

Property

We are committed to providing quality and innovative real estate solutions in Asia.



To generate the best risk-adjusted returns, Keppel Land will continue to explore opportunities to unlock capital, and reinvest in new residential sites and commercial projects.

Earnings Highlights (\$m)

	2018	2017*	2016*
Revenue	1,340	1,782	2,035
EBITDA	1,065	705	639
Operating Profit	1,032	668	611
Profit before Tax	1,188	844	833
Net Profit	938	650	620
Average Headcount (Number)	3,059	3,257	3,733
Manpower Cost	204	194	199

* 2017 financial figures have been adjusted following the adoption of Singapore Financial Reporting Standards (International). 2016 financial figures were prepared in accordance with Singapore Financial Reporting Standards and certain amounts have been reclassified for comparability purposes.

Major Developments in 2018

Sold about 4,440 homes in Asia, mainly in China, Vietnam and India.

Completed divestments and sale of residential projects en-bloc worth \$1.7 billion across Singapore, China, Vietnam and Thailand.

Completed about \$0.8 billion worth of acquisitions in Singapore, China, Vietnam and Indonesia.

Replenished residential landbank with the addition of about 3,600 units in China and 500 units in Indonesia.

Focus for 2019/2020

Invest strategically in Asia with Singapore, China and Vietnam as its key markets, while continuing to scale up in other markets such as Indonesia and India.

Actively scale up commercial presence to provide steady stream of recurring income.

Recycle capital strategically, reinvesting for growth and higher returns.

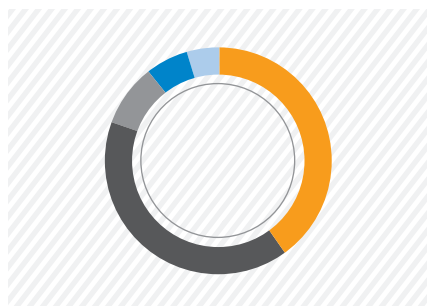
Strengthen collaboration with strategic partners to capture growth opportunities in the region.

Invest in and develop property technology and new solution offerings.

Operating & Financial Review

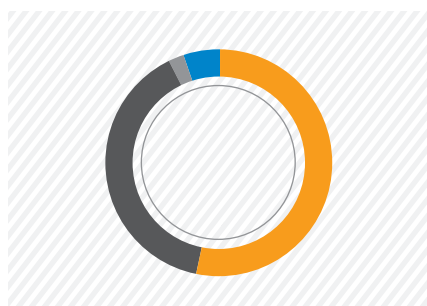
Property

Total Asset Distribution by Country (%)
as at 31 December 2018



● Singapore	40.3
● China	40.0
● Vietnam	9.1
● Indonesia	5.9
● Others	4.7
Total	100.0

Total Asset Distribution by Segment (%)
as at 31 December 2018



● Property Trading	53.6
● Property Investments	39.0
● Hotels & Resorts	2.3
● Others	5.1
Total	100.0

Earnings Review

The Property Division generated a revenue of \$1.3 billion for FY 2018, down \$442 million or 25% from FY 2017, mainly due to lower revenue from a few trading projects in Singapore and China, as a result of cooling measures implemented.

The Division's FY 2018 net profit was \$938 million, an increase of \$288 million or 44% from FY 2017, mainly due to higher sale of residential projects en-bloc and gain from divestment of the stake in Aether. This was partly offset by lower fair value gains on investment properties, lower contribution from Singapore and China property trading, and lower share of profits from associated companies and joint ventures (JV).

In FY 2018, the Property Division contributed 99% of the Group's net profit.

Operating Review

Singapore

Keppel Land sold about 160 residential units in Singapore, lower than the sales achieved in 2017, following the cooling measures implemented by the Singapore government in July 2018. About 80% of the units sold in 2018 came from Highline Residences, which was fully sold in March 2018, and The Garden Residences, which was launched in June 2018. As at end-2018, the take-up rate of The Garden Residences was about 48% of the 156 launched units. 32 units at Reflections at Keppel Bay and Corals at Keppel Bay were also sold in 2018. The two projects were 89% and 77% sold as at end-2018.

Keppel Land announced plans to redevelop Nassim Woods into a luxurious condominium of about 100 homes and will continue to monitor the market for an appropriate time to launch the project.

Keppel Land is also reviewing the plans for Keppel Bay – plots 4 and 6, Keppel Towers and I12 Katong.

China

In 2018, Keppel Land sold about 2,240 units in China, lower than the 3,725 units sold in 2017, mainly due to the government's property cooling measures. Sales were mainly from Seasons Gardens, Seasons Residences and Seasons Heights in Tianjin Eco-City, V City in Chengdu, as well as Park Avenue Heights and Waterfront Residences in Wuxi, supported by healthy supply-demand balance in these geographies.

During the year, Keppel Land continued to expand its presence in China, focusing on the Jing-Jin-Ji region, Yangtze River Delta, Greater Bay Area and the Chengdu metropolis. It made its maiden entry into Nanjing's

residential market in 2018 through a 40% stake in a JV with Gemdale, and added to its landbanks in Tianjin Eco-City and Chengdu. These are markets where the supply of homes with pre-sale permits is expected to be absorbed in less than six months.

During the year, Keppel Land also announced the acquisition of a completed commercial property in Haidian District, Beijing. The acquisition is in line with Keppel Land's strategy to grow its commercial portfolio in China, with a focus on Tier 1 cities, and will provide a steady stream of cash flow for the Group.

Vietnam

In Vietnam, Keppel Land sold about 910 units in 2018, lower than the 1,110 units sold in 2017, due to fewer sales launches. The Infiniti sold 78% of the 442 units launched, Palm Garden sold 80% of the 420 units launched, while Cove Residences also registered a strong take-up rate of 95%.

In December 2018, the entire Phase 2 of Estella Heights in District 2, Ho Chi Minh City (HCMC) was completed and handed over. Its retail mall, Estella Place, also commenced operations in December 2018 with a committed occupancy of over 90%.

In 2018, Keppel Land acquired the remaining 10% stake in Saigon Sports City to gain full ownership of the modern township development which will house some 4,300 smart homes. Keppel Land is collaborating with Keppel Urban Solutions to develop Saigon Sports City into a vibrant destination of choice.

During the year, Keppel Land converted its stake of the bonds issued by Nam Long Group (NLG), bringing its stake in NLG to about 10% from about 5%. This makes Keppel Land the second largest shareholder of the affordable housing developer.

Others

In Indonesia, Keppel Land sold about 350 homes, about 32% higher than the sales achieved in 2017. Following the successful launch of Phase 1 of The Riviera at Puri at end-2017, Phases 2 and 3 launched in 2018 were also well-received. As at end-2018, The Riviera project was close to 90% sold.

Capitalising on the demand for landed homes in Indonesia, Keppel Land formed a strategic alliance with PT Metropolitan Land Tbk (Metland), its partner for The Riviera at Puri, to cooperate on residential projects owned and occupied by Metland in Greater Jakarta, with an investment value of up to Rp. 5 trillion (about \$470 million). Following the launch of this alliance, Keppel Land and Metland entered into an agreement to develop a 12-hectare residential site in the

established Metland Menteng township in East Jakarta.

In India, Keppel Land launched the 2,082-unit Provident Park Square in Bengaluru, through a JV with Indian developer Puravankara. The project was well-received with 70% of the 1,102 launched units sold. Keppel Land also partnered Puravankara to acquire a prime site in Bengaluru, to develop its first commercial development in India with a gross floor area (GFA) of 95,000 square metres (sm). The project is expected to be completed in 2023.

In the Philippines, The Podium West Tower, a landmark Grade A office tower in Manila, was topped off in September 2018. The office tower is expected to be completed in 2Q 2019 and has been conferred the LEED Gold (Core & Shell) Pre-certification by the United States (US) Green Building Council.

Capital Recycling for the Best Risk-adjusted Returns

Keppel Land continues to review its portfolio to unlock capital and generate the best risk-adjusted returns.

During the year, Keppel Land completed five divestments and the sale of five residential projects en-bloc totalling about \$1.7 billion. These included the sale of its stakes in residential projects in Zhongshan and Shenyang in China, HCMC, Vietnam and Bangkok, Thailand; a commercial development in Beijing, China, and some of its units in Keppel DC REIT.

Keppel Land also deepened its presence in key markets. During the year, seven acquisitions totalling about \$0.8 billion were completed. These included residential sites in China and Indonesia; as well as increased stakes in a residential project in HCMC, Vietnam, and a retail mall in Singapore.

To generate the best risk-adjusted returns, Keppel Land will continue to explore opportunities to unlock capital, and reinvest in new residential sites and commercial projects.

Market Review & Outlook Singapore

Singapore's economy grew by 3.2% in 2018, which continued to support demand in the residential and commercial markets. In July 2018, the Singapore government imposed cooling measures, which included increasing the Additional Buyer's Stamp Duty and lowering loan-to-value limits, and subsequently tightened the guidelines on maximum allowable dwelling units in October 2018.

Residential en-bloc sales have slowed significantly since the measures. The number of new private home sales was 8,795 units

in 2018, 17% lower than 2017. Prices rose 7.9% for 2018 compared to a 1.1% increase in 2017, and home prices as at end-2018 were 3.2% below the last peak in 3Q 2013.

In the commercial sector, CBRE reported that Grade A core Central Business District (CBD) office rent rose 14.9% in 2018, reflecting a 20.7% growth from the last trough in 2Q 2017, on the back of robust demand and decreasing supply of prime space.

Keppel Land continues to be on the lookout for good business opportunities in Singapore.

Overseas

Rapid urbanisation and a fast-growing middle class will continue to drive demand for high-quality homes in Asia. Riding on these trends, Keppel Land will continue to tap demand with over 18,000 overseas launch-ready homes from 2019 to 2021.

China's Gross Domestic Product (GDP) growth slowed in 2018 to 6.6% and is expected to slow further in 2019, given lagged effects of credit tightening, and from the global slowdown and headwinds from US-China trade tensions.

While property cooling measures have had an impact on the Chinese market, urbanisation trends and growing income levels continue to drive demand for quality housing and commercial developments in key regions

With a commercial footprint of 1.5 million sm of GFA, Keppel Land is well positioned to capitalise on the demand for office and retail spaces in its target markets. (In picture: Estella Place in HCMC, Vietnam)

and cities. Keppel Land will focus on the Jing-Jin-Ji region, Yangtze River Delta, Greater Bay Area and the Chengdu metropolis, where it sees considerable growth potential.

In Vietnam, GDP growth was 7.1% in 2018, faster than 6.8% in 2017. The property market in HCMC remains promising. According to CBRE, about 31,100 new homes were sold compared with 30,800 units launched in HCMC in 2018, while average selling prices increased by about 10% in 2018. With a sizeable landbank of about 17,000 units, Keppel Land is poised to meet the robust demand for homes in Vietnam. Grade A office supply remains limited, driving rents up by 15.8%, and the retail market also saw healthy demand and tight supply in HCMC's CBD.

In Indonesia, the economy is expected to grow at above 5% per annum from now through to 2020 supported by domestic spending. While the supply of condominiums remains high, the landed residential market in Jakarta and Greater Jakarta is expected to remain resilient, backed by fundamental housing demand.

With a pipeline of close to 50,000 residential units and a total commercial footprint of 1.5 million sm of GFA in key Asian cities, Keppel Land is well positioned to capitalise on the demand for homes, office and retail spaces in its target markets.

