News Release

12 August 2021

CDL REPORTS LOSS OF S$32.1 MILLION FOR 1H 2021 DUE TO HIGHER TAX EXPENSES AND IMPACT FROM THE PROLONGED COVID-19 PANDEMIC

- **All business segments of the Group in positive territory except for hotel operations; hospitality business has begun to show green shoots of recovery evident from Q2 2021**
- **Property development segment marked over three-fold increase with sales value of S$1.7 billion and 971 residential units sold in Singapore**
- **Launch pipeline of close to 2,000 residential units**
- **The Group continues to execute on its Growth, Enhancement and Transformation (GET) strategy with a strong emphasis on capital recycling**
- **Financial position remains robust with strong cash reserves of S$2.8 billion**
- **Special interim dividend of 3.0 cents per share declared**

For the half-year ended 30 June 2021 (1H 2021), City Developments Limited (CDL) reported a net loss after tax and minority interest of S$32.1 million (1H 2020: PATMI of S$3.1 million) largely due to higher tax expenses as there was an absence of a substantial deferred tax credit of S$17.6 million recognised in 1H 2020, which was part of the New Zealand government's COVID-19 Business Continuity Package.

The Group's revenue for 1H 2021 increased by 11.1% to S$1.2 billion (1H 2020: S$1.1 billion), boosted by the property development segment, which saw an increase of 35.5% compared with 1H 2020. With travel restrictions still largely in place for most countries, its hotel operations segment registered a 10.8% decline in revenue, with RevPAR declining 10.1% year-on-year in 1H 2021. The Group's investment properties segment also generated lower rental income, impacted by decreased footfalls, sustained rental rebates given to its retail tenants and significantly lower contribution from its Jungceylon mall in Phuket. The mall has been temporarily closed since March 2021 as Phuket had shut its borders to international travellers.

The Group registered a pre-tax profit of S$9.7 million (1H 2020: S$13.8 million), mainly impacted by higher net financing costs, foreign exchange losses and lower divestment gains compared with the previous corresponding period. All its business segments are in positive territory except for the hotel operations segment which reported an operational loss, albeit a lower pre-tax loss in 1H 2021 compared with 1H 2020. Notably, hotel occupancies across all regions are improving and the Group expects this segment to bounce back strongly by end-2021/2022, as border restrictions are starting to ease.

As at 30 June 2021, the Group's balance sheet remained robust, with cash reserves of S$2.8 billion. It maintains a strong liquidity position comprising cash and available undrawn committed bank facilities totalling S$4.4 billion. Net gearing ratio (after factoring in fair value on investment properties) stands at 65%.

Amid the challenges, the Board wishes to express its appreciation to shareholders for their confidence and support. It is pleased to declare payment of a tax-exempt (one-tier) special interim dividend of 3.0 cents per ordinary share.

Financial Highlights

(S$ million)	1H 2021	1H 2020	% Change
Revenue	**1,192.2**	1,072.9	11.1%
Profit before tax	**9.7**	13.8	(29.3)
PATMI	**(32.1)**	3.1	NM

Important Notes on 1H 2021 Profit Before Tax

- In February 2021, the Group completed its acquisition of an 84.6% equity interest in Shenzhen Tusincere Technology Park Development Co. Ltd., which accorded it an effective 55% equity interest in Shenzhen Longgang Tusincere Tech Park. Based on the completed purchase price allocation, the Group recognised a negative goodwill of S$35.6 million in 1H 2021.

Operations Review and Prospects

Resilient Residential Sales in Singapore, China and other Overseas Markets

- In **Singapore,** the Group and its joint venture (JV) associates sold 971 residential units including Executive Condominiums (ECs), with total sales of S$1.7 billion (1H 2020: S$514.7 million comprising 356 units). This reflects an over three times increase in sales value year-on-year with an almost three-fold increase in the number of units sold. The strong sales were largely attributed to the Group's launch of Irwell Hill Residences in April, with 347 out of 540 units sold to date, and the steady sales of other projects, including Amber Park and Sengkang Grand Residences.

- In **Australia,** the Group has pre-sold 81% of its JV 198-unit freehold residential project The Marker located on Spencer Street, West Melbourne and construction is on track for completion in 2022. Brickworks Park, comprising 222 apartments and townhouses located in Alderley, North Brisbane, has achieved pre-sales on 58% of 151 released units since its launch in 2H 2020. The Group's collaboration with Waterbrook Lifestyle for a 135-unit retirement village project in Bowral, New South Wales, has also seen positive response, with 99% of the 77 townhouses launched in the first phase of the project pre-sold.

- In **China**, the Group has sold 1,670 (92%) out of 1,813 residential and retail units 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 86% and 93% respectively. Emerald, its 869-unit JV residential and commercial project in Chongqing is now fully sold. The completed 126-unit Eling Palace in Chongqing has sold 111 (88%) units to date. Since March 2021, 196 units at Shenzhen Longgang Tusincere Tech Park have been contracted with a sales value of RMB 409.4 million (S$84.1 million) to date.

Project Launch Pipeline

- With a disciplined approach in replenishing its land bank, the Group currently has a launch pipeline of close to 2,000 residential units via four upcoming launches, from EC, mass market to high-end projects.

- In Q4 2021, the Group and its JV partner, CapitaLand Limited, will launch CanningHill Piers, the residential component of the mixed-use development. This integrated project will comprise a 48-storey and a 24-storey residential component with 696 units, a 21-storey Moxy Hotel with 475 keys and a 20-storey serviced residence with 192 keys and a two-storey commercial podium. This prime waterfront site next to Clarke Quay boasts a coveted dual-frontage which faces the iconic Singapore River and Fort Canning Park and has direct access to the Fort Canning MRT station.

- In 2022, the Group plans to launch its JV developments at Northumberland Road and Tengah Gardens Walk EC, as well as the residential component of the Fuji Xerox Towers redevelopment project.

Driving Growth and Recurring Income through Portfolio Rejuvenation, the Private Rented Sector and Fund Management

Redevelopment & Portfolio Rejuvenation

- In May 2021, the Group obtained Provisional Permission under the CBD Incentive Scheme for a 25% uplift in gross floor area (GFA) to approximately 655,000 sq ft on its redevelopment plans for Fuji Xerox Towers, a freehold office building. The proposed redevelopment will comprise a 46-storey mixed-use integrated project. Subject to authorities' approval, 40% will be dedicated for office and retail purposes, 25% for serviced apartments and the remaining 35% for residential use, with about 256 units for sale. All tenanted units at Fuji Xerox Towers have been vacated as at 1 July 2021 and the Group is in the midst of decommissioning the building in preparation for redevelopment works.

- In Q2 2021, the Group commenced on an Asset Enhancement Initiative (AEI) for Palais Renaissance to upgrade the common areas, including an increase in F&B provision. At King's Centre, there are also planned rejuvenation works to enhance its common areas and floor layout. These AEIs are expected to complete by 1H 2022.

Private Rented Sector (PRS)

- The PRS has proven to be a secure and resilient market segment despite the pandemic. With the housing supply shortage and rising property prices, the PRS is expected to be in high demand for renters looking for high-quality and professionally managed homes. The Group continues to focus on enhancing recurring income and leverage on the rising demand for rental accommodation.

- The Group's PRS project in Leeds, UK, named The Junction, is currently under construction and will complete in phases starting from mid-2022. It will provide 665 build-to-rent apartments and 24,000 sq ft of commercial space within the site's attractive heritage architecture.

- Since 2019, the Group expanded into Japan's PRS sector. It currently has five residential projects in Osaka and Yokohama totalling 237 apartments and five shop units for lease. The portfolio continues to enjoy stable rent and occupancy levels of over 90%.

Fund Management

- In June 2021, the Group announced that it had made relevant applications to the various regulatory authorities, including the SGX-ST and Monetary Authority of Singapore, to establish a Singapore-listed REIT with UK commercial assets. The proposed initial public offering and listing is subject to, among others, market conditions, the requisite regulatory and other approvals being obtained and the execution of definitive agreements by the relevant parties.

Mr Kwek Leng Beng, Executive Chairman of CDL, said, "The impact of the prolonged COVID-19 pandemic and the resurgence of infections led by the Delta variant have been detrimental to the Group's business segments to varying degrees. Despite the circumstances, all business segments have delivered a resilient 1H 2021 performance and are in positive territory apart from hotel operations, which continues to bear the brunt of travel and border restrictions. Vaccination rates and quarantine-free travel have been the catalysts for the hospitality sector's recovery which is already gaining traction. We are optimistic of a stronger rebound by the end of 2021/early 2022 and expect strong latent demand for travel domestically and regionally, with further upside once international travel is allowed.

Going forward, we look confidently towards a steady economic recovery and better growth trajectory in the near-term horizon given a universal resolve to open economies."

Mr Sherman Kwek, Group Chief Executive Officer of CDL, said, "The Group has remained steadfast in the execution of our Growth, Enhancement and Transformation (GET) strategy, and will continue to do so while placing a strong emphasis on capital recycling. This will ensure that capital is efficiently deployed while gearing is kept to optimal levels. There remains deep value in our asset portfolio to be unearthed.

While the road to recovery remains uneven, the accelerated vaccine deployment across the globe and the gradual easing of border restrictions offer light at the end of the tunnel. With resilience, agility, determination and innovation, we will continue to forge ahead with our plans so as to emerge stronger from these challenging times, with the key objective of maximising shareholder value while being a good corporate citizen."

Please visit www.cdl.com.sg for CDL's 1H 2021 financial statement.

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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

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