

PRESS RELEASE

Keppel Land's Financial Highlights for the Nine Months Ended 30 September 2006

25 October 2006

Property Trading Drives PATMI Growth of 19%

PATMI (\$m)	Nine Months Ended		% Chg	Quarter Ended		% Chg
	30 Sep 06	30 Sep 05		30 Sep 06	30 Sep 05	
<u>By Geographical Location</u>						
Singapore	47.3	43.3	9.2	19.2	14.7	30.6
Other Countries	71.8	56.9	26.2	19.3	18.5	4.3
PATMI	119.1	100.2	18.9	38.5	33.2	16.0
<u>By Business Segment</u>						
Property Trading	99.4	80.3	23.8	34.6	24.5	41.2
Property Investment	28.9	28.0	3.2	14.8	13.1	13.0
Others	(9.2)	(8.1)	nm	(10.9)	(4.4)	nm
PATMI	119.1	100.2	18.9	38.5	33.2	16.0

Key Ratios	Nine Months Ended		% Chg	Quarter Ended		% Chg
	30 Sep 06	30 Sep 05		30 Sep 06	30 Sep 05	
Earnings Per Share (cts)	16.6	14.1	17.7	5.4	4.7	14.9
NTA Per Share (\$)	2.12	2.34	(9.4)	2.12	2.34	(9.4)
Annualised ROE (%)	9.9	8.2	20.7	9.6	8.1	18.5

Highlights

- Group PATMI grew by 18.9% to \$119.1 million for the nine months ended 30 September 2006 compared with \$100.2 million for the corresponding period last year.
- PATMI from property trading rose 23.8% year-on-year to \$99.4 million, with higher contributions from both Singapore and overseas.
- Overseas earnings made up 60% of PATMI in the first nine months of 2006 with contribution from China, India, Vietnam and Indonesia.
- Net tangible assets per share was \$2.12 as at end-September 2006 following the completion of a distribution *in specie* of a commercial REIT called K-REIT Asia to Keppel Land's shareholders in April this year.
- Annualised ROE improved further to 9.9% from 8.2%.

Higher Development Profits from Singapore and Overseas

Keppel Land achieved PATMI of \$119.1 million for the nine months ended 30 September 2006, up 18.9% from the same period last year with property trading being the main profit contributor.

PATMI from property trading rose 23.8% to \$99.4 million for the first nine months of this year, due largely to a \$12.4 million profit from the sale of Dragon Land's subsidiary in Tianjin, China, a \$9.5 million gain from the sale of the Group's stake in Singapore Suzhou Industrial Holdings, and higher contributions from existing development projects in Singapore, India and Vietnam.

For the nine months ended 30 September 2006, PATMI from property investment was 3.2% higher at \$28.9 million, due to higher rental income from the Group's Singapore office portfolio.

Overseas earnings continued to lead with a 60% share of PATMI for the first nine months of 2006. Driven by higher development profits from China, India, Vietnam and Indonesia, overseas PATMI grew 26% to \$71.8 million for the year to 30 September 2006.

On an annualized basis, the Group's return on equity improved to 9.9% for the year-to-date compared with 8.2% for the first nine months of 2005.

Market Upswings in Singapore to Sustain

Flash estimates from Urban Redevelopment Authority showed a further 2.5% gain in residential prices in 3Q2006. Home prices are now 5.8% higher than at end-2005. CB Richard Ellis (CBRE) has projected residential price increases of 7 – 9% for 2006, considerably higher than the 3.9% gain in 2005. CBRE has also projected new home sales of 8,500 to 9,000 units for 2006, which is comparable to the 8,955 new units sold last year.

Keppel Land continues to achieve good progress in its residential sales. As of 25 October 2006, 98% of the 393 units launched at *Park Infinia at Wee Nam* has been sold while *The Belvedere* is fully sold. Of the 801 units available at *Caribbean at Keppel Bay*, 99% has been taken up.

The Group will launch two iconic waterfront developments to capitalize on demand for high-end homes. The much-anticipated *Marina Bay Residences* is scheduled for launch by the end of 2006 while Phase Two of the Keppel Harbour development (Plot One) will be released

in 1Q2007. A condominium development at Sixth Avenue is also targeted to be launched by the end of this year.

Strong demand for prime office space from global financial institutions and professional services firms, exacerbated by limited new supply and reduction of existing CBD stock, continue to push up prime office occupancy and rental rates. According to CBRE, average Grade A office occupancy hit 99.3% as at end-September 2006 compared with 92.5% as at end-2005. Average Grade A rentals rose 33% to \$7.60 psf at end-September from \$5.70 psf at end-2005, and is projected to reach \$8.30 psf by end-2006.

Riding on a strong office market, the Group's office portfolio continues to improve on its performance. *One Raffles Quay*, which is jointly developed with Cheung Kong (Holdings) and Hongkong Land, has attained full commitment before its completion in end-October 2006. K-REIT Asia, a commercial real estate investment trust sponsored by Keppel Land, has achieved almost 100% occupancy for its existing property portfolio. K-REIT Asia continued to outperform with a distribution per unit (DPU) of 1.71 cents in 3Q2006, bringing total DPU for the period from 26 April to 30 September 2006 to 2.87 cents, 22% above forecast.

Tapping on Asia's Growing Housing Demand

Keppel Land is constantly on the lookout for opportunities to grow its overseas operations, with its strategic focus on developing good quality housing and integrated townships in Asia's growth markets. The Group is targeting to launch several new projects before the end of 2006, including *Villa Riviera* in Shanghai, China; a condominium project at Kanakapura Road in Bangalore, India; and *Villa Arcadia at Watcharapol* in Bangkok, Thailand.

Keppel Land has further raised its stake in Dragon Land to 71%. Dragon Land will serve as an additional growth platform for the Group's expansion into second tier cities in China.

Sale of Keppel Land's projects remains healthy, backed by genuine demand from local owner-occupiers. As of 25 October 2006, *The Seasons* in Beijing has sold about 91% of 1,775 units launched while *The Waterfront* at Chengdu saw 94% of 1,070 units launched being taken up. Phase Two of *The Botanica*, a residential township jointly developed with Surbana Corporation in Chengdu, has also sold about 97% of the 632 units released.

Despite the Chinese government's efforts to curb speculation, Keppel Land remains positive about the growth potential of the housing market, given the country's rising income levels, and urbanization and demographic trends.

Over at India, almost 80% of the 848 units launched under Phase One of *Elita Promenade* in Bangalore has been sold. Phase Two of the project, comprising 725 units, will be released soon. Following its acquisition of a third residential site in Kolkata, Keppel Land will continue its efforts to seek out more development opportunities in other promising Indian cities.

The Group's villa developments in Vietnam and Thailand have also made further improvement in sales. *Villa Riviera* in Ho Chi Minh City has sold a total of 63 villas or 84% of the 75 units released, while *Villa Arcadia at Srinakarin* in Bangkok has achieved sales of 82% out of the 100 launched units.

BG Junction, a shopping mall in Surabaya, Indonesia continues to draw interest from potential buyers and tenants. The retail complex has sold about 400 units with a total net floor area of about 4,600 sm, and has leased about 26,000 sm of space to major tenants.

Asset Divestments to Unlock Value

Keppel Land sold its interest in Singapore Suzhou Industrial Holdings, a joint venture company which develops industrial properties within China's Suzhou Industrial Park in September 2006. The Group has since recognized a net profit of \$9.5 million from the divestment in 3Q2006.

Keppel Land has also recently divested its 30% stake in *Ocean Towers* in Shanghai, which will yield an estimated net profit of \$27.5 million upon completion of sale. The divestment is part of the Group's strategy of unlocking value in investment buildings and re-deploying resources to grow its core businesses of property development and fund management.