News Release

10 August 2023

CDL REPORTS 84% INCREASE IN REVENUE TO S$2.7 BILLION AND PATMI OF S$66.5 MILLION FOR 1H 2023

- **Property development segment recorded a 183.2% jump in revenue contribution**
- **Healthy Singapore residential sales with 508 units sold at a value of S$1.1 billion**
- **Hotel operations segment saw RevPAR growth across all regions driven by continued global travel recovery, with Asia registering 88.3% increase**
- **Excluding divestment gains and impairment losses, EBITDA and PBT increased 48% on a like-for-like basis**
- **Lower PATMI largely due to the absence of substantial divestment gains recorded in 1H 2022**

For the half-year ended 30 June 2023 (1H 2023), City Developments Limited (CDL) achieved strong revenue growth of 83.6% to S$2.7 billion (1H 2022: S$1.5 billion), primarily driven by the property development segment.

Despite the higher revenue, the Group achieved lower net profit after tax and non-controlling interest (PATMI) of S$66.5 million (restated 1H 2022: S$1.1 billion[1]), largely due to the absence of substantial divestment gains recorded in 1H 2022. These included the gains from the record sale of Millennium Hilton Seoul and its adjoining land site 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. Furthermore, the higher financing costs and the impairment losses for its UK investment properties further impacted 1H 2023 PATMI.

Financial Highlights

The property development segment continued to be the biggest contributor as its revenue jumped 183.2%. The significant increase was underpinned by the contribution from its fully sold Piermont Grand Executive Condominium (EC) which obtained its Temporary Occupation Permit (TOP) in 1H 2023, enabling its revenue and profit to be recognised in entirety upon completion under prevailing accounting policies for ECs.

The hotel operations segment also saw a 12.4% increase in revenue for 1H 2023 with revenue per available room (RevPAR) growth across all regions, supported by the continued strong momentum in international travel. Singapore reported a RevPAR growth of 51% and correspondingly, the Asia region contributed the most with an 88.3% increase in RevPAR. Notably, the performance of Asia, Europe and US regions had exceeded the RevPAR of pre-COVID 2019 levels.

The Group registered a pre-tax profit of S$179.5 million for 1H 2023 vis-à-vis S$1.6 billion for 1H 2022, whereby 1H 2022 was boosted by substantial divestment gains as mentioned above. Excluding divestment gains and impairment losses, the Group would have registered a 48.1% increase in pre-tax profit for 1H 2023 on a like-for-like basis.

The property development segment was the lead contributor following the recognition of the profits for the fully sold Piermont Grand EC as well as other strong-performing Singapore projects such as Amber Park, Boulevard 88 and Irwell Hill Residences.

[1] Restated as the proposed REIT listing of the two UK commercial properties did not materialise, in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*, 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. Accordingly, the comparative figures for 1H 2022 were restated to account for retrospective effect on the related depreciation arising from the above reclassification following the Group's decision not to proceed with the planned IPO in 2H 2022.

Excluding divestment gains and impairment losses, EBITDA for 1H 2023 increased by 47.7% versus 1H 2022. Despite a pre-tax loss of S$6.8 million, the hotel operations segment still generated S$100.0 million in EBITDA for 1H 2023 resulting from a 42.7% improvement in RevPAR across all regions.

As of 30 June 2023, the Group maintained its robust capital position with cash reserves of S$2.1 billion, and cash and available undrawn committed bank facilities totalling S$3.4 billion.

After factoring in fair value on investment properties, the Group's net gearing ratio stands at 57% (FY 2022: 51%), following the acquisition of St Katharine Docks located in Central London for £395 million (approximately S$636 million) in March 2023. Average borrowing costs stand at 4.1% for 1H 2023 compared with 2.4% for FY 2022, reflecting the interest rate hikes in the key markets where the Group operates.

The Board is pleased to declare payment of a tax-exempt (one-tier) special interim dividend of 4.0 cents per ordinary share.

<u>Operations Review and Prospects</u>

Resilient Residential Sales in Singapore and Overseas Markets

- In **Singapore**, the Group and its joint venture (JV) associates sold 508 units with a total sales value of S$1.1 billion (1H 2022: 712 units with a total sales value of S$1.6 billion). Sales picked up in Q2 2023, largely attributed to the successful launch of the 638-unit Tembusu Grand in April with 367 units (58%) sold to date and healthy sales momentum for its launched projects. Three projects – Haus on Handy (188 units), Amber Park (592 units) and Nouvel 18[2] (156 units) are fully sold, while the rest of its launched projects are substantially sold.

- In **Australia**, the Group's launched projects continued to see a steady uptake.

- In **China**, the Group has sold most of its residential inventory and continues to steadily clear the remaining units in Shanghai, Suzhou, Chongqing and Shenzhen.

- In the **UK**, 44% of the 239-unit Teddington Riverside project is occupied and rental enquiries remain healthy. In July, the former Stag Brewery site in Mortlake, Southwest London, received planning consent from the Planning Committee of the London Borough of Richmond-Upon-Thames (LBRuT) for its mixed-use redevelopment scheme. Due to the scale of the redevelopment, the LBRuT-endorsed scheme will move to a Stage Two review by the Greater London Authority for approval.

Project Launch in 2H 2023 and Pipeline

- In July 2023, the Group launched The Myst, a 408-unit development at Upper Bukit Timah, near Cashew MRT station and Bukit Panjang Integrated Transport Hub. To date, 132 units (32%) have been sold at an ASP of S$2,057 psf.

- The Group is reviewing the launch of Newport Residences (former Fuji Xerox Towers), the 246-unit ultra-luxury freehold project that is part of the 45-storey mixed-use development Newport Plaza, which also comprises a Grade A office, a new concept serviced apartment and a retail component with restaurants and amenities.

- Plans for Central Mall and Central Square's redevelopment are progressing smoothly. The Written Permission (WP) application has been submitted and is being evaluated by the Urban Redevelopment Authority (URA). The Group hopes to obtain the WP approval before year-end. Demolition of the existing buildings is expected to commence in Q4 2023.

- The Group is preparing to launch a 512-unit EC project at Bukit Batok West Avenue 5 in Q1 2024. The EC is close to the upcoming Tengah New Town and Jurong Lake District. It is also near three MRT stations, along the Jurong Region Line and North-South Line, and near the new Anglo-Chinese School (Primary), which is relocating to Tengah in 2030.

[2] Divested project under PPS3, marketed by CDL.

Continued Recovery Momentum in Hospitality Sector

- The Group's hotels achieved a global RevPAR growth of 42.7% to S$151.5 for 1H 2023 (1H 2022: S$106.2), boosted by the strong recovery from Asia and Australasia, while Europe and the US markets also continued their growth trajectory. Compared with 1H 2019 (pre-COVID), RevPAR in 1H 2023 increased 17.2%, mainly driven by higher room rates.

- The 294-room 5-star M Social Suzhou, the Group's first M Social property in China, opened in April 2023. In June 2023, the Group completed its S$30 million revamp of Grand Copthorne Waterfront Hotel in Singapore, which included a redesign of all 574 guestrooms and suites with eco-friendly features, an expanded 6,200 sqm conference facility with 33 function rooms equipped with cutting-edge technology as well as upgraded public spaces.

Strengthening Recurring Income Streams

Living Sector Portfolio

Private Rented Sector (PRS)

- **UK:** The Junction in Leeds has completed three out of five blocks (307 out of 665 units) and achieved committed occupancy of 68.1% to date.

- **Japan:** In April, the Group acquired two PRS assets in Osaka, totalling 201 units for ¥3.15 billion (S$31.4 million). It now owns 10 PRS assets in Japan, comprising 714 units with a strong average occupancy above 95% and stable rental income.

- **Australia:** The Group's PRS development sites in Brisbane's Toowong (around 250 PRS units) and Melbourne's Southbank (around 240 units) are on track to commence in 2H 2023.

Purpose-Built Student Accommodation (PBSA)

- **UK:** Since the Group's maiden UK PBSA acquisition in June 2022, its portfolio now comprises six properties with almost 2,400 beds across five cities – Birmingham, Canterbury, Coventry, Leeds and Southampton. The current committed occupancy rate of the portfolio is 98% for Academic Year 2022/2023.

Resilient Office and Retail Portfolio

- As at 30 June 2023, the Group's **Singapore** office portfolio[3] remains resilient with a committed occupancy of 95.3%, above the island-wide occupancy of 89.2%[4]. Republic Plaza is 94.3% occupied, with a positive rental reversion of 7.9% recorded in 1H 2023. City House and King's Centre continued to achieve strong committed occupancies of 98.7% and 100% respectively.

- The Group's **Singapore** retail portfolio[3] achieved a committed occupancy of 97.8%, higher than the island-wide occupancy of 92.5%[4]. City Square Mall continues to perform well with 96.4% committed occupancy and rental reversions of 8.0% for the period under review, while Palais Renaissance achieved 100% occupancy for its retail leases.

Strategic Acquisitions

- In March 2023, the Group bought the landmark St Katharine Docks located in Central London, UK, for £395 million (approximately S$636 million) or £751 psf (S$1,209 psf) on the existing net lettable area. The 23-acre freehold estate fronting the River Thames has Grade A offices, F&B, retail and residential arranged across four main buildings and supporting ancillary spaces, including a marina with berths for 185 yachts.

  The Group, through its subsidiaries, also entered into a Purchase Sale Agreement and Business Asset Sale Agreement to acquire the 416-room 5-star Sofitel Brisbane Central for A$177.7 million (approximately S$159.2 million) or A$427,000 (about S$383,000) per key. The 30-storey hotel overlooks

[3] Includes South Beach Tower (in accordance with CDL's proportionate ownership). Excludes assets planned for redevelopment or sale.
[4] Based on Urban Redevelopment Authority's real estate statistics for Q2 2023.

ANZAC Square and has exceptional views of the city's skyline and the Sunshine Coast. Completion is scheduled for Q4 2023.

- In July 2023, the Group acquired the 408-room Nine Tree Premier Hotel Myeongdong II, Seoul, for KRW 140 billion (approximately S$143.9 million) or KRW 343 million (approximately S$353,000) per key. The freehold 17-storey upscale hotel is within walking distance to the Myeongdong Walking Street, Lotte and Shinsegae department stores, as well as restaurants, street food, business and entertainment venues.

Mr Kwek Leng Beng, Executive Chairman of CDL, said, "Despite the persistent macroeconomic headwinds and inherent market unpredictability, the Group will stay agile, resilient and adaptable in navigating these headwinds. Building on the continued recovery of the hospitality sector, our recent acquisitions of the Sofitel Central Brisbane and Nine Tree Premier Hotel Myeongdong II in Seoul at attractive valuations strengthen the Group's presence in key gateway cities.

Over the past six decades, the Group has demonstrated adeptness in capitalising on growth opportunities. During times of uncertainty, strategic acquisitive opportunities often emerge and we must be nimble to secure opportunities to solidify our market position, augment and diversify our portfolio and leverage our core expertise for sustainable long-term growth."

Mr Sherman Kwek, Group Chief Executive Officer of CDL, said, "The Group is focused on capital recycling and asset portfolio optimisation as we pursue our Growth, Enhancement and Transformation (GET) strategy. The record profit performance last year, driven by significant divestments, provided us with the significant cash to make strategic acquisitions that would add value to our portfolio. Since the start of the year, we have acquired iconic trophy assets such as St Katharine Docks in Central London, two strong-performing hotel assets in Brisbane and Seoul as well as expanded our PRS portfolio with two assets in Osaka. These acquisitions are aligned with the Group's goals to advance our global presence in tandem with our land replenishment strategy in Singapore. In addition, we remain focused on extracting value from our current assets while pursuing our fund management ambitions."

Please visit www.cdl.com.sg for CDL's 1H 2023 financial statement.

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