

K-REITasia



FIRST QUARTER 2010 FINANCIAL RESULTS

19 April 2010




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Highlights

- ✓ Net property income  28.4% y-o-y
 - 1Q2010 distributable income up by 13.8% y-o-y
- ✓ 96% Portfolio committed occupancy
 - Singapore portfolio average rent⁽¹⁾  1.7% q-o-q
- ✓ Aggregate leverage reduced to 25.2%⁽²⁾
 - No refinancing due until March 2011
- ✓ First overseas acquisition of 275 George Street in Brisbane
 - Total property income  7.0%⁽³⁾ q-o-q

**Stronger
Earnings**

**Better
Performance**

**Increased
Funding
Capacity**

**Successful
Acquisition**

(1) The average rental of K-REIT Asia's portfolio of properties in Singapore, excluding 275 George Street in Brisbane, Australia.

(2) The aggregate leverage level will reduce to 15.2% in April 2010 when \$230m of the balance rights issue proceeds is used to partially repay the revolving term loan.

(3) The property income contribution of the 50.0% stake in 275 George Street was for a one-month period from 1 March 2010 to 31 March 2010.

Operations Review

1Q2010 Net Property Income 28.4% Y-o-Y

	1Q 2010	1Q 2009	Change	
Property Income	\$18.2m	\$14.8m	\$3.4m	23.2%
Net Property Income	\$13.9m	\$10.8m	\$3.1m	28.4%
Distributable Income to Unitholders	\$17.8m	\$15.7m	\$2.1m	13.8%
Distribution Per Unit ("DPU")				
- For the period	1.33cts	1.18cts ⁽¹⁾	0.15cts	12.7%
- Annualised	5.39cts	4.79cts ⁽¹⁾	0.60cts	12.5%
Distribution Yield	4.9% ⁽²⁾	8.1% ⁽²⁾	-3.2% ⁽³⁾	-39.5%

(1) Restated taking into account the effect of the 1-for-1 rights issue and computed based on the issued units at the end of each period aggregated with 666,703,965 rights units issued on 22 November 2009.

(2) Based on K-REIT Asia's market closing price per unit of \$1.10 as at 31 March 2010 and \$0.595 as at 31 March 2009.

(3) Lower DPU yield due the improvement of closing unit price from \$0.595 as at 31 March 2009 to \$1.10 as at 31 March 2010.

1Q2010 Net Property Income 3.3% Q-o-Q

	1Q 2010	4Q 2009	Change	
Property Income	\$18.2m	\$17.0m	\$1.2m	7.0%
Net Property Income	\$13.9m	\$13.4m	\$0.5m	3.3%
Distributable Income to Unitholders	\$17.8m	\$19.4m	-\$1.6m	-8.2% ⁽¹⁾
Distribution Per Unit (“DPU”)				
- For the period	1.33cts	1.45cts	-0.12cts	-8.3% ⁽¹⁾
- Annualised	5.39cts	5.75cts	-0.36cts	-6.3%
Distribution Yield	4.9% ⁽²⁾	5.2% ⁽³⁾	-0.3%	-5.8%

(1) Decline in distributable income and DPU due mainly to the Manager electing to receive 50% (2009: 100%) of the management fees in the form of units and the balance in cash.

(2) Based on K-REIT Asia’s market closing price per unit of \$1.10 as at 31 March 2010.

(3) Based on K-REIT Asia’s market closing price per unit of \$1.10 as at 31 December 2009.

Healthy Balance Sheet

- ❖ Portfolio asset size rose 10.0% after acquisition of 50.0% interest in 275 George Street, Brisbane, Australia

	As at 31 March 2010	As at 31 December 2009
Non-current Assets	\$2,267.1m	\$2,044.6m
Total Assets	\$2,619.7m	\$2,631.6m
Borrowings	\$581.8m	\$581.8m
Total Liabilities	\$637.2m	\$629.0m
Unitholders' Funds	\$1,982.5 m	\$2,002.7m
Net Asset Value (NAV) Per Unit	\$1.48	\$1.50
Adjusted NAV Per Unit ⁽¹⁾	\$1.47	\$1.47

(1) Excluding balance distributable income.

Portfolio Analysis

First Overseas Acquisition

- ❖ Portfolio NLA increased 17.3% q-o-q
- ❖ Portfolio asset size increased 10.0% q-o-q

First overseas acquisition

- ✓ Acquired 275 George Street in Brisbane, Australia for S\$209.4m
- ✓ Newly completed 30-storey freehold Grade A office property
- ✓ 99.4% occupied by long leases embedded with fixed annual rental escalations
- ✓ Tenanted to Telstra Corporate and Queensland Gas Company

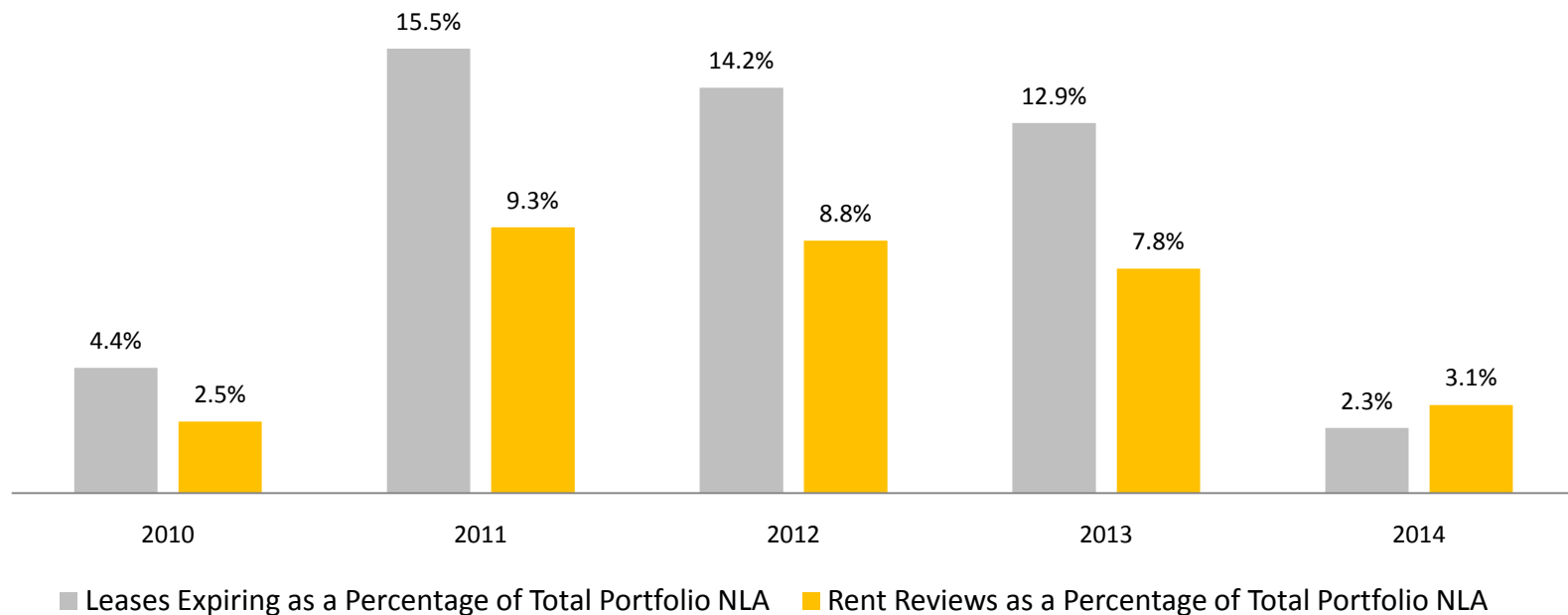
Purpose of acquisition

- ✓ Acquisition is DPU accretive and complements K-REIT Asia's portfolio of quality office buildings
- ✓ Diversifies geographical risk, income stream and tenant base
- ✓ Improves portfolio lease expiry profile

Portfolio Lease Profile

- ❖ Majority of renewals and rent reviews due in 2010 completed
- ❖ Lease expiries and rent reviews well staggered from 2010-2013

Portfolio⁽¹⁾ Lease Profile (by NLA) as at 31 March 2010

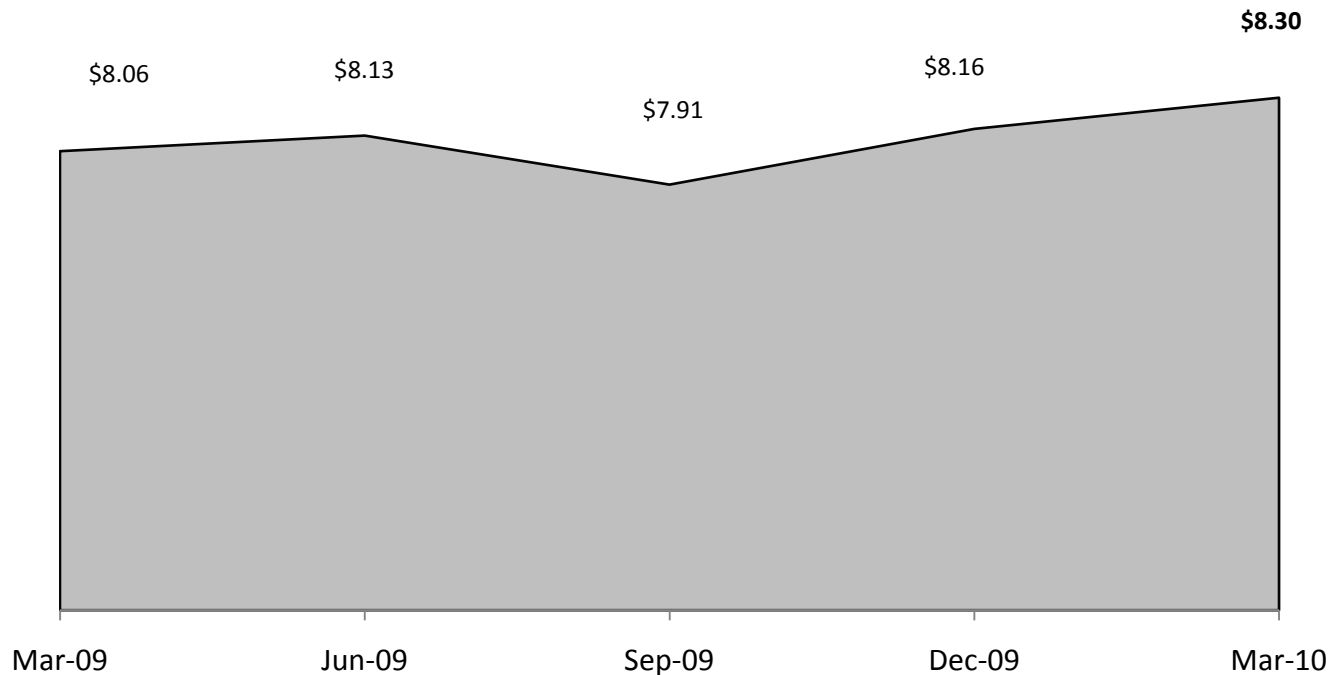


(1) Includes 33.3% stake in One Raffles Quay and 50.0% stake in 275 George Street.

Singapore Portfolio Average Rent

- ❖ Singapore portfolio average monthly rent in March 2010: \$8.30 psf

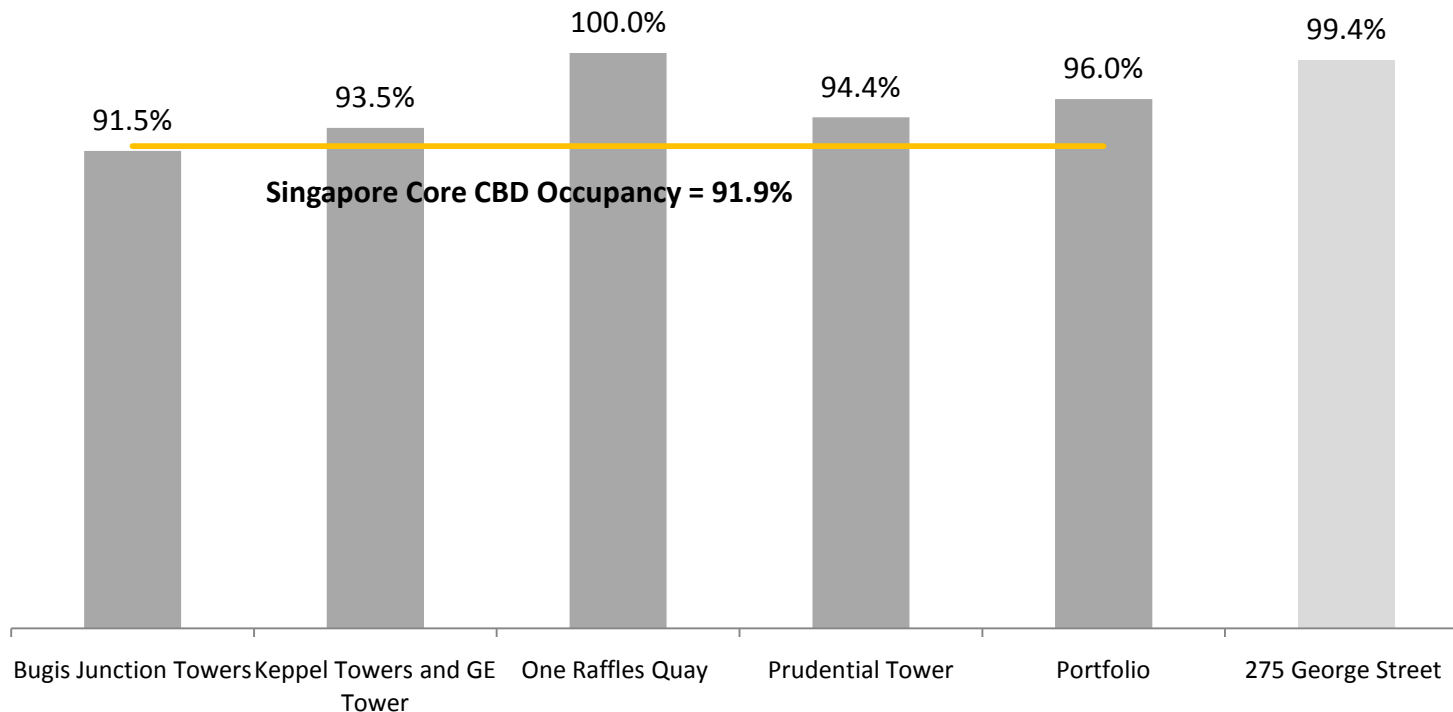
Singapore Portfolio Average Monthly Rent⁽¹⁾



(1) The average rental of K-REIT Asia's portfolio of properties in Singapore, excluding 275 George Street in Brisbane, Australia.

Portfolio Occupancy Rate vs Market

- ❖ Portfolio occupancy increased 1.0% q-o-q to 96.0% as at 31 March 2010
- ❖ Singapore portfolio occupancy of 95.5%⁽¹⁾ is higher than core CBD of 91.9%⁽¹⁾



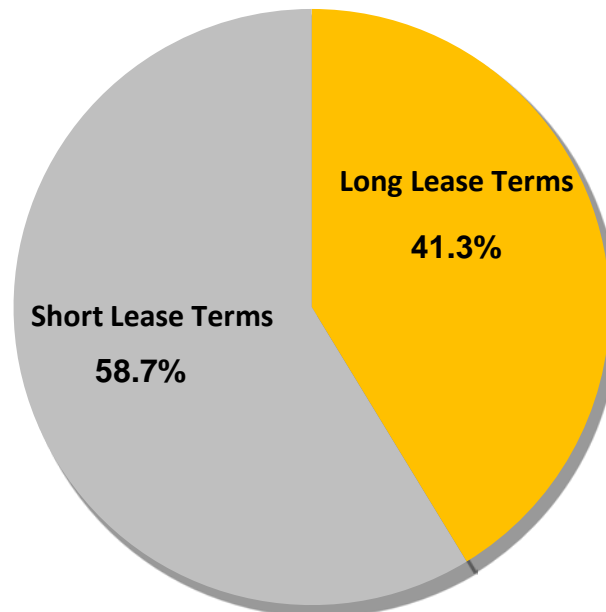
(1) Singapore portfolio occupancy excludes 275 George Street in Brisbane, Australia

(2) Source: CBRE

Long Lease Terms Provide Income Stability

- ❖ Weighted average lease term to expiry for
 - Portfolio: 5.9 years
 - Top 10 tenants who account for 52.5% of portfolio's NLA: 7.6 years
- ❖ Long lease terms⁽¹⁾ account for 41.3% of portfolio's NLA

% Portfolio with Long Lease Terms by Net Lettable Area (NLA)

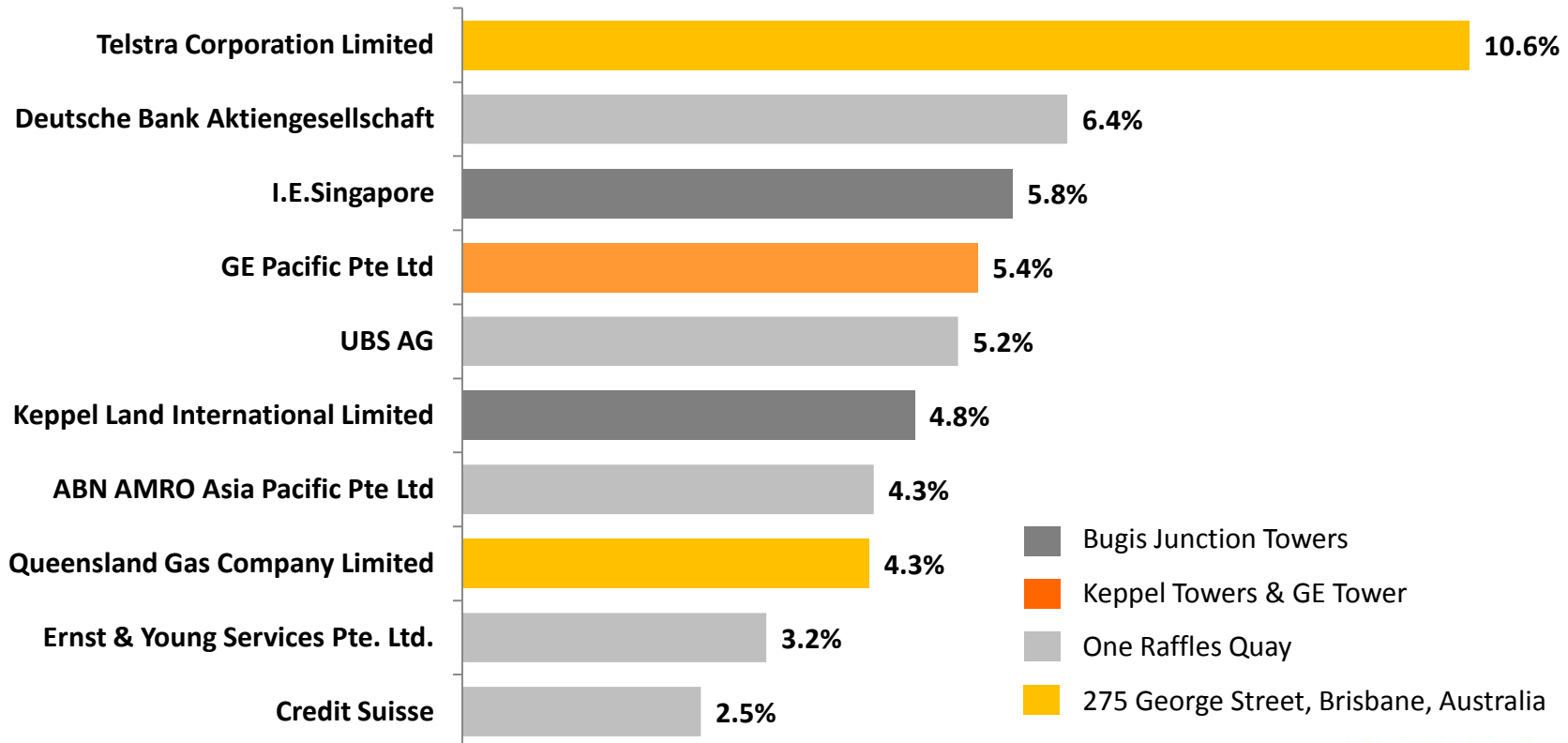


(1) Long lease terms are those with lease terms to expiry of at least 5 years

Blue-chip Tenants

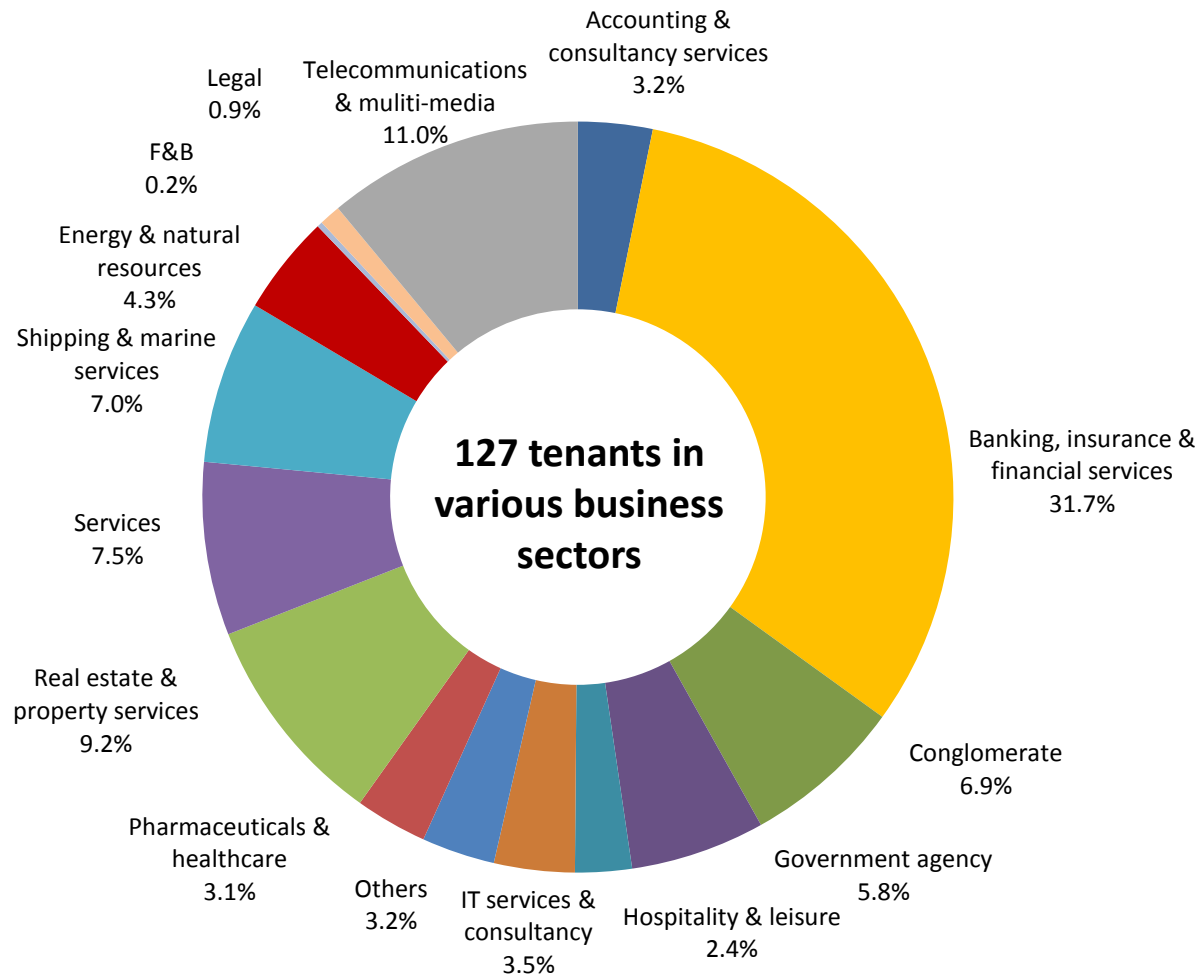
❖ Top 10 tenants comprise 52.5% of portfolio's net lettable area

Portfolio's Top 10 Tenants by Net Lettable Area as at 31 March 2010



Diverse Tenant Mix

Tenant Business Sector by Net Lettable Area as at 31 March 2010



Capital Management

Healthy Financial Position

❖ 25.2% aggregate leverage as at 31 March 2010

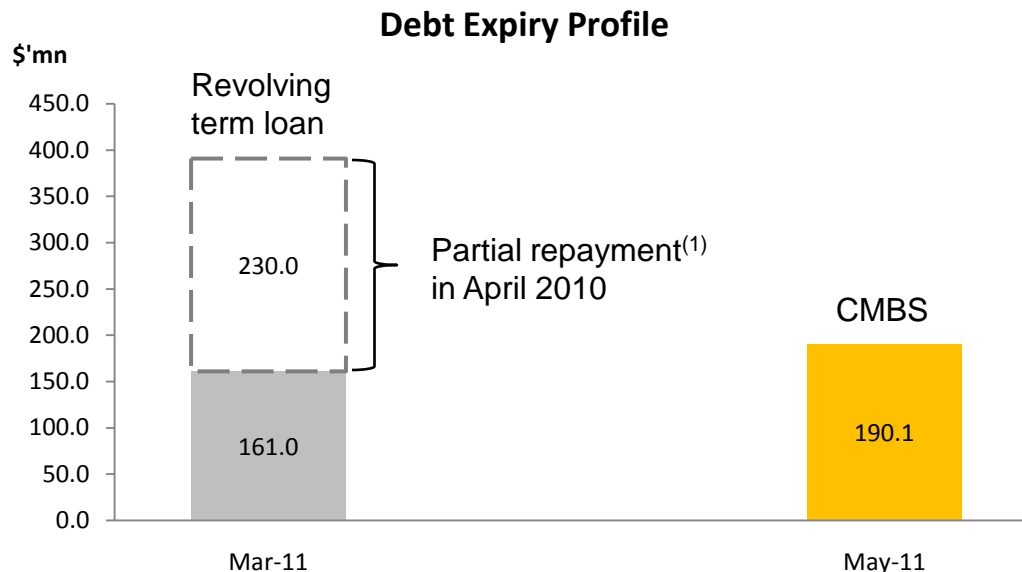
	As at 31 March 2010	As at 31 December 2009
Gross Borrowings ⁽¹⁾	\$581.1m	\$581.1m
Aggregate Leverage	25.2%	27.7%
All-in Interest Rate	4.26%	4.23%
Interest Coverage Ratio ⁽²⁾	3.6 times	3.2 times
Weighted Average Term to Expiry	1.0 years	1.3 years

(1) Includes unamortised portion of upfront fees in relation to the borrowings.

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

No Immediate Financing Needs

- ✓ No refinancing due until March 2011
- ✓ 54.3% of assets unencumbered
- ✓ \$1bn multi-currency Medium Term Note Programme
- ✓ Cash and cash equivalents of \$286.2m
- ✓ Aggregate Leverage will decrease to 15.2%⁽¹⁾



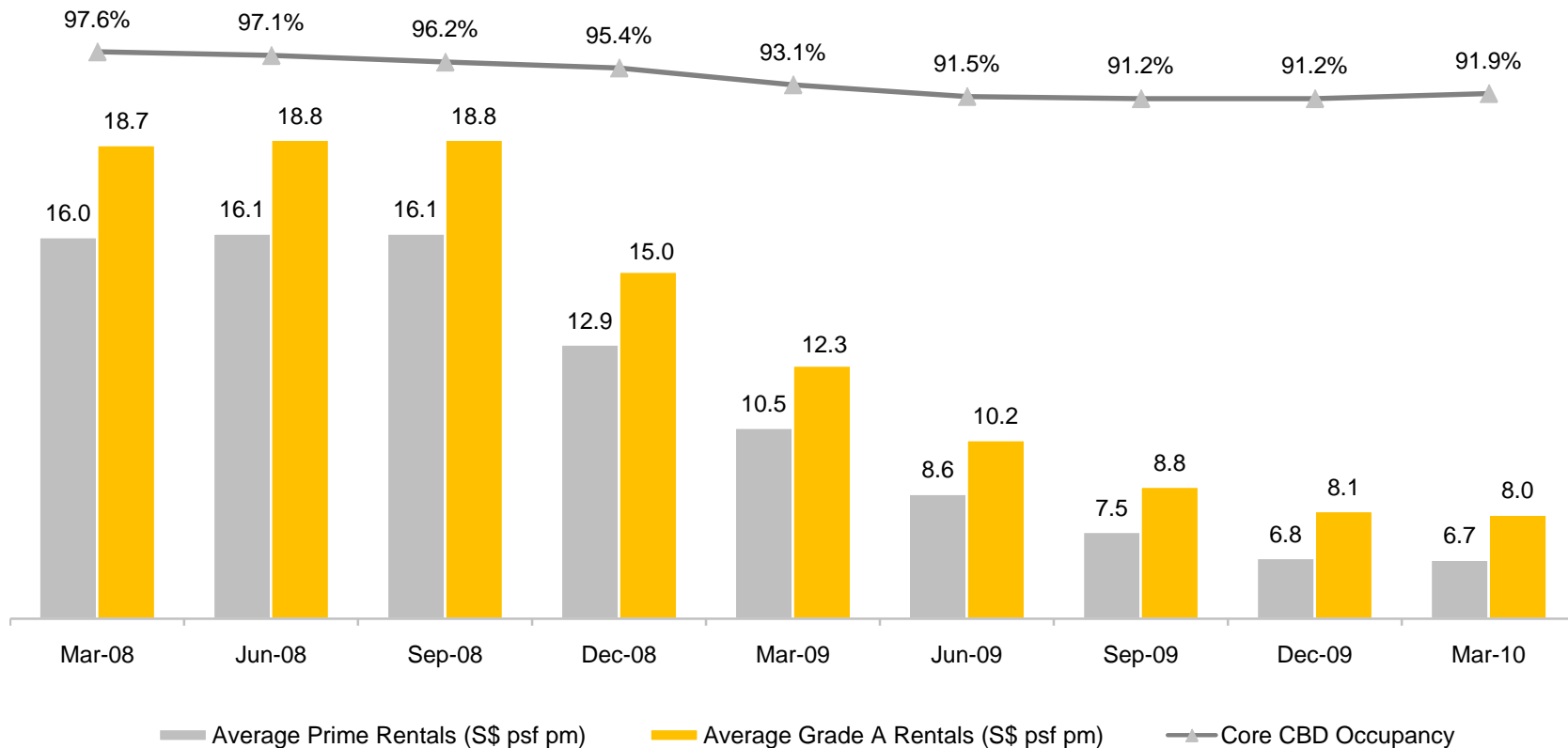
(1) The aggregate leverage will reduce to 15.2% in April 2010 when \$230m of the balance rights issue proceeds is used to partially repay the revolving term loan.

Market Review & Outlook

Stabilising Occupancy and Rental Levels

Pace of rental decline easing as business confidence returns

S\$ psf



Source: CBRE

Sustained Economic Recovery

Singapore GDP Growth in 2010 to range between 7.0% to 9.0%

Positive economic outlook

- ❖ Singapore GDP growth 2010 forecast range between 7.0% to 9.0%
- ❖ 13.1% y-o-y GDP growth in 1Q2010
- ❖ Positive spin-offs for office sector as Singapore transforms into a global city, diversifying beyond a financial hub and establishing multi-hubs in various industry sectors

Improving office sector fundamentals

- ❖ Market bottoming out with rentals and capital values stabilising
- ❖ Adjustment in office rentals make Singapore a more competitive and attractive business destination vis-à-vis the rest of the region
- ❖ Increase in leasing activities
 - Marina Bay Financial Centre (MBFC) Phase One is fully leased with Barclays Capital recently committing another 250,000sf of space

Reduction in office supply

- ❖ 4.1mn sf new office supply from 2010-2015 ⁽¹⁾ (or 0.7mn sf per annum)
- ❖ Conversion of office space in central area to other uses such as residential, hotel may trim supply
 - CBRE estimates that about 1.2 mn sq ft of office space will be converted to mainly residential use up to 2013.

Source: CBRE, Ministry of Trade & Industry (Singapore)

1. Excluding estimated pre-committed space of about 3mn sf

Going Forward

Key Thrusts

Acquisition Growth

Pursue opportunities for strategic acquisitions in Singapore and Pan-Asia

Prudent Capital Management

Manage K-REIT Asia's assets and cost structure more effectively

Exercise prudent interest rate and foreign exchange hedging policies to maintain stable income distribution to Unitholders

Active Asset Management

Identify potential asset enhancement initiatives for K-REIT Asia's property portfolio to maximise rental income

Attract new creditworthy tenants to increase occupancy as well as retain good existing tenants

Additional Information

Snapshot of K-REIT Asia

Manager	K-REIT Asia Management Limited
Property Portfolio	6 commercial assets valued at \$2.3 billion
Total Portfolio NLA	1,523,068sf ⁽¹⁾
Listing Date	28 April 2006 on Singapore Stock Exchange
Market Capitalisation	\$1.5 billion
Unit Price	\$1.10 ⁽²⁾
Number of Units in Issue	1,339,132,297
Free Float	24.1% ⁽³⁾
Aggregate Leverage	25.2%

- (1) Includes 33.3% interest in One Raffles Quay and 50.0% interest in 275 George Street in Brisbane, Australia.
(2) Market closing unit price as at 31 March 2010.
(3) Excludes stakes of about 45.5% held by Keppel Land and 30.4% held by Keppel Corporation

275 George Street Brisbane, Australia

- ❖ 30-storey freehold Grade A building newly completed in April 2009
- ❖ Long weighted average lease expiry of 9.2 years
- ❖ 99.4% leased with fixed annual rental escalations embedded in the lease agreements
- ❖ Key tenants are leading Australian companies Telstra Corporation and Queensland Gas Company
- ❖ 5 Star Green Star – Office Design v2 rating and targeting a 5 Star As Built rating and a 4.5 Star NABERS Energy rating

Key property information⁽¹⁾

Ownership interest	50% as tenant-in-common
Attributable NLA ⁽²⁾	224,686 sf
Tenure	Estate in fee simple
Committed occupancy	99.4%
Valuation ⁽²⁾ as at 28 January 2010	\$209.4mm (\$932 psf)
Number of tenants	7
Number of car park lots	244

(1) For the entire development unless otherwise stated.

(2) The information shown is based on K-REIT Asia's 50.0% interest as a tenant-in-common in 275 George Street, Brisbane, Australia.



Portfolio Information

As at 31 March 2010	Bugis Junction Towers	Keppel Towers and GE Tower	One Raffles Quay	Prudential Tower	275 George Street ⁽²⁾
Attributable NLA (sf)	247,475	430,112	445,120	175,675	224,686
Ownership	100.0%	100.0%	33.3%	73.4%	50.0%
Number of tenants	8	59	31	22	7
Principal tenants	IE Singapore, Keppel Land, InterContinental Hotels Group	GE Pacific, Novartis Singapore, Seadrill Management	Deutsche Bank, UBS, ABN Amro	UniCredit Bank AG, The Executive Centre, McGraw-Hill Companies	Telstra Corporation, Queensland Gas Company
Tenure	99 years expiring 9 Sep 2089	Estate in fee simple	99 years expiring 12 Jun 2100	99 years expiring 14 Jan 2095	Estate in fee simple
Valuation⁽¹⁾	S\$297.0m S\$1,200 psf	S\$540.7m S\$1,250 psf	S\$934.9m S\$2,100 psf	S\$325.1m S\$1,850 psf	S\$209.4m ⁽³⁾ S\$932 psf
Committed occupancy	91.5%	93.5%	100.0%	94.4%	99.4%

1. Valuation as at 31 December 2009 based on K-REIT Asia's interest in the respective property.
2. Acquisition of the 50.0% interest in 275 George Street was completed on 1 March 2010.
3. The 50.0% stake in 275 George Street was valued at A\$166.0m or approximately S\$209.4m as at 1 March 2010, the acquisition completion date.

Portfolio of Quality Assets

**275 George Street
Brisbane, Australia**



**One Raffles Quay
North Tower**



**One Raffles Quay
South Tower**



Prudential Tower



Keppel Towers



GE Tower



**Bugis Junction
Towers**



Awards and Accolades

❖ Singapore Corporate Awards 2009

- Best Investor Relations Award (Silver)
“\$300m to less than \$1b market capitalisation” category
- Best Annual Report Awards (Silver)
“REITs and Business Trusts” category



❖ BCA - Green Mark Gold Award

- Awarded to One Raffles Quay



❖ ISO 14000 certification

- Management operations at all K-REIT Asia's buildings in Singapore

❖ PUB - Water Efficient Building Award

- Awarded to all K-REIT Asia's buildings in Singapore

❖ 275 George Street in Brisbane, Australia

- 5 Star Green Star – Office Design v2 rating and targeting a 5 Star As Built rating and a 4.5 Star NABERS Energy rating

Thank you

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