CITY DEVELOPMENTS LIMITED

News Release

9 November 2017

CDL POSTS REVENUE OF S$863.1 MILLION AND PROFIT OF S$156.1 MILLION FOR Q3 2017

- **1,056 residential units sold in Singapore for YTD Sep 2017 with sales value of approximately S$1.8 billion (almost triple that for the same period in 2016)**
- **Three upcoming residential launches in Singapore for 2018 and launch of higher-end freehold condominium at Amber Park site by Q1 2019**
- **Expands collaboration in Australia's burgeoning luxury senior housing sector**
- **Divests a non-core office building in Osaka, Japan**
- **Inks strategic partnership with China Vanke**
- **Excluding one-off items, YTD Sep 2017 PATMI would have increased by 3.5% and profit before tax by 8.4%***

For Q3 2017, City Developments Limited (CDL) achieved revenue of S$863.1 million (Q3 2016: S$922.8 million) and attributable profit after tax and non-controlling interests (PATMI) of S$156.1 million (Q3 2016: S$170.3 million).

For the nine months ended 30 September 2017 (YTD Sep 2017), CDL posted revenue of S$2.5 billion (YTD Sep 2016: S$2.7 billion) and PATMI of S$351.5 million (YTD Sep 2016: S$409.4 million).

The Group continued to maintain stable earnings before interest, tax, depreciation and amortisation (EBITDA) contribution from its regular recurring income streams, making up 72% and 65% for Q3 and YTD Sep 2017 respectively. The contributions to the results were underpinned by healthy sales take-up at Gramercy Park, Coco Palms, D'Nest and The Venue Residences condominiums in Singapore, as well as the progressive handover of the Group's overseas projects namely Hongqiao Royal Lake in Shanghai and Hong Leong City Center (HLCC) in Suzhou.

Financial Highlights

(S$ million)	Q3 2017	Q3 2016	% Change	YTD Sep 2017	YTD Sep 2016	% Change
Revenue	863.1	922.8	(6.5)	2,500.9	2,738.5	(8.7)
Profit before tax*	241.1	239.0	0.9	541.3	582.5	(7.1)
PATMI*	156.1	170.3	(8.3)	351.5	409.4	(14.2)

***Note:**
The Group's Q3 and YTD Sep 2017 results were boosted by a gain following the divestment of a non-core office building in Osaka. In comparison, YTD Sep 2016 results also included a gain from the divestment of the Group's 52.52% interest in City e-Solutions Limited and the full recognition of revenue and profit of Lush Acres, a fully sold Executive Condominium (EC). Excluding these one-off items, the Group's YTD Sep 2017 PATMI actually increased by 3.5%. YTD Sep 2017 profit before tax would have increased by 8.4%.

As at 30 September 2017, the Group's balance sheet remained strong, with cash and cash equivalent of S$3.7 billion and a net gearing ratio without factoring any revaluation surplus from investment properties at 13%. Interest cover for YTD Sep 2017 was 12.5 times.

<u>Operations Review and Prospects</u>

Strong uptake for launched residential projects in Singapore

- For YTD Sep 2017, the Group and its joint venture (JV) associates sold 1,056 units including ECs, more than double the units sold during the same period last year. Total sales value amounted to approximately S$1.8 billion, almost triple that for YTD Sep 2016 (YTD 2016: 482 units with total sales value of S$ 622 million).

- The luxury freehold 174-unit Gramercy Park along Grange Road, in prime District 10, is now 88% (153 units) sold; the 519-unit Forest Woods near Serangoon MRT station and NEX Shopping Mall, is over 90% (469 units) sold; the 944-unit Coco Palms near Pasir Ris MRT station is over 98% sold, with only 15 units remaining; and the 845-unit Commonwealth Towers adjacent to Queenstown MRT station is fully sold.

- Similarly, sales of the Group's two JV EC projects are progressing well. The 638-unit The Brownstone next to the upcoming Canberra MRT station is about 99% (629 units) sold; and the 505-unit The Criterion in Yishun is about 90% (454 units) sold.

- To date, as the Group has been able to sell its units within a stipulated period, it has not been liable for any Qualifying Certificate (QC) and/or Additional Buyer's Stamp Duty (ABSD) penalties.

Healthy demand for residential projects in China

- Healthy sales for Hongqiao Royal Lake development with 85 luxury villas, located in the high-end residential enclave of Qingpu District in Shanghai, continue to take place with 17 villas sold and 32 villas booked with total sales value of RMB360 million and RMB670 million respectively.

- HLCC, a mixed-use waterfront development in Suzhou Industrial Park, has also continued to register good sales. For its Phase 1 launch (comprising 1,374 units), 1,143 units (83%) have been sold with a sales value of RMB 2.5 billion. For Phase 2 of HLCC, 212 units (49%) of the 430-unit residential tower have been sold to date with a sales value of RMB 671 million.

Upcoming launches in Singapore

<u>New Futura</u>

- New Futura, a newly-completed 124-unit rare freehold condominium at Leonie Hill Road in District 9, a stone's throw from Orchard Road, is scheduled for launch in Q1 2018. The project has a range of apartment sizes ranging from 1,098 sq ft to 7,836 sq ft to cater to different lifestyle needs. This project is expected to benefit from increased sales activity and progressive price recovery for the high-end market segment.

<u>Tampines Avenue 10 condominium</u>

- In Q1 2018, the Group also expects to launch a 861-unit condominium near the upcoming Tampines West MRT station within the Tampines North Hub. It is close to reputable educational institutions such as Temasek Polytechnic, United World College South East Asia and St Hilda's Primary and Secondary Schools. Catering to young families, the project will have a child care centre.

<u>South Beach Residences</u>

- The Group is preparing to soft launch the 190-unit South Beach Residences in 1H 2018 – the final phase of the JV mixed-use South Beach development which comprises office, retail and F&B components, and the 634-room JW Marriott Hotel Singapore South Beach. There has been keen interest for this project given its iconic design by Philippe Starck, superb location and panoramic views of the Marina Bay area, Padang and entire city.

<u>Amber Park site</u>

- The transaction for the freehold Amber Park condominium site, which the Group and its JV partner successfully tendered for in October 2017, is expected to be completed by 1H 2018. Strategically located in the established and sought-after Katong and East Coast area, the site is expected to be launch ready by Q1 2019. It is close to key amenities, including being within walking distance of Parkway Parade, one of the best anchor malls in the East Coast, the upcoming Tanjong Katong MRT station and an underpass which affords easy access to the East Coast Parkway beach front.

Expanding collaboration in Australia's burgeoning luxury senior housing sector

- In Q3 2017, the Group entered into its second collaboration with Waterbrook Lifestyle Resorts to develop a luxury retirement village in Bowral, New South Wales. Waterbrook Bowral will be built on a 175,000 square-metre site which was formerly a boarding school.

- The proposed development is near the Bowral and District Hospital and is well-connected to major transportation nodes. The tranquil environment at Bowral together with the iconic nature and vastness of the site provide an opportunity to create a premium retirement village development which the Group believes will be well received by the growing retiree population in the area. Expected to be completed in 2021, the project is currently in the planning stages. The Group will be participating through debt financing of A$22 million, for which the specific terms are confidential.

- Waterbrook will provide resort-style facilities and a vast array of services catered to retirees including 24/7 concierge service, a variety of wellness and recreational spaces, chauffeured courtesy vehicles as well as in-house nurses. The product differentiates itself from the traditional retirement village model through its high-end hospitality experience.

Unlocking value for capital recycling

- As part of the Group's capital recycling strategy, in Q3 2017, it completed the divestment of one office building in Osaka, Japan, a non-core asset, and realised a gain of approximately S$38 million.

Strategic partnership with China Vanke

- The Group's wholly-owned subsidiary CDL China Limited (CDL China) entered into a strategic partnership with China Vanke Co., Ltd (Vanke), one of China's biggest residential developers, through the partial divestment of its two properties in Chongqing, namely 70% of Chongqing Huang Huayuan and 50% of Eling Residences, for an aggregate consideration of approximately RMB 986 million. The Transaction Cooperation Agreement was inked in September, with the final effective completion of the divestment subject to the fulfilment of certain conditions expected in December 2017. Following the partial divestment, CDL China continues to retain a 30% and 50% equity stake in Chongqing Huang Huayuan and Eling Residences respectively for future upside.

- The strategic partnership will see both projects being jointly developed and managed by CDL China and Vanke. The Group will tap on Vanke's extensive local experience, expertise, business networks and development capabilities in China. CDL China will also contribute its international knowledge, best practices and networks to further enhance the projects' positioning, design and sales, creating a win-win alliance with Vanke. This alliance will pave the way for future collaborations and business expansion opportunities in both China and Singapore.

Mr Kwek Leng Beng, CDL Executive Chairman, said, "As Singapore's economy seems to be recovering, the prospects for the local property market are brighter. The current momentum will strengthen and the positive sentiment of pent-up demand will fuel increased activity in the residential property sector which has undergone several years of subdued market conditions since its peak in 2007. Many countries like China, Australia, UK and others have reached their peak of the property boom and have only recently implemented property cooling measures. However, for Singapore, a series of property cooling measures have been imposed since 2009. Today, while there seems to be increased buzz in the marketplace, it is compared against a low base from the year before. With the Singapore property cooling measures still firmly in place, the property market is still far from its previous peak – almost a decade ago. We are confident that the Government will continue to be nimble and make necessary tweaks to these measures, when the situation warrants.

Land is the most critical raw material for developers, similar to the raw materials for a manufactured good, and many are hungry to replenish their land banks, resulting in aggressive, all-time high bids for Government Land Sales and en bloc sites. To balance supply and demand, and moderate escalating land prices to be in line with the growth of the economy, the Group hopes that the Government will sooner rather than later, review the QC policy which prevents land banking for listed property companies, which are typically larger entities. The policy is imposed on developers with just one foreign shareholder which includes locally-controlled companies listed on the Singapore Exchange (SGX). On one hand, while SGX seeks to attract more listings, and the Government continues to successfully market Singapore as a financial hub, especially with the recent success in attracting Charles Schwab to set up an office in Singapore, policies like the QC are an impediment which have resulted in the rush to bid up land prices as land must be acquired and then developed within a limited period, rather than being held on a balance sheet over the longer term, which would moderate escalating prices. Singapore is our home ground where we have operated for over 50 years. The sustained property market recovery will augur well for our Group."

Mr Grant Kelley, CDL Chief Executive Officer, said, "With a strong balance sheet, new acquisitions and investments both locally and overseas will be key focus areas for CDL. Recently, CDL and our JV partner successfully tendered for the freehold Amber Park site. This is one of the largest collective sale sites in the exclusive Amber Road enclave, and one of CDL's most significant investment deals in the Singapore residential market in recent years. Positive on Australia's luxury retirement sector, we also expanded our collaboration with Waterbrook Lifestyle Resorts given the strong unmet demand from a growing demographic of well-heeled retirees. In addition, as the existing shareholder of Distrii, one of China's leading operators of co-working spaces, we participated in Distrii's latest Series A funding round of RMB 200 million, making CDL the second largest shareholder of Distrii after its founder. To date, the Group has made S$4.2 billion in acquisitions and investments since 2014, on track to achieve our target of S$5 billion by end 2018. Concerning our possible cash offer for shares in Millennium & Copthorne Hotels plc which we do not currently own, as the deadline has been extended, we will make a further announcement by 8 December 2017."

Please visit www.cdl.com.sg for CDL's Q3 2017 financial statement.
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