

News Release

13 August 2015

CDL POSTS CONSISTENT PERFORMANCE, PROPELLED BY ROBUST CORE EARNINGS

- **PATMI of S\$256.5 million with 2.8% increase in revenue for 1H 2015**
- **Strong positive cashflow enables declaration of special interim dividend**
- **The 654-room South Beach hotel to soft open in September**
- **Several of CDL's key residential projects in UK and China commenced marketing**
- **Optimal design scheme for expansive prime freehold site in Tokyo underway**

Despite the strong prevailing headwinds, City Developments Limited (CDL) has delivered a resilient performance propelled by strong core earnings. CDL achieved attributable profit after tax and non-controlling interests (PATMI) of S\$256.5 million for 1H 2015.

CDL also posted a 2.8% increase in revenue to S\$1,639.9 million in 1H 2015 from S\$1,595.4 million in 1H 2014, largely backed by revenue from the Group's Millennium & Copthorne Hotels plc (M&C)'s hotels acquired in 2014, and improved performance from refurbished hotels.

As at 30 June 2015, without factoring revaluation surpluses in investment properties, CDL's net gearing ratio was 28%, with interest cover at 10.5 times. The Group's balance sheet remained strong with over S\$3.7 billion of cash and cash equivalents.

Financial Highlights

(S\$ million)	Q2 2015	Q2 2014	% Change	1H 2015	1H 2014	% Change
Revenue	824.9	861.1	(4.2)	1,639.9	1,595.4	2.8
Profit before income tax	190.9	196.0	(2.6)	359.5	352.7	1.9
PATMI	133.5	137.9	(3.2)	256.5	257.5	(0.4)

- Property development was the main contributor to CDL's pre-tax profit. Despite tough market conditions, CDL, with its joint venture associates, continued to sell existing projects at a reasonable pace. To date, the 944-unit Coco Palms at Pasir Ris is about 86% sold while the 616-unit Jewel @ Buangkok is about 88% sold. The 638-unit The Brownstone, right next to the upcoming Canberra MRT Station, is to date the best-selling Executive Condominium (EC) launched in 2015, with 195 units already sold.
- 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

Residential

- ***Strong interest for projects with excellent location, competitive prices and high quality***

- There has been strong interest in selected recent project launches which are competitively priced and with close proximity to public transport and amenities. One of them is CDL's joint venture project The Brownstone EC. However, no profit was realised from The Brownstone EC and CDL's fully sold Lush Acres EC, as recognition of profits from ECs can only be realised upon TOP.

- With The Brownstone's positive launch, CDL plans to launch another EC, The Criterion, at Yishun in Q4 2015:
 - The 505-unit EC comprises 10 blocks of 13-storey towers, offering a range of two to five-bedroom apartments and penthouses.
 - Attractively located near the well-developed and mature neighbourhoods of Yishun and Woodlands which provide a range of business, leisure, shopping and dining amenities as well as excellent transport infrastructure.
 - Selected apartments will enjoy scenic views of the Orchid Country Club golf course and Seletar Reservoir.
 - Flexi-unit options are available to provide multiple room selections to suit homebuyers' lifestyles.

Commercial / Integrated Development

- ***South Beach, CDL's mega mixed-used joint venture development, is an iconic addition to the Singapore skyline***
- For the 34-storey South Beach Tower offering 510,000 square feet (sq ft) of Grade A office space, South Beach Consortium (SBC) has secured 90% of the leases, with another 6% confirmed, pending documentation. SBC is in advanced negotiations with potential tenants for the remaining 4%.
- The South Beach, a 654-room hotel, will soft open in September 2015. In this Hotel of Design, every detail is curated and meticulously crafted by renowned French designer Philippe Starck and creative artists from around the world.
- South Beach Quarter, the 13,000 sq ft two-storey conservation block at the corner of Beach Road and Middle Road will soon house four exciting new-to-market F&B concepts, which are expected to open in stages in September 2015.
- The South Beach Club, located within the former Non-Commissioned Officers Club, is targeted for launch in Q4 2015. It will be Singapore's newest private membership club, offering unique experiences through exclusive access to a privileged lifestyle.
- South Beach Residences, comprising 190 luxury apartments, is expected to be completed by Q2 2016. SBC will launch the Residences when market conditions are favourable.
- CDL's office portfolio continued to enjoy high occupancy of 97.2% as at end of Q2 2015, above the island-wide occupancy rate of 90.2%.

Hotels

- ***Acquisitions and refurbished hotels contribute to M&C's profit and revenue***
- M&C reported a 21.7% increase in net profit after tax and non-controlling interests to £28 million in Q2 2015 (Q2 2014: £23 million) and a 20% increase to £36 million in 1H 2015 (1H 2014: £30 million).
- Revenue increased by 4.9% to £215 million in Q2 2015 (Q2 2014: £205 million) and by 6.3% to £404 million in 1H 2015 (1H 2014: £380 million), mainly due to additional income from new hotels acquired in 2014 and from hotel rooms returning to inventory following refurbishment.
- Hotel refurbishments in London, US, Asia and New Zealand have progressed well. These include Millennium Bailey's Hotel London and the completion of work at Millennium Alaskan Hotel Anchorage, now re-branded as The Lakefront Anchorage.
- M&C is acquiring the Hard Days Night Hotel in Liverpool for £13.8 million in cash, subject to standard purchase price adjustments. The 110-room Beatles-inspired hotel is located within the popular Cavern Quarter of the city.

Overseas Growth Platforms

- **Good progress for overseas sites**

• UK

- Building works commenced for three developments in Belgravia (31/35 Chesham Street), Knightsbridge (32 Hans Road) and Chelsea (90-100 Sydney Street), which will be released for sale closer to completion.
- Planning on the Knightsbridge carpark (28 Pavilion Road) and Croydon (15 Lansdowne Road) schemes are closer to receiving approval.
- Market interest for CDL's UK properties has been encouraging. Ahead of the official launch for the 82-unit Reading residential project (202 Kings Road), 42 units or about 86% of the 49 units from the initial phased release have been reserved.
- The acquisition of the prime freehold 18,211 square metre (sqm) Teddington Studios site on the banks of the River Thames in south-west London is expected to complete in Q4 2015. Marketing for this project, comprising about 213 units, is expected to commence before the year end and the official launch is planned for Spring 2016.

• China

- The sizable Suzhou Hong Leong City Center mixed-use development emerged the top selling luxury residential project in Suzhou Industrial Park in 2015. As of 7 August 2015, 281 units or about 60% of residential Tower 1 have been sold with particularly strong momentum in June and July.
- Eling Residences, a 126-unit luxury development at the peak of Eling Hill in Yuzhong district, Chongqing, is expected to be completed in 2016, with the sales launch anticipated in Q4 2015.

• Japan

- CDL is working with several architects and consultants to create the optimal design scheme for its expansive 16,815 sqm prime freehold site in the Shirokane residential enclave in Tokyo's Minato ward.
- The site's exclusive location and Shirokane's lush greenery and rich history present CDL a compelling opportunity to harness these unique attributes to create a distinguished residential condominium.

Mr Kwek Leng Beng, CDL Executive Chairman, said, "In the near-term, the operating environment in Singapore is expected to stay challenging while the global outlook remains uncertain. With our strong balance sheet, we have the financial prowess and agility to capture opportunities in a timely manner, while maintaining firm discipline in our investment strategy for Singapore and abroad.

Our diversification strategy is poised to gather momentum and prominence in the next few years. CDL is actively pursuing our unlisted funds management business, though we are deliberately adopting a highly selective approach to nurture this new platform, which will take time to develop. The real estate development platforms that we have established in new markets are swiftly taking shape. In the rest of the year, we plan to launch some of our residential projects in UK and China progressively."

Please refer to CDL's full unaudited financial results announcement for the second quarter and half year ended 30 June 2015 for a detailed review of the Group's performance and prospects.

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