Miscellaneous

* Asterisks denote mandatory information

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>> Announcement Details

The details of the announcement start here ...

Announcement Title *	News Release - CDL Achieves Record Profit Since Inception
Description	Please refer to the attached news release on the above matter issued by City Developments Limited on 28 February 2008.
Attachments:	NewsRelease280208.pdf Total size = **42K** (2048K size limit recommended)

CITY DEVELOPMENTS LIMITED

News Release

28 February 2008

CDL ACHIEVES RECORD PROFIT SINCE INCEPTION

City Developments Limited (CDL) today announces its unaudited financial results for the full year ended 31 December 2007.

Full year financial highlights

- The Group's record profit for FY2007 is its best since its inception in 1963.
- Profit for core earnings after tax and minority interest soared to $725.0 million, a 106.2% increase from 2006 of $351.7 million without divestment gains and fair value gains on investment properties (FRS 40).
- In Q4 2007, profit after tax and minority interest was $235.0 million, a 71.1% increase from Q4 2006 without divestment gains and fair value gains on investment properties (FRS 40).
- The Group adopts the conservative policy of depreciating its investment properties as allowed under Financial Reporting Standard (FRS) 40. However, if the Company and its subsidiaries had adopted a revaluation policy as commonly practised by practically all Singapore listed developers, its profit after tax and minority interest would have surged to $2.8 billion after taking into account the fair value gains on investment properties from 2006 to 2007 (not taking into account net book value).
- All three core segments of the Group – property development, hotel operations and rental properties have performed well and contributed significantly to the Group's stellar results.
- Excluding the one-off gain arising from the divestment of its long leasehold interest in four Singapore hotels to CDL Hospitality Trusts (CDLHT) in 2006 of $150.9 million, 2007 total profit before tax increased by 76.3% to $954.6 million as compared to the corresponding year.
- Net gearing is still relatively low at 48% with interest cover at 10.5 times. This does not take into consideration any fair value gains on investment properties.
- The tax expense for 2007 versus 2006 had shown a significant decrease mainly due to changes made in the UK tax legislation on hotel tax allowances and reduction in tax rates in various geographical regions where the Group's hotel operations are located. In addition, the reduction in Singapore corporate tax rate has also benefited Singapore property operations.
- As a result of the good performance, Basic Earnings Per Share of the Group increased by 111.6% to 78.3 cents from 37.0 cents for 2006.
- The Board is pleased to propose an additional special ordinary dividend of 12.5 cents per share, in addition to the normal ordinary dividend of 7.5 cents per share (total 20 cents per share). All such dividends will be tax exempt (1-tier) dividends.

Prospects

- The sub-prime issue has affected the property market with credit crunch particularly in the West. With subdued sentiments, investors are adopting a wait-and-see attitude and developers may pace or delay their launches.

- The Group is fortunate to have pre-sold sales value of about $6.2 billion of its projects between 2006 and 2007. In 2007, it sold a total of 1,655 units with sales value hitting a record $3.38 billion, about 22% higher than 2006's sales value of $2.77 billion. The better-than-expected substantial profits locked in will continue to be recognised progressively based on construction progress.

- In 2007, the Group acquired land bank was approximately $1.345 billion (including the Group's share of joint venture projects) which will serve as a pipeline for future development. A major acquisition was the tripartite, joint venture iconic South Beach project awarded to the high-profile international consortium led by the Group. This highly coveted site was won through an intense competitive tender exercise based on design first and then price. South Beach is an equal partnership among all three conglomerates at a tender price of $1.688 billion.

- As the Group's gearing is relatively low, it is not pressured to launch new projects. It has the financial muscle to weather this period of uncertainty even for the next three years. Even if the Group defers or paces its launches, it will proceed with the construction for its projects where construction cost has been favourably secured earlier. It may also consider constructing select projects when the construction cost stablises at a reasonable level. It expects that when sentiments improve and when the market begins to recover, there would be pent-up demand which the Group will be in the position to meet.

- With limited office supply coming on-stream between now till possibly 2011, as one of the biggest landlords in Singapore, the Group will benefit from the office crunch as many of its key tenant leases are up for renewal during this period.

- Given the improving office rental yields, the Group has ample time to review its strategy with options to continue retaining its commercial properties at a low cost base, monetise its commercial portfolio and/or extract maximum value by selling its assets wholesale or individually.

- M&C continues its successful twin strategy of being both a hotel owner and operator as it enjoys excellent cash generation capability and at the same time, capitalises on its hotel assets value over time through better operating performance, redevelopment or natural appreciation of its real estate value.

- Besides the diversification through the ownership and management of its hotel portfolio, the Group continues with its strategy to expand overseas either through real estate funds such as Real Estate Capital Asia Partners, L.P. (RECAP) or by direct real estate investments. Recently, it has made overseas real estate investments/acquisitions in South Korea (Seoul), Russia (Moscow), Thailand (Bangkok and Phuket) and China (Beijing and Tianjin). As part of the Group's diversification efforts, it continues to explore new business opportunities in promising overseas markets in South Korea, China, India, Japan, Vietnam and Eastern Europe/Commonwealth of Independent States (CIS) countries across the various property market segments.

- The Group continues to remain steadfast to be the proxy to the Singapore property market as this upcoming global city is beginning to reap the benefits of a restructured economy. It is confident that when the Integrated Resorts are successfully operational, accompanied with mega high profile events and investments flowing into Singapore, this city will take the next quantum leap forward, with a sustainable burst of growth opportunities which will greatly benefit the real estate sector.

Commenting today, Mr Kwek Leng Beng, CDL Executive Chairman said:
"Given Singapore's strong fundamentals, accompanied with forward looking strategies which have enabled Singapore to be a choice city to live, work and play, the Group is confident that Singapore will remain very attractive to the investment community locally and globally, especially since its restructured economy has just started to bear fruit for this city. Singapore has created its own brand with much equity and is poised for a new era of growth.

Property development will continue to make significant contribution with locked-in profits yet to be recognised from its pre-sold residential projects. Some may be concerned that the US sub-prime issue may impact the hospitality business. However, the Group is fortunate to have its hotels well spread-out geographically and therefore, it is unlikely to be materially affected by this uncertain environment. As world travel increases with greater accessibility to more budget and super-large aircraft options, the Group stands to benefit as its hotels cater to business, MICE and leisure travellers. Healthy rental renewals and tight office supply auger well for the office rental segment.

The Group is confident that all three core segments of its business – property development, hotel operations and rental properties have been performing well and the prospects are good.

With the above, the Group's earnings growth is assured and it should remain profitable over the next 12 months."

Please refer to CDL's full unaudited financial results announcement for the year ended 31 December 2007 for a detailed review of the Group's performance and prospects.

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