

PRESS RELEASE

Keppel Land's Financial Highlights for the Nine Months Ended 30 September 2005

24 October 2005

Overseas Earnings Continues Growth

PATMI (\$m)	Nine Months Ended		% Chg	Third Quarter Ended		% Chg
	30 Sep 05	30 Sep 04 ^		30 Sep 05	30 Sep 04 ^	
<u>By Geographical Location</u>						
Singapore	43.3	51.9	(16.6)	14.7	9.8	50.0
Other Countries	56.9	40.4	40.8	18.5	22.6	(18.1)
PATMI before EI	100.2	92.3	8.6	33.2	32.4	2.5
Exceptional Items	-	-	-	-	-	-
PATMI after EI	100.2	92.3	8.6	33.2	32.4	2.5
<u>By Business Segment</u>						
Property Trading	80.3	68.4	17.4	24.5	22.0	11.4
Property Investment	28.0	24.7	13.4	13.1	6.5	101.5
Others	(8.1)	(0.8)	nm	(4.4)	3.9	nm
PATMI before EI	100.2	92.3	8.6	33.2	32.4	2.5
Exceptional Items	-	-	-	-	-	-
PATMI after EI	100.2	92.3	8.6	33.2	32.4	2.5

Key Ratios	Nine Months Ended		% Chg	Third Quarter Ended		% Chg
	30 Sep 05	30 Sep 04 ^		30 Sep 05	30 Sep 04 ^	
Earnings Per Share (cts)	14.1	13.0	8.5	4.7	4.6	2.2
NTA Per Share (\$)	2.34	2.15	8.8	2.34	2.15	8.8
Annualised ROE * (%)	8.2	8.2	-	8.1	8.4	(3.6)

^ Adjusted for effect of adopting FRS 102 which takes into account share-based payment

* Before EI

Highlights

- Overseas earnings made up 57% share of PATMI during the first nine months of 2005, up from 44% at end-September 2004.
- PATMI from overseas grew by 41% year-on-year to \$56.9 million, driven primarily by strong contributions from China residential projects.
- Group PATMI rose 9% year-on-year to \$100.2 million, due largely to increased profit from property trading.
- Net tangible asset per share grew to \$2.34 as at end-September 2005, up 8.8% from a year ago.
- ROE remained at an annualised 8.2% for the period to 30 September 2005, compared to a year ago.

Overseas Earnings Continues to Grow

Keppel Land achieved further growth in earnings, with PATMI up 9% to \$100.2 million for the nine months ended 30 September 2005 compared with \$92.3 million during the same period last year. The increased profit was mainly due to higher PATMI from property trading, which rose by 17% to \$80.3 million on the back of increased contribution from overseas residential projects and the release of cost provisions no longer required for some completed projects in Singapore.

Overseas operations continued to lead, accounting for 57% of PATMI for the period to end-September 2005. Higher contribution from residential projects in China, led by maiden profit streams from *8 Park Avenue*, *The Seasons* and *The Waterfront*, helped to boost overseas earnings by 41% to \$56.9 million for the first nine months of this year.

Signs of Improvement in China Housing Market

Buying sentiments in China, particularly Shanghai, appear to have improved recently. Several new launches in the city centre of Shanghai have achieved good take-up rates, reflecting renewed interest in quality mid-to-higher-end residential developments as concerns from the anti-speculation measures waned. Sales at *8 Park Avenue* have accelerated, with more than 60% of the 115 units at Block 5 sold. In Beijing and Chengdu, sales continued to progress. Of the 1,056 units launched at *The Seasons*, 89% had been sold. At *The Waterfront*, 84% of 876 launched units were taken up while the first phase of *The Botanica*, comprising 970 units, was 99% sold.

Keppel Land has launched a takeover offer for the remaining shares in Dragon Land at US\$0.11 per share after it raised its stake in the China-focused developer to 38.86%. With its focus on local housing development catering to the lower to middle-income market in secondary cities in China, Dragon Land complements Keppel Land's China operations. Gaining a majority control will enable the Group to better realise the full potential of Dragon Land's business and asset portfolio.

Over at India, sales of the Group's first residential project *Elita Promenade* in Bangalore have been encouraging. The soft-launch of 230 units has been fully taken up and another 180 units have since been released for sale.

In the wake of rising oil prices and inflationary pressures, Asian economies and property markets may be affected in the short term. Nonetheless, the underlying demand for quality housing in the region remains strong in the long term. Henceforth, Keppel Land will continue with its strategy of focusing and expanding in Asia's growth cities, seeking out development

opportunities with good potential returns and progressively launching its residential projects in China, Thailand, Vietnam, India and Indonesia over the next few years.

Riding on Sustained Recovery of the Singapore Property Market

The recovery of the Singapore residential property market remains firmly on track. Flash estimates from the URA showed residential prices rose by 1.1% in the third quarter, the highest quarterly gain in five years. Homebuyers, both local and foreign, have been drawn to the market, especially after the government announced the relaxation of property measures including a greater quantum of mortgage financing and a lower cash down payment in July 2005.

Keppel Land's projects have benefited from the improved market sentiments. The recent soft launch of *Park Infinia at Wee Nam* was well received, with 96% of 146 launched units being taken up. *Caribbean at Keppel Bay* continued to attract buying interest, achieving sales of 82% of 801 units. Demand for *The Belvedere* was also strong, with 93% of 120 launched units being sold. In addition, the Group has sold another Cluny Hill bungalow plot and 28 units at The Tresor.

On the office market, prime office rentals and occupancy continued to rise in the third quarter of this year on the back of growing demand and tight supply, especially for prime office space. According to CB Richard Ellis, prime Grade A office rentals rose to \$5.25 psf in the third quarter of 2005 compared with \$4.60 psf as at end-2004. Going forward, prime office rentals and occupancy are expected to rise given limited new supply over the next few years and a shrinkage in existing supply as older office buildings in the CBD area are being converted into residential development.

The resilient office market has augured well for *One Raffles Quay*, a 1.3-million sf joint development with Cheung Kong (Holdings) and Hongkong Land Holdings. The development, which is more than 50% committed, continues to draw keen interest from prospective tenants, after securing commitments from international financial institutions like ABN AMRO, Deutsche Bank and UBS.

Moving Closer towards Unlocking Value of Investment Properties

Keppel Land's shareholders have voted unanimously in favour of the disposal of the Group's stake in retail mall *Parco Bugis Junction* and the acquisition of the remaining interest in office block *Bugis Junction Towers*. Upon completion, the transactions will result in an attributable net profit of \$30 million. The move consolidates *Bugis Junction Towers* into the Group's office portfolio and enhances it for potential inclusion in the Reit.

The Group is currently in the process of setting up an office Reit to unlock asset value. Reits are still highly demanded by investors as they offer fairly attractive and stable returns. With the maximum borrowing limit for Reits recently raised to 60%, the S-Reit market of more than \$10 billion in size is poised to grow further.

Forging Strategic Alliances to Enhance Bids for Integrated Resorts

The Keppel Land-Harrah's joint venture (JV) has recently entered into several strategic alliances with world-renowned institutions and leading industry players to reinforce the offerings in the iconic world-class Integrated Resorts it hopes to develop in Singapore.

The alliance with SMG, the world's largest marketer and operator of Meetings, Incentives, Conferences and Exhibitions (MICE) venues, will enhance Singapore's position as the top destination for conventions and meetings. Another strategic partnership with Paris-based Centre Pompidou, one of the world's leading cultural institutions, seeks to create a centre for the arts in Singapore with a more international dimension, which will be pivotal in creating a vibrant and unique artistic scene. The centre in Singapore is to be designed by the world-renowned architect Daniel Libeskind.

The JV will continue its efforts to engage best-in-class strategic partners to develop the most spectacular Integrated Resorts, which will help transform Singapore into a vibrant global city.