

## PRESS RELEASE

### Keppel Land's Financial Highlights for the Quarter Ended 31 March 2007

25 April 2007

#### Strong Residential Profits Boosted Group Bottomline

- Group PATMI grew strongly by 72% to reach \$62.5 million for the quarter ended 31 March 2007, as compared with \$36.3 million in the same quarter of 2006.
- Group earnings were largely contributed by higher residential sales, with PATMI from property trading up 190% to \$56.5 million in the first quarter of 2007.
- Higher earnings contribution from Singapore residential development boosted the share of PATMI from Singapore to 72% from 47% in the first quarter of 2006.
- Net tangible assets per share was \$2.31 as at end-March 2007, up from \$2.21 as at end-2006.
- ROE on an annualised basis improved further to 15.6% from 12.8% for FY2006.

#### Summary of Results

PATMI (\$m)	Quarter Ended		% Chg	Quarter Ended		% Chg
	31 Mar 07	31 Mar 06		31 Mar 07	31 Dec 06	
<b><u>By Geographical Location</u></b>						
Singapore	45.2	17.2	162.8	45.2	8.9	407.9
Other Countries	17.3	19.1	(9.4)	17.3	26.3	(34.2)
Sub-total	62.5	36.3	72.2	62.5	35.2	77.6
Net Gain from En Bloc Property Sales less Impairment Provision	-	-	-	-	46.0	nm
<b>PATMI</b>	<b>62.5</b>	<b>36.3</b>	<b>72.2</b>	<b>62.5</b>	<b>81.2</b>	<b>(23.0)</b>
<b><u>By Business Segment</u></b>						
Property Trading	56.5	19.5	189.7	56.5	51.3	10.1
Property Investment	11.5	9.6	19.8	11.5	(1.4)	nm
Others	(5.5)	7.2	nm	(5.5)	(14.7)	nm
Sub-total	62.5	36.3	72.2	62.5	35.2	77.6
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Key Ratios	Quarter Ended		% Chg	Quarter Ended		% Chg
	31 Mar 07	31 Mar 06		31 Mar 07	31 Dec 06	
Earnings Per Share (cts)	8.7	5.1	70.6	8.7	11.3	(23.0)
NTA Per Share (\$)	2.31	2.39	(3.3)	2.31	2.21	4.5
Annualised ROE (%)	15.6	8.6	81.4	15.6	15.6	-

### **Brisk Residential Sales Propel Earnings Growth**

Keppel Land achieved a 72% increase in Group PATMI to reach \$62.5 million in the first quarter of 2007 compared with \$36.3 million for the same quarter last year. The increase was due mainly to better contributions from higher residential sales in Singapore and overseas.

Property trading contributed \$56.5 million to Group PATMI in the first quarter, which was about 190% higher than the \$19.5 million achieved for the same quarter in 2006. PATMI from property investment also improved to \$11.5 million from \$9.6 million for the same quarter last year on the back of the positive office market.

### **High-end Residential Market Still Strong While Mid-tier Segment Gaining Momentum**

Flash estimates from the Urban Redevelopment Authority show that private residential prices edged up further by 4.6% in the first quarter of 2007. New home sales are expected to exceed 3,500 units for the quarter, more than 80% higher than that for the first quarter of 2006 when 1,858 units were sold.

While the high-end and luxury-end segments remain strong, the mid-tier segment appears to have picked up momentum with the good take-up at recent project launches. This will set the pace for a broader recovery in the residential market.

Keppel Land launched the much-awaited Reflections at Keppel Bay in early April amid keen interest for world-class waterfront living from local and foreign buyers and investors. Designed by internationally-acclaimed architect Daniel Libeskind, the iconic waterfront development has met with encouraging response, with about 90% of the 350 units launched sold at prices averaging about \$1,900 psf. More units will be progressively released to meet demand.

With the population targeted to grow to 6.5 million from 4.5 million now, positive sentiment in the residential market is expected to stay, with overall price increase of 10% to 15% for 2007 predicted.

### **Office Occupancy and Rentals Continue to Trend Up**

Grade A office space in the central business district continued to be well sought-after by major financial institutions and leading corporations. Grade A office buildings are almost fully occupied at 99.6% as at end-March 2007. Firm demand for Grade A office space further pushed up its rentals to average \$10.60 psf, some 21% higher than \$8.73 psf as at end-2006.

Encouraged by demand for quality office space, the consortium comprising Keppel Land, Cheung Kong (Holdings) and Hongkong Land has exercised its option for Phase Two of the Marina Bay Financial Centre site. Phase Two will add another 194,000 sm of gross floor area to the 244,000 sm currently under development in Phase One, and will comprise both Grade A office and high-end residential homes.

K-REIT Asia has also benefited from a strong office market. With higher rental rates achieved for new and renewed leases, the commercial real estate investment trust recorded higher annualised distribution per unit of 7.18 cents per unit for the first quarter of 2007, up from 6.98 cents per unit for the last quarter of 2006.

## **Overseas Projects Enjoy Good Demand**

Demand for quality homes in Asia continued to grow steadily, underpinned by healthy economic growth and favourable demographic trends. Keppel Land's residential launches in China and India made good sales progress in the first quarter of 2007.

As of 25 April 2007, The Seasons in Beijing sold about 95% of all 1,859 units. In Chengdu, The Waterfront achieved sales of about 99% of the 1,126 units launched while about 87% of all 1,476 units under Phase Two of The Botanica were sold. Villa Riviera in Shanghai has sold 70% of the 40 villas released.

To capitalise on the appetite for quality homes, Keppel Land plans to roll out The Arcadia villa development in Tianjin and the first phase of its Wuxi township project over the next few months.

Over at India, Elita Promenade in Bangalore sold about 78% of the 1,263 units launched as of 25 April 2007. Elita Horizon, the Group's second condominium development in Bangalore, and a residential project in Kolkata are scheduled for launch around the middle of 2007.

In Vietnam, Keppel Land has recently entered into two separate joint ventures to develop prime residential projects in An Phu Ward in District 2 of Ho Chi Minh City. The first project known as The Estella will comprise about 1,500 – 1,600 units and will cater to the upper income market. The second project will consist of about 500 units of prime waterfront condominiums on a site fronting the Saigon River.

Both projects are slated for launch in 2008 and underscore the Group's confidence in Vietnam's residential market. Vietnam's recent entry into the World Trade Organisation and continued strong economic performance will translate into greater demand for prime residential homes in strategic locations.

## **Disclaimer**

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