CITY DEVELOPMENTS LIMITED

News Release

29 February 2012

STRONG 2011 EARNINGS POWERED BY PROPERTY DEVELOPMENT AND HOTELS

- **Strong Cash and Cash Equivalent of $2.6 billion as at 31 December 2011**
- **Special Dividends Declared again**

City Developments Limited (CDL) today announced its unaudited financial results for the year ended 31 December 2011.

Financial Highlights

- The Group continued its sterling performance with pre-tax profits crossing the $1 billion mark for the second consecutive year, with no property fair value gains :

- Profit before tax:	FY 2011 -	$1.1 billion	(+ 6.5%)
- PATMI*:	FY 2011 -	$798.6 million	(+ 1.9%)

- Basic earnings per share stands at 86.4 cents (Restated FY 2010: 84.8 cents).

- The Group's balance sheets continue to be healthy with net gearing ratio at 21% (2010: 29%).

- Interest cover remains relatively constant at 21.8 times (Restated FY 2010: 21.3 times).

- As a result of the solid performance achieved for 2011, the Board recommends the payment of a special final dividend of 5.0 cents per share in addition to the ordinary dividend of 8.0 cents per share. Together with the special interim dividends of 5.0 cents per share paid in September 2011, the total dividends paid for 2011 amounts to18.0 cents per share (2010: 18.0 cents per share).

Operations Review and Prospects

Residential

- For the year under review, the Group, along with joint venture associates, sold a total of 1,818 units valued at $1.755 billion.

- In 2011, the Group successfully launched five residential projects: H_2O Residences, Hedges Park, Buckley Classique, Blossom Residences and The Palette, all of which were very well-received.

- No profit was booked for The Glyndebourne, H_2O Residences, Buckley Classique, Blossom Residences and Hedges Park, even though these developments have been substantially sold as the construction of these projects are still in early stages.

- The Group is planning for two new property launches for 1H 2012 – a mixed development at Robertson Quay and a landed residential project at Serangoon Garden Way.

Commercial

- With a diversified portfolio of investment properties in various locations, catering to different price points, the Group's office portfolio continues to enjoy healthy occupancy of 93.5% as compared to the national average of 88.7%, with high yields, given its relatively low book cost.

- South Beach – Construction of the diaphragm wall and piling is 90% completed and remains on track to complete in 2015. The project will offer: 49,000 sq m of lettable office space, 7,900 sq m of retail / F&B area, 2,700 sq m City Club, 651 hotel rooms and 189 premier residential apartments.

- The Group had stopped marketing The Residences at W Singapore Sentosa Cove due to the subdued market sentiments for high-end developments. This is the only residences in the Cove that will have an adjoining retail

**PATMI – Profit After Tax and Minority Interest* element that will comprise of an exciting array of specialty shops and trendy F&B outlets. With no more residential land for sale or tender within the Cove and no more sites for hotels to be built on Sentosa, the Group is confident that its integrated Quayside Isle project (comprising the residences, the hotel and retail promenade), is a prized jewel in Sentosa Cove.

- The 240-room W Singapore Sentosa Cove, Singapore's only marina hotel with berths at its doorstep, is expected to open for business in 2H 2012. Its debut is expected to completely transform and inject buzz and vibrancy to Sentosa Island and the Cove.

Hotels

- Millennium & Copthorne Hotels plc (M&C), the Group's hotel subsidiary, achieved record revenue and profit in 2011 due to a strong hotel operating performance and asset management activities.

- M&C's net profit after tax and non-controlling interests increased 67.3% to £160.9 million (2010: £96.2 million). Global RevPAR (in constant currency terms) grew by 5.8% to £64.81 (2010: £61.28), driven primarily by an increase in room rate.

- A key highlight was M&C's success in seizing a rare opportunity to secure a prime-location land in the Ginza district of Tokyo, Japan. There are plans to construct a 325-room deluxe hotel to be completed by 2014.

- As part of M&C's efforts to enhance its key assets, several hotel refurbishments were completed in 2011, including Millennium Seoul Hilton, Orchard Hotel Singapore's Claymore Wing and renovation of the ballroom at Grand Hyatt Taipei. M&C will continue with refurbishment of well located key properties to enhance their yield for organic growth.

Diversifications – China Strategy

- CDL China Limited, the Group's wholly-owned subsidiary has acquired three prime sites in 13 months.
  It plans to develop:
  i) A luxury residential development at Eling Hill in Chongqing, western China
  ii) About 750 high-end residential apartments, an office tower, SOHO units, a retail mall and a luxury hotel on a prime site in Suzhou
  iii) About 900 residential apartments and a commercial complex in the heart of Yuzhong District, in the central district of Chongqing municipality

- Property cooling measures in China have enabled the Group to find opportunities to enter the market by successfully tendering for prime land at reasonable prices. The Group will continue to build its land bank in good locations, confident of the medium to long-term growth prospects in China.

- Additional investment fund of $500 million for CDL China to capitalise on further acquisition opportunities that may arise.

Commenting, Mr Kwek Leng Beng, CDL Executive Chairman said:
"For property development, while the sales volume for new property launches is still relatively strong, the Group is cognizant that market conditions could be affected by the global economic conditions in the months ahead. The Group has always adopted a strategic land acquisition policy. Its healthy balance sheet and landbank provide the Group with greater flexibility in determining its project launches and pricing strategy. It will carefully select the appropriate type of developments to launch in a timely manner, mindful of buyers' appetite and demand.

For hotel operations, the Group will focus on generating income from its diversified portfolio of hotels, particularly in cities with key events such as London, which is hosting the upcoming Olympics, the Queen's Diamond Jubliee and Farmborough International Airshow, and M&C's Asia operations are expected to continue to perform well.

In the current year, the Group's results are expected to remain profitable in view of its balanced portfolio of assets, strong balance sheet and prudent management."

Please refer to CDL's full unaudited financial results announcement for the year ended 31 December 2011 for a detailed review of the Group's performance and prospects.

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