News Release

28 February 2024

CDL POSTS RECORD REVENUE OF S$4.9 BILLION AND PATMI OF S$317.3 MILLION FOR FY 2023

- **Property development segment recorded a 50% increase in revenue contribution; S$1.5 billion from completed and fully sold EC project Piermont Grand and revenue from the sale of land at Shirokane**
- **Hotel operations segment saw extraordinary RevPAR growth across all regions, many exceeding pre-pandemic levels**
- **Lower PATMI due to absence of substantial divestment gains recorded in FY 2022 and higher financing costs in FY 2023**
- **Excluding divestment gains and impairment losses, PBT increased 89.6% on a like-for-like basis**
- **Strong liquidity position maintained with cash reserves of S$2.2 billion[1]**

City Developments Limited (CDL) achieved record revenue of S$4.9 billion (FY 2022: S$3.3 billion) for the full year ended 31 December 2023 (FY 2023), primarily driven by the stellar performance of its property development segment.

The Group achieved a lower net profit after tax and non-controlling interest (PATMI) of S$317.3 million (FY 2022: S$1.3 billion), largely due to higher financing costs in FY 2023 and the absence of substantial divestment gains recorded in the prior year arising from the sale of Millennium Hilton Seoul, the deconsolidation of CDL Hospitality Trusts (CDLHT) as well as the completion of the collective sales of Tanglin Shopping Centre and Golden Mile Complex.

Financial Highlights

(S$ million)	FY 2023	FY 2022	% Change
Revenue	**4,941.1**	3,293.4	50.0
Profit before tax	**472.6**	1,856.8	(74.5)
(excluding divestment gains and impairment losses)	**352.7**	186.0	89.6
PATMI	**317.3**	1,285.3	(75.3)
(excluding divestment gains and impairment losses)	**188.6**	47.0	301.3

The record revenue is underpinned by the property development segment, which doubled its revenue, largely due to its fully sold Executive Condominium (EC) project Piermont Grand, which obtained its Temporary Occupation Permit (TOP) in 1H 2023, enabling its revenue and profit to be recognised in entirety upon completion under prevailing accounting policies for ECs. The Group also divested its freehold land site in Shirokane, Tokyo, in Q3 2023 for JPY 50 billion (approximately S$495.0 million).

The investment properties and hotel operations segments also saw a 31.8% and 8.5% increase in revenue respectively for FY 2023. The investment properties segment grew mainly due to several new acquisitions, including St Katharine Docks in the UK and various living sector assets in our key overseas target markets.

The hotel operations segment continued to increase steadily, with Revenue Per Available Room (RevPAR) growth across all regions. Key markets of Singapore and the UK reported RevPAR growth of 19.9% and 10.6% respectively, while the rest of Asia outperformed with a 77.2% improvement in RevPAR, driven by China and Taiwan hotels. Asia, Europe and the US regions exceeded 2019's pre-pandemic RevPAR levels.

[1] *Net of overdraft.*

The Group registered a pre-tax profit of S$472.6 million for FY 2023 (FY 2022: S$1.9 billion) and S$293.0 million for 2H 2023 (2H 2022: S$278.8 million). The significant decrease for FY 2023 was due to the absence of substantial divestment gains. Excluding divestment gains and impairment losses, the Group would have registered an 89.6% increase in pre-tax profit for FY 2023 on a like-for-like basis.

The property development segment was the lead contributor following the recognition of the profits for the fully sold Piermont Grand and the sale of the Shirokane land site, as well as other strong-performing Singapore projects such as Amber Park, Boulevard 88 and Irwell Hill Residences.

Net finance costs doubled and eroded the profits of the Group, as the average interest rate increased to 4.3% per annum for FY 2023 (FY 2022: 2.4% per annum). However, it is expected that rate cuts should take place before the end of this year and this would help to alleviate the pressure.

As at 31 December 2023, the Group maintained a robust capital position with cash reserves of S$2.2 billion[1], and cash and available undrawn committed bank facilities totalling S$3.6 billion.

After factoring in fair value on investment properties, the Group's net gearing ratio stands at 61% (FY 2022: 51%), following the completion of various acquisitions in 2023.

For FY 2023, the Board recommends a final ordinary dividend of 8.0 cents per share. Together with the special interim dividend of 4.0 cents per share, which was paid out in September 2023, the total dividend for FY 2023 amounts to 12.0 cents per share (FY 2022: 28.0 cents per share), representing a dividend payout ratio of 36%.

Operations Review and Prospects

Resilient Residential Sales in Singapore and Overseas Markets

- In **Singapore**, the Group and its joint venture (JV) associates sold 730 units including ECs, with a total sales value of S$1.5 billion (FY 2022: 1,487 units with a total sales value of S$2.9 billion). Sales were mainly attributed to two project launches during the year – Tembusu Grand, which sold 60% of its 638 units to date, and The Myst, which sold 51% of its 408 units to date. Three other projects were fully sold during the year – 188-unit Haus on Handy, 592-unit Amber Park and 407-unit Piccadilly Grand.

- In **Australia**, the 198-unit The Marker in Melbourne is fully sold, while the other launched projects – 61-unit Fitzroy Fitzroy JV project (Melbourne), 175-unit Brickworks Park (Brisbane) and 97-unit JV project Treetops at Kenmore (Brisbane) – continued to see a steady uptake and are now 51%, 85% and 84% sold respectively.

- In **China**, the Group's wholly-owned subsidiary, CDL China Limited and its JV associates sold 45 residential, office and retail units, with a total sales value of RMB 228.5 million (approximately S$42.3 million). The Group has sold most of its residential inventory in China.

Project Launch in 1H 2024 and Pipeline

- In January 2024, **Lumina Grand**, a 512-unit EC project at Bukit Batok West Avenue 5 was launched. It has three MRT stations in the vicinity as well as a bus interchange. Being the first and likely only EC launch in 2024, it was well received. To date, the project is 55% sold.

- Two new residential projects are slated for launch in 2H 2024. The first is at **Champions Way** in Woodlands – a 2-minute walk to Woodlands South MRT station, comprising 348 units and an Early Childhood Development Centre. The second is **Union Square Residences** (located on the former Central Square site opposite the river from Clarke Quay), with an estimated 366 units.

- The Group is monitoring market conditions to determine the appropriate time to launch **Newport Residences**, a 246-unit ultra-luxury freehold project, part of a mixed-use development Newport Plaza, comprising a Grade A office, serviced apartments and a retail component. Situated on Anson Road, this rare freehold project is at the nexus of the CBD and the future Greater Southern Waterfront District. It has no ABSD deadline. Construction is in progress and expected to complete in 2027.

- Another pipeline project is a Government Land Sales (GLS) site at **Lorong 1 Toa Payoh**, which the Group and JV partners clinched in November 2023. Subject to approvals, around 777 residential units will be developed, making it the first new residential development in Toa Payoh in eight years.

Continued Positive Recovery Momentum in Hospitality Sector

- The Group's hotel RevPAR grew 25.3% to S$168.7 for FY 2023 (FY 2022: S$134.6), exceeding 2019's pre-pandemic levels by 22.0%, primarily fuelled by strong average room rate (ARR) growth. All regions recorded extraordinary RevPAR growth year-on-year (y-o-y), especially Asia and Australasia.

- The Group made three hotel acquisitions in FY 2023:
    i. **Sofitel Brisbane Central (Australia)** with 416 rooms
    ii. **Nine Tree Premier Hotel Myeongdong II, Seoul (South Korea)** with 408 rooms
    iii. **Bespoke Hotel Osaka Shinsaibashi (Japan)** with 256 rooms

- The Group also opened three hotels in FY 2023:
    i. **M Social Suzhou (China)** with 294 rooms
    ii. **M Social Phuket (Thailand)** with 418 rooms
    iii. **The Singapore EDITION** with 204 rooms

Strengthening Recurring Income Streams

Living Sector Portfolio

Private Rented Sector (PRS)

- **UK:** The Junction in Leeds (665 build-to-rent apartments) achieved full practical completion in Q4 2023.

  The Group continued to expand its UK living sector portfolio with two PRS acquisitions in FY 2023:
    i. **1NQ**: A forward-funding PRS development in Manchester, acquired in November for £75.6 million (approximately S$125.7 million). The 261-unit freehold project is in the Northern Quarter and is expected to complete by 2026.
    ii. **Morden Wharf**: A 56,500 sqm development in the Royal Borough of Greenwich, acquired with its JV partner for £76.8 million (approximately S$129.6 million). The proposed scheme will comprise around 1,500 residential units as well as commercial and retail space.

- **Japan:** In September, the Group invested in a portfolio of 25 quality residential assets in Tokyo's rental housing market. It also invested in four residential assets in Osaka, with two pending sale completions. It now owns 38 PRS assets in Japan (including three in the pipeline), yielding a total of 2,101 units, with an average occupancy rate of around 95% and stable income for the 35 operational assets.

- **Australia:** Two PRS developments in the pipeline comprising a total of 563 units. The Southbank project in Melbourne started construction in Q3 2023 while the Toowong development in Brisbane will start in 1H 2024.

Purpose-Built Student Accommodation (PBSA)

- **UK:** The Group's 2,368-bed PBSA portfolio with six properties in five cities achieved 97% occupancy for the Academic Year 2023/2024.

Stable Office and Retail Portfolio

- As at 31 December 2023, the Group's **Singapore** office portfolio[2] achieved a committed occupancy of 97.1%, above the island-wide occupancy of 90.1%[3], with Republic Plaza reporting a 97.0% committed occupancy and positive rental reversion of 7.3%[4]. City House and King's Centre were 99.4% and 100% occupied and achieved rental reversion of 5.1%[4] and 13.3%[4] respectively for 2023.

[2] *Includes South Beach (in accordance with CDL's proportionate ownership). Excludes assets planned for redevelopment.*
[3] *Based on Urban Redevelopment Authority (URA)'s real estate statistics for Q4 2023.*
[4] *Refers to renewed leases.*

- The Group's **Singapore** retail portfolio[5] registered a committed occupancy of 97.6%, above the island-wide occupancy of 93.5%[3]. City Square Mall, which is undergoing enhancement works, achieved a committed occupancy of 98.0% as at 31 December 2023 with a rental reversion of 7.9%[4] for 2023, while Palais Renaissance achieved a committed occupancy of 98.0% with a rental reversion of 10.6%[4] in 2023.

- The Group's **UK** office portfolio reported a committed occupancy of 91.3%, with over 84,000 sq ft of renewals/lettings or under offers.

Mr Kwek Leng Beng, Executive Chairman of CDL, said, "The CDL Group delivered a resilient set of results despite an extremely challenging year for the global real estate sector, with a high interest rate environment, inflation, weak global economies and geopolitical tensions. Singapore's additional property cooling measures added to the challenges. However, the Group seized opportunities to expand our portfolio, optimise operational efficiencies, refurbish assets and strengthen synergies across the Group's business segments to enhance performance and drive value extraction. Though headwinds persist, we will embrace 2024 with cautious optimism, confident of our ability to navigate the changing landscape of the real estate sector."

Mr Sherman Kwek, Group Chief Executive Officer of CDL, said, "Amidst macroeconomic challenges, we accelerated our Growth, Enhancement and Transformation (GET) strategy. The challenging market conditions last year presented us with attractive acquisition opportunities, enabling the Group to significantly expand our portfolio and strengthen our growth prospects. In 2023, we completed about S$2.4 billion of strategic investments to grow our development pipeline, enlarge our living sector portfolio, enhance our recurring income stream and expand our hospitality footprint. In 2024, we will adopt a prudent approach to new acquisitions while proactively pursuing divestments to recycle capital. We remain steadfast in pursuing our fund management aspirations, leveraging our expertise and significant asset base to create new platforms."

Please visit www.cdl.com.sg for CDL's FY 2023 financial statement.

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[5] *Includes South Beach and Sengkang Grand Mall (in accordance with CDL's proportionate ownership). Excludes assets planned for redevelopment and City Square Mall units affected by AEI.*