News Release

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STRONG FY 2013 EARNINGS OF $683 MILLION DESPITE CHALLENGING MARKET; CDL CHARTS NEW GROWTH DRIVERS

- Solid balance sheet with cash and cash equivalents of $2.87 billion
- Strong cash reserves ready for acquisitions and other platforms
- Growth focus on new geographies and products to accelerate diversification

City Developments Limited (CDL) today announced unaudited financial results for the year ended 31 December 2013 (FY 2013).

Financial Highlights

The Group delivered a resilient and consistent performance. Excluding revaluation surpluses from investment properties:

	Q4 2013	**Q4 2012**	**% Change**	**FY 2013**	**FY 2012**	**% Change**
Revenue ($ million)	774	886	(12.6)	3,162	3,354	(5.7)
Profit Before Tax ($ million)	256	326	(21.4)	892	960	(7.1)
PATMI* ($ million)	221	249	(11.4)	683	678	0.7

- Property development was the main contributor to Group earnings, despite the challenging Singapore market, due in part, from several rounds of Government cooling measures. Launched projects continued to book in good sales.

- The Group has locked-in profits from substantially sold projects that are recognised based on stages of construction. Profits from three of its fully sold Executive Condominiums (ECs) have yet to be recognised in line with prevailing accounting treatment, which only allows profit recognition in entirety upon completion of construction.

- Rental properties saw increase in profits but these were mainly due to the unlocking of shareholder value on non-core assets to recycle capital for new opportunities.

- Profit contributions from Millennium & Copthorne Hotels plc (M&C) were lower primarily due to differences in accounting treatment of income recognition between Singapore and London for The Glyndebourne condominium, which was completed in Q4 2013. M&C's revenues were also affected by the temporary removal of 290,000 room nights from its inventory over the course of the year as a result of ongoing asset management programme. Some regions faced competitive trading conditions.

- Robust basic earnings per share of 73.7 cents (FY 2012: 73.2 cents).

- Strong balance sheet with cash and cash equivalents of $2.87 billion and healthy gearing ratio at 20.0%. Had the Group factored in fair value gains on investment properties, the net gearing ratio would be reduced further to 14.0%. Interest cover is at 15.2 times (FY 2012: 17.4 times).

*Profit after tax and minority interests

- Together with banking facilities, the strong cash reserves provide the Group with capital to seize opportunities through acquisitions and other platforms.

- The Board recommends an ordinary final dividend of 8.0 cents per share in addition to the special interim ordinary dividend of 8.0 cents per share paid on 5 September 2013. The total dividends proposed for 2013 amounts to 16.0 cents per share.

Operations Review and Prospects

Residential

- For the year under review, the Group, with joint venture associates, emerged as Singapore's top-selling private developer. A total of 3,210 units (2012: 2,395 units) including ECs were sold – a 34% increase in sales of about $3.32 billion (2012: $2.78 billion). This highly credible achievement reflects CDL management's well-timed execution of launches.

- The Group's seven officially launched projects in 2013 saw good take-up.

- Two projects will be launched in the first half of 2014, subject to market conditions. These include a 944-unit condominium with six retail units at Pasir Ris Grove, on the site of the Group's final parcel in this residential enclave and an 845-unit condominium at Commonwealth Avenue. Both sites are strategically located within close walking distance to the Pasir Ris and Queenstown MRT stations respectively.

Commercial / Integrated Development

- The Group's office portfolio continued to enjoy healthy occupancy of 96.5% in FY 2013, above the national average of 90.1%. Its rental properties segment is expected to remain stable.

- Construction of the superstructures for the South Beach project is progressing well, the 34-storey South Beach Tower designated for offices, will be completed by Q1 2014. The first tenant has been secured – a renowned foreign bank, leasing 30,000 sq ft. Over 50% of the office space are under negotiations. Leasing interest for retail space is healthy.

- The South Beach, a 654-room luxury concept hotel designed by Philippe Starck, is expected to open in 2015 while the 190-unit ultra-luxurious South Beach Residences will be launched at an appropriate time.

Hotels

- M&C posted record revenue of £1.04 billion in FY 2013 (FY 2012: £768.3 million) and achieved a 69.3% increase in PATMI to £228.5 million for FY 2013 (FY 2012: £135.0 million), boosted by recognition of profits from the completion of The Glyndebourne project.

- Basic earnings per share for FY 2013 increased by 67.9% to 70.5p (FY 2012: 42.0p).

- M&C's strong financial position placed it in good position for growth through acquisitions. In 2013 to date, these include the:
  i. Completion of the acquisition of a land parcel adjacent to the Millennium Seoul Hilton
  ii. Acquisition of a hotel within the Chelsea Harbour district in London, UK
  iii. Acquisition of Novotel New York Times Square in New York, US
  iv. Acquisition of Boscolo Palace Roma in Rome, Italy

  Completion of the London property purchase is expected in Q1 2014, whilst the acquisitions of the New York and Rome hotels are expected to be completed by Q2 2014. These acquisitions amount to about $600 million.

- M&C will continue to maximise the value of its real estate portfolio in 2014 through its asset management programme and remain alert to acquisition and disposal opportunities.

Overseas Growth Platforms

- CDL China Limited achieved critical milestones that are required prior to sales commencement. Eling Residences in Chongqing and the Suzhou Hong Leong City Center will officially start sales in 2H 2014, depending on market conditions. Huang Huayuan, also in Chongqing, will start selling in 2015.

- First Sponsor Capital Limited (FSCL), M&C's associate, has been making good progress with its developments in Chengdu, China. It is considering an initial public offering and listing on SGX of its principal operating subsidiary, First Sponsor Group Limited, later this year.

- Following the establishment of the Group's UK real estate development platform, in September 2013, it acquired its first site in London, at 28 Pavilion Road, in Knightsbridge, close to Harrods. A planning application to redevelop the property into a contemporary residential development is expected to be submitted in June 2014, ahead of schedule.

- The Group is analysing off-market property development and investment propositions across all sectors in London, with focus on strategic opportunities in the Greater London area where demand from buyers is proven and the sustainable growth in the market will remain positive in the medium to long-term.

- In February 2014, the Group exchanged contracts to acquire a prime investment/development opportunity in Croydon, close to the newly-proposed mega £1 billion shopping centre.

Senior Management Appointments

- With effect from 17 February 2014, Mr Kwek Leng Joo relinquished his post as Managing Director and assumed the role of Deputy Chairman. At the same time, Mr Grant L. Kelley joined the Group as Chief Executive Officer (CEO).

- Mr Kelley has more than 20 years of global experience in corporate strategy, private equity and real estate investment in Australia, Hong Kong, Japan, Singapore, South Korea, UK and US. He also has extensive management consultancy experience, having previously advised major listed companies on organizational efficiency and effectiveness. His prior experience also includes the acquisition and management of a wide portfolio of hotel assets, including Raffles Holdings' global portfolio in 2005.

- These appointments are in line with the Group's strategy to bring fresh perspectives to address a rapidly changing and competitive business landscape, and to be less Singapore-centric. CDL will focus on setting up of synergistic platforms to capitalise on growth markets overseas and for risk diversification.

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Mr Kwek Leng Beng, CDL Executive Chairman said, "In the near-term, the Group, like all property developers, will have to grapple with the uncertain global economic outlook, challenges in the domestic landscape, with headwinds looming. However, with over 50 years of experience, CDL has a proven track record of resilience and of emerging stronger from these periodic turbulent periods.

In the year ahead, the Group will look at various ways to derive greater value from M&C as hotel operations is a significant contributor to CDL's performance. CDL is poised to reap the benefits from its establishment of China and London platforms and will continue to pursue opportunities in these markets. It will also actively seek opportunities in mature markets such as the US, Japan and Australia. These economies are just recovering and their capital markets have the sophistication, transparency and corporate governance protocols that are akin to Singapore's. This will enable the Group to move swiftly with greater confidence to secure projects.

CDL has taken deliberate efforts over the years to further strengthen its financial position and is well poised to leverage on a down cycle of the property market. With its solid foundation, the Group has its eyes set on new growth. It will utilise both intuition and institutional knowledge to seize opportunities, evolving with fresh innovative initiatives and platforms that will deliver greater value for shareholders."

Please refer to CDL's full unaudited financial results announcement for the fourth quarter and full year ended 31 December 2013 for a detailed review of the Group's performance and prospects.

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