News Release

6 August 2013

CDL DELIVERS STRONG PERFORMANCE WITH PROFIT UP 48.0% FOR Q2 2013
- Declares special interim dividend of 8.0 cents per ordinary share

City Developments Limited (CDL) today announced its unaudited financial results for the second quarter (Q2 2013) and half year ended 30 June 2013 (1H 2013).

Financial Highlights

- The Group delivered a sterling performance. Excluding revaluation surpluses from investment properties:

- PATMI*:	Q2 2013 -	$203.8 million	(+ 48.0%)
	1H 2013 -	$341.5 million	(+ 16.0%)

- Rental properties segment was the lead contributor to the Group's pre-tax profits, largely due to the gain recognised from the disposal of 100G Pasir Panjang following its sale completion in Q2 2013, coupled with the profits accounted in Q1 2013 for the disposal of several strata units in Elite Industrial Building I, Elite Industrial Building II and Citimac Industrial Complex. These non-core assets which were previously not sold, were leased out and held by the Group for long-term investments.

- Property development segment was the next highest contributor to the earnings. Brisk sales were achieved for its recent mass market residential projects but locked-in profits could not be recognised as construction of these projects has yet to reach recognition stage. There was also no profit recognition from two fully sold Executive Condominiums (ECs) – Blossom Residences and The Rainforest, until completion of construction, in accordance with prevailing accounting treatment.

- Hotel earnings were affected in some of its key markets. Trends in parts of Asia remain subdued due to economic uncertainties, increasing supply of competitor hotel rooms and greater cost pressures. In addition, the on-going refurbishment programme at the Group's hotel subsidiary, Millennium & Copthorne Hotels plc (M&C) resulted in temporary loss of a net 181,000 room nights from its inventory.

- Strong balance sheet with cash and cash equivalents of $2.5 billion, healthy net gearing ratio at 22% (excluding revaluation surpluses from investment properties) and interest cover at 15.0 times for 1H 2013.

- In view of the good performance of the Group, the Board recommends a tax-exempt (one-tier) special interim ordinary dividend of 8.0 cents per ordinary share.

Operations Review and Prospects

Residential

- For 1H 2013, the Group, together with its joint venture associates, sold a total of 2,114 units of approximately $2.25 billion (1H 2012: 1,299 units with sales value of $1.25 billion).

- All 2013 launches by the Group to date saw strong take-up:
  - i. D'Nest (912-unit): 91% sold
  - ii. Bartley Ridge (868-unit): 75% sold
  - iii. Jewel @ Buangkok (616-unit): 86% (of 350 units launched) sold

- In addition, its 380-unit Lush Acres EC's E-application was more than 3 times oversubscribed.

**PATMI – Profit After Tax and Minority Interest*

- No profit was recognised from the fully sold HAUS@SERANGOON GARDEN as well as substantially pre-sold projects such as Echelon, UP@Robertson Quay, Bartley Ridge and D'Nest, and the recently launched Jewel @ Buangkok as these projects are either in early stages of construction or building works have not commenced yet.

- In 2H 2013, the Group plans to launch a joint venture, mixed-use residential cum commercial development, located at the junction of Upper Serangoon Road and MacPherson Road, and only a 5-minutes' walk to Potong Pasir MRT station. This project will comprise 266 residential units of 1 to 4-bedroom apartments and penthouses, with 28 retail and F&B units on the ground floor.

- The Group will continue to be selective and strategic in tendering for land. Unless the global and domestic economies rebound strongly and curbs on foreign buyers for private residential property sales are reviewed, the Group anticipates some oversupply in the residential market from next year onwards. The Group would rather err on the side of caution in its land replenishment strategy.

Commercial

- The Group's office portfolio continued to enjoy healthy occupancy of 96.2% (as at 30 June 2013) compared to the national average of 91.2%. Its rental properties segment is expected to remain stable.

- South Beach remains on track to complete in 2015. Leasing activities for the Office Tower (North Tower) has commenced earlier this year and interest has been healthy so far. With Grade A office buildings rentals starting to move in an upward trend and with South Beach's enviable location, the Group will not be in a rush to lease the Tower too quickly.

Hotels

- Despite better trading performance in London and New York regions, the Group's hotel subsidiary, Millennium & Copthorne Hotels plc (M&C)'s PATMI for Q2 2013 decreased by 17.7% to £33.1 million (Q2 2012: £40.2 million). For 1H 2013, PATMI decreased 21.1% to £46.1 million (1H 2012: £58.4 million).

- M&C's financial position remained strong with net cash of £43.9 million at 30 June 2013 (31 December 2012: £52.2 million). At the end 1H 2012, gearing was 0.5%.

- Global RevPAR was up 4.1% to £67.27 (1H 2012: £64.62) due to increases in both occupancy to 70.5% (1H 2012: 69.8%) and average room rate to £95.45 (1H 2012: £92.54).

- The £240.0 million refurbishment programme of investment in M&C's existing hotels, which is in addition to underlying run rate capital expenditure, is making progress. While the global economy is taking a breather, M&C is taking this opportunity to refurbish some of its key assets with a view to reposition them, while also upgrading some of its properties, so that they may reap the benefits when the economy recovers.

Overseas Expansion

- CDL China Limited, a wholly-owned subsidiary of the Group, has made much progress with all of its three projects. Its Eling Hill residential development in Yuzhong District, Chongqing, has commenced excavation. Its Huang Huayuan project in the same district in Chongqing continues to be further developed in detail, with several critical changes made to enhance the profitability of the project, including securing greater height for the three high-rise buildings earmarked for the site. In July, a significant groundbreaking ceremony was held for Hong Leong City Center (HLCC), a sizable mixed-use development next to Jinji Lake in Suzhou, marking a milestone for this project.

- The Group announced last quarter that approximately £250 million to £300 million would initially be allocated to establish its plans for property development in London. As such, it is planning to invest selectively in the Central London real estate market and is currently evaluating several opportunities across the residential sectors. The investment will be made when the right opportunity avails through its highly experienced London team and/or joint venture partners who have proven track record.

- Based on historical trends, even when the market softens, London's high-end properties in good locations remain resilient. Many local developers are keen to have a market share in London to capture the upswing. However, funding may be difficult for the smaller developers. The Group's strong balance sheet and financial stewardship works to its advantage.

Commenting, Mr Kwek Leng Beng, CDL Executive Chairman said:

"The global economy remains fragile and unpredictable. Domestically, with the latest round of property cooling measures which has been the most effective to date, the Group expects stronger headwinds in the second half of the year. Transaction volume for private residential sales is beginning to be more measured and prices in general are expected to be moderated for the mass market segment, due to the tightening of bank borrowings.

Many homebuyers who see the current high bidding at land tenders are likely to perceive that property prices will rise even higher. This psychology of buyers far outweighs the fundamentals of supply and demand. In general, people want to buy low and sell high. However, my observation is that as property prices move upwards, more people want to buy in. Conversely, as prices start declining, people become fearful and cautious in buying property. This "herd instinct" may distort market perception and all industry stakeholders should consider this paramount factor in their decision making.

The Group has already established various synergistic platforms to grow its business. In Singapore, it has earned a strong reputation in property development and an enviable portfolio of valuable investment properties. Regionally and globally, it has an established hotel operations and a hotel real estate investment trust (REIT) whose potential can be further exploited.

The Group will continue to focus on developing its existing overseas growth engines, which includes an ever expanding China platform, with developments through CDL China and FSCL (M&C's associate) and also its latest real estate development arm in London. The Group also has plans to be more active in private equity opportunities which it entered into some years ago. The execution of some of these platforms will take time to develop. These engines, when in full swing, will enable the Group to achieve a balanced and diversified portfolio in Singapore and abroad."

Please refer to CDL's full unaudited financial results announcement for the second quarter and half year ended 30 June 2013 for a detailed review of the Group's performance and prospects.

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