

# **CITY DEVELOPMENTS LIMITED**

**(Co. Reg. No. 196300316Z)**

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## **ANNUAL GENERAL MEETING (AGM) TO BE HELD ON 24 JUNE 2020 - RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS FROM SHAREHOLDERS**

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The Board of Directors of City Developments Limited (the “Company”) refers to the Company’s announcement on 2 June 2020 on the alternative arrangements for the AGM, and in particular, to the invitation for shareholders to submit questions in advance of the AGM. The Company wishes to thank shareholders for the questions submitted.

The Appendix sets out the Company’s response to the questions received from shareholders that are relevant to the AGM resolutions and the business of the Group. For ease of reference, we have grouped together questions which are similar in nature or pertain to the same subject matter.

With regard to questions relating to our business outlook, especially the impact arising from the COVID-19 pandemic in Singapore and globally, we also refer shareholders to the Company’s operational update for the 1st quarter ended 31 March 2020 together with the presentation deck which were both issued on 12 May 2020. These documents may be found on the Company’s corporate website as well as on the website of the Singapore Exchange.

By Order of the Board

Enid Ling Peek Fong  
Company Secretary  
19 June 2020



## CITY DEVELOPMENTS LIMITED

(Co. Reg. No. 196300316Z)  
(Incorporated in the Republic of Singapore)

### APPENDIX

#### A DIVIDEND

No.	Question	Response
A1	<p>Will the current dividend payment be affected by the COVID-19 shutdown?</p> <p>Given the COVID-19 situation, what is the dividend policy please?</p> <p>In what way will the next dividend policy be affected, and is there a chance that the same dividend be maintained as the latest one?</p>	<p>The final dividend of \$0.08 per ordinary share and special final dividend of \$0.06 per ordinary share (collectively, the “Dividends”) were recommended by the Board in February 2020. This recommendation remains unchanged and the proposed declaration of the Dividends will be tabled at the AGM for approval.</p> <p>The proposed Dividends, if approved by the shareholders at the forthcoming AGM, will be paid on 16 July 2020.</p> <p>In line with our Dividend Policy (please see page 52 of our <u>Annual Report 2019</u>), the Group aims to provide a return to shareholders at least once a year through the payment of dividends, after taking into account the Group’s financial performance, short and long term capital requirements, future investment plans, general global and business economic conditions and any regulatory factors.</p> <p>As the COVID-19 situation remains fluid, the full extent of the impact of the pandemic on the Group’s business and its financial performance for the rest of FY 2020 cannot be conclusively determined yet. At this stage, the Board is unable to provide any confirmation on the dividend rates in connection with the Company’s ordinary shares going forward.</p> <p>The Board strives to continuously maintain a balance between shareholders’ expectations and prudent capital management.</p>

## B BUSINESS OPERATIONS, STRATEGY AND OUTLOOK

No.	Question	Response
B1	<p>Does CDL cover 'property management' across all its geographical locations? If it does, any potential to unlock value via separate listing(s) on the local or foreign stock exchanges?</p>	<p>We continually explore ways to enhance and unlock value from our asset portfolio, as outlined in our GET strategy of Growth, Enhancement and Transformation.</p> <p>Our Group's track record in property development and asset management helps to set the foundation for building up our fund management business, and our plans include the potential setting up of private funds and/or REITs to unlock value and accelerate growth.</p>
B2	<p>What is the strategy going forward to address the current challenges posed by COVID-19 and the low interest environment?</p>	<p>To mitigate the impact of the pandemic, the Group has implemented a series of business optimisation and cost control initiatives to reduce operating expenses. The Group continues to review its borrowings position to capitalise on the low interest environment.</p> <p>While we continue to embrace a highly disciplined capital management approach of conserving cash and maintaining liquidity to face any challenges arising from the pandemic, we are also mindful that there are opportunities to be seized and we will continue to find ways to accelerate growth and create lasting value.</p>
B3	<p>Do you expect the COVID-19 outbreak to affect foreign investment in Singapore? If so, how will it be affected?</p>	<p>The global economy has been severely disrupted by COVID-19 and companies globally are facing short-term pressures as quick recovery is not foreseeable in the near-term.</p> <p>The Singapore Government has to-date put in place four stimulus budget packages, comprising nearly \$100 billion or close to 20% of Singapore's GDP, to help businesses and households cope with the devastating economic impact from COVID-19. While we expect longer term economic challenges to remain formidable, we are confident that with the Government's swift and decisive response, Singapore will continue to be an attractive investment destination anchored by a strong reputation and track record. In such challenging times, investors value the stable political environment, high transparency, good governance and well-developed infrastructure that Singapore offers.</p> <p>For the first four months of this year, EDB has already secured \$13 billion of investment commitments from MNCs – reflecting investors' confidence and desire to remain vested and grow their business in Singapore. With more innovative projects in the pipeline, it will create new and exciting opportunities for Singapore and our workforce.</p> <p>Post-COVID-19, the Group believes Singapore will emerge stronger with foresight and resilience. The Future Economy strategies will similarly put us in good standing with investors. Businesses have been working hard to transform themselves,</p>

		<p>deepen their capabilities and enhance their business models to adapt to the uncertainties ahead.</p>
B4	<p>What is the projection in growth for the Singapore property market in the next five years?</p>	<p>Several new launches this year have registered strong sales reflecting Singapore’s resilient housing market and healthy home demand for first-time buyers and upgraders. During the circuit breaker period, sales transactions continued (albeit slower) despite restrictions placed on physical interaction and viewing of show flats.</p> <p>The Group stepped up its digital marketing efforts through the use of e-collaterals, <u>virtual tours</u> of its showflats and online sales presentations. Interest was encouraging and we saw an increase of over 30% in online traffic views for our launched projects during the circuit breaker period. Moving forward, we will continue to adopt more virtual marketing tools to assist in our sales and engagement efforts, which has been positively received and effective.</p> <p>Residential prices are likely to remain competitive. On 6 May 2020, the <u>Singapore Government announced a six-month extension</u> on [1] Project Completion Periods (PCPs), [2] Qualifying Certificate (QC) deadlines for developers and [3] Additional Buyer’s Stamp Duty (ABSD) remission deadlines for property developers. This extension helps to mitigate the current disruptions arising from COVID-19 safe management measures, as well as the constraints in manpower and supply chain challenges faced by developers.</p> <p>Developers are likely to pace out their launches and the Government Land Sales programme has been tightened to reduce the supply of land. These will help to balance the supply and demand equation, providing a stable and sustainable property market.</p> <p>In land scarce Singapore, the property market will continue to remain attractive to local and overseas investors. With high liquidity in the market coupled with a low interest rate environment for home loans, property investment provides wealth preservation and portfolio diversification when viewed with a medium to long-term perspective.</p> <p>We remain positive on the outlook for Singapore’s residential property market.</p> <p><i>*NOTE: All developers are subject to the ABSD where all units in GLS or en-bloc sites must be completed and fully sold within five years or face ABSD penalties. Additionally, the Qualifying Certificate (QC) rules (which apply to non GLS sites) are also imposed on listed developers (because of foreign ownership regardless of the percentage of shareholdings) where their developments are required to obtain TOP within 5 years and all units sold within two years from the date of TOP failing which escalating penalties are payable.</i></p>

B5	Balance sheet inventories – how much relates to completed units that are unsold? Is there a government regulation regarding when these units must be sold and what proportion of unsold inventory is affected by such regulation?	<p>The majority of our unsold inventory are projects that are under construction with most projects expected to obtain their Temporary Occupation Permits (TOPs) only from 2022 onwards.</p> <p>The <u>six-month extension given by the Singapore Government</u> (detailed in the response under B4) is timely as the unprecedented circuit breaker measures have resulted in manpower and supply chain challenges for the industry. It provides some buffer time to accommodate any delays.</p> <p>The only ABSD deadline the Group initially faced this year is for our Forest Woods project, which is 99% sold with only three units remaining. Due to the extension, the deadline is now pushed back to May 2021. The Group is confident of clearing the inventory within this timeframe.</p>
B6	Which properties are scheduled for launch this year and/or in 2021?	<p>Subject to market conditions, the Group's Singapore residential launch pipeline includes:</p> <ul style="list-style-type: none"> <li>• 2H 2020 – <b>Penrose</b>, a 566-unit condominium located at Sims Drive, near Aljunied MRT station. This project is managed by our joint venture (JV) partner Hong Leong Holdings Limited.</li> <li>• 2021 – <b>Irwell Bank Road</b>, a condominium development with about 540 units located along River Valley Road, near the upcoming Great World MRT station.</li> <li>• 2021 – the residential component of the <b>Liang Court redevelopment</b>, an integrated development with around 700 apartments. This JV project with CapitaLand Limited will also include a commercial component, a hotel and a serviced residence with a hotel licence.</li> </ul>
B7	Appreciate an update of the latest business status, as regards, hotels locally and internationally, office occupancy and residential project sales status.	<p>Please refer to the Company's <u>operational update and presentation deck for the first quarter ended 31 March 2020</u> issued on 12 May 2020. It contains salient information about the Group's property development segment, its investment properties and hotel operations. The documents are available on the Company's corporate website as well as on the website of the Singapore Exchange.</p> <p>The Company will be announcing, within the first two weeks of August 2020, the Group's unaudited financial results for the half year ending 30 June 2020.</p>

**C OTHERS**

No.	Question	Response
C1	How much do you think the issue relating to the need to improve living conditions for migrant workers would impact the future cost of construction of your residential properties?	<p>Due to increased regulatory requirements, it is expected that construction costs will go up as the industry adjusts to new norms, including the implementation of <u>Safe Living protocols</u> and compliance with Safe Management Measures. Nevertheless, the Government has indicated that it will work closely with the industry to get through this challenging period. In addition to the support measures provided through the Fortitude Budget, it plans to introduce measures to cushion the impact and move the industry to new productivity levels.</p> <p>The pandemic has expedited a push towards digitisation, automation and industry transformation under the Future Economy blueprint.</p> <p>To help improve productivity and reduce labour onsite, the Group is one of the early adopters of newer construction technologies such as the Design for Manufacturing and Assembly (DfMA) and Prefabricated Prefinished Volumetric Construction (PPVC). DfMA enables the design and construction to be done on a 3D virtual platform before moving into actual production, which saves time and resources. For PPVC, prefabricated modules are produced and quality-checked in a factory environment before being assembled onsite, which enhances worksite safety and requires fewer workers for onsite installation. Compared with conventional construction methods, these technologies help to accelerate the design, production and site implementation processes.</p>