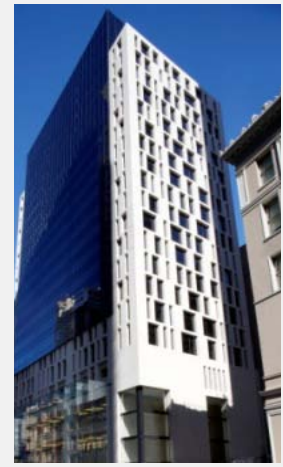
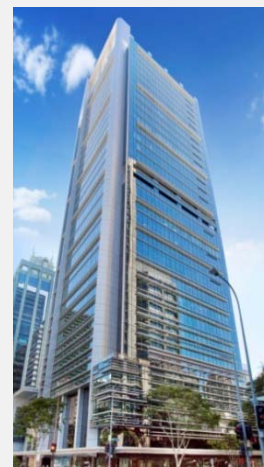


# K-REITasia



## 3Q 2011 Financial Results

17 October 2011



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# Contents

- 3Q 2011 Highlights
- Financial Performance
- Capital Management
- Portfolio Analysis
- Market Review and Outlook
- Going Forward
- Additional Information



# 3Q 2011 Highlights

- YTD Sep 2011 annualised DPU of 7.59 cents is **13.6%** ↑ than the 6.68 cents DPU forecast<sup>(1)</sup>
- YTD Sep 2011 distribution per unit **↑22.2%** y-o-y to 5.68 cents
- YTD Sep 2011 distributable income **↑23.6%** y-o-y to \$77.2 million
  
- 3Q 2011 distribution per unit **↑16.0%** y-o-y to 1.96 cents
- 3Q 2011 distributable income **↑17.7%** y-o-y to \$26.7 million
  
- Stable portfolio average occupancy at **97.9%**
  - Singapore portfolio occupancy of 98.5% remains significantly higher than core CBD's 92.3%<sup>(2)</sup>
  - Healthy commitment for new leases and renewals. Only approximately 700 sf is due for renewal in 2011.
  
- All-in-interest rate **↓** to **2.48%** for 3Q 2011

*(1) Refers to the DPU forecast published in K-REIT Asia's Circular to Unitholders dated 8 November 2010.*

*(2) Source: CB Richard Ellis.*

# Financial Performance



# YTD Sep 2011 Distributable Income ↑ 23.6% to \$77.2m

	YTD Sep 2011	YTD Sep 2010	Change	
<b>Property Income</b>	\$55.3m	\$63.2m	-\$7.8m	-12.4%
<b>Net Property Income</b>	\$43.9m	\$49.8m	-\$5.9m	-11.8%
<b>Share of Results of Associated Companies</b>	\$25.4m	\$6.4m	\$19.0m	296.4%
<b>Distributable Income to Unitholders</b>	\$77.2m	\$62.5m	\$14.8m	23.6%
<b>Distribution Per Unit</b>				
- <b>For the Period</b>	5.68cts	4.65cts	1.03cts	22.2%
- <b>Annualised</b>	7.59cts	6.22cts	1.37cts	22.0%
<b>Distribution Yield</b>	7.6% <sup>(1)</sup>	4.8% <sup>(1)</sup>	2.8%	58.3%

(1) Based on K-REIT Asia's respective market closing price of \$1.005 per unit as at 30 September 2011 and \$1.290 per unit as at 30 September 2010.



## 3Q2011 Distributable Income ↑ 17.7% to \$26.7m

	3Q 2011	3Q 2010	Change	
<b>Property Income</b>	\$18.6m	\$21.8m	-\$3.2m	-14.5%
<b>Net Property Income</b>	\$14.7m	\$17.5m	\$2.9m	-16.3%
<b>Share of Results of Associated Companies</b>	\$10.9m	\$1.9m	\$9.0m	462.8%
<b>Distributable Income to Unitholders</b>	\$26.7m	\$22.7m	\$4.0m	17.7%
<b>Distribution Per Unit</b>				
- <b>For the Period</b>	1.96cts	1.69cts	0.27cts	16.0%
- <b>Annualised</b>	7.78cts	6.70cts	1.08cts	16.1%
<b>Distribution Yield</b>	7.7% <sup>(1)</sup>	5.2% <sup>(1)</sup>	2.5 %	48.1%

(1) Based on K-REIT Asia's respective market closing price of \$1.005 per unit as at 30 September 2011 and \$1.290 per unit as at 30 September 2010.



## 3Q2011 DPU ↑ 1.6% to 1.96 cents

	3Q 2011	2Q 2011	Change	
<b>Property Income</b>	\$18.6m	\$18.1m	\$0.5m	3.1%
<b>Net Property Income</b>	\$14.7m	\$14.3m	\$0.4m	2.5%
<b>Share of Results of Associated Companies</b>	\$10.9m	\$8.3m	\$2.6m	31.1%
<b>Distributable Income to Unitholders</b>	\$26.7m	\$26.3m	\$0.4m	1.5%
<b>Distribution Per Unit</b>				
- <b>For the Period</b>	1.96cts	1.93cts	0.03cts	1.6%
- <b>Annualised</b>	7.78cts	7.74cts	0.04cts	0.5%
<b>Distribution Yield</b>	7.7% <sup>(1)</sup>	5.8% <sup>(1)</sup>	1.9%	32.8%

(1) Based on K-REIT Asia's respective market closing price of \$1.005 per unit as at 30 September 2011 and \$1.330 per unit as at 30 June 2011.





# Healthy Balance Sheet

	As at 30 Sep 2011	As at 30 Jun 2011
Non-current Assets	\$3,189.3m	\$3,174.1m
Total Assets	\$3,254.1m	\$3,257.5m
Borrowings <sup>(1)</sup>	\$1,151.5m	\$1,116.0m
Total Liabilities	\$1,272.8m	\$1,209.9m
Unitholders' Funds	\$1,981.3m	\$2,047.6m
Net Asset Value (NAV) Per Unit	\$1.46	\$1.51
Adjusted NAV Per Unit <sup>(2)</sup>	\$1.44	\$1.47

(1) Excludes borrowings accounted for at the level of associated companies and unamortised portion of fees.

(2) Excludes balance distributable income.

## **Capital Management**



# Healthy Financial Position

	As at 30 Sep 2011	As at 30 Jun 2011
<b>Gross Borrowings<sup>(1)</sup></b>	\$1,454 m <sup>(4)</sup>	\$1,419 m
<b>Aggregate Leverage</b>	39.8%	39.2%
<b>Average All-in Interest Rate<sup>(2)</sup></b>	2.48%	2.61%
<b>Interest Coverage Ratio<sup>(3)</sup></b>	4.6 times	4.6 times
<b>Weighted Average Term to Expiry</b>	3.6 years	4.0 years

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

(2) Average all-in interest rates for the respective quarters includes cost of swapping floating interest rates to fixed rates. Majority of the borrowings at the Trust level carry fixed interest rates.

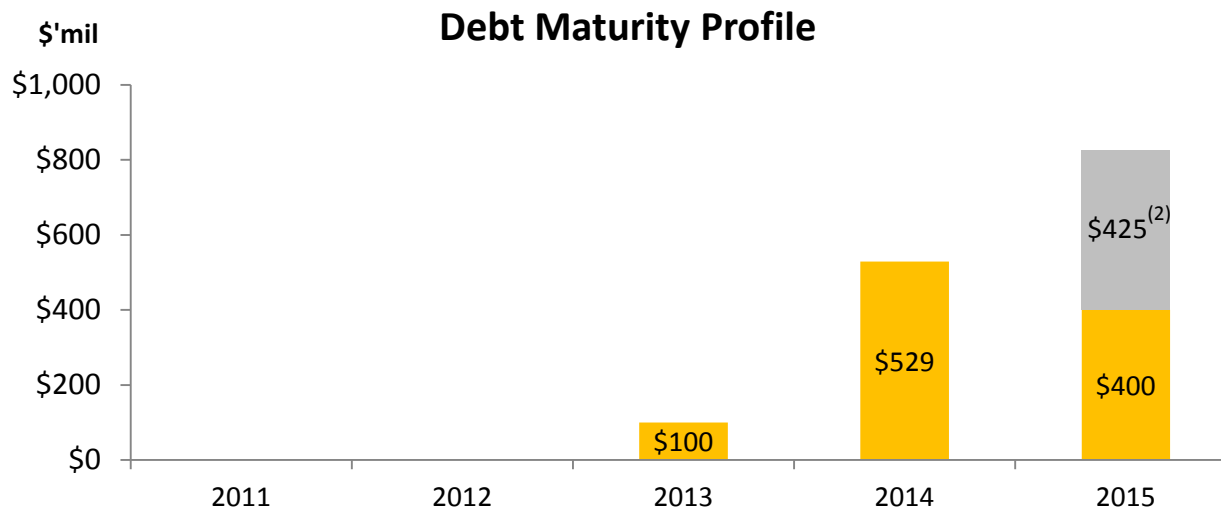
(3) Figures for the respective quarters. Interest coverage ratio = Ratio of year-to-date earnings before interest, tax, depreciation and amortisation divided by interest expense.

(4) Includes the additional borrowings taken to part fund the income accretive acquisition of the 50% interest in 8 Chifley Square in Sydney which was acquired on 28 July 2011.



# Balance Debt Maturity Profile

- Approximately **\$3.0 billion** of assets equivalent to **82%** of AUM unencumbered
- No debt expiring in 2012
- Only \$100 million (6% of total borrowings) due for refinancing in 2013
- Low exposure to interest rate risk with majority of debt hedged to fixed rates
- Well-staggered debt expiry profile with average **3.6 years<sup>(1)</sup>** term to expiry
- Bank loans diversified across 10 banks



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

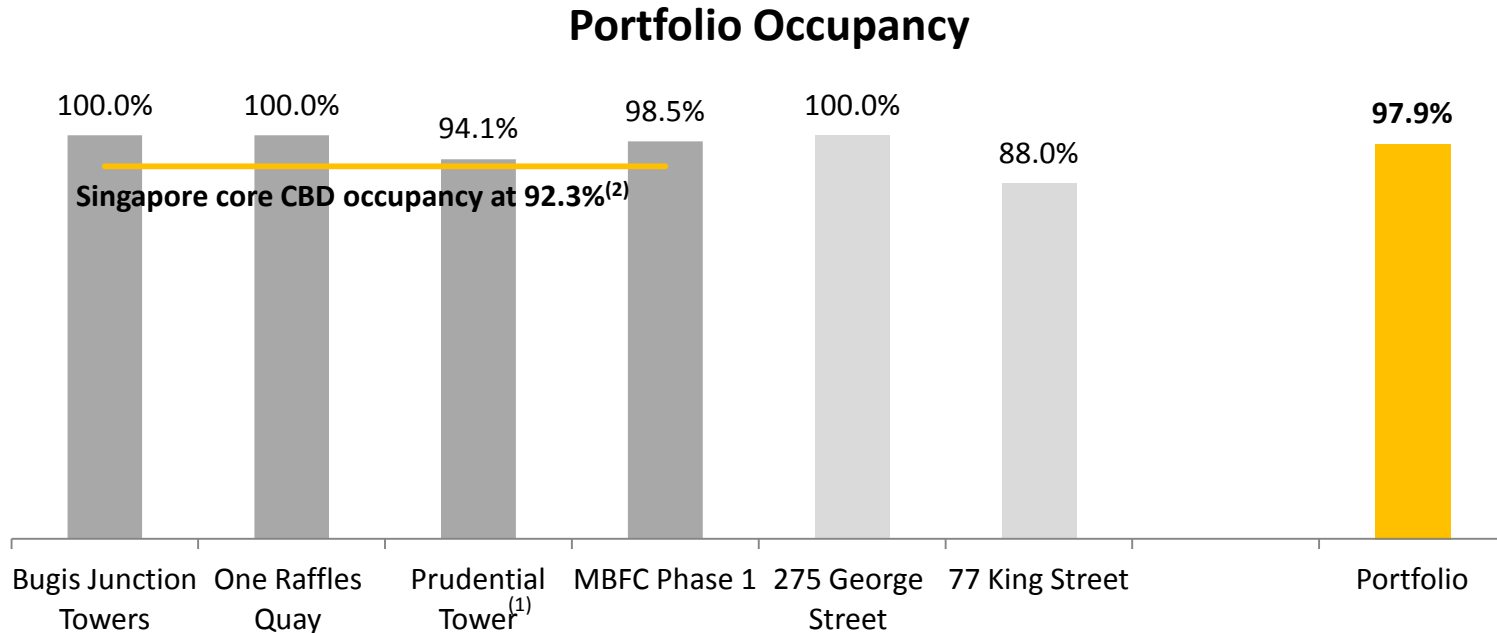
(2) Borrowings secured on 73.4% interest in Prudential Tower and Bugis Junction Towers.

# Portfolio Analysis



# Portfolio Occupancy Rate

- Healthy portfolio occupancy of 97.9%
- Singapore property portfolio occupancy of 98.5% is higher than core CBD occupancy of 92.3%



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

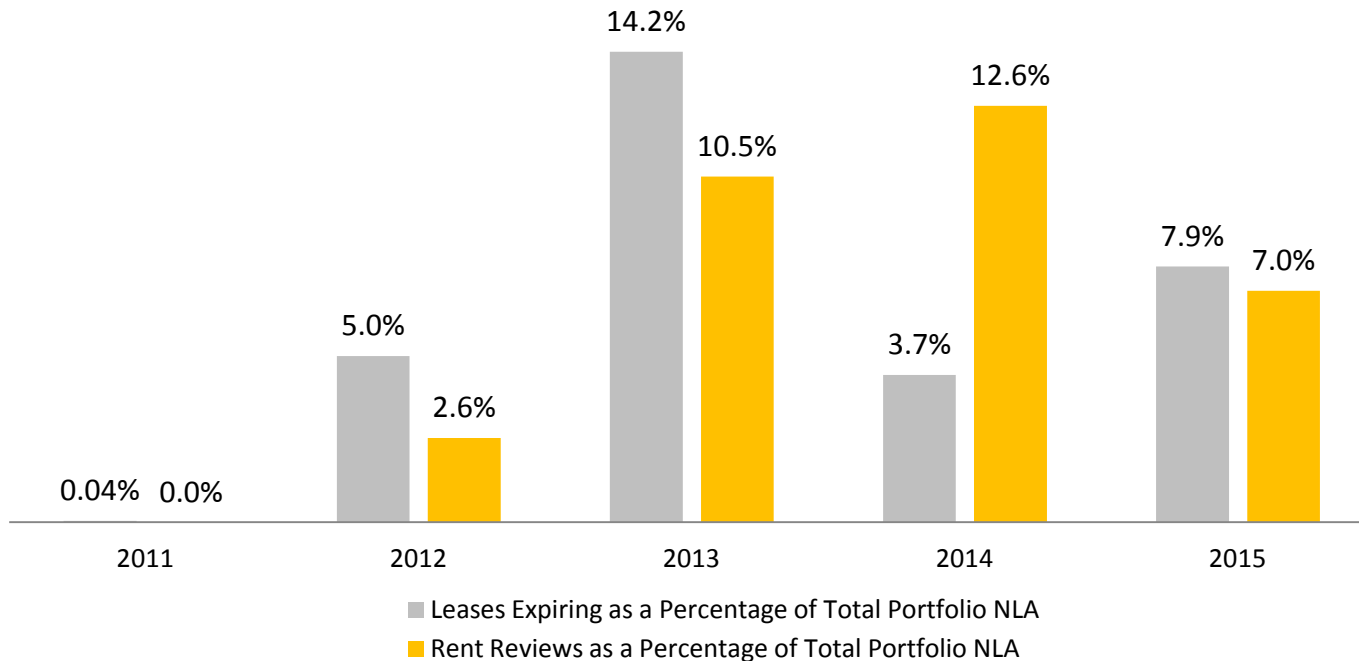
(2) Source: CB Richard Ellis



# Portfolio Lease Profile

- Well-balanced lease renewal and rent review profile
- All rent reviews and renewals completed with only 721sf due for renewal until end-2011

Portfolio Lease Profile (by Net Lettable Area)





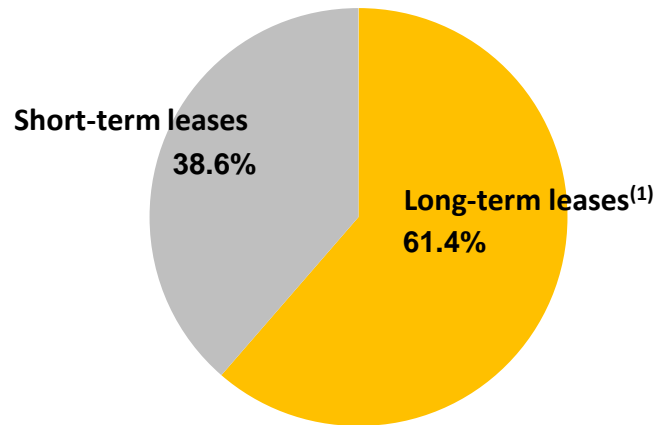
# Stable Lease Portfolio

➤ Portfolio of long leases provides income stability

## Weighted Average Lease Expiry (WALE)



## Portfolio with Long-Term Leases<sup>(1)</sup> by NLA



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

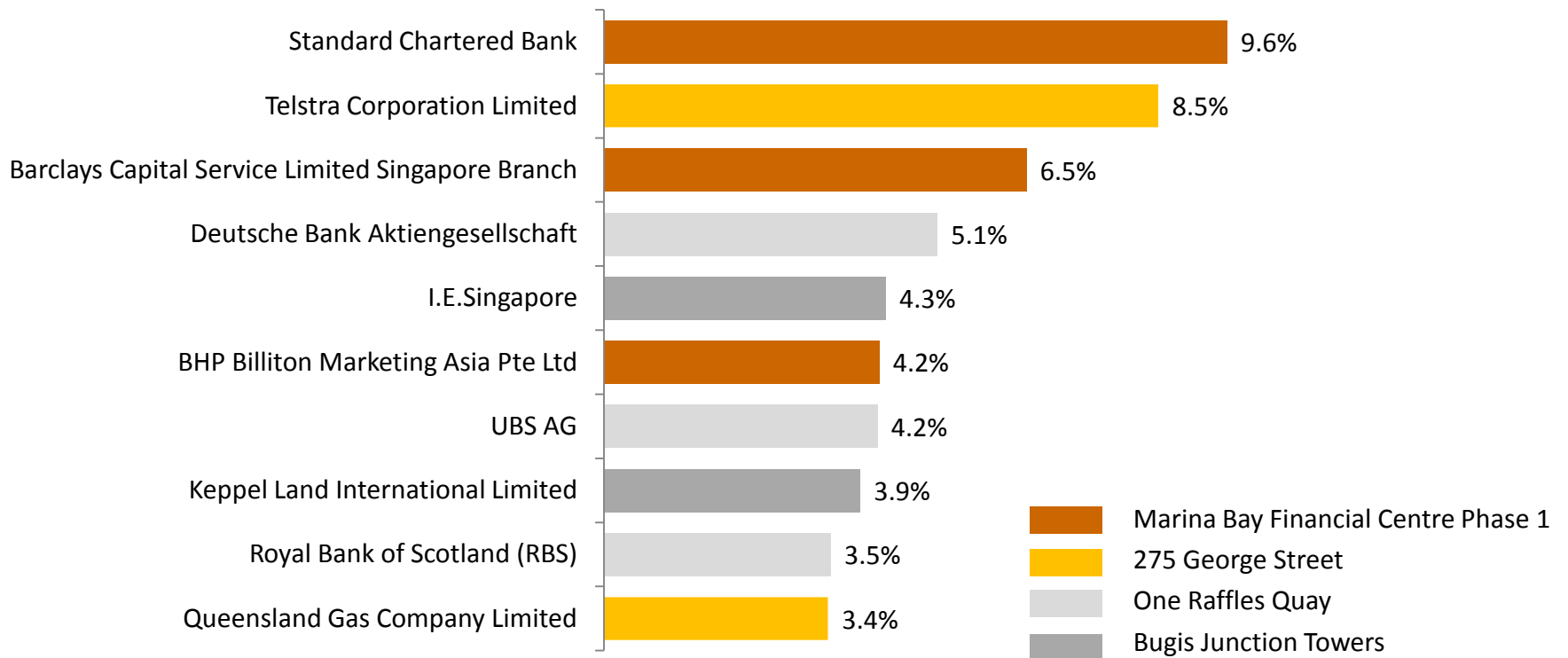




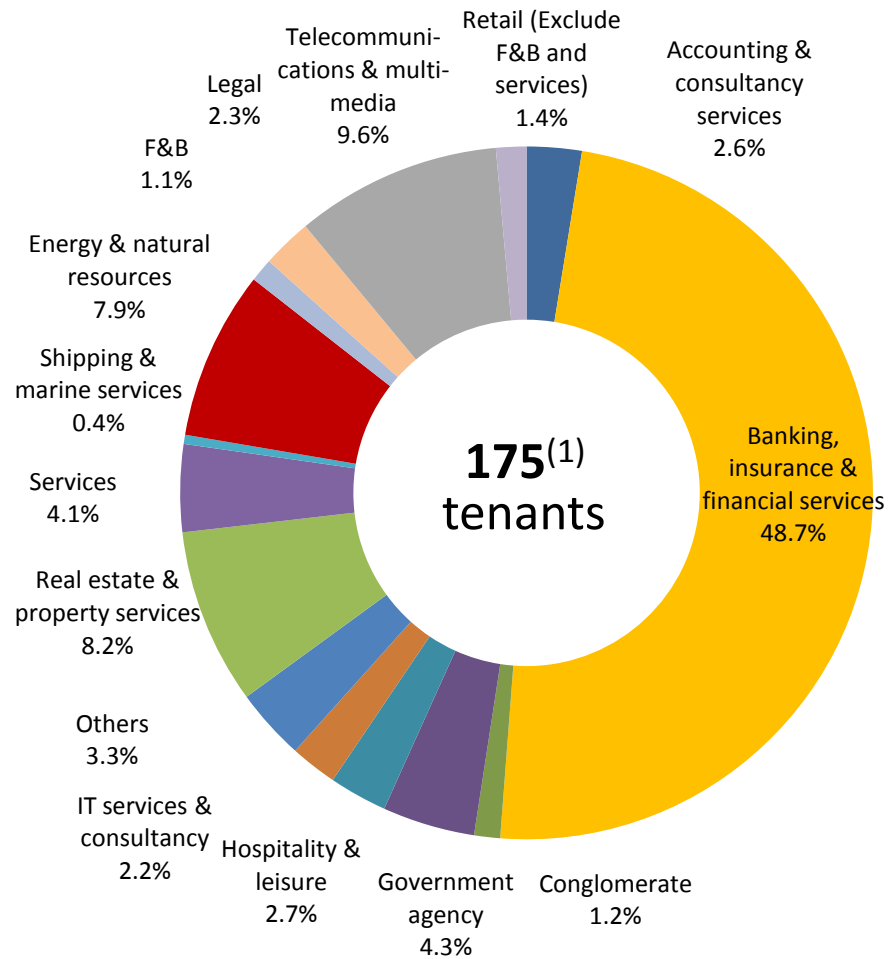
# Blue-Chip Tenant Base

Top ten tenants account for **53.2%** of portfolio NLA

## Top Ten Tenants



# Tenants diversified across various business sectors

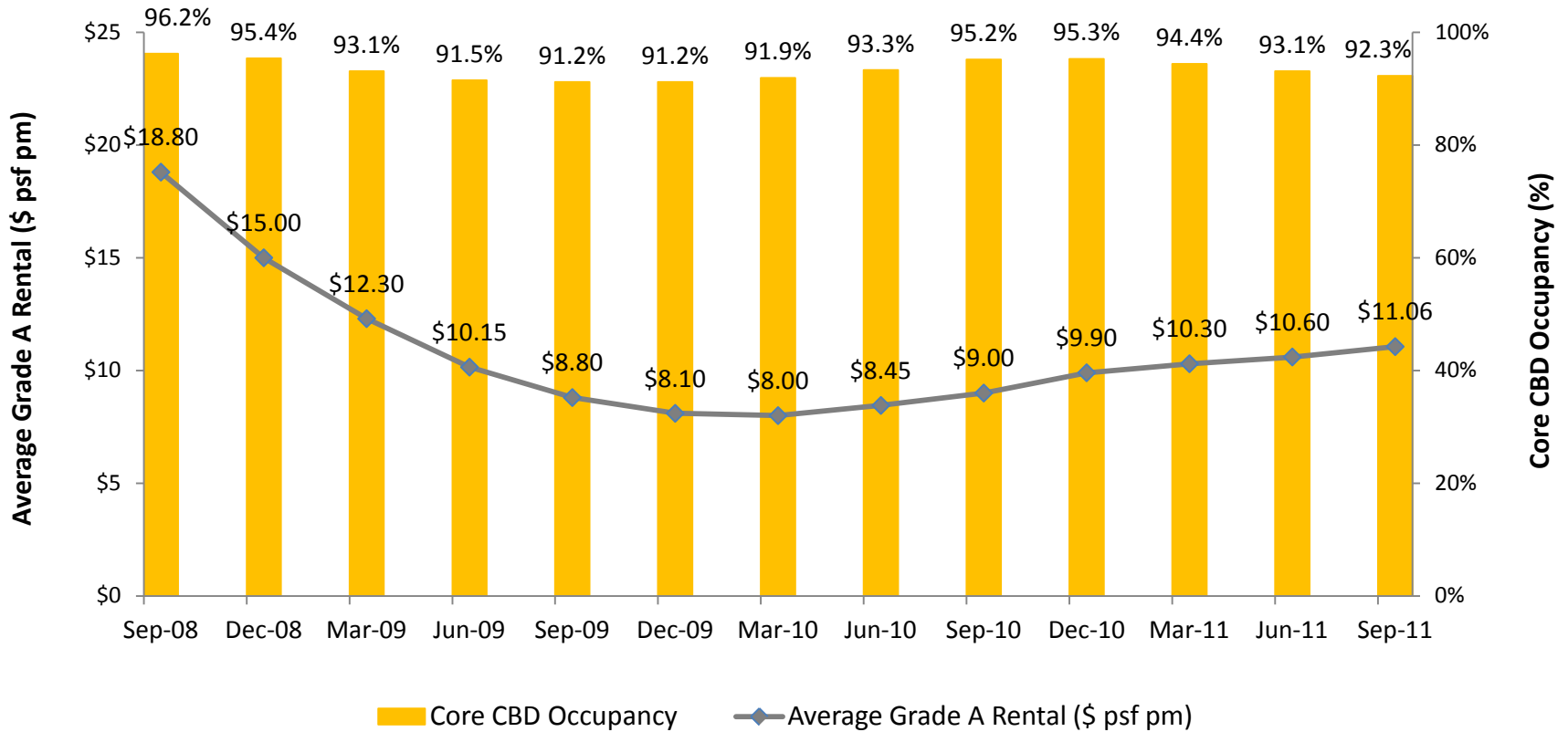


(1) Tenants with multiple leases are accounted as one tenant.

## **Market Review and Outlook**

# Singapore Office Market

➤ Average Grade A office rental shows resilience



Source: CB Richard Ellis.



# Economic and Office Market Outlook

## Singapore

- ▶ Singapore's GDP maintains positive track and grows 1.3% in 3Q2011
- ▶ The Government forecasts full year GDP growth to be around 5% for 2011
- ▶ Grade A office rental shows resilience and averages \$11.06 psf per month despite significant amounts of new office space being completed in the core CBD

## Australia

- ▶ Economy forecast is expected to achieve 2% growth in 2011
- ▶ RBA continues to maintain benchmark interest rate at 4.75% and signals possibility of cutting rates to mitigate inflationary pressures
- ▶ Rental rates of prime office space in Sydney and Brisbane office markets remains steady vis-à-vis recovering demand

## **Going Forward**



# Key Thrusts

## Acquisition Growth

Pursue opportunities for acquisitions in Singapore and pan-Asia

Focus on strategic portfolio upgrading and optimisation

## Prudent Capital Management

Manage assets and cost structure more effectively

Exercise prudent interest rate and foreign exchange hedging policies

Structure borrowings to ensure financial flexibility

## Active Asset Management

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

Balance lease expiry and rent review profiles to enhance cashflow resilience for Unitholders

**Deliver sustainable long term growth in DPU and asset value**

## **Additional Information**





# Singapore's Leading Office REIT



## Overview

- ▶ Listed on the SGX-ST in April 2006 with a market cap of \$1.4bn<sup>(1)</sup> as at 30 September 2011.
- ▶ Quality portfolio of seven commercial Grade A office assets valued at approximately \$3.7bn and spanning 1.9m sf NLA as at 30 September 2011.
- ▶ High quality 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\$1.005 per unit as at 30 September 2011.*



# Portfolio Information

As at 30 Sep 2011	Bugis Junction Towers	MBFC 1 <sup>(2)</sup>	One Raffles Quay	Prudential Tower Property	275 George Street	77 King Street Office Tower	8 Chifley Square <sup>(5)</sup>
<b>Attributable NLA (sf)</b>	246,238	582,206	445,120	223,286	224,686	148,033	102,850
<b>Ownership</b>	100%	33.3%	33.3%	92.8%	50.0%	100%	50.0%
<b>Number of tenants</b>	11	80	29	35	9	16	N.A.
<b>Principal tenants</b>	IE Singapore, InterContinental Hotels Group, Keppel Land	Barclays Capital, BHP Billiton, Standard Chartered Bank	Royal Bank of Scotland, Deutsche Bank, UBS	McGraw-Hill Companies, The Executive Centre, UniCredit Bank	Queensland Gas Company, Telstra Corporation	Capgemini Australia, Hebert Geer, CEB International	N.A.
<b>Tenure</b>	99 years expiring 9 Sep 2089	99 years expiring 10 October 2104	99 years expiring 12 Jun 2100	99 years expiring 14 Jan 2095	Freehold	Freehold	99 years expiring 5 Apr 2105
<b>Valuation<sup>(1)</sup></b>	\$320.1m \$1,300 psf	\$1,447.0m \$2,488 psf	\$1,015.0m \$2,280 psf	\$342.6m & \$125.1m <sup>(3)</sup>	\$217.6m <sup>(4)</sup> \$968 psf	\$148.5m <sup>(4)</sup> \$1,003psf	Between \$203.0m and \$223.3m <sup>(6)</sup>
<b>Committed occupancy</b>	100%	98.5%	100%	94.1%	100%	88.0%	N.A.

(1) Valuation as at 31 Dec 2010 based on K-REIT Asia's interest in the respective property.

(2) Refers to Marina Bay Financial Centre Tower 1 & 2 and Marina Bay Link Mall.

(3) K-REIT Asia's 73.4% interest in Prudential Tower was valued at \$342.6m as at 31 Dec 2010. Its additional 19.4% interest acquired on 3 May 2011 was valued at \$125.1m.

(4) Based on an exchange rate of A\$1.00 = S\$1.28.

(5) 8 Chifley Square is under development and expected to be completed in 3Q 2013.

(6) Refers to the purchase consideration based on an assumed exchange rate of A\$1.00 = S\$1.315. The final purchase consideration will be based on the committed rental rates of the leases when 8 Chifley Square is completed, subject to a maximum of A\$169.8m.

# *Thank you*

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