



OPERATIONAL UPDATE FOR THE QUARTER ENDED 31 MARCH 2021

Though signs of improvement are evident across the Group's core business segments, the prolonged COVID-19 pandemic which has been plagued by new variant strains emerging and subsequent waves of infection remains a concern as it continues to adversely impact operations. Below is an update on the Group's operating performance for the first quarter ended 31 March 2021 (Q1 2021).

Property Development

Singapore

The Group and its joint venture (JV) associates sold 319 units with total sales value of \$513.6 million in Q1 2021, a 72% increase in units sold over the same period last year (Q1 2020: 185 units with total sales value of \$278.1 million). The sales were well spread out among the various property categories ranging from executive condominiums to luxury apartments. In particular, Amber Park performed strongly with sales of around 100 units.

In February, The Tapestry obtained its Temporary Occupation Permit (TOP). This 861-unit residential project at Tampines Avenue 10 is fully sold.

Meanwhile, construction activities have resumed at all ongoing development projects. However, due to the labour shortage which has affected the entire industry, activities have not returned to pre-COVID levels. The Group is working closely with its builders and stakeholders as well as industry bodies to mitigate delays and manage development timelines. The Group does not have any projects due for completion this year. Current projects under construction are scheduled for completion from mid-2022 to 2023. The Group is heartened that the Government is actively seeking ways to help ease the resource constraints faced by industry stakeholders.

In April, CDL launched the 540-unit Irwell Hill Residences at an average selling price of \$2,700 per square foot (psf). This District 9 luxury development is situated near the upcoming Great World MRT station and the Orchard Road shopping belt. The launch weekend saw strong sales, with over 50% of the project sold, including one four-bedroom Sky Penthouse sold for over \$9 million (at an average of \$4,123 psf). To date, 324 units (60%) have been sold.

On 5 May, CDL and its JV partner MCL Land were awarded a site at Northumberland Road for its top bid of \$445.9 million or \$1,129 per square feet per plot ratio (psf ppr), through the first Government Land Sales (GLS) tender for 2021. The highly coveted site received 10 bids with the CDL-MCL JV emerging as the top bidder by a margin of only 5.7% over the second highest bid. The 94,000 sq ft site with a plot ratio of 4.2 will enjoy direct access to Farrer Park MRT station. It will be developed into a mixed-use project with 408 residential apartments of up to 23 storeys and commercial retail space on the ground floor.

Overseas

In Australia, fuelled by domestic demand, sales increased across the Group's launched projects. The Marker in Melbourne has pre-sold 80% of its 198 units and construction is on track to complete in 2022, while Brickworks Park in Brisbane has achieved pre-sales for 44% of the 132 released units. Waterbrook Bowral, a luxury retirement project in New South Wales that the Group has collaborated with Waterbrook Lifestyle Resorts on, has pre-sold 92% of the 77 townhouses launched and construction is in progress.

Investment Properties

Singapore

In Q1 2021, under prevailing COVID-19 regulations, only 50% of the working population could return to workplaces. Hence, companies remain cautious on expansionary and relocation plans. The Group has

focused on active engagement of office tenants to achieve renewals ahead of lease expirations. As at 31 March 2021, the committed occupancy of the Group's Singapore office portfolio remains resilient at 91.4%, above the island-wide occupancy of 88.1%, with positive rental reversion as average expiring rents are still below market levels. The portfolio is supported by medium- to long-term leases with a diversified pool of mainly blue-chip multi-national corporations.

The retail portfolio continues to face headwinds with new norms and in-place capacity constraints for most retail and F&B trades. The Group continues to render marketing support to stimulate consumer spending within its malls. Footfall in the malls for the quarter has been relatively stable, though it is still lower than pre-COVID-19 levels. Despite a lower footfall, gross turnover sales (GTO) of the Group's malls remain strong, with Q1 2021 GTO registering an increase of over 5% compared to Q1 2020 levels. As of 31 March 2021, the committed occupancy for retail space remains strong at 92.1%, above the island-wide occupancy of 91.5%.

Thailand

Since March 2021, in view of the current COVID-19 situation, part of Jungceylon, the Group's major retail mall in Phuket, Thailand, has been temporarily closed to reduce operational cost. The local government had planned to inoculate at least 70% of its population to achieve herd immunity by July 2021 as part of the 'Phuket Sandbox' programme. The reopening of Phuket is dependent on the success of the vaccine roll-out before tourists can enter without the need to quarantine. The Group will prepare for the reopening of the mall once the situation improves.

China and Japan

In China, the Group has observed an increase in office leasing enquiries. While tenants remain cautious and slow to commit, leasing demand is gradually returning. In Suzhou, Hong Leong City Center's Grade A office tower is now 85% occupied. In Japan, its residential rental apartment portfolio within Osaka and Yokohama continues to show stable occupancy and healthy leasing demand.

Hotel Operations

Restrictions on international travel are still largely in place and the resurgence of COVID-19 cases in Q1 2021 has led to temporary lockdown regimes, impacting the sector's recovery.

Key operating statistics for hotels owned by the Group:

	Room Occupancy			Average Room Rate			RevPAR		
	Q1 2021 %	Q1 2020 %	Incr / (Decr) % pts	Q1 2021 \$	Q1 2020* \$	Incr / (Decr) %	Q1 2021 \$	Q1 2020* \$	Incr / (Decr) %
Singapore	70.6	54.4	16.2	102.8	190.5	(46.0)	72.6	103.6	(29.9)
Rest of Asia	34.4	43.3	(8.9)	128.4	142.4	(9.8)	44.2	61.7	(28.4)
Total Asia	48.6	47.4	1.2	113.8	162.7	(30.1)	55.3	77.1	(28.3)
New Zealand	50.3	77.2	(26.9)	162.9	180.2	(9.6)	82.0	139.2	(41.1)
London	9.3	47.3	(38.0)	119.1	234.1	(49.1)	11.1	110.7	(90.0)
Rest of Europe	13.0	50.5	(37.5)	96.2	143.5	(33.0)	12.5	72.5	(82.8)
Total Europe	11.3	49.0	(37.7)	105.1	184.8	(43.1)	11.8	90.5	(87.0)
New York	44.4	58.5	(14.1)	126.4	219.7	(42.5)	56.1	128.6	(56.4)
Regional USA	37.0	48.6	(11.6)	107.6	154.7	(30.4)	39.8	75.1	(47.0)
Total USA	39.4	52.3	(12.9)	114.5	182.3	(37.2)	45.1	95.4	(52.7)
Total Group	36.8	52.5	(15.7)	121.1	176.0	(31.2)	44.6	92.4	(51.7)

*For comparability, Q1 2020 Average Room Rate and RevPAR had been translated at constant exchange rates (31 Mar 2021).

For Q1 2021, global occupancy dropped to 36.8% (Q1 2020: 52.5%) and global RevPAR decreased by 51.7% to \$44.6 (Q1 2020: \$92.4).

Singapore continues to face challenges in 2021 until border restrictions are lifted. However, this is mitigated by the government quarantine business and demand from domestic staycations.

The UK was severely impacted, particularly in London, by its third national lockdown announced in January which forced hotels to remain closed. The Group continues to focus on securing business from key workers, aircrew and government quarantine contracts. As the UK is leading the way in Europe in terms of vaccine roll-out and the end of the lockdown is expected in Q2 2021, the Group remains hopeful on this market's recovery prospects.

The US, despite being one of the hardest hit countries by the pandemic, saw the country gradually reopening with the vaccine roll-out. New York and regional hotels achieved stronger occupancies in Q1 2021, particularly with the weekend business. The Group's M Social New York property in Times Square is expected to open in Q2 2021.

A community outbreak in February 2021 in Auckland led to lockdowns in New Zealand (NZ). This disrupted business and leisure travel in NZ over most of February and the early part of March.

The Group remains focused on cost containment, operational efficiency and digital marketing strategies to reduce cash burn and drive domestic demand.

Capital Position

As of 31 March 2021, the Group's net gearing ratio (factoring in revaluation surplus from investment properties) stood at 65% with interest cover¹ at 1.7 times. The Group has strong cash reserves of \$3.4 billion. It maintains a stable liquidity position comprising cash and available undrawn committed bank facilities totalling \$5.5 billion. Its debt expiry profile also remains healthy and its total gross borrowings have a weighted average debt expiry of 2.2 years.

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

Sincere Property Group

In February 2021, the Group acquired a 55% effective interest in Shenzhen Longgang Tusincere Tech Park in China's high-growth "Silicon Valley" from its China JV, Sincere Property Group (Sincere Property), and two entities of China Ping An for RMB 850 million (approximately \$174 million). The Group now holds an 84.6% equity interest in the holding company, Shenzhen Tusincere Technology Park Development Co. Ltd., which holds a 65% interest in the project. The remaining 35% interest in the project is held by the Shenzhen Longgang District state-owned enterprise.

Sincere Property continues to face liquidity challenges and is working to speed up its collections, asset sales and divestment on non-strategic projects to raise funds. However, the situation remains fluid and much work is still ongoing as China's general cooling measures in the real estate sector remain stringent.

Outlook and Prospects

The outlook for 2021 remains unpredictable as the COVID-19 situation evolves. Singapore has swiftly announced heightened alert measures to minimise virus transmission in the community. These enhanced measures take effect from 16 May to 13 June. Having enhanced its digitalisation initiatives from the onset of the COVID-19 pandemic last year, the Group is well-prepared to navigate the latest restrictions with agility and manage the ongoing and inevitable business disruptions across its operations.

The Group continues to embrace cautious optimism with the acceleration of the global COVID-19 vaccination rollout and concerted efforts in pandemic containment.

¹ Excludes non-cash impairment losses on investment properties and property, plant and equipment.

While the Group remains watchful of the COVID-19 developments and will embrace these near-term challenges with resilience, it will simultaneously continue to shift gears from crisis management back to its core strategy that focuses on Growth, Enhancement and Transformation (G.E.T) to accelerate growth and recovery with the aim of maximising shareholder value. Initiatives include:

- Growing its development pipeline in Singapore and overseas to ensure a robust launch pipeline while also strengthening its recurring income streams
- Enhancing its portfolio via asset enhancement, repositioning and redevelopment initiatives in tandem with driving operational efficiencies
- Transforming via strategic investments and capital recycling initiatives, including in the fund management space

Through refining its strategy, reinforcing frameworks and future-proofing the business, the Group is well-positioned to address near-term challenges and press ahead with its long-term growth plans.

BY ORDER OF THE BOARD

Enid Ling Peek Fong
Company Secretary

19 May 2021