## PRESS RELEASE

**Keppel Land's Financial Highlights for the Half Year Ended 30 June 2008**

30 July 2008

***Earnings Eased in line with Cautious Market***

- **Group PATMI for 1H2008 was 10% lower at $113 million compared with $125.5 million a year ago.**
- **Property trading posted lower contribution as several residential projects were completed and new launches were held back.**
- **Property investment recorded lower earnings due mainly to a write-back of tax provision in 1Q2007 and the absence of contribution from One Raffles Quay after the restructuring of the Group's one-third stake in December 2007.**
- **Fund management rose significantly with higher fee income from K-REIT Asia and stronger performance of Alpha Investment Partners.**
- **NTA per share was 40% higher at $3.13 as at end-June 2008.**

***Summary of Results***

| **PATMI ($m)** | **Half Year Ended** | | **% Chg** | **Quarter Ended** | | **% Chg** |
|---|---|---|---|---|---|---|
| | **30 Jun 08** | **30 Jun 07** | | **30 Jun 08** | **31 Mar 08** | |
| ***By Geographical Location*** | | | | | | |
| Singapore | 80.2 | 78.2 | 2.6 | 37.2 | 43.0 | (13.5) |
| Other Countries | 25.4 | 47.3 | (46.3) | 8.1 | 17.3 | (53.2) |
| Sub-total | 105.6 | 125.5 | (15.9) | 45.3 | 60.3 | (24.9) |
| Gain on purchase of additional interest in an associate | 7.3 | - | nm | 7.3 | - | nm |
| **PATMI** | **113.0** | **125.5** | **(10.0)** | **52.7** | **60.3** | **(12.6)** |
| ***By Business Segment*** | | | | | | |
| Property Trading | 79.1 | 111.6 | (29.1) | 30.0 | 49.1 | (38.9) |
| Property Investment | 15.2 | 21.1 | (28.0) | 7.6 | 7.6 | - |
| Fund Management | 9.4 | 3.4 | 176.5 | 5.2 | 4.2 | 23.8 |
| Hotels and Resorts | (1.6) | (0.8) | nm | (1.7) | 0.1 | nm |
| Others | 3.5 | (9.8) | nm | 4.2 | (0.7) | nm |
| Sub-total | 105.6 | 125.5 | (15.9) | 45.3 | 60.3 | (24.9) |
| Gain on purchase of additional interest in an associate | 7.3 | - | nm | 7.3 | - | nm |
| **PATMI** | **113.0** | **125.5** | **(10.0)** | **52.7** | **60.3** | **(12.6)** |

| **Key Ratios** | **Half Year Ended** | | **% Chg** | **Quarter Ended** | | **% Chg** |
|---|---|---|---|---|---|---|
| | **30 Jun 08** | **30 Jun 07** | | **30 Jun 08** | **31 Mar 08** | |
| Earnings Per Share (cts) | 15.7 | 17.4 | (9.8) | 7.3 | 8.4 | (13.1) |
| NTA Per Share ($) | 3.13 | 2.24 | 39.7 | 3.13 | 3.23 | (3.1) |
| Annualised ROE (%) | 9.8 | 15.4 | (36.4) | nm | nm | nm |

**Lower Group PATMI as Contribution from Property Trading Eased**

Keppel Land recorded a profit after tax and minority interests (PATMI) of $113 million for the first half of 2008. This was 10% lower than that for the first half of 2007, due largely to lower earnings from property trading and property investment, which was mitigated by higher fee income from fund management and a $7.3 million gain arising from the purchase of additional interest in an associate.

PATMI from property trading fell by 29.1% year-on-year to $79.1 million in the first half of 2008, as several residential projects in Singapore and overseas were completed while new launches were being held back. Profit contribution from Marina Bay Residences, The Sixth Avenue Residences and Reflections at Keppel Bay were lower in the first half of 2008 compared with their contribution in the first half of 2007 when the first 20% profit from these projects was recognised upon the signing of the Sale & Purchase Agreements.

Property investment also contributed a lower PATMI of $15.2 million in the first half of 2008, down 28% from $21.1 million for the same period in 2007. This was due to a write-back of tax provision in the first quarter of 2007 and the absence of contribution from One Raffles Quay after the Group restructuring of its one-third interest to K-REIT Asia in December 2007.

Fund management continued to perform well as the Group grows its total assets under management. PATMI from fund management grew by 176.5% to $9.4 million in the first half of 2008 against the same period in 2007 with higher fee income contribution from K-REIT Asia as well as stronger performance of the funds under Alpha Investment Partners (Alpha).

**Market Cautious due to Challenging External Environment**

Private residential prices rose by a marginal 0.2% in the second quarter of 2008 as market sentiments were affected by slower economic growth and a challenging external environment.

Take-up of new units, however, remained encouraging at 1,525 units in 2Q2008, up from 762 units recorded in the previous quarter, driven by good demand at new project launches.

Keppel Land will monitor the market closely and launch the iconic Marina Bay Suites in the new downtown and the second phase of Reflections at Keppel Bay when market conditions are more favourable.

**Office Market Remains Firm**

The office market remains firm, with Grade A and prime office space achieving average rents of $18.80 psf and $16.10 psf respectively as at end-June 2008. New office supply is estimated to average about 2 million sf per annum for the next few years. About 23% of the 10 million sf of new supply between 2008 and 2012 has been pre-committed. Excluding this pre-commitment, the available space will be about 1.6 million sf per annum.

Office rents will be supported by continued demand for prime office space as Singapore transforms itself into a global city and the two integrated resorts generate spin-off businesses. This will augur well for the Group's completed office buildings, which are about 95% occupied, with positive rental reversions expected.

Marina Bay Financial Centre (MBFC) has signed up several more tenants and the overall pre-commitment has increased from 52% to 60%, reflecting keen interest in MBFC as a preferred business address.

Keppel Land's associate K-REIT Asia successfully completed its rights issue in May 2008. Net proceeds of $550.7 million were raised, reducing its aggregate leverage of 53.9% to 27.7%, and increasing its funding capacity to $680 million, based on a 60% leverage limit. Keppel Land's interest in K-REIT Asia has been raised by about 1% to 43.6%. K-REIT Asia will continue to seek acquisitions of quality commercial properties in Singapore and overseas.

The Group's fund management vehicle, Alpha has closed a new fund Alpha Asia Macro Trends Fund, raising a total of US$1.2 billion ($1.6 billion). The new fund will focus on prominent trends in Asia and target developed markets across Singapore, Japan, Taiwan, South Korea and Hong Kong, as well as emerging markets of China, India and Vietnam. When the latest fund is fully invested, Alpha will have gross assets under management (AUM) of about $7 billion. Together with K-REIT Asia's portfolio value of $2.1 billion, the Group's total AUM is now $9.1 billion.

**Enhancing Overseas Portfolio with Selective Land Acquisitions**

Despite the challenges of slower growth and high inflation faced by regional economies, Asia's long-term growth story remains intact, led by China and India with their large domestic markets supporting the region.

Recent township launches have drawn good response. At Jakarta Garden City in Indonesia, about 91% of 191 launched units has been sold, while 96% of 728 launched units of Central Park City in Wuxi, China have been taken up.

In Vietnam, interest in The Estella in Ho Chi Minh City has remained positive despite concerns over the possible devaluation of the Vietnamese Dong. Some 283 units have been sold.

In Kolkata, Elita Garden Vista has achieved sales of about 93% of 350 launched units.

In China, the Group recently acquired a 10-ha site in Shenyang, China which together with the adjacent 24-ha site acquired in August last year, will be developed into an integrated residential township development with 5,600 units.

Keppel Land is also building on its experience on waterfront lifestyle projects by jointly developing a large-scale marina and lifestyle residential development in Zhongshan in Guangdong province, China. Covering a total area of 82 ha and fronting the Xijiang River, the development will yield about 305 high-end luxurious villas with private berths, 1,350 condominium units and 1,200 serviced apartments.

Keppel Land's subsidiary Evergro Properties is in the process of offering a rights issue, the proceeds of which will be used for expanding its operations in China. Its residential launches have achieved steady sales. About 71% of the 566 units at Summer Ville in Changzhou have been sold, while 57% of the 150 apartments in Phase 1 of Stamford City in Jiangyin have been taken up. Evergro Properties plans to launch Phase 2 of Stamford City and Tianjin Villas in the second half of 2008.

Going forward, Keppel Land will continue to monitor the markets closely and time its project launches appropriately when buying confidence recovers. The Group will also capitalise on short-term weakness and market consolidation to selectively acquire development sites and assets with attractive potential returns.