

# **FINANCIAL RESULTS**

**from 1 January to 30 September 2007**

**10 October 2007**



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## Highlights

### Financial Results (1 Jan to 30 Sept 2007)

- Net profit of **\$11.8m**, up **46.6%** from YTD Sept 2006
- Distribution Per Unit (DPU) of **6.14 cents** (**8.21 cents** annualised)
- **99.6%** committed occupancy as at 30 Sept 2007
- Total return of **10.1%** <sup>(1)</sup> for YTD 3Q2007 and **169%** since listing <sup>(2)</sup>

(1) Based on unit price appreciation from closing prices of \$2.50 on 29 Dec 2006 to \$2.69 on 28 Sept 2007 and DPU of 6.14 cents for 1 Jan 2007 to 30 Sept 2007

(2) Based on unit price appreciation from first day opening price of \$1.04 on 28 Apr 2006 to closing price of \$2.69 on 28 Sept 2007 and DPU of 10.77 cents for 26 Apr 2006 to 30 Sept 2007

## *Financial Results*

## Earnings Continued to Outperform

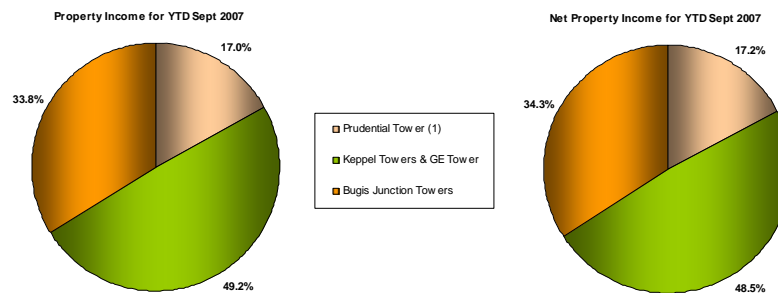
- Distributable income outperforms by **34.8%** to reach **\$14.9m** for YTD Sept 2007

(\$'000)	YTD Sept 2007	YTD Sept 2006	% Chg	3Q2007	3Q2006	% Chg
	Actual	Pro forma <sup>(1)</sup>		Actual	Actual	
Property Income	29,041	24,676	17.7	10,323	8,769	17.7
Property Expenses	(7,803)	(7,265)	7.4	(2,830)	(2,507)	12.9
<b>Net Property Income</b>	<b>21,238</b>	<b>17,411</b>	<b>22.0</b>	<b>7,493</b>	<b>6,262</b>	<b>19.7</b>
Non-Property Expenses	(9,468)	(9,383)	0.9	(3,330)	(3,117)	6.8
<b>Net Profit</b>	<b>11,770</b>	<b>8,028</b>	<b>46.6</b>	<b>4,163</b>	<b>3,145</b>	<b>32.4</b>
Revaluation of Investment Properties	137,964	-	nm	137,964	-	nm
<b>Net Profit After Revaluation</b>	<b>149,734</b>	<b>8,028</b>	<b>1,765.1</b>	<b>142,127</b>	<b>3,145</b>	<b>4,419.1</b>
<b>Distributable Income to Unitholders</b>	<b>14,892</b>	<b>11,051</b>	<b>34.8</b>	<b>5,411</b>	<b>4,121</b>	<b>31.3</b>

(1) As K-REIT Asia has no income and expenses for period prior to 26 April 2006, the comparative figures have been compiled based on (i) unaudited financial statements of Mansfield Realty Ltd, Keppel Land (Tower D) Pte Ltd and BCH Office Investment Pte Ltd for the period of 1 January 2006 to 25 April 2006 after making certain assumptions and adjustments; and (ii) actual results of K-REIT Asia from 26 April 2006 to 30 Sept 2006.

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## Portfolio Income by Asset



(\$'000)	Property Income			Net Property Income		
	YTD Sept 2007	YTD Sept 2006	% Chg	YTD Sept 2007	YTD Sept 2006	% Chg
	Actual	Pro forma		Actual	Pro forma	
Prudential Tower <sup>(1)</sup>	4,938	4,246	16.3	3,656	3,177	15.1
Keppel Towers & GE Tower	14,290	11,472	24.6	10,309	7,618	35.3
Bugis Junction Towers	9,813	8,958	9.5	7,273	6,616	9.9
<b>Total Portfolio</b>	<b>29,041</b>	<b>24,676</b>	<b>17.7</b>	<b>21,238</b>	<b>17,411</b>	<b>22.0</b>

(1) Approximately 44% of strata area of the building

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## DPU Outperforms

- 3Q2007 DPU of **2.23 cents**, **outperforms** 3Q2006 by **30.4%**
- DPU of **6.14 cents** for YTD Sept 2007 (annualised at **8.21 cents**)

	YTD Sept 2007	3Q2007	3Q2006
DPU	6.14 ¢	2.23 ¢	1.71 ¢
Annualised DPU	8.21 ¢	8.85 ¢	6.78 ¢
Distribution Yield <sup>(1)</sup>	3.05%	3.29%	2.52%

(1) Based on closing price of \$2.69 on 28 Sept 2007

## Capital Management

- **Minimal** interest rate exposure
  - **100% fixed** until May 2011
- Gearing **improves** significantly to **22.9%**

	As At			
	30-Sep-07	30-Jun-07	31-Mar-07	31-Dec-06
Borrowings	\$190.1m	\$190.1m	\$190.1m	\$190.1m
Gearing <sup>(1)</sup>	22.9%	27.3%	27.5%	27.4%
Interest Coverage Ratio <sup>(2)</sup>	3.2 times	3.3 times	3.0 times	2.7 times
All-in Interest Rate <sup>(3)</sup>	4.06%	4.06%	4.06%	4.06%
Weighted Average Term to Expiry	3.7 years	3.9 years	4.1 years	4.3 years

(1) Gearing = Borrowings / total assets

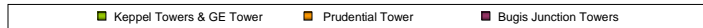
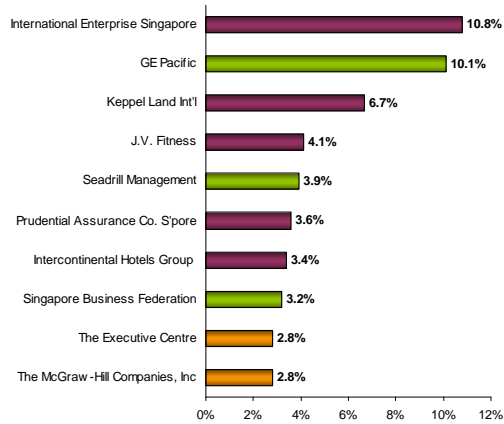
(2) Interest coverage ratio = YTD profit before interest and tax / net interest

(3) All-in interest rate for 5-year term loans includes amortisation of upfront debt arrangement expenses of approximately \$1.2m

# Portfolio Performance

# Broad Tenant Diversity

Top 10 Tenants : 51.4% of NLA (73,066 sm) @ 30 Sept 2007



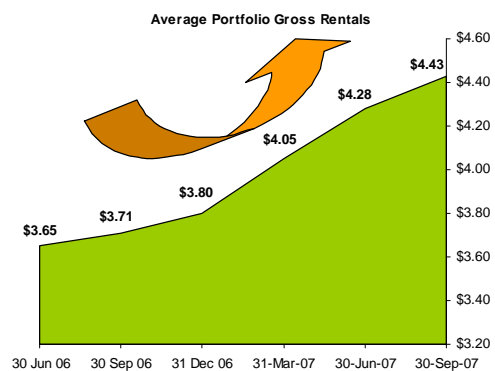
## Strong Trade Sector Mix

- Diverse tenant base
  - A total of **94** tenants from various industries
    - ❖ Financial and business services
    - ❖ Hospitality
    - ❖ Government agencies
    - ❖ Pharmaceuticals and healthcare
    - ❖ IT services and consultancy
- Risk diversification
  - Top tenant by NLA contributes **less than 15%** of gross rental revenue

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## Further Appreciation in Portfolio Rents

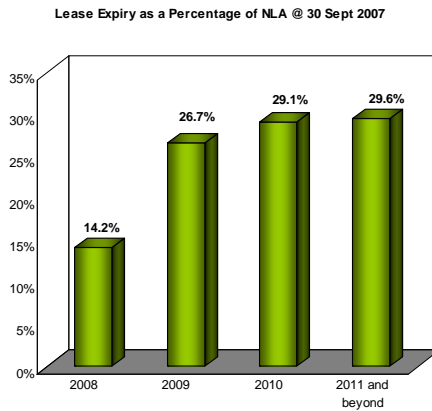
- Average portfolio gross rent **up 16.6%** from end-2006
- **Uptrend in rental rates** remains intact



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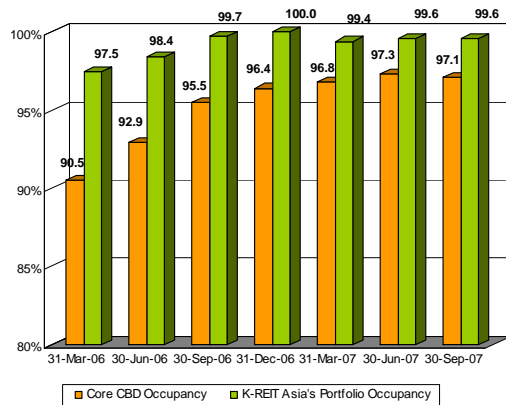
## Positive Rent Reversions

- About **70%** of NLA due for renewal from **2008 to 2010**
- **Positive rent reversions** on sustained demand for prime office space



## Strong Occupancy Rates

- Committed occupancy remains strong at **99.6%**, higher than Core CBD and Fringe CBD occupancy of 97.1% and 96.5% respectively (Source : CBRE)



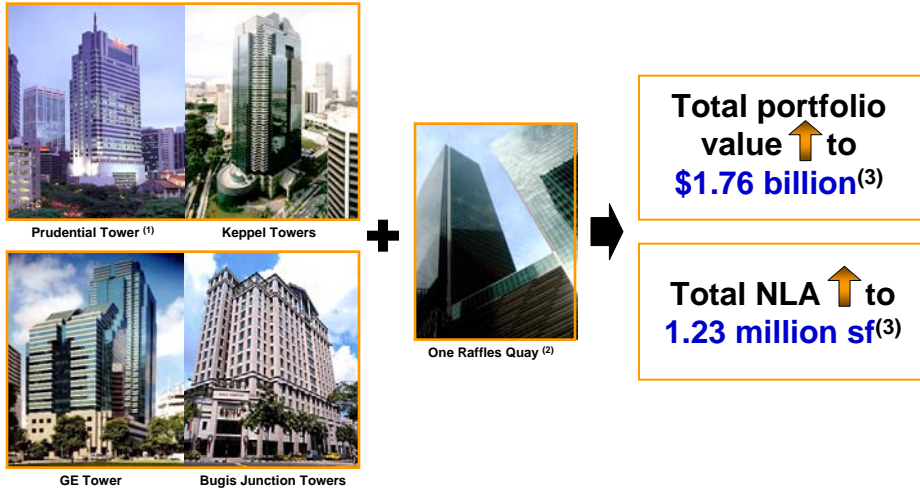
## ***Proposed Acquisition of One-third Interest in One Raffles Quay***

### **Significant Maiden Acquisition**

- Proposed acquisition of Keppel Land's one-third stake in One Raffles Quay (ORQ) for about **\$941.5m**
- Significant maiden acquisition <sup>(1)</sup>
  - Asset size more than doubles from \$815m to **\$1.76 bn**
  - Portfolio net lettable area grows from 0.79m sf to **1.23m sf**
  - Expected to be **yield-accretive**
- Acquisition will **strengthen** K-REIT Asia's position as an office-focused commercial REIT

(1) Acquisition is subject to unitholders' approval at EGM scheduled on 11 Oct 2007

## Enlarged Portfolio with ORQ Stake



(1) K-REIT Asia owns approximately 44% of strata area of the building (108,439 sf)  
(2) K-REIT Asia's attributable one-third share of the asset's NLA is about 445,188 sf  
(3) Acquisition is subject to unitholders' approval at EGM scheduled on 11 Oct 2007

## *Market Review and Outlook*

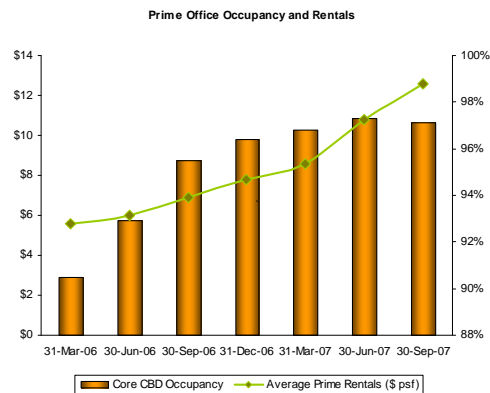
## Strong Demand for Quality Space

- **Robust Singapore economy**
  - Government revised upwards 2007 GDP growth forecast to **7 – 8%** from 5 – 7% previously
- **Strong growth** in financial services sector
- **More broad-based demand** from shipping, energy, trading, legal and IT sectors
- Rental and occupancy rates supported by **continued demand** for prime office space

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## Upward Trend in Office Rents

- Rents supported by **sustained office demand** arising from economic growth
- Average prime rents up from \$10.80 psf in 2Q2007 to **\$12.60 psf** in 3Q2007 \*



\* Source : CBRE

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## ***Going Forward***

## **Growth Strategy**

**Organic  
Growth**

**Achieve better returns through  
proactive management and active  
leasing of properties**

**Acquisition  
Growth**

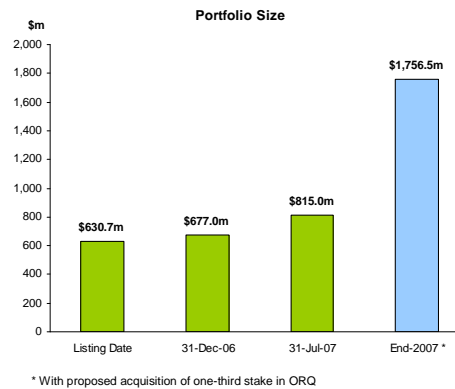
**Seek growth acquisitions in  
Singapore and overseas that will  
potentially value-add to the portfolio**

**Asset  
Enhancement**

**Identify asset enhancement  
initiatives to better meet the needs of  
tenants and increase asset value**

## A Pan-Asian Commercial REIT

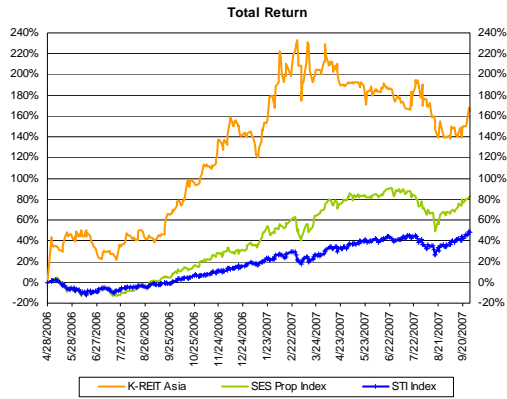
- Target portfolio size of **\$2 bn** within reach
- **Grow portfolio** by identifying and pursuing quality commercial assets in Singapore and other Asian growth cities
- Ride on different market cycles to allow for **risk diversification** across countries



## *Additional Information*

## Total Return Outperforms Major Indices

- Total return of **169%** since listing <sup>(1)</sup>



(1) Based on unit price appreciation from first day opening price of \$1.04 on 28 Apr 2006 to closing price of \$2.69 on 28 Sept 2007 and total DPU of 10.77 cents from 26 Apr 2006 to 30 Sept 2007

Source : Bloomberg as at 28 Sept 2007

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## Property Portfolio

	Prudential Tower <sup>(1)</sup>	Keppel Towers	GE Tower	Bugis Junction Towers
				
Net Lettable Area (sm)	10,074		40,002	22,990
Car Park Lots	-		288	-
Number of Tenants	14		68	12
Principal Tenants	McGraw-Hill Companies The Executive Centre KBC Bank N.V.		GE Pacific Seadrill Management Singapore Business Federation	IE Singapore J.V. Fitness Prudential Assurance Co.
Title	Leasehold estate of 99 years expiring 14 Jan 2095		Estate in fee simple	Leasehold estate of 99 years expiring 9 Sep 2089
Valuation <sup>(2)</sup>	\$152 million		\$444 million	\$219 million
Committed Occupancy	100.0%		99.3%	100.0%

(1) Approximately 44% of strata area of the building

(2) Valuation as at 31 July 2007 by Colliers International

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## Snapshot of K-REIT Asia

Manager	K-REIT Asia Management Limited
Property Portfolio	Four quality office buildings valued at \$815 million
Listing and Trading Date	28 Apr 2006 on Singapore Stock Exchange
Market Capitalisation	\$718.4 million (as at 9 Oct 2007) <sup>(1)</sup>
Unit Price	\$2.96 (closing price on 9 Oct 2007)
Total No. of Units	242,698,853 <sup>(2)</sup>
Free Float	28% (as at 9 Oct 2007) <sup>(3)</sup>

(1) Based on closing price of \$2.96 and 242,698,853 units issued as at 9 Oct 2007

(2) Includes issue of new units in payment of management fees

(3) Excludes total unitholding of about 72% held by Keppel Land and Keppel Corporation

# Thank You

#### Important Notice

*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.*