

Keppel Land Limited's Results for First Half Year 2010
Opening Address by Group Chief Executive Officer Kevin Wong

Better Performance

I am pleased to report that Keppel Land has continued to perform well in tandem with the recovery in Asia.

For the first half of 2010, our net profit has increased by more than 40% to \$134.7 million from \$95.1 million for the same period last year, mainly from stronger contribution from our residential projects in Singapore and China.

Good Residential Sales

In Singapore, we have benefited from the interest in our waterfront properties Reflections at Keppel Bay and Marina Bay Suites with the opening of the two integrated resorts. We will continue to launch them in phases to ride on the economic recovery, and the spin-offs from the integrated resorts.

We recently replenished our Singapore landbank through a government land tender for a 1.6 ha site at Jurong Lakeside Drive. We have started to master plan the project, which comprises about 630 homes with one to four bedrooms. The development, which is located next to the Lakeside MRT Station, will benefit from the remaking of this area, and we hope to launch the first phase by the end of this year.

We will continue to look for opportunities to build up our landbank in Singapore, whether it is through government land sales or private transactions.

In China, although market sentiments have been dampened due to the government's measures to cool down the property market, we are still seeing resilience of demand for residential properties especially in middle-income homes in the second tier cities and suburban areas of first tier cities.

Since April, we have sold about 1,200 homes mostly from our townships in second-tier cities, namely from The Botanica in Chengdu and Central Park City in Wuxi.

In June, we launched The Springdale, a large-scale residential project in the suburban area of Pudong in Shanghai, and sales have been very encouraging. Within the same month, some 79 units out of the 120 units launched were sold.

We will continue to roll out launches for the rest of the year, including the first eco-homes in Tianjin Eco City at Seasons Park, a 1,680 unit project in the 36.6 ha start-up area, as well as our first township in Shenyang.

In Shanghai, where there are few new developments located in the city centre, we intend to launch 260 units from the 8 Park Avenue development in the Jingan district. We are optimistic that there would be strong demand for this project.

Office Market recovering

In the office sector, we continue to chalk up good pre-commitments for our Grade A office developments Marina Bay Financial Centre (MBFC) and Ocean Financial Centre (OFC). Marina Bay Financial Centre Phase 1, which will be completed later this year, is fully taken-up while OFC's pre-commitment has more than doubled since last quarter to reach 63%.

Grade A office rents bottomed in 1Q 2010 and rose about 5.6% quarter-on-quarter in 2Q 2010. The Singapore office market tends to be closely related to GDP growth. With the record GDP growth forecast of 13- 15% predicted for 2010, we expect the office market to continue to improve.

Acquisitions by Fund Units

Our fund management business is growing with new acquisitions and higher fee income. Net profit from fund management grew 78% to \$15.7million, and accounts for 11.7% of total net profit for 1H2010.

Diversifying out of its Singapore-centric asset portfolio, K-REIT Asia has acquired two quality office buildings in Australia. Its latest acquisition, an office tower at 77 King Street in Sydney follows its purchase of a 50% stake in 275 George Street in Brisbane earlier in the year.

Our private equity fund management arm, Alpha Investment Partners has also been active. Its Alpha Asia Macro Trends Fund bought a 77% stake in Katong Mall, as well as about 30% of the 536 unit-Cascadia, a prime residential development. Both acquisitions will benefit from the strong growth in the Singapore economy.

Moving Forward

For the first half of the year, Keppel Land and its fund management units have made acquisitions in Singapore and overseas. With promising growth in Asia and Keppel Land's strong balance sheet, we will continue to expand, focusing on developing residential, office, townships and mixed developments.

We have a pipeline of more than 4,000 homes which can be launched this year. The timing and extent of the launches will obviously depend on market conditions and the pace of the economic recovery.