



**PRESS RELEASE**

**Keppel Land's Financial Highlights for the Quarter Ended 31 March 2009**

22 April 2009

**Earnings Trimmed by Slower Residential Markets Amid Economic Downturn**

- **Group PATMI was 38.8% lower year-on-year at \$36.9 million as residential markets were affected by weak global economic environment**
- **PATMI from property trading fell by 35.3% year-on-year to \$31.7 million**
- **Profit contribution from property investment rose 24.7% to \$9.6 million on the back of increased rental income and a higher share of profit from K-REIT Asia**
- **PATMI from fund management grew by 9.5% to \$4.6 million, due to increased fee income from both K-REIT Asia and Alpha Investment Partners**

**Summary of Results**

PATMI (\$m)	Quarter Ended		% Chg	Quarter Ended		% Chg
	31 Mar 09	31 Mar 08		31 Mar 09	31 Dec 08	
<b><u>By Geographical Location</u></b>						
Singapore	27.5	43.0	(36.0)	27.5	47.2	(41.7)
Other Countries	9.4	17.3	(45.7)	9.4	14.3	(34.3)
<b>PATMI</b>	<b>36.9</b>	<b>60.3</b>	<b>(38.8)</b>	<b>36.9</b>	<b>61.5*</b>	<b>(40.0)</b>
<b><u>By Business Segment</u></b>						
Property Trading	31.7	49.0	(35.3)	31.7	37.8	(16.1)
Property Investment	9.6	7.7	24.7	9.6	22.5	(57.3)
Fund Management	4.6	4.2	9.5	4.6	7.0	(34.3)
Hotels and Resorts/Others	(9.0)	(0.6)	nm	(9.0)	(5.8)	nm
<b>PATMI</b>	<b>36.9</b>	<b>60.3</b>	<b>(38.8)</b>	<b>36.9</b>	<b>61.5*</b>	<b>(40.0)</b>

Key Ratios	Quarter Ended		% Chg	Quarter Ended		% Chg
	31 Mar 09	31 Mar 08		31 Mar 09	31 Dec 08	
Earnings Per Share (cts)						
- Before Revaluation/Others*	5.1	8.4	(39.3)	5.1	8.5	(40.0)
- After Revaluation/Others*	5.1	8.4	(39.3)	5.1	9.5	(46.3)
NTA Per Share (\$)	3.50	3.23	8.4	3.50	3.39	3.2
Annualised ROE (%)						
- Before Revaluation/Others*	6.0	10.4	(42.3)	nm	nm	nm
- After Revaluation/Others*	6.0	10.4	(42.3)	nm	nm	nm

\* This excludes revaluation gain on investment properties and gain on acquisition of additional interest in K-REIT Asia. Otherwise, the PATMI figure would be \$68.5m.

### **Lower Trading Profits Mitigated by Higher Rental Income and Fund Management Earnings**

Keppel Land achieved profit after tax and minority interests (PATMI) of \$36.9 million for the quarter ended 31 March 2009. This was 38.8% lower than the \$60.3 million achieved for the same period last year due largely to weak market conditions in Asia brought on by the knock-on effects of the global recession.

Despite higher profit contribution from Marina Bay Residences and Reflections at Keppel Bay, PATMI from property trading fell by 35.3% to \$31.7 million compared with the same period a year ago as the pace of home sales slowed and profit contribution ceased with the completion of several residential projects.

Lower profit contribution from property trading was partly mitigated by higher earnings from property investment and fund management activities. Property investment achieved a 24.7% increase in PATMI to \$9.6 million in the first quarter, on the back of higher rental income from Singapore and Vietnam, as well as a higher share of profit from K-REIT Asia, a commercial real estate investment trust sponsored by the Group.

Fund management achieved a 9.5% growth in PATMI to \$4.6 million, due to increased fee income from both K-REIT Asia and Alpha Investment Partners. The Group's total assets under management (AUM) by Alpha and K-REIT Asia have grown to \$9.8 billion when fully leveraged and invested.

### **Encouraging sales at Park Infinia and The Tresor**

Advance estimates from the Ministry of Trade and Industry (MTI) indicate that economic activity slowed down sharply in 1Q2009. Singapore's economy contracted by 11.5% year-on-year in 1Q2009, compared with the 4.2% contraction registered in the previous quarter. In view of the sharp deterioration in 1Q2009 and the weak global outlook for the rest of the year, MTI has revised Singapore's economic forecast for 2009 to -9% to -6%.

Flash estimates from the Urban Redevelopment Authority for 1Q2009 showed that private home prices registered a further decline of 13.8% after a 6.1% fall in the previous quarter. Initially, buyers were attracted by the affordability of mass market projects. More lately, the sales momentum appears to have filtered into the mid-market projects. This pushed up the take-up of new homes to an estimated 2,660 units, the highest since 3Q2007. The surprisingly strong sales volume is an indication of the underlying end-user demand.

Keppel Land's projects have benefited from the recent uptick with Park Infinia at Wee Nam and The Tresor chalking up sales of 15 units each year-to-date.

### **Office Market Remains Weak**

Office rents continued to decline through 1Q2009 against the background of a weakening economy and the wider global recession. Occupancy rates in the Core CBD fell to 93.1% in 1Q2009 from 95.4% in 4Q2008. Prime office rentals eased from \$12.90 psf in December 2008 to \$10.50 psf in March 2009.

Occupancy of Keppel Land's office buildings at 94.6% in 1Q2009 was lower than 95.4% in the previous quarter but higher than that in the Core CBD. Higher portfolio rent was achieved due to reversions at higher rentals.

Pre-commitment at Marina Bay Financial Centre Phases 1 and 2 remain stable at 66% and 55% respectively, maintaining overall occupancy for the entire MBFC development at 61%.

### **Good Growth in Fund Management**

The Group's fund management business continued to perform well. In 1Q2009, K-REIT Asia achieved a 37.3% growth in distributable income to \$15.7 million, due mainly to higher average gross rentals. Occupancy rate of its office portfolio stands at 95.8%, while average gross rent stands at \$8.06 psf in March 2009.

Capitalising on its strong financial position in the current downturn, the Group's private fund management vehicle, Alpha Investment Partners, has acquired an office building in Gangnam, Seoul under its Alpha Asia Macro Trends Fund.

### **Recovery Pushes Sales of Township Homes in China**

The global recession has affected housing demand across Asia. However, concerted efforts by governments to stimulate economic growth, create jobs and boost domestic consumption have had some positive impact.

China's property markets appear to show signs of recovery with its RMB4 trillion stimulus package and property measures such as lower mortgage rates, reduced down-payments and tax incentives.

The pick-up in sales have been seen in Keppel Land's residential township projects, The Botanica in Chengdu and Central Park City in Wuxi, which achieved good take-up of 264 units and 97 units respectively.

Similarly, improved sentiments in Tianjin and Changzhou in March and April saw subsidiary Evergro Properties' Serenity Cove in Tianjin and Summer Ville in Changzhou achieving good sales of 22 units and 37 units respectively year to date.

In the longer-term, fundamentals for Asia's housing market remain positive as favourable demographics, growing middle-class, urbanization and home-ownership aspirations will continue to drive housing demand on the upturn.

### **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.*