News Release

13 August 2020

CDL REPORTS PROFIT OF S$3.1 MILLION FOR 1H 2020: OVERALL PERFORMANCE SEVERELY IMPACTED BY THE PROLONGED COVID-19 PANDEMIC

- *Earnings drag primarily from its hotel operations segment posting a pre-tax loss of S$208.2 million*
- *28% of the Group's 152 hotels were temporarily closed while global hotel occupancy fell to 39.4%*
- *Property development segment remains resilient; sold 356 residential units in Singapore with sales value of S$514.7 million in 1H 2020*
- *Plans to redevelop Fuji Xerox Towers and Central Mall as part of portfolio enhancement*
- *Asset divestment opportunities are being explored for non-core hotels and China investment properties*
- *Strong cash reserves of S$2.7 billion*

For the half-year ended 30 June 2020 (1H 2020), City Developments Limited (CDL) reported a net attributable profit after tax and minority interests (PATMI) of S$3.1 million (1H 2019: S$362.0 million). The prolonged COVID-19 pandemic has severely impacted the Group's performance across its business segments.

The Group's revenue for 1H 2020 declined by 32.8% to S$1.1 billion (1H 2019: S$1.6 billion). The decline was across all business segments with hotel operations accounting for 82% of the drop in revenue. In constant currency, the Group's global hotel revenue per available room (RevPAR) fell by 56.6% to S$60.3 (1H 2019: S$139.1), and global occupancy dropped to 39.4% (1H 2019: 72.2%). As at 30 June 2020, 28% of the Group's 152 hotels worldwide were temporarily closed and those that remained open were operating at much lower occupancies than before.

The Group registered a pre-tax profit of S$13.8 million for 1H 2020 (1H 2019: S$490.3 million). Its hotel operations segment recorded a substantial pre-tax loss of S$208.2 million, which included S$33.9 million of impairment losses made in view of the current pandemic.

As at 30 June 2020, the Group's balance sheet remained robust, with cash reserves of S$2.7 billion. It maintains a strong liquidity position comprising cash and available undrawn committed bank facilities totalling S$4.0 billion. To date, this position has improved to S$5.1 billion. Net gearing ratio (after factoring in fair value on investment properties) stands at 50%.

Financial Highlights

(S$ million)	1H 2020	1H 2019	% Change
Revenue	**1,072.9**	1,596.5	(32.8)
Profit before tax	**13.8**	490.3	(97.2)
PATMI	**3.1**	362.0	(99.1)

Important Notes on 1H 2020 Revenue and Profit Before Tax

- The substantial decline in pre-tax profit from 1H 2019 was partly due to lower divestment gains. Included in 1H 2019 was a substantial S$197.2 million pre-tax gain from the unwinding of the Group's Profit Participation Securities (PPS) 2 platform with the divestment of Manulife Centre and 7 & 9

Tampines Grande. In contrast, the divestment gains in 1H 2020 totalled S$49.9 million from the sale of Millennium Hotel Cincinnati (S$26.4 million) and the disposal of the Group's entire 75% stake in a subsidiary, Sceptre Hospitality Resources (Sceptre) (S$23.5 million).

- The Group's acquisition of an effective 51.01% joint controlling stake in Sincere Property Group (Sincere), an established real estate developer in China, was completed in April 2020. A negative goodwill and fair value of the call option to further acquire 9% in Sincere totalling S$50.9 million was recognised in 1H 2020. The Group also accounted for a post-acquisition share of loss of Sincere due to financing and marketing costs incurred by Sincere, and depreciation of Sincere's investment properties due to alignment of accounting policy.

<u>Operations Review and Prospects</u>

Resilient Residential Sales in Singapore, China and other Overseas Markets

- In **Singapore,** the Group and its joint venture (JV) associates sold 356 residential units including Executive Condominiums (ECs), with total sales of S$514.7 million (1H 2019: S$1.6 billion comprising 505 units). The sales value for 1H 2020 was lower as the majority of the units sold were from projects like The Tapestry, Whistler Grand and Piermont Grand EC, whereas 1H 2019 was mainly ultra-luxury projects like Boulevard 88 and South Beach Residences. Sales volume was also down due to Singapore's Circuit Breaker period where the Group's sales galleries were temporarily closed for ten weeks and only allowed to reopen on 19 June.

- During Singapore's Circuit Breaker period, the Group actively promoted sales through digital marketing and saw encouraging results. To date, the Group's 861-unit The Tapestry and the 716-unit Whistler Grand have sold 842 and 576 units respectively, while Amber Park has sold 211 of its 592 units. The Group's JV projects, the 820-unit EC project, Piermont Grand and the 680-unit Sengkang Grand Residences, have sold 577 and 255 units respectively.

- In **China**, the Group's wholly-owned subsidiary CDL China Limited and its JV associates sold 272 units and four villas, achieving sales value of RMB 750 million (approximately S$149 million) (1H 2019: 347 units with total sales value of RMB 1.08 billion (S$213 million)). To date, the Group has sold 1,655 (92%) out of 1,804 units in the residential component of Hong Leong City Center (HLCC), an integrated mixed-use development in Suzhou. Current occupancy at HLCC's Grade A office tower and mall stands at 75% and 79% respectively.

- In **Australia,** the Group has sold over 70% of its JV 195-unit freehold residential project The Marker in West Melbourne and is preparing to launch its second residential project – Brickworks Park in 2H 2020, comprising 222 units of apartments and townhouses in the prestigious Alderley suburb in North Brisbane.

Project Launch Pipeline

- The 566-unit Penrose located at Sims Drive, within walking distance to Aljunied MRT station, is slated for sales launch in Q3 2020 by the Group's 60% JV partner, Hong Leong Holdings Limited. The project is one MRT station away from Paya Lebar, which has transformed into an established regional hub. It is also close to popular schools and the CBD, making it an attractive location for young families and working professionals.

- The Group currently has two residential launches in the pipeline for 2021. The first is an upmarket condominium comprising about 540 units on Irwell Bank Road, located 200 metres from the upcoming Great World MRT station. Its sales launch is slated for 1H 2021.

- The second project is the residential component of the Liang Court JV redevelopment project with around 700 apartment units. In July, the Group and its JV partner, CapitaLand, completed the acquisition of the entire Liang Court site which will be redeveloped into an integrated mixed-use development comprising residences, a commercial component, a hotel and a serviced residence with a hotel licence.

Driving Growth and Recurring Income through Strategic Acquisitions and Portfolio Rejuvenation

China Strategic Partnership

- In April, the Group completed the acquisition of an effective 51.01% joint controlling stake in Sincere, for RMB 4.39 billion (approximately S$0.88 billion). A new management team has been brought on board and efforts are ongoing to implement new strategies, optimise the capital structure and divest certain investment properties.

Redevelopment & Portfolio Rejuvenation

- The Group is progressing on its redevelopment plans for Fuji Xerox Towers, a freehold office building, by capitalising on the Urban Redevelopment Authority's CBD Incentive Scheme. Subject to the approval of relevant authorities, it plans to develop a mixed-use integrated project comprising around 60% of residential units for sale and serviced apartments for rent, with the remaining 40% for commercial purposes. The submission for Provisional Permission is being prepared and demolition related works are currently slated for commencement in 2H 2021.

- The Group is also actively exploring the redevelopment of Central Mall – a freehold commercial building with a cluster of adjoining 99-year conservation shophouses – to revitalise the area with a proposed mixed-use integrated development comprising office, retail, serviced apartments and hotel components. Preliminary planning applications are currently being reviewed.

Fund Management

- The Group continues to build its pipeline and is in active collaborations with capital partners to acquire new Assets Under Management. In April, the Group acquired an additional 8.4% stake in Singapore-listed IREIT Global, a pan-European real estate investment trust, increasing its stake to 20.9% of the total issued units.

- It is currently exploring the establishment of a Singapore Exchange (SGX) listed REIT with commercial assets located in the UK and the timeline is subject to market conditions.

Mr Kwek Leng Beng, Executive Chairman of CDL, said, "The COVID-19 pandemic has overshadowed core business fundamentals and eroded organic growth, rendering many businesses in a weakened state as they continue grappling with macroeconomic uncertainties beyond their control. While our property development and investment properties segments have remained relatively resilient, our hotel operations continue to face pressures in the subsequent quarters. Despite the uncertainties, we are confident that with the eventual pent-up demand for travel, the road to recovery will be accelerated, especially when a vaccine for COVID-19 is likely to be available next year. In the meantime, many countries are actively establishing green lanes and travel bubbles, which offer hope for the safe reopening of borders and upside on travel volumes.

Under these precarious circumstances, we have prioritised cost-containment measures under an interim crisis management mode. Cash preservation, prudent capital management and business optimisation are enforced to enhance liquidity. These efforts will help to fortify the Group's balance sheet.

Over CDL's 57-year history and track record, we have survived numerous challenging times, each one more difficult than the last. Armed with our strong balance sheet and globally diversified portfolio, we remain confident in navigating through and tiding over this storm."

Mr Sherman Kwek, Group Chief Executive Officer of CDL, said, "The strategic investment into Sincere Property Group this year marks a transformative move for the Group in China. We have commenced with the gradual integration of Sincere and will put in place sound capital management and portfolio recalibration initiatives to strengthen Sincere's financial position. In addition, we are focusing hard on driving sales and optimising operational efficiency. These efforts should start to bear fruit over time.

During this unprecedented global crisis, we are also reviewing strategies, reinforcing frameworks and futureproofing our business. We will continue to focus on our Growth, Enhancement and Transformation (G-E-T) strategy. This includes progressing our plans for portfolio rejuvenation for Fuji Xerox Towers and Central Mall. For our hotels segment, a thorough review is ongoing and we are keeping a close watch for signs of improvement in the global travel sentiment. We are also actively looking into asset divestment for both non-core hotels as well as some of the investment properties held by Sincere.

While the outlook for Singapore and the global economy can seem grim, we remain optimistic and look ahead as countries progressively reopen. Agility, resilience and foresight have been the hallmarks of our Group's compass that will help us navigate through this storm and emerge stronger."

Please visit www.cdl.com.sg for CDL's 1H 2020 financial statement.

Issued by City Developments Limited (Co. Regn. No. 196300316Z)

For media enquiries, please contact CDL Corporate Communications:

Belinda Lee
Head, Investor Relations and
Corporate Communications
T: +65 6877 8315
E: belindalee@cdl.com.sg

Eunice Yang
Vice President
T: +65 6877 8338
E: eunicey@cdl.com.sg

Dominic Seow
Manager
T: +65 6877 8369
E: dominicseow@cdl.com.sg

Jill Tan
Assistant Manager
T: +65 6877 8484
E: jilltan@cdl.com.sg

Follow CDL on social media:

Instagram: @citydevelopments / instagram.com/citydevelopments
LinkedIn: linkedin.com/company/city-developments-limited
Twitter: @CityDevLtd / twitter.com/citydevltd
