

# K-REITasia

First Half 2012 Financial Results

16 July 2012



# Important Notice

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# 1H 2012 Highlights

# 1H 2012 Highlights

- 1H 2012 Property Income **↑ 106.5%** y-o-y to **\$75.9m**
- 1H 2012 Net Property Income **↑ 104.4%** y-o-y to **\$59.8m**
- 1H 2012 Distributable Income **↑ 94.6%** y-o-y to **\$98.4m**
- 1H 2012 Distribution per unit (DPU) **↑ 92.0%** y-o-y to **3.84 cents**
- Annualised 1H 2012 DPU works out to **7.72 cents**, **7.8% higher** than the 7.16 cents<sup>(1)</sup> forecast DPU for 2012
- 2Q 2012 Distributable Income **↑ 2.6%** q-o-q to **\$49.8m**
- 2Q 2012 DPU **↑ 2.1%** q-o-q to **1.94 cents**
- Annualised 2Q 2012 DPU works out to **7.80 cents**
- All-in interest rate **↓** to **2.0%** for 2Q 2012
- Raised occupancy across **all** properties
  - Portfolio committed occupancy **↑** to **97.0%** from 96.1%
  - Singapore portfolio committed occupancy **↑** to **97.0%** from 96.3%

*(1) 7.16 cents DPU forecast for 2012 as published in the Circular to Unitholders dated 19 October 2011.*

# 1H 2012 Highlights (cont'd)

- Obtained **tax transparency** for MBFC Phase I via Limited Liability Partnership (LLP) structure
- Acquired **income accretive** 12.39% interest in Ocean Financial Centre
  - Increased interest in OFC to 99.9%
  - Additional income from OFC is tax transparent
  - Obtained full management control of OFC
  - Additional income receivable from 3Q 2012 onwards
- Placed 60 million new Units at \$1.17 per unit, a **15% premium to market closing unit price of \$1.02** on 25 June 2012
  - Partial funding via placement ↑ free float from 23% to **25%**





# 1H 2012 Distribution Per Unit

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<b>Distribution Per Unit (DPU)</b>	3.84 cents
<b>Distribution Period</b>	1 January 2012 – 30 June 2012
<b>Distribution Timetable</b>	
<b>Trading on “Ex” Basis</b>	Friday, 20 July 2012
<b>Books Closure Date</b>	Tuesday, 24 July 2012
<b>Distribution Payment Date</b>	Monday, 27 August 2012

# Key Financial Indicators

	1H 2012	1H 2011	Change
<b>Property Income</b>	\$75.9m	\$36.7m	106.5%
<b>Net Property Income</b>	\$59.8m	\$29.2m	104.4%
<b>Share of Results of Associates</b>	\$22.1m	\$14.5m	52.5%
<b>Distributable Income to Unitholders<sup>(1)</sup></b>	\$98.4m	\$50.5m	94.6%
<b>Distribution Per Unit (DPU)</b>	3.84 cents	2.00 cents <sup>(2)</sup>	92.0%
<b>Annualised DPU</b>	7.72 cents	4.03 cents <sup>(2)</sup>	91.6%
<b>Distribution Yield</b>	7.3% <sup>(3)</sup>	N.M.	N.M.

(1) The distribution income to Unitholders is based on 100% of the income available for distribution.

(2) The DPU for 1H2011 is restated to take into account the effect of the fully underwritten, renounceable 17-for-20 rights issue of 1,159,694,000 units at an issue price of \$0.85 per rights unit and computed based on the issued units at the end of the period aggregated with 1,159,694,000 units which were issued on 13 December 2011.

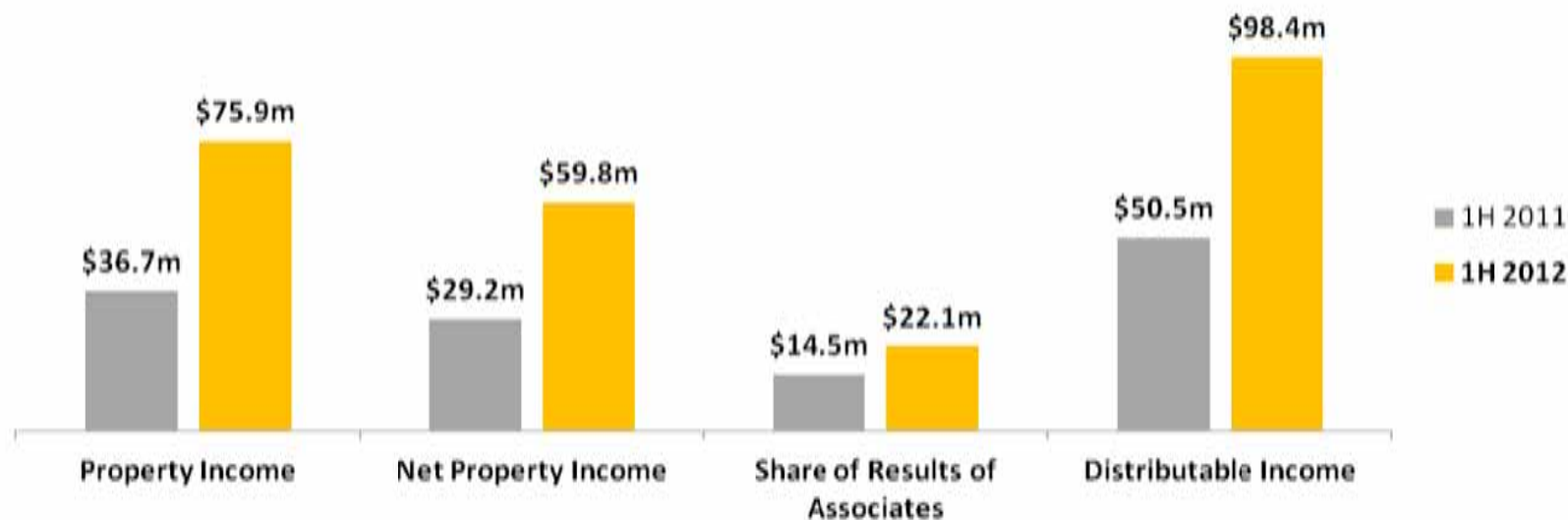
(3) The yield is based on the market closing price of \$1.065 per unit as at the last trading day, 29 June 2012.



**1H 2012  
Financial Performance**

# 1H 2012 Distributable Income grew 95% y-o-y to \$98.4m

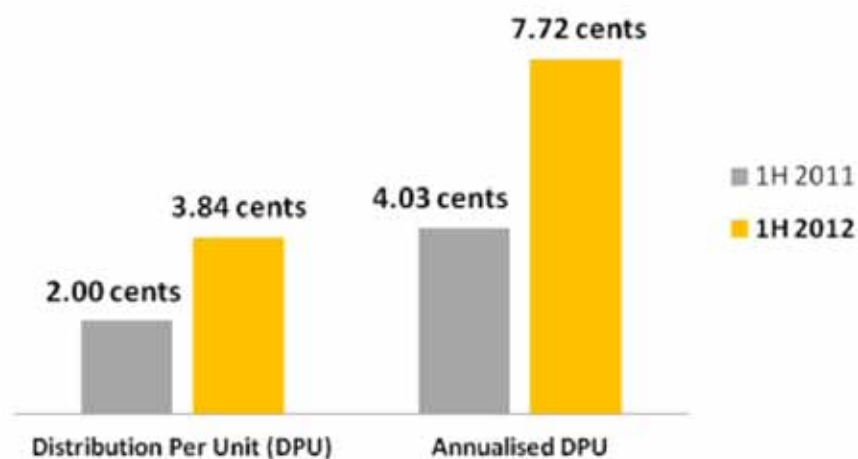
	1H 2012	1H 2011	Change	
Property Income	\$75.9m	\$36.7m	\$39.1m	106.5%
Net Property Income	\$59.8m	\$29.2m	\$30.5m	104.4%
Share of Results of Associates	\$22.1m	\$14.5m	\$7.6m	52.5%
Distributable Income to Unitholders <sup>(1)</sup>	\$98.4m	\$50.5m	\$47.8m	94.6%



(1) The distribution income to Unitholders is based on 100% of the income available for distribution.

# 1H 2012 DPU ↑ 92% y-o-y to 3.84 cents

	1H 2012	1H 2011	Change	
<b>Distribution Per Unit (DPU)</b>				
- For the Period	3.84 cents	2.00 cents <sup>(1)</sup>	1.84 cents	92.0%
- Annualised	7.72 cents	4.03 cents <sup>(1)</sup>	3.69 cents	91.6%
<b>Distribution Yield</b>	7.3% <sup>(2)</sup>	N.M.	N.M.	N.M.

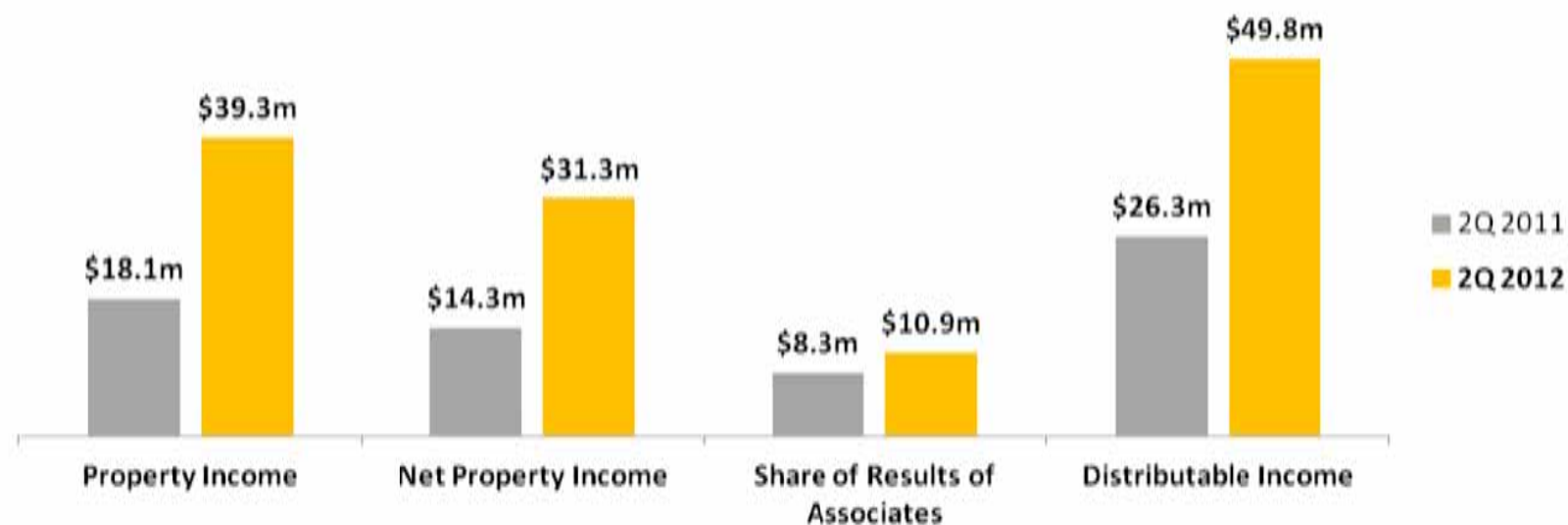


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(2) The yield is based on the market closing price of \$1.065 per unit as at the last trading day, 29 June 2012.

## 2Q 2012 Distributable Income ↑ 89.5% y-o-y

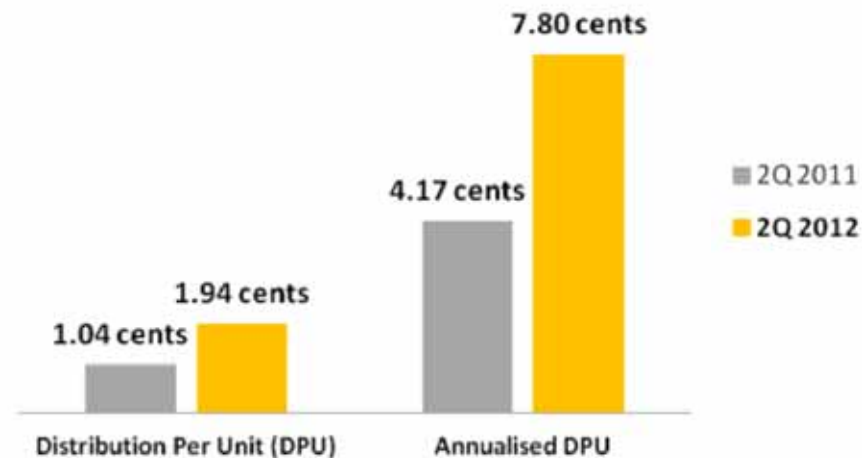
	2Q 2012	2Q 2011	Change	
Property Income	\$39.3m	\$18.1m	\$21.2m	117.5%
Net Property Income	\$31.3m	\$14.3m	\$17.0m	118.6%
Share of Results of Associates	\$10.9m	\$8.3m	\$2.5m	30.3%
Distributable Income to Unitholders <sup>(1)</sup>	\$49.8m	\$26.3m	\$23.5m	89.5%



(1) The distribution income to Unitholders is based on 100% of the income available for distribution.

# 2Q 2012 DPU ↑ 86.5% y-o-y to 1.94 cents

	2Q 2012	2Q 2011	Change	
<b>Distribution Per Unit (DPU)</b>				
- For the Period	1.94 cents	1.04 cents <sup>(1)</sup>	0.90 cents	86.5%
- Annualised	7.80 cents	4.17 cents <sup>(1)</sup>	3.63 cents	87.1%
<b>Distribution Yield</b>	7.3% <sup>(2)</sup>	N.M.	N.M.	N.M.

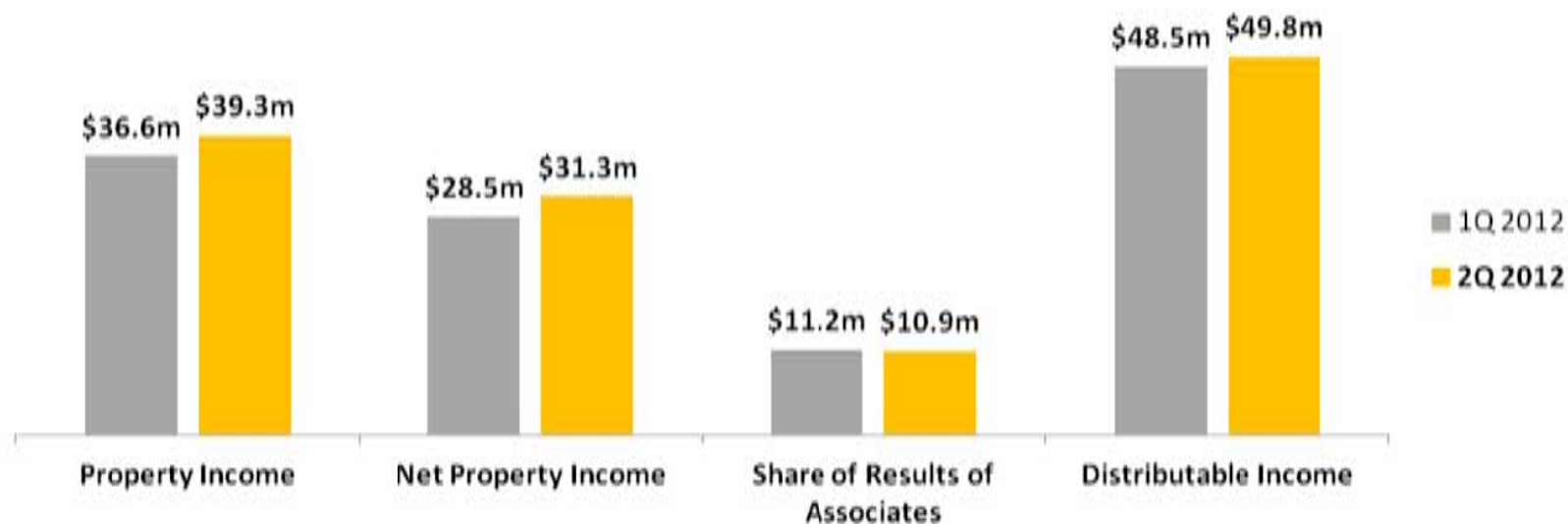


(1) These are restated to take into account the effect of the fully underwritten, renounceable 17-for-20 rights issue of 1,159,694,000 units at an issue price of \$0.85 per rights unit and computed based on the issued units at end of the period aggregated with 1,159,694,000 units which were issued on 13 December 2011.

(2) The yield is based on the market closing price of \$1.065 per unit as at the last trading day, 29 June 2012.

## 2Q 2012 Distributable Income ↑ 2.6% q-o-q

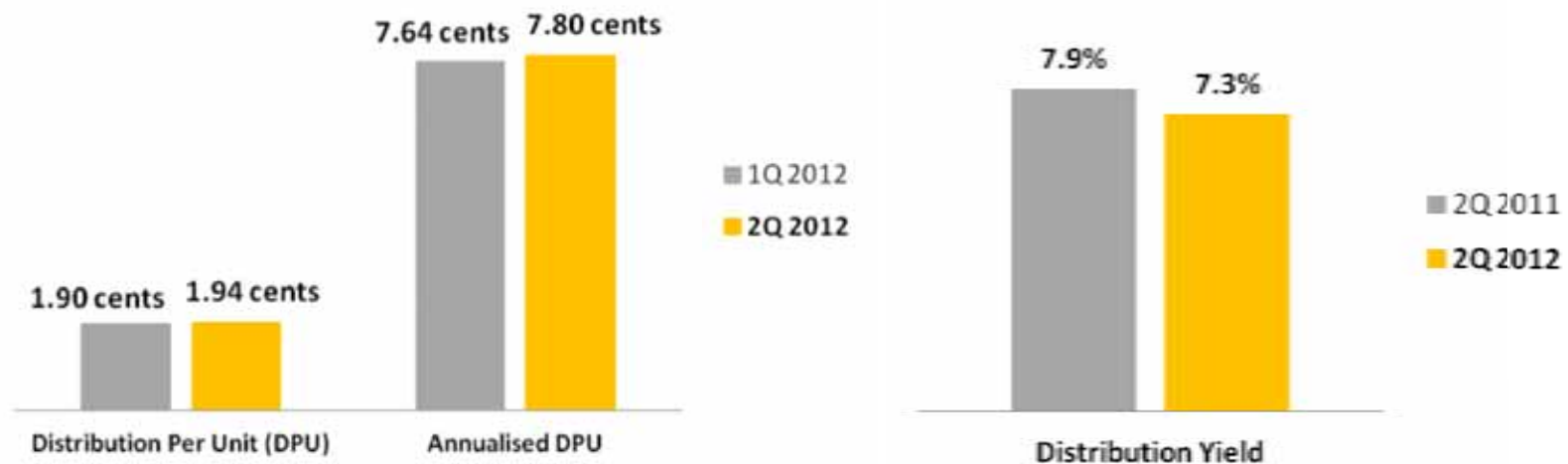
	2Q 2012	1Q 2012	Change	
Property Income	\$39.3m	\$36.6m	\$2.7m	7.4%
Net Property Income	\$31.3m	\$28.5m	\$2.8m	9.7%
Share of Results of Associates	\$10.9m	\$11.2m	-\$0.4m	-3.3%
Distributable Income to Unitholders <sup>(1)</sup>	\$49.8m	\$48.5m	\$1.3m	2.6%



(1) The distribution income to Unitholders is based on 100% of the income available for distribution.

## 2Q 2012 DPU ↑ 2.1% q-o-q

	2Q 2012	1Q 2012	Change	
<b>Distribution Per Unit (DPU)</b>				
- For the Period	1.94 cents	1.90 cents	0.04 cents	2.1%
- Annualised	7.80 cents	7.64 cents	0.16 cents	2.1%
<b>Distribution Yield</b>	7.3% <sup>(1)</sup>	7.9% <sup>(2)</sup>	-0.6%	-7.6%



(1) The yield is based on the market closing price of \$1.065 as at the last trading day, 29 June 2012.

(2) The yield is based on the market closing price of \$0.965 as at the last trading day, 30 March 2012.



# Healthy Balance Sheet

	As at 30 Jun 2012	As at 31 Mar 2012
<b>Non-current Assets</b>	\$5,785 m	\$5,762 m
<b>Total Assets</b>	\$5,975 m	\$5,887 m
<b>Borrowings<sup>(1)</sup></b>	\$2,780 m	\$2,523 m
<b>Total Liabilities</b>	\$2,645 m	\$2,423 m
<b>Unitholders' Funds</b>	\$3,327 m	\$3,250 m
<b>Net Asset Value (NAV) Per Unit</b>	\$1.27	\$1.27
<b>Adjusted NAV Per Unit<sup>(2)</sup></b>	\$1.23	\$1.25

(1) These include borrowings accounted for at the level of associates and excludes the unamortised portion of upfront fees in relation to the borrowings.

(2) This excludes balance distributable income.

# Capital Management

# Capital Management

	As at 30 Jun 2012	As at 31 Mar 2012
Gross Borrowings <sup>(1)</sup>	\$2,780 m <sup>(4)</sup>	\$2,523 m <sup>(4)</sup>
Aggregate Leverage	43.9%	41.8%
Average All-in Interest Rate <sup>(2)</sup>	2.00%	2.03%
Interest Coverage Ratio <sup>(3)</sup>	5.3 times	5.5 times
Weighted Average Term to Expiry	3.6 years <sup>(5)</sup>	2.9 years

(1) These include borrowings accounted for at the level of associates and excludes the unamortised portion of upfront fees in relation to the borrowings.

(2) Average all-in interest rates for the respective quarters include cost of swapping floating interest rates to fixed rates.

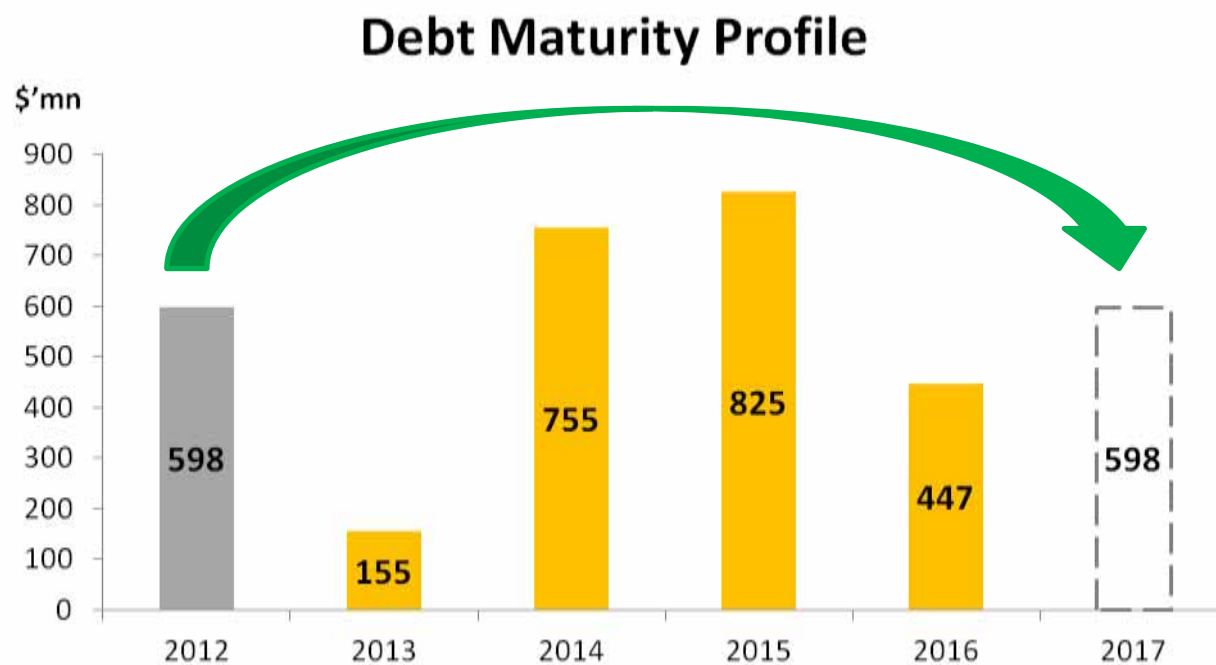
(3) Figures for the respective quarters. Interest coverage ratio = Ratio of quarterly earnings before interest, tax, depreciation and amortisation divided by interest expense.

(4) These include K-REIT Asia's proportionate share of the deferred payments due to the construction of the car park and retail podium at Ocean Financial Centre.

(5) The debt weighted average term to expiry will extend to 3.6 years when the \$598 million loans due for refinancing on 31 December 2012 are refinanced for 5 years to 2017. The actual debt weighted average term to expiry as at 30 June 2012 is 2.5 years.

# Balanced Debt Maturity Profile

- Lowered all-in interest cost to **2.00%** in 2Q 2012
- Well-staggered debt expiry profile with average **3.6 years<sup>(1)</sup>** term to expiry
- Borrowings diversified across **12 lenders**

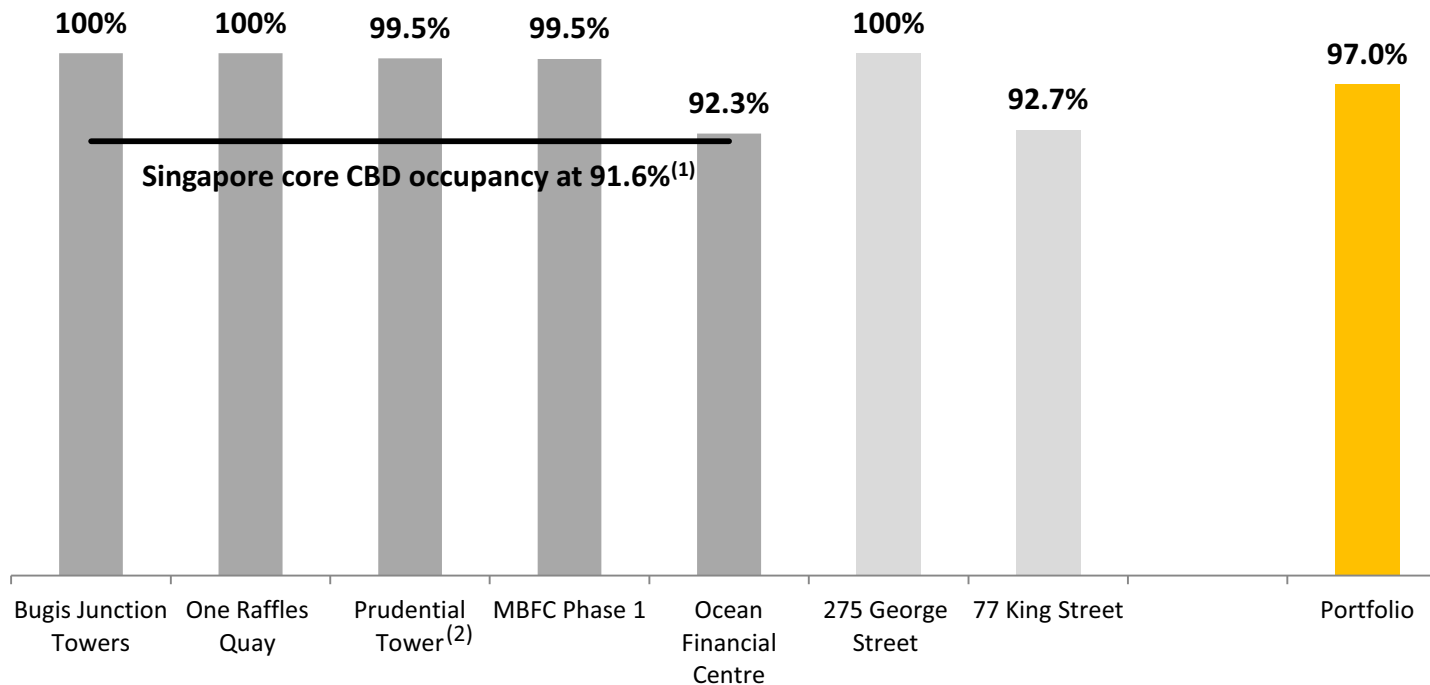


(1) The debt weighted average term to expiry will extend to 3.6 years when the \$598 million loans due for refinancing on 31 December 2012 are refinanced for 5 years to 2017. The actual debt weighted average term to expiry as at 30 June 2012 is 2.5 years.

**1H 2012  
Portfolio Analysis**

# Portfolio Occupancy Rate

- Healthy portfolio occupancy of **97.0%**
- Singapore property portfolio occupancy of **97.0%** is higher than core CBD occupancy of 91.6%



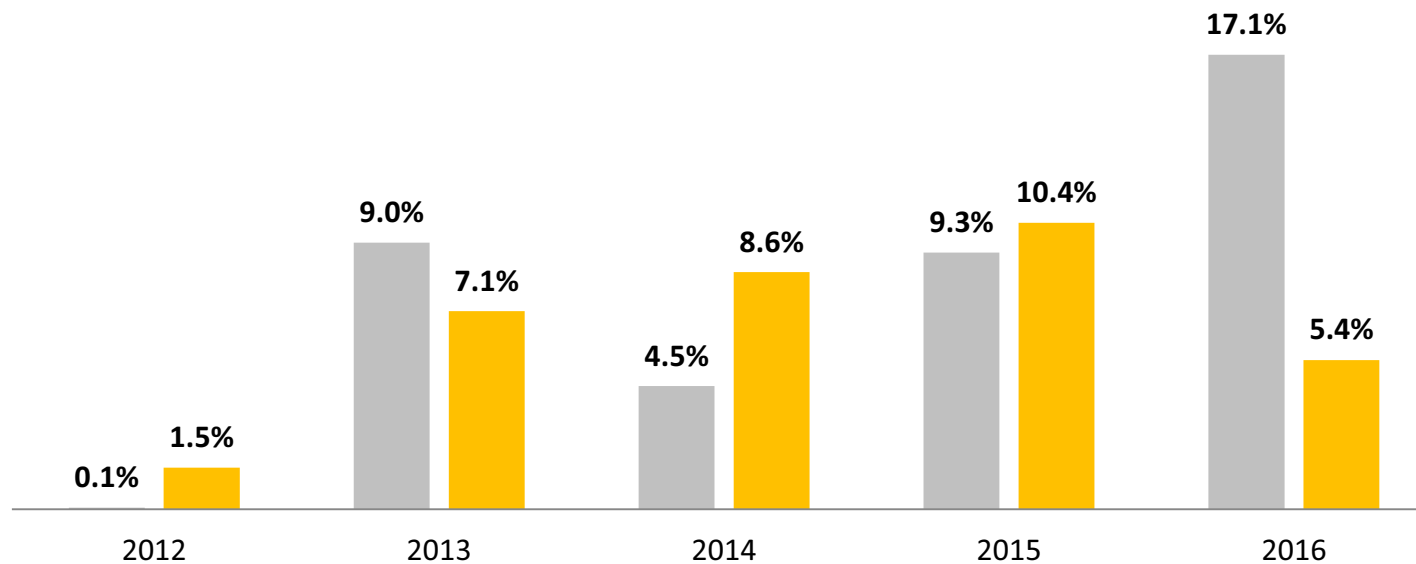
(1) Source: CB Richard Ellis

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

# Portfolio Lease Profile

- Well-balanced lease renewal and rent review profile
- No more than 18% of NLA due for renewal in each year

Portfolio Lease Profile (by Net Lettable Area)



■ Leases Expiring as a Percentage of Total Portfolio NLA

■ Rent Reviews as a Percentage of Total Portfolio NLA



# Stable Lease Portfolio

- Top ten tenants have long WALE of **7.7 years**

## Weighted Average Lease Expiry (WALE)

Top Ten Tenants WALE

7.7 Years

Portfolio WALE

6.2 Years

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

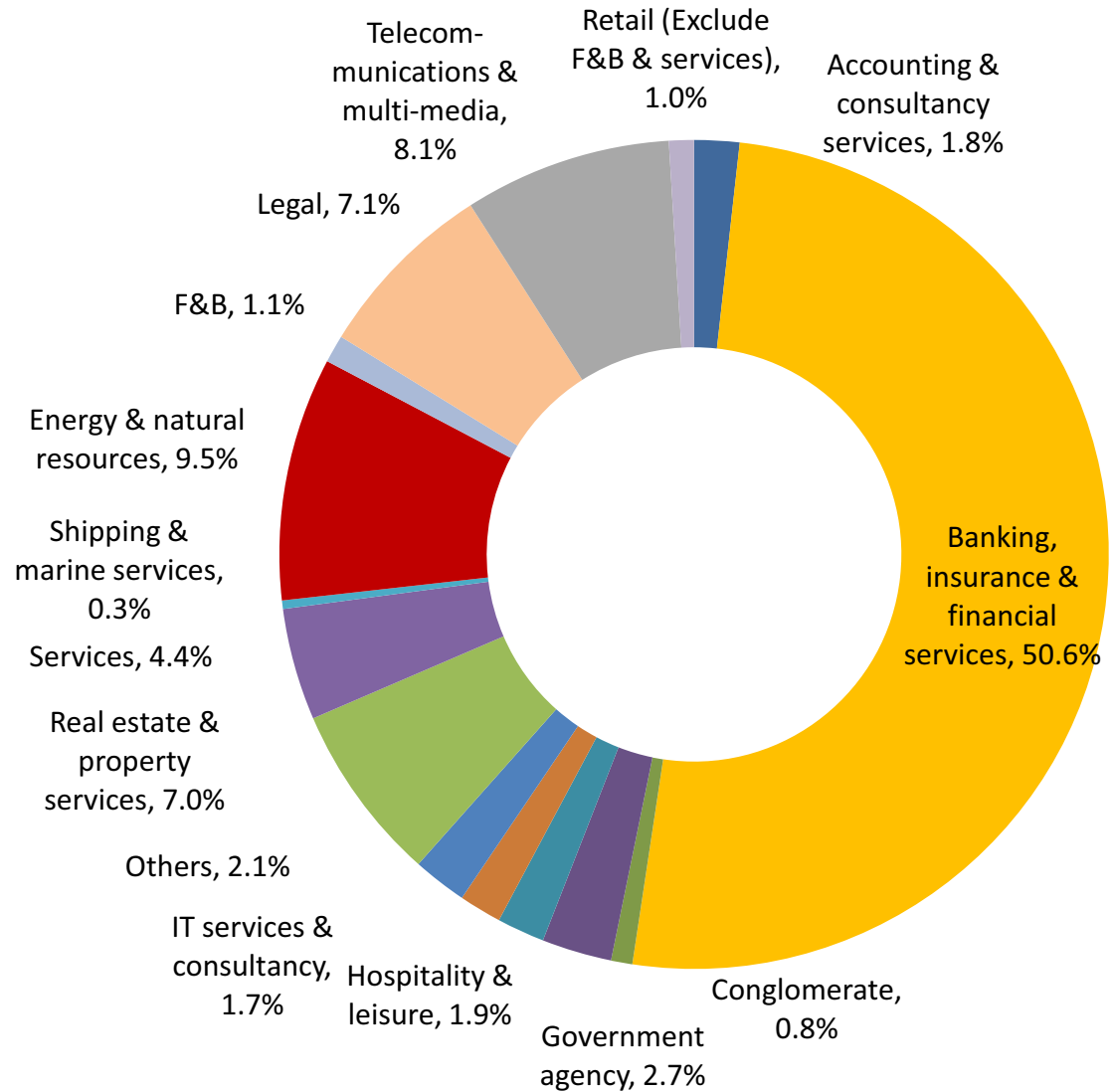


(1) Long-term leases are those with lease terms to expiry of at least five years.

# Tenants diversified across various business sectors

212<sup>(1)</sup> tenants from a diversified range of business sectors

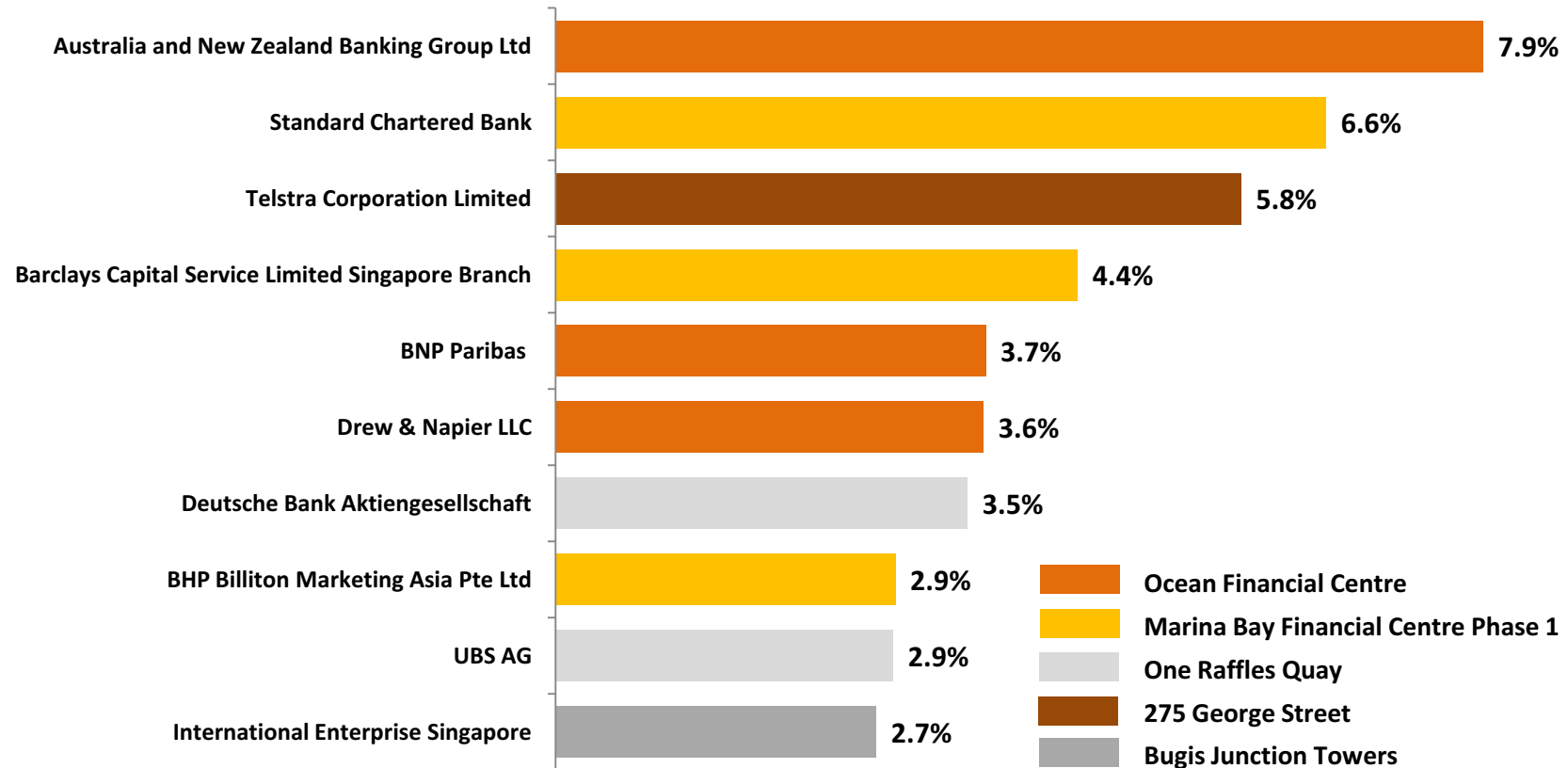
(1) Tenants with multiple leases are accounted as one tenant.



# Blue-Chip Tenant Base

Top ten tenants account for **44.0%** of portfolio NLA

## Top Ten Tenants



# Asset Enhancements

- Enhancement works at Prudential Tower and Bugis Junction Towers on track for completion in 4Q 2012 and 1Q 2013 respectively

## Prudential Tower



Before



After

## Bugis Junction Towers



Before

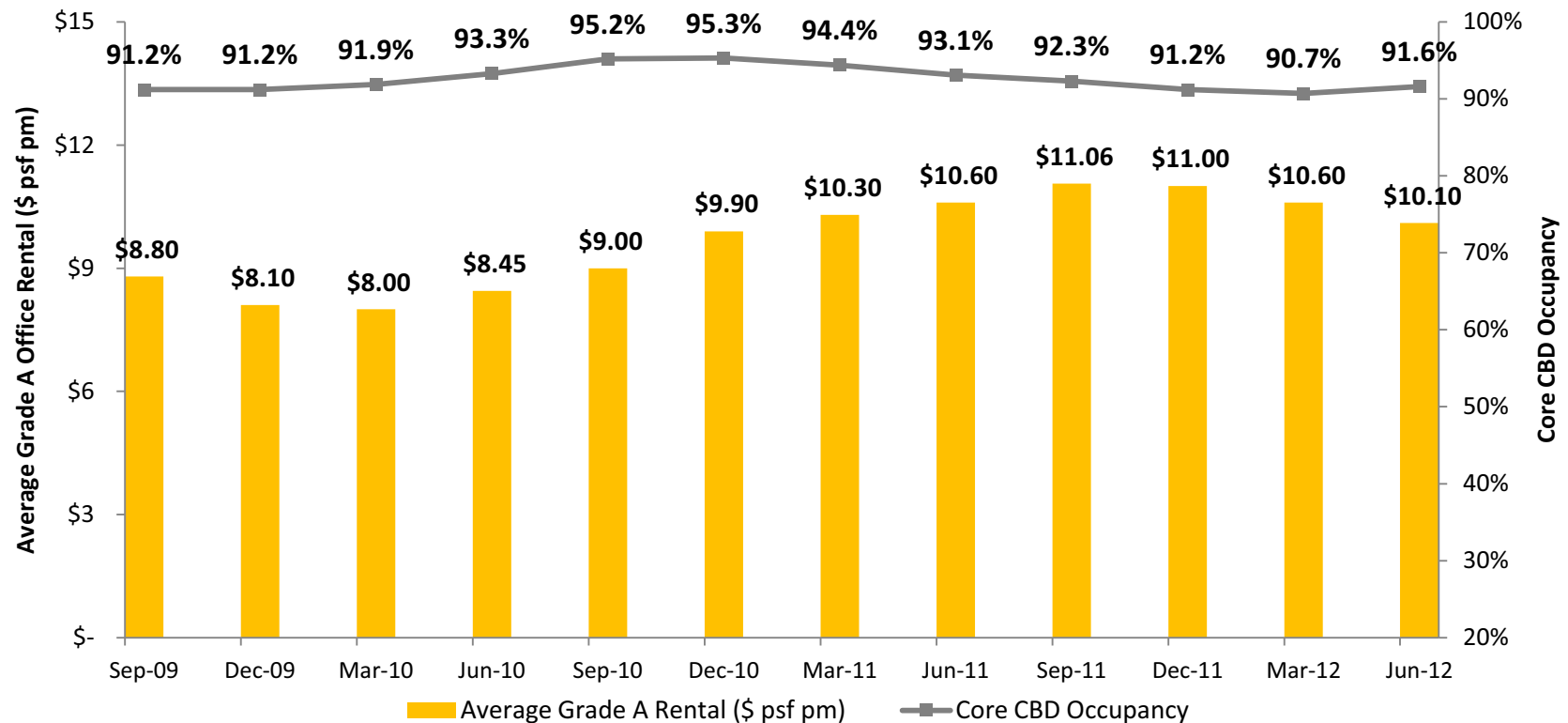


After

# Market Review and Outlook

# Singapore Office Market

- Improved demand from legal services, energy and natural resources sectors drive core CBD occupancy up to 91.6%
- Average Grade A office rental slips to \$10.10 psf per month due to completion of new Grade A office space



Source: CB Richard Ellis.

# Economic and Office Markets Outlook

## Singapore

- Economy remained resilient in 2Q 2012, growing 1.9% year-on-year
- Leasing activity is concentrated in new Grade A office buildings
- Liberalisation of legal industry is driving legal sector demand for office space in the central business district

## Australia

- The Reserve Bank of Australia (RBA) maintained the benchmark interest rate of 3.50%
- Strong economic fundamentals supported resilient employment levels
- Limited office supply and growth in the services sector underpinned higher occupancy rates
- Office market in Brisbane benefitted from sustained growth in the resource sector



# Going Forward

# Strategic Direction

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## *Vision*

*K-REIT Asia aims to be a successful commercial real estate investment trust with a sterling portfolio of assets pan-Asia.*

## *Mission*

*To deliver stable and sustainable returns to Unitholders by continually enhancing our assets and expanding our portfolio.*

Maximising  
Performance

Enhancing  
Assets

Achieving  
Capital  
Efficiency

Acquiring  
Quality  
Assets

# Additional Information

# About K-REIT Asia



- Quality portfolio of eight commercial Grade A office assets valued at \$6.3 billion and spanning 2.8m sf NLA as at 30 June 2012.
- Market capitalisation of \$2.9 billion<sup>(1)</sup> as at 11 July 2012.
- Listed on the SGX-ST in April 2006 via a distribution-in-specie to Keppel Land shareholders.
- 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 unit price of \$1.10 on 11 July 2012.*

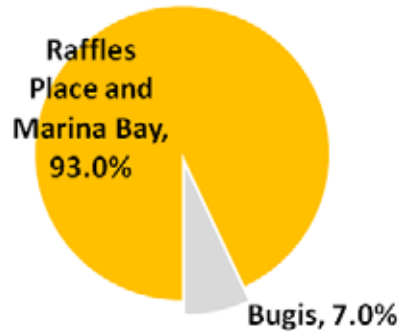
# Growth History



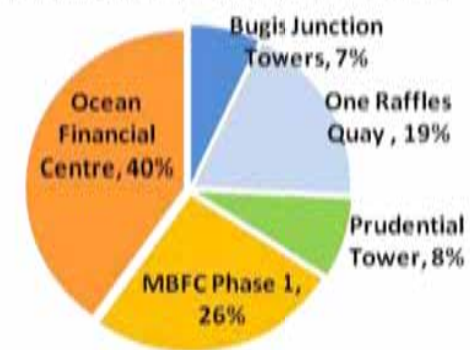
# Portfolio Diversification

93% of Singapore assets are located in the **Raffles Place and Marina Bay Precincts**

Singapore Property Location by AUM

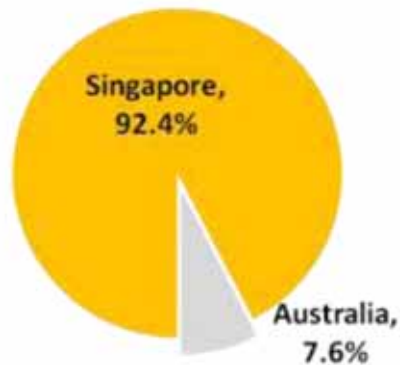


Singapore Portfolio by AUM

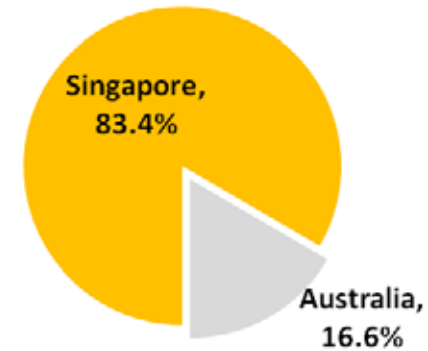


92% of property portfolio is located in **Singapore**

Portfolio by AUM



Portfolio by NLA



# Portfolio Information

	Singapore Portfolio					Australia Portfolio		
	Bugis Junction Towers	MBFC Interest <sup>(3)</sup>	Ocean Financial Centre Interest	One Raffles Quay Interest	Prudential Tower Property	275 George Street Property	77 King Street Property	8 Chifley Square Interest <sup>(7)</sup>
Attributable NLA (sf)	244,978	582,080	886,536 <sup>(4)</sup>	445,120	222,845	224,688	147,980	102,850
Ownership	100.0%	33.3%	99.9% <sup>(4)</sup>	33.3%	92.8%	50.0%	100.0%	50.0%
Number of tenants <sup>(1)</sup>	12	82	30	29	40	9	16	1
Principal tenants	IE Singapore, InterContinental Hotels Group, Keppel Land	Barclays Capital, BHP Billiton, Standard Chartered Bank	ANZ, BNP Paribas, Drew & Napier LLC	Royal Bank of Scotland, Deutsche Bank, UBS	McGraw-Hill Companies, The Executive Centre, UniCredit Bank	Queensland Gas Company, Telstra Corporation	Capgemini Australia, Hebert Geer, Drake Australia	Corrs Chambers Westgarth <sup>(8)</sup>
Tenure	99 years expiring 9 Sep 2089	99 years expiring 10 October 2104	99 years expiring 13 December 2110	99 years expiring 12 Jun 2100	99 years expiring 14 Jan 2095	Freehold	Freehold	99 years expiring 5 Apr 2105
Valuation <sup>(2)</sup> (S\$ million)	410.5	1,513.0	2,345.0 <sup>(5)</sup>	1,099.0	477.4	230.2 <sup>(6)</sup>	151.0 <sup>(6)</sup>	197.4 <sup>(9)</sup>
Committed occupancy	100.0%	99.5%	92.3%	100.0%	99.5%	100.0%	92.7%	40.0%

(1) Tenants with multiple leases accounted as one tenant

(2) Valuation as at 1 October 2011 based on K-REIT Asia's interest in the respective properties unless otherwise stated.

(3) Refers to K-REIT's one-third interest in Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall.

(4) Includes the acquisition of an additional 12.39% interest in Ocean Financial Centre (OFC) completed on 25 June 2012.

(5) Based on the sum of the valuations of the 87.51% interest in OFC as at 15 September 2011 and the 12.39% interest in OFC as at 15 June 2012.

(6) Based on the exchange rate of A\$1 = S\$1.279.

(7) 8 Chifley Square currently under construction and expected to be completed in 3Q 2013.

(8) Pre-committed lease.

(9) Based on the lower acquisition consideration of A\$154.4million on completion and an exchange rate of A\$1 = S\$1.279.

# Thank you

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