News Release

11 May 2017

CDL POSTS 8.4% INCREASE IN REVENUE TO S$783.8 MILLION FOR Q1 2017, EBITDA OF S$186 MILLION, AND PROFIT OF S$85.5 MILLION

- **Property development posted a 33.9% increase in revenue contribution**
- **Healthy Singapore residential sales in Q1 2017 with 293 units sold at a total value of S$477.1 million**
- **Hong Leong City Center, Suzhou, continued to record strong residential sales**
- **Successful bid for an attractive residential site in the established Tampines estate**
- **Acquisition trail with approximately S$770 million of investments year-to-date**

Despite a challenging market, City Developments Limited (CDL) posted Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of S$186 million for Q1 2017 (Q1 2016: S$205 million), and Profit after Tax and Minority Interests (PATMI) of S$85.5 million (Q1 2016: S$105.3 million). The lower EBITDA and PATMI compared to Q1 2016 were due to a range of factors, including the absence of contribution from two joint venture (JV) projects Bartley Ridge and Echelon which were completed in 2016; exchange losses incurred primarily from the repayment of a New Zealand dollar denominated intercompany loan under the Group's indirect subsidiary, CDL Hospitality Trusts (CDLHT); a disappointing performance by the Group's subsidiary, Millennium & Copthorne Hotels plc; and lower investment income earned from the realisation of an investment in Real Estate Capital Asia Partners (a private real estate fund).

Revenue for Q1 2017 rose 8.4% to S$783.8 million (Q1 2016: S$723.3 million). The increase was attributable to improved performance from the property development segment which posted a 33.9% increase in contribution, primarily led by the progressive handover of units in Phase 1 of Suzhou Hong Leong City Center (HLCC) and a strong take up for Gramercy Park.

Financial Highlights

	Q1 2017	Q1 2016	% Change
Revenue (S$ million)	783.8	723.3	8.4
Profit before tax (S$ million)	114.8	138.4	(17.0)
PATMI (S$ million)	85.5	105.3	(18.9)

As at 31 March 2017, the Group's net gearing ratio remained conservative at 16%, excluding revaluation surpluses from investment properties, with cash reserves of S$3.7 billion and interest cover at 8.1 times (Q1 2016: 9.4 times).

Operations Review and Prospects

Healthy Residential Sales in Singapore and China

- The property development segment accounted for about 71% of the Group's pre-tax profits.

- CDL and its JV associates achieved healthy Singapore residential sales in Q1 2017 with 293 units, including Executive Condominiums sold, with a total sales value of S$477.1 million.

- Gramercy Park, an upmarket 174-unit luxury freehold project along Grange Road, in prime District 10, has continued to book in healthy sales. To date, the 87-unit North Tower launched in Phase 1 has sold 74 units (85%). Phase 2, comprising the 87-unit South Tower, was soft launched end March 2017 and to date, 16 of the 20 South Tower units released (80%) have been sold. Average sales prices have risen from over S$2,600 per square foot (psf) for Phase 1 to over S$2,800 psf for Phase 2.

- Other JV projects have continued to sell well, including the 519-unit Forest Woods near Serangoon MRT station and NEX shopping mall, which is now over 82% sold since its launch in October 2016; the 944-unit Coco Palms in Pasir Ris which is over 95% sold; The Venue Residences and Shoppes mixed-use development project near Potong Pasir MRT station which has sold 92% of its 266 apartments; and The Brownstone, a 638-unit Executive Condominium next to the future Canberra MRT station, which is now 89% sold.

- In China, HLCC, a mixed-use waterfront development in the Suzhou Industrial Park, has continued to record strong residential sales. To date, 1,062 (77%) of the 1,374 residential units launched in Phase 1 have been sold with a sales value of RMB 2.27 billion; 186 (43%) of the 430 residential units launched in Phase 2 have also been sold with a sales value of RMB 547 million.

New Residential Site and Upcoming Launch in Singapore

<u>Attractive residential site in established Tampines estate</u>

- On 3 May 2017, the Group was awarded the tender for a 99-year leasehold residential site at Tampines Avenue 10, at a price of S$370.1 million (or S$6,086.17 per square metre of Gross Floor Area). There were nine bidders and the Group topped the tightly contested tender by a 5.7% margin versus the second highest bid.

- The 21,717.7 square-metre (233,769 square-foot) residential site has an attractive location in the established Tampines estate and is close to the upcoming Tampines West MRT station, part of the Downtown Line.

- The Group will explore a condominium of about 15 storeys with about 800 units. All units are expected to enjoy a North-South orientation and the development will include a childcare centre on site.

<u>New Futura</u>

- CDL plans to launch New Futura in 2H 2017. The exclusive 124-unit freehold luxury condominium has a prime location on Leonie Hill Road in District 9, a five-minute walk to the Orchard Road shopping district.

- Comprising two iconic 36-storey towers, New Futura is designed by world-renowned architect, SOM. The condominium is perched on a hill and will come with special features such as a double-storey clubhouse, lap pool and six sky terraces interspersed at several levels offering panoramic city views.

- All apartments will have private lift access, premium finishes and branded appliances, as well as extra-large carpark lots to accommodate supercars.

Singapore Commercial Development

- CDL’s office portfolio continued to have a healthy occupancy of 95.3% as at end Q1 2017, above the national average of 88.4%.

- During this lull period in the office market cycle, the Group is also actively exploring asset enhancement initiatives for some of its office properties such as Republic Plaza, which will benefit from any rental growth potential in the foreseeable future as office supply remains limited in 2018 and 2019.

Asset Enhancement Initiatives (AEI) in Singapore

- AEI is in progress for CDL's 97-unit Le Grove Serviced Apartments located at Orange Grove Road off Orchard Road.

- The property is over 20 years old and was closed in December 2016 for a major asset enhancement exercise of about S$30 million to convert it into a 173-unit development. In addition to interiors, works also include the upgrading of common areas, building facade, exterior landscape and swimming pool.

- The revamped serviced residences are expected to be completed by Q2 2018. The AEI aims to enhance the potential of the asset and its new features will better cater to the changing consumer needs.

Mr Kwek Leng Beng, CDL Executive Chairman, said, "Looking ahead, in a dislocating market, we remain alert to deploy our strong balance sheet for acquisitions in Singapore and abroad. We will seek new opportunities, value accretive assets and synergistic partnerships that complement our core business."

"The residential property market in Singapore is beginning to show some signs of recovery. Property prices appear to be stabilising, especially in the high-end market, and there is increased investor confidence as Singapore remains a relatively safe haven in a highly volatile marketplace. Recent policy relaxations are measured and prudent, and support the aim of buying property as a form of long-term investment. We are confident that the Singapore Government will continue to monitor market conditions closely and make the necessary tweaks to the other property cooling measures as and when the situation warrants."

Mr Grant Kelley, CDL Chief Executive Officer, said, "Since the start of 2017, we have been highly acquisitive in Singapore and overseas, having made approximately S$770 million of investments year-to-date. These comprise our investment in Distrii – China's largest co-working space operator; Ransomes Wharf in Battersea, London; a Shanghai commercial project – Meidao Business Plaza in Hongqiao; the Tampines Avenue 10 site in Singapore; and the recent acquisition of The Lowry Hotel in Manchester, UK, by CDLHT. In particular, we are taking advantage of the subdued sentiment and weaker currency in some of our key target markets such as the UK which may offer an attractive entry point. We will remain disciplined in our capital deployment for physical assets, equities or debt instruments. We also continue to look for accretive funds management executions."

Please visit www.cdl.com.sg for CDL's Q1 2017 financial statement.

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