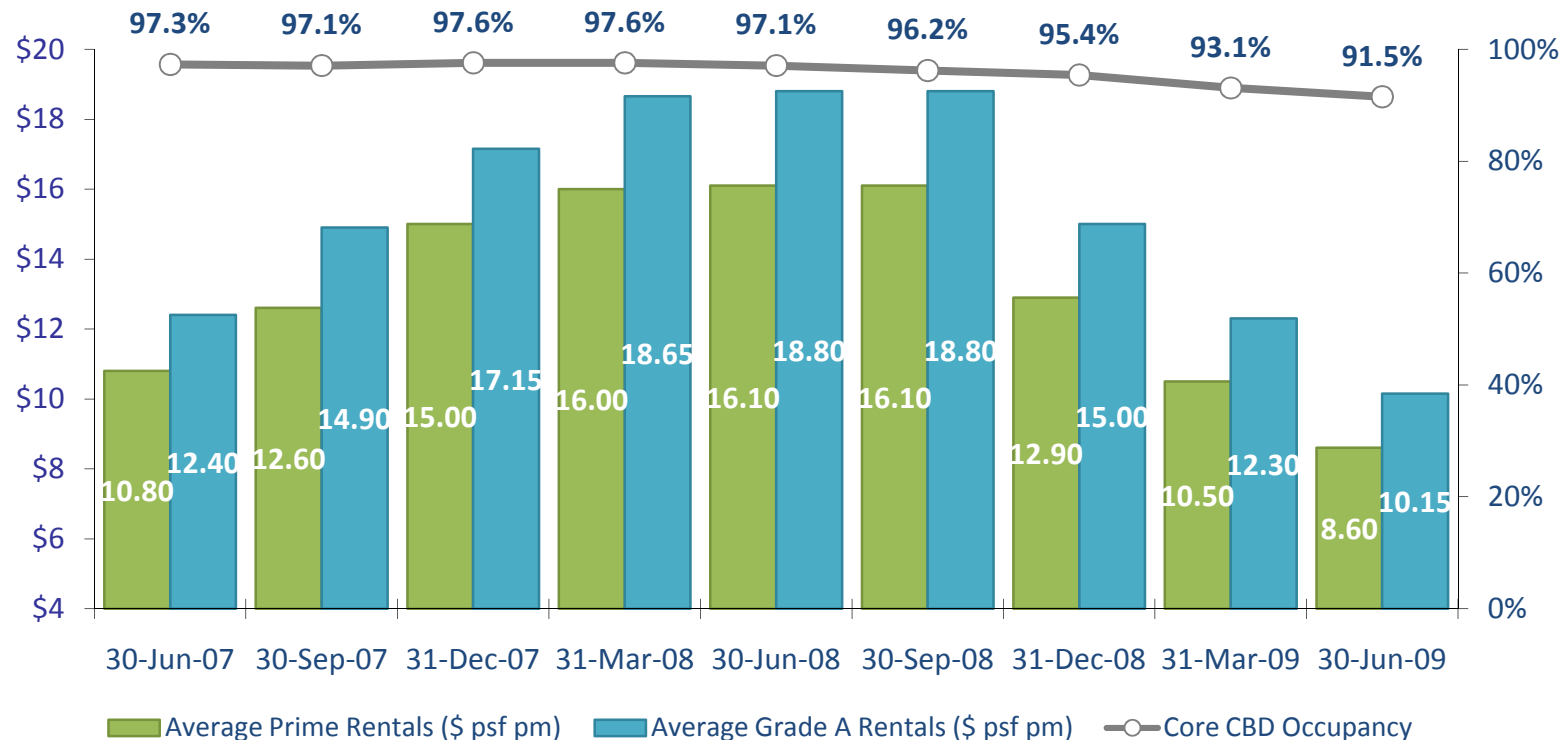
- ❖ Uncertainty in global economic outlook
 - Singapore office demand likely to be subdued in 2009
- ❖ Some positive signs of bottoming
 - Collective efforts by worldwide governments prevent downturn from worsening
 - Singapore government revises 2009 GDP forecast upwards to between -6% and -4%
 - Investment sales and leasing activities starting to pick up slowly
- ❖ Delays in construction of office projects have reduced supply
 - New office supply, 2Q 2009-2012, lowered to 5.9 mil sf⁽¹⁾ (or 1.6 mil sf pa)

(1) Excluding pre-committed space of about 2.4 million sf as estimated by CBRE

Moderation in Rents Eases in 2Q

❖ Companies driven to relocate outside CBD may return

Singapore Office Market Occupancy and Rentals⁽¹⁾



(1) Source: CBRE

Singapore: Key Business Destination in Longer Term

❖ Singapore:

- Remains a key investment market in Asia
 - 4th in Forbes magazine's 2009 ranking of the best countries to do business
- Diversifying beyond a financial hub and establishing multi-hubs in various industry sectors
- In the medium term: Positive spin-offs for office sector with transformation of Singapore into a global city and the completion of the two integrated resorts

Competitive Occupancy Costs in Singapore

❖ CBRE survey:

- Singapore ranked #15
 - Below Tokyo, Hong Kong, Mumbai and New Delhi
 - Compared to #9 a year ago

CBRE's Global 50 Index for Office Occupancy Costs, May 2009

Rank	Market	US\$/sq ft per year	Rank	Market	US\$/sq ft per year
1	Tokyo (Inner Central), Japan	183.62	9	London (City), England	103.50
2	London (West End), England	172.62	10	Dublin, Ireland	93.56
3	Moscow, Russia	170.24	11	Abu Dhabi, United Arab Emirates	91.21
4	Hong Kong (Central CBD)	150.42	12	New Delhi, India	86.94
5	Tokyo (Outer Central), Japan	149.58	13	Paris La Defense, France	86.04
6	Mumbai, India	131.04	14	Hong Kong (Citywide)	84.47
7	Dubai, United Arab Emirates	122.52	15	Singapore	82.79
8	Paris, France	114.89			

Going Forward

Meeting Challenges Ahead

- ❖ Priority on tenant retention and proactive asset management
- ❖ Opportunities for selective asset acquisitions

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

Distribution Details

Distribution to Unitholders

Distribution Period	1 Jan 2009 – 30 Jun 2009
Distribution Rate	4.99 cents per unit
	- Taxable: 3.83 cents per unit
	- Tax-exempt: 1.16 cents per unit

Timetable

Last Day of Trading on "cum" Basis	24 Jul 2009, 5.00 pm
Ex-dividend Date	27 Jul 2009, 9.00 am
Books Closure Date	29 Jul 2009
Distribution Payment Date	27 Aug 2009

K-REIT Asia's Annual Distribution Yield

❖ 3 DPU payouts for FY2008

- Due to rights issue exercise concluded on 8 May 2008

Period (<i>Pre-Rights Issue</i>)	DPU (cents)	Ex-Dividend Date	Payment Date
1 Jan 2008 – 7 May 2008 (~4 mths)	6.58	5 May 2008	18 Jun 2008
Period (<i>Post-Rights Issue</i>)	DPU (cents)	Ex-Dividend Date	Payment Date
8 May 2008 – 30 Jun 2008 (~2 mths)	1.39	1 Aug 2008	28 Aug 2008
1 Jul 2008 – 31 Dec 2008 (6 mths)	5.07	23 Jan 2009	23 Feb 2009
8 May 2008 – 31 Dec 2008	6.46		
TOTAL (1 Jan 2008 – 31 Dec 2008)	13.04	→ 13.37% yield⁽¹⁾	

(1) Based on K-REIT Asia's closing unit price of \$0.975 as at 30 Jun 2009

Snapshot of K-REIT Asia

Manager	K-REIT Asia Management Limited
Property Portfolio	5 commercial office assets valued at \$2.1 billion
Listing Date	28 Apr 2006 on Singapore Stock Exchange
Market Capitalisation	\$683 million as at 17 Jul 2009
Unit Price	\$1.030
Number of Units in Issue	663,283,153
Free Float	24.3% ⁽¹⁾
Aggregate Leverage	27.6%

(1) Excludes stakes of about 45% held by Keppel Land and 30.7% held by Keppel Corporation

Asset Portfolio

Property within/ near Singapore CBD	Prudential Tower ⁽¹⁾	Keppel Towers and GE Tower	Bugis Junction Towers	One Raffles Quay
Net Lettable Area (sm)	10,074	39,963	22,991	41,360 ⁽²⁾
Number of Tenants	10	61	8	32
Principal Tenants	McGraw-Hill Companies The Executive Centre KBC Bank N.V.	GE Pacific Seadrill Management Singapore Business Federation	IE Singapore Keppel Land Intercontinental Hotels Group	Deutsche Bank UBS ABN Amro
Tenure	99 years expiring 14 Jan 2095	Estate in fee simple	99 years expiring 9 Sep 2089	99 years expiring 12 Jun 2100
Valuation⁽³⁾	\$224 million (\$2,066 psf)	\$580 million (\$1,347 psf)	\$313 million (\$1,265 psf)	\$985 million ⁽²⁾ (\$2,213 psf)
Committed Occupancy @ 30 June 2009	87.7%	93.3%	91.5%	100%

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

(2) Net lettable area of 41,360 sm represents one-third of One Raffles Quay's total net lettable area and valuation of \$985 million is for one-third interest in One Raffles Quay

(3) Valuation as at 31 Dec 2008 by Knight Frank

Asset Portfolio

Prudential Tower



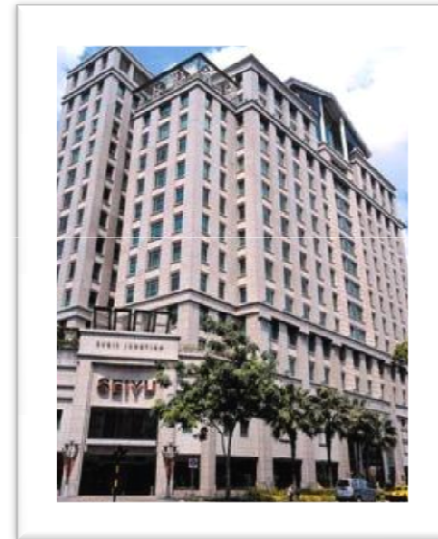
Keppel Towers



GE Tower



Bugis Junction Towers



One Raffles Quay North Tower



One Raffles Quay South Tower

