CITY DEVELOPMENTS LIMITED

News Release

14 August 2012

CDL ACHIEVED HEALTHY REVENUE OF $1.6 BILLION FOR 1H 2012

- Strong balance sheet with healthy cash and cash equivalents of $2.3 billion
- Strong increase in residential sales by 57%
- Strong RevPAR growth for hotel operations with 14.2% increase in Asia

City Developments Limited (CDL) today announced its unaudited financial results for the second quarter and half year ended 30 June 2012.

<u>Second Quarter and Half Year 2012 Financial Highlights</u>

- Amidst the uncertain global economy, the Group delivered a respectable performance for 2012. Excluding revaluation surpluses from investment properties:

- PATMI*:	Q2 2012 -	$137.7 million
	1H 2012 -	$294.5 million**

**Excluding substantial divestment gains from 2011 results arising from Studio M Hotel and The Corporate Building in Q2 2011 and The Corporate Office in Q1 2011, PATMI of $294.5 million for 1H 2012 was on par with 1H 2011.

- Property development continues to be a lead contributor to the Group's pre-tax profits. Though strong sales were achieved for its residential launches, the locked-in profits could not be booked in as they have yet to reach recognition stage.

- Hotel operations was the second highest contributor in pre-tax profits with overall RevPAR (in constant currency terms) increasing by 4.5% and 5.2% for Q2 and 1H 2012 respectively, good sales from The Glyndebourne project as well as profits from its joint venture in China.

- Strong balance sheet with cash and cash equivalents of $2.3 billion, healthy net gearing ratio at 21% (excluding revaluation surpluses from investment properties) and interest cover at 16.3 times for 1H 2012.

<u>Operations Review and Prospects</u>

Residential

- In 1H 2012, along with joint venture associates, the Group sold a total of 1,299 units with a 57% increase in sales value of approximately $1.25 billion. (1H 2011: 809 units with sales value of $793.9 million). No profit was realised from H_20 Residences, The Palette, Bartley Residences, The Rainforest and Blossom Residences, even though these projects have been substantially sold, as their construction are still in early stages.

- While the high-end market remains subdued, mass market projects near MRT stations, shopping malls and other amenities continue to sell relatively well.

- In June 2012, the Group successfully tendered for a land parcel at Buangkok Drive / Sengkang Central, just beside the Buangkok MRT station. It plans to develop a 640-unit luxurious condominium on this site.

- Two project launches are in the pipeline, subject to market conditions. They include a 508-unit condominium at Alexandra Road and a 912-unit condominium at Pasir Ris Grove which are a short walking distance to Redhill and Pasir Ris MRT stations respectively.

Commercial

- For 1H 2012, the Group's office portfolio continues to enjoy healthy occupancy of 94%, as compared to the national average of 89.1%.

**PATMI – Profit After Tax and Minority Interest*

- City Square Mall -- Two new anchor tenants – Baby “R” Us & Toys “R” Us as well as Golden Village cinema are expected to open for business in October and November 2012 respectively. Footfalls have been improving steadily and are expected to improve further with the refreshed tenant mix.

- South Beach – Construction is making good progress, with excavation work for casting, piling works and construction of all the diaphragm walls completed. Restoration of the brick facade for the conservation building has begun.

- W Singapore Sentosa Cove – The highly-anticipated 240-room hotel will be opening in September 2012 and the retail units at Quayside Isle are expected to open for business before year-end. Once the hotel is opened, the value proposition of the ‘W’ lifestyle will be more visible, providing a good opportunity for the re-launch of the adjoining Residences – the only residential development on Sentosa that has a retail component.

- In line with its strategy to unlock shareholder value, the Group has continued to divest its non-core commercial assets such as its remaining strata units. These one-off divestment gains will be recognised in 2H 2012.

Hotels

- The Group’s hotel subsidiary, Millennium & Copthorne Hotels plc (M&C), registered PATMI of £58.4 million in 1H 2012 (1H 2011: £62.0 million).

- On a like-for-like basis, RevPAR grew by 4.6%; Singapore increased by 6.1% and London by 4.3%. Millennium Seoul Hilton benefited from the completion of its major renovation with 17.0% increase in average room rate compared to 1H 2011.

- M&C will remain focused on driving RevPAR growth by achieving an optimal balance between occupancy and room rate and by the substantial refurbishment of some key hotels namely in Seoul, New York, Taipei and London, to grow their yield potential with repositioning.

- M&C strengthened its balance sheet with net debt falling to £10.6 million at 30 June 2012 (31 December 2011: £100.2 million) and gearing was 0.5% (1H 2011: 4.2%). It is well placed to manage and take advantage of strategic acquisition opportunities which the present environment is likely to offer in due course.

Overseas Expansion

- CDL China Limited, the Group’s wholly-owned subsidiary, is planning to launch its first residential development at Eling Hill in Yuzhong District, Chongqing next year, if the China property market improves, so as to maximise its profits.

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

“The outlook for the global economy is uncertain and fragile at this stage. Economic conditions have deteriorated further compared to six months ago.

The Group has been watchful of the posture of the global economy for some time. At the time of economic uncertainty which started since last year, it has deliberately paid close attention to strengthening its financial position by ensuring that its balance sheet remains healthy and strong, with relatively low debt, to the point that it believes it is better to err on caution with a more sustainable business model. With a view to diversify the Group’s risk, it has brought in joint venture partners for some projects in different locations. The Group believes that this strategy will well position it to weather any challenges as well as to seize larger opportunities that may arise.”

Please refer to CDL’s full unaudited financial results announcement for the second quarter and half year ended 30 June 2012 for a detailed review of the Group’s performance and prospects.

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