

**GENERAL ANNOUNCEMENT::OPERATIONAL UPDATE FOR THE QUARTER ENDED 31 MARCH 2023**

## Issuer &amp; Securities

## Issuer/ Manager

CITY DEVELOPMENTS LIMITED

## Securities

CITY DEVELOPMENTS LIMITED - SG1R89002252 - C09

## Stapled Security

No

## Announcement Details

## Announcement Title

General Announcement

## Date &amp; Time of Broadcast

19-May-2023 17:45:17

## Status

New

## Announcement Sub Title

Operational update for the quarter ended 31 March 2023

## Announcement Reference

SG230519OTHLZET

## Submitted By (Co./ Ind. Name)

Enid Ling Peek Fong

## Designation

Company Secretary

## Description (Please provide a detailed description of the event in the box below)

Please refer to the attached announcement relating to the operational update for the quarter ended 31 March 2023 issued by City Developments Limited on 19 May 2023.

## Attachments

[CDL Operational Update for the Quarter Ended 31 March 2023.pdf](#)

Total size =227K MB



# CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

---

## OPERATIONAL UPDATE FOR THE QUARTER ENDED 31 MARCH 2023

---

The Group achieved a resilient performance across all its business segments. Below is an update on the Group's operating performance for the first quarter ended 31 March 2023 (Q1 2023).

### Property Development

#### Singapore

In Q1 2023, the Group and its joint venture (JV) associates sold 88 units with a total sales value of \$213.2 million (Q1 2022: 188 units with a total sales value of \$477.9 million). The decrease in the units sold year-on-year (y-o-y) was due to the absence of a new launch during the period and the Group's substantially sold inventory:

Project	Location	Launched	Total Units	Units Sold <sup>#</sup>
Piccadilly Grand*	Northumberland Road	May 2022	407	379 (93%)
CanningHill Piers*	Clarke Quay	November 2021	696	677 (97%)
Irwell Hill Residences	Irwell Bank Road	April 2021	540	533 (99%)
Boulevard 88*	Orchard Boulevard	March 2019	154	137 (89%)
Amber Park*	Amber Road	May 2019	592	591 (99%)
Nouvel 18 <sup>+</sup>	Anderson Road	July 2019	156	Fully sold
Haus on Handy	Handy Road	July 2019	188	Fully sold

\*JV project

<sup>#</sup>As at 18 May 2023. Percentage points may not add up due to rounding.

<sup>+</sup>Divested project under PPS3, marketed by CDL.

The Group's fully sold projects – Piermont Grand, the 820-unit JV Executive Condominium (EC) in Punggol and the 188-unit Haus on Handy near Orchard Road, obtained their Temporary Occupation Permits (TOPs) in January and April respectively. In line with prevailing accounting standards, the Group will recognise the revenue and profit from Piermont Grand EC in their entirety in Q1 2023.

In April, the Group launched Tembusu Grand, a 638-unit JV residential development in the heart of the vibrant Katong neighbourhood. To date, 357 units (56%) of the project have been sold at an average selling price of \$2,465 per square foot (psf). All unit types were well-received by homebuyers, with the two-bedroom, two-bedroom plus study and three-bedroom units being the most popular. Around 90% of the buyers are Singaporeans, while 8% are Singapore Permanent Residents (SPRs) and 2% are foreigners.

The Group will be launching The Myst, a 408-unit project at Upper Bukit Timah Road, in 2H 2023. The development is a mere 5-minute walk to Cashew MRT station.

On the night of 26 April, the Government announced another round of property cooling measures which took effect on 27 April 2023. The Additional Buyer's Stamp Duty (ABSD) rates for Singapore Citizens buying their second and third subsequent residential properties increased by 3% and 5% respectively, while SPRs purchasing their second and subsequent properties had to bear an additional 5%. Notably, the rates for foreigners buying any residential property doubled from 30% to 60%. As the market will need time to absorb the measures, the Group rescheduled the preview for Newport Residences, originally slated to commence on 29 April. The rare 246-unit freehold project is part of the 45-storey Newport Plaza, a mixed-use development located at Anson Road (the site of the former Fuji Xerox Towers), at the nexus of the CBD and the Greater Southern Waterfront District. The Group will monitor the market conditions closely and launch the project at the appropriate time.

In the near term, the Group expects the latest property cooling measures to impact projects with a higher proportion of foreign demand, typically high-end/luxury properties in prime districts. The Group expects minimal impact on the mass and mid-tier segments where most buyers are locals and SPRs, as evidenced by the three recent launches that took place after the cooling measures were announced.

## **Overseas Markets**

### Australia

In Melbourne, the Group has completed the construction for The Marker. 92% of the 198 units have been sold to date. Its 60-unit Fitzroy Fitzroy project is 40% presold.

The Group's other launched projects continued to see steady sales. In Brisbane, its 215-unit Brickworks Park is 49% presold. The 97-unit Treetops at Kenmore JV project is also 49% presold.

## **Investment Properties**

### Singapore

As at 31 March 2023, the Group's office portfolio<sup>1</sup> reported a committed occupancy of 94.3%, above the island-wide occupancy of 88.8%<sup>2</sup>. Republic Plaza, the Group's flagship Grade A office building, is 93.2% occupied, with a positive rental reversion of 8.9% in Q1 2023. The Group's wholly-owned office assets, such as City House and King's Centre, achieved robust committed occupancy of 96.7% and 100% respectively.

The Group's retail portfolio<sup>1</sup> remains healthy with a committed occupancy of 97.6%, higher than the island-wide occupancy of 92.4%<sup>2</sup>. The strong performance was driven by City Square Mall, which is 95% occupied, while Palais Renaissance, Waterfront Plaza and The Venue Shoppes maintained 100% occupancy. Rental reversions at City Square Mall and Palais Renaissance increased 7.9% and 7.5% in Q1 2023 respectively. Operationally, the Group's retail malls have benefitted from the improved retail market environment and increased tourist receipts. While the retail market is bustling with increased shopper traffic, retailers remain cautious due to inflation challenges, utility costs and rising interest rates.

## **Overseas Markets**

### China

China's economy has rebounded since the start of 2023 while the real estate market also saw an increase in new home prices and sales in March. Demand in China's commercial real estate market is expected to increase in mid-2023. The Group continues to look for opportunities to expand its footprint and recycle its capital in China.

### UK

In March, the Group completed its acquisition of St Katharine Docks, a landmark 23-acre freehold mixed-use marina estate in Central London for £395 million (approximately \$636 million) or £751 psf (\$1,209 psf) on the existing net lettable area. The estate comprises over 500,000 sq ft of Grade A office, F&B, retail and residential arranged across four main buildings and supporting ancillary spaces, including a marina with berths for up to 185 yachts. The office component currently enjoys a strong occupancy rate of 90% with a well-diversified tenant base across sectors such as consulting, shipping, education and co-working spaces.

---

<sup>1</sup> Includes South Beach Tower (in accordance with CDL's proportionate ownership). Excludes assets planned for redevelopment.

<sup>2</sup> Based on Urban Redevelopment Authority's real estate statistics for Q1 2023.

Despite a slowdown in leasing activity, occupiers continue to seek best-in-class Grade A buildings in Central London. 125 Old Broad Street, Aldgate House and the recently acquired St Katharine Docks are well positioned to benefit from this trend with healthy levels of enquiries received.

The latest acquisition adds to the Group's portfolio of prime commercial assets in the UK, bringing its total valuation to over £1 billion. Besides enhancing the Group's recurring income stream, the acquisition complements its fund management strategy, providing the Group with the option to inject its UK assets into listed or unlisted platforms at an opportune time.

### Thailand

Since the Phase 1 revamp of Jungceylon Shopping Center in Patong Phuket was unveiled in mid-December 2022, the mall has achieved a committed occupancy of 75% as at end-March 2023. The remaining AEI phases remain on track to complete by the end of 2023.

## **The Living Sector**

### Private Rented Sector (PRS)

**UK:** The resilient UK PRS continues to be a counter-cyclical asset class post-pandemic. Leasing is ongoing for The Junction, the Group's PRS development in Leeds, which obtained Practical Completion for three out of five blocks (307 out of 665 units).

**Japan:** In April, the Group acquired two PRS assets totalling 201 units in Osaka for ¥31.5 billion (\$314.1 million). It now owns 10 PRS assets in Japan, comprising 714 units with a strong average occupancy of above 95%. Leasing momentum is expected to be maintained in 1H 2023 due to strong demand from residents and corporates as border restrictions ease and foreign nationals return.

### Purpose-Built Student Accommodation (PBSA)

The Group's PBSA portfolio, which comprises around 2,400 beds across five cities in the UK, has locked in strong committed occupancy of 98% for the Academic Year 2022/23. With high demand and post-pandemic recovery, significant rental growth is expected in the next Academic Year.

## **Hotel Operations**

The Group's hotels registered a global Revenue Per Available Room (RevPAR) growth of 65.4% to \$131.2 for Q1 2023 (Q1 2022: \$79.3), fuelled by the strong recovery from Asia and Australasia.

Key operating statistics for hotels owned by the Group:

	Room Occupancy			Average Room Rate			RevPAR			GOP Margin		
	Q1 2023	Q1 2022	Incr / (Decr)	Q1 2023	Q1 2022 *	Incr / (Decr)	Q1 2023	Q1 2022 *	Incr / (Decr)	Q1 2023	Q1 2022	Incr / (Decr)
	%	%	% pts	\$	\$	%	\$	\$	%	%	%	% pts
Singapore	72.6	59.0	13.6	226.4	147.4	53.6	164.3	87.0	88.9	36.3	34.2	2.1
Rest of Asia	66.9	39.0	27.9	154.9	106.1	46.0	103.6	41.4	150.2	40.1	(0.6)	40.7
<b>Total Asia</b>	<b>69.4</b>	<b>46.7</b>	<b>22.7</b>	<b>187.3</b>	<b>126.1</b>	<b>48.5</b>	<b>129.9</b>	<b>58.9</b>	<b>120.5</b>	<b>38.1</b>	<b>14.5</b>	<b>23.6</b>
<b>Australasia</b>	<b>66.4</b>	<b>34.1</b>	<b>32.3</b>	<b>169.6</b>	<b>145.2</b>	<b>16.8</b>	<b>112.5</b>	<b>49.6</b>	<b>126.8</b>	<b>40.8</b>	<b>22.9</b>	<b>17.9</b>
London	66.0	57.8	8.2	248.7	203.3	22.3	164.2	117.5	39.7	31.9	32.8	(0.9)
Rest of Europe	72.5	59.2	13.3	151.8	129.2	17.5	110.1	76.5	43.9	22.4	15.0	7.4
<b>Total Europe</b>	<b>69.0</b>	<b>58.5</b>	<b>10.5</b>	<b>201.2</b>	<b>168.8</b>	<b>19.2</b>	<b>138.9</b>	<b>98.6</b>	<b>40.9</b>	<b>28.1</b>	<b>26.0</b>	<b>2.1</b>
New York	81.4	65.9	15.5	242.5	193.3	25.5	197.5	127.4	55.0	(5.8)	(31.1)	25.3
Regional US	50.6	50.5	0.1	172.2	149.9	14.9	87.0	75.8	14.8	5.1	16.0	(10.9)
<b>Total US</b>	<b>63.1</b>	<b>56.4</b>	<b>6.7</b>	<b>209.1</b>	<b>169.1</b>	<b>23.7</b>	<b>132.0</b>	<b>95.4</b>	<b>38.4</b>	<b>(1.2)</b>	<b>(7.2)</b>	<b>6.0</b>
<b>Total Group</b>	<b>67.0</b>	<b>51.5</b>	<b>15.5</b>	<b>195.8</b>	<b>154.0</b>	<b>27.1</b>	<b>131.2</b>	<b>79.3</b>	<b>65.4</b>	<b>25.0</b>	<b>11.2</b>	<b>13.8</b>

\* For comparability, Q1 2022 Average Room Rate and RevPAR had been translated at constant exchange rates (31 Mar 2023).

## Asia

In Q1 2023, Singapore hotels recorded an 88.9% y-o-y increase in RevPAR, mainly due to higher average room rates. For the Rest of Asia, as travel restrictions were gradually lifted, these hotels recorded a stellar 150.2% y-o-y RevPAR growth propelled by the strong performance in Taipei and Beijing.

In April, the Group opened the 294-room M Social Suzhou hotel, marking its first M Social property in China. The luxury lifestyle hotel is located in Hong Leong City Center, the Group's integrated development next to Jinji Lake in Suzhou Industrial Park.

## Australasia

The tourism sector is on a recovery path. The Australasia hotels achieved strong RevPAR growth of 126.8% to \$112.5 in Q1 2023 due to higher occupancy and room rates.

In March, the Group, through its wholly-owned hotel subsidiary Millennium & Copthorne Hotels Limited (M&C) and in a 50:50 JV with its New Zealand-listed subsidiary Millennium & Copthorne Hotels New Zealand Limited, entered into an agreement to acquire the 416-room Sofitel Brisbane Central hotel for A\$177.7 million (approximately \$159.2 million), or A\$427,000 (approximately \$383,000) per key. Following the expected completion of the acquisition in 2H 2023, this 5-star hotel with the largest hotel conference facilities in the heart of the Brisbane CBD will be the Group's third hotel in Australia.

## Europe

The Group's Europe hotels recorded a 40.9% increase in RevPAR in Q1 2023 to \$138.9. London hotels achieved an average room rate of \$248.7, 22.3% higher than last year, resulting in a 39.7% growth in RevPAR.

## US

The US hotels recorded a 38.4% y-o-y increase in RevPAR in Q1 2023 driven primarily by the New York hotels. The higher average room rate and the continued focus on cost management enabled the New York hotels to achieve a lower gross operating loss compared to Q1 2022.

## **Capital Position**

As at 31 March 2023, the Group's net gearing ratio (after factoring in fair value on investment properties) stands at 55%, following the acquisition of St Katharine Docks in March 2023. Interest cover stands at 3.1 times. The Group has strong cash reserves of \$1.9 billion. It maintains a stable liquidity position comprising cash and available undrawn committed bank facilities totalling \$3.6 billion. Its debt expiry profile also remains healthy.

Given the Group's diverse operations across several countries and multiple currencies, to manage the movements in exchange rates, the Group adopts a natural hedging policy of matching its receipts and payments in the same currency where possible.

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

## **Outlook and Prospects**

Despite the challenging global outlook and geopolitical tensions that continue to impact businesses globally, the Group is confident of weathering through the uncertainties and maintains a lookout for suitable investment opportunities. The recent property cooling measures in April serve as a continued reminder that the Group should not be overly reliant on a specific country or asset class. The Group's geographically diversified portfolio across its various business segments enables it to maintain stability while embracing growth. The Group will continue to execute its Growth, Enhancement and Transformation (GET) Strategy and stay nimble, forward-looking and adaptive to changing market conditions.

**BY ORDER OF THE BOARD**

Yeo Swee Gim, Joanne  
Enid Ling Peek Fong  
Company Secretaries

19 May 2023