News Release

11 August 2022

CDL POSTS RECORD PROFIT OF S$1.1 BILLION FOR 1H 2022, REVERSING NET LOSS OF S$32.1 MILLION IN 1H 2021

- **Highest PATMI achieved since the Group's inception in 1963; largely due to divestment gains from the sale of Millennium Hilton Seoul and the gain on deconsolidation of CDL Hospitality Trusts (CDLHT) from the Group**
- **Revenue increased 23.5% to S$1.5 billion**
- **Strong recovery in hotel operations segment with RevPAR growth of 110.4%**
- **Sold 712 residential units with sales value of S$1.6 billion in Singapore**
- **Maintains strong liquidity position with cash reserves of S$2.2 billion**
- **Special interim dividend of 12.0 cents per ordinary share**

For the half-year ended 30 June 2022 (1H 2022), City Developments Limited (CDL) registered record earnings with net profit after tax and non-controlling interest (PATMI) of S$1.1 billion, reversing a net loss of S$32.1 million for 1H 2021. This is the highest PATMI achieved since the Group's inception in 1963. The stellar performance was largely due to divestment gains from the sale of Millennium Hilton Seoul and its adjoining land site for KRW 1.1 trillion (approximately S$1.25 billion), completed in February 2022, as well as the gain on deconsolidation of CDLHT from the Group resulting from the distribution *in specie* of CDLHT Units in May 2022.

The Group's revenue for 1H 2022 increased by 23.5% to S$1.5 billion (1H 2021: S$1.2 billion). While the property development segment continued to be the lead contributor, accounting for 41% of total revenue, the increase in revenue for 1H 2022 was primarily attributed to the hotel operations segment. With the recovery of the hospitality sector, driven by border re-openings and the relaxation of travel restrictions, the Group's hotel RevPAR grew 110.4%, of which the Europe and US regions experienced a strong improvement in both occupancies and average room rates.

As at 30 June 2022, the Group has a sizeable war chest with cash reserves of S$2.2 billion and maintains a strong liquidity position with cash and available undrawn committed bank facilities totalling S$4.1 billion. After factoring in fair value on investment properties, net gearing ratio stands at 52%.

The Board is pleased to declare payment of a tax-exempt (one-tier) special interim dividend of 12.0 cents per ordinary share.

Financial Highlights

(S$ million)	1H 2022	1H 2021	% Change
Revenue	**1,472.6**	1,192.2	23.5%
Profit before tax	**1,584.9**	9.7	NM
PATMI	**1,126.3**	(32.1)	NM

NM = Not meaningful

Important Notes on 1H 2022 Profit Before Tax

- The Group recognised divestment gains from the sale of Millennium Hilton Seoul: a pre-tax gain of S$911.5 million in 1H 2022 and a total gain on disposal of S$526.2 million, net of taxes and related transaction costs.

- In addition, the distribution *in specie* of 144,191,823 stapled securities in CDLHT resulted in the accounting deconsolidation of CDLHT from the Group as a subsidiary, and the Group will recognise its retained interest in CDLHT as an associate. Consequently, the Group recognised a total gain (inclusive of negative goodwill) of S$492.4 million.

Operations Review and Prospects

Healthy Residential Sales in Singapore and Overseas Markets

- In **Singapore,** the Group and its joint venture (JV) associates sold 712 residential units, including Executive Condominiums (ECs), with a total sales value of S$1.6 billion (1H 2021: 971 units with a total sales value of S$1.7 billion). Sales were driven by the Group's successful launch of Piccadilly Grand in May, with 334 out of 407 units sold to date, and the good take up of other projects including CanningHill Piers, Haus on Handy, Amber Park and Irwell Hill Residences.
- In **Australia,** the Group's launched JV projects continued to see a steady uptake.
- In **China**, most of the Group's residential inventory has been substantially sold.

Upcoming Project Launches

- In Q4 2022, the Group plans to launch **Copen Grand**, a 639-unit JV EC project. Located in Tengah New Town, Copen Grand is the first EC project in Singapore's premier smart and sustainable district. The project is within walking distance of three MRT stations along the Jurong Region Line and is near the Jurong Innovation District and Jurong Lake District. Besides Copen Grand, the Group has over 1,500 units in its pipeline for launch from 2023 onwards.

- The Group plans to launch two JV projects in 2H 2022 in Brisbane, Australia, named The Vanda in the Toowong suburb (125 units) and Treetops at Kenmore (97 units).

Strong Recovery Momentum in Hospitality Sector

- With the easing of border restrictions and supported by pent-up demand for travel, the Group registered a strong RevPAR growth of 110.4% to S$113.6 in 1H 2022 (1H 2021: S$54.0) and the average GOP margin also increased by 12 percentage points to 24.7% (1H 2021: 12.7%).

- The Group is investing in a refurbishment programme for key hotel assets to enhance returns through Asset Enhancement Initiatives (AEIs) and repositioning. Ongoing phased refurbishments include Millennium Hotel Queenstown and Millennium Resort Patong Phuket, which will be rebranded as M Social Phuket – the first in Thailand.

Building Development Pipeline

In 1H 2022, the Group completed the acquisition of four sites (three in Singapore and one in Australia):

<u>Singapore</u>

(i) In January, the Group and its JV partner MCL Land secured a prime 210,623 sq ft Government Land Sales site at **Jalan Tembusu** for S$768 million (or S$1,302 psf ppr). Located near the upcoming Tanjong Katong MRT station, the site will be developed into a luxury condominium with around 638 units.

(ii) In March, the S$315 million **Central Square** acquisition was completed. Subject to Authorities' approval, the property will be redeveloped alongside the Group's Central Mall properties into an enlarged mixed-use development comprising office, retail, hospitality and residential.

(iii) In April, the Group completed the off-market acquisition of a 179,007 sq ft site at **798 and 800 Upper Bukit Timah Road** for S$126.3 million, which it intends to redevelop into a residential project with over 400 units.

<u>Australia</u>

(iv) In March, the Group and its JV partner New Urban Villages purchased a mixed-use, freehold site in **Toowong, Brisbane,** for A$12 million (approximately S$12.3 million), with plans to develop 125 apartments and a retail component.

<u>**Strengthening Recurring Income and Unlocking Value**</u>

Expanding the Living Sector Portfolio

- The Group continues to build scale in the living sector to enhance recurring income and capitalise on the rising demand for rental accommodation.

- In 1H 2022, the Group acquired three newly-built Private Rented Sector (PRS) projects in Japan – two properties in Yokohama (City Lux Tobe and LOC's Yokohama Bayside) and one in Osaka (Gioia Namba) – totalling 271 units. This brings the Group's Japan PRS portfolio to eight projects, all of which are completed and in operation.

- In March, the Group acquired a freehold site in **Southbank, Melbourne,** for A$11.1 million (approximately S$11.4 million). The acquisition of the site is expected to complete by Q4 2022. Subject to planning approval, it intends to develop around 240 units, marking the Group's **first PRS project in Australia**.

- In June 2022, the Group acquired **Infinity**, its **first Purpose-Built Student Accommodation (PBSA)**, located in Coventry, the UK, for £59.2 million (approximately S$102.4 million). Comprising 505 beds with occupancy of 95%, the 19-storey, 152-metre building is the tallest in Coventry and offers panoramic views of the city.

Resilient Office and Retail Portfolio

- As at 30 June 2022, the Group's office portfolio had committed occupancy of 93.8%, above the island-wide average occupancy of 88%. Republic Plaza is 96.6% occupied and recorded positive rental reversions of 5.6%.

- The Group's retail portfolio had committed occupancy of 95.6%, above the island-wide average occupancy of 91.8%. City Square Mall (CSM) is 97.4% occupied. Average tenants' sales at Palais Renaissance and Quayside Isle have exceeded pre-COVID levels in 1H 2022, while sales at CSM are close to pre-COVID levels.

Asset Rejuvenation

- In June 2022, AEI works at the King's Centre office building were completed and the office achieved committed occupancy of over 90%. The Group also completed AEI works at Palais Renaissance where committed occupancy has improved to 99%.

Group Divestments and Capital Recycling

- Recent collective sale exercises in Singapore have enabled the Group to unlock value from its strata-titled investment properties portfolio. The public tenders for Tanglin Shopping Centre and Golden Mile Complex received bids of S$868 million (or S$2,769 psf ppr) and S$700 million respectively. Upon completion of the transactions, the Group is expected to realise a significant capital gain from these investment assets held over a long period at low book value.

Mr Kwek Leng Beng, Executive Chairman of CDL, said, "Notwithstanding the macroeconomic volatility, the Group remains cautiously optimistic that the economy will recover with strength. The Group's record profit performance in 1H 2022 has provided substantial cash flow generation from timely asset divestments. Our hotel operations segment has also rebounded strongly. With post-pandemic travel fuelling continued recovery, we expect hospitality to be a star performer for the rest of the year. As COVID-19 concerns wane, our hospitality portfolio will be a valuable growth engine contributing meaningfully to the Group's recurring earnings.

Property investment, when viewed with a medium to long-term perspective for value appreciation, is a well-established hedge against inflation. In addition to building a solid development pipeline, the Group will keep its focus on strengthening our recurring income streams."

Mr Sherman Kwek, Group Chief Executive Officer of CDL, said, "Our expansion into the living sector over the past few years has started to bear fruit as we gradually build up scale and diversification. We now have apartment rental sites across the UK, Japan, Australia and the US, and have recently completed our first purpose-built student accommodation deal located in the UK. Throughout the pandemic, these recurring income assets have shown strong resilience and the outlook for them continues to remain bright.

Armed with a robust balance sheet and geographically diverse portfolio, the Group's strong underlying fundamentals will enable us to manage near-term volatility with tenacity and discipline. At the appropriate time, we can extract value from our portfolio through redevelopment, repositioning and divestment initiatives. Despite the current headwinds, we remain geared for growth but will be highly selective in our acquisition plans. The Group will continuously refine its Growth, Enhancement and Transformation (GET) strategy to accelerate our growth and future-proof our business."

Please visit www.cdl.com.sg for CDL's 1H 2022 financial statement.

Issued by City Developments Limited (Co. Regn. No. 196300316Z)

For media enquiries, please contact CDL Corporate Communications:

Belinda Lee
Head, Investor Relations and
Corporate Communications
T: +65 6877 8315
E: belindalee@cdl.com.sg

Eunice Yang
Vice President
T: +65 6877 8338
E: eunicey@cdl.com.sg

Karyn Chew
Assistant Manager
T: +65 6877 8369
E: karyn.chew@cdl.com.sg

Follow CDL on social media:

Instagram: @citydevelopments / instagram.com/citydevelopments
LinkedIn: linkedin.com/company/citydevelopments
Twitter: @CityDevLtd / twitter.com/citydevltd
