

## PRESS RELEASE

### Keppel Land's Financial Highlights for the Year Ended 31 December 2007

29 January 2008

#### Keppel Land posts Sterling Results with Record PATMI

- Record PATMI of \$779.7 million posted, triple that of the previous year's
- Strong residential earnings boosted PATMI from property trading by 82.4% to \$274.9 million
- Restructuring of one-third interest in One Raffles Quay provided a surplus of \$235.2 million
- Net tangible assets per share was \$3.18 as at end-2007, up from \$2.21 as at end-2006
- ROE tripled to 46.2% from 12.8% for FY2006
- Proposed final one-tier dividend of 8 cts per share and special dividend of 12 cts per share

#### Summary of Results

PATMI (\$m)	Year Ended		% Chg	Quarter Ended		% Chg
	31 Dec 07	31 Dec 06		31 Dec 07	31 Dec 06	
<b><u>By Geographical Location</u></b>						
Singapore	168.8	56.2	200.4	34.1	8.9	283.1
Other Countries	110.6	98.1	12.7	37.9	26.3	44.1
<b>Sub-total</b>	<b>279.4</b>	<b>154.3</b>	<b>81.1</b>	<b>72.0</b>	<b>35.2</b>	<b>104.5</b>
Corporate Restructuring Surplus, En-bloc Property Sales Less Impairment Provision	156.7	46.0	240.7	156.7	46.0	240.7
<b>Sub-total</b>	<b>436.1</b>	<b>200.3</b>	<b>117.7</b>	<b>228.7</b>	<b>81.2</b>	<b>181.7</b>
Net Appreciation on Revaluation of Investment Properties	343.6	-	nm	343.6	-	nm
<b>PATMI</b>	<b>779.7</b>	<b>200.3</b>	<b>289.3</b>	<b>572.3</b>	<b>81.2</b>	<b>604.8</b>
<b><u>By Business Segment</u></b>						
Property Trading	274.9	150.7	82.4	81.6	51.3	59.1
Property Investment	30.9	27.6	12.0	5.2	(1.4)	nm
Fund Management	14.1	9.6	46.9	}	}	
Hotels and Resorts	(1.1)	(4.0)	nm	}(14.8)	}(14.7)	nm
Less Interest and Overheads	(39.4)	(29.6)	nm	}	}	
<b>Sub-total</b>	<b>279.4</b>	<b>154.3</b>	<b>81.1</b>	<b>72.0</b>	<b>35.2</b>	<b>104.5</b>
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Key Ratios	Year Ended		% Chg	Quarter Ended		% Chg
	31 Dec 07	31 Dec 06		31 Dec 07	31 Dec 06	
Earnings Per Share (cts)	108.3	27.9	288.2	79.5	11.3	603.5
NTA Per Share (\$)	3.18	2.21	43.9	3.18	2.21	43.9
Annualised ROE (%)	46.2	12.8	260.9	135.6	15.6	769.2
Annualised ROE Excluding Revaluation Gain (%)	25.8	12.8	101.6	54.4	15.6	248.7

## **Earnings Bolstered by Strong Residential and Office Markets**

Keppel Land posted a record set of results for the year ended 31 December 2007, with a turnover of \$1.4 billion. Profit after tax and minority interests (PATMI) rose 289.3% to \$779.7 million due to strong residential earnings, a \$235.2 million surplus from the restructuring of the Group's one-third interest in One Raffles Quay (ORQ) and net revaluation gains of \$343.6 million from investment properties.

PATMI from property trading grew 82.4% to \$274.9 million in 2007, driven by higher profit contribution from residential developments, predominantly Marina Bay Residences, The Sixth Avenue Residences, Park Infinia at Wee Nam and Reflections at Keppel Bay in Singapore, as well as overseas projects such as The Seasons and Villa Riviera in China, and Elita Promenade in India.

Higher profits increased the Group's net tangible assets per share by 43.9% to \$3.18 as at end-2007 against \$2.21 a year ago. Return on equity has more than tripled to 46.2% for 2007 as compared with 12.8% for 2006.

Proceeds from the restructuring of the Group's interest in ORQ have significantly reduced the Group's net borrowings from \$2 billion to \$1.1 billion as at end-2007, improving its net debt / equity ratio to 0.41 compared with 1.04 as at end-2006.

The Group is proposing a final one-tier dividend of 8 cents per share and a special dividend of 12 cents per share to reward shareholders for their support. Upon approval by shareholders at the next Annual General Meeting to be convened, the proposed dividends amounting to \$144 million will be paid on 21 May 2008.

## **Record Private Home Sales in 2007**

The year 2007 saw a record take-up of 14,826 new private residential units and a 31% increase in home prices. The pace of sales momentum and price hike were strongest in the first nine months of the year, but moderated in the fourth quarter as market sentiments were affected by uncertainty in the global financial markets which brought on recessionary fears triggered by the US sub-prime mortgage problems.

Keppel Land sold more than 760 units in 2007, positioning itself among the top three listed developers in residential sales in Singapore.

In April, Keppel Land launched the iconic waterfront development Reflections at Keppel Bay amidst keen interest for world-class waterfront living from local and foreign buyers. Designed by internationally-acclaimed architect Daniel Libeskind, the first phase of Reflections at Keppel Bay, comprising some 620 waterfront homes, has been sold out, with the latest achieved price averaging around \$2,200 psf.

## **Robust Office Market**

The office market remained robust in 2007 backed by strong demand from the financial and energy sectors. Prime and Grade A office rents rose by 92.4% and 96.5% from end-2006 to reach \$15.00 and \$17.15 psf per month respectively as at end-2007.

In February, Keppel Land, together with consortium members Cheung Kong (Holdings) and Hongkong Land exercised its option for Phase Two of the Marina Bay Financial Centre (MBFC) site. To date, more than 50% of the 2.9 million sf of total net lettable area in the entire MBFC development have been pre-committed. Tenants include Standard Chartered Bank, DBS Bank and other financial institutions.

Keppel Land is also redeveloping the site of Ocean Building into an iconic office building known as Ocean Financial Centre (OFC). When completed in 2011, the 43-storey OFC will contribute 850,000 sf of prime office space, with one of the largest floor plates in Raffles Place.

During the year, Keppel Land sold its one-third stake in ORQ to K-REIT Asia. The sale allows the Group to unlock value in its commercial assets and recycle capital into property development and fund management businesses in Singapore and the region which provide for better returns. With its stake in ORQ and revaluation gains of the initial portfolio, K-REIT Asia's total portfolio value has grown by 210% to \$2.1 billion. K-REIT Asia now has five commercial office assets with a net lettable area of 1.23 million sf.

In June, Keppel Land's other fund management vehicle Alpha Investment Partners (Alpha) set up a \$258 million fund which invests in properties in Japan with its partner AIB Private Banking. Alpha also manages several other real estate funds focused on Asia and a fund investing in listed REITs and securities globally.

Keppel Land Group's total AUM when Alpha is fully invested and fully leveraged and including K-REIT Asia is about \$6.1 billion.

### **Enhanced Presence in Overseas Growth Markets**

Demand for quality housing across Asia remains robust, supported by economic growth, home-ownership aspirations, urbanization and a rising middle class. Against this backdrop, Keppel Land sold more than 2,800 homes overseas in 2007, up 12% from the previous year.

Across Asia, new launches received strong response. In China, about 80% of the 728 units launched at Central Park City township in Wuxi have been sold. At The Botanica township in Chengdu, Phase 1 (970 units) has been handed over to the buyers. Following the successful sale of Phase 2 (1,476 units), some 788 units in Phase 3 (1,048 units) were released from September, of which 91% have been taken up. In Shanghai, 90% of the 82 units launched at Villa Riviera have been sold, while 92% of a new block of 96 units launched at 8 Park Avenue have been taken up. In India, 62% of the 351 units launched at Elita Garden Vista in Kolkata have been sold.

In line with its overseas strategy to tap on the demand for quality housing in Asia's growth cities, Keppel Land continued to strengthen its overseas portfolio with waterfront housing and large-scale integrated townships.

In Vietnam, Keppel Land's leading position was reinforced with the acquisition of eight sites in 2007 which increased its landbank six-fold from 8.5 million sf to 52.9 million sf of gross floor area. These comprise seven condominium and villa projects in Ho Chi Minh City and a 14,000-unit waterfront township development in Dong Nai province. Including the earlier acquired Saigon Sports City township, these sites will yield more than 25,000 homes.

Keppel Land also grew its presence in China with a residential township development of up to 5,400 units in Shenyang and 3,000 homes comprising terrace houses and apartment blocks in Nanhui District in Shanghai. With these new acquisitions, Keppel Land has a pipeline of about 20,000 homes in China, with total gross floor area of more than 3 million sm.

Making a beachhead into the Middle East, Keppel Land gained a foothold with a luxury waterfront project on a 3.6-ha site along the Corniche waterfront in Jeddah, Saudi Arabia. Comprising three high-rise towers with a total of about 1,000 seafront apartments, the development will be targeted at the high-end market.

### **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.*