

News Release

23 February 2017

CDL POSTS CREDITABLE PROFIT OF S\$653.2 MILLION AND ACHIEVES RECORD REVENUE OF S\$3.9 BILLION FOR FY 2016

- **Q4 2016 PATMI was S\$243.8 million, while revenue rose 36.5% to S\$1.2 billion**
- **One of the top-selling private sector developers in Singapore for 2016**
- **Strong maiden contribution from Hong Leong City Center, Suzhou**
- **Plans to launch Phase 2 of Gramercy Park by 1H 2017 and New Futura to follow in 2H 2017**
- **Total dividends of 16.0 cents per share for 2016**

Despite headwinds and challenging market conditions, City Developments Limited (CDL) posted a creditable Profit after Tax and Minority Interests (PATMI) of S\$243.8 million for Q4 2016 (Q4 2015: S\$410.5 million) and S\$653.2 million for FY 2016 (FY 2015: S\$773.4 million). The lower PATMI versus 2015 was due to absence of the substantial profits recognised in Q4 2015 from CDL's second Profit Participation Securities (PPS) platform. Nonetheless, PATMI for 2016 was boosted by strong residential sales in Singapore and China, and divestments including the sale and recapitalisation of Summervale Properties Pte. Ltd. (which holds Nouvel 18), resulting in the establishment of the Group's third PPS platform.

Revenue rose 18.2% to a record S\$3.9 billion for FY 2016, up from S\$3.3 billion in the previous year. For Q4 2016, revenue rose 36.5% to S\$1.2 billion from S\$855.0 million in Q4 2015. The increases were driven by the property development segment, with strong maiden contribution from Hong Leong City Center in Suzhou and steady sales of Singapore projects Gramercy Park, Coco Palms, D'Nest and The Venue Residences and Shoppes, as well as revenue recognition in entirety from the fully sold Lush Acres Executive Condominium (EC), which obtained Temporary Occupation Permit (TOP) in June 2016.

Financial Highlights

	Q4 2016	Q4 2015	% Change	FY 2016	FY 2015	% Change
Revenue (S\$ million)	1,167.0	855.0	36.5	3,905.5	3,304.1	18.2
Profit before tax (S\$ million)	331.5	471.3	(29.7)	914.0	985.4	(7.2)
PATMI (S\$ million)	243.8	410.5	(40.6)	653.2	773.4	(15.5)

- As at end 2016, net gearing ratio was 16.0% (FY 2015: 26.0%) with cash position of approximately S\$3.9 billion, and interest cover for FY 2016 of 12.5 times (FY 2015: 13.0 times).
- In addition to a final dividend of 4.0 cents per share, the Board has recommended a special final dividend of 8.0 cents per share. Taking into account the special interim dividend of 4.0 cents per share paid in September 2016, the total dividends for 2016 amounted to 16.0 cents per share.

Operations Review and Prospects

Singapore Property Development

- In 2016, CDL and its joint venture (JV) associates sold 1,017 residential units including ECs, at a sales value of about S\$1.25 billion, emerging as one of the top-selling private sector developers in Singapore (FY 2015: 674 units with total sales value of S\$691.5 million).
- The 519-unit Forest Woods JV development, a short walk to Serangoon MRT station and NEX Shopping Mall, was one of 2016's best-selling private condominium projects in Singapore. Over 75% of its units have been sold to date.
- Other JV projects have also sold strongly. For instance, the 616-unit Jewel @ Buangkok is fully sold, the 944-unit Coco Palms at Pasir Ris is over 92% sold and the 638-unit The Brownstone EC next to the upcoming Canberra MRT station is 84% sold.
- In view of the good take-up for the 174-unit Gramercy Park luxury project at Grange Road, where 56 units (or 64%) of the 87-unit North Tower (Phase 1) have been sold since its soft launch in May 2016, CDL is planning to launch the South Tower (Phase 2) by 1H 2017.
- Subject to market conditions, CDL also plans to launch the 124-unit New Futura in 2H 2017. Designed by world-renowned architect SOM, the upmarket freehold condominium at Leonie Hill Road is a five-minute walk to the famous Orchard Road shopping area and features a double-storey clubhouse, lap pool and six sky terraces with panoramic city views.

Singapore Commercial / Integrated Development

- CDL's office portfolio continued to enjoy healthy occupancy of 95.9% as at 31 December 2016, above the national average of 88.9%.
- The Group's JV mixed-use development, South Beach, obtained its final TOP for the entire project in December 2016. Both the South Beach Tower (office) and the retail spaces are fully leased, and the rebranded 634-room JW Marriott Hotel Singapore South Beach soft opened for business in mid-December 2016.

International Property Development

• Australia

Ivy and Eve, Brisbane

- CDL's JV 472-unit residential project in Brisbane's South Bank precinct benefitted from a timely launch in mid-2015 and is now approximately 95% sold.
- Construction began in late 2015 and is expected to complete in early 2018.

• China

Hong Leong City Center, Suzhou

- The mixed-use development next to Jinji Lake in Suzhou Industrial Park district has achieved strong sales performance.
- To date, 1,038 out of 1,374 Phase 1 residential units have been sold/booked, amounting to a sales value of RMB 2.21 billion.
- The Phase 2 launch of the development has sold 174 out of 430 residential units, totalling RMB 502.1 million.

Hongqiao Royal Lake, Shanghai

- The luxury low-density villa development sits on a 163,837 square metre site in the affluent residential enclave of Qingpu district.
- To date, 34 out of 85 villas have been sold/booked with a total sales value of RMB 668 million.

- **Japan**

Park Court Aoyama The Tower, Tokyo

- CDL has a 20% stake in the 163-unit prime freehold residential project by Mitsui Fudosan Residential Co., Ltd located in the highly-sought-after Aoyama district within central Tokyo.
- To date, over 50% of the units have been sold since its launch in October 2016.

- **UK**

Teddington Riverside, London Borough of Richmond upon Thames

- Full planning for the 220-unit project has been received and Block A comprising 57 units will be launched in Q2 2017, with five further blocks to follow.

Mr Kwek Leng Beng, CDL Executive Chairman, said, “In view of the challenging economic environment, CDL has delivered creditable results. Notably, Hong Leong City Center Suzhou has made a strong maiden contribution to our record revenue and we have a pipeline of overseas projects which will progressively boost our bottom line.

Looking ahead, we plan to be more acquisitive with a focus on finding in-place income in Singapore and overseas. Our robust balance sheet and war chest place us in a strong position to deploy capital for acquisitions which can be in the form of physical assets, equities or debt instruments. We will continue to exercise strict discipline in capital management, remaining highly selective and value oriented, and may take a contrarian approach when needed, to enhance shareholders’ returns.

In 2016 till year-to-date, besides adding Development House in UK’s Shoreditch, Park Court Aoyama The Tower in Tokyo, the prime Ransomes Wharf site in South West London and Meidao Business Plaza in Shanghai to our portfolio, we have also invested in new-economy platforms such as Distrii, a leading operator of co-working spaces in China, and mamahome, a fast-growing Chinese online apartment rental platform, which will enable us to gain entry into these growing sectors. These strategic investments will enhance our recurring income streams and boost our profit from overseas property development.”

Mr Grant Kelley, CDL Chief Executive Officer, said, “We have continued to ramp up our strategic diversification through growing our funds management business and investing in overseas markets. With the successful execution of our third PPS in October 2016, we now have over S\$3.5 billion in funds under management, on track to achieve our target of S\$5 billion by end 2018. We will continue to pursue our funds management and capital recycling programme which may take the form of another PPS or traditional private equity structures.”

Please visit www.cdl.com.sg for CDL’s Q4 and FY 2016 financial statement and presentation.

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