

News Release

25 February 2016

CDL ACHIEVES NEW RECORD PROFIT OF S\$410.5 MILLION FOR Q4 2015

- Profit of S\$773.4 million for FY 2015
- Unveiled second Profit Participation Securities Platform with S\$1.1 billion of assets in 2015
- International growth strategy on track with new acquisitions and good progress on overseas property development projects
- Strong pre-sales for Suzhou Hong Leong City Center's Phase 1 launch
- Total dividends of 16.0 cents per share for 2015

City Developments Limited (CDL) has achieved a record net profit after tax and non-controlling interests (PATMI) of S\$410.5 million for Q4 2015, up 6.6% over its previous record of S\$384.9 million for Q4 2014, despite challenging market conditions.

The increase was fuelled by gains accounted from monetising CDL's three prime office assets, 7 & 9 Tampines Grande, Manulife Centre and Central Mall (Office Tower), valued at S\$1.1 billion via CDL's second Profit Participation Securities investment platform (PPS 2) in December 2015, and a maiden S\$12 million contribution from CDL's UK property development platform from the sale of Emerald House in Croydon, marking milestones in CDL's diversification strategy. The progressive sale and profit recognition from pre-sold projects in Singapore also had a higher contribution in Q4 2015 versus Q4 2014.

FY 2015 PATMI of S\$773.4 million is comparable to the S\$769.6 million for FY 2014.

Financial Highlights

	Q4 2015	Q4 2014	% Change	FY 2015	FY 2014	% Change
Revenue (S\$ million)	855.0	846.9	1.0	3,304.1	3,763.9	(12.2)
Profit before tax (S\$ million)	471.3	437.1	7.8	985.4	1,003.7	(1.8)
PATMI (S\$ million)	410.5	384.9	6.6	773.4	769.6	0.5

- The rental properties segment was the highest contributor to CDL's pre-tax profit, due to the gain from PPS 2. FY 2015 pre-tax profit for this segment increased significantly by 215.4% as compared to FY 2014.
- As at end 2015, without considering any fair value gains on investment properties, CDL's net gearing ratio remained strong at 26.0%.
- In addition to a final dividend of 8.0 cents per share, the Board has recommended a special final dividend of 4.0 cents per share. Taking into account the special interim dividend of 4.0 cents paid in September 2015, the total dividends for 2015 amounted to 16.0 cents per share.

Operations Review and Prospects

Residential

- *Attracting buyers with excellent location, value and high quality*
- The Brownstone, a 638-unit joint venture (JV) project launched in July 2015, was the best-selling EC for 2015. Located directly next to the future Canberra MRT station, to date about 55% of the EC has been sold.

- CDL's other existing JV condominium projects also registered reasonable sales. For instance, the 944-unit Coco Palms, launched in May 2014, is now about 88% sold. The project, which is within minutes' walk to Pasir Ris MRT station and White Sands Shopping Centre, continues to see keen interest given its excellent location and value.
- In November 2015, CDL won a 99-year leasehold 14,001.5 square-metre (sqm) residential site at Lorong Lew Lian for S\$321.0 million. This JV bid topped the tightly contested tender by a thin margin of 2.6% over 10 bidders.
 - Attractive location within 250 metres of the Serangoon bus interchange and MRT station, which is an interchange station for the Circle and North-East Lines
 - Close to several amenities at Serangoon Town Centre, NEX Shopping Mall and Heartland Mall
 - CDL will explore a condominium project of up to 13 storeys with over 500 units

Commercial / Integrated Development

- South Beach, CDL's mega mixed-used JV development, on track to complete by 2H 2016

- The 34-storey South Beach Tower, with over 510,000 square feet (sq ft) of Grade A office space, is over 97% leased and houses multinational corporations like Facebook, Rabobank, LEGO, Sanofi and Expedia, among others.
- South Beach Quarter, the 13,000 sq ft two-storey conservation block, is fully leased and houses four new-to-market F&B establishments which are all open for business.
- Active marketing for South Beach Avenue (located across the basement and street levels) is ongoing. Construction works for direct connection to the Esplanade and City Hall MRT stations are expected to complete in Q3 2016, linking South Beach seamlessly to the underground traffic of the larger City Hall precinct. This will provide South Beach's retailers much wider exposure and catchment.
- The South Beach Consortium (SBC) has been approached by several major international hotel chains to manage the 654-room The South Beach hotel. In Singapore, there is high demand for well-located, sizeable, premium hotels, which are difficult to secure. Many prestigious hotel chains are seeking to enter the market and have expressed their desire to add further value to The South Beach. SBC will carefully deliberate the options to identify the business model which maximises the potential of the hotel asset.
- CDL's office portfolio continued to enjoy high occupancy of 97.2% in Q4 2015, above the national average of 90.5%.

Hotels

- Acquisitions contribute to Millennium & Copthorne Hotels plc (M&C)'s higher revenue

- M&C's FY 2015 revenue increased by 2.5% to £847 million against £826 million in FY 2014, due to contributions from acquisitions, the highly successful launch of Millennium Mitsui Garden Hotel Tokyo in December 2014, and some favourable foreign exchange movements.
- In August 2015, M&C acquired the Hard Days Night Hotel in Liverpool, UK, for £13.8 million. The Beatles-inspired hotel with 110 rooms and suites is located in Liverpool's popular Cavern Quarter.
- In October 2015, M&C's subsidiary, CDL Hospitality Trusts (CDLHT), acquired the Hilton Cambridge City Centre (previously known as Cambridge City Hotel) for £61.5 million. Marking CDLHT's first investment in Europe, the newly-refurbished upscale 198-room hotel is located in the heart of Cambridge.

Overseas Growth Platforms

- Accelerated expansion of overseas property development platforms as part of diversification

- **UK** – Two landmark acquisitions were completed in the London Borough of Richmond in 2015:

£85 million Teddington Studios land site

- Freehold 18,211 sqm (approximately 4.5 acres) site was formerly home to Pinewood Studios and overlooks the Teddington Weir on the River Thames
- CDL plans to redevelop the coveted site into a luxurious riverside precinct with 213 apartments, six houses, a refurbished Weir Cottage and 258 secure parking spaces
- Planning application, now at an advanced stage, is expected to be approved by Q2 2016

£158 million Stag Brewery land site

- Freehold 89,031 sqm (approximately 22 acres) site located in Mortlake
- Tremendous redevelopment potential into a mixed-use scheme accommodating a major riverside residential development, a new school, a hotel and other employment, education and leisure uses
- Planning approval for the masterplan is expected in Q1 2018 and the development will be undertaken in two phases

- **China** – CDL’s wholly-owned subsidiary CDL China Limited made strong progress, with successful sales launches:

Hong Leong City Center, Suzhou

- A sizeable mixed-use development next to Jinji Lake in Suzhou Industrial Park district
- To date, a total of 677 units were sold for Tower 1 (a 462-unit condominium) and Tower 3 (a 912-unit SOHO development), amounting to sales revenue of RMB 1.36 billion
- Both towers are expected to be completed towards end 2016 and the units handed over to buyers, at which point profit will be recognised

Hongqiao Royal Lake, Shanghai

- A completed 120-unit luxury villa development within an affluent residential corridor in Qingpu district, with 85 unsold villas, was acquired in December 2014
- Relaunched in November 2015, following an overhaul including various renovations, a remodelled club house, landscape enhancements and three new show flats
- To date, 13 of the 85 villas have been sold, amounting to sales revenue of approximately RMB 260 million
- This represents a very successful launch, given the large quantum for each villa and considering that sales velocity for this type of product in China is typically one to two villas a month

- **Australia** – Re-entered the residential sector with a new investment in 2015

A\$275 million condominium project in South Bank, Brisbane

- Jointly develop a prime 2,733 sqm freehold residential site, in partnership with leading Australian developers, Abacus Property Group and KPG Capital
- CDL contributed a preferred equity interest of approximately A\$30 million
- Two 30-storey towers named Ivy and Eve, accommodating a total of 472 units
- Close proximity to South Brisbane Train Station and excellent connectivity to Brisbane’s CBD and the future Queens Wharf integrated resort
- Highly positive response, with over 60% of the 472 units pre-sold to date

- **Japan** – Tokyo luxury condominium project progressing

- By Q4 2017, CDL plans to secure the necessary permits for the construction and sales launch of its luxurious condominium project at the prime 16,815 sqm freehold land parcel within the prestigious Shirokane area in Tokyo’s Minato ward.

Mr Kwek Leng Beng, CDL Executive Chairman, said, “Over the years, we have set out our plans to mitigate risks through our diversification strategy, building value in new geographies and products. Our 2015 financial performance reflects our ability to navigate through difficult times.”

“We are well-poised to deploy our strong balance sheet towards investments in a period of market dislocation, capitalising on available opportunities, while maintaining discipline in our investments. We remain focused on expanding our international property development footprint and growing our funds management platform.”

Please refer to CDL’s full unaudited financial results announcement for the fourth quarter and full year ended 31 December 2015 for a detailed review of the Group’s performance and prospects.

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