News Release

14 August 2024

CDL ACHIEVES 32% INCREASE IN PATMI TO S$87.8 MILLION FOR 1H 2024

- **Higher PATMI supported by divestment gains as part of capital recycling efforts**
- **Resilient Singapore residential sales with 588 units sold at a value of S$1.2 billion**
- **Investment properties segment registered a 21.3% increase in revenue, mainly driven by acquisitions in 2023, such as St Katharine Docks and living sector assets**
- **Hotel operations segment saw a RevPAR growth across most regions, further bolstered by two hotel acquisitions in Australia and France**

For the half year ended 30 June 2024 (1H 2024), City Developments Limited (CDL) achieved a 32.0% increase in net attributable profit after tax and non-controlling interest (PATMI) of S$87.8 million (1H 2023: S$66.5 million). The increase was supported by divestment gains as part of the Group's capital recycling efforts. Notably, results in the previous corresponding period in 2023 included the full recognition of revenue and profits from an Executive Condominium (EC) project, Piermont Grand, of which the Group owns 60%.

The Group achieved a lower revenue of S$1.6 billion for 1H 2024 (1H 2023: S$2.7 billion) as 1H 2023 included a S$1.0 billion contribution from Piermont Grand, which was recognised in its entirety when the EC project obtained its Temporary Occupation Permit (TOP) in January 2023.

Financial Highlights

(S$ million)	1H 2024	1H 2023	% Change
Revenue	**1,562.5**	2,703.7	(42.2)
Profit before tax	**155.4**	179.5	(13.4)
PATMI	**87.8**	66.5	32.0

The investment properties and hotel operations segments saw a 21.3% and 10.8% increase in revenue for 1H 2024, respectively. The increase in the investment properties segment was mainly driven by the investment properties acquired in 2023, such as St Katharine Docks and the living sector assets. Revenue for the hotel operations segment continued to increase steadily, with Revenue Per Available Room (RevPAR) growth across most regions further bolstered by the addition of the newly acquired Sofitel Brisbane Central hotel in December 2023 and Hilton Paris Opéra hotel in May 2024.

The Group registered a pre-tax profit of S$155.4 million for 1H 2024 (1H 2023: S$179.5 million) largely due to higher financing costs and lower profits from the property development segment.

The property development segment registered substantially lower profits in 1H 2024 vis-à-vis 1H 2023 due to the timing of profit recognition. Unfortunately, construction delays for certain projects resulted in lower-than-expected profit contribution in 1H 2024, whereas in 1H 2023, the Group recorded a substantial profit contribution from Piermont Grand and another completed joint venture (JV) project, Boulevard 88, which obtained its TOP in April 2023. Higher financing costs were also recorded in 1H 2024 for this segment relating to projects that have yet to be launched, including Union Square Residences, Norwood Grand in Woodlands and the Lorong 1 Toa Payoh site.

The investment properties segment is the largest contributor to pre-tax profits for 1H 2024, supported by divestment gains on the sale of strata units in Citilink Warehouse Complex, Cititech Industrial Building and Fortune Centre in 1H 2024, along with contributions from several acquisitions.

The Group's hotel operations segment also reported a healthy pre-tax profit for 1H 2024 and positive EBITDA for all regions, reflecting continued recovery momentum.

As of 30 June 2024, the Group maintained its robust capital position with cash reserves of S$1.7 billion[1], and cash and available undrawn committed bank facilities totalling S$3.7 billion.

After factoring in fair value on investment properties, the Group's net gearing ratio stands at 69% (FY 2023: 61%), following the acquisition of the Hilton Paris Opéra hotel and three Japan Private Rented Sector (PRS) properties, coupled with the share buyback of CDL's ordinary shares and preference shares as well as dividend payments.

The Board is pleased to declare payment of a tax-exempt (one-tier) special interim dividend of 2.0 cents per ordinary share.

<u>**Operations Review and Prospects**</u>

Resilient Residential Sales in Singapore and Overseas Markets

- In **Singapore**, the Group and its JV associates sold 588 units with a total sales value of S$1.2 billion (1H 2023: 508 units sold with a total sales value of S$1.1 billion). Sales were boosted by the launch of Lumina Grand, a 512-unit EC project at Bukit Batok West Avenue 5, which sold 269 units (53%) during its launch weekend in January. To date, 399 units (78%) have been sold. In April 2024, the Group's associate, Cityview Place Holdings Pte. Ltd., as the subsidiary proprietor/owner of 203 units at the 228-unit The Residences at W Singapore Sentosa Cove, put up 58 select units at an attractive price, and the units were fully taken up. More units were released to meet demand, and to date, 84 (41%) of the 203 units have been sold.

- In **Australia**, the Group's launched projects – 97-unit Treetops at Kenmore JV project (Brisbane), 175-unit Brickworks Park (Brisbane) and 61-unit Fitzroy Fitzroy JV project (Melbourne) – continued to see a steady uptake and are now 93%, 85% and 56% sold respectively.

- In **China**, the Group's wholly-owned subsidiary, CDL China Limited and its JV associates sold 109 residential, office and retail units, with a total sales value of RMB 710.9 million (approximately S$132.4 million). The Group has substantially sold most of its launched residential inventory in China.

Project Launch in 1H 2024 and Pipeline

- In July 2024, the 276-unit freehold **Kassia** was launched. Located off Upper Changi Road North, Kassia is developed by Tripartite Developers Pte Ltd, a JV project with Hong Leong Holdings Limited and TID Pte. Ltd. in which the Group owns a one-third share. To date, the project is 56% sold.

- Two new residential projects are slated for launch in 2H 2024. One is the 366-unit **Union Square Residences** at the former Central Mall and Central Square sites at Havelock Road. This project is part of a large mixed-use redevelopment named Union Square, which comprises offices, residences, retail, and a sizeable co-living component with a hotel licence. It is developed under the Urban Redevelopment Authority (URA)'s Strategic Development Incentive (SDI) Scheme, allowing for a significant Gross Floor Area (GFA) uplift of 67% to approximately 735,500 square feet (sq ft).

- The other is the 348-unit **Norwood Grand** at Champions Way in Woodlands – within a five-minute walk to the Woodlands South MRT station and just one MRT stop to Woodlands MRT interchange station, bus interchange and Causeway Point Shopping Mall. It is also two MRT stops to Woodlands North MRT station which will be directly linked to the Johor Bahru-Singapore Rapid Transit System in the near future.

- Another pipeline project is a Government Land Sales (GLS) site at **Zion Road** within the prime River Valley residential enclave, which the Group and its JV partner clinched in April 2024 for S$1.1 billion (or S$1,202 psf ppr). Subject to approvals, the site will be developed into an integrated mixed-use development comprising more than 700 residential units over two high-rise towers of approximately 60 storeys and a retail podium. A 35-storey block with over 300 apartments will also be built under URA's Serviced Apartment II (SA2) category, piloted as a form of longer-term rental accommodation with a minimum lease period of three months.

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[1] Net of overdraft.

Continued Positive Recovery Momentum in Hospitality Sector

- The Group's hotel RevPAR grew 3.0% to S$156.0 for 1H 2024 (1H 2023: S$151.5), driven by the strong performance in Australasia, which registered a 30.4% y-o-y RevPAR growth to $121.9 (1H 2023: $93.5) supported by the addition of the 416-room Sofitel Brisbane Central hotel, acquired in December 2023. The Asia, Rest of UK and Europe, and New York markets continued to register sustained growth.

- In May 2024, the Group acquired the 268-room **Hilton Paris Opéra** for €240 million (approximately S$350.2 million). This iconic, freehold hotel has seen strong demand with notable high occupancy and average room rate (ARR), especially during the Paris 2024 Olympics. Its inclusion is expected to drive further growth in the region.

Strengthening Recurring Income Streams

Living Sector Portfolio

Private Rented Sector (PRS)

- **UK:** In February 2024, the Group acquired The Yardhouse, its first PRS development in Central London, for £88.0 million (approximately S$148.6 million). The site will be developed into a 17-storey apartment building with 209 co-living units. The Group is forward-funding this PRS project, which is expected to be completed in 2026.

- **Japan:** The Group continued to expand its PRS portfolio with the acquisition of two assets in 1H 2024: 115-unit PRS asset in Saitama city in the Greater Tokyo Region in April 2024 and 30-unit PRS asset in Akasaka in Central Tokyo in May 2024. It also completed an acquisition of a 104-unit PRS asset in Osaka in April 2024. It now owns 40 PRS assets in Japan (including two in the pipeline), totalling 2,246 units, maintaining a robust average occupancy rate of 95% and stable income for the operational assets.

- **Australia:** The Group is developing a total of 563 PRS units across two projects. Construction of the 237-unit Southbank development in Melbourne is 29% complete and on track for Q1 2026 delivery. The 326-unit Toowong development in Brisbane is currently on hold pending stabilisation of construction costs.

Purpose-Built Student Accommodation (PBSA)

- **UK:** The Group's PBSA portfolio of six properties in five cities with around 2,400 beds achieved an average occupancy rate of 93.0% occupancy for the current Academic Year 2023/2024.

Stable Office and Retail Portfolio

- As at 30 June 2024, the Group's **Singapore** office portfolio achieved a committed occupancy of 93.0%[2], above the island-wide office occupancy of 89.2%[3], with Republic Plaza reporting a 97.0% committed occupancy with an 8.4%[4] positive rental reversion in 1H 2024. The Group's City House and King's Centre were 98.6% and 100% occupied. Despite the challenging climate and rising costs, the Group continues to demonstrate resilience, delivering healthy operating metrics.

- The Group's **Singapore** retail portfolio[5] registered a committed occupancy of 97.6%, above the island-wide retail occupancy of 93.4%[2] as at 30 June 2024. City Square Mall, undergoing AEI, has maintained a 99.5% committed occupancy for non-affected AEI spaces during the same period. The Group's S$50 million AEI at City Square Mall is on track. Phase 1 reopened in May 2024 with a 94.0% committed occupancy.

- The Group's **China** office portfolio was 71.9% occupied, while the retail portfolio maintained a healthy committed occupancy of 81.0%. Its **UK** commercial portfolio reported a committed occupancy of 90.3%, driven by active leasing efforts, ongoing AEI activity and enhanced sustainability credentials.

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[2] Includes South Beach (in accordance with CDL's proportionate ownership). Excludes assets planned for redevelopment and divestment (ceased leasing activities).
[3] Based on URA real estate statistics for Q2 2024.
[4] For renewed leases.
[5] Includes South Beach and Sengkang Grand Mall (in accordance with CDL's proportionate ownership). Excludes assets planned for redevelopment, divestment (ceased leasing activities) and City Square Mall units affected by AEI.

Mr Kwek Leng Beng, Executive Chairman of CDL, said, "Today's unpredictable business landscape has brought challenges and opportunities. We maintain a cautious yet optimistic outlook and leverage opportunities to enrich our Group's portfolio with valuable, long-term assets. Building on the continued positive recovery momentum of the hospitality sector, the Group's recent acquisition of the Hilton Paris Opéra hotel in France allows us to strengthen our hospitality portfolio with a trophy asset, expanding our presence in a key gateway city in Europe during the Paris 2024 Olympics, while bolstering our recurring income with value-add potential. Our approach remains disciplined, prioritising capital management and strategic investments to fortify our recurring income streams and ensure sustainable growth."

Mr Sherman Kwek, Group Chief Executive Officer of CDL, said, "The real estate sector faced considerable headwinds from macroeconomic conditions and higher financing costs, impacting the Group's financial performance. Despite the challenges, the Group will continue to steadfastly execute our strategic initiatives, which include capitalising on attractive investment opportunities, accelerating capital recycling efforts and advancing our fund management ambitions. With strong fundamentals and a diversified asset base, we are confident that our global portfolio will remain resilient. In addition, the potential for interest rate cuts by the US Federal Reserve will also bring much relief and further strengthen our capital position."

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