

PRESS RELEASE

Keppel Land's Financial Highlights for the Year Ended 31 December 2009

25 January 2010

Stronger Earnings Driven by Recovery in Asian Economies and Property Markets

- *Recovery in key Asian economies and property markets led to higher group PATMI of \$280.4 million, and \$250.2 million excluding net fair value gain and other items*
- *With the strong rebound in residential sales in Singapore and overseas, profit contribution from property trading grew by 22.8% to \$196.4 million, with Marina Bay Residences, Reflections and Caribbean at Keppel Bay contributing almost 60%*
- *Fund management contributed \$21.5 million to Group PATMI as fee income from K-REIT Asia Management and Alpha Investment Partners continued to grow*

Summary of Results

PATMI (\$m)	Year Ended		% Chg	Quarter Ended		% Chg
	31 Dec 09	31 Dec 08		31 Dec 09	31 Dec 08	
<u>By Geographical Location</u>						
Singapore	171.5	150.4	14	52.2	47.2	10.6
Other Countries	78.7	62.9	25.1	24.4	14.3	70.6
PATMI before Net Fair Value Gain/Others*	250.2	213.3	17.3	76.6	61.5	24.6
PATMI after Net Fair Value Gain/Others*	280.4	227.7	23.1	106.9	68.5	56.1
<u>By Business Segment</u>						
Property Trading	196.4	160	22.8	63.1	37.8	66.9
Property Investment	43.3	46.6	-7.1	11.8	22.5	-47.6
Fund Management	21.5	21.1	1.9	7.1	7	1.4
Hotels and Resorts / Others	-11	-14.4	nm	-5.4	-5.8	nm
PATMI before Net Fair Value Gain/Others*	250.2	213.3	17.3	76.6	61.5	24.6
PATMI after Net Fair Value Gain/Others*	280.4	227.7	23.1	106.9	68.5	56.1

Key Ratios	Year Ended		% Chg	Quarter Ended		% Chg
	31 Dec 09	31 Dec 08		31 Dec 09	31 Dec 08	
Earnings Per Share (cts)						
- Before Net Fair Value Gain on Investment Properties	22.6	22.1 [^]	2.3	7.6	6.4 [^]	18.8
- After Net Fair Value Gain on Investment Properties	24.2	22.4 [^]	8	9.2	6.7 [^]	37.3
NTA Per Share (\$)	2.36 [~]	3.39	-30.4	2.36 [~]	3.39	-30.4
ROE (%)						
- Before Net Fair Value Gain on Investment Properties	9.4	9.7	-3.1	nm	nm	nm
- After Net Fair Value Gain on Investment Properties	10.1	9.9	2	nm	nm	nm

* Refer to net fair value gain on investment properties (after tax and minority interests) and gain on acquisition of additional interest in K-REIT Asia.

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

[~] Lower due to the effects of the rights issue.

nm – not meaningful

Group Earnings Underpinned by Strong Rebound in Residential Sales

Keppel Land achieved a profit after tax and minority interests (PATMI) of \$280.4 million in 2009, up 23.1% from \$227.7 million in 2008, as property markets around Asia rebounded on improving economic prospects. Excluding a net fair value gain of \$19.1 million on investment properties (after tax and minority interests) and a \$11.1 million gain on additional interest in K-REIT Asia, PATMI grew 17.3% to \$250.2 million, compared with \$213.3 million in the previous year.

Residential sales in Singapore and overseas have recovered, encouraged by signs of economic recovery and improved market sentiments. PATMI from property trading rose 22.8% year-on-year to \$196.4 million, with Marina Bay Residences, Reflections and Caribbean at Keppel Bay contributing 58%. Contribution also came from the progressive profit recognition from The Sixth Avenue Residences in Singapore, and projects in China : the residential township in Chengdu called The Botanica as well as villa projects The Arcadia in Tianjin and Villa Riviera in Shanghai.

Profit contribution from property investment was 7.1% lower at \$43.3 million, due largely to the write-back of costs in connection with the restructuring of the Group's interest in One Raffles Quay in 2008. Excluding this cost write-back, PATMI from property investment would have been higher in 2009 as rental income from the Group's office buildings in Singapore and Vietnam, as well as profit contribution from K-REIT Asia, increased.

Fund management activities maintained its steady performance, achieving PATMI of \$21.5 million as fee income from K-REIT Asia Management and Alpha Investment Partners continued to grow.

Following the adoption of the amendments to FRS 40 on Investment Property, the Group recognised for the first time fair value gain from investment properties under construction, namely Marina Bay Financial Centre Phases 1 and 2. However, this gain was partly offset by fair value loss from completed investment properties, mainly the Group's share of fair value loss from K-REIT Asia's properties.

Residential Prices Keep Up Momentum

Sales of new homes fell for the fourth straight month in December 2009, after anti-speculative measures were introduced in September. Nonetheless, full-year take-up was still high at 14,688 units, about 3.4 times the number of homes sold in 2008 and just a shade below 2007's record take-up of 14,811 units. Prices rose 1.8% in 2009 after rebounding by 24% in 2H09.

Keppel Land sold a total of 384 homes in Singapore in 2009. The Tresor and Park Infinia at Wee Nam were fully sold, while strong sales were achieved at Madison Residences, The Promont, Reflections at Keppel Bay and the 168 units at Caribbean at Keppel Bay which were previously set aside as furnished residences.

Capitalising on the economic recovery and sustainable demand for quality homes, Keppel Land launched Marina Bay Suites in November, and achieved keen take-up of 89 out of 90 units released. The Group will time future launches of Marina Bay Suites and Reflections at Keppel Bay in tandem with the opening of the Marina Bay Sands and the Resorts World integrated resorts.

Stabilising Office Market Ready for Upswing

The commercial segment is showing signs of bottoming out. For the second consecutive quarter, the take-up for office space in 4Q09 is positive with about 301,000 sf taken up after the 32,000 sf in 3Q09. The rate of rental decline also eased further with average Grade A rents falling 8% to \$8.10 psf, compared to previous quarter's decline of 13.3%, the smallest drop in five quarters of declines. Prime office rents averaged \$6.75 psf in 4Q09, reflecting a smaller 10% quarterly decrease compared to a 12.8% contraction in 3Q09. Leasing activity has also increased.

The pre-commitment rate for Phase One of Marina Bay Financial Centre (MBFC) has increased to 79%, with Nomura being the latest tenant taking up about 102,000 sf in MBFC's Tower Two. New pre-commitment for MBFC stands at 213,000 sf including earlier-announced take-up of 89,000 sf by BHP Billiton and 22,000 sf by ServCorp. Overall occupancy for the entire MBFC stands at 68% currently. Ocean Financial Centre also saw an increase in leasing activities with about 139,000 sf pre-leased.

Strong Sales Overseas

With most Asian economies posting positive growth, buying sentiments in the respective property markets improved. In 2009, the Group sold more than 3,000 homes overseas, mainly from townships and villa developments in China as well as prime condominium projects in Vietnam.

With the delisting of Evergro Properties, Keppel Land's landbank in China grew by 3.2 million sm to 7.2 million sm in GFA. Spread across 10 cities, it will yield more than 30,000 homes. For 2010, the Group plans to roll out sales launches across Shanghai, Shenyang, Tianjin and Chengdu. These include the remaining four blocks at 8 Park Avenue in prime Jingan district and the residential development in Nanhui district in Shanghai, to capitalise on the interest in the 2010 Shanghai World Expo. The townships in Shenyang and Chengdu will also release units for sales to tap on the strong demand for township homes. Also expected to be launched would be the first homes in the Sino-Singapore Tianjin Eco City, in Phase One (1,716 units) of Keppel's 35.4-ha site in the Start-Up Area.

In Ho Chi Minh City (HCMC), the Group will also be launching Riviera Point in popular District 7 and the remaining units of Riviera Cove in 2010.

New Acquisitions Capitalising on Resilient Asian Markets

Backed by a healthy balance sheet, Keppel Land made several acquisitions in key growth cities. In December 2009, it acquired its second township site in Shenyang, China. The 30.3-ha site will yield about 6,000 waterfront apartments. Phase 1 (1,200 units) will be launched progressively from 2H2011.

The Group also acquired two waterfront sites in HCMC, Vietnam in January 2010 - a 30-ha site at South Rach Chiec in prime District 2 which will be developed into a 4,700-unit township, and an 11-ha site fronting the Saigon River which will yield 175 villas. With these latest acquisitions, Keppel Land has more than 20,000 homes in the pipeline in Vietnam.

Poised for Asset Acquisitions 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 acquire assets in Singapore and overseas.

The Group's fund management vehicles are also primed to pursue opportunities for growth. K-REIT Asia's completed rights issue raised gross proceeds of \$620 million, part of which was utilised to acquire six additional strata floors of Prudential Tower. Alpha Asia Macro Trends Fund, managed by the Group's private property fund management vehicle Alpha Investment Partners (Alpha) has invested in four properties across Tokyo, Seoul and Hong Kong. The fund has substantial room for further investment with just 22% of the \$1.7 billion invested. Together with K-REIT Asia's portfolio size of \$2.1 billion, the Group's AUM amounted to \$9.8 billion as at end-December 2009.

Disclaimer

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