#### OPERATIONAL UPDATE FOR THE QUARTER ENDED 30 SEPTEMBER 2022

Against the backdrop of macroeconomic headwinds clouded with uncertainties, the Group stayed agile and maintained a resilient performance across all its business segments. Below is an update on the Group's operating performance for the third quarter ended 30 September 2022 (Q3 2022).

## **Property Development**

## **Singapore**

In Q3 2022, the Group and its joint venture (JV) associates sold 95 units with a total sales value of \$281 million. Sales were slower for the quarter as the Group has a low inventory of unsold units as its launched projects have been substantially sold, with Sengkang Grand Residences selling out in Q3. Moreover, there were no new launches in Q3.

Project	Location	Launched	Total Units	Units Sold <sup>#</sup>		
Piccadilly Grand*	Northumberland Road	May 2022	407	344 (85%)		
CanningHill Piers*	Clarke Quay	November 2021	696	670 (96%)		
Irwell Hill Residences	Irwell Bank Road	April 2021	540	505 (94%)		
Boulevard 88*	Orchard Boulevard	March 2019	154	133 (86%)		
Amber Park*	Amber Road	May 2019	592	582 (98%)		
Nouvel 18 <sup>+</sup>	Anderson Road	July 2019	156	153 (98%)		
Haus on Handy	Handy Road	July 2019	188	154 (82%)		
Piermont Grand*	Sumang Walk	July 2019	820	819 (99.9%)		
Sengkang Grand Residences*	Sengkang Central	November 2019	680	Fully sold		

<sup>\*</sup>JV project

#As at 30 November 2022

For the first nine months ended 30 September 2022 (YTD Sep 2022), the Group and its JV associates sold 802 units with a total sales value of \$1.9 billion (YTD Sep 2021: 1,382 units with a total sales value of \$2.5 billion). However, sales have surged to 1,417 units with a total sales value of \$2.8 billion as at 30 November 2022, mainly led by the recent launch of the Group's JV project, Copen Grand Executive Condominium (EC) in October 2022.

The 639-unit Copen Grand EC opened for e-applications on 7 October and sales bookings commenced on 22 October for eligible buyers. It received a very strong response with 465 units (73% of the project) sold on its launch day. Under prevailing EC regulations, only 30% of the project can be allocated to second-time buyers during launch and the quota was reached. On 26 November, the Group started sales bookings for second-time buyers who were unable to purchase a unit during the initial launch period. The response was overwhelming with the remaining 146 units snapped up over the weekend, making the project fully sold just one month after its launch. The average launch price was \$1,300 per square foot (psf), with an additional 3% applied to units sold under the deferred payment scheme. Located in the heart of Tengah Town, envisioned to be Singapore's first smart and sustainable precinct, Copen Grand is within walking distance of three MRT stations on the upcoming Jurong Region Line – a rare attribute for an EC. It will also have convenient access to two neighbouring hubs – the Jurong Lake District and the Jurong Innovation District. The demand for well-located ECs augurs well for the Group's pipeline EC project in the same vicinity, at Bukit Batok West Avenue 5, which will have around 510 units.

<sup>+</sup>Divested project under PPS3, marketed by CDL

With rising interest rates and inflationary concerns, on 30 September 2022, the Government introduced additional property cooling measures aimed at ensuring prudent borrowing. The reference interest rate used to compute the Total Debt Servicing Ratio (TDSR) and Mortgage Servicing Ratio (MSR) increased by 0.5% from 3.5% to 4.0%. Other measures were more targeted at the HDB market. With the tightened maximum loan quantum limits for housing loans, potential buyers are likely to be more cautious in their decision-making, mindful of their mortgage servicing capability. Nonetheless, the Group expects the property market to remain resilient given the low stock levels. Moreover, with a recovering economy, Singapore's political stability, and its strength as a financial hub, there is sustained interest from local buyers, foreign investors and high-net-worth individuals.

To replenish its development pipeline, the Group successfully secured an expansive 178,936 square feet (sq ft) EC Government Land Sales (GLS) site at Bukit Batok West Avenue 5 with a bid price of \$336.07 million (or \$626 psf ppr) in September 2022. The Group won by a razor-thin margin of 0.2% (or \$1 psf ppr) versus the second highest bid. The EC project will comprise 10 blocks of 12 to 13 storeys with around 512 units. The site is conveniently situated between three MRT stations and within the Bukit Batok Nature Corridor.

#### Australia

The Group recently completed The Marker in Melbourne, where 84% of the 198 units have been sold to date. Residents have been progressively moving into the apartments since October. The Group's purchase of its first Private Rented Sector (PRS) development site in Melbourne's Southbank was completed in November 2022. Project construction is targeted to commence in Q2 2023 and will yield around 240 units.

#### **Investment Properties**

### **Singapore**

As at 30 September 2022, the Group's office portfolio<sup>1</sup> remained resilient with 94.3% committed occupancy, above the island-wide occupancy of 88.3%<sup>2</sup>. Republic Plaza, the Group's flagship Grade A office building, is 96.1% committed with a positive rental reversion of 5.9%. The Grade A office market is expected to remain resilient, driven by the limited CBD supply.

The Group's retail portfolio<sup>1</sup> also remained healthy with 95.3% committed occupancy, above the island-wide occupancy of 92.2%<sup>2</sup>. The robust performance was led by City Square Mall and Palais Renaissance, with a committed occupancy of 98.2% and 100% respectively.

The lifting of Vaccination-Differentiated Safe Management Measures (VDS) in October 2022, coupled with the easing of regulations, have further boosted the recovery of the retail sector. The Group's retail portfolio's average monthly footfall has recovered to 70% of pre-COVID levels in Q3 2022, while average monthly tenant sales have already exceeded pre-COVID levels. Nonetheless, retailers remain cautious due to ongoing challenges such as manpower shortages and rising operating costs.

## **Overseas Markets**

### <u>China</u>

Multiple lockdowns were imposed due to the emergence of COVID-19 cases which caused disruptions to businesses and negatively impacted sales of the Group's existing stock. The Group is providing some financial support to its commercial tenants to help them overcome the challenges. The Group continues to hold a positive long-term view of the China property market and is actively looking for new development sites.

<sup>&</sup>lt;sup>1</sup>Includes South Beach (in accordance with CDL's proportionate ownership). Excludes Central Mall Office Tower and Central Mall Conservation Unit.

<sup>&</sup>lt;sup>2</sup> Based on Urban Redevelopment Authority's real estate statistics for Q3 2022.

## UK

London's office leasing market remained relatively stable, with demand for Grade A energy-efficient buildings as this helps to mitigate soaring energy bills. 125 Old Broad Street and Aldgate House are benefitting from such resilience, providing well-located Grade A offices with enhanced amenities and a robust sustainability strategy. Existing occupiers are renewing their leases, increasing their footprint or in active discussions around a longer-term lease arrangement.

# **The Living Sector**

#### UK

Limited supply and mortgage affordability issues, exacerbated by higher interest rates in the near term, continue to underpin the rise in rental demand for PRS accommodation in the UK as people turn to renting instead of purchasing homes. This augurs well for The Junction, the Group's 665-unit PRS development in Leeds, which has begun pre-leasing as its phased completion is on track to commence in Q4 2022.

#### Japan

The Group's PRS portfolio in Osaka and Yokohama enjoys stable rent with strong average portfolio occupancy of above 95% for stabilised assets. Demand is fueled by individuals and corporates returning to the workplace, with lesser remote work and a higher propensity to stay within the same prefecture. Employment is normalising to pre-pandemic levels. Restrictions on foreign nationals entering Japan are fully lifted, which should further boost the demand for rental apartments.

## **Hotel Operations**

With the easing of travel restrictions and the pent-up travel demand, the Group's hotels continued its recovery path, registering a global Revenue Per Available Room (RevPAR) growth of 88.9% to \$161.9 for Q3 2022 (Q3 2021: \$85.7). For YTD Sep 2022, global RevPAR rose 108.3% to \$127.7 (YTD Sep 2021: \$61.3), with London and New York improving their RevPAR by 291.2% and 113.3% respectively.

Key operating statistics for hotels owned by the Group:

	Room Occupancy			Average Room Rate			RevPAR			GOP Margin		
	Q3	Q3	Incr /	Q3	Q3	Incr /	Q3	Q3	Incr /	Q3	Q3	Incr /
	2022	2021	(Decr)	2022	2021 *	(Decr)	2022	2021 *	(Decr)	2022	2021	(Decr)
	%	%	% pts	\$	\$	%	\$	\$	%	%	%	% pts
Singapore	88.8	76.3	12.5	201.0	87.6	129.5	178.6	66.9	167.0	48.2	37.7	10.5
Rest of Asia	55.4	40.1	15.3	131.1	102.3	28.2	72.7	41.0	77.3	22.1	2.8	19.3
Total Asia	68.8	54.1	14.7	167.3	94.3	77.4	115.1	51.0	125.7	36.6	17.8	18.8
Australasia	44.3	33.9	10.4	143.9	138.8	3.7	63.8	47.0	35.7	26.3	24.3	2.0
London	88.8	58.7	30.1	330.3	188.3	75.4	293.2	110.6	165.1	50.9	44.0	6.9
Rest of Europe	82.2	52.0	30.2	159.2	158.7	0.3	130.8	82.6	58.4	35.7	32.9	2.8
Total Europe	85.7	55.6	30.1	253.9	175.3	44.8	217.5	97.4	123.3	45.9	39.7	6.2
New York	88.9	67.3	21.6	359.6	247.3	45.4	319.5	166.3	92.1	25.5	(8.0)	33.5
Regional US	58.5	58.7	(0.2)	216.4	172.0	25.8	126.6	100.9	25.5	33.5	31.9	1.6
Total US	70.2	61.9	8.3	286.0	203.0	40.9	200.6	125.7	59.6	28.8	12.7	16.1
Total Group	71.0	55.1	15.9	228.0	155.7	46.4	161.9	85.7	88.9	36.2	22.6	13.6

	Room Occupancy			Average Room Rate			RevPAR			GOP Margin		
	YTD Sep	YTD Sep	Incr /	YTD Sep	YTD Sep	Incr /	YTD Sep	YTD Sep	Incr /	YTD Sep	YTD Sep	Incr /
	2022	2021	(Decr)	2022	2021 *	(Decr)	2022	2021 *	(Decr)	2022	2021	(Decr)
	%	%	% pts	\$	\$	%	\$	\$	%	%	%	% pts
Singapore	76.2	75.0	1.2	177.2	87.8	101.8	135.1	65.9	105.0	43.9	38.7	5.2
Rest of Asia	45.4	37.5	7.9	122.4	105.8	15.7	55.6	39.7	40.1	10.0	3.5	6.5
Total Asia	57.5	52.0	5.5	150.9	95.8	57.5	86.7	49.8	74.1	27.6	18.3	9.3
Australasia	40.3	38.4	1.9	149.3	139.5	7.0	60.2	53.5	12.5	26.3	33.3	(7.0)
London	76.7	33.0	43.7	289.9	172.3	68.3	222.2	56.8	291.2	45.5	33.6	11.9
Rest of Europe	73.6	33.4	40.2	156.6	128.1	22.2	115.2	42.8	169.2	30.1	15.1	15.0
Total Europe	75.2	33.2	42.0	229.6	150.8	52.3	172.7	50.0	245.4	40.1	26.2	13.9
New York	80.4	58.5	21.9	307.5	198.2	55.1	247.2	115.9	113.3	14.7	(35.8)	50.5
Regional US	54.7	48.4	6.3	189.8	143.9	31.9	103.8	69.7	48.9	28.4	26.3	2.1
Total US	64.5	51.9	12.6	245.7	165.4	48.5	158.4	85.9	84.4	20.6	(1.1)	21.7
Total Group	62.4	46.0	16.4	204.8	133.3	53.6	127.7	61.3	108.3	28.7	14.7	14.0

<sup>\*</sup>For comparison, Q3 and YTD Sep 2021 Average Room Rate and RevPAR had been translated at constant exchange rates (30 Sep 2022).

#### Asia

The Group's Singapore hotels recorded a strong 105% improvement in RevPAR for YTD Sep 2022 compared to the same period last year. The recovery was aided by the stellar performance in occupancy during the Formula 1 Singapore Grand Prix 2022 held in September, with a record-high Average Room Rate (ARR). For the Rest of Asia, its hotels in Taipei and Beijing remain affected by travel restrictions.

### Australasia

New Zealand (NZ) hotels' RevPAR fell by 12.5% for YTD Sep 2022. This was due to travel restrictions and the Managed Isolation and Quarantine business at M Social Auckland and Grand Millennium Auckland being terminated in June 2022. With the gradual reopening of borders to international travellers in August 2022, NZ hotels expect to see recovery in the coming months.

### Europe

London hotels registered a 291.2% jump in RevPAR for YTD Sep 2022, boosted by the strong performance of The Biltmore Mayfair and the unexpected spike in demand in September as large crowds visited London to pay their respects to Her Majesty the Queen and attend her state funeral.

# <u>US</u>

The US hotels also achieved a strong recovery with 84.4% RevPAR growth for YTD Sep 2022. The Group's New York hotels benefitted from the return of corporate business, the easing of COVID-19 travel restrictions and events such as the U.N General Assembly's first in-person meeting in three years held in September, which all contributed to the total revenue recovery in the US market.

## **Fund Management**

The unprecedented interest rate hikes in 2022 have severely impacted the initial public offerings (IPO) of REITs in Singapore, with several planned IPOs and secondary fund-raising exercises of REITs withdrawn. Amid this challenging market, the Group is placing a temporary pause on its IPO aspirations for its UK commercial properties until the market stabilises. The short-term market uncertainties present opportunities for the Group to make strategic acquisitions that will complement its fund management strategy.

## **Capital Position**

The Group continues to be proactive in capital management in light of the challenging macroeconomic conditions and rising interest rates. With the divestment of Millennium Hilton Seoul and the distribution *in specie* of CDLHT Units in 1H 2022, the Group's total borrowings decreased from \$11.2 billion as at 31 December 2021 to \$9.2 billion as at 30 September 2022.

As at 30 September 2022, the Group's net gearing ratio (after factoring in fair value on investment properties) stands at 52%, with interest cover at 12.1 times. With its strong cash reserves and available undrawn committed bank facilities totalling \$4.0 billion, the Group continues to maintain a strong balance sheet to navigate the challenges ahead.

There are no material concerns over the Group's ability to fulfil its near-term debt obligations.

# **Outlook and Prospects**

Given the global economic uncertainty, unabated inflation and rising interest rates, the outlook remains unpredictable and highly sensitive to market changes. Despite these challenges, the Group continues to accelerate its Growth, Enhancement and Transformation (GET) Strategy, focusing on portfolio growth, strong execution, operational excellence, active capital recycling and driving sustainability initiatives.

The Group's timely divestments earlier in the year, with the sale of Millennium Hilton Seoul as well as the successful collective sale exercises for Tanglin Shopping Centre and Golden Mile Complex, will provide the Group with adequate financial headroom to deleverage, seek opportunistic investments and maximise shareholder value.

The Group will continue to exercise prudence in its investments and growth plans. By maintaining a robust balance sheet and disciplined capital management, the Group is confident of weathering the storms and emerging stronger.

# BY ORDER OF THE BOARD

Yeo Swee Gim, Joanne Enid Ling Peek Fong Company Secretaries

30 November 2022