



CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

OPERATIONAL UPDATE FOR THE QUARTER ENDED 31 MARCH 2024

For the first quarter ended 31 March 2024 (Q1 2024), the Group achieved a resilient performance across all its business segments, focusing on sales growth, asset enhancements, operational refinements, as well as acquisition and divestment initiatives. Below are key highlights of the Group's Q1 2024 operating performance.

Property Development

Singapore

In Q1 2024, the Group and its joint venture (JV) associates sold 429 units with sales revenue of \$736.8 million (Q1 2023: 88 units with a total sales value of \$213.2 million). The strong sales performance was driven by the launch of Lumina Grand, a 512-unit Executive Condominium (EC) project at Bukit Batok West Avenue 5. 269 units (53%) were sold during the launch weekend in January 2024 and to date, 381 units (74%) have been sold.

The Group's other launched projects continued to sell well. The Myst, located at Upper Bukit Timah Road, has sold 240 (59%) of its 408 units, while Tembusu Grand, the 638-unit JV project in the heart of Katong, has sold 397 units (62%).

The Group plans to launch two new residential projects in 2H 2024. The first is the 366-unit Union Square Residences, part of the Group's larger redevelopment project named Union Square, located at the site of the former Central Mall (office), Central Mall (conservation shophouses) and Central Square. In March 2024, the Group obtained Written Approval for the redevelopment of this amalgamated site under the Urban Redevelopment Authority's (URA) Strategic Development Incentive (SDI) Scheme, into a mixed-use integrated development comprising 300,910 square feet (sq ft) of office space, 75,540 sq ft of retail space, a 48,860 sq ft hotel and a 310,190 sq ft residential component. Through the SDI Scheme, the Group was able to realise a significant Gross Floor Area (GFA) uplift of 67% to approximately 735,500 sq ft. Upon completion, the area will be revitalised and transformed into a bustling enclave for live, work and play.

The second upcoming project is located at Champions Way in Woodlands, comprising 348 units. The site is within minutes' walk to the Woodlands South MRT station and is just one MRT stop away from Woodlands MRT station, Woodlands Bus Interchange and Causeway Point. It is also connected to the Woodlands North MRT station, which directly links to the Johor Bahru-Singapore Rapid Transit System (RTS), currently under construction. No new private residential projects have been launched in Woodlands for over a decade. Given its strategic location and the lack of new supply in the vicinity, the Group expects good demand for this project.

To replenish its development landbank, in April 2024, the Group successfully secured a sizeable 164,451 sq ft Government Land Sales (GLS) site with JV partner Mitsui Fudosan (Asia) Pte. Ltd., for \$1,106,888,000 (or \$1,202 psf ppr). Located along Zion Road and within the River Valley residential enclave, the site is directly connected to Havelock MRT station. The current plan is to develop the site into an integrated mixed-use project comprising two blocks – 69-storey and 64-storey – with around 740 residential units for sale and a retail podium. Additionally, a 35-storey block with around 290 rental apartment units will be built under URA's newly introduced Serviced Apartments II (SA2) category, piloted as a form of longer-term rental accommodation with a minimum lease period of three months.

The Group also submitted two joint tender bids for the master developer site at Jurong Lake District (JLD) with four other parties: CapitaLand Development, Frasers Property, Mitsubishi Estate Co. Ltd. and Mitsui Fudosan (Asia) Pte. Ltd. The tender submission will undergo a two-stage evaluation

process, encompassing both concept and price assessments by the authorities. Comprising three land parcels, the 6.5-hectare white site will link the existing commercial centre at Jurong East MRT interchange station with the future JLD station on the Cross Island Line. The planning parameters include 146,000 square metres (sqm) of office space, about 1,700 residential units and 73,000 sqm of GFA for complementary uses such as shops, restaurants, hotels and community spaces or more offices.

With increased interest and sales activity in Sentosa Cove properties in recent months, the Group's associate, Cityview Place Holdings Pte. Ltd., as the subsidiary proprietor/owner of 203 units at The Residences at W Singapore Sentosa Cove, offered a special price for 58 selected units for a limited period. Sales commenced on 15 April 2024 and to cater to the strong demand, additional units were put forward for sale. To date, 76 units have been sold.

Overseas Markets

Australia

In Brisbane, 87.0% of the 97-unit Treetops at Kenmore JV project has been sold. Stage 1 (30 units) was completed in January 2024, with the remaining two stages to be completed in Q2 2024.

China

The Group has substantially sold its residential inventory in China. To date, Eling Palace is fully sold, while Hong Leong City Center and Hongqiao Royal Lake are 92% and 91% sold respectively. Hong Leong Technology Park Shenzhen (HLTP Shenzhen) has sold 427 units comprising apartments, office and retail units since the Group acquired the project in March 2021. The Group continues to focus on driving sales for HLTP Shenzhen as well as developing its Suzhou High-Speed Railway New Town site acquired last year, with a planned launch of the residential component by Q1 2025.

Investment Properties

Singapore

As at 31 March 2024, the committed occupancy for the Group's Singapore office portfolio softened to 91.1%¹ largely due to tenant movement at South Beach, but remained higher than the island-wide office occupancy of 90.4%². However, Republic Plaza, the Group's flagship Grade A office building, is 95.6% committed and reported positive rental reversion of 8.6%³ in Q1 2024. Similarly, the Group's City House and King's Centre office assets have committed occupancy of 90.4% and 100% respectively.

In Q1 2024, vacancies in Raffles Place/Downtown remained tight. Renewals were signed at higher rents, in line with market rates. Tenants generally view lease renewal as a more economical option rather than relocation in an uncertain and high inflationary environment. Office footprints remained largely the same, though some tenants opted to downsize in Q1 2024.

The Group's Singapore retail portfolio⁴ registered a committed occupancy of 97.7%, higher than the island-wide retail occupancy of 93.3%² as at 31 March 2024. In the same period, whilst undergoing asset enhancement works, City Square Mall's committed occupancy increased marginally to 98.8%. In Q1 2024, the retail market had a good start on the back of international events, concerts and the Chinese New Year holidays, which brought visitors' arrivals to circa 92.8% of pre-pandemic levels and an increase of 49.6% year-on-year (y-o-y), according to Singapore Tourism Board data. Despite ongoing challenges arising from higher operating costs and a strong Singapore dollar, the retail sector

¹ Includes South Beach (in accordance with CDL's proportionate ownership). Excludes assets planned for redevelopment.

² Based on URA real estate statistics for Q1 2024.

³ For renewed leases.

⁴ Includes South Beach and Sengkang Grand Mall (in accordance with CDL's proportionate ownership). Excludes assets planned for redevelopment and City Square Mall units affected by AEI.

is expected to remain relatively resilient, with rents and occupancy levels expected to stay stable as Singapore visitor arrivals continue to grow.

As part of the Group's asset rejuvenation strategy, it is investing \$50 million in an asset enhancement initiative (AEI) for its 15-year-old City Square Mall, which commenced in Q3 2023. The two-phase AEI will add around 26,000 sq ft of GFA to the mall through space optimisation and incentive initiatives. Phase 1 of the AEI in the basement floors, estimated to be fully operational by Q2 2024, features refreshed F&B concepts and returning tenants, including a 9,000 sq ft revamped food court. Phase 2 of the AEI, which commenced in Q1 2024, focuses on the mall's upper floors. It includes a 24,000 sq ft Gastro Square on Level 4 for global and local culinary delights, as well as a community space for social gatherings and events. The mall remains open throughout the AEI period, with full completion expected by 1H 2025.

Overseas Markets

UK

Despite ongoing economic headwinds, Q1 2024 saw a significant increase in viewings, requests for proposals, and space negotiations for the Group's UK office portfolio, which includes 125 Old Broad Street, Aldgate House and St Katharine Docks. As at 31 March 2024, the Group's portfolio maintained a healthy committed occupancy of 89.5%. This was driven by a lack of adequate Grade A refurbished office space in Central London and supported by the Group's ongoing AEI activity and enhanced sustainability credentials.

Thailand

The Group's Jungceylon Shopping Center in Patong, Phuket, achieved a 90.0% committed occupancy as at 31 March 2024. Q1 2024 saw a recovery in mall traffic, achieving 63.0% of 2019's pre-pandemic levels. Tourist arrivals at Phuket International Airport increased by 27.3% y-o-y and 19.9% quarter-on-quarter (q-o-q) with an average of 796,165 visitors per month, mainly driven by increased international tourists. Phuket is expected to see a continued boost in tourism given the visa-free entry agreement between Thailand and China, which started on 1 March 2024, as well as the Songkran festival in April 2024.

The Living Sector

Private Rented Sector (PRS)

UK: Leasing for The Junction, a 665-unit project located in Leeds, the Group's first PRS project in the UK, is progressing well. As at 31 March 2024, committed occupancy for Phase 1 (307 units) stands at 86.3%, while leasing efforts for the remaining units completed under Phase 2 are in full swing. Enquiries and feedback have been positive, and the Group expects leasing momentum to pick up as UK heads into the summer season.

Japan: In April 2024, the Group invested in a 115-unit PRS asset in Saitama city, in the Greater Tokyo region, bringing the Group's PRS portfolio in Japan to 39 assets (including two in the pipeline), with 2,216 units. The Group's Japan PRS portfolio has a strong average occupancy rate above 95% and stable income. Leasing momentum is expected to continue in 1H 2024, supported by positive net migration from foreign and domestic populations.

Purpose-Built Student Accommodation (PBSA)

UK: As at 31 March 2024, the Group's six PBSA properties with around 2,400 beds have achieved an average occupancy rate of 93.0% for the Academic Year 2023/2024.

Hotel Operations

The Group's hotels achieved a global Revenue Per Available Room (RevPAR) growth of 5.3% to \$139.4 for Q1 2024 (Q1 2023: \$132.4), attributed to the strong growth in Australasia and Singapore.

Key operating statistics for hotels owned by the Group:

	Room Occupancy			Average Room Rate			RevPAR			GOP Margin		
	Q1 2024	Q1 2023	Incr/ (Decr)	Q1 2024	Q1 2023*	Incr/ (Decr)	Q1 2024	Q1 2023*	Incr/ (Decr)	Q1 2024	Q1 2023	Incr/ (Decr)
	%	%	%pts	\$	\$	%	\$	\$	%	%	%	%pts
Singapore	83.1	72.6	10.5	222.2	226.4	(1.9)	184.6	164.3	12.4	41.9	36.3	5.6
Rest of Asia	64.3	66.9	(2.6)	163.2	153.5	6.3	104.9	102.7	2.1	39.9	40.1	(0.2)
Total Asia	71.8	69.4	2.4	190.3	186.5	2.0	136.5	129.3	5.6	41.0	38.1	2.9
Australasia	77.2	66.4	10.8	183.5	165.8	10.7	141.6	110.0	28.7	39.0	40.8	(1.8)
London	66.3	66.0	0.3	241.9	259.3	(6.7)	160.3	171.1	(6.3)	32.6	31.9	0.7
Rest of Europe	71.6	72.5	(0.9)	145.3	157.2	(7.6)	104.0	113.9	(8.7)	13.0	22.4	(9.4)
Total Europe	68.8	69.0	(0.2)	195.0	209.3	(6.8)	134.1	144.5	(7.2)	24.1	28.1	(4.0)
New York	83.1	81.4	1.7	254.9	243.8	4.6	211.9	198.6	6.7	(3.2)	(5.8)	2.6
Regional US	52.1	50.6	1.5	178.5	173.1	3.1	92.9	87.5	6.2	5.5	5.1	0.4
Total US	66.2	63.1	3.1	222.3	210.2	5.8	147.2	132.7	10.9	0.2	(1.2)	1.4
Total Group	70.1	67.0	3.1	198.9	197.6	0.7	139.4	132.4	5.3	26.7	25.0	1.7

*For comparability, Q1 2023 Average Room Rate and RevPAR had been translated at constant exchange rates (31 March 2024).

Asia

In Q1 2024, Singapore hotels recorded RevPAR growth of 12.4% y-o-y, primarily elevated by higher occupancy levels during the Chinese New Year period in February and the Taylor Swift concerts in March. For the Rest of Asia, despite a slow recovery in the China market, the region's RevPAR grew 2.1% y-o-y, driven by Taipei and the rest of Southeast Asia hotels improving in room rates.

With growth in RevPAR and cost optimisation, the GOP margin for Asia was 2.9 percentage points higher than Q1 2023.

Australasia

Australasia's Q1 2024 RevPAR rose by 28.7% y-o-y to \$141.6 in Q1 2024 (Q1 2023: \$110.0), boosted by the newly acquired Sofitel Brisbane Central hotel, with higher occupancy and ARR. However, GOP margin was 1.8 percentage points lower as New Zealand has not seen the full return of Chinese tourists since the pandemic.

Europe

Europe hotels achieved a RevPAR of \$134.1 in Q1 2024, 7.2% lower y-o-y (Q1 2023: \$144.5). RevPAR for London hotels and the Rest of Europe region declined 6.3% and 8.7% respectively due to seasonality and geopolitical factors leading to reduced room rates.

Rest of Europe's GOP margin decreased by 9.4 percentage points in Q1 2024 due to softer room rates.

US

In Q1 2024, US hotels' RevPAR increased by 10.9% y-o-y to \$147.2, driven by a 5.8% y-o-y increase in ARR and a 3.1 percentage points increase in occupancy.

New York hotels RevPAR continued with their strong performance. RevPAR improved by 6.7% y-o-y due to higher occupancy of 83.1% and an ARR of \$254.9 in Q1 2024. Regional US hotels also recorded a RevPAR growth of 6.2% y-o-y.

With higher occupancy and ARR, the US portfolio registered a growth of 1.4 percentage points in GOP margin in Q1 2024 compared to Q1 2023.

Hotel Refurbishments and Developments

To enhance guests' experience and maintain competitiveness, the Group will refurbish several hotels this year.

UK:

- Millennium Hotel London Knightsbridge (222 rooms) will undergo major renovation works for £16.5 million (\$28.0 million). The AEI will commence in 2H 2024 and the hotel will be reflagged as M Social Knightsbridge upon its completion in 1H 2025 – the Group's first M Social in the UK. The hotel will continue to operate throughout the AEI.

Asia:

- M Social Phuket (the former Millennium Resort Patong Phuket) completed Phase 1 of its AEI at the end of 2023, receiving positive guest feedback. Phase 2 has commenced and the 418-room will be fully opened in the later part of 1H 2024. The Group invested about THB 999 million (\$36.9 million) to reposition the property.

US:

- Millennium Downtown New York (569 rooms) will undergo a major US\$43 million (\$57.9 million) AEI in 2H 2024 and reflag as M Social Downtown New York upon completion in 1H 2025.
- The M Social Hotel Sunnyvale in California (263 rooms) is under construction. This US\$115 million (\$154.9 million) project is expected to fully open in 2H 2026.

Hotel Acquisition

In May 2024, the Group completed the acquisition of the 268-room Hilton Paris Opéra hotel for €240 million (\$350.2 million). Located in a highly coveted address, the iconic hotel is close to the capital's landmark attractions like the Louvre, Arc de Triomphe and Champs-Élysées and within minutes' walk of the Galeries Lafayette and Printemps department stores. The well-timed acquisition marks the Group's third and largest hotel in Paris and complements its expansion plans in Europe ahead of the upcoming Paris 2024 Olympics.

Capital Position

As at 31 March 2024, the Group's net gearing ratio (factoring in fair value on investment properties) stands at 63%. Due to interest rate hikes, interest cover stands at 1.2 times. Nevertheless, the Group has strong cash reserves of \$2.4 billion. It maintains a robust liquidity position comprising cash and available undrawn committed bank facilities totalling \$3.7 billion. Its debt expiry profile also remains healthy.

The Group maintained a substantial level of natural hedge for its overseas investments and will continue its proactive and disciplined approach to capital management.

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

On 8 March 2024, the Group initiated a Share Buyback Programme for its ordinary shares via open market purchases as its shares are currently trading significantly below their intrinsic value despite the Company's strong fundamentals. As at 23 April 2024, a total of 10,442,800 shares, representing 1.15% of issued shares before the buyback, were purchased for a total consideration (including stamp duties, clearing charges etc) of \$61.3 million.

During the 61st Annual General Meeting (AGM) on 24 April 2024, shareholders renewed the Share Purchase Mandate for the Group to buy back up to 10% of the total number of issued ordinary shares and preference shares. Since then, the Group has purchased another 2,486,800 shares, representing 0.28% of issued shares before the buyback, for a total consideration (including stamp duties, clearing

charges etc) of \$15.1 million. The ordinary shares will be held as treasury shares and may be used for the Company's Long-Term Incentive Plans.

In April 2024, the Group announced an off-market equal access scheme to buy back up to 29,778,683 Preference Shares, representing 10% of total number of 297,786,832 Preference Shares in issue at the offer price of \$0.78 in cash for each Preference Share. The offer enables the Group to exercise greater control over its share capital structure. In the last exercise in December 2023, the Group received acceptances from Preference Shareholders of more than 4.2 times the maximum allowable buyback amount of the Preference Shares, indicating strong demand. Given the generally low trading volume of the Preference Shares, the present offer will provide Preference Shareholders with another exit opportunity to partially monetise their holdings, in addition to the Preference Dividends received over their holding periods.

Outlook and Prospects

The real estate sector continues to face headwinds such as elevated interest rates, inflationary pressures, policy-related challenges and increased operating costs. However, the Group is cautiously optimistic that business conditions will improve as interest rates stabilise.

Capital management remains a key focus. The Group has accelerated its capital recycling plans and has earmarked some of its long-held strata assets for divestment. In April 2024, the Group launched the sale of strata units at Fortune Centre and Sunshine Plaza, as well as strata units at its freehold industrial properties, Cititech Industrial Building and Citilink Warehouse Complex. Additionally, a portfolio of 11 strata-titled shops on the ground floor of The Venue Shoppes in the MacPherson area was launched for sale in May 2024. As some of these assets have been held at book value for several decades, it presents an opportunity for the Group to extract latent value and effectively recycle capital. It underscores the Group's proactive approach to optimising its asset base and enhancing shareholder value.

The Group continues to execute on its Growth-Enhancement-Transformation (GET) strategy and is confident of navigating the current landscape with resilience and adaptability as it fortifies its operational efficiencies while seizing growth opportunities.

BY ORDER OF THE BOARD

Yeo Swee Gim, Joanne
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21 May 2024