Keppel Land Limited
(Co Reg No. 189000001G)
230 Victoria Street
#15-05 Bugis Junction Towers
Singapore 188024
www.keppelland.com.sg

Tel: (65) 63388111
Fax: (65) 63377168

PRESS RELEASE

Keppel Land's Financial Highlights for the Year Ended 31 December 2005

25 January 2006

Record Profit Boosted by Uptrend of Overseas Earnings

PATMI ($m)	Year Ended		% Chg	Fourth Quarter Ended		% Chg
	31 Dec 05	31 Dec 04 ^		31 Dec 05	31 Dec 04 ^	
By Geographical Location						
Singapore	63.3	75.2	(15.8)	20.0	23.3	(14.2)
Other Countries	91.2	57.5	58.6	34.3	17.1	100.6
PATMI before EI	154.5	132.7	16.4	54.3	40.4	34.4
Exceptional Items	1.2	-	nm	1.2	-	nm
PATMI after EI	**155.7**	**132.7**	**17.3**	**55.5**	**40.4**	**37.4**
By Business Segment						
Property Trading	111.9	97.2	15.1	31.6	28.8	9.7
Property Investment	39.7	32.4	22.5	11.6	7.7	50.6
Others	2.9	3.1	(6.5)	11.1	3.9	184.6
PATMI before EI	154.5	132.7	16.4	54.3	40.4	34.4
Exceptional Items	1.2	-	nm	1.2	-	nm
PATMI after EI	**155.7**	**132.7**	**17.3**	**55.5**	**40.4**	**37.4**

Key Ratios	Year Ended		% Chg	Fourth Quarter Ended		% Chg
	31 Dec 05	31 Dec 04 ^		31 Dec 05	31 Dec 04 ^	
Earnings Per Share (cts)	21.8	18.8	16.0	7.7	5.8	32.8
NTA Per Share ($)	2.35	2.26	4.0	2.35	2.26	4.0
Annualised ROE (%)	9.5	8.6	10.5	13.3	10.4	27.9

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

Highlights

- Group PATMI grew to hit a high of $155.7 million for the year ended 31 December 2005, up 17% from 2004 on the back of increased profit from property development and property investment.
- Share of overseas earnings was higher at 59% of PATMI in FY2005 compared with 43% in the previous year.
- Strong residential sales from China contributed to the 59% increase in overseas PATMI to $91.2 million.
- Net tangible asset per share rose nine cents to $2.35 as at end-2005.
- ROE improved further to 9.5% compared with 8.6% a year ago.

Earnings Growth Driven by Better Contribution from Residential

Keppel Land's PATMI for FY2005 rose 17% to $155.7 million from $132.7 million in the previous year, after taking into account an exceptional gain of $1.2 million. The exceptional gain is the result of the $30.2 million profit recognised from the completion of the Bugis Junction transactions, offset by a $29 million provision for impairment in value of the Group's two hotel properties in Myanmar and one in Indonesia.

The increase in the Group's profitability was achieved on improved performance from both property trading and property investment. PATMI from property trading rose 15% to $111.9 million due mainly to higher earnings contribution from overseas residential sales. With the additional contribution from *Bugis Junction Towers* following the Group increasing its stake in the office tower to 100%, property investment also registered a higher profit at $39.7 million for 2005.

Earnings from overseas was $91.2 million for 2005, accounting for 59% of PATMI compared to 43% in 2004 and 32% in 2003. This was mainly from stronger contribution from residential projects, particularly *8 Park Avenue*, *The Seasons* and *The Waterfront* in China.

Robust Residential Demand

The Singapore residential market continues to strengthen. URA's flash estimates point to a full-year growth of 3.8% in residential prices compared with 0.9% in 2004. New home sales are estimated at 8,500 to 9,000 units for 2005, significantly higher than the 5,785 units achieved for 2004.

During the year, the Group sold about 600 units. *Caribbean at Keppel Bay* is 84% sold out of 801 units launched while *Park Infinia at Wee Nam* achieved a 95% take-up for the 200 launched units. Of the 120 launched units at *The Belvedere*, 96% had been sold. Two Cluny Hill bungalow plots were sold at a good profit of $12.7 million. Some 28 units at *The Tresor* were also taken up.

Overseas residential sales more than doubled to about 2,700 units from about 1,100 units in 2004. In Shanghai, China, Block 5 (115 units) of *8 Park Avenue* was more than 90% sold. New units were launched for *The Seasons* and *The Waterfront*. Some 88% of 1,250 launched units at *The Seasons* and 81% of 1,023 launched units at *The Waterfront* had been taken up. Phase one of 970 units of *The Botanica* township in Chengdu was completely sold.

In India, the Group's maiden residential development in Bangalore *Elita Promenade* continued to draw buyers' interest. It had since sold 76% of the 410 units launched for sale.

For the current year, Keppel Land has lined up several possible new residential launches. In Singapore, the Group plans to release residential units for sale in Phase One of the Business and Financial Centre (BFC), Phase Two of Keppel Bay, the Devonshire Road condominium project and Avenue Park. On the overseas front, new launches expected to be rolled out in 2006 include in China, villas in Shanghai and Tianjin, and Phase Two of *The Botanica* in Chengdu; detached housing in Bangkok, Thailand; a residential township in Jakarta, Indonesia and a condominium development in Bangalore, India.

Expanding Initiative on Residential Township Development

Recognising the sustainable demand from a growing middle-income population in Asia, the Group has made further inroads into township development with the acquisition of a 35-ha site in Wuxi, China for 5,000 homes through CityOne (JV with Surbana).

The Group has built up a pipeline of over 20,000 housing units for township projects in China, Vietnam and Indonesia. Keppel Land will continue to seek out viable township projects in promising cities to ensure a stream of earnings for the Group.

Strengthening Foothold in Singapore Prime Office Market

The BFC site, which was jointly acquired with Cheung Kong (Holdings) and Hongkong Land, will further strengthen Keppel Land's position in the prime office market. The site will yield a total GFA of 438,000 sm. Phase One will comprise 244,000 sm of GFA, of which about 74% is slated for prime office space and the balance for residential with ancillary retail space. Development planning is ongoing and the consortium is confident that BFC will play a pivotal role in shaping Singapore's new financial services hub.

One Raffles Quay (ORQ), a prime Grade A office development with Keppel Land holding a one-third share, is currently about 70% committed. Apart from ABN AMRO, Deutsche Bank and UBS, new tenants secured during the year include Ernst & Young, Barclays Capital and Societe Generale. ORQ will continue to draw strong interest from reputable institutions that are keen to anchor an early foothold in the Marina Bay area, which is fast developing into the hub to live, work and play.

On the prime office market, occupancy and rentals are expected to trend up further in 2006, supported by economic growth and limited new supply in the central business district. Demand for office space is estimated to have risen from 1.07 million sf in 2004 to about two million sf in 2005, pushing up islandwide occupancy to an estimated 87.4% compared with

84% a year ago. Average rentals for prime Grade A office space has also risen 23.3% from $4.60 as at end-2004 to $5.70 psf as at end-2005.

Unlocking Shareholder Value through K-REIT Asia

In November 2005, Keppel Land announced the establishment of K-REIT Asia by way of a distribution in specie to shareholders as part of its strategy to unlock shareholder value and grow its fee-based income business. With an initial portfolio of four prime office buildings – *Prudential Tower* (10 floors), *Keppel Towers* and *GE Tower*, and *Bugis Junction Towers* – valued at about $630 million, K-REIT Asia will invest primarily in quality commercial real estate to achieve stable dividend income and long-term growth in net asset value for investors. K-REIT Asia is expected to commence trading on the Main Board of SGX-ST by way of introduction by the end of the first quarter of 2006.

Bidding for the Marina Bay Integrated Resort

The Keppel Land-Harrah's JV will be submitting a competitive bid for the Marina Bay integrated resort (IR). The JV has already roped in several distinguished global players like convention specialists SMG, Suntec Singapore and CEMS to help position Singapore as a leading destination for Meetings, Incentives, Conventions and Exhibitions (MICE); AEG Live to provide world-class entertainment; Taubman Asia and Gordon Group Holdings to develop the retail mall component; and Centre Pompidou to create a centre for the arts with an international dimension. It will continue to seek strategic alliances to present an exciting iconic proposal, which will put Singapore onto the worldwide tourism map.