

## PRESS RELEASE

### Keppel Land's Financial Highlights for the Half Year Ended 30 June 2009

22 July 2009

#### Improved Performance in Second Quarter as Market Sentiments Turned Positive

- *PATMI grew 57.7% quarter-on-quarter to \$58.2 million in the second quarter due mainly to higher earnings contribution from property trading*
- *PATMI from property trading was 60.3% higher at \$50.8 million in the second quarter as a result of stronger residential sales from Singapore and overseas*
- *Profit contribution from property investment rose 5.2% to \$10.1 million in the second quarter on the back of higher rental income from Singapore and a higher share of profit from K-REIT Asia*

#### Summary of Results

PATMI (\$m)	Half Year Ended		% Chg	Quarter Ended		% Chg
	30 Jun 09	30 Jun 08		30 Jun 09	31 Mar 09	
<b><u>By Geographical Location</u></b>						
Singapore	68.0	80.0	(15.0)	40.5	27.5	47.3
Other Countries	27.1	25.6	5.9	17.7	9.4	88.3
Gain on Acquisition of Additional Interest in K-REIT Asia	-	7.3	nm	-	-	-
<b>PATMI</b>	<b>95.1</b>	<b>113.0</b>	<b>(15.8)</b>	<b>58.2</b>	<b>36.9</b>	<b>57.7</b>
<b><u>By Business Segment</u></b>						
Property Trading	82.5	79.2	4.2	50.8	31.7	60.3
Property Investment	19.7	15.2	29.6	10.1	9.6	5.2
Fund Management	8.8	9.4	(6.4)	4.2	4.6	(8.7)
Hotels and Resorts/Others	(15.9)	1.8	nm	(6.9)	(9.0)	nm
Gain on Acquisition of Additional Interest in K-REIT Asia	-	7.3	nm	-	-	-
<b>PATMI</b>	<b>95.1</b>	<b>113.0</b>	<b>(15.8)</b>	<b>58.2</b>	<b>36.9</b>	<b>57.7</b>

Key Ratios	Half Year Ended		% Chg	Quarter Ended		% Chg
	30 Jun 09	30 Jun 08		30 Jun 09	31 Mar 09	
Earnings Per Share (cts)	8.2	11.1 <sup>^</sup>	(26.1)	5.0	3.2 <sup>^</sup>	56.3
NTA Per Share (\$)	2.29	3.13	(26.8)	2.29	3.50	(34.6)
Annualised ROE (%)	7.0	9.8	(28.6)	7.0	6.0	16.7

<sup>^</sup> Restated to include the effect of the rights issue in accordance with FRS 33.

### **Stronger Earnings in Second Quarter as Residential Markets Improved**

Keppel Land achieved profit after tax and minority interests (PATMI) of \$95.1 million for the first half of 2009. This was 15.8% lower than the \$113 million achieved in the first half of 2008. Excluding the one-off gain from K-REIT Asia in 1H08, PATMI would have declined by 9.9%.

The Group achieved stronger earnings in the second quarter of 2009. PATMI grew 57.7% quarter-on-quarter to \$58.2 million as residential sales in Singapore and Asian markets such as China and Vietnam rose on improved sentiments.

Higher earnings from Singapore and overseas residential projects resulted in a 60.3% quarter-on-quarter growth in PATMI from property trading to \$50.8 million in the second quarter. Profit contribution was mainly from Marina Bay Residences, The Sixth Avenue Residences, Reflections at Keppel Bay and The Tresor in Singapore and overseas projects such as The Arcadia in Tianjin and The Botanica in Chengdu.

Property investment also achieved higher PATMI of \$10.1 million, up 5.2% from \$9.6 million in the first quarter. Higher rental income from Singapore and a higher share of profit from K-REIT Asia led to the improved performance.

### **Improved Sentiments in Singapore Market**

The Singapore residential market has outperformed expectations while the office market is showing signs of stabilisation.

New home sales in the first half of 2009 are estimated at about 7,310 units, more than 70% higher than the 4,264 units achieved for the whole of 2008. Market sentiment has turned positive, with momentum filtering into mid- to higher-end projects.

Keppel Land's projects, Park Infinia at Wee Nam and The Tresor, are almost fully sold. The Group is expected to launch Madison Residences and The Promont in 2H2009 and will actively seek opportunities to acquire sites.

As sentiments have improved with the economy stabilising, the office leasing market is more active and the pace of decline for office rents eased in 2Q2009. Average prime office rents fell 18.2% to \$8.60 psf in 2Q2009, compared with the 18.6% dip to \$10.50 psf in 1Q2009. Average Grade A rents declined 17.5% to \$10.15 psf, lower than the 18% drop to \$12.30 psf in 1Q2009 (Source: CB Richard Ellis). Marina Bay Financial Centre Phases 1 and 2, which have a pre-commitment rate of about 66% and 55% respectively, have seen more leasing enquiries recently.

### **Improved Sales in Key Asian Markets**

In Asia, concerted efforts by the regional governments to stimulate economic growth and domestic consumption are yielding positive results.

In China, Keppel Land sold over 1,440 units in 1H2009. Sales were strong for The Botanica in Chengdu and Central Park City in Wuxi where both townships achieved monthly average sales of 100 units for the last few months. In Vietnam, the Group has resumed sales of The Estella in Ho Chi Minh City in May and has since sold about 30 units. The Group is planning to launch Riviera Cove, a 96-unit villa development in Ho Chi Minh City in 2H2009.

Keppel Land has taken up a 55% stake in a 36.8-ha site located within the 4-sq km Start-Up Area of the Sino-Singapore Tianjin Eco-City. Keppel Land has also been appointed the project manager for the

development of the site. Phase 1 will yield 1,760 homes with a total Gross Floor Area (GFA) of about 170,000 sm and commercial developments covering a total GFA of about 40,000 sm. Construction of Phase 1 will commence in 1Q2010 and the sales launch of homes in Phase 1 is expected in 2Q2010.

Keppel Land has announced the proposed voluntary delisting of Evergro Properties. The proposed delisting will provide Keppel Land with a stronger platform to capture opportunities and growth in China by combining the operational expertise, industry knowledge and extensive networks of both companies.

### **Riding on Platform for Growth**

The Group's private fund management vehicle, Alpha Investment Partners (Alpha), has acquired a retail property in Tokyo under Alpha Asia Macro Trends Fund. With this acquisition, Alpha Asia Macro Trends Fund has invested 11% of its \$1.7 billion raised, while Alpha's AIB Alpha Japan Fund is 46% invested. Both K-REIT Asia and Alpha will continue to seek acquisitions of quality assets.

With the successful conclusion of the rights issue, Keppel Land has increased its cash position by about \$700 million to \$1.2 billion and enhanced its financial ability to fund future acquisitions. The Group will seek selective acquisitions in Singapore and overseas, capitalising on opportunities presented by the economic downturn. Keppel Land will also continue to focus on developing quality residential, office, township and sustainable developments in Asia.

### **Disclaimer**

*This release may contain statements which are subject to risks and uncertainties that could cause actual results to differ materially from such statements. You are cautioned not to place undue reliance on such statements, which are based in the current views of Management on future developments and events.*