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## **PRESS RELEASE**

### **Keppel Land's Financial Highlights for the Year Ended 31 December 2010**

24 January 2011

#### **Keppel Land Achieves Record Net Profit of Over \$1 Billion**

- **Net profit grew 273% to \$1,045.8 million mainly from the divestment of one-third stake in MBFC Phase 1**
- **Core businesses recorded stronger earnings from better home sales in Singapore and China, larger profit contribution from K-REIT Asia and higher fee income**
- **Distribution of 18 cents per share, including a special dividend of nine cents per share proposed**

Keppel Land achieved a strong performance with a record net profit of more than \$1 billion in 2010. Net profit grew by 273% to \$1,045.8 million for the year ended 31 December 2010, lifted mainly by a \$363.8 million gain from the sale of the Group's one-third interest in Marina Bay Financial Centre Phase 1 as well as higher fair value gain on investment properties. Excluding fair value gain on investment properties/impairment, net profit grew to \$640.8 million, up by 145.2% as compared to 2009.

At the pre-tax level, profit increased by more than two fold to about \$1.2 billion. Property trading recorded stronger contribution from Reflections at Keppel Bay and Marina Bay Suites in Singapore, and residential projects in China namely The Arcadia in Tianjin, Villa Riviera and The Springdale in Shanghai as well as Central Park City in Wuxi. In addition, a larger share of profit from K-REIT Asia as well as higher fee income from fund management due to an enlarged asset under management also contributed to the improved performance.

A distribution of 18 cents per share, comprising a special dividend of nine cents per share and an ordinary dividend of nine cents per share, has been recommended to the Board and will be proposed to shareholders for approval at the Annual General Meeting.

## **Financial Highlights**

(\$m)	Year Ended		Quarter Ended	
	31 Dec 10	31 Dec 09	31 Dec 10	31 Dec 09
<i>Turnover</i>	792.3	923.9	281.5	300.5
EBITDA	231.9	211.4	74.5	61.7
Pre-tax Profit	1,183.1	358.6	904.2	111.7
Net Profit	1,045.8	280.4	841.0	106.8

### **Singapore's Strong Recovery Fuels Demand for Homes and Offices**

New private home sales hit a record of over 16,300 units in 2010 in Singapore. Keppel Land sold about 650 homes in Singapore in 2010, mainly from the Lakefront Residences and Reflections at Keppel Bay.

As business confidence improved, pent-up demand for prime office space saw heightened leasing activity. According to CB Richard Ellis, Grade A and prime rents rose by 22% and 23% year-on-year to \$9.90 psf per month and \$8.30 psf per month respectively in the fourth quarter of 2010.

In view of tighter supply of office space in the Central Business District (CBD) by more than 1 million sf due to the conversion of older buildings to residential and other uses while the financial and professional services sectors are still in the expansion mode, the office market is primed to continue to grow in 2011.

The Group secured strong pre-commitment of about 1 million sf of Grade A office space at Marina Bay Financial Centre (MBFC) and Ocean Financial Centre (OFC) bringing the pre-commitment rate for MBFC Phase 2 and OFC to 66% and about 80% respectively. Phase 1 of MBFC obtained Temporary Occupation Permit during the year and was sold to K-REIT Asia in an asset swap in the fourth quarter. The asset swap increased Keppel Land's Singapore residential pipeline by about 50% with the potential redevelopment of the Keppel Towers and GE Tower site into premium high-rise city homes, as well as strengthened its financial position with net cash proceeds of S\$826 million.

The Group's fund management vehicles continued to extend their reach in the region through selective acquisitions. K-REIT Asia made its initial overseas foray by acquiring two prime office developments in Sydney and Brisbane, Australia growing its asset size from \$2.1 billion to \$3.5 billion as at end-2010. Alpha Asia Macro Trends Fund, a fund managed by the Group's private fund management arm Alpha Investment Partners Limited, has also capitalized on opportunities to invest in several property assets including a stake in Katong Mall and residential units at The Cascadia and Draycott 8 in Singapore and a Grade A office building in South Korea in 2010.

### **Encouraging Sales Overseas**

The Group achieved record sales of over 4,600 units overseas, up 48% from 2009. Strong home sales in China was the main contributor with about 4,000 units sold, predominantly from townships such as The Botanica in Chengdu and Central Park City in Wuxi. The Springdale in Shanghai and Seasons Park in the Sino-Singapore Tianjin Eco-City saw encouraging take-up of about 660 and 460 units following their launch in June and late October 2010 respectively.

The Group further expanded its footprint in China with the acquisition of two residential sites in Chengdu, as well as a 17.2-ha maiden site in Nantong, in the Jiangsu province in the fourth quarter. In total, they added about 480,000 sm of GFA, contributing over 2,800 homes to the Group's residential pipeline of more than 42,000 units.

Elsewhere in the region, the Group continued to increase its presence in Vietnam with the recent purchase of two prime waterfront sites in Ho Chi Minh City (HCMC) to tap on demand for prime villa development. Coupled with two other sites acquired earlier in the first quarter, the Group's land size in Vietnam has increased by 0.9 million sm to about 3 million sm or a pipeline of about 22,000 units.

In total, Keppel Land's overseas pipeline stands at more than 75,000 homes or GFA of about 10.3 million sf.

### **Positioning for the Future**

While recent measures introduced by the government to weed out speculation may affect market sentiments, growth prospects for Singapore and Asia will continue to attract both local and foreign buyers in the longer term.

Following the recent completion of the asset swap deal with KREIT Asia and the issue of \$500 million convertible bonds, the Group is in a strong financial position with a cash surplus of more than \$1.5 billion to continue to actively pursue acquisition opportunities in Singapore and the region.

Several launches have been planned for 2011. In Singapore, a new phase of Lakefront Residences will be released to ride on the remaking of the Jurong Lakeside area which will see the largest commercial hub outside of the CBD; as well as the remaining units of Marina Bay Suites and Reflections at Keppel Bay, which will both benefit from the proximity to the integrated resorts at Marina Bay and Sentosa.

In China, the Group will be releasing the remaining units at 8 Park Avenue located in the prime Jingan District in Shanghai and township homes at The Seasons in Shenbei New District in Shenyang. Over at Vietnam, Riviera Point, a prime condominium project in District 7, and a waterfront township development at South Rach Chiec in HCMC, are planned for launch in 2011.

### **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.*