



CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

UNAUDITED FIRST QUARTER FINANCIAL STATEMENT FOR THE PERIOD ENDED 31 MARCH 2011

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

These figures have not been audited.

	The Group Three months ended 31 March		Incr/ (Decr) %
	2011 S\$'000	2010 (Restated)* S\$'000	
Revenue	773,745	704,785	9.8
Cost of sales	(364,841)	(370,623)	(1.6)
Gross profit	408,904	334,162	22.4
Other operating income ⁽²⁾	149,723	35,913	316.9
Administrative expenses ⁽³⁾	(125,661)	(115,975)	8.4
Other operating expenses ⁽⁴⁾	(100,112)	(102,587)	(2.4)
Profit from operating activities	332,854	151,513	119.7
Finance income ⁽⁵⁾	7,488	14,977	(50.0)
Finance costs ⁽⁶⁾	(21,611)	(16,664)	29.7
Net finance costs	(14,123)	(1,687)	737.2
Share of after-tax profit of associates ⁽⁷⁾	4,118	5,791	(28.9)
Share of after-tax profit of jointly-controlled entities ⁽⁸⁾	14,036	51,126	(72.5)
Profit before income tax ⁽¹⁾	336,885	206,743	62.9
Income tax expense ⁽⁹⁾	(37,940)	(30,975)	22.5
Profit for the period	298,945	175,768	70.1
Attributable to:			
Owners of the Company	282,342	158,672	77.9
Non-controlling interests	16,603	17,096	(2.9)
Profit for the period	298,945	175,768	70.1
Earnings per share			
- basic	31.1 cents	17.4 cents	78.7
- diluted	29.6 cents	16.6 cents	78.3

Note:

*The 2010 comparative figures have been restated to take into account the retrospective adjustments arising from the adoption of INT FRS 115 - *Agreements for the Construction of Real Estate* as detailed in item 5 of this announcement.

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

Notes to the Group's Income Statement:

- (1) Profit before income tax includes the following:

	The Group	
	Three months ended	
	31 March	
	2011	2010
	S\$'000	S\$'000
Interest income	7,097	8,108
Profit on sale of investments, investment properties and property, plant and equipment (net)	147,942	35,216
Gain on disposal of a jointly-controlled entity	1,465	-
Investment income	10	952
Depreciation and amortisation	(33,921)	(34,303)
Interest expenses	(15,233)	(14,524)
Net exchange gain	361	860
Net change in fair value of financial assets at fair value through profit or loss:		
- held for trading	(3,231)	4,827
- designated as such upon initial recognition	145	1,521
Impairment loss on loans to a jointly-controlled entity	(240)	(304)

- (2) Other operating income comprises mainly management fee, miscellaneous income and profit on sale of investments, investment properties and property, plant and equipment. This had increased by \$113.8 million to \$149.7 million (Q1 2010: \$35.9 million) in Q1 2011 primarily due to gains on the disposal of The Corporate Office and a strata unit in GB Building. In Q1 2010, a gain was recorded for the disposal of North Bridge Commercial Complex.
- (3) Administrative expenses comprise primarily depreciation, hotel administrative expenses, operating lease expenses and salaries and related expenses. This had increased by \$9.7 million to \$125.7 million (Q1 2010: \$116.0 million) mainly due to higher rental expenses incurred on leasing of hotels from CDL Hospitality Trusts (CDLHT) as well as increase in salaries and related expenses.
- (4) Other operating expenses comprise mainly property taxes and insurance on hotels, other operating expenses on hotels, net exchange differences and professional fees.
- (5) Finance income comprise mainly interest income, fair value gain on financial assets held for trading and fair value gain on financial assets designated at fair value upon initial recognition. This had decreased by \$7.5 million to \$7.5 million (Q1 2010: \$15.0 million) in Q1 2011 on account of lower fair value gain on financial assets held for trading and decrease in interest income earned from loans granted to jointly-controlled entities.
- (6) Finance costs comprise primarily interest on borrowings, fair value loss on financial assets held for trading and amortisation of capitalised transaction costs on borrowings. This had increased by \$4.9 million to \$21.6 million (Q1 2010: \$16.7 million) as a result of higher interest expenses incurred on borrowings and higher fair value loss on financial assets held for trading.
- (7) Share of after-tax profit of associates relates primarily to the Group's share of results of CDLHT.

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

- (8) Share of after-tax profit of jointly-controlled entities decreased by \$37.1 million to \$14.0 million (Q1 2010: \$51.1 million) mainly due to the adoption of INT FRS 115 which resulted in retrospective adjustment to the profit contribution from The Oceanfront @ Sentosa Cove pertaining to units sold under deferred payment scheme. Profit recognition for such units was recognised in entirety in Q1 2010 as The Oceanfront @ Sentosa Cove obtained Temporary Occupation Permit in that quarter.
- (9) Income tax expense for the period is derived at by applying the varying statutory tax rates on the taxable profits/(losses) and taxable/deductible temporary differences of the different countries in which the Group operates, and after adjustment for overprovision of taxation in prior periods of \$7.1 million (Q1 2010: underprovision of \$8,000).

The overall effective tax rate of the Group for Q1 2011 was 11.3% (Q1 2010: 15.0%). Excluding the (over)/under provision in respect of prior periods, the effective tax rate of the Group for Q1 2011 would be 13.5% (Q1 2010: 15.0%).

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Note	The Group			The Company		
		As at 31.03.2011 S\$'000	As at 31.12.2010 (Restated) S\$'000	As at 31.12.2009 (Restated) S\$'000	As at 31.03.2011 S\$'000	As at 31.12.2010 (Restated) S\$'000	As at 31.12.2009 (Restated) S\$'000
Non-current assets							
Property, plant and equipment		3,276,702	3,410,448	3,616,768	8,265	8,695	8,010
Investment properties		2,764,536	2,784,907	3,063,766	528,672	530,908	540,212
Lease premium prepayment		85,901	88,079	-	-	-	-
Investments in subsidiaries		-	-	-	2,262,806	2,262,806	2,259,199
Investments in associates		382,058	398,367	345,725	-	-	-
Investments in jointly-controlled entities		543,901	537,110	637,826	36,360	36,360	36,360
Investments in financial assets		398,894	379,900	393,660	31,164	32,353	33,543
Other non-current assets		191,550	172,465	121,243	432,328	415,871	638,260
		7,643,542	7,771,276	8,178,988	3,299,595	3,286,993	3,515,584
Current assets							
Development properties		3,343,225	3,311,162	3,121,489	1,176,873	1,138,727	1,109,807
Lease premium prepayment		2,447	2,493	-	-	-	-
Consumable stocks		8,795	9,552	10,143	88	77	-
Financial assets		32,179	35,885	32,671	-	-	-
Assets classified as held for sale	(1)	108,868	81,972	14,782	-	-	-
Trade and other receivables		1,090,870	876,592	757,820	3,551,662	3,574,406	2,592,156
Cash and cash equivalents		2,283,879	1,873,826	981,486	1,312,092	981,090	407,571
		6,870,263	6,191,482	4,918,391	6,040,715	5,694,300	4,109,534
Total assets		14,513,805	13,962,758	13,097,379	9,340,310	8,981,293	7,625,118
Equity attributable to Owners of the Company							
Share capital		1,991,397	1,991,397	1,991,397	1,991,397	1,991,397	1,991,397
Reserves		4,542,262	4,271,113	3,812,310	3,497,302	2,841,573	2,583,019
		6,533,659	6,262,510	5,803,707	5,488,699	4,832,970	4,574,416
Non-controlling interests							
		1,709,370	1,717,749	1,691,707	-	-	-
Total equity		8,243,029	7,980,259	7,495,414	5,488,699	4,832,970	4,574,416
Non-current liabilities							
Interest-bearing borrowings*		3,591,799	3,425,299	3,197,816	2,143,117	2,270,778	1,753,286
Employee benefits		33,062	33,201	40,682	-	-	-
Other liabilities		79,127	76,880	89,301	172,155	171,203	92,542
Provisions		3,832	4,249	1,818	-	-	-
Deferred tax liabilities		409,898	423,081	407,542	90,740	89,968	73,607
		4,117,718	3,962,710	3,737,159	2,406,012	2,531,949	1,919,435
Current liabilities							
Trade and other payables		1,044,739	943,850	795,599	919,039	1,241,212	777,938
Interest-bearing borrowings*		784,941	780,002	818,312	441,539	277,404	244,962
Employee benefits		15,525	14,895	15,383	2,246	2,097	2,067
Other liabilities		132	135	75	-	-	-
Provision for taxation		293,403	264,357	230,528	82,775	95,661	106,300
Provisions		14,304	14,895	4,335	-	-	-
Liabilities classified as held for sale	(1)	14	1,655	574	-	-	-
		2,153,058	2,019,789	1,864,806	1,445,599	1,616,374	1,131,267
Total liabilities		6,270,776	5,982,499	5,601,965	3,851,611	4,148,323	3,050,702
Total equity and liabilities		14,513,805	13,962,758	13,097,379	9,340,310	8,981,293	7,625,118

* These balances are stated at amortised cost after taking into consideration their related transaction costs.

Notes to the statement of financial position of the Group

- As at 31 March 2011, these relate to assets and liabilities associated with Studio M Hotel and The Corporate Building. The sale and leaseback of Studio M Hotel with CDL Hospitality Trusts was completed on 3 May 2011. The sale transaction of The Corporate Building is expected to be completed in Q2 2011.
- 2010 and 2009 comparative figures have been restated to take into account the retrospective adjustments arising from the adoption of INT FRS 115 – *Agreements for the Construction of Real Estate* as detailed in item 5 of this announcement.

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

The Group's net borrowings refer to aggregate borrowings from banks, financial institutions and finance lease creditors, after deducting cash and cash equivalents. It excludes retention sums payable, other payables and deposits received. Unamortised balance of transaction costs have not been deducted from the gross borrowings.

	As at 31.03.2011 S\$'000	As at 31.12.2010 S\$'000
<u>Unsecured</u>		
- repayable within one year	560,467	423,414
- repayable after one year	2,659,906	2,744,867
(a)	<u>3,220,373</u>	<u>3,168,281</u>
<u>Secured</u>		
- repayable within one year	224,757	356,851
- repayable after one year	948,100	694,797
(b)	<u>1,172,857</u>	<u>1,051,648</u>
Gross borrowings	4,393,230	4,219,929
Less: cash and cash equivalents	(2,283,879)	(1,873,826)
Net borrowings	<u>2,109,351</u>	<u>2,346,103</u>

Details of any collateral

Where secured, borrowings are collateralised by:

- mortgages on the borrowing companies' hotel, investment and development properties; and
- assignment of all rights and benefits to sale, lease and insurance proceeds in respect of hotel, investment and development properties.

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Three months ended	
	31 March	
	2011	2010
		(Restated)
	S\$'000	S\$'000
Operating Activities		
Profit for the period	298,945	175,768
Adjustments for:		
Depreciation and amortisation	33,921	34,303
Dividend income	(10)	(952)
Equity settled share-based transactions	1,123	1,317
Finance costs	21,611	16,664
Finance income	(7,488)	(14,977)
Gain on disposal of a jointly-controlled entity	(1,465)	-
Impairment loss on loans to a jointly-controlled entity	240	304
Income tax expense	37,940	30,975
Profit on sale of property, plant and equipment and investment properties	(147,818)	(34,923)
Profit on sale of investments	(124)	(293)
Property, plant and equipment written off	23	434
Share of after-tax profit of associates	(4,118)	(5,791)
Share of after-tax profit of jointly-controlled entities	(14,036)	(51,126)
Units in an associate received in lieu of fee income	(2,114)	(1,817)
Operating profit before working capital changes	216,630	149,886
Changes in working capital		
Development properties	(25,298)	(61,548)
Stocks, trade and other receivables	(223,292)	(25,612)
Trade and other payables	92,654	57,967
Employee benefits	472	(659)
Cash generated from operations	61,166	120,034
Income tax paid	(14,111)	(20,521)
Cash flows from operating activities carried forward	47,055	99,513

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

	Three months ended	
	31 March	
	2011	2010 (Restated)
	S\$'000	S\$'000
Cash flows from operating activities brought forward	47,055	99,513
Investing Activities		
Capital expenditure on investment properties	(2,400)	(27,455)
Dividends received		
- an associate	17,812	15,602
- financial investments	10	849
- jointly-controlled entities	3,219	-
Interest received	2,543	1,499
Increase in investments in a jointly-controlled entity	(3,842)	-
Proceed from disposal of a jointly-controlled entity	1,465	-
Payments for purchase of property, plant and equipment	(21,773)	(16,369)
Proceeds from sale of property, plant and equipment and investment properties	222,923	45,489
Purchase of financial assets	(21,212)	(13,399)
Cash flows from investing activities⁽¹⁾	198,745	6,216
Financing Activities		
(Advances to)/Repayment by related parties	(1,991)	1,433
Capital contribution by non-controlling interests	1,404	99
Dividends paid	(1,330)	(6,846)
Interest paid (including amounts capitalised as investment properties, property, plant and equipment and development properties)	(22,544)	(18,668)
Net proceeds from/(repayments of) revolving credit facilities and short-term bank borrowings	299,207	(44,508)
Payment of financing transaction costs	(3,035)	(2,060)
Proceeds from bank borrowings	12,992	22,394
Proceeds from issuance of bonds and notes	55,000	224,193
Repayment of bank borrowings	(70,344)	(128,985)
Repayment of bonds and notes	(100,000)	(183,848)
(Repayment of)/Increase in other long-term liabilities	(99)	1,156
Increase in/(Repayment of) finance lease	4	(2)
Cash flows from/(used in) financing activities⁽²⁾	169,264	(135,642)
Net increase/(decrease) in cash and cash equivalents	415,064	(29,913)
Cash and cash equivalents at beginning of the period	1,872,974	980,134
Effect of exchange rate changes on balances held in foreign currencies	(4,730)	(4,577)
Cash and cash equivalents at end of the period	2,283,308	945,644
Cash and cash equivalents comprise:-		
Cash and cash equivalents as shown in the statement of financial position	2,283,879	946,984
Less: Bank overdrafts	(571)	(1,340)
	2,283,308	945,644

Notes to the statement of cash flows

- (1) The Group had a net cash inflow from investing activities for Q1 2011 of \$198.7 million (Q1 2010: \$6.2 million). This was largely due to the receipt of proceeds from the sale of The Corporate Office and a strata unit in GB Building in Q1 2011.
- (2) The Group had a net cash inflow from financing activities for Q1 2011 of \$169.3 million (Q1 2010: net cash outflow \$135.6 million) due to net proceeds from bank borrowings and issuance of bonds and notes of \$196.9 million (Q1 2010: net repayment of \$110.8 million).

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

1(d) Consolidated Statement of Comprehensive Income

	As at 31.03.2011 S\$'000	As at 31.03.2010 (Restated) S\$'000
Profit for the period	298,945	175,768
Other comprehensive income:		
Change in fair value of equity investments available for sale	764	(1,360)
Effective portion of changes in fair value of cash flow hedges	997	(278)
Exchange differences on hedges of net investment in foreign entities	7,440	(35,486)
Exchange differences on monetary items forming part of net investment in foreign entities	(6,117)	3,132
Share of other reserve movement of an associate	(175)	-
Translation differences arising on consolidation of foreign entities	(40,279)	15,894
Other comprehensive income for the period, net of income tax	(37,370)	(18,098)
Total comprehensive income for the period	261,575	157,670
Attributable to:		
Owners of the Company	270,551	151,175
Non-controlling interests	(8,976)	6,495
Total comprehensive income for the period	261,575	157,670

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

1(e)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group	<-----Attributable to owners of the Company----->							
	Share Capital S\$m	Cap. Res. S\$m	Other Res.* S\$m	Exch. Fluct. Res. S\$m	Accum. Profits S\$m	Total S\$m	Non-controlling Interests S\$m	Total Equity S\$m
At 1 January 2011, as previously reported	1,991.4	148.1	23.9	(322.4)	4,555.3	6,396.3	1,717.7	8,114.0
Effect of adopting INT FRS 115	-	-	-	-	(133.8)	(133.8)	-	(133.8)
At 1 January 2011, restated	1,991.4	148.1	23.9	(322.4)	4,421.5	6,262.5	1,717.7	7,980.2
Profit for the period	-	-	-	-	282.3	282.3	16.6	298.9
<u>Other comprehensive income</u>								
Change in fair value of equity investments available for sale	-	-	0.8	-	-	0.8	-	0.8
Effective portion of changes in fair value of cash flow hedges	-	-	0.5	-	-	0.5	0.5	1.0
Exchange differences on hedges of net investment in foreign entities	-	-	-	4.0	-	4.0	3.5	7.5
Exchange differences on monetary items forming part of net investment in foreign entities	-	-	-	(6.4)	-	(6.4)	0.3	(6.1)
Share of other reserve movement of an associate	-	-	(0.1)	-	-	(0.1)	(0.1)	(0.2)
Translation differences arising on consolidation of foreign entities	-	-	-	(10.5)	-	(10.5)	(29.8)	(40.3)
Other comprehensive income for the period, net of income tax	-	-	1.2	(12.9)	-	(11.7)	(25.6)	(37.3)
Total comprehensive income for the period	-	-	1.2	(12.9)	282.3	270.6	(9.0)	261.6
Transactions with owners, recorded directly in equity								
<u>Contributions by and distributions to owners</u>								
Capital contribution from non-controlling interests	-	-	-	-	-	-	1.4	1.4
Share-based payment transactions	-	-	0.6	-	-	0.6	0.5	1.1
Dividends	-	-	-	-	-	-	(1.3)	(1.3)
At 31 March 2011	1,991.4	148.1	25.7	(335.3)	4,703.8	6,533.7	1,709.3	8,243.0
At 1 January 2010, as previously reported	1,991.4	147.6	25.3	(83.0)	3,891.2	5,972.5	1,691.7	7,664.2
Effect of adopting INT FRS 115	-	-	-	-	(168.8)	(168.8)	-	(168.8)
At 1 January 2010, restated	1,991.4	147.6	25.3	(83.0)	3,722.4	5,803.7	1,691.7	7,495.4
Profit for the period, restated	-	-	-	-	158.7	158.7	17.1	175.8
<u>Other comprehensive income</u>								
Change in fair value of equity investments available for sale	-	-	(1.4)	-	-	(1.4)	-	(1.4)
Effective portion of changes in fair value of cash flow hedges	-	-	(0.1)	-	-	(0.1)	(0.1)	(0.2)
Exchange differences on hedges of net investment in foreign entities	-	-	-	(19.0)	-	(19.0)	(16.5)	(35.5)
Exchange differences on monetary items forming part of net investment in foreign entities	-	-	-	2.0	-	2.0	1.1	3.1
Translation differences arising on consolidation of foreign entities	-	-	-	11.0	-	11.0	4.9	15.9
Other comprehensive income for the period, net of income tax	-	-	(1.5)	(6.0)	-	(7.5)	(10.6)	(18.1)
Total comprehensive income for the period	-	-	(1.5)	(6.0)	158.7	151.2	6.5	157.7
Transactions with owners, recorded directly in equity								
<u>Contributions by and distributions to owners</u>								
Capital contribution from non-controlling interests	-	-	-	-	-	-	0.1	0.1
Share-based payment transactions	-	-	0.7	-	-	0.7	0.6	1.3
Dividends	-	-	-	-	-	-	(6.8)	(6.8)
At 31 March 2010	1,991.4	147.6	24.5	(89.0)	3,881.1	5,955.6	1,692.1	7,647.7

* Other reserves comprise mainly fair value reserve arising from available-for-sale investments and share option reserve.

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

The Company	Share Capital S\$m	Capital Reserve S\$m	Fair Value Reserve S\$m	Accumulated Profits S\$m	Total S\$m
At 1 January 2011, as previously reported	1,991.4	63.7	13.9	2,826.5	4,895.5
Effect of adopting INT FRS 115	-	-	-	(62.6)	(62.6)
At 1 January 2011, restated	1,991.4	63.7	13.9	2,763.9	4,832.9
Profit for the period	-	-	-	656.7	656.7
<u>Other comprehensive income</u>					
Change in fair value of equity investments available for sale	-	-	(0.9)	-	(0.9)
Other comprehensive income for the period, net of income tax	-	-	(0.9)	-	(0.9)
Total comprehensive income for the period	-	-	(0.9)	656.7	655.8
At 31 March 2011	1,991.4	63.7	13.0	3,420.6	5,488.7
At 1 January 2010, as previously reported	1,991.4	63.7	14.9	2,543.4	4,613.4
Effect of adopting INT FRS 115	-	-	-	(39.0)	(39.0)
At 1 January 2010, restated	1,991.4	63.7	14.9	2,504.4	4,574.4
Profit for the period, restated	-	-	-	53.9	53.9
<u>Other comprehensive income</u>					
Change in fair value of equity investments available for sale	-	-	(0.9)	-	(0.9)
Other comprehensive income for the period, net of income tax	-	-	(0.9)	-	(0.9)
Total comprehensive income for the period	-	-	(0.9)	53.9	53.0
At 31 March 2010	1,991.4	63.7	14.0	2,558.3	4,627.4

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

- 1(e)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the Company, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Ordinary share capital

There was no change in the Company's issued share capital during the period ended 31 March 2011.

Preference share capital

There was no change in the Company's issued preference share capital during the period ended 31 March 2011.

As at 31 March 2011, the maximum number of ordinary shares that may be issued upon full conversion of all of the non-redeemable convertible non-cumulative preference shares of the Company ("Preference Shares") at the sole option of the Company is 44,998,898 ordinary shares (31 March 2010: 44,998,898 ordinary shares).

- 1(e)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The Company did not hold any treasury shares as at 31 March 2011 and 31 December 2010.

The total number of issued ordinary shares (excluding treasury shares) as at 31 March 2011 and 31 December 2010 is 909,301,330.

The total number of issued Preference Shares as at 31 March 2011 and 31 December 2010 is 330,874,257.

- 1(e)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the period ended 31 March 2011.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have neither been audited nor reviewed by our auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those applied in the Group's most recently audited financial statements for the year ended 31 December 2010.

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group adopted various new/revised Financial Reporting Standards (FRS) and Interpretations of FRSs (INT FRS) which took effect for financial year beginning on 1 January 2011. The adoption of these new/revised FRS and INT FRS did not result in any significant impact on the financial statements of the Group, except for INT FRS 115 - *Agreements for the Construction of Real Estate* that was issued with an Accompanying Note that considers the application of the interpretation for uncompleted residential projects under Singapore legal framework.

INT FRS 115 clarifies when revenue and related expenses from a sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. INT FRS 115 determines that contracts which are not classified as construction contracts in accordance with FRS 11 can only be accounted for under the percentage of completion (POC) method if the entity continuously transfers to the buyer control and the significant risks and rewards of the work in progress in its current state as construction progresses.

Before 1 January 2011, the Group's accounting policy for its property development projects was to recognise revenue using POC method which is an allowed alternative under Recommended Accounting Practice (RAP) 11 – *Pre-completion Contracts for the Sale of Development Property*. Following the adoption of INT FRS 115 on 1 January 2011, RAP 11 was withdrawn.

On the adoption of INT FRS 115, the Group continues to recognise revenue and profit based on POC method for sale of development properties under the progressive payment scheme in Singapore. For sale of Singapore development properties under deferred payment scheme, the completion of construction method is used. Revenue and profits from sale of development properties under deferred payment scheme are recognised in entirety upon obtaining Temporary Occupation Permit. For the overseas development properties which have yet to be launched, we will take into consideration the legal framework and the industry practices in the country of operation to implement INT FRS 115.

This change of accounting policy was applied retrospectively and the effects of the Group's comparatives for this reporting quarter arising from the adoption of INT FRS 115 are as follows:

<u>Income Statement</u>	Three months ended 31 March 2010 S\$'000	
Decrease in revenue	(45,672)	
Decrease in cost of sales	23,440	
Increase in share of after-tax profit of jointly-controlled entities	37,876	
Decrease in income tax expense	3,682	
Increase in profit for the period	<u>19,326</u>	
Increase in basic earnings per share (cents)		<u>2.1</u>
Increase in diluted earnings per share (cents)		<u>2.0</u>
<u>Statement of Financial Position</u>	As at 31.12.2010 S\$'000	As at 31.12.2009 S\$'000
Decrease in development properties	(159,830)	(157,146)
Decrease in investments in jointly-controlled entities	-	(37,876)
Decrease in accumulated profits	(133,753)	(168,767)
Decrease in deferred tax liabilities	(26,077)	(26,255)

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Three months ended 31 March	
	2011	2010 (Restated)
Basic Earnings per share (cents)	31.1	17.4
Diluted Earnings per share (cents)	29.6	16.6
Earnings per share is calculated based on:		
a) Profit attributable to owners of the Company (S\$'000)	282,342	158,672
b) Weighted average number of ordinary shares in issue:		
- basic	909,301,330	909,301,330
- diluted (*)	954,300,228	954,300,228

* For computation of diluted earnings per share, the weighted average number of ordinary shares has been adjusted for any dilutive effect of potential ordinary shares arising from the conversion of all preference shares.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares (excluding treasury shares) of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial year.

	The Group		The Company	
	31.03.2011 S\$	31.12.2010 (Restated) S\$	31.03.2011 S\$	31.12.2010 (Restated) S\$
Net Asset Value per ordinary share based on the number of issued 909,301,330 ordinary shares (excluding treasury shares) as at 31 March 2011 (909,301,330 ordinary shares (excluding treasury shares) as at 31 December 2010)	7.19	6.89	6.04	5.32

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Group Performance

For the quarter ended 31 March 2011 (Q1 2011), the Group reported an increase of 9.8% in its revenue to \$773.7 million (Restated Q1 2010: \$704.8 million) whilst its attributable profit after tax and non-controlling interests for Q1 2011 surged to \$282.3 million (Restated Q1 2010: \$158.7 million), an increase of 77.9%. Accordingly, the basic earnings per share increased by 78.7% to 31.1 cents (Restated Q1 2010: 17.4 cents).

The Group continues to recognise revenue and profit for sale of Singapore development properties under the progressive payment scheme, based on the percentage of completion method. This is in line with INT FRS 115 which became effective from 1 January 2011. However, with the adoption of INT FRS 115, units sold under the Deferred Payment Scheme ("DPS") are accounted for only upon the projects obtaining Temporary Occupation Permit ("TOP"). The Group had obtained approval to offer DPS for some of its development projects, prior to the Government's withdrawal of this scheme in October 2007. As some of these projects had subsequently obtained TOP in the financial periods under review, Q1 2010 results were restated accordingly in respect of units sold under DPS.

At pre-tax profit level, profit contribution from the rental properties segment had more than doubled to \$178.1 million (Q1 2010: \$70.4 million) resulting in that segment being the lead contributor of the Group's profit before tax. This was primarily due to the timely unlocking of the value of The Corporate Office in Q1 2011. The property development segment in Q1 2011 also reported stronger earnings compared to the corresponding period in 2010.

As at 31 March 2011, the Group's net gearing ratio continues to remain low at 26% with interest cover at 25.9 times. This does not take into account fair value gains on investment properties as the Group states its investment properties at cost less accumulated depreciation and impairment losses.

Property

The Singapore economy expanded at a seasonally adjusted rate of 23.5% quarter-on-quarter in Q1 2011 according to the latest Government's estimates. This compared favourably with a 3.9% growth in Q4 2010. Compared to a year ago, the economy grew by 8.5% as against a 12.0% year-on-year growth registered in the previous quarter.

This strong growth was driven by the electronics and precision engineering clusters of the manufacturing sector, which benefitted from increased business investments in the region.

The services sector continued to grow at a healthy pace in Q1 2011, posting an increase of 7.2% year-on-year, following growth of 8.8% in the preceding quarter. Growth was driven mainly by the financial services sector, which saw increased activities for commercial banking lending activities. Other sectors which expanded included trade-related services as well as transport and storage/warehousing sector.

On 13 January 2011, the Government introduced its 4th and latest set of property cooling measures to deter speculative purchases and promote financial prudence, following on earlier measures introduced since September 2009. The latest measures were initiated after the market saw a record take-up of 16,292 yearly new homes and a considerable year-on-year increase of 17.6% in housing prices in 2010.

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

For the first three months of 2011, a total of 4,130 uncompleted private residential units were launched for sale by developers, compared with 4,522 units in Q4 2010. The Urban Redevelopment Authority (URA) monthly sales volume for private residential units (excluding executive condominiums) registered a decline during the first 2 months. However, demand picked up again in March, most notably in the mass and mid-end segments. In Q1 2011, a total of 3,595 private residential units were sold. Compared to Q4 2010, sales volume had declined by 15.2% quarter-on-quarter and by 17.9% year-on-year when compared to Q1 2010. The number of units sold in Q1 2011 was the lowest recorded since Q4 2009.

The Residential Property Price Index continued to surpass the previous record set in the preceding quarter. Overall prices of private residential properties increased by 2.2% quarter-on-quarter in Q1 2011, compared with a 2.7% quarter-on-quarter increase in the previous quarter. This was the 6th consecutive quarter in which the rate of increase in private housing prices had moderated.

Reflecting the positive medium to long-term outlook held by developers, recent Government Land Sales (GLS) tenders have been widely contested as developers took swift action to replenish their dwindling land banks, in light of the low interest rate and high liquidity environment.

The Group's first launch of the year in early March, the 521-unit H₂O Residences, met with good response. This new riverfront condominium at Sengkang with attractive water views, easy access to the adjoining Layar LRT station also offers special water features integrated with the surrounding water bodies and park. To-date, 316 units out of the 380 units released have been sold. The Group will continue to release more units progressively to meet demand.

At the Group's joint venture project – the 642-unit NV Residences, which was launched in Q2 2010, more units have since been taken up by keen buyers. To-date 562 units out of the 600 units released have been sold.

During the quarter under review, the Group booked in profits from Cliveden at Grange, One Shenton, Shelford Suites, The Residences at W Singapore Sentosa Cove, The Solitaire, Wilkie Studio and Volari. Profits were also booked in from joint-venture projects namely Livia, NV Residences and The Gale.

However, no profit was booked in from several sold out or almost completely sold out projects namely Hundred Trees at West Coast, Cube 8 at Thomson Road, 368 Thomson, Tree House at Chestnut Avenue and The Glyndebourne. These projects are still in their early stages of construction but the booking of profits should commence for some of these projects in the next quarter.

The upswing in the office property market gained momentum in Q1 2011. According to URA statistics, overall rentals for office space increased by 5.4% quarter-on-quarter in Q1 2011 compared with a 4.7% increase in Q4 2010. As in previous upcycles in Singapore, the strong economic growth in 2010 had translated into a spill-over of office demand this year. The island wide office occupancy rate remained high at about 88%. Total available office space as at Q1 2011 increased marginally by 0.8% quarter-on-quarter to 7.1 million sq m. The Q1 2011 statistics reinforced the notion of an office demand recovery since early 2010 when compared with figures recorded a year ago which showed a lower occupancy rate of 87.5% even though available office space was less at 6.9 million sq m. The Group office portfolio continued to enjoy a healthy occupancy rate of 93.2% as at end of Q1 2011.

Singapore's phenomenal surge in GDP growth rate in 2010 was better than anticipated. This helped to boost business expansion, resulting in increased demand for office space. Total potential supply of office space in the pipeline declined by about 2.1% year-on-year to about 994,000 sq m GFA as at the end of March 2011. Of the total pipeline supply of office space, about 705,000 sq m or 67% of the total pipeline supply is expected to be completed by 2013. While new office space to be completed over the next two years continue to be concentrated within the CBD, the locations of the new sites with office use components in the GLS Programme for 1H 2011 will create a decentralisation of new office supply beyond the next two years to other locations island wide such as Jurong and Paya Lebar.

The sale of The Corporate Office for \$215 million was completed in end February and profit for the transaction has been booked in for this quarter.

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

In its efforts to selectively replenish its land bank, the Group was successful in three public tenders from the GLS programme for Q1 2011.

On 8 March 2011, CDL submitted a successful bid of \$127.76 million for a 4,518 sq m hotel site at Robertson Quay. The 99-year leasehold site can be developed into a mixed hotel and commercial/residential development with a maximum GFA of 12,651 sq m.

On 22 March 2011, a joint venture entity between CDL and TID Pte. Ltd. placed a successful bid of \$170.1 million for a 17,589.8 sq m Executive Condominium (EC) site at Choa Chu Kang Drive. This 99-year leasehold site is situated close to Choa Chu Kang MRT station and Lot One Shoppers' Mall. It can be developed into an EC with a maximum GFA of 49,251.44 sq m which could yield between 480 to 520 units.

The consortium comprising CDL, Hong Leong Holdings and TID Pte. Ltd. participated in a public tender for a GLS reserve list residential site on 30 March 2011. The consortium was successful in its bid of \$413.27 million for the 22,094.4 sq m 99-year leasehold residential site at Bartley Road / Lorong How Sun. The proposed new condominium is adjoining the Bartley MRT station and just one station away from Nex shopping mall and is within proximity to popular schools. The consortium plans to develop a condominium with about 700 units with a maximum GFA of 61,865 sq m aimed at young families, professionals and upgraders.

Hotels

Millennium & Copthorne Hotels plc ("M&C"), in which the Group holds a 54% interest, strengthened its financial position in Q1 2011 on the back of good performance in most parts of its hotel portfolio.

Worldwide, constant currency RevPAR grew by 4.8%, led by advances in key gateway cities of London, Singapore and New York. On a like for like basis M&C's RevPAR increased by 4.9% (excluding the three Christchurch hotels, Copthorne Orchid and Studio M; and including Grand Millennium Beijing).

M&C's underlying performance showed continuing progress in Q1 2011, with a 4.8% constant currency increase in RevPAR and a continuing focus on control of operating costs.

For Q1 2011, M&C achieved an increase of 15.6% in net profit after tax and minority interests to £14.1 million (Q1 2010: £12.2 million).

Contributing to its strong financial position was also a fall in net debt to £131.8 million at 31 March 2011 (31 December 2010: £165.7 million). Gearing at the end of Q1 2011 was 6.9%, compared to 8.5% at 31 December 2010 and 10.8% at 31 March 2010. At 31 March 2011, M&C had cash reserves of £274.9 million and total undrawn committed bank facilities of £180.2 million available. Most of the facilities are unsecured. The unencumbered assets represent 88.6% of its fixed assets and investment properties.

M&C continued to pursue the asset management initiatives detailed in previous financial announcements. Refurbishment work is underway at the Millennium Seoul Hilton and will step up at the Grand Hyatt Taipei in Q3 2011. The strategic aim of both projects is to increase revenue and profitability at both hotels. M&C is in the process of formulating refurbishment plans for the Millennium UN Plaza and the Millennium Mayfair.

The Copthorne Orchid Hotel Singapore ceased its operations on 1 April 2011. The construction contract for the redevelopment of this site into The Glyndebourne has been awarded and redevelopment works will commence in Q2 2011. This project is managed by CDL.

Out of the 150 apartments for sale since the end of October 2010, buyers have signed sales and purchase agreements on 143, leaving seven apartments remaining to be sold. The sales value of the 143 units is \$517.4 million (£253.9 million), representing a price of over \$2,000 per square foot. Sales proceeds collected to-date total \$100.1 million (£49.5 million).

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

Whilst M&C conducts regular assessment of its hotels' individual capital expenditure requirements, refurbishment/modernisation is not the only approach available to M&C and will not always represent the most efficient use of capital. The Glyndebourne development, which is expected to be very profitable, is an example of how M&C deploys its asset management expertise – both to unlock value in its real estate (in this case through an alternative use strategy) and to manage the risks and liabilities inherent in hotel ownership. Upgrading the Copthorne Orchid Hotel Singapore would not have realised comparable returns.

As previously reported, M&C announced on 16 June 2010 that it had signed a collective sales agreement with other unitholders in the Tanglin Shopping Centre, a shopping-cum-office development situated within the Orchard prime tourist district, in which M&C has a 34% interest in the total strata area. The first tender for an en-bloc sale, which carried a very high reserve price, closed without any bid being received. The sales committee is considering a second tender, for which no date has yet been fixed.

Development of First Sponsor Capital Limited's ("FSCL") Cityspring project in Chengdu, China, in which M&C holds a 41.2% effective interest, continues to progress. As at 31 March 2011, 659 of a total of 726 residential units of the Chengdu Cityspring project have been sold, including 27 units signed under option agreements. As at 4 May 2011, 683 residential units of the Chengdu Cityspring project have been sold, including 27 units signed under option agreements. Revenue and profit recognition for the residential component is expected to be met by end 2011. FSCL has commenced construction of a 124-room mid-scale hotel as part of the development. The hotel is intended to be managed/franchised by M&C. The development is scheduled for completion in 2012.

In March 2011, M&C announced its intention to sell Studio M Singapore to its REIT associate, CDL Hospitality Trusts (CDLHT) for a cash consideration of \$154 million (£76.3 million). The transaction was completed on 3 May 2011, following the approval by holders of CDLHT's stapled securities on 29 April 2011. The hotel will continue to be branded as a "Studio M Hotel" and M&C will continue to have management responsibility for it.

An estimated total realised pre-tax profit of \$34.2 million (£17.0 million) from the disposal will be credited to M&C's income statement and will be reflected in its 1H 2011 results. Total unrealised pre-tax profit of \$18.4 million (£9.1 million) will be credited to the balance sheet as an investment in joint ventures and associates following the disposal, arising from M&C's 35.1% interest in the stapled securities of CDLHT.

In Q1 2011, M&C opened one hotel in Oman under management contract. M&C's worldwide pipeline has 24 hotels and 6,712 rooms. With the exception of a project in India, these are all management contracts.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The Group's performance for the period under review is in line with its expectations as disclosed in the announcement of results for year ended 31 December 2010.

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Property

The Singapore economy experienced a broad-based expansion in Q1 2011. Nonetheless, it remains vulnerable in the global economic landscape which includes the outbreak of geopolitical tensions in the Middle East and surrounding regions, the tragic earthquake and tsunami in Japan, and the ongoing nuclear crisis since the start of the year. Inflation has emerged as a potential risk in Asia with rising commodity prices.

Following the surge in economic growth in Q1 2011, the MAS had forecasted a temporary slowdown for Q2 2011. This is in part due to headwinds from the uncertainty arising from the spike in oil prices and the calamity in Japan. For the rest of the year, it had projected economic growth to be sustained across a wide range of industries such as the trade-related sectors as well as the financial and tourism industries. It had forecasted GDP growth for 2011 to be at the upper end of the 4% to 6% range.

In Q1 2011, the consumer price index (CPI) peaked at 5.2% compared with the same period last year. The MAS expects CPI to moderate gradually to around 3.0% in Q4 2011. For the whole of 2011, it forecasted the CPI inflation to be in the upper range of 3% to 4%.

Based on URA statistics, sales take-up momentum for uncompleted private residential units in the central core region has been slowing since Q1 2010. Sales take-up in the central regions moderated down but demand in the areas outside central regions continues to remain healthy. This trend is expected to continue through Q2 2011 as evidenced by encouraging sales take-up at new launches in April 2011 such as Hedges Park at Flora Drive, one of the Group's joint-venture projects with 501 units. While there is unlikely to have any significant fluctuations in sales launch prices, projects located at areas earmarked as future growth areas as well as those near existing or future MRT/LRT stations are expected to continue to attract buyers, with the right pricing.

The Group is planning to launch its next residential project at Buckley Road. This exclusive low-rise development comprising 64 units is conveniently located near the Newton and Novena MRT stations. It is also close to comprehensive amenities in the Novena hub area. This unique project will feature a conserved classical contemporary bungalow as its new clubhouse.

Earmarked for launch in 1H 2011 is the EC site at Segar in Bukit Panjang, comprising an estimated 602 units. It is conveniently located next to Segar LRT station with easy access to the expressways connecting the rest of the island. As this is the first EC project in the western part in recent years, demand is expected to be strong.

At the appropriate time, the Group plans to launch the joint-venture project – Jean Nouvel Residences at 18 Anderson Road. Designed by renowned award-winning French architect, Jean Nouvel, this project with 156 exclusive apartments and penthouses comprising two 36-storey towers, will feature iconic architectural experience for its buyers. It is located opposite the famous Shangri-La Hotel, Singapore and within walking distance to Singapore's famous Orchard Road shopping belt. Many renowned educational institutions such as Raffles Girls' Primary School and Singapore Chinese Girls' School are in the vicinity.

The Group has also earmarked a few new projects for the second half of the year. They are the redevelopment of Lucky Tower and Futura sites which are located in the sought-after Grange Road location as well as a third parcel at Pasir Ris adjoining Livia and NV Residences.

With the economy tracking the Government's 2011 growth forecast, the improvement in market sentiment coupled with low interest rate and high liquidity environment, present a favourable environment for real estate investment for genuine buyers and investors. The Group is of the view that property investment, taken with a medium to long-term perspective, still continues to offer the best hedge against inflation.

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

The office sector which has picked up since Q1 2010 is expected to remain buoyant this year, as demonstrated by higher take-up rates, even ahead of completions for some Grade A office space. The supply of the new office space has not been as quick as anticipated as some older office buildings have also been redeveloped into residential projects, thereby reducing the supply of existing office space.

Demand drivers for space are likely to come from industries which will benefit from the positive corporate earnings outlook this year. They include the finance/banking industry, IT industry and semiconductor industry.

With the exit of the two original partners, the Group welcomes IOI Corporation Berhad ("IOI") as the latest investor and strategic partner in South Beach Consortium Pte. Ltd. ("SBCPL"), the joint venture consortium established to develop South Beach. In April this year, the Group announced that it had acquired the 33.33% stake held by Istithmar Beach Road FZE in SBCPL, whilst IOI had acquired the 33.33% stake held by Elad Group Singapore Pte Ltd in SBCPL. A restructuring deal was subsequently concluded between the Group and IOI. The Group and IOI now hold respectively 50.1% and 49.9% stakes in SBCPL.

Following the Group's increased stake in SBCPL to 50.1%, the consortium announced on 18 April 2011 that it had successfully secured financing of \$1.6 billion, with improved and more favourable credit terms, to refinance its existing \$800 million bank loan facility and to finance the construction of the South Beach Project. The \$1.6 billion secured term loan is provided by the same consortium of major local and international financial institutions which had provided the earlier \$800 million loan facility in 2009. The existing mezzanine notes earlier issued by SBCPL will be redeemed.

Amidst the refinancing and restructuring negotiations, site work for South Beach had already commenced with the construction of the diaphragm wall and piling in March 2011. The main contract is also expected to be finalised around the middle of 2011. With the experience, expertise and financial prowess of SBCPL's stakeholders, and the continued support and confidence shown by its bankers, the Group has no doubt that South Beach will deliver on its promise to become one of Singapore's most iconic developments.

Hotels

Improvement in the global hospitality market will be less marked in 2011 than last year, with economic recovery remaining mixed, away from the big global gateway cities, particularly in Europe and the United States. The earthquakes in New Zealand and Japan are also impacting revenues in Australasia and parts of Asia.

As a result of the New Zealand earthquake that struck on 22 February 2011, M&C's three Christchurch hotels – Millennium Hotel Christchurch, Copthorne Hotel Christchurch Central and Copthorne Hotel Christchurch City – were closed down and cordoned off by New Zealand authorities. Further structural engineering inspections of these hotels will be required when access is restored. All three hotels are insured for material damage and business interruption.

M&C's very strong financial position gives it the means to meet these short term challenges and continue to focus on long term strategic goals, whilst remaining committed to strict cost control.

While it is too early to predict performance for 2011, trading to date is in line with management expectations. For the month of April 2011, M&C's RevPAR increased by 3.2% with New York increasing by 9.8%, Singapore by 4.2% and London by 6.9%. Results were impacted in London by the extended Easter holiday. On a like for like basis, M&C's RevPAR increased by 3.0% and Singapore by 4.9%.

On the management front, a rigorous selection process is still underway for the appointment of a successor to Richard Hartman as M&C's Group Chief Executive. Mr Hartman will remain CEO until his successor has been appointed, following which he will become a non-executive director on the Board of M&C.

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

Group Prospects

The global economic climate has largely improved and recovery will continue to be led by strong growth in the Asian region, even in the wake of the Japan earthquake disaster.

On the back of Singapore's strong growth for Q1 2011, which is expected to continue at a more moderate pace for the rest of the year, the Group is optimistic that positive sentiment and business confidence will be sustained.

It is confident of remaining profitable for the current year.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes.

On 11 May 2011, the Board of Directors, pursuant to the recommendation of the Audit Committee, declared the payment of a tax-exempt (one-tier) non-cumulative preference dividend to holders of City Developments Limited Preference Shares in accordance with the terms of issue of the Preference Shares. The preference dividend for each Preference Share is calculated at the dividend rate of 3.9% per annum of the issue price of \$1.00 for each Preference Share on the basis of 181 days, being the actual number of days comprised in the dividend period from 31 December 2010 to 29 June 2011, divided by 365 days.

Name of Dividend	Tax-exempt (One-tier) Preference Dividend
Date of payment	30 June 2011
Dividend Type	Cash
Dividend Amount (in cents)	1.93 cents per Preference Share
Dividend rate (in %)	3.9% per annum on the issue price of each Preference Share
Dividend period	From 31 December 2010 to 29 June 2011 (both dates inclusive)
Issue price	\$1.00 per Preference Share

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes.

Name of Dividend	Tax-exempt (One-tier) Preference Dividend
Date of payment	30 June 2010
Dividend Type	Cash
Dividend Amount (in cents)	1.93 cents per Preference Share [^]
Dividend rate (in %)	3.9% per annum on the issue price of each Preference Share
Dividend period	From 31 December 2009 to 29 June 2010 (both dates inclusive)
Issue price	\$1.00 per Preference Share

[^] Preference dividend for each Preference Share is calculated at the dividend rate of 3.9% per annum of the issue price of \$1.00 for each Preference Share on the basis of the actual number of days comprised in the dividend period divided by 365 days.

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

(c) Date payable

The tax-exempt (one-tier) preference dividend for the period from 31 December 2010 to 29 June 2011 (both dates inclusive) will be paid on 30 June 2011.

(d) Books Closure Date for Non-redeemable Convertible Non-cumulative Preference Shares (the "Preference Shares")

5.00 pm on 9 June 2011.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

13. Segment Reporting

By Business Segments

	← The Group →			
	Revenue Three months ended 31 March		Profit before income tax (*) Three months ended 31 March	
	2011	2010 (Restated)	2011	2010 (Restated)
	S\$'000	S\$'000	S\$'000	S\$'000
Property Development	327,635	255,511	127,060	96,523
Hotel Operations	356,342	357,603	30,920	36,310
Rental Properties	71,713	78,163	178,133	70,351
Others	18,055	13,508	772	3,559
	<u>773,745</u>	<u>704,785</u>	<u>336,885</u>	<u>206,743</u>

* Includes share of after-tax profit of associates and jointly-controlled entities.

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Property Development

Revenue and pre-tax profit increased by \$72.1 million to \$327.6 million (Restated Q1 2010: \$255.5 million) and by \$30.6 million to \$127.1 million (Restated Q1 2010: \$96.5 million) for Q1 2011 respectively.

Projects that contributed to both revenue and profit in Q1 2011 include One Shenton, Cliveden at Grange, Shelford Suites, Wilkie Studio, Livia, The Solitaire, Volari, NV Residences and The Residences at W Singapore Sentosa Cove. In accordance with the Group's policy of equity accounting for the results of its jointly-controlled entities, whilst revenue from joint venture developments such as The Gale has not been consolidated into the Group's total revenue, the Group's share of profits arising from the joint venture developments has been included in pre-tax profit.

The increase in revenue was mainly attributable to maiden contribution from NV Residences as well as higher contribution from One Shenton and Volari. This was partially offset by the absence of contributions from The Arte and Tribeca which obtained Temporary Occupancy Permit in 2010 and lower contributions from Cliveden At Grange, Livia and Shelford Suites.

The increase in pre-tax profit was in tandem with the higher revenue achieved, coupled with the profit recognition from The Gale in Q1 2011. However, the absence of profit contributions from The Oceanfront @ Sentosa Cove, a joint venture project, which obtained Temporary Occupancy Permit in 2010, had partially offset the increase.

Hotel Operations

Though the RevPAR in key gateway cities namely, London, Singapore and New York improved, revenue for this segment had remained relatively constant at \$356.3 million (Q1 2010: \$357.6 million) for Q1 2011. This was due to refurbishment work underway at the Millennium Seoul Hilton leading to the closure of 277 rooms and the running down of business at the Copthorne Orchid Hotel which closed on 1 April 2011 for redevelopment to residential property. In addition, the continuing closure of three hotels in New Zealand, as a result of the earthquake in Christchurch, also impacted the hotel performance.

Pre-tax profit decreased by \$5.4 million to \$30.9 million (Q1 2010: \$36.3 million) mainly on account of the consolidation of loss-making Grand Millennium Beijing, following the Group's acquisition of additional equity interest in the hotel in November 2010 and the closure of the aforesaid three hotels in New Zealand. In addition, the weakening of Sterling Pound against Singapore dollar had also impacted the results negatively when the hotel operations were consolidated at Group level.

Rental Properties

Revenue decreased by \$6.5 million to \$71.7 million (Q1 2010: \$78.2 million) for Q1 2011 mainly due to the absence of rental income from North Bridge Commercial Complex, The Office Chamber, Chinatown Point and The Corporate Office, following their disposals in 2010 and Q1 2011. Despite the decrease in revenue, pre-tax profit of Q1 2011 increased by more than two folds to \$178.1 million (Q1 2010: \$70.4 million) due to gains recognised from disposal of The Corporate Office and a strata unit in GB Building.

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

Others

Revenue, comprising mainly income from building maintenance contracts, project management, club operations as well as dividend income, increased by \$4.6 million to \$18.1 million (Q1 2010: \$13.5 million) due to higher management fee income.

Despite the increase in revenue, pre-tax profit for this segment decreased by \$2.8 million to \$0.8 million (Q1 2010: \$3.6 million) for Q1 2011 on account of net fair value loss on financial assets held for trading in Q1 2011 vis-à-vis net fair value gain on the aforesaid financial assets in Q1 2010.

15. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total Annual Net Dividend (*Refer to Para 16 of Appendix 7.2 for the required details*)

	Full Year 2010 S\$'000	Full Year 2009 S\$'000
Ordinary	72,744	72,744
Special	90,930	-
Preference	12,904	12,904
Total	176,578	85,648

The final tax-exempt (one-tier) ordinary dividend and special final ordinary dividend for the year ended 31 December 2010 of 8.0 cents and 10.0 cents respectively per ordinary share have been approved by the ordinary shareholders at the Annual General Meeting held on 20 April 2011 and the dividend amounts are based on the number of issued ordinary shares as at 5 May 2011.

16. Interested Person Transactions

Interested Persons	Aggregate value of all interested person transactions conducted in first quarter ended 31 March 2011 under the IPT Mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Hong Leong Investment Holdings Pte. Ltd. group of companies	Nil
Directors and their immediate family members	Nil

BY ORDER OF THE BOARD

Shufen Loh @ Catherine Shufen Loh
Company Secretary
11 May 2011

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

CONFIRMATION BY THE BOARD

The Directors of the Company hereby confirm, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the Group's unaudited financial results for the 3-month period ended 31 March 2011 to be false or misleading in any material respect.

On behalf of the Board of Directors

Kwek Leng Beng
Executive Chairman

Kwek Leng Joo
Managing Director

Singapore, 11 May 2011