Transformation >>

Building Scale in China

Strategic Investment in Sincere Property Group

15 April 2020
Overview

- Introduction
- New Transaction Summary
- Financial Impact to CDL
- Building Scale, Creating Value
Introduction
About Sincere Property Group

Established real estate developer with comprehensive development and asset management capabilities across different asset types

Notes: Data as of 31 Dec 2019, subject to further DD
1. On 100% basis
2. Includes 2 self-use offices in Shanghai and Chongqing
3. Includes staff from property development, asset management and Starlight Retail
Substantial Land Bank to Support Future Growth

- Over 96% of land bank\(^1\) located in Tier 1 and 2 cities
- 42% of land bank in developed regions of Yangtze River Delta and Bohai Rim
- 58% in fast growing Southwest China (mostly Chengdu & Chongqing), Greater Bay Area and Central China

**Land bank by city tier\(^2\)**

- Tier 3: 4%
- Tier 2: 91%
- Tier 1: 5%

**9.2 million sqm\(^3\)**

**Land bank by region**

- Yangtze River Delta: 20%
- Central China: 12%
- Bohai Rim: 22%
- Greater Bay Area: 3%
- Southwest China: 43%

**9.2 million sqm\(^3\)**

Notes:
1. Total land bank equals to the sum of (i) total GFA available for sale for completed properties, (ii) total GFA for properties under development, and (iii) total GFA for properties held for future development; GFA available for sale of completed projects refers to the saleable GFA pre-sold/unsold
2. Tier 1 cities where Sincere has presence include Beijing, Shanghai, Shenzhen; Tier 2 cities include Tianjin, Chongqing, Chengdu, Zhengzhou, Qingdao, Yantai, Suzhou, Hangzhou, Wuxi, Ningbo, Changsha, Kunming, Changzhou; Tier 3 cities include Zhenjiang, Luoyang
3. On 100% basis
Full spectrum ranging from high-end to mass market (including villa, low-rise and high-rise residential apartments)

**MAIN PRODUCT LINES**

<table>
<thead>
<tr>
<th>High-end</th>
<th>Mid to high-end</th>
<th>Mass market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jinglan Peak, Chongqing</td>
<td>Xingluyuan, Chongqing</td>
<td>Xinglanhui, Changsha</td>
</tr>
<tr>
<td>重庆敬澜山</td>
<td>重庆星麓原</td>
<td>长沙星澜汇</td>
</tr>
<tr>
<td>Xiexin Gongguan, Chongqing</td>
<td>Xingluyuan, Chengdu</td>
<td>Tianjiao, Qingdao</td>
</tr>
<tr>
<td>重庆协信公馆</td>
<td>成都星鹭源</td>
<td>青岛天骄观澜国际</td>
</tr>
</tbody>
</table>

Strong Retail Portfolio

Established platform covering retail property development, management and operation

- Sincere has 9 retail malls across various market segments, from community to luxury
- Further expansion via third party management contracts

<table>
<thead>
<tr>
<th>High-end shopping mall</th>
<th>Mid to high-end urban fashion shopping mall</th>
<th>Quality community shopping mall</th>
</tr>
</thead>
<tbody>
<tr>
<td>Starlight 68 (Phase 1), Chongqing 重庆星光68 (一期)</td>
<td>Shibei Starlight Plaza, Shanghai 上海市北星光广场</td>
<td>Yongchuan Starlight Plaza, Chongqing 重庆永川星光广场</td>
</tr>
<tr>
<td>Starlight 68 (Phase 2 under development), Chongqing 重庆星光68 (二期)</td>
<td>Nanping Starlight Place, Chongqing 重庆南坪星光时代广场</td>
<td>Yubei Starlight World, Chongqing 重庆渝北星光天地</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Daping Starlight World, Chongqing 重庆大坪星光天地</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Starlight World, Shanghai 上海星光天地</td>
</tr>
</tbody>
</table>
Leading Business Park Developer & Operator

Ranked Top 10 Business Park Developer and Operator in China¹

• Tusincere was jointly incorporated by Sincere and Tus Holdings in 2015

• Tus Holdings (启迪控股), is a leading science and technology investment holdings group, leveraging on the network and resources from its parent company, Tsinghua University

• Mixed developments comprising office, residential, retail and research spaces

Shenzhen Tech Park
启迪协信深圳科技园
• Total GFA: approx. 800,000 sqm
• Target high-tech industries

Shanghai Chint Tus Harbor
上海正泰启迪智电港
• Total GFA: approx. 200,000 sqm
• Positioned as a centre for high-end manufacturing

Wuxi Tusincere City
启迪协信无锡科技城
• Total GFA: approx. 800,000 sqm
• Target high-tech industries

Chongqing Headquarters City
重庆总部城
• Total GFA: approx. 700,000 sqm
• Target high-tech industries

Note: 1. Rating by Guandian in 2019
Hotels & Serviced Apartments

Includes high-end luxury to mass market projects

- A serviced residence with 404 apartments and four hotels with more than 1,000 rooms
- Pipelines in discussion for further expansion

Changfeng Serviced Apartment, Shanghai
In operation since Sep 2018
No. of rooms: 404

Chengdu Hilton Hotel
In operation since Feb 2019
No. of rooms: 298

Chongqing Jiangbei Doubletree by Hilton
In operation since Nov 2011
No. of rooms: 284
Investment Overview

Renegotiated Transaction at a Significantly Lower Valuation

Transaction Overview

Acquisition of initial 51.01% effective stake in Sincere Property with a Call Option for another 9.00% effective stake

<table>
<thead>
<tr>
<th>“TRANSACTION”</th>
<th>“CALL OPTION”</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 2020</td>
<td>Year 2022</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Effective Equity Stake</th>
<th>51.01%</th>
<th>9.00%</th>
<th>60.01%</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Investment Consideration</th>
<th>RMB 4.39 billion (S$0.88 billion)</th>
<th>RMB 0.77 billion (S$0.16 billion)</th>
<th>RMB 5.16 billion (S$1.04 billion)</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Sincere Property</th>
<th>An established real estate group with over 20 years’ track record</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>One of China’s Top 100 Developers¹</td>
</tr>
<tr>
<td></td>
<td>Contracted sales of RMB 21.4 billion² (S$4.3 billion) in 2019</td>
</tr>
</tbody>
</table>

Notes:
1. 2019 Ranking by China Real Estate Association (中国房地产业协会)
2. On 100% basis
   Exchange rate of RMB1 : S$0.2009 as at 14 April 2020
Existing Holding Structure

Interest held by Sincere Property’s Chairman & Founder and Greenland Holdings

<table>
<thead>
<tr>
<th>Name of shareholder</th>
<th>Direct interest in Offshore Hold Co (%)</th>
<th>Effective interest in Sincere Property (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CDL</td>
<td>Not applicable</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Mr Wu Xu(^1)</td>
<td>100.00</td>
<td>60.00</td>
</tr>
<tr>
<td>Greenland Holdings(^2)</td>
<td>Not applicable</td>
<td>40.00</td>
</tr>
</tbody>
</table>

Notes:
1. Mr Wu Xu is the Chairman and Founder of Sincere Property
2. Greenland Holdings Group Co., Ltd.

CDL had extended an interest-bearing loan in 2019 to Sincere Property in the amount of **RMB 2.75 billion** (representing approximately S$0.55 billion)
Structure – Transaction Completion in 2020

Joint Controlling Stake of 51.01% to be held by CDL Group

<table>
<thead>
<tr>
<th>Name of shareholder</th>
<th>Direct interest in Offshore Hold Co (%)</th>
<th>Effective interest in Sincere Property (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CDL</td>
<td>63.75</td>
<td>51.01</td>
</tr>
<tr>
<td>Mr Wu Xu¹</td>
<td>36.25</td>
<td>29.00</td>
</tr>
<tr>
<td>Greenland Holdings²</td>
<td>Not applicable</td>
<td>19.99</td>
</tr>
</tbody>
</table>

CDL’s Effective Equity Stake in Sincere will be approximately **51.01%**, becoming the largest shareholder.

Notes:
1. Mr Wu Xu is the Chairman and Founder of Sincere Property
2. Greenland Holdings Group Co., Ltd.
Structure – Exercise of Call Option in 2022

Controlling Stake of 60.01% to be held by CDL Group

After the exercise of the call option, CDL’s Effective Equity Stake in Sincere Property will be approximately **60.01%**
The call option will be exercisable on the later of (i) 18 months from completion of transaction and (ii) 1 July 2022

### Notes:
1. Mr Wu Xu is the Chairman and Founder of Sincere Property
2. Greenland Holdings Group Co., Ltd.
Compelling Transaction Rationale

Significantly Improved Terms for New Transaction

1. **Attractive Price**
   - Attractive entry valuation at RMB 8.60 billion – almost 50% below Sincere Property’s NAV of RMB 16.48 billion\(^1\)
   - Current macroeconomic conditions offer a window of opportunity to assess real estate investments with attractive valuations

2. **Immediate Scale**
   - Expand the Group’s geographical presence from 3 to 18 cities in China
   - Increase CDL’s global portfolio allocation in China from 13% to 17%

3. **Growth Potential**
   - Access to pipeline of 64 development projects, land bank of 9.2 million sqm\(^2\)
   - More than 96% of the land bank in Tier 1 and 2 cities
   - Broaden capabilities to include business parks

4. **Strategic Fit**
   - Sincere provides local capabilities with over 2,000 professionals across 18 cities
   - CDL contributes international experience, sophisticated capital management and sustainability leadership to help strengthen and professionalise Sincere Property

Notes:
1. Based on the unaudited consolidated financial statements of Sincere Property for the financial year ended 31 December 2019
2. On 100% basis
Strategic Initiatives

Upon Transaction Completion, Strong Focus on These Initiatives

- **PORTFOLIO REBALANCING**
- **SALES ACCELERATION**
- **ASSET DIVESTMENT**
- **CAPABILITY ENHANCEMENT**
- **TREASURY OPTIMISATION**
Xinhua Sincere Center, Chongqing
重庆新华协信中心

Financial Impact to CDL
Proforma Impact to EPS

EPS Accretive Transaction – Expected 130% boost to EPS upon Transaction Completion

- Expected 130% boost to EPS upon Transaction Completion
- Assumed negative goodwill of S$867 million based on Sincere Property’s unaudited NAV as at 31 December 2019 (subject to Purchase Price Allocation Exercise)
- Effect on EPS of S$0.95 per share

<table>
<thead>
<tr>
<th>Year</th>
<th>EPS Accretion</th>
<th>Interest on Initial Tranche</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2019</td>
<td>$0.55</td>
<td>$0.61</td>
</tr>
<tr>
<td>Transaction Completion (Year 2020)</td>
<td>$1.40</td>
<td>$1.52</td>
</tr>
</tbody>
</table>

- Alignment of accounting policy – Depreciation on investment properties

Assumed negative goodwill of S$867 million based on Sincere Property’s unaudited NAV as at 31 December 2019 (subject to Purchase Price Allocation Exercise)

Effect on EPS of S$0.95 per share

EPS is boosted by negative goodwill but impacted by alignment of accounting policy as CDL depreciates its investment properties vis-à-vis the fair value model
### Proforma Impact to NAV & Net Gearing

**NAV**

- **NAV boosted by the recognition of negative goodwill**
- **Excluding negative goodwill, NAV is fairly constant**

<table>
<thead>
<tr>
<th>Date</th>
<th>NAV</th>
</tr>
</thead>
<tbody>
<tr>
<td>31/12/2019</td>
<td>11.60</td>
</tr>
<tr>
<td>Transaction Completion (Year 2020)</td>
<td>12.49</td>
</tr>
</tbody>
</table>

**Net Gearing**

- Gearing remains robust

<table>
<thead>
<tr>
<th>Date</th>
<th>Gearing</th>
</tr>
</thead>
<tbody>
<tr>
<td>31/12/2019</td>
<td>43</td>
</tr>
<tr>
<td>Transaction Completion (Year 2020)</td>
<td>43</td>
</tr>
</tbody>
</table>

**Note:**

1. Including fair value on investment properties
CDL Debt Maturity Profile

Within 1 year 21%
1 to 2 years 21%
2 to 3 years 37%
More than 3 years 21%

Debt Maturity 2019

S$2,039m
S$2,063m
S$2,075m
S$3,551m

YTD 2020
Repaid 22%
Refinanced/rollover 48%
Funds set aside for repayment 15%
Pending discussions with banks 15%
Proforma Impact to Total Assets

As at 31/12/2019

- Singapore: 47%
- China: 13%
- US: 7%
- UK: 15%
- Others: 18%

S$23.2 billion

Upon Completion of Transaction

- Singapore: 45%
- China: 17%
- US: 7%
- UK: 14%
- Others: 17%

S$24.3 billion

CDL continues to focus on its key geographical segments, with added focus on China and the UK.
Healthy Future Revenue Recognition

Pre-sold approximately **RMB 23.1 billion (S$4.6 billion)**\(^1\) as of end 2019, to be booked as revenue for Sincere from 2020 to 2022 upon property handover.

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**Notes:** Images are artist’s impressions

1. Include the sales of both residential and commercial GFA, on 100% basis
Building Scale, Creating Value
– Transforming the Group’s Portfolio
Building Scale in World’s Most Populous Nation

Depressed Valuations triggered by COVID-19 Pandemic and Global Uncertainties

Transformation >>
Establish CDL as a Major Player in China’s Property Market

WHY NOW?

➢ **Window of opportunity:** A rare opportunity to gain a controlling stake in a Top 100 developer in China

➢ **Positive outlook:** The Group remains confident of China’s strong fundamentals and its ability to rebound and takes a long-term view of investments in China

➢ **Green shoots of recovery:** China’s economy will likely be the first to recover from the COVID-19 crisis and emerge stronger
Charting the Next Phase of Growth in China

Transformative Deal to Build Scale

1. Accelerate Growth

2. Enhance Expertise

3. Combine Capabilities
Accelerate Growth

Achieve scale and attractive returns through immediate access to enlarged portfolio

Current Presence (Pre-Transaction)

Expanded Presence (Post-Transaction)

5 Key regions
18 Core cities
Multiple Asset types
Accelerate Growth

Strong Commercial Portfolio

- Identify opportunities with attractive value (e.g. during development stage)
- Seek value added opportunities
- Focus on Tier 1 and key Tier 2 cities

Existing Portfolio

- Hong Leong City Centre, Suzhou
- Yaojiang International, Shanghai
- Hong Leong Plaza, Shanghai

Recent Acquisition

- Hongqiao Sincere Centre (Phase 2), Shanghai
- Nanping Starlight Place, Chongqing

Potential Future Collaboration

- Xinhua Sincere Centre, Chongqing
- Sincere Centre, Qingdao
- Shibei Starlight Plaza, Shanghai

Note:
1. CDL acquired Hongqiao Sincere Centre (Phase 2)
Enhance Expertise

Significant enhancement of CDL’s overall asset management capabilities

CDL’s existing platforms and investments

- Boulevard 88
- Amber Park

Sincere Property’s product offerings and capabilities

- Sincere Gongguan
- Jinglan Peak

Leading co-working operator

Established platform for retail property development and management

Fast growing apartment rental platform

Top 10 Business Park Developer and Operator

International hotel owner and operator

Specialises in serviced apartment management

Active Value Creation via Professionally Managed Platform

Support Potential Fund Management Business
Combine Capabilities

Leverage enlarged resource pool to create competitive advantages

- Strong local execution capability supported by a team of over 2,000 professionals from Sincere Property
- Achieve competitive edge with Sincere Property’s local expertise and strong partnerships coupled with CDL’s international experience, sophisticated capital management and sustainability leadership
Growth, Enhancement and Transformation

- 18 Cities
- 9.2 million sqm
- Multiple Asset types
- >2,000 Employees
- Geographic Expansion
- Substantial Land Bank
- Enhanced Expertise
- Dedicated Local Professionals

Note: 1. On 100% basis
Disclaimer:

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