

FULL YEAR FINANCIAL REPORT

1 Jan – 31 Dec 2008

26 FEBRUARY 2009

CDL ANALYST PRESENTATION



CITY DEVELOPMENTS LIMITED

PALAIS RENAISSANCE

** Artist's Impression of Palais Renaissance*

AGENDA

1. FINANCIAL HIGHLIGHTS
2. SINGAPORE PROPERTY MARKET
3. OPERATIONS REVIEW
4. MARKET OUTLOOK
5. MOVING FORWARD



** Artist's Impression of The Arte*

FINANCIAL HIGHLIGHTS



** Artist's Impression of Livia*

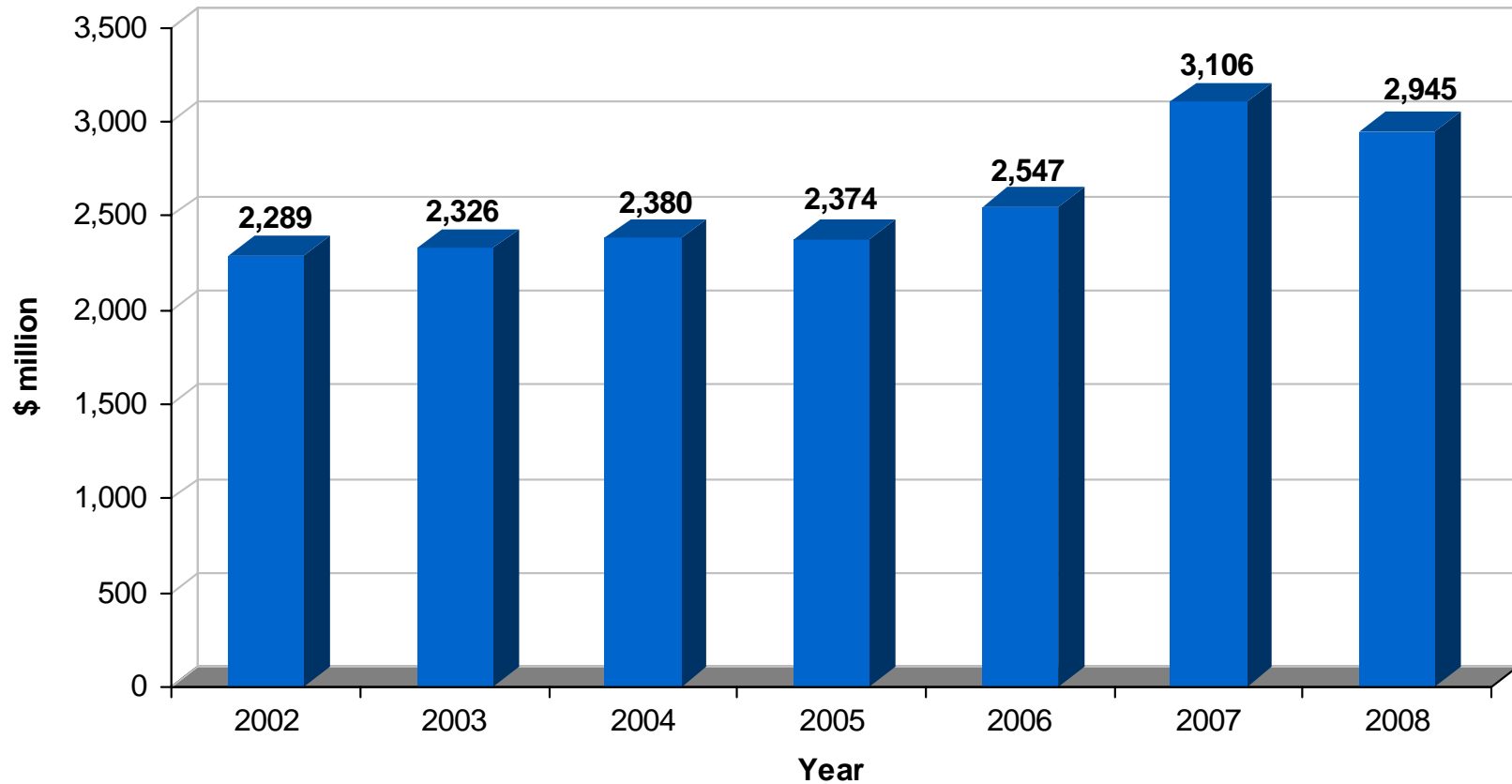
KEY FINANCIAL HIGHLIGHTS

- 2nd highest earnings since inception (1963), despite challenging economic conditions.
- Conservative accounting policy of stating investment properties, hotels and CDL H-Reit at cost.
- No impairment on development properties and land bank for FY 2008.
- Based on a recent external valuation for the year ended 31 Dec 08, there is no impairment required for South Beach Development.
- The strength of S\$ particularly against the £ had a significant impact and resulted in lower contribution from M&C.
- 1st Singapore corporate to launch the S\$1 billion Unsecured Islamic Trust Certificate Programme (*Sukuk-Ijarah*).
- Ordinary and preference dividends totaling 11.4 cents
 - Final ordinary dividend of 7.5 cents per share
 - Preference dividend of 3.9 cents per share



FINANCIAL HIGHLIGHTS

Revenue for the Year Ended 31 Dec

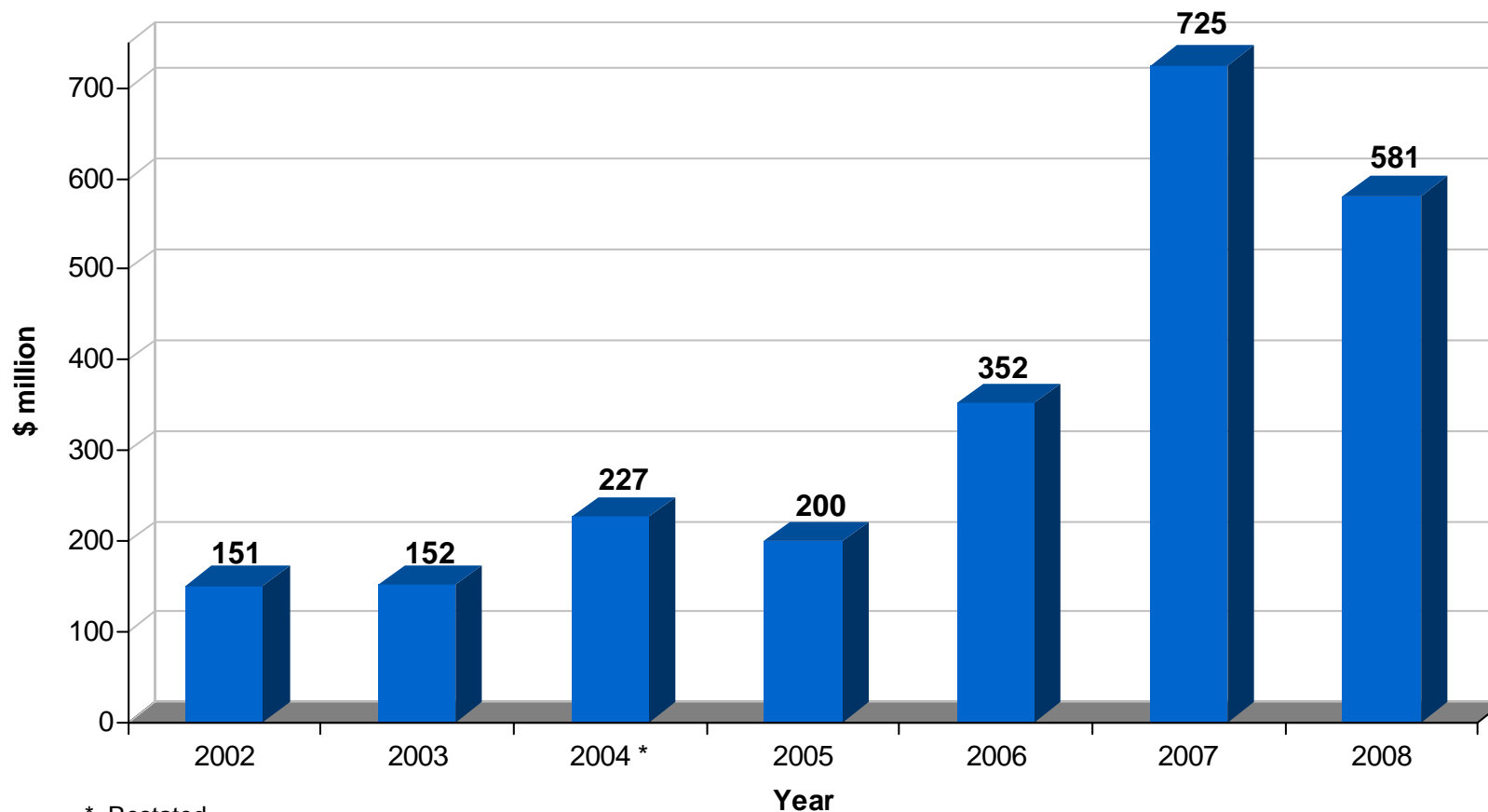


Note : The above financial information is extracted from yearly announcements.



FINANCIAL HIGHLIGHTS

PATMI for the Year Ended 31 Dec



* Restated

Note : The above financial information is extracted from yearly announcements.

The group has adopted FRS 40 cost model whereby its investment properties continue to be stated at cost less accumulated depreciation and impairment losses with effect from 1 Jan 2007.



FINANCIAL HIGHLIGHTS

10-Year Analysis

| | 1999 | 2000# | 2001# | 2002 | 2003 | 2004# | 2005 | 2006 | 2007 | 2008 |
|---------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Revenue | \$2,015m | \$2,626m | \$2,227m | \$2,289m | \$2,326m | \$2,380m | \$2,374m | \$2,547m | \$3,106m | \$2,945m |
| Profit before tax | \$513m | \$546m | \$139m | \$243m | \$214m | \$503m | \$404m | \$692m | \$955m | \$834m |
| PATMI | \$383m | \$287m | \$54m | \$151m | \$152m | \$227m | \$200m | \$352m | \$725m | \$581m |
| Net Debt Equity Ratio * | 0.54 | 0.76 | 0.86 | 0.80 | 0.64 | 0.55 | 0.50 | 0.40 | 0.48 | 0.48 |
| Return on equity | 11.1% | 7.3% | 1.4% | 3.9% | 3.3% | 5.2% | 4.4% | 7.4% | 13.9% | 10.7% |
| Total equity | \$3,458m | \$3,910m | \$3,969m | \$3,862m | \$4,603m | \$4,951m | \$4,548m | \$4,735m | \$5,199m | \$5,430m |
| NAVper share | \$4.28 | \$4.86 | \$4.71 | \$4.82 | \$5.56 | \$4.99 | \$5.12 | \$5.21 | \$5.72 | \$5.97 |
| EPS - Basic (cents) | 47.8 | 35.8 | 6.7 | 18.9 | 18.8 | 25.3 | 20.8 # | 37.0 | 78.3 | 62.5 |
| Dividends (cents/share) | | | | | | | | | | |
| - Final Ordinary Dividend | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 |
| - Total Special Dividends | - | - | - | - | 50.0 | - | 5.0 | 17.5 | 22.5 | - |
| - Preference Dividend | - | - | - | - | - | 2.19 | 3.9 | 3.9 | 3.9 | 3.9 |

* No revaluation

Restated



SUMMARY OF FINANCIAL HIGHLIGHTS

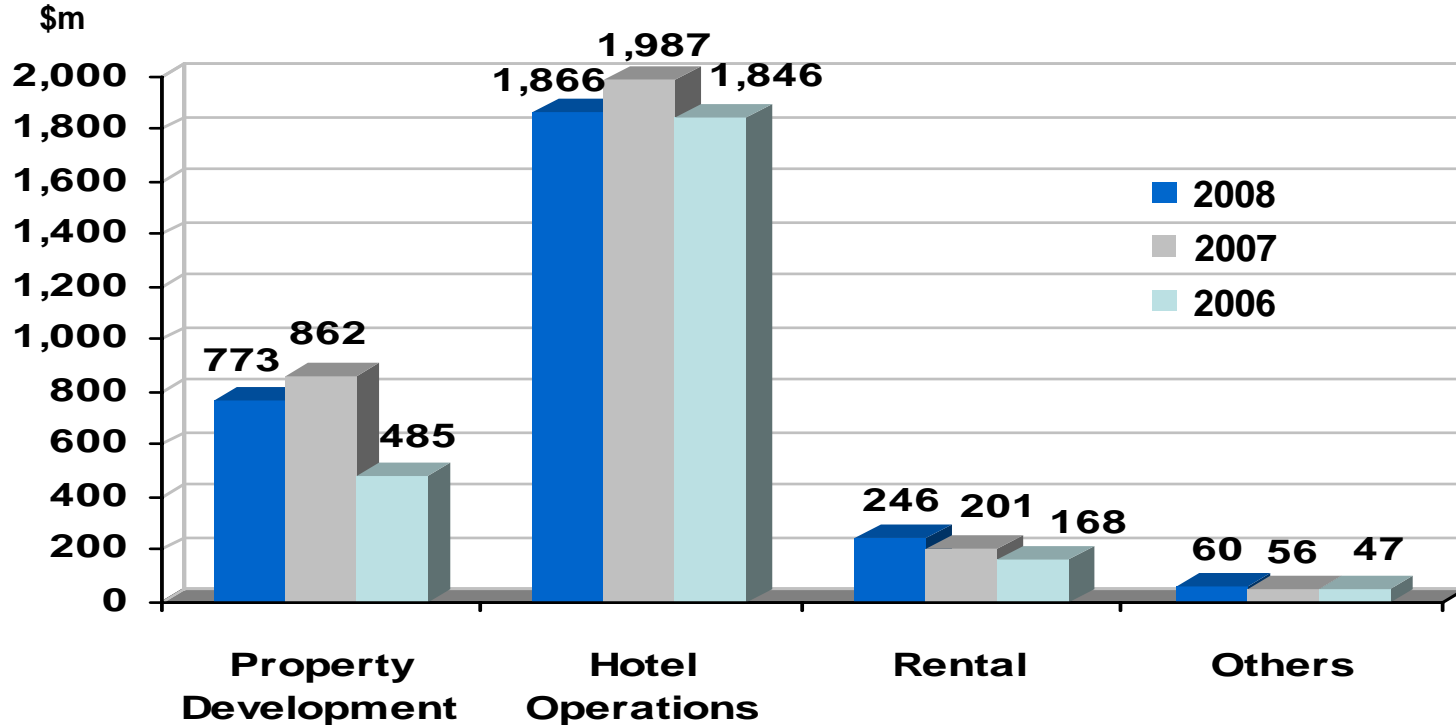
| | FY 2008 | FY 2007 | % Change |
|------------------------------------|------------|------------|-------------|
| Revenue (\$m) | 2,945 | 3,106 | (5.2) |
| Profit before tax (\$m) | 834 | 955 | (12.7) |
| PATMI (\$m) | 581 | 725 | (19.9) |
| PATMI (\$m) # | 578 | 691 | (16.4) |
| Basic Earnings Per Share (cents) | 62.5 | 78.3 | (20.2) |
| Basic Earnings Per Share (cents) # | 62.2 | 74.6 | (16.6) |
| NAV Per Share (\$) | 5.97 | 5.72 | 4.4 |

Excluding write-back of overprovision in tax due to change in UK tax legislation on hotel tax allowances and reduction in tax rates in various geographical regions.



FINANCIAL HIGHLIGHTS

Revenue by Segment – 2008 vs 2007 & 2006

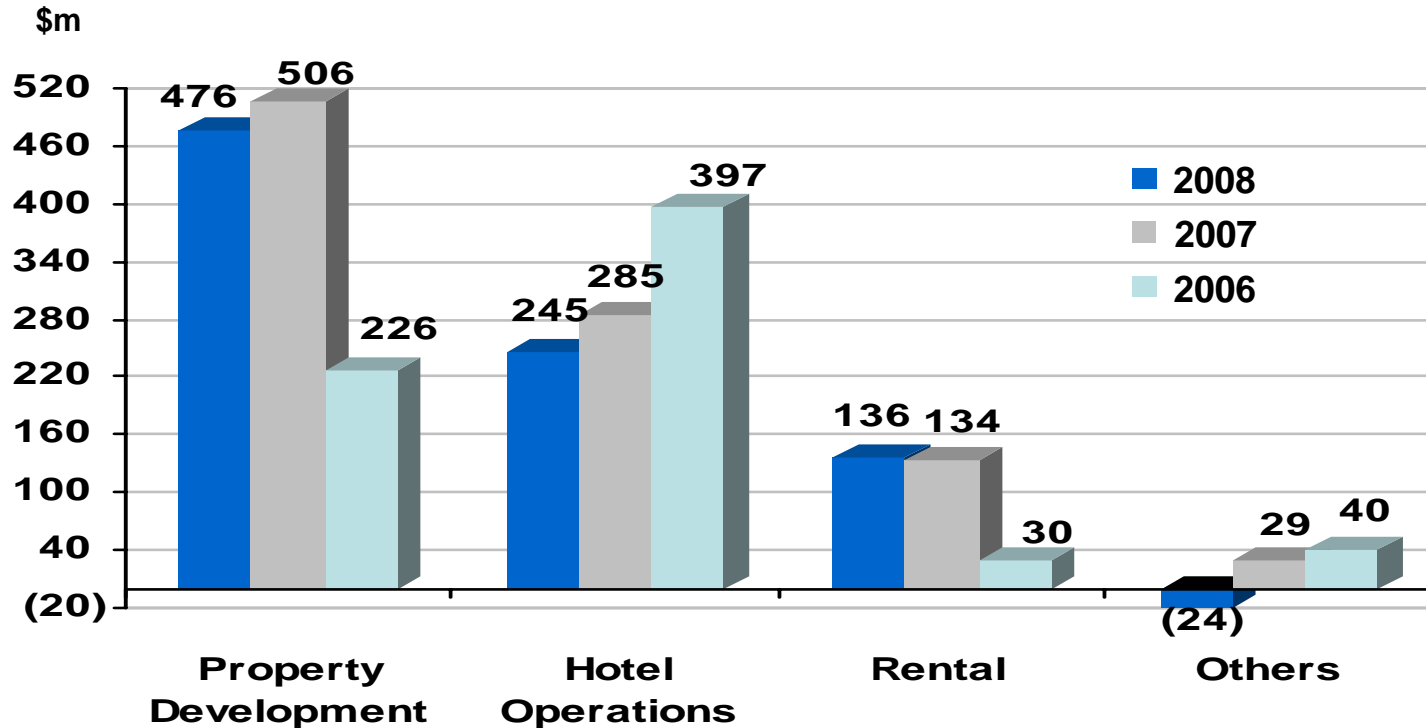


| | FY 2008 | FY 2007 | FY 2006 |
|----------------------|---------|---------|---------|
| Property Development | 26% | 28% | 19% |
| Hotel Operations | 64% | 64% | 72% |
| Rental | 8% | 6% | 7% |
| Others | 2% | 2% | 2% |



FINANCIAL HIGHLIGHTS

Profit Before Tax by Segment – 2008 vs 2007 & 2006



| | FY 2008 | FY 2007 | FY 2006 |
|----------------------|---------|---------|---------|
| Property Development | 57% | 53% | 33% |
| Hotel Operations | 30% | 30% | 57% |
| Rental | 16% | 14% | 4% |
| Others | (3%) | 3% | 6% |



FINANCIAL HIGHLIGHTS

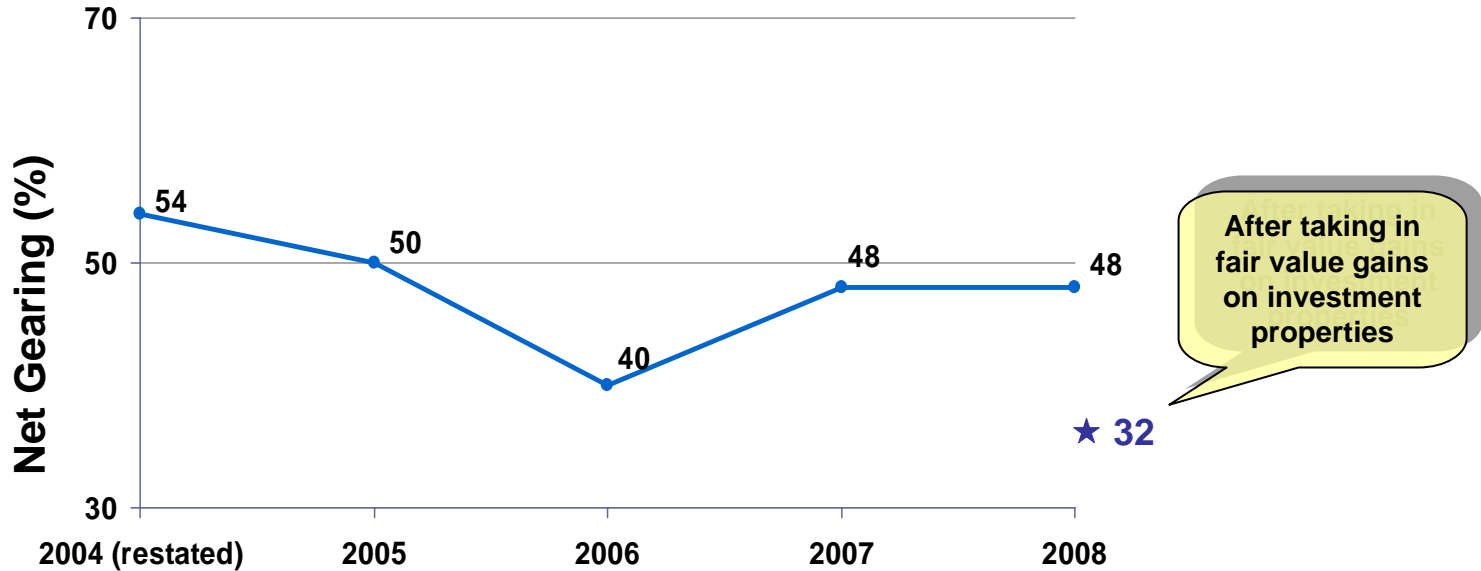
Capital Management

| | As at 31/12/08 | As at 31/12/07 |
|---|----------------|----------------|
| Cash flows from operating activities | \$448m | \$260m |
| Cash and cash equivalents | \$776m | \$712m |
| Net Borrowings | \$3,378m | \$3,328m |
| Gearing ratio without taking in fair value gains on investment properties | 48% | 48% |
| Gearing ratio after taking in fair value gains on investment properties | 32% | 31% |
| Average Interest Rate of Borrowings | 2.6% to 3.7% | 3.6% to 4.9% |
| Interest Cover Ratio | 11.0 x | 10.5 x |



FINANCIAL HIGHLIGHTS

CDL's Net Gearing (%) (2004 – 2008)



| Maturity Period | FY 2008 |
|-------------------|---------|
| Within 1 year | 21% |
| 1 to 2 years | 22% |
| 2 to 3 years | 26% |
| More than 3 years | 31% |



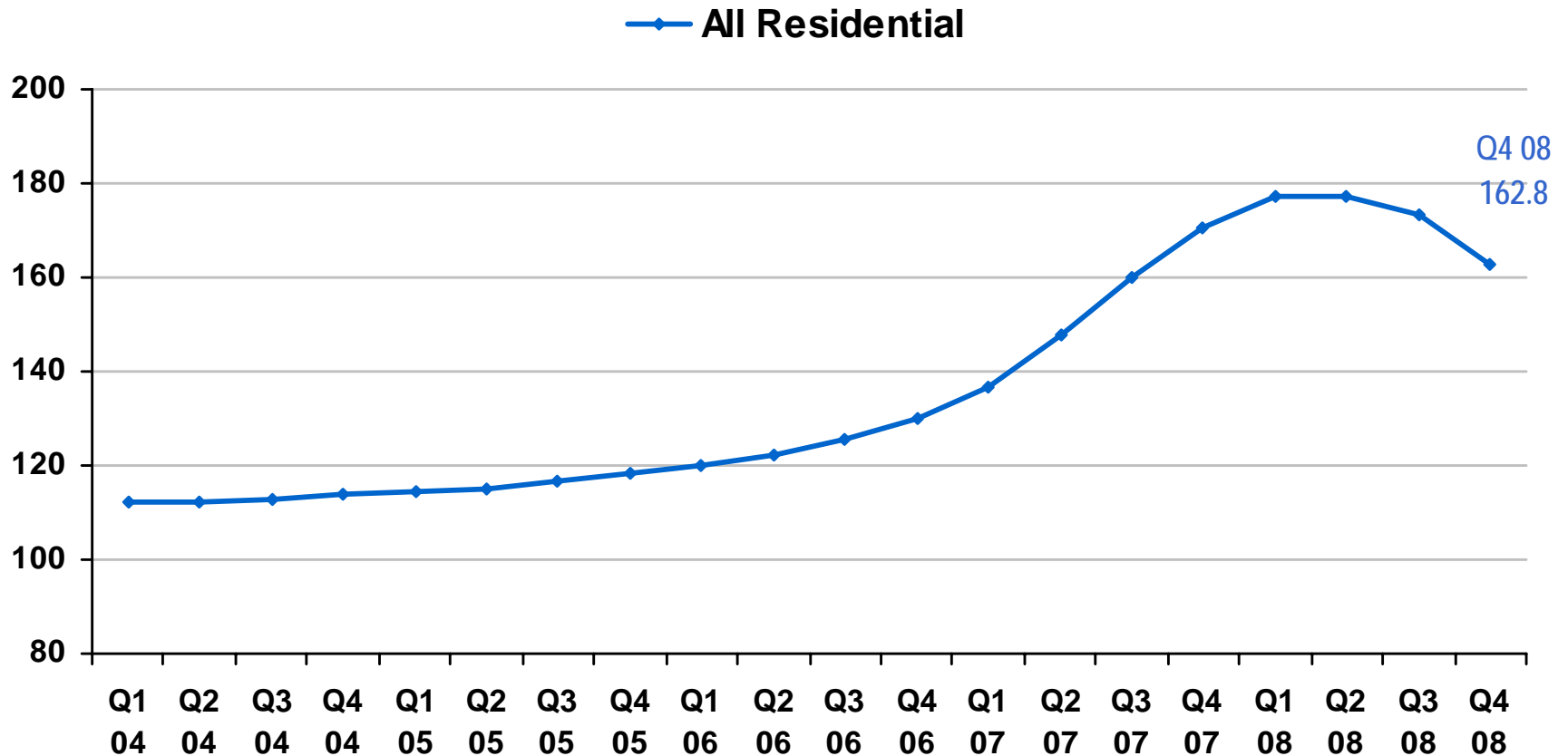
SINGAPORE PROPERTY MARKET



• Artist's Impression of City Square Mall

SINGAPORE PROPERTY MARKET

Property Price Index – Residential (2004 – 2008)

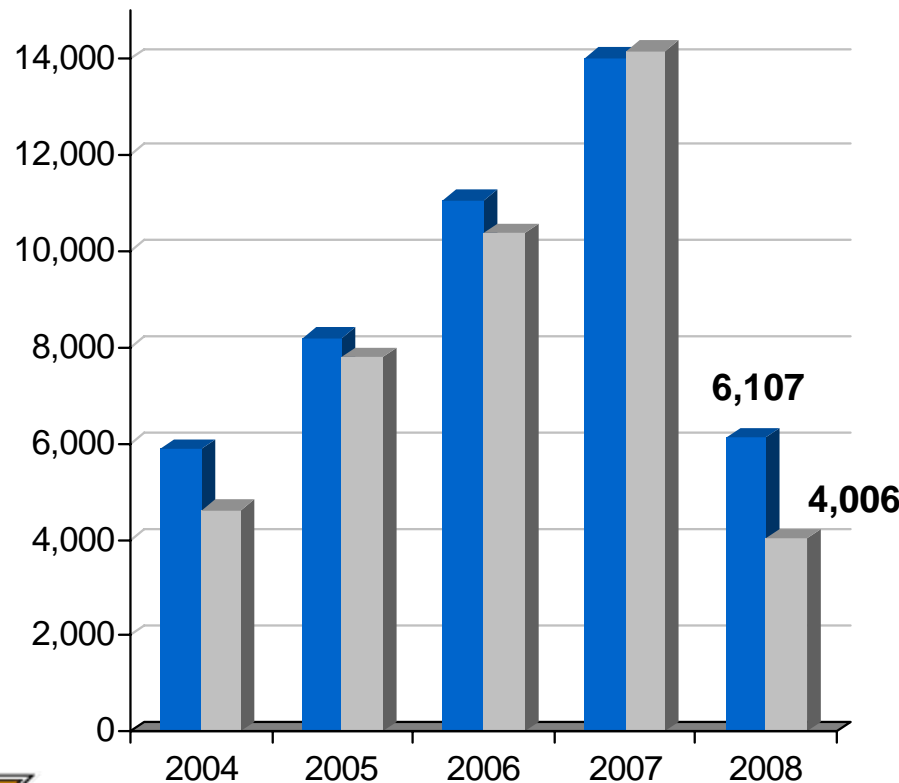


Source : URA, 4Q 2008

SINGAPORE PROPERTY MARKET

No. of New Private Residential Units Launched vs Units Sold (Projects under Construction) (2004 – 2008)

■ New Units Launched ■ New Units Sold (Projects Under Construction)



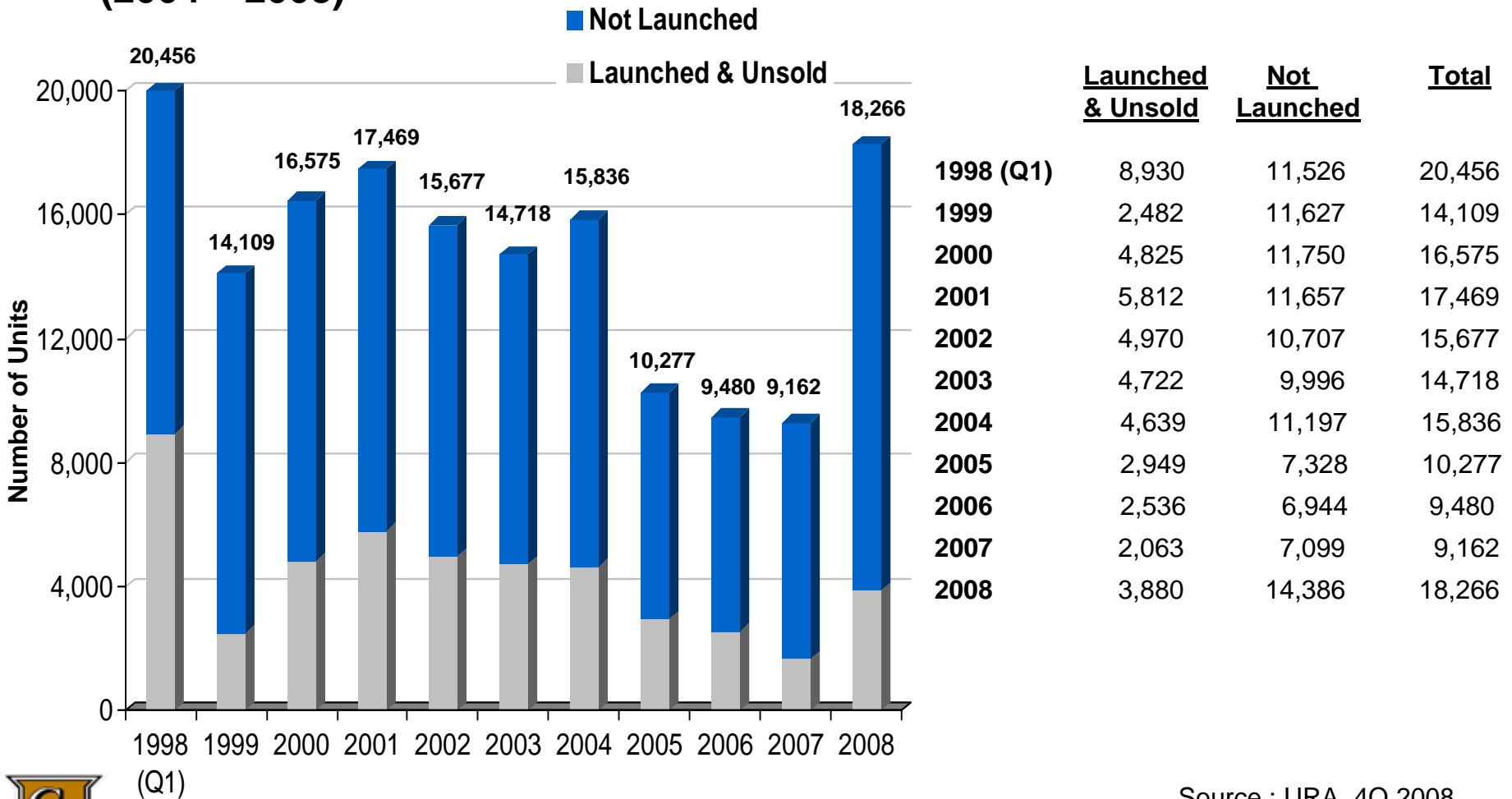
| | <u>New Units Launched</u> | <u>New Units Sold (Uncompleted)</u> |
|-------------|---------------------------|-------------------------------------|
| 2004 | 5,881 | 4,617 |
| 2005 | 8,201 | 7,790 |
| 2006 | 11,069 | 10,363 |
| 2007 | 14,016 | 14,149 |
| 2008 | 6,107 | 4,006 |

Source : URA, 4Q 2008



SINGAPORE PROPERTY MARKET

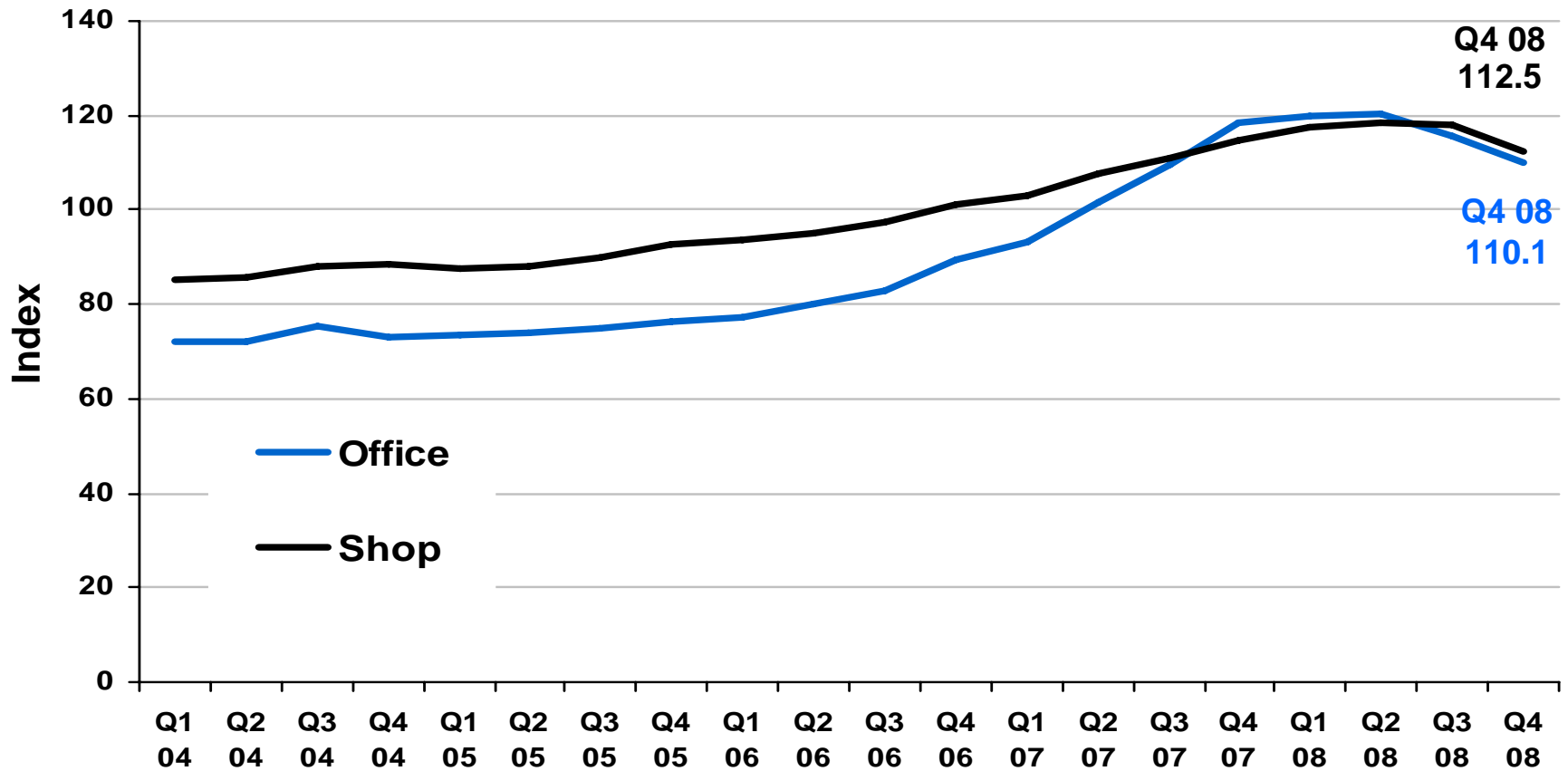
No. of Uncompleted Private Residential Units Available (2004 – 2008)



Source : URA, 4Q 2008

SINGAPORE PROPERTY MARKET

Property Price Index – Commercial (2004 – 2008)

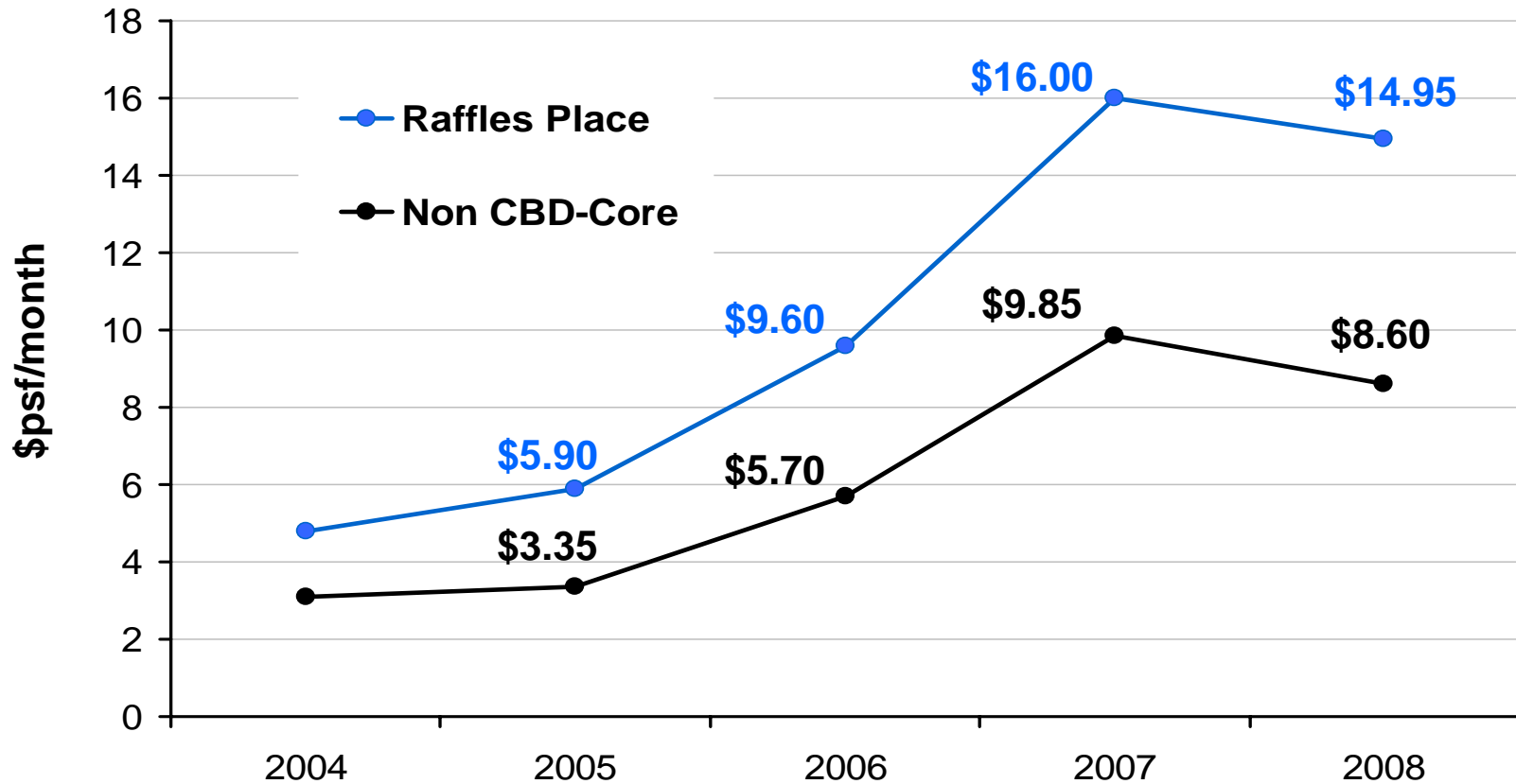


Source : URA, 4Q 2008



SINGAPORE PROPERTY MARKET

Average Office Rental in CBD (2004 – 2008)

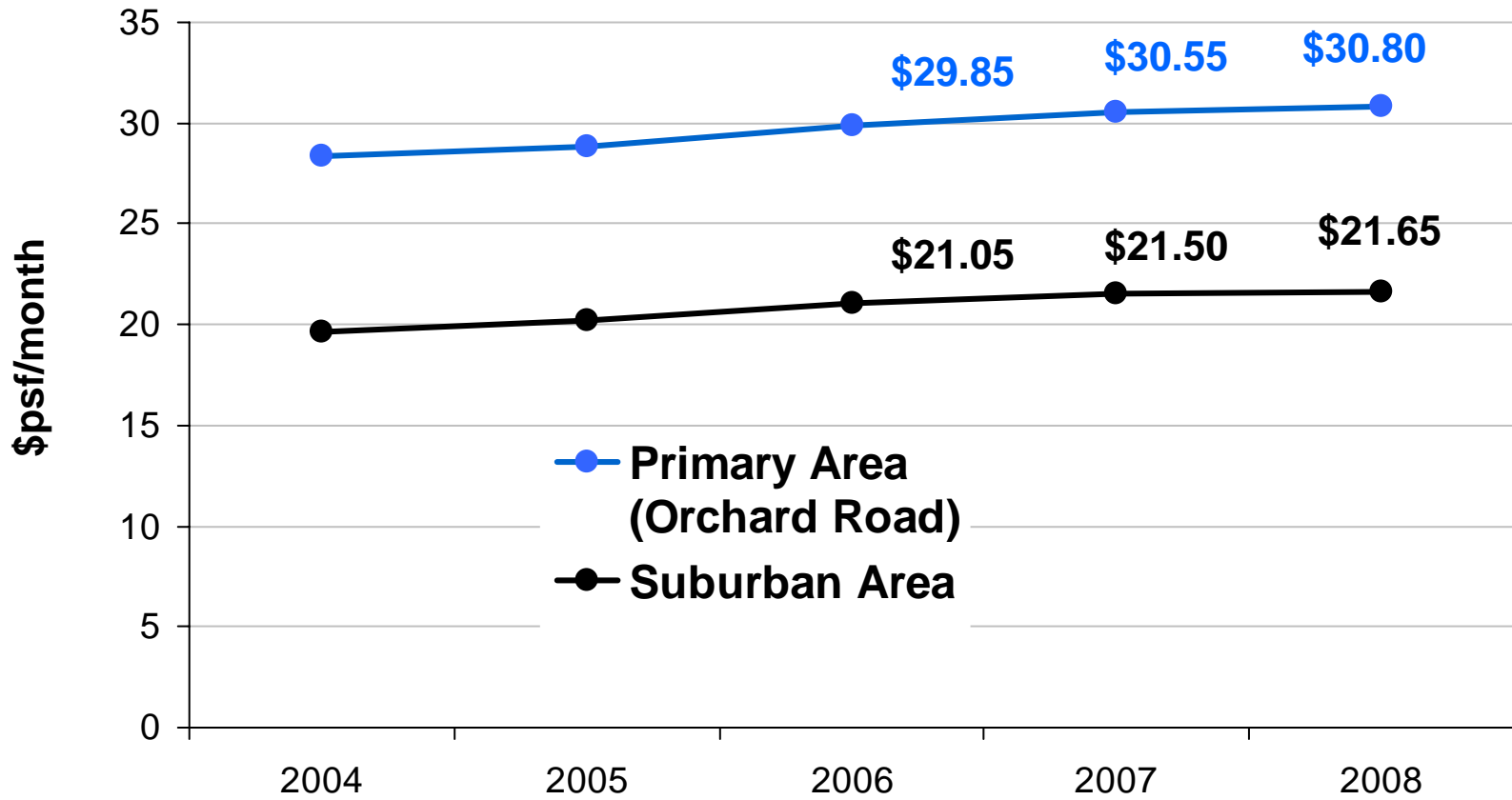


Source : JLL Research, 4Q 2008



SINGAPORE PROPERTY MARKET

Average Prime Level Retail Rental (2004 – 2008)



Source : JLL Research, 4Q 2008



OPERATIONS REVIEW



•Artist's Impression of The Quayside Isle at Sentosa Cove

PROPERTY DEVELOPMENT



OPERATIONS REVIEW

Planned Residential Project Launches for 1H 2009 (subject to market conditions)

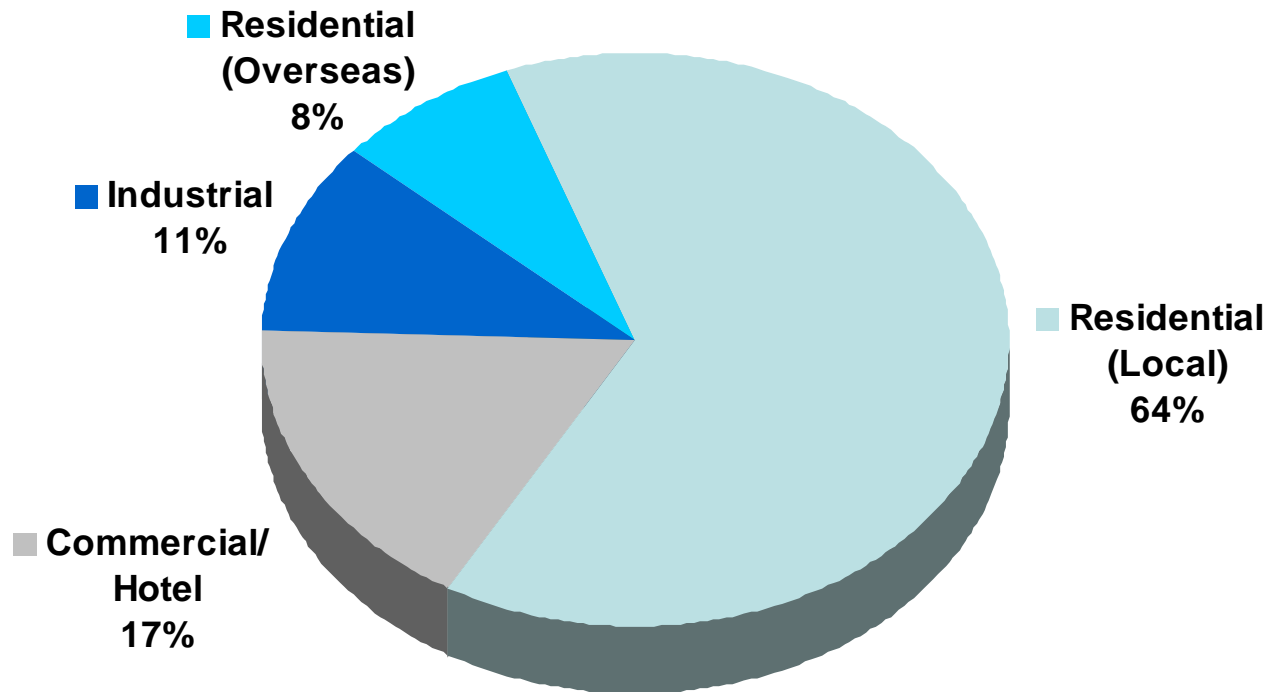
| Projects | Units |
|--|------------|
| Livia (Total 724) | 60 |
| “The Arte” at Thomson (Total 336) | 100 |
| The Quayside Isle @ Sentosa Cove (Total 228) | 100 |
| Total | 260 |



OPERATIONS REVIEW

Land Bank by Sector (as at 31 Dec 2008)

| Type of Development | Land Area (sq ft) | % |
|--------------------------------|-------------------|------------|
| Residential (Local & Overseas) | 3,054,423 | 72 |
| Commercial / Hotel | 739,597 | 17 |
| Industrial | 462,818 | 11 |
| TOTAL | 4,256,838 | 100 |

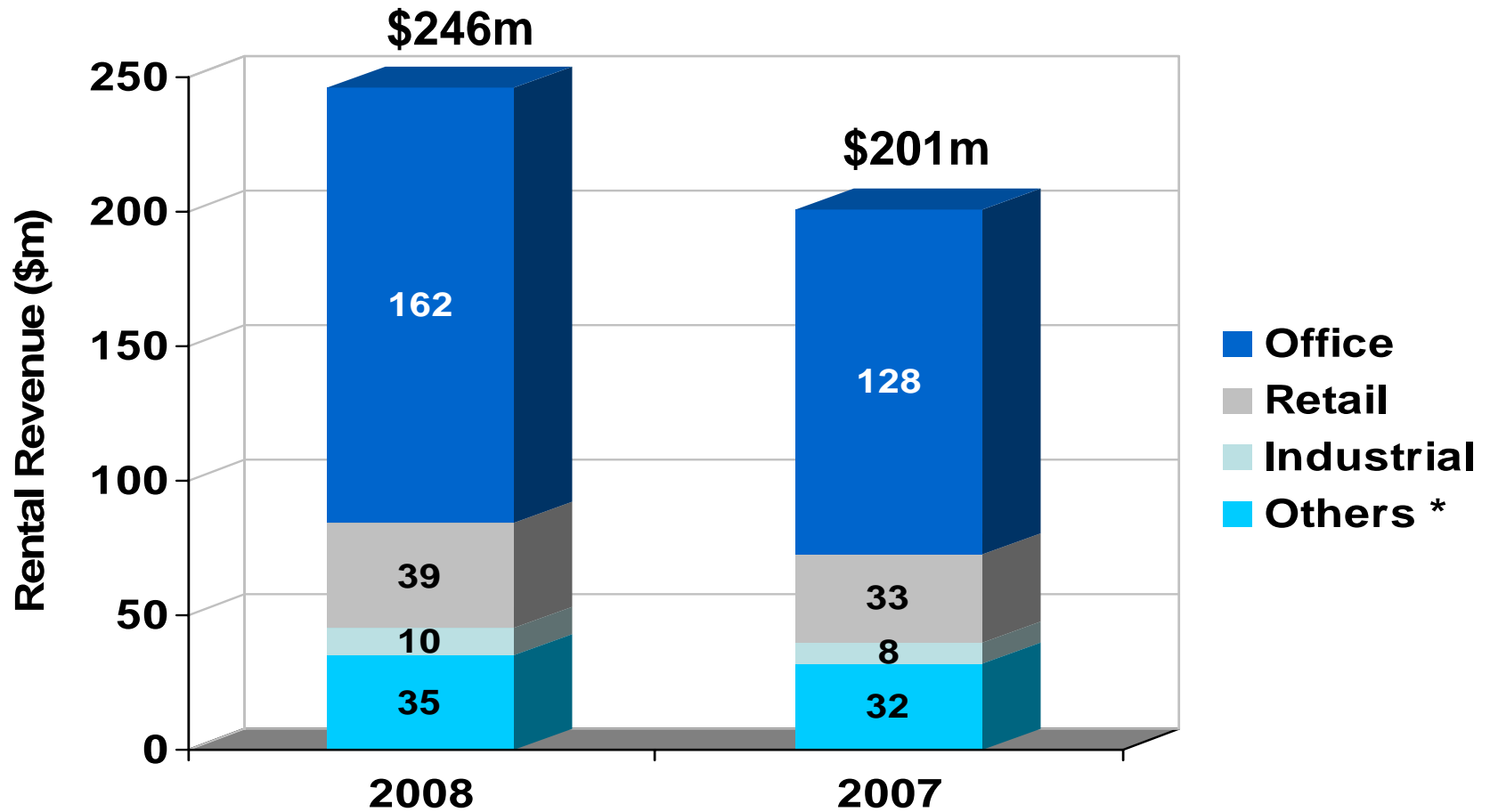


Proposed GFA – 8.5 million sq ft



OPERATIONS REVIEW

Rental Revenue by Sector



* Including car park, serviced apartment and residential



HOTEL OPERATIONS



OPERATIONS REVIEW

| | 2008 (Actual) | 2007 (Constant Currency) | 2007 (Reported Currency) | Constant Currency | Reported Currency |
|----------------------------|------------------|--------------------------------|--------------------------------|----------------------|----------------------|
| Sales | \$1,866m | \$1,844m | \$1,987m | ↑ 1% | ↓ 6% |
| Core Earnings | \$285m | \$285m | \$305m | - | ↓ 7% |
| One-off Adjustments | <\$40m> | <\$18m> | <\$20m> | | |
| PBT Reported | \$245m | \$267m | \$285m | ↓ 8% | ↓ 14% |

- In terms of reported earnings in Singapore dollar, PBT for 2008 was affected by lower exchange rates because of the strength of the Singapore dollar particularly against the Sterling pound.
- In 2008, M&C also took the prudent step of recognizing impairment losses on certain hotel properties.
- In 2008, a gain was made to the PBT arising from the forfeiture of deposits related to the aborted sale of the Korean hotel.



OPERATIONS REVIEW

- M&C has an extensive and geographically diversified portfolio of hotels.
- As at 31 Dec 2008, there were 102 hotels operational and 17 hotels in the pipeline to be managed under M&C's brands.

| USA | UK | Europe | Asia | Middle East | NZ | Total |
|-----|----|--------|------|-------------|----|-------|
| 20 | 20 | 4 | 19 | 9 | 30 | 102 |

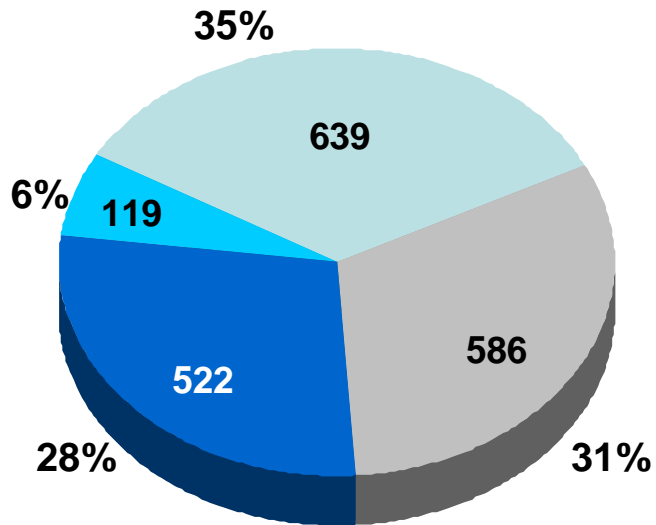
- Located primarily in key global gateway cities.
- Positioning mainly as “4 star” hotels with competitive rates and high standards.



OPERATIONS REVIEW

Hotel Revenue by Region

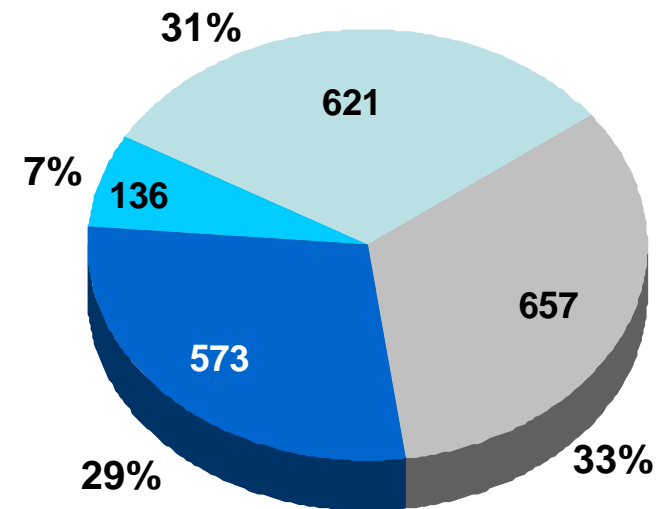
2008



\$1,866m

- New Zealand
- Europe
- United States
- Asia

2007



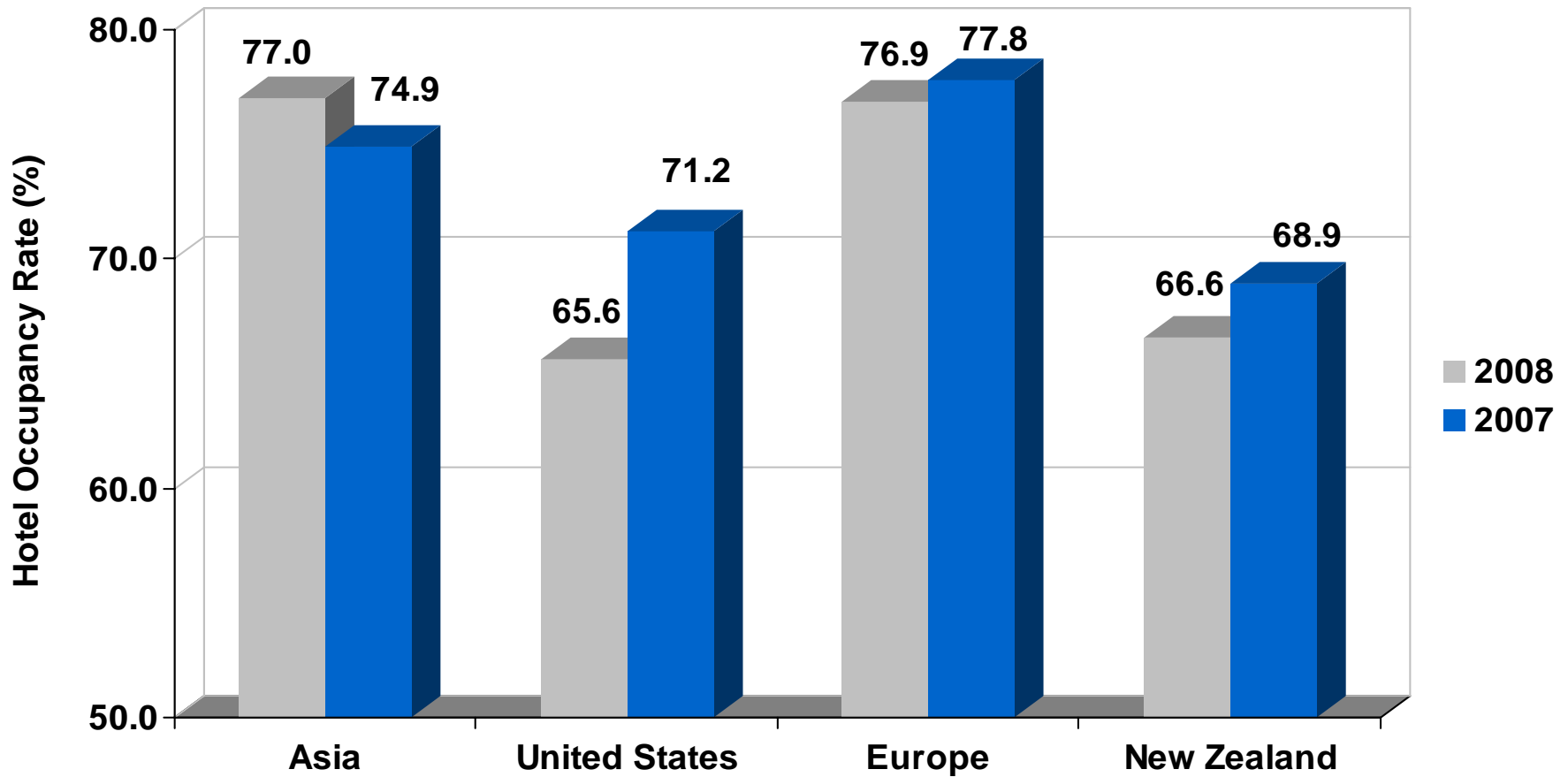
\$1,987m

Overall change
= ↓ 6%



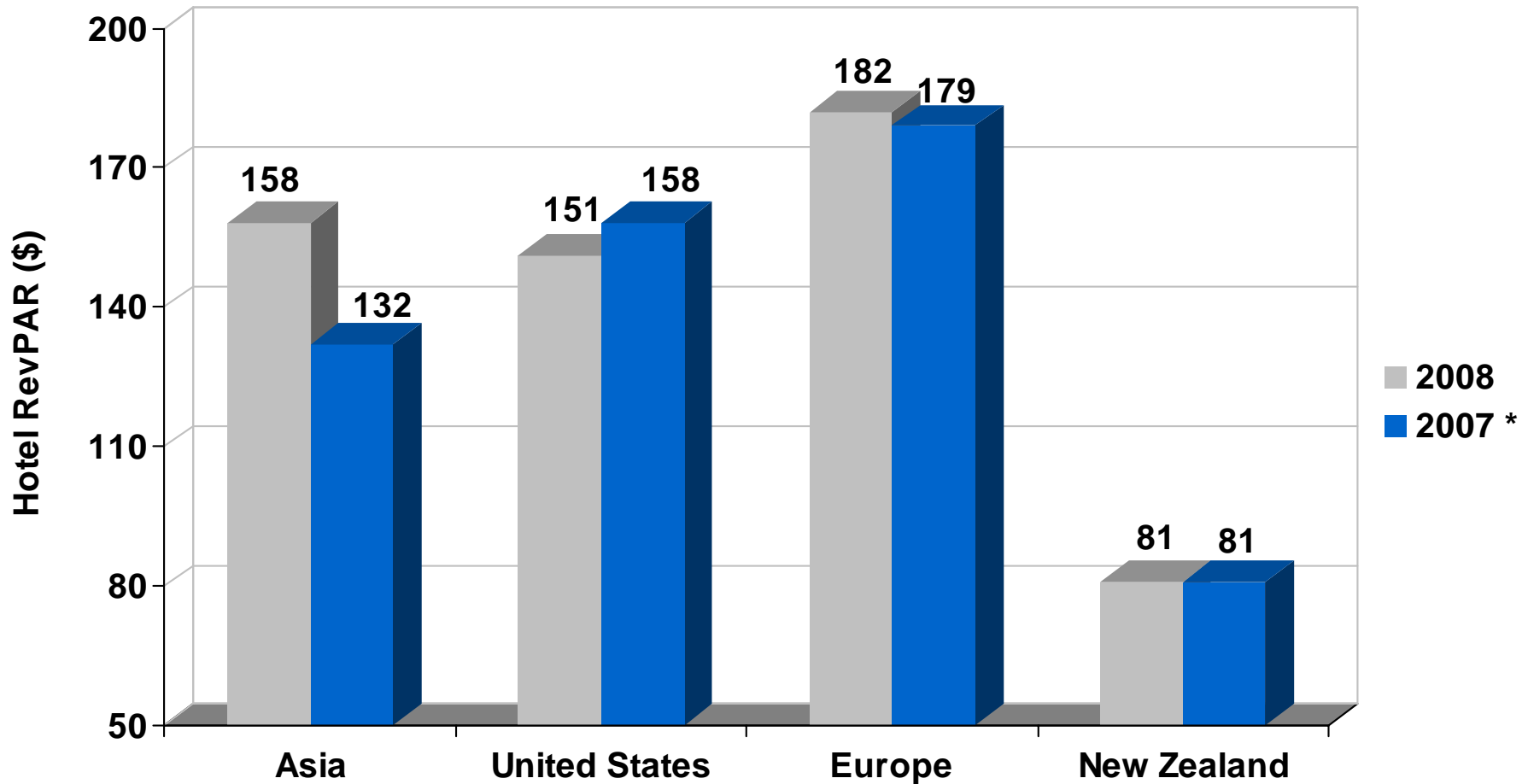
OPERATIONS REVIEW

Hotel Occupancy by Region



OPERATIONS REVIEW

Hotel Revenue Per Available Room at Constant Currency

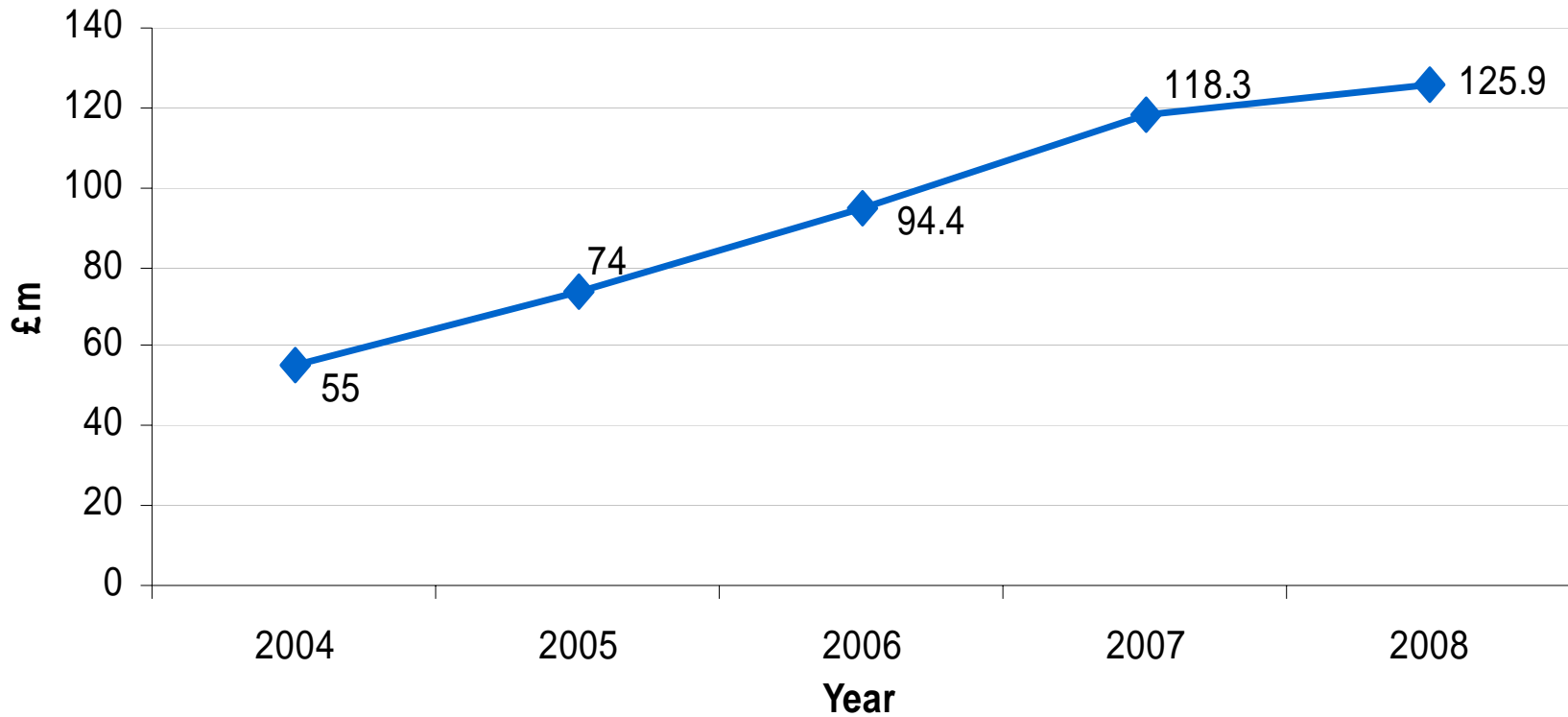


* For comparability, FY 2007 RevPAR has been translated at constant exchange rates (31 Dec 2008).



OPERATIONS REVIEW

M&C's Core Earnings (2004 – 2008)



“Compounded over 5 years, M&C’s core earnings has been growing at an annual rate of 25.2%.”



OPERATIONS REVIEW

M&C Group

| | FY 2008 | FY 2007 |
|----------------------|---------|---------|
| Gearing Ratio | 16.4% | 18.3% |
| Interest Cover Ratio | 12.4 x | 8.5 x |
| Cash | £212.1m | £156.3m |



OPERATIONS REVIEW

M&C Group

- Trading conditions for the hotels is expected to be challenging.
- However, M&C is confident of performing better than other hotel operators because of its extensive and geographically diversified portfolio of hotels which offer competitive rates and good value for money.
- To mitigate the impact of the global downturn, M&C will continue to focus on cash conservation and profit protection.
- A strong attribute of M&C is its portfolio of freehold hotel assets which underpin the long term intrinsic value of M&C. Notwithstanding the volatility of the earning cycles, M&C remains a strong business entity as reflected by its net asset value of £1.88 billion (as at 31 Dec 2008) which is a growth of 21% over that of 2007.

CDL Group Level

- **Twin strategies of being both a hotel owner and operator.**
 - Hotel operator – cash generation capability
 - Hotel owner – capitalises on its hotel assets value over time or natural appreciation of its real estate value



MARKET OUTLOOK



* Artist's Impression of City Square Mall

MARKET OUTLOOK

Singapore Economic Outlook

- The deepening of the global financial crisis has resulted in a fall in GDP by 3.7% in Q4 2008
- GDP growth for 2008 is estimated at 1.2%, as compared to initial estimate of between 4.5% and 6.5% at the start of the year
- 2008 was a challenging year for the property market, with downward pressure on both transaction volumes and prices
- Singapore's fundamentals remain sound. The Government has implemented forward-looking initiatives in its resilient budget of \$20.5 billion, drawing \$4.9 billion from its past Reserves for the first time, reflecting its determination to help the economy recover



MARKET OUTLOOK

Property Market – Residential

- Residential property prices fell by 4.7% in 2008
- While property prices for the mass market had dropped slightly, the high-end segment showed steeper falls
- Transaction volume of new residential units fell 71% to 4,264 units
- Although the high-end segment has been sluggish, the recent new launches for the mid and mass market segment have been well-received
- As activity picks up in the property market, confidence will increase, which augurs well for economic recovery



MARKET OUTLOOK

Property Market – Office Rentals

- Office rentals have moderated, falling 7.0% in 2008
- Islandwide, occupancy for office space is 91.2% (2007: 92.7%)
- Substantial new office supply will come onto market in 2011/2012



MOVING FORWARD



** Artist's Impression of The Quayside Isle at Sentosa Cove*

MOVING FORWARD

- “3P” Approach – Prudence, Pragmatism, Patience are needed to tide through the global economic crisis
- The expansionary 2009 Budget measures will help viable companies stay afloat and Singapore will be one of the first to emerge from this recession stronger. There could be off-Budget measures, if required.
- The crucial factor to any economic revival – instilling confidence.
- Optimistic that Singapore remains an excellent city to live, work, play and invest.



Disclaimer:

This document may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, availability of real estate properties, competition from other developments or companies, shifts in customer demands, customers and partners, expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management on future events.





THANK YOU

