

## **Keppel Land Limited**

### **Opening Remarks by Group CEO**

#### **Full Year ended 31 December 2009**

2009 was a year full of uncertainties. Despite the crisis, I am pleased to report that Keppel Land has achieved good results.

#### **Improved Performance**

We are reporting a PATMI of \$280.4 million, and \$250.2m excluding fair value gains, an improvement of 23 per cent and 17 per cent respectively from 2008, with property trading contributing the bulk of earnings.

2009 started out challenging as the worst global financial crisis in decades brought down financial institutions, resulting in tight liquidity in the credit markets. Fortunately, the concerted efforts of governments managed to recapitalize financial institutions and stabilize financial markets.

Asian countries were relatively less affected. With the rebound in property markets in key Asian cities, we sold a total of about 3,500 homes, mainly from our townships in China. In Singapore, almost 400 units were sold, including those from new launches at Marina Bay Suites and Madison Residences.

The office market saw a revival of leasing activities in 2H09. Marina Bay Financial Centre (MBFC) Phase One is now 79% pre-committed with Nomura (102,000 sf) being the latest tenant signed up. Ocean Financial Centre also saw more pre-commitments from tenants, and is now almost 140,000 sf pre-committed.

#### **Positioning for the Upturn**

We also took steps to position ourselves for the upturn to grow in Asia.

Keppel Land carried out a 9-for-10 rights issue which raised \$708 m. Similarly, K-REIT also carried out a rights issue which raised about \$620 m.

In Singapore, we explored various land acquisition opportunities including participating in government land tenders. Overseas, we acquired three waterfront sites – one in China and two in Vietnam - to build on our successful track record for residential township and waterfront developments. The 30-ha site in Shenyang, China can be developed into 6,000 waterfront apartments while the two waterfront sites in Ho Chi Minh City, Vietnam can be respectively developed into 4,700 apartments and 175 villas.

We privatized our China-focused subsidiary Evergro putting us in a stronger position to capitalize on the China market. Its projects in Tianjin, Changzhou and Jiangyin have been integrated into Keppel Land's operations for better efficiency and economies of scale.

Keppel Land's landbank in China has grown to 7.2 million sm in GFA, across 10 cities, able to provide more than 30,000 homes. Our total pipeline overseas is more than 70,000 homes, with China accounting for more than half, and Vietnam comprising about one-third.

On the fund management business, KREIT Asia acquired six strata floors of Prudential Tower, while Alpha's Asia Macro Trends Fund has acquired four properties in Seoul, Tokyo and Hongkong. Both KREIT and Alpha remain in strong financial position to acquire more assets.

### **Outlook Ahead**

Keppel Land is moving into 2010 with optimism on the back of its stronger financial position, improving residential sales and office space take-up together with expectations of continued recovery of Asia and a return of capital flows from the West.

We will continue to look out for development opportunities in the countries of our focus, namely Singapore, China, India, Vietnam and Indonesia.

While actively seeking growth, the Group remains cautious about the potential risks that may result from the withdrawal of government stimulus policies.

In total, the Group plans to launch more than 5,500 homes across Asia for sale in 2010.

In Singapore, we are planning launches of Marina Bay Suites and Reflections at Keppel Bay. The opening of the Integrated Resorts should add excitement to higher end projects.

In China, we will be launching two projects in Shanghai : the remaining four blocks at 8 Park Avenue; and a residential development in Nanhui district which has been designated Pudong.

We will also be launching Phase One (1,700 units) of our start up 35.4 ha project in the Sino-Singapore Tianjin Eco City.