News Release

14 August 2014

CDL'S CORE EARNINGS UP 89.7% IN Q2 2014; FOCUS ON ACCELERATING OVERSEAS EXPANSION

- **Steady progress for projects in UK and exciting prospects for further investments**
- **Prime projects in China ready to start sales at the appropriate time**
- **Actively seeking opportunities in Japan and Australia and to develop funds management products**

City Developments Limited's (CDL) core earnings[1] increased by 89.7% to $137.9 million in Q2 2014 and by 37.3% to $257.5 million in 1H 2014, against $72.7 million and $187.6 million respectively for the same periods last year.

The core earnings[1] exclude divestment gains in 1H 2013. Specifically, there were no significant gains from divestments in 1H 2014 compared to gains from the sale of 100G Pasir Panjang which occurred in Q2 2013, and strata units in Citimac Industrial Complex, Elite Industrial Building I and Elite Industrial Building II, which occurred in Q1 2013.

Financial Highlights

	Q2 2014	Q2 2013 (Restated)	% Change	1H 2014	1H 2013 (Restated)	% Change
Revenue ($ million)	861.1	813.5	5.9	1,595.4	1,589.7	0.4
PATMI[2] ($ million)	137.9	205.1	(32.8)	257.5	342.8	(24.9)
Core Earnings[1] ($ million)	**137.9**	**72.7**	**89.7**	**257.5**	**187.6**	**37.3**

- Property development was the main contributor to the Group's earnings, despite the challenging Singapore market which was affected by several rounds of Government property cooling measures.

- Profits were booked in from fully or substantially sold projects that are recognised based on stages of construction. Profits from the top-selling Coco Palms and Commonwealth Towers have yet to be recognised as were those from three fully sold Executive Condominiums (ECs).

- Hotel operations, primarily from Millennium & Copthorne Hotels plc (M&C), form the next highest contributor to the Group's earnings. Earnings were affected by a broad range of factors including geopolitical events which particularly impacted Asian markets, higher hotel operating costs, an ongoing refurbishment programme which led to lower room inventory, and higher depreciation of the refurbished hotel assets.

- Strong balance sheet with cash and cash equivalents of $3.4 billion and a healthy net gearing ratio of 33.0% (as at 30 June 2014), without factoring in any fair value gains in investment properties, and taking into account the consolidation of CDL Hospitality Trusts and M&C's acquisition of new hotels. This, together with banking facilities, provides the Group with capital to seize opportunities for acquisitions and other platforms.

- The Board is pleased to declare payment of a tax-exempt (one-tier) special interim ordinary dividend of 4.0 cents per ordinary share.

[1] Refers to net profit after tax and non-controlling interests of the Group, on a like-for-like comparison, excluding divestment gains that occurred in 1H 2013
[2] Profit after tax and non-controlling interests

Operations Review and Prospects

Residential
- ***Demand remains healthy for projects with high quality as well as attractive location and prices***

- The 944-unit Coco Palms and 845-unit Commonwealth Towers launched in May 2014 received enthusiastic response as they are high quality developments in excellent locations, and were attractively priced to sell. These projects topped the best-selling list for May 2014 in terms of sales volume. Coco Palms continued to top the list in June 2014 as well.

- Subject to market conditions, the Group plans to launch its New Futura project in Leonie Hill Road in the prestigious District 9 residential enclave. The project comprises two awe-inspiring towers, soaring 36 storeys high, with only 124 exclusive freehold residences.

Commercial / Integrated Development
- ***South Beach Tower poised for office sector upside; secured lease commitments and at advanced stages of negotiation with a few major tenants***

- South Beach Tower, the 34-storey office component of the South Beach development, is expected to be completed by end 2014. With limited supply of Grade A office space and resilient demand in the near-term, leasing activities have been healthy and progressing well.

- Lease commitment for approximately 20% of South Beach Tower's 500,000 square feet of lettable prime Grade A office space has been secured, commanding good market rental rates. Tenants include multi-national companies such as Rabobank, De Lage Landen, TMF Group and Bain & Company. South Beach Consortium is at advanced stages of negotiation with a few major tenants.

- The Group's office portfolio continued to enjoy very healthy occupancy of about 96.5% (as at 30 June 2014), above the national average of 90.4%.

Hotels
- ***New hotel in Tokyo's Ginza district slated to open in December 2014***

- The construction of M&C's new hotel in Tokyo's Ginza district, named Millennium Mitsui Garden Hotel Tokyo, is on schedule to complete around September 2014, and the hotel is expected to officially open in December 2014. The brand equity of Millennium will be enhanced with its presence in the heart of Ginza.

- M&C has spent £106.0 million (as at 30 June 2014) since the start of its refurbishment programme in 2010. For the remainder of 2014 and 2015 onwards, it expects to spend another £53.0 million on refurbishment projects to enhance customer experience.

Overseas Growth Platforms
- ***Good progress for overseas projects and exciting prospects for further investment***

- CDL China Limited's Eling Residences in Chongqing and the Hong Leong City Center in Suzhou are ready to commence sales at the appropriate time. Pre-launch marketing for Eling Residences has received positive interest. A third project, Huang Huayuan mixed-use development in Chongqing, is making good progress in excavation and retaining wall works. Huang Huayuan has also received approval for a higher Gross Floor Area which will result in more favourable economics for the project.

- In UK, a total of about £157.0 million has been invested to date in six prime freehold properties with two located in Knightsbridge and one each in Chelsea, Belgravia (near Sloane Square), Croydon and Reading.

- The Group has secured a residential consent for 121 units at Croydon, and will shortly disclose its redevelopment plans for a 420,000 square feet residential scheme on the same site. CDL also hopes to secure the planning consent to redevelop 28 Pavilion Road in Knightsbridge into a contemporary residential development by year-end. Work on Belgravia has started and a new improved consent will be submitted shortly for its Chelsea residential scheme. There are exciting prospects in hand for further investment in the Greater London area.

Moving Forward

Commenting on the outlook, **Mr Kwek Leng Beng, CDL Executive Chairman,** said, "The macroeconomic environment of domestic and international markets, while unpredictable, appears to be stabilising. Singapore's property landscape continues to experience challenging headwinds. CDL's business model is evolving, with growth focused on new geographies and products. We will accelerate our overseas expansion initiatives to supplement existing operations. We remain optimistic but cautious in our approach to new markets. CDL is looking actively in Japan and Australia and we hope to establish our platforms in these markets by the end of the year. We are also actively seeking to develop funds management products."

Please refer to CDL's full unaudited financial results announcement for the second quarter and half year ended 30 June 2014 for a detailed review of the Group's performance and prospects.

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