News Release

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CDL RETURNS TO PROFITABILITY WITH PATMI OF S$97.7 MILLION AND 24.5% INCREASE IN REVENUE TO S$2.6 BILLION FOR FY 2021

- **Highest annual property sales in the Group's history for FY 2021; 2,185 residential units sold with total sales value of S$4.3 billion**
- **Hotel operations segment returned to profitability in 2H 2021; hospitality sector rebound imminent**
- **Millennium Hilton Seoul divestment for KRW 1.1 trillion completed – marks the Group's capital recycling focus to unlock latent asset values since its privatisation of Millennium & Copthorne Hotels Limited in November 2019**
- **Proposed distribution of 31.1 cents per share[1] for FY 2021 (FY 2020: 12.0 cents), comprising 12.0 cents in cash and distribution *in specie* of CDL Hospitality Trusts units valued at 19.1 cents per share[1] to reward shareholders**
- **Cash reserves of S$2.2 billion; maintains strong liquidity position**

City Developments Limited (CDL) has returned to profitability with net attributable profit after tax and non-controlling interest (PATMI) of S$129.7 million for its second half (2H 2021) and S$97.7 million for the full year ended 31 December 2021 (FY 2021). In comparison, results for the previous corresponding periods in 2H 2020 and FY 2020 were a net loss after tax and non-controlling interest of S$1.9 billion (same for both periods).

The Group's revenue for 2H 2021 increased by 38.4% to S$1.4 billion (2H 2020: S$1.0 billion) and for FY 2021 increased by 24.5% to S$2.6 billion (FY 2020: S$2.1 billion) as revenue contribution from its hotel operations segment across all regions jumped in 2H 2021, particularly in the US and Europe. For FY 2021, the property development segment contributed 48% to total revenue, propelled by strong performing Singapore projects such as Whistler Grand, Amber Park, The Tapestry and Irwell Hill Residences, as well as overseas projects, including Shenzhen Longgang Tusincere Tech Park, and contribution from New Zealand land sales.

As at 31 December 2021, the Group has cash reserves of S$2.2 billion and a strong liquidity position comprising cash and available undrawn committed bank facilities totalling S$3.9 billion. Net gearing ratio (after factoring in fair value on investment properties) stands at 61%.

For FY 2021, the Board is recommending a final ordinary dividend of 8.0 cents per share, as well as a special final dividend of 1.0 cent per share. Additionally, the Board is also proposing to reward shareholders with a special distribution *in specie* (Proposed Distribution) of 144,300,000 stapled CDL Hospitality Trusts (CDLHT) Units on a *pro rata* basis, estimated to be valued at 19.1 cents per share[1]. Together with the special interim dividend of 3.0 cents per share declared in mid-2021, the total distribution to shareholders is expected to be 31.1 cents per share[1] for FY 2021 (FY 2020: 12.0 cents).

[1] Illustrative valuation based on CDLHT unit price of S$1.20.

Financial Highlights

(S$ million)	FY 2021	FY 2020	% Change	2H 2021	2H 2020	% Change
Revenue	**2,625.9**	2,108.4	24.5	1,433.7	1,035.5	38.4
Profit before tax	**227.7**	(1,790.8)	NM	218.0	(1,804.6)	NM
PATMI	**97.7**	(1,917.4)	NM	129.7	(1,920.5)	NM

Important Notes on Proposed Distribution, Capital Position and Net Asset Value

- The Proposed Distribution is yet another positive outcome of the Group's holistic review of its hotel operations segment, following its privatisation of Millennium & Copthorne Hotels Limited (M&C) in November 2019. It reflects the Group's commitment towards capital recycling to enhance efficiency and maximise shareholder value. The Proposed Distribution would result in an accounting deconsolidation of CDLHT from the Group, allowing the Group the potential to book gains on any future sale of assets from the Group to CDLHT should the transaction value exceed the carrying book value of the assets.

- Following the accounting deconsolidation of CDLHT, the Group is expected to recognise an estimated gain of approximately S$467.5 million on a *pro forma* basis. The Group's net gearing (including fair value of investment properties) would also be expected to improve from 61% to 55% on a *pro forma* basis. The Group remains fully committed as a sponsor of CDLHT and will continue to be its largest unitholder with an interest of approximately 27% following the Proposed Distribution.

- The Group's Net Asset Value (NAV) per share as at 31 December 2021 stands at S$9.28 (31 December 2020: S$9.38). The Group adopts the policy of stating investment properties at cost less accumulated depreciation and impairment losses. Had the Group factored in fair value gains on its investment properties, the Revalued NAV (RNAV) per share would be S$15.70 (2020: S$14.26). The higher RNAV is attributable to higher fair value gains on its properties. The Group had obtained external valuations for 88% of its investment properties and 63% of its hotel properties.

Operations Review and Prospects

Resilient sales performance in Singapore and Overseas Markets

- In **Singapore,** the Group and its joint venture (JV) associates sold 2,185 units including Executive Condominiums (ECs), with a total sales value of S$4.3 billion in FY 2021 – the highest annual property sales achieved in the Group's history[2] (FY 2020: 1,318 units with a total sales value of S$1.8 billion). This was largely attributed to two successful launches in 2021: Irwell Hill Residences (540 units) and CanningHill Piers (696 units), which are 77% and 86% sold to date respectively, as well as sustained steady sales of its existing inventory. Residential projects Piermont Grand EC and Whistler Grand are fully sold.

- In **Australia,** the mixed-use JV development named Fitzroy Fitzroy in Melbourne, launched in October 2021, has pre-sold 24% of its 62 apartments and townhouses. The Marker, a JV project in West Melbourne, has pre-sold 81% of its 198 apartments. In New South Wales, a 135-unit JV retirement village project in Bowral has exchanged contracts on all 77 townhouses launched. In December 2021, the Group entered a JV with Brisbane-based developer Metro Group to acquire Kenmore Treetops, located in the leafy suburb of Kenmore. The project will comprise 97 units and is slated for launch in 2022.

- In **China**, the Group continued to sell down its existing inventory, with most projects substantially sold. Hong Leong City Center (HLCC), a mixed-use development in Suzhou Industrial Park, has sold 92% of its 1,813 residential and retail units to date. Current occupancy at HLCC's Grade A office

[2] The last annual high was achieved in FY 2007 with S$3.4 billion in total sales value with 1,655 units sold.

tower and mall stands at 94% and 87% respectively. In Chongqing, its 126-unit JV project Eling Palace has sold 91% and in Shanghai, Hongqiao Royal Lake, a luxury development in Qingpu District, has sold 84% of the 85 villas.

Project Launch Pipeline for Singapore

- Three residential launches in Singapore are in the pipeline for 2022. First up will be Piccadilly Grand, a 407-unit mixed-use development JV project at Northumberland Road with direct access to the Farrer Park MRT station comprising apartments with commercial space on the ground floor (to house F&B, shops and a childcare centre). This project is slated for launch in 1H 2022.

- In 2H 2022, a 639-unit JV EC project at Tengah Garden Walk located in Tengah New Town within walking distance to three upcoming MRT stations and near the Jurong Innovation District will be launched for sale. In addition, the residential component of the 80 Anson Road integrated development (formerly known as Fuji Xerox Towers) with 256 units will also be launched. Located within the CBD, this freehold development is near the Tanjong Pagar MRT station and the upcoming Prince Edward MRT station as well as the Greater South Waterfront, an exciting new gateway to a future-forward live, work and play urban precinct.

Redevelopment and Portfolio Rejuvenation

- Demolition works for 80 Anson Road (former Fuji Xerox Towers) have commenced and construction is expected to begin in end-2022. This project, under the Urban Redevelopment Authority (URA) CBD Incentive Scheme, is the first integrated development to achieve the Building and Construction Authority (BCA) Green Mark Platinum Super Low Energy (SLE) certification, with SLE certification for the residential, serviced apartment, office and retail categories.

- In December 2021, the Group announced its redevelopment plans for its Central Mall properties into a large-scale mixed-use development following the acquisition of Central Square for S$315 million. The enlarged site, comprising office, retail, hospitality and potentially a residential component, will be redeveloped under URA's Strategic Development Incentive Scheme. It will yield a significant GFA uplift of about 67% to approximately 735,500 sq ft.

Group Divestments and Capital Recycling

- In December 2021, the Group signed a Sale and Purchase Agreement (SPA) with an entity managed by IGIS Asset Management to divest the Millennium Hilton Seoul and the adjoining land site for KRW 1.1 trillion (approximately S$1.25 billion). The sale transaction was completed on 24 February 2022 and the Group expects to recognise a total estimated net gain on disposal of S$528.83 million.

- The public tender (launched in December 2021) for the collective sale of Tanglin Shopping Centre[3] closed on 22 February 2022 with a top bid of S$868 million (or S$2,769 psf ppr). This collective sale exercise will enable the Group to unlock value and realise a significant capital gain from its investment, which it has held since 1981. The sale is subject to the approval of the Strata Titles Board and other conditions.

Further expansion into the Private Rented Sector (PRS)

- In the UK, following the acquisition of a 250-year leasehold site in Birmingham's Paradise precinct in December 2021, the Group has three PRS projects with a pipeline of over 1,300 units. The 16,760 sq ft site in Birmingham will be developed into The Octagon, an iconic 155-metre tower with 370 units, at an estimated total development cost (including land cost of £6.5 million) of around £110 million (S$200 million). Completion is expected in 2025. In August 2021, CDLHT had also acquired a 352-unit forward-funded PRS project in Manchester.

[3] Through King's Tanglin Shopping Pte Ltd, a wholly-owned subsidiary of M&C, the Group owns about 34.6% of Share Value and 60.2% of Strata Area in the freehold strata-titled development.

- In Japan, the Group has five PRS projects located in Osaka and Yokohama with 242 units, and another two PRS projects totalling 207 units in Yokohama pending sale completion.

Mr Kwek Leng Beng, Executive Chairman of CDL, said, "Whilst the COVID-19 pandemic persists and presents uncertainties, the overall global outlook remains positive this year with the resumption of travel, opening of borders and an overall resolution to push ahead to open economies. The Group's hotel operations segment is poised for a long-awaited imminent rebound, boosted by pent-up demand for tourism and corporate travel. The Group will move forward swiftly to execute and deliver on our strategy. We will continue to review and optimise our hospitality portfolio through operational improvements, refurbishments, redevelopments and divestments to extract value. At the same time, to generate sustainable returns for shareholders, we will be agile and opportunistic to redeploy our capital to acquire assets in resilient sectors. The Proposed Distribution demonstrates our commitment and appreciation to our shareholders."

Mr Sherman Kwek, Group Chief Executive Officer of CDL, said, "As we emerge from the aftermath of the COVID-19 disruptions, the Group has progressed with its Growth, Enhancement and Transformation (GET) strategy to expand, unlock value and transform for the future. Our capital recycling initiatives, as demonstrated by the divestment of Millennium Hilton Seoul and Tanglin Shopping Centre as well as the deconsolidation of CDLHT, will enable the Group to strengthen our balance sheet and maximise shareholder value. The Group is well-positioned to redeploy capital to higher growth assets and expand our diversified portfolio in our key markets. With improving macroeconomic conditions ushering in a brighter outlook, the Group resumes its journey with increased confidence, backed by resiliency and strong fundamentals."

Please visit www.cdl.com.sg for CDL's FY 2021 financial statement.

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