

PRESS RELEASE

Keppel Land's Financial Highlights for the Nine Months Ended 30 September 2009

21 October 2009

Higher Earnings Due to Strong Residential Sales

- *PATMI was \$78.5 million in the third quarter of 2009, almost 70% higher from a year ago*
- *Group PATMI for YTD September 2009 was \$173.6 million, or 9.1% higher than the previous year*
- *More than 70% of Group PATMI came from Property Trading, which contributed \$133.4 million mainly from progressive profit recognition from Singapore and overseas projects*
- *PATMI from property investment rose 30.7% to \$31.5 million for YTD Sep 2009 due mainly to higher rental income in Singapore and Vietnam and higher profit contribution from K-REIT Asia*

Summary of Results

PATMI (\$m)	Nine Months Ended		% Chg	Quarter Ended		% Chg
	30 Sep 09	30 Sep 08		30 Sep 09	30 Sep 08	
<u>By Geographical Location</u>						
Singapore	119.4	103.2	15.7	51.3	23.1	122.1
Other Countries	54.2	48.6	11.5	27.2	23.1	17.7
Gain on acquisition of additional interest in K-REIT	-	7.3	nm	-	-	-
PATMI	173.6	159.1	9.1	78.5	46.2	69.9
<u>By Business Segment</u>						
Property Trading	133.4	122.3	9.1	50.8	43.1	17.9
Property Investment	31.5	24.1	30.7	11.9	8.9	33.7
Fund Management	14.3	14.1	1.4	5.6	4.7	19.1
Hotels and Resorts/Others	(5.6)	(8.7)	nm	10.2	(10.5)	nm
Gain on acquisition of additional interest in K-REIT	-	7.3	nm	-	-	-
PATMI	173.6	159.1	9.1	78.5	46.2	69.9

Key Ratios	Nine Months Ended		% Chg	Quarter Ended		% Chg
	30 Sep 09	30 Sep 08		30 Sep 09	30 Sep 08	
Earnings Per Share (cts)	15	15.7 [^]	(4.5)	6.8	4.6 [^]	47.8
NTA Per Share (\$)	2.33	3.26	(28.5)	2.33	3.26	(28.5)
Annualised ROE (%)	8.4	9.2	(8.7)	nm	nm	nm

[^] Restated to include the effect of the rights issue in accordance with FRS 33.

nm – not meaningful

Economic Recovery and Positive Market Sentiments Drive Profits

Keppel Land achieved profit after tax and minority interests (PATMI) of \$173.6 million for the nine months ended 30 September 2009, up 9.1% from \$159.1 million from the same period last year. Compared with the third quarter of 2008, PATMI grew 69.9% to \$78.5 million in the corresponding quarter of 2009 as property markets across Asia strengthened amid signs of economic recovery.

PATMI from property trading rose 9.1% from the same period of last year to \$133.4 million for the nine months ended 30 September 2009. Profit contribution came mainly from the progressive recognition of profit from Marina Bay Residences, Reflections at Keppel Bay and The Sixth Avenue Residences in Singapore, as well as The Arcadia and The Botanica in China.

Property investment also achieved higher PATMI of \$31.5 million, up 30.7% from \$24.1 million for the first nine months of the year. Higher rental income from Singapore and Vietnam, and a higher share of profit from K-REIT Asia led to the improved performance.

Fund management activities undertaken by K-REIT Asia and Alpha Investment Partners, the Group's private property fund management vehicle, continued to achieve steady growth with PATMI of \$14.3 million for the first nine months of the year. PATMI from fund management grew 19.1% to \$5.6 million in the third quarter from the corresponding quarter last year, mainly due to higher fee income from Alpha Investment Partners.

Residential Market Strengthens Further

Market confidence strengthened further in 3Q2009 as the Singapore economy emerged out of recession. Residential sales momentum gathered pace to reach about 13,000 units by end September 2009, close to the record level of 14,811 units sold for the whole of 2007. Prices also rose for the first time by 15.8% after four quarters of decline.

Capitalising on demand for mid- and higher-end homes, Keppel Land launched Madison Residences and Caribbean Residences as well as soft-launched The Promont in 3Q2009, all of which enjoyed strong take-up. More than 80% of the 56 units at Madison Residences and 92% of the 118 launched units at Caribbean Residences were sold. Half of the 15 units at The Promont have also been taken up, while another 23 units were sold at Reflections at Keppel Bay during the quarter. This brings the total number of homes the Group sold year-to-date in Singapore to 240.

Office Market More Active as Business Outlook Improves

With improved business outlook, office leasing activities increased while the pace of rental decline continued to ease. Average Grade A rents fell 13.3% quarter-on-quarter to \$8.80 psf in 3Q 2009, lower than the 17.5% decline in 2Q 2009. Average prime office rents fell 12.8% to \$7.50 psf in 3Q 2009, compared with the 18.1% decline in 2Q 2009 (source: CB Richard Ellis).

Marina Bay Financial Centre (MBFC) secured another new tenant, Servcorp, which pre-committed 22,000 sf at MBFC Tower 2 in Phase 1. MBFC Phase 1 and 2 are now 67% and 55% pre-committed respectively. This brings the overall pre-commitment rate for MBFC to over 61%. Ocean Financial Centre has also pre-leased about 50,000 sf to tenants.

Record Sales in China

Buying sentiments in key Asian markets strengthened as economies recover. Keppel Land sold more than 2,600 homes overseas by end-September 2009, mostly in China.

Sales momentum was strong in China. The Group sold over 2,300 units in the first nine months of 2009, mainly from township projects. Sales at The Botanica in Chengdu reached pre-crisis levels of 1,000 units per annum from 2005 to 2007, with 1,168 units sold by end-September 2009. Central Park City in Wuxi also registered good sales with 690 units sold as at end September.

With the delisting of Evergro Properties, the combined operational expertise, industry knowledge and extensive networks will further strengthen Keppel Land's competitive edge in China.

Sales are also gradually picking up in the rest of the region as economic conditions improve. Sales of Jakarta Garden City in Indonesia have been encouraging with over 100 units sold in 3Q2009. In India, sales of Elita Promenade and Elita Garden Vista continued to progress with a total of over 60 units sold in the quarter.

In Vietnam, The Estella in Ho Chi Minh City has since sold about 63 units in the third quarter 2009. The Group plans to launch Riviera Cove, a 96-unit villa development in Ho Chi Minh City by the end of this year.

Opportunities for Asset Acquisition and Growth

With a strengthened balance sheet after its rights issue raised proceeds of about \$700 million, Keppel Land is well-positioned to capitalise on opportunities to grow through acquisitions. In Singapore, the Group will continue to focus on developing residential and commercial developments. Overseas, Keppel Land will focus on developing residential, township and selective gateway city office projects in high growth markets with long-term potential such as China, Vietnam and India.

Riding on the region's economic recovery, the Group's fund management vehicles, K-REIT Asia and Alpha Investment Partners (Alpha) are also pursuing opportunities for growth. K-REIT Asia has announced the acquisition of six strata floors at Prudential Tower, which will raise its stake from 44% to a majority control of 73% of the total strata area. It has also announced a 1-for-1 rights issue at \$0.93 per unit to raise gross proceeds of about \$620 million. The rights issue is expected to bring down its aggregate leverage from 33% to 9.1%, which will provide additional funding capacity to pursue acquisition growth. Alpha, whose funds have continued to perform well, still has significant capital to invest and will be looking for good buying opportunities.

Disclaimer

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