News Release

23 February 2023

CDL POSTS RECORD PROFIT OF S$1.3 BILLION FOR FY 2022 – HIGHEST SINCE INCEPTION

- **Several major property divestments enabled the Group to realise significant capital gains**
- **Sold 1,487 units in Singapore with a total sales value of S$2.9 billion**
- **Strong recovery by hotel operations segment; 58% increase in revenue and 91% growth in RevPAR**
- **Maintained sizeable war chest with cash reserves of S$2.4 billion**
- **Total cash dividend of 28.0 cents per share for 2022**

City Developments Limited (CDL) achieved record earnings with net profit after tax and non-controlling interest (PATMI) of S$1.3 billion for the full year ended 31 December 2022 (FY 2022), the highest ever since the Group's inception in 1963.

The stellar performance was boosted by a bountiful year of divestment gains, including the record sale of Millennium Hilton Seoul and the gain on the deconsolidation of CDL Hospitality Trusts (CDLHT) from the Group following the distribution *in specie* of CDLHT Units in 1H 2022, as well as the completion of the collective sales of Tanglin Shopping Centre and Golden Mile Complex in 2H 2022 where the Group owns share values and strata areas. The assets were held at book value over a long period of time, resulting in significant capital gains. This is a testament to the Group's ability to extract value at the most opportune time, enabling strong capital recycling.

The Group's revenue increased 25.4% to S$3.3 billion for FY 2022. Property development remained the biggest contributor, accounting for 42% of FY 2022 revenue, led by three strong-performing Singapore projects – Amber Park, Haus on Handy and Irwell Hill Residences. Spurred by the continued recovery and restored confidence in global travel, the Group's hotel operations segment reported an outstanding performance with a 58.1% increase in revenue and a 91% growth in revenue per available room (RevPAR).

As at 31 December 2022, the Group has a sizeable war chest with cash reserves of S$2.4 billion, and cash and available undrawn committed bank facilities totalling S$4.1 billion.

For FY 2022, the Board is recommending a final ordinary dividend of 8.0 cents per share and a special final ordinary dividend of 8.0 cents per share. Together with the special interim ordinary dividend of 12.0 cents per share paid in September 2022, the total cash dividend for FY 2022 amounts to 28.0 cents per share (FY 2021: cash dividend of 12.0 cents and 20.2 cents from the distribution *in specie* of CDLHT Units, totalling 32.2 cents).

Financial Highlights

(S$ million)	FY 2022	FY 2021 (Restated)[1]	% Change	2H 2022	2H 2021 (Restated)[1]	% Change
Revenue	**3,293.4**	2,625.9	25.4	**1,820.9**	1,433.7	27.0
Profit before tax	**1,856.8**	214.8	NM	**278.8**	205.1	35.9
PATMI	**1,285.3**	84.7	NM	**165.8**	116.8	42.0

NM = Not meaningful

[1] As the proposed REIT listing of the two UK commercial properties did not materialise, in accordance with SFRS(I) 5, the Group has reclassified the assets held for sale and the liabilities directly associated with the assets, back to the Group's respective assets and liabilities. Restated PBT and PATMI are lower by S$12.9 million for FY 2021 vis-à-vis previously reported.

Notes on Pre-Tax Profit and Capital Position

- Pre-tax profit of S$1.9 billion for FY 2022 was driven by the gain on deconsolidation of CDLHT from the Group resulting from the distribution *in specie* of CDLHT Units in May 2022 and the recognition of a total gain (inclusive of negative goodwill) of S$492.4 million, as well as pre-tax divestment gains on the sale of properties amounting to S$1.26 billion.

- After factoring in fair value on investment properties, the Group's net gearing ratio stands at 51% (FY 2021: 61%).

- Net Asset Value (NAV) per share increased 9.7% to S$10.16 as at 31 December 2022, bolstered by its record profits in FY 2022 (restated 31 December 2021: S$9.26). The Group adopts the policy of stating its investment and hotel properties at cost less accumulated depreciation and impairment losses. Had the Group factored in fair value gains on its investment properties, the Revalued NAV (RNAV) per share would be S$16.98 (restated 31 December 2021: S$15.73). Had the revaluation surpluses of its hotels been included, the Group's RNAV per share would be S$19.14 (restated 31 December 2021: S$18.63).

Operations Review and Prospects

Healthy Residential Sales in Singapore and Overseas Markets

- In **Singapore**, the Group and its joint venture (JV) associates sold 1,487 units including ECs, with a total sales value of S$2.9 billion (FY 2021: 2,185 units with a total sales value of S$4.3 billion). The sales were largely attributed to the successful launch of two JV projects during the year – Piccadilly Grand, which has sold 86% of its 407 units to date, and the 639-unit Copen Grand EC, which was fully sold out one month after its launch.

- In **Australia**, the Group's 60-unit Fitzroy Fitzroy in Melbourne is 38% presold, and The Marker, where 79% of its 198 units have been sold to date, achieved practical completion in September 2022. In Brisbane, the 215-unit Brickworks Park has sold 45% of the total units to date and has commenced early construction. The 97-unit Treetops at Kenmore JV project has sold 45% of the total units to date and the construction of Stage 1 started in Q4 2022.

- In **China**, the Group's wholly-owned subsidiary, CDL China Limited and its JV associates sold 88 residential, office and retail units, with a total sales value of RMB 349 million (S$67.4 million). Hong Leong City Center (HLCC) in Suzhou Industrial Park has sold 92% of its 1,813 residential and retail units to date. In Shanghai, Hongqiao Royal Lake has sold 87% of its 85 villas to date. In Shenzhen, Hong Leong Technology Park Shenzhen (previously named Shenzhen Longgang Tusincere Tech Park) has sold 386 units comprising apartments, office and retail units with a sales value of RMB 1.04 billion (S$200.8 million) ever since the Group acquired this project in March 2021.

Upcoming Launches in Singapore

- The Group is preparing to launch three projects in 2023:

  <u>1H 2023</u>
  - **Tembusu Grand**, a 638-unit development located along Tanjong Katong Road and Jalan Tembusu in prime District 15.
  - **Newport Residences**, a 45-storey development comprising 246 rare freehold residences, including a super penthouse, at the site of the former Fuji Xerox Towers on Anson Road.

  <u>2H 2023</u>
  - **The Myst**, a 408-unit development located along Upper Bukit Timah Road, which is a mere 5-minute walk to Cashew MRT station and within a 10-minute walk to Bukit Panjang Bus Interchange and Bukit Panjang MRT station.

Strong Rebound in Hotel Operations

- The Group's hotel RevPAR grew 91% to S$137.9 for FY 2022 (FY 2021: S$72.2). The RevPAR growth was attributable to a 48.9% increase in average room rates and a 14.2 percentage points improvement in occupancies across all geographies. Notably, hotels in London, Singapore and New York outperformed in 2022.

- Average GOP margin increased by 11.3 percentage points and has surpassed FY 2019 levels, primarily led by the UK, US and Singapore markets.

Enhancing Recurring Income

Building Scale in the Living Sector

Private Rented Sector (PRS)

- In Q4 2022, the Group's first PRS project in the **UK** – The Junction, located in Leeds, obtained sectional completion for three of five blocks (307 out of 665 units). Active leasing has commenced and the Group recently welcomed its first batch of residents to the new project. Construction of The Octagon, the Group's 370-unit PRS project in Birmingham, is in progress with estimated completion in 2025.

- In 2022, three newly-built PRS assets in **Japan** were acquired, totalling 271 units in Yokohama and Osaka. The Group now owns eight PRS assets in Japan, comprising 513 units, providing stable rental income and strong occupancies of above 95%.

- In **Australia**, the Group acquired two PRS development sites in Brisbane's Toowong riverside suburb and Melbourne's Southbank respectively, totalling around 490 apartments. The construction of both projects is targeted to commence in 2H 2023.

Purpose-Built Student Accommodation (PBSA)

- In June 2022, the Group entered the **UK** PBSA sector with the acquisition of Infinity, a 505-bed PBSA asset in Coventry. In December 2022, the Group enlarged its portfolio by acquiring five additional PBSA assets for £215 million (approximately S$350 million) in Birmingham, Canterbury, Coventry, Leeds and Southampton. These six assets, comprising about 2,400 beds, enjoy committed occupancy of about 98%.

Resilient Office and Retail Portfolio

- As at 31 December 2022, the Group's **Singapore** office portfolio[2] had committed occupancy of 95.2%, above the island-wide occupancy of 88.7%[3]. Republic Plaza is 97.6% occupied with a full-year positive rental reversion of 8.4%. King's Centre completed its Asset Enhancement Initiative (AEI) in 1H 2022 and has also achieved a strong occupancy rate of 98.4% with a full-year rental reversion of 8.9%.

- The Group's **Singapore** retail portfolio[2] also remained healthy, with a committed occupancy of 96.1%, higher than the island-wide occupancy of 92.9%[3]. The strong performance was driven by City Square Mall, which is 93.5% occupied, and Palais Renaissance, which completed an AEI in 1H 2022, achieving 98.2% occupancy.

Mr Kwek Leng Beng, Executive Chairman of CDL, said, "The Group is pleased to deliver a sterling set of results for FY 2022, driven by prudent divestments and strong operational performance from our core business segments. Notably, our hotel operations made an outstanding rebound, having recovered in most markets to pre-pandemic levels. Riding on the return of corporate travel and unabated pent-up demand for leisure travel, our hospitality segment will continue to strengthen and is poised to be a star performer for the year ahead. A key focus for our hospitality portfolio will be to accelerate plans for asset optimisation, alignment to the Group's sustainability goals and driving growth.

This year marks CDL's Diamond Jubilee. Over the past 60 years, the Group has weathered many economic storms, property cycles and unprecedented disruptions, but we have always tackled the odds head-on and successfully emerged stronger. We will continue to apply this same discipline and tenacity to bring CDL to greater heights."

[2] Includes South Beach Tower (in accordance with CDL's proportionate ownership). Excludes Central Mall Office Tower, Central Mall Conservation Unit and 11 Tampines Concourse.
[3] Based on Urban Redevelopment Authority's real estate statistics for Q4 2022.

Mr Sherman Kwek, Group Chief Executive Officer of CDL, said, "Amidst all the challenges and disruptions we have faced over the past three years, we have continued to steadfastly execute on our Growth, Enhancement and Transformation (GET) strategy that we unveiled in 2018, growing our traditional development and investment portfolio, both locally and overseas, as well as expanding strongly into the living sector to bolster our recurring income and create potential fund management opportunities. We have embraced capital recycling and unlocked latent value via well-timed divestments and various asset enhancement initiatives. All the while, we have been managing our capital prudently, reducing our gearing and strengthening our cash. While market uncertainties persist, CDL will continue to display discipline, agility, resilience and innovation so as to deliver sustainable growth and maximise long-term shareholder value."

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

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