

PROFIT GUIDANCE ON THE UNAUDITED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

City Developments Limited (“CDL” or the “Company”) refers to its operational update for the quarter ended 31 March 2021 announced on 19 May 2021. Though signs of improvement are evident across the Group’s core business segments, the prolonged COVID-19 pandemic has led to the reinstatement of tighter measures, including travel restrictions and intermittent lockdowns to contain the outbreak. These challenges continue to impact operations, particularly within the Group’s hospitality business at its wholly-owned subsidiary, Millennium & Copthorne Hotels Limited.

CDL wishes to advise shareholders that for the six months ended 30 June 2021 (“1H 2021”):

- a) Pre-tax profit is expected to reduce by 25% to 30% from the \$13.8 million recorded in 1H 2020 because of higher net financing costs, foreign exchange losses and lower divestment gains.
 - The higher net financing costs were largely due to the absence of interest income from loans extended to and bonds issued by Sincere Property Group (Sincere Property), which the Group had substantially impaired in 2020. The Group had fully impaired all its interest receivables from Sincere Property. The current financial exposure to Sincere Property stands at \$117 million as at 30 June 2021.
 - While there have been improvements in the hotel operations segment which were facilitated by the implementation of extensive cost-containment measures, the periodic lockdowns across numerous cities to slow the spread of the more infectious Delta variant since the start of 2021 has inhibited recovery. The hotel portfolio is expected to register an operational loss.
 - Due to the pandemic, CDL’s investment properties were also impacted by lower footfalls and sustained rental rebates given to its retail tenants. An example is the Jungceylon mall in Phuket, which was closed since March 2021 as Phuket had shut its borders to international travellers.
- b) After taking into account tax expenses and non-controlling interests, the Group expects to report a potential net loss of up to \$35 million for 1H 2021 compared with its net profit of \$3.1 million for 1H 2020. Notably, there was a substantial deferred tax credit of \$17.6 million recognised in 1H 2020, which was part of the New Zealand government’s COVID-19 Business Continuity Package.

CDL wishes to emphasise that the overall business and financial position of the Group remains healthy, with sufficient liquidity to meet its operational and financial commitments. It will continue to maintain a high level of business and financial discipline. As at 30 June 2021, the Group had total cash and available undrawn committed bank facilities of approximately \$4.4 billion.

The Company expects to release its unaudited financial results for 1H 2020 on 12 August 2021 before trading.

Shareholders and potential investors are advised to exercise caution when dealing or trading in the securities of the Company.

By Order of the Board

Enid Ling Peek Fong
Company Secretary
6 August 2021