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JAPAN LAND'S FY2007 NET PROFIT JUMPS 17%

Results Summary

S\$'000	FY2006	FY2007	Change %
Revenue	175,847	178,047	(1.)
Profit before tax	15,215	15,610	(2.)
Profit/(loss) from operating activities	12,314	13,845	(10.)
Share of profit of associated company	7,543	5,312	41.3
Net profit after tax	11,015	9,417	16.3

Singapore, 29 May 2007 – SGX Mainboard-listed Japan Land Limited (“Japan Land” or “the Group”), an investment-holding company with a focus on the Japan real estate market, today announced sterling bottom-line growth for its financial year ended 31 March 2007 (“FY2007”).

Operating Review

During the year, Japan Land not only strengthened its presence in the customised housing segment, it also made significant headway in the development of its two other core businesses – property development and asset and facilities management – to position itself as a specialist niche real estate player in Japan.

Via subsidiary Japan Asia Land Limited (“JALL”), Japan Land took its first major step into the property development and management business by investing in a special purpose vehicle Fuchu Assets Tokutei Mokuteki Kaisha, which was established to develop an internet data centre (“IDC”) in Tokyo. The IDC will house servers, information technology and other related equipment, providing internet and intranet access to corporates in large cities in Japan. The Group will be involved in the development of the IDC and will provide project arrangement and management services through both JALL and associated company Lux Partners Co, Ltd (“Lux Partners”). When completed, the IDC will be one of the largest IDCs in Japan with a total land area of approximately 6,354 square metres and a built-in area of approximately 19,000 square metres. Partnering JALL in this project is the unit of an established and reputable listed company in Japan.

Japan Land’s subsidiary KHC Limited (“KHC”) saw strong demand for its customised residential developments during the year. To cater to this demand, the company established a new sales office at Tarumi in Kobe City, offering a suit of services from the sale of land plots and architectural and design consultancy, to construction of customized houses. KHC now has a network of seven sales offices across the Hyogo Prefecture with a total staff strength of around 180 people.

Financial Review

Japan Land's revenue remained steady at S\$175.8 million in FY2007, compared with S\$178.0 million the previous year. This was achieved despite the depreciation of the Japanese Yen against the Singapore Dollar of as much as 8.5% during the financial year. KHC continued to contribute the bulk of Group revenue, drawing strong sales of S\$113.5 million from customised housing, S\$54.0 million from land sales, S\$1.2 million from consulting services and S\$3.4 million from brokerage fees. In Japanese Yen terms, KHC's revenue rose 5.7% from FY2006, boosted by bigger sales in customised housing and land.

Contributions from the IDC project also kicked in during the year. The Group recognised S\$3.6 million in revenue from the provision of project arrangement and management services to the IDC project.

The Group's share of after-tax profits from its associated companies JAH and Japan Asia Holdings (Japan) ("JAHJ") totalled S\$7.4 million while that from Lux Partners stood at S\$0.1 million. Both JAH and JAHJ reported stronger results despite less buoyant stock market conditions in Tokyo, boosted by negative goodwill generated from the acquisition of a Tokyo Stock Exchange-listed company by JAHJ. The Group's total pre-tax profit was S\$15.2 million, compared with S\$15.7 million in FY2006.

Due to the availability of unutilised taxes losses to offset profits at JALL during the year, the Group recorded net profit after tax of S\$11.1 million, up a significant 16.8% from \$9.5 million the year before. KHC contributed S\$6.1 million while the Group derived S\$7.4 million from its share in JAH and JAHJ.

The Group recorded a decline in cash flow to S\$40.1 million as at 31 March 2007, compared with S\$64.2 million a year ago. This was due to land acquisitions, purchases of plant and equipment, investment in the IDC as well as the repayment of loans and bonds during the year. However, this was offset by proceeds from loans and borrowings, sales of marketable securities, decreased trade and other receivables.

Commented Managing Director Mitsutoshi Ono, "We are heartened by Japan Land's overall results for FY2007 and will work towards turning in yet another positive set of results for the current year."

Outlook

In anticipation of continued demand for its customised housing, KHC has been accumulating large parcels of land in its key area of operations Hyogo Prefecture. Amongst these purchases are parcels of land in and around Kobe City where KHC's newest office is based. The Group is also building a land bank in excess of KHC's one-year requirement with the view that the land plots have the potential to appreciate in the near future. As at 31 March 2007, KHC's total land bank amounted to 103,638 sq. meters, an increase from 84,510 sq metres a year ago. In addition, plans are underway to open more sales offices in Hyogo in the current year.

As competition intensifies in the Japan real estate sector, the Japan Land will continue to roll out its focused strategy to leverage on its core strengths to stay ahead. An example of this would be involvement in other IDCs in Asia and elsewhere. The current IDC project represents a significant milestone for Japan Land, and is expected to enhance the Group's market position and bolster its reputation for future involvement in more of such projects.

According to the Organization for Economic Cooperation and Development, the Japan economy is expected to grow 2.4% in 2007 and 2.1% in 2008, fuelled largely by business investment.¹ Land

¹ Source: The Wall Street Journal Online, 25 May 2007, "OECD lifts views on Japanese Economy"

prices have also turned around in general, but those in the rural areas of Japan remain weak. Market observers are expecting an interest rate hike sometime this year, but a moderate one as more investment flows into the country.

Mr Ono added, “Despite increasingly difficult business conditions in Japan, we believe our specialist capabilities will provide a solid platform to grow our businesses in property development, asset and facilities management, and customised housing. Looking ahead, we expect to enhance our market position with landmark projects like IDC to further strengthen our reputation in the Japan market and elsewhere in the region.”

End

About Japan Land

Japan Land is a Singapore-based company investing in the Japanese real estate market. Through its associate company Hong Kong-based Japan Asia Holdings Limited, Japan Land also has a strong presence in the financial services sector in Japan and Hong Kong. Japan Land is listed on the Mainboard of the Singapore Exchange.

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