

PRESS RELEASE

Keppel Land's Financial Highlights for the Quarter Ended 31 March 2006

26 April 2006

Steady Stream of Overseas Earnings

PATMI (\$m)	Quarter Ended		% Chg	Quarter Ended		% Chg
	31 Mar 06	31 Mar 05		31 Mar 06	31 Dec 05	
<u>By Geographical Location</u>						
Singapore	17.2	19.2	(10.4)	17.2	19.9	(13.6)
Other Countries	19.1	17.0	12.4	19.1	34.4	(44.5)
PATMI before EI	36.3	36.2	0.3	36.3	54.3	(33.1)
Exceptional Items	-	-	-	-	1.2	nm
PATMI after EI	36.3	36.2	0.3	36.3	55.5	(34.6)
<u>By Business Segment</u>						
Property Trading	19.5	30.0	(35.0)	19.5	31.6	(38.3)
Property Investment	9.6	6.1	57.4	9.6	11.6	(17.2)
Others	7.2	0.1	nm	11.7	11.1	5.4
PATMI before EI	36.3	36.2	0.3	36.3	54.3	(33.1)
Exceptional Items	-	-	-	-	1.2	nm
PATMI after EI	36.3	36.2	0.3	36.3	55.5	(34.6)

Key Ratios	Quarter Ended		% Chg	Quarter Ended		% Chg
	31 Mar 06	31 Mar 05		31 Mar 06	31 Dec 05	
Earnings Per Share (cts)	5.1	5.1	-	5.1	7.8	(34.6)
NTA Per Share (\$)	2.39	2.27	5.3	2.39	2.35	1.7
Annualised ROE (%)	8.6	8.8	(2.3)	8.6	13.2	(34.8)

Highlights

- Group PATMI was marginally higher at \$36.3 million for 1Q2006 compared to 1Q2005.
- Overseas earnings contributed about 53% to PATMI in 1Q2006, higher than 47% in 1Q2005.
- Lower PATMI from property trading due mainly to reduced contributions from Singapore residential projects in 1Q2006.
- Net tangible assets per share rose 12 cents to \$2.39 as at end-March 2006 from \$2.27 a year ago.
- Annualised ROE remained fairly stable at 8.6% in 1Q2006.

Earnings Staying On Course

Keppel Land recorded a PATMI of \$36.3 million for the quarter ended 31 March 2006, marginally higher than for the corresponding quarter a year ago.

Earnings from overseas totalled \$19.1 million for the quarter ended 31 March 2006, representing a 53% share of PATMI compared to 47% for the corresponding quarter last year. PATMI from overseas rose 12% year-on-year, largely due to better contributions from residential projects.

Property trading contributed \$19.5 million to PATMI, a 35% drop from \$30 million for the same period last year. This decline was due to the release of cost provisions in the first quarter of 2005 following the completion of *Butterworth 8*, *Amaranda Gardens* and *The Edgewater* in Singapore. However, the decline was partly mitigated by higher contributions from overseas projects including *The Seasons* and *The Waterfront* in China, *BG Junction* in Indonesia, *Elita Promenade* in India and *Villa Riviera* in Vietnam.

PATMI from property investment rose 57% to reach \$9.6 million for the first quarter of 2006 from increased contribution from *Bugis Junction Towers* after the Group gained 100% ownership of the office building in October 2005.

Upbeat Sentiments Encircling Singapore Property Market

URA's flash estimate of a 1.5% rise in the property price index for the first quarter of 2006, which is the largest quarterly gain since 2000, shows that the recovery of the residential market remains on track. More projects were launched recently to capitalise on the improved buying sentiment as the upbeat mood filters from the high-end segment to the broader-based upper to middle segments of the market.

Existing launches such as *Caribbean at Keppel Bay* and *Park Infinia at Wee Nam* continue to achieve good sales progress.

The office market continues to grow from strength to strength with limited new supply and reduction of existing supply due to conversion of office buildings into residential use. Office rental rates continue to rise with average rentals for Grade A buildings hitting \$6 psf at end-March 2006 compared with \$5.70 psf at the end of last year. Grade A occupancy has grown from 92.5% at end-2005 to 95.1% at end-March 2006.

Strong demand for prime office space augurs well for *One Raffles Quay* (ORQ) and BFC, both of which are jointly developed by Keppel Land with Cheung Kong (Holdings) and

Hongkong Land. Pre-commitment level at ORQ is 86% now and is expected to exceed 90% when the Grade A office development is completed later this year.

Overseas Residential Sales Continued to Make Headway

Keppel Land's overseas residential projects continue to make good progress in sales. In China, take-up at *The Seasons* in Beijing has risen to 84% out of 1,596 units launched. Over at Chengdu, Phase Two of *The Botanica*, Keppel Land's joint venture township development with Surbana Corporation, was launched in mid-April 2006 and 95% of 324 units released were snapped up within two weeks. The Group has also released new units at *The Waterfront* and sales now exceed 87% out of 1,054 units launched. In Shanghai, all 456 launched units of *8 Park Avenue* have been taken up.

Keppel Land's subsidiary Dragon Land, which focuses on middle-income housing development in secondary cities in China, has recently sold a wholly-owned subsidiary which owns the land-use rights for 133 ha of land at Yingcheng Township, Hangu District in Tianjin. Proceeds from the sale will be re-deployed to fund development of Dragon Land's projects in Tianjin, Jiangyin and Changzhou. Keppel Land's share of the profit will be about \$14 million.

In India, more units at *Elita Promenade* are progressively released to cater to rising demand amid shortage of good quality housing in Bangalore. Over 70% of the 611 units launched have since been sold.

Unanimous Vote for K-REIT Asia

On 11 April 2006, Keppel Land's shareholders voted in favour of the establishment of K-REIT Asia, a commercial real estate investment trust sponsored by Keppel Land. K-REIT Asia will commence trading on the Singapore Exchange on 28 April 2006. It will seek to grow its initial portfolio of four quality office buildings through acquisitions of yield-accretive assets that will provide stable returns and long-term asset growth for unitholders. Tapping on Keppel Land's sound expertise, extensive regional network and a strong pipeline of commercial properties, which can potentially add to its portfolio, K-REIT Asia has the capability of growing into a pan-Asian commercial REIT.

Potential New Business Platform from Marina Bay IR

The Keppel Land-Harrah's JV has submitted a bid for the Marina Bay integrated resort (IR). The government is expected to announce the winning bid in late May or early June. Should the JV win the bid, it will potentially generate a new income stream for the Group that taps on

the tourism segment of Singapore and creates a platform for new business opportunities in the region.

Final Closing of Fund and New Investment Mandate

Alpha Investment Partners, Keppel Land's fund management arm, has achieved final closing of Alpha Core Plus Real Estate Fund, raising total equity of US\$437 million and exceeding the original target of US\$250 million. It has also secured its first Islamic mandate to manage an existing portfolio of US\$150 million of Shariah compliant properties in Asia to be expanded to US\$300 million by end-2007.

Together with Asia No. 1 Property Fund, which is jointly managed with Henderson Global Investors and is now over 85% invested, total assets under management by Alpha amount to about US\$2.7 billion when the three funds are fully invested. Including K-REIT Asia, Keppel Land's total assets under management when fully invested will be US\$3.1 billion (\$5 billion).