



**CITY
DEVELOPMENTS
LIMITED**

News Release

8 August 2019

CDL POSTS 18.3% INCREASE IN PROFIT TO S\$362 MILLION FOR 1H 2019

- Sold 505 residential units in Singapore with sales value of S\$1.55 billion
- Sold 347 residential units in China with sales value of RMB 1.08 billion (approximately S\$213 million)
- Driving growth and recurring income through takeover bid for Millennium & Copthorne Hotels plc, transformational partnership with Sincere Property Group, investment in IREIT Global and acquisition of prime properties in China, Japan and Australia as well as non-residential components of Profit Participation Securities 1

For the half year ended 30 June 2019 (1H 2019), City Developments Limited (CDL) delivered an 18.3% increase in net attributable profit after tax and minority interests (PATMI) of S\$362.0 million (Restated 1H 2018: S\$306.1 million). The increase was underpinned by the successful unwinding of the Group's second Profit Participation Securities (PPS 2) structure, which achieved pre-tax deferred gains totalling S\$153.9 million from the divestment of Manulife Centre and 7 & 9 Tampines Grande and a gain of S\$43.3 million from the Group's stake in PPS 2. Profit from two very well-received joint venture (JV) projects, South Beach Residences and Boulevard 88, also contributed to the positive results.

As at 30 June 2019, the Group's balance sheet remained robust, with cash reserves of S\$3.3 billion and a net gearing ratio without factoring any revaluation surplus from investment properties of 44%. The interest cover for 1H 2019 was 14.4 times.

The Board is pleased to declare payment of a tax-exempt (one-tier) special interim dividend of 6.0 cents per ordinary share.

Financial Highlights

| (S\$ million) | Q2 2019 | Q2 2018 | % Change | 1H 2019 | 1H 2018 | % Change |
|----------------------|--------------------|--------------------|-----------------|--------------------|--------------------|-----------------|
| Revenue | 850.4 | 1,359.5 | (37.5) | 1,596.5 | 2,417.4 | (34.0) |
| Profit before tax | 224.7 | 341.3* | (34.2) | 490.3 | 514.3* | (4.7) |
| PATMI | 162.4 | 220.7* | (26.4) | 362.0 | 306.1* | 18.3 |

* Restated

Important Note on Q2 2019 Revenue and PATMI

- The decrease in earnings is largely attributable to the timing of profit recognition for the property development segment. This segment tends to be lumpy since profits from some projects cannot be recognised progressively but only upon completion.

Operations Review and Prospects

Healthy residential sales in Singapore and China

- In Singapore, the Group and its JV associates sold 505 units including Executive Condominiums (EC), with total sales amounting to S\$1.55 billion in 1H 2019 (1H 2018: 651 units with total sales value of S\$1.29 billion).
 - Boulevard 88, an ultra-luxurious freehold 154-unit JV condominium along Orchard Boulevard launched in March 2019, has sold 69 units to date including all four penthouses, achieving an average selling price (ASP) of over S\$3,800 per square foot (psf).
 - Launched in May 2019, Amber Park, an iconic freehold 592-unit JV project in the East Coast, has sold 166 units to date at an ASP of over S\$2,450 psf.
 - New Futura, the Group's 124-unit freehold development at Leonie Hill Road, launched in 2018, is now 100% sold, achieving an ASP of over S\$3,500 psf.
 - The prestigious 190-unit South Beach Residences JV project, which sits on top of the JW Marriott Hotel Singapore South Beach, is now 50% sold (95 units) at an ASP of over S\$3,400 psf.
 - Whistler Grand, a 716-unit condominium at West Coast Vale, is now more than 50% (371 units) sold at an ASP of over S\$1,350 psf.
 - The Tapestry, an 861-unit condominium at Tampines Avenue 10, has sold 644 units at an ASP of over S\$1,340 psf.
- In China, the Group's wholly-owned subsidiary CDL China Limited and its JV associates sold 347 residential units in 1H 2019, achieving a total sales value of RMB 1.08 billion (approximately S\$213 million).

Upcoming launch in Singapore for 2019

- The Group plans to launch the 680-unit Sengkang Grand Residences, a JV project located at Sengkang Central in Q4 2019. The distinctive mixed-use integrated development will seamlessly integrate with Buangkok MRT station and a new bus interchange. The residences are conveniently located above a three-storey mall comprising shops, a supermarket, a hawker centre and a community club with a childcare facility.

Driving Growth and Recurring Income through Strategic Acquisitions and Investments

Takeover offer for Millennium & Copthorne Hotels plc

- In line with the Group's strong focus on boosting recurring income, it launched a takeover offer for Millennium & Copthorne Hotels plc (M&C), supported by irrevocable undertakings from key minority shareholders. The offer values the entire issued and to be issued ordinary share capital of M&C at approximately £2.23 billion (approximately S\$3.86 billion).

Transformational partnership with Sincere

- The Group entered into a strategic partnership with Sincere Property Group (Sincere), an established real estate developer in China. The Group's total investment of RMB 5.5 billion (approximately S\$1.1 billion) for an approximately 24% effective equity stake in Sincere is expected to be completed by Q4 2019. The investment expands CDL's geographical presence in China from three to 20 cities and provides CDL access to a substantial landbank of 12.6 million square metres (sqm) GFA across 70 development projects. It also broadens CDL's asset classes in China to include business parks and serviced apartments.

Investment in IREIT Global to grow fund management

- To grow its fund management business, the Group acquired a 50% stake in IREIT Global Group Pte. Ltd., the manager of Singapore-listed IREIT Global, and approximately 12.4% of the total issued units in IREIT Global for about S\$77.8 million in April 2019. In June 2019, the Group increased its stake to 12.5% of the issued units.

Profit Participation Securities (PPS) 1

- In connection with the non-residential components comprising W Singapore – Sentosa Cove and Quayside Isle valued at S\$393 million, the Group acquired the remaining instruments from the investors of PPS 1. The Government's plans to reshape Sentosa and develop the adjacent Pulau Brani and the upcoming Greater Southern Waterfront auger well for Sentosa. The Group will explore ways to enhance and create more value for its two newly acquired assets.

Acquisition of prime properties in Australia, China and Japan

- In Australia, the Group entered into an agreement with ASX-listed Abacus Property Group to acquire a portfolio of three prime freehold mixed development projects in Brisbane and Melbourne for A\$25.9 million (approximately S\$25 million). The three projects are in various stages of planning and have the potential to yield over 600 residential units and 4,800 sqm of commercial/retail space.
- In China, the Group will increase its intended stake in Shanghai Hongqiao Sincere Centre (Phase 2) from 70% to 100% for a total purchase price of RMB 1.75 billion (approximately S\$344 million). Spread across 11 blocks, this prime commercial property has a GFA of 35,739 sqm comprising office, serviced apartments and a retail component. Given the limited supply in Hongqiao Central Business District and the strong tenant demand, the occupancy rate continues to increase coupled with rental growth.
- In Japan, the Group entered into an agreement to acquire a 34-unit freehold residential project named Horie Lux in Osaka City for JPY 2.01 billion (approximately S\$25 million). The asset is well-located in Nishi-ku, Central Osaka, and in proximity to four train stations. Targeted at the strong Osaka rental market, this acquisition is in line with the Group's strategy to diversify its income streams and will provide an entry net yield of 4.5% per annum.

Mr Kwek Leng Beng, Executive Chairman of CDL, said, "US-China trade tensions continue to severely dampen market sentiments globally. Until a deal is struck between the world's two largest economies, global markets will continue to succumb to trade jitters. Many economies, including Singapore, will be seriously affected by the escalating dispute. Agility, discipline and experience are critical attributes that will enable the Group to navigate through these persistent headwinds in today's dynamic, disruptive and unpredictable landscape."

Mr Sherman Kwek, Group Chief Executive Officer of CDL, said, "We have focused on executing our GET strategy of Growth, Enhancement and Transformation. By creating strong value propositions and timing our launches strategically, we have achieved healthy sales for our residential projects in Singapore. At the same time, we have further diversified overseas through transformational initiatives such as our partnership with Sincere to expand CDL's presence in China and achieve sustainable growth there. Increasing recurring income via acquisitions, asset enhancement initiatives and our fund management strategy is another priority. We will continue to grow, diversify, innovate, transform as well as forge new alliances."

Please visit www.cdl.com.sg for CDL's Q2 and 1H 2019 financial statement.

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