News Release

26 February 2020

CDL ACHIEVES 12.5% INCREASE IN PROFIT OF S$87.7 MILLION FOR Q4 2019 AND A RESILIENT PATMI OF S$564.6 MILLION FOR FY 2019

- *Sold 1,554 residential units in Singapore with sales value of S$3.3 billion in 2019*
- *Successful privatisation of Millennium & Copthorne Hotels Limited (M&C) marks a transformative milestone to drive synergies, raise operational efficiencies and processes*
- *Strong cash reserves of S$3.1 billion*
- *Total dividends for 2019 amounts to 20 cents per share (FY 2018: 20 cents)*

Despite a challenging macroeconomic environment, City Developments Limited (CDL) delivered a resilient performance. PATMI for Q4 2019 rose 12.5% to S$ 87.7 million (Q4 2018: S$77.9 million). Revenue increased 20.1% to S$946.9 million (Q4 2018: S$788.3 million) with positive contributions across all its core business segments.

PATMI for FY 2019 was S$564.6 million (FY 2018: S$557.3 million), supported by a portfolio with diversified income streams and boosted by the substantial gains from the successful unwinding of CDL's second Profit Participation Securities (PPS 2) structure with the divestment of Manulife Centre and 7 & 9 Tampines Grande.

Revenue for FY 2019 amounted to S$3.4 billion (FY 2018: S$4.2 billion) due to the timing of profit recognition for the property development segment. The Tapestry and Whistler Grand were the main contributing projects where revenue and profits were recognised progressively based on their stage of construction, along with the sale of balance units in completed projects including Gramercy Park, New Futura, Hong Leong City Center (HLCC) in Suzhou and Hongqiao Royal Lake in Shanghai. Comparatively, revenue in FY 2018 was boosted primarily from completed projects including New Futura, Gramercy Park and also The Criterion Executive Condominium (EC) in which its entire revenue was recognised upon obtaining its Temporary Occupation Permit, as well as substantial revenue from overseas projects including HLCC and Park Court Aoyama The Tower in Tokyo.

As at 31 December 2019, the Group has strong cash reserves of S$3.1 billion. Post M&C privatisation, the net gearing ratio (including fair value gains on investment properties) is 43% while interest cover stands at 14.0 times.

In addition to the final ordinary dividend of 8.0 cents per share, the Board is also recommending a special final ordinary dividend of 6.0 cents per share. Considering the special interim ordinary dividend of 6.0 cents per share paid in September 2019, the total dividends for FY 2019 amounts to 20.0 cents per share (FY 2018: 20.0 cents).

<u>Financial Highlights</u>

(S$ million)	FY 2019	FY 2018	% Change	Q4 2019	Q4 2018	% Change
Revenue	3,428.7	4,222.6	(18.8)	946.9	788.3	20.1
EBITDA	1,126.2	1,188.3	(5.2)	221.9	192.4	15.3
Profit before tax	754.1	875.5	(13.9)	108.3	110.6	(2.1)
PATMI	564.6	557.3	1.3	87.7	77.9	12.5

Important Notes on Q4 2019 PATMI and Revenue

- The revenue from the property development segment was backed by several Singapore projects including The Tapestry, Whistler Grand and Amber Park, as well as the fully sold 32 Hans Road project in the UK. The inclusion of W Singapore – Sentosa Cove into the Group's hotel portfolio in Q2 2019 bolstered the increase for the hotel operations segment. Furthermore, the acquisition of UK's Aldgate House and 125 Old Broad Street (OBS) in late 2018 boosted the investment properties segment for Q4 2019 revenue.

- In terms of profit before tax (PBT), the property development segment was the main contributor, making up 80.7% of the Group's pre-tax profits, followed by the investment properties segment. The hotel operations segment recorded lower impairment losses in Q4 2019 vis-à-vis Q4 2018.

Operations Review and Prospects

Healthy Residential Sales in Singapore, China and other Overseas Markets

- In Singapore, the Group and its joint venture (JV) associates sold 1,554 units including ECs with a total sales value of S$3.3 billion in FY 2019 – a notable 40% increase in units sold and a 49% increase in sales value achieved (FY 2018: 1,113 residential units with a total sales value of S$2.2 billion).

- The Group launched a record number of six residential projects in 2019, emerging as one of the top-selling private sector developers in Singapore:

Project	Location	Launched	Total Units	Units Sold[#]	ASP achieved
Boulevard 88*	Orchard Boulevard	March	154	91	>S$3,790 psf
Amber Park*	Amber Road	May	592	202	>S$2,480 psf
Haus on Handy	Handy Road	July	188	32	>S$2,870 psf
Piermont Grand*	Sumang Walk	July	820	484	>S$1,090 psf
Nouvel 18[~]	Anderson Road	July	156	27	>S$3,460 psf
Sengkang Grand Residences*	Sengkang Central	November	680	237	>S$1,730 psf

**JV project*
[#]As of 23 February 2020
[~]Divested project under PPS 3, marketed by CDL

- In **China**, the Group's wholly-owned subsidiary CDL China Limited and its JV associates sold 526 residential units and four villas in China, achieving sales value of RMB 1.81 billion (approximately S$350 million) in FY 2019 – a notable two-fold increase of units sold with a 37% increase in sales value (FY 2018: Sold 259 residential units and 18 villas with total sales value of RMB 1.32 billion, (approximately S$269 million)).

- In **Australia,** the Group sold over 60% of its JV 195-unit freehold residential project The Marker in West Melbourne. In addition, the Group's collaboration with Waterbrook Lifestyle Resorts for the 135-unit retirement village project in Bowral commenced pre-sales towards the end of 2019. Over 50% of the initial 52 units launched received reservations.

Upcoming Launch in Singapore

- The Group's residential GLS site at Sims Drive is being developed by its JV partner, Hong Leong Holdings Limited, and slated for sales launch in 1H 2020. Located near Aljunied MRT station and within an established residential estate, this residential project will comprise 566 units.

Enhancing Recurring Income

- In **Japan**, the Group acquired four freehold rental apartment projects in Osaka for JPY 5.46 billion (approximately S$69.3 million), three of which are forward funded. One of the forward funded projects, Pregio Joto Chuo, was completed in September 2019 and has achieved a better-than-expected occupancy of 95% within three months of completion. The remaining forward funded projects are expected to be completed in Q1 2020.

- In **China**, the Group completed its 100% stake acquisition in Shanghai's Hongqiao Sincere Centre (Phase 2) in November 2019 for a total purchase price of RMB 1.75 billion (approximately S$344 million). The occupancy for the office and serviced apartment components is currently around 50% and 70% respectively.

- In **UK**, the Group's two freehold commercial buildings in Central London – Aldgate House and 125 OBS, have already shown significant positive rental reversions post-acquisition. The Group has also embarked on several asset enhancement initiatives (AEIs) and feasibility studies on these office assets, enhancing the potential for higher rental upside.

Hotels

- 2019 marked a significant milestone with the S$1.3 billion successful privatisation of M&C. As at 31 December 2019, the Group has 156 hotels under its portfolio, of which 71 hotels (46%) are owned by the Group, 19 hotels (12%) are operated under JV arrangements or under CDL Hospitality Trusts, and the balance (42%) are managed or franchised hotels.

Mr Kwek Leng Beng, Executive Chairman of CDL, said, "CDL delivered a resilient set of results amidst a challenging macroeconomic environment. The privatisation of M&C in 2019 is a transformative milestone for CDL and in line with our focus to enhance recurring income. The roadmap for M&C is being formalised with priority initiatives to drive operational efficiency, sustainable hotel performance and integration with the Group. These initiatives will take time to materialise but the efforts lay the foundation for CDL's growth.

The COVID-19 outbreak is one of the biggest disruptors that has created a thick cloud of uncertainty, placing the global economic and social resilience to the test. The situation remains fluid and the full impact on businesses, operations and supply chains is still unknown. Nevertheless, we view the outlook for 2020 with an optimistic prism. With the collective efforts from government, businesses and individuals, the situation will stabilise and recover in time.

CDL's underlying fundamentals remain solid with a geographically diversified portfolio and a strong balance sheet. We are confident to manage the headwinds with tenacity, clear-mindedness, cost control and tight discipline."

Mr Sherman Kwek, Group Chief Executive Officer of CDL, said, "2019 has been a bumper year for CDL with a record of six residential project launches in Singapore that registered healthy sales. We completed around S$2.3 billion of acquisitions and investments both in Singapore and our key overseas markets, including the successful takeover and privatisation of M&C. On the asset management front, Republic Plaza's AEI achieved positive rental reversions and we are progressing forward with other AEIs in order to derive greater value from our assets.

The virus outbreak is a fitting reminder that with globalisation and CDL's scale, we cannot be overly reliant on a specific geography or asset class. We will continue to build a diversified portfolio, enabling us to tap on various sustainable income streams to withstand cyclical headwinds and market shifts."

Please visit www.cdl.com.sg for CDL's FY 2019 financial statement.

Issued by City Developments Limited (Co. Regn. No. 196300316Z)

For media enquiries, please contact CDL Corporate Communications:

Belinda Lee
Head, Investor Relations and
Corporate Communications
T: +65 6877 8315
E: belindalee@cdl.com.sg

Eunice Yang
Vice President
T: +65 6877 8338
E: eunicey@cdl.com.sg

Dominic Seow
Manager
T: +65 6877 8369
E: dominicseow@cdl.com.sg

Jill Tan
Assistant Manager
T: +65 6877 8484
E: jilltan@cdl.com.sg

Follow CDL on social media:

Instagram: @citydevelopments / instagram.com/citydevelopments
LinkedIn: linkedin.com/company/city-developments-limited
Twitter: @CityDevLtd / twitter.com/citydevltd