News Release

11 August 2017

CDL POSTS REVENUE OF S$854.1 MILLION AND PROFIT OF S$109.9 MILLION FOR Q2 2017

- **691 residential units sold in Singapore in 1H 2017 with sales value of S$1.15 billion, triple that of 1H 2016**
- **Continued healthy sales at Hong Leong City Center, Suzhou**
- **Flagship Republic Plaza to undergo a S$60 million Asset Enhancement Initiative**
- **Enters burgeoning luxury senior housing sector through new strategic collaboration**
- **Focus on deploying robust balance sheet for opportunistic acquisitions and collaborations**

For Q2 2017 and 1H 2017, City Developments Limited (CDL) achieved revenue of S$854.1 million (Q2 2016: S$1.1 billion) and S$1.6 billion (1H 2016: S$1.8 billion), and attributable profit after tax and non-controlling interests (PATMI) of S$109.9 million (Q2 2016: S$133.8 million) and S$195.3 million (1H 2016: S$239.1 million).

The higher PATMI and revenue for Q2 2016 and 1H 2016 were underpinned by the contribution from Lush Acres Executive Condominium (EC). Excluding the contribution of Lush Acres EC which obtained its Temporary Occupation Permit (TOP) in Q2 2016, when revenue and profit were recognised in entirety upon completion under prevailing accounting policies for ECs, the Group's revenue and PATMI would have increased by 15.7% and 43.4% respectively for Q2 2017, and 12.1% and 7.4% for 1H 2017.

Excluding the contribution of Lush Acres EC which obtained its Temporary Occupation Permit (TOP) in Q2 2016, when revenue and profit were recognised in entirety upon completion under prevailing accounting policies for ECs, the Group's revenue and PATMI for Q2 2017 would have increased by 15.7% and 43.4% respectively.

For Q2 2017 and 1H 2017, PATMI and revenue were driven by contribution from well-received projects including Gramercy Park, Coco Palms and The Venue Residences, coupled with continued profit recognition from Hongqiao Royal Lake, Shanghai and Hong Leong City Center (HLCC), Suzhou when the units were handed over to buyers progressively. With improved market sentiments, ahead of the Additional Buyer's Stamp Duty deadline, The Venue Residences is fully sold.

Financial Highlights

(S$ million)	Q2 2017	Q2 2016	% Change	1H 2017	1H 2016	% Change
Revenue	854.1	1,092.4	(21.8)	1,637.8	1,815.7	(9.8)
Profit before tax	185.4	205.1	(9.6)	300.2	343.5	(12.6)
PATMI	109.9	133.8	(17.9)	195.3	239.1	(18.3)

As at 30 June 2017, the Group's net gearing ratio, without considering revaluation surplus from investment properties, remained low at 16% with interest cover at 10.6 times. The Group's balance sheet also remained robust with cash and cash equivalent of S$3.5 billion.

The Board is pleased to declare payment of a tax-exempt (one-tier) special interim dividend of 4.0 cents per ordinary share.

Operations Review and Prospects

Poised to benefit from any upturn in Singapore residential market

- The Group is well positioned to benefit from any upturn in the Singapore residential market given its range of properties for different market segments – from ECs, to mid- and high-end developments.

- For 1H 2017, the Group and its Joint Venture (JV) associates, sold 691 residential units including ECs in Singapore, more than double the units sold in 1H 2016 (324 units). Sales value for 1H 2017 tripled to about S$1.15 billion (1H 2016: S$385.7 million), largely due to the movement of the Group's high-end inventory.

- For Q3 2017 to date, the Group and its JV associates, sold another 182 units including ECs. This brings the total number of units sold year-to-date to 873 units, or over 85% of the units sold for the entire 2016 (FY 2016: 1,017 units). Sales value amounted to S$1.36 billion (FY 2016: S$1.25 billion).

HLCC continues to see healthy demand

- HLCC, a mixed-use waterfront development in Suzhou Industrial Park, continues to see healthy demand. Its Phase 1 launch, comprising 1,374 residential units has sold 1,118 units (81%) to date, with a sales value of RMB 2.41 billion. For Phase 2 of HLCC, 195 units (45%) of the 430-unit residential tower have been sold to date with a sales value of RMB 589 million.

Upcoming launches

<u>New Futura (Singapore)</u>

- Given the strong sales for the luxury 174-unit Gramercy Park (For Phase 1 launch (87-unit North Tower), 76 units (87%) have been sold and for Phase 2 launch (87-unit South Tower), 41 of the 50 units released (82%) have been sold), CDL plans to launch another high-end project in the Orchard Road vicinity, New Futura, in 2H 2017. A key attraction of this exclusive 124-unit development is its freehold status, which is increasingly rare in Singapore.

- The project, which features two iconic 36-storey towers with stunning architecture and comprises two- to four-bedroom apartments and five-bedroom penthouses, is expected to obtain its TOP in Q3 2017.

<u>Tampines Avenue 10 condominium (Singapore)</u>

- In early 2018, the Group plans to launch its new condominium at Tampines Avenue 10, near the upcoming Tampines West MRT station, St Hilda's Primary School and other reputable schools including Temasek Polytechnic and United World College South East Asia.

- The development comprises seven 15-storey blocks of apartments with about 861 units that are expected to enjoy a North-South orientation. The project will also include a child care centre on site.

<u>Teddington Riverside (UK)</u>

- The first phase (comprising 57 units) of this luxurious riverside freehold condominium, located in the London Borough of Richmond and along the River Thames, will be formally launched in 2H 2017.

- A substantial number of enquiries has been received.

S$60 million Asset Enhancement Initiative for flagship Republic Plaza

- A S$60 million enhancement initiative will be implemented to rejuvenate this prime office development in the heart of Singapore's Central Business District to cater to the evolving business landscape, increase space efficiency and inject fresh vibrancy.

- The phased enhancement works will commence in Q1 2018 and are expected to complete by 1H 2019. These include the revamp of the main lobby, lift lobbies, driveway and frontage; lift modernisation incorporating Destination Control System and upgrading of lift interiors; addition of new restrooms and upgrading of existing ones; and increasing floor-to-ceiling heights of selected office floors.

- The retail space will be enhanced to provide better pedestrian flow and visibility, achieve a more efficient layout, and incorporate M&E infrastructure to facilitate more F&B offerings. A new retail cluster on Level 2 will be created through the conversion of some existing car park spaces.

- The office space will also be enhanced with the upgrading and expansion of bathrooms, as well as the conversion of Gross Floor Area into more efficient and higher value uses. These enhancements will in turn support the building's tenant mix rejuvenation.

- In parallel, Tower Club Singapore, a premier, members-only business club considered one of the best in town located on the top three floors of Republic Plaza, has also embarked on enhancement works to attract new members. Expected to cost close to S$3 million, the enhancement works include the renovation of its Straits Bar to create new spaces for members to work and socialise and a new kitchen tailored to new food concepts. Works commenced in mid-July 2017 and are targeted for completion by mid-October 2017.

Relocation of CDL's corporate office at City House to Republic Plaza

- CDL's corporate office at City House will relocate to Republic Plaza by Q2 2018 so that all its operations will be housed under one roof, occupying three floors of approximately 42,000 sq ft.

- Nine floors of space amounting to about 60,000 sq ft will be freed up at City House. CDL has already secured a lease commitment for approximately half of this vacated space.

Foray into burgeoning luxury senior housing sector

- In early August, the Group entered into a collaboration with Waterbrook Lifestyle Resorts to develop a luxury five-star retirement village in Bayview, Sydney. The development named Waterbrook Bayview will be built on a 20,000 sqm freehold site. Bayview is an exclusive location within the Northern Beaches that houses a large and growing ageing population, and is a short distance from Mona Vale Beach and the Mona Vale shopping and retail precinct.

- Waterbrook Bayview will provide facilities and services including 24/7 concierge service, restaurants, library, cinema, indoor pool/spa, wellness and spiritual centre, games centre, putting green, walking track, interactive gardens, hair and beauty salons, chauffeured courtesy vehicles as well as in-house nurses.

- Slated for completion in 2020, the project is currently at the planning and design stage, with the number of units and gross development value to be finalised. The Group will be participating through debt financing of A$35 million, for which the specific terms are confidential.

- The Group is positive on the luxury retirement sector as there is strong unmet demand from a growing demographic of well-heeled retirees who desire to live in well-curated communities with good facilities. It is excited to embark on this new area of business and intends to collaborate with Waterbrook to set a new benchmark in Australian retirement living and expand the brand throughout Australia, New Zealand and other parts of the world.

Mr Kwek Leng Beng, CDL Executive Chairman, said, "After several years of subdued market conditions coupled with macro headwinds, the 'heartbeat' of Singapore's residential property market appears to be getting stronger with increased activity and some vital signs of a possible stabilisation. CDL is well poised to benefit from an upcycle. In addition to strong residential sales, we will also benefit from monetisation opportunities to unlock value through potential collective en-bloc prospects for some of our mature assets, as well as possible divestment or repurposing of our non-core properties."

"To replenish our land bank, we will continue to bid strategically while remaining disciplined to core fundamentals. We remain hopeful that the Qualifying Certificate policy can be reviewed in due course, so that developers can look towards both Government Land Sales and private sales for land replenishment and avoid a dangerous upward spiral in land cost and property prices that is not in line with the growth of the economy."

Mr Grant Kelley, CDL Chief Executive Officer, said, "Looking ahead, we are focused on deploying our war chest for land bank replenishment in Singapore and our key target markets, opportunistic acquisitions, strategic equity investments and external collaborations. Including the recent acquisition of The Pullman Hotel Munich in Germany by CDL Hospitality Trusts, the Group has made a total of about S$3.5 billion in investments since 2014. We are thus on track to achieve our five-year target set in 2014 to invest S$5 billion in acquisitions by 2018."

Please visit www.cdl.com.sg for CDL's Q2 and 1H 2017 financial statement.

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