# REPL::ANNUAL GENERAL MEETING::VOLUNTARY

## Issuer & Securities

Issuer/ Manager

CITY DEVELOPMENTS LIMITED

Security

CITY DEVELOPMENTS LIMITED - SG1R89002252 - C09

## Announcement Details

Announcement Title

Annual General Meeting

Date &Time of Broadcast

26-Apr-2022 17:47:58

Status

Replacement

Announcement Reference

SG220330MEETMI05

Submitted By (Co./ Ind. Name)

Enid Ling Peek Fong

Designation

Company Secretary

Financial Year End

31/12/2021

## Event Narrative

| Narrative Type | Narrative Text |
|---|---|
| Additional Text | Please refer to the attached announcement for the Company's responses to the questions received from shareholders and the Securities Investors Association (Singapore). |

## Event Dates

Meeting Date and Time

28/04/2022 11:00:00

Response Deadline Date

25/04/2022 11:00:00

## Event Venue(s)

Place

| Venue(s) | Venue details |
|---|---|
| Meeting Venue | The 59th AGM of the Company will be convened and held by way of electronic means and Shareholders will not be able to attend the 59th AGM in person.<br>Please refer to the Announcement relating to the 59th AGM to be held on 28 April 2022 for details on how to participate in the 59th AGM. |

## Attachments

Annc_on_responses_to_question_from_shareholders_SIAS.pdf

Total size =348K MB

## Related Announcements

Related Announcements

30/03/2022 07:31:34

**CITY DEVELOPMENTS LIMITED**
(Co. Reg. No. 196300316Z)
(Incorporated in the Republic of Singapore)

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**ANNUAL GENERAL MEETING ("AGM") TO BE HELD ON 28 APRIL 2022**
**- RESPONSES TO QUESTIONS FROM SHAREHOLDERS AND SECURITIES INVESTORS ASSOCIATION (SINGAPORE)**

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The Board of Directors of City Developments Limited (the "Company") refers to its announcement on 30 March 2022 on the alternative arrangements for the AGM, and in particular, the invitation to shareholders to submit questions in advance of the AGM. The Company thanks shareholders for the questions submitted.

The Company has also received some questions from the Securities Investors Association (Singapore) ("SIAS"). Appendix 1 sets out the Company's responses to the questions received from shareholders relating to the AGM and from SIAS relating to the Company's 2021 Annual Report. Where the questions overlap or are closely related, they have been merged and rephrased for clarity. For shareholders' easy reference, the questions and answers have been arranged by the following topics:

A. Business Operations, Strategy and Outlook
B. Fund Management
C. Risk Management
D. Dividends

By Order of the Board

Yeo Swee Gim, Joanne
Enid Ling Peek Fong
Company Secretaries
26 April 2022

**APPENDIX 1**

## A. BUSINESS OPERATIONS, STRATEGY AND OUTLOOK

| No. | Question | Response |
|---|---|---|
| 1. | As noted in the Chairman's Statement, the Group returned to profitability with a net profit of $97.7 million. The Group's property development segment performed strongly, achieving a record $4.3 billion in revenue. It is expected that the Group's hotel operation is poised for a long-awaited rebound, boosted by imminent pent-up demand for tourism and corporate travel.<br><br>The Group has a "GET" (Growth, Enhancement and Transformation) strategy which seeks to leverage the Group's strong residential pipeline, the recovering hotel operations, redevelopment and enhancement of existing properties as well as fund management. | |
| (i) | **Singapore property development**: While the group reported a record $4.3 billion in property sales achieved for 2,185 units in 2021, this included the share of joint venture partners.<br><br>**What are the sales level and the equivalent units sold after accounting for the group's share in the JV?** | Excluding the share of JV partners, the Group sold 1,382 units with a total sales value of $2.7 billion. |
| (ii) | **Cooling measures**: The group acquired Government Land Sales (GLS) sites at Northumberland Road, Tengah Garden Walk and Jalan Tembusu, along with a residential development parcel at 798 and 800 Upper Bukit Timah Road via an off-market agreement.<br><br>**What is management's view of the Singapore property market after the government introduced new cooling measures in December 2021? How does it affect the group's pipeline and the redevelopment/launch plans?** | The recent round of property cooling measures introduced on 16 December 2021 has somewhat dampened market sentiment as some homebuyers adopt a wait-and-see approach to assess the impact of the measures. Residential prices remained stable in the first quarter of 2022, albeit with lower sales volumes.<br><br>While transaction volume may be temporarily affected in the near term, the Group expects the property market to remain resilient and housing prices to hold steady due to tight inventories and moderate supply. Well-located projects with strong attributes will continue to attract keen interest.<br><br>The Group is confident that demand is underpinned by strong underlying fundamentals. This will be further supported as the economy recovers and unemployment risk is mitigated.<br>Having built a healthy development pipeline through its strategic land replenishment and redevelopment strategies, the Group is confident that it is well-positioned to ride the improving economic recovery. |

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| (iii) | **Private Rented Sector (PRS)**: As the group continues to broaden its PRS portfolio, **what is the amount earmarked for PRS in terms of capital allocation?**<br><br>**What is the targeted geographical distribution for the PRS portfolio?**<br><br>**Would a REIT structure be more appropriate for a PRS business?** | The Group aims to grow its PRS sector portfolio organically through conversions of existing sites and via mergers and acquisitions. The Group does not typically disclose its capital allocation but is targeting to double its PRS portfolio by end 2023.<br><br>Aside from PRS, the Group is also expanding in the other asset classes within the Living Sector, namely workers' dormitories, student accommodations and senior housing. The target markets include the UK, US, China, Australia, Japan and continental Europe.<br><br>The Group is open to options for its Living Sector portfolio, including the injection of these assets into a REIT or a private equity fund, with either structure potentially managed by the Group. |
| (iv) | **China**: China remains one of the group's key overseas markets. In September 2021, the Group announced the divestment of its 50.01% joint controlling interest in Sincere Property Group to mitigate being engaged in a long drawn bankruptcy reorganisation.<br><br>**Can management help shareholders better understand its refreshed China strategy?** | The Group started its China property development platform in 2010 and has been building its portfolio for over a decade. China remains an important key market for the Group. As the world's most populous nation and fastest-growing economy, China remains a huge market full of immense business opportunities and potential<br><br>As at 31 December 2021, 15% of the Group's total assets are in China. Its portfolio comprises residential, office, retail and hotel properties in Tier 1 and 2 cities, including Shanghai, Suzhou, Chongqing and Shenzhen. Despite lockdowns and pandemic restrictions, leasing and occupancy rates have remained resilient for its commercial assets. The Group has also been steadily selling its residential property inventory in China, with most projects substantially sold.<br><br>The Group recognises the importance of the China market and will be examining opportunities to replenish its residential development land bank, including partnerships with reputable developers of strong financial standing. However, it will adopt a cautious and disciplined approach, especially in view of the near-term uncertainties facing the property market there.<br><br>In addition, via a joint venture formed in 2016, the Group has been steadily expanding in the fast-growing sector of workers' dormitories which provides the Group with stable recurring income. |

## B. FUND MANAGEMENT

| No. | Question | Response |
|---|---|---|
| 2. | Management has stated that it is actively pursuing growth in the fund management business organically and via mergers and acquisitions. There are immediate plans to establish a Singapore-listed REIT with UK commercial assets. The Group has also taken a strategic stake in Singapore-listed IREIT Global in April 2019.<br><br>The target for the fund management segment is US$5 billion in assets-under-management (AUM) by 2023. | |
| (i) | **Can management provide greater clarity to the timeline, the size and the assets of its planned listing of a REIT for its UK commercial assets?** | Relevant applications have been made. The proposed IPO and listing of S-REIT are subject to market conditions, regulatory and other approvals being obtained and the execution of definitive agreements by the relevant parties. |
| (ii) | **How does the market uncertainty affect the planned listing?** | Broader macroeconomic events and uncertainty have impacted market and investor sentiment. |
| (iii) | **Can management clarify if the target of US$5 billion includes capital from the Group's own balance sheet or solely external funds?** | The US$5 billion refers to initiatives where capital from the Group is co-mingled with third-party capital in the private fund or REIT, i.e. CDL is not the sole investor in the fund / REIT. |
| (iv) | **Is the Group "late to the game"?**<br><br>The largest investment manager globally and in Singapore have AUM upwards of $350 billion and $110 billion respectively.<br><br>**What is the value proposition of the Group in the fund management business when compared to other real estate investment managers?** | The Group's focus is not only on AUM growth. While building a sizeable AUM is important, the Group's priority is to ensure that it delivers superior returns and performance to investors who have placed their trust in the CDL brand name via its private managed funds and/or REITs.<br><br>There will always be competition in every sector, but that in itself is not a good reason to avoid entering the sector. Fund management provides strong recurring income via fees and allows for enhanced capital recycling, helping to further strengthen the Group's Return on Equity (ROE) which is important to all shareholders.<br><br>The Group's value proposition is its strong property development track record and proven asset management expertise of residential and commercial assets, including hospitality, through its subsidiary Millennium & Copthorne Hotels Limited. The Group can also warehouse and provide pipeline assets as a sponsor for its fund management initiatives. |
| (v) | **How will the Group be raising funds? What is the** | The Group will employ various strategies for raising funds, such as leveraging its existing relationships with |

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| | **targeted profile of its LP investor base?** | partners, investors, high net worth individuals (HNWI), banks and third-party brokerage or placement agents.<br><br>Depending on the type of fund structure, LPs can include insurance companies, sovereign wealth funds, pension funds, mutual funds, HNWI and retail investors. |
| (vi) | **Who is leading the Group's fund management business?** | The Group's fund management business is led by its Group Chief Investment Officer, Mr Frank Khoo, who joined the Group in February 2018 to source and execute new investment opportunities and establish a dedicated fund management platform. Mr Khoo was previously with AXA Real Estate Investment Managers and built up their Asia AUM from scratch, eventually achieving US$10 billion before leaving to join CDL. Mr Khoo is supported by a team of experienced professional managers. |
| (vii) | In addition, at the annual general meeting scheduled to be held on 28 April 2022, the company is proposing to distribute 144.3 million units of stapled securities in CDL Hospitality Trusts to shareholders of the company. If approved, shareholders will receive 0.159 CDLHT unit for each ordinary share.<br><br>**How was the number of stapled securities to be distributed determined?**<br><br>The company will continue to hold 27% of CDLHT after the proposed distribution. **Are there plans to further reduce the company's holding of CDLHT in the future?**<br><br>**Will the company be arranging for odd-lot trading with one or more of the brokers so that shareholders can round off their holdings to the appropriate lot size?** | The Proposed Distribution *in specie* of CDLHT Units ("DIS") is intended to reward shareholders and maintain strategic alignment and continued support for CDLHT. A distribution of 144.3 million CDLHT Units will reduce the CDL Group's interest in CDLHT by approximately 11.72%, or from 38.72% (comprising 476.7 million CDLHT Units) to approximately 27% (comprising 332.4 million CDLHT Units). This would result in the accounting deconsolidation of CDLHT from a subsidiary to an associate. Accordingly, the Group will be able to transact with CDLHT and have the potential to book gains on any future sale of assets from the Group to CDLHT, providing opportunities for the Group to unlock value from the Group's hospitality portfolio in the years ahead.<br><br>More information on the background, and rationale for, the Proposed Distribution are set out under paragraph 3 of Annexure III of the Letter to Shareholders dated 30 March 2022.<br><br>Following the Proposed DIS, the Group will continue to be the largest unitholder of CDLHT. The Company does not currently have any plans to further reduce the Group's holding of CDLHT.<br><br>The Company has arranged for four brokers, namely OCBC Securities Private Limited, Philip Securities Pte Ltd, UOB Kay Hian Private Limited and CGS-CIMB Securities (Pte) Limited, to offer concessionary brokerage rates for the trading in odd lots of CDLHT Units for a period of one calendar month from the date the CDLHT Units are credited to the securities accounts of the entitled shareholders. More information on odd-lot trading is provided under paragraph 6.8 of Annexure III of the Letter to Shareholders. |

## C. RISK MANAGEMENT

| No. | Question | Response |
|---|---|---|

**3**

The Group’s 5-year financial highlights can be seen on page 13 of the Annual Report (AR) (extract shown below). Profit attributable to owners of the company was $98 million in 2021. Over the past 5 years, the cumulative loss attributable to owners of the company was $(175) million due to the $(1.92) billion loss in FY 2020. In FY 2020, excluding the effects of Sincere Property Group, the loss would have been $(140) million.

OVERVIEW

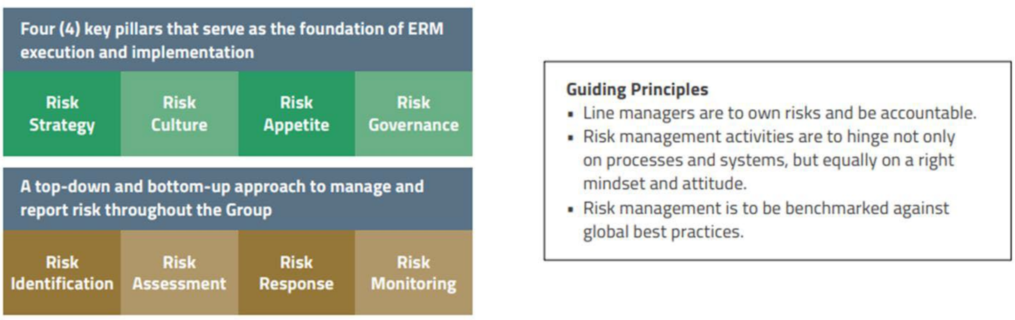
5-YEAR FINANCIAL HIGHLIGHTS

| Year | 2017 [1] | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| **For the financial year ($’million)** | | | | | |
| Revenue | 3,829 | 4,223 | 3,429 | 2,108 | 2,626 |
| Profit before tax | 763 | 876 | 754 | (1,791) | 228 |
| Profit for the year attributable to owners of the Company (PATMI) | 522 | 557 | 565 | (1,917) | 98 |

The reported net asset value per share of $9.28 as at 31 December 2021 is near to the FY 2014 NAV of $9.25 as at 31 December 2014 although it is noted that the company continued paying dividends every year, even in FY2020, albeit at a lower level.

The Group’s approach to risk management is set out in the ‘Risk Management’ section on pages 57 to 62 of the AR.

CDL’S ERM Framework




| No. | Question | Response |
|---|---|---|
| (i) | **Can the audit and risk committee help shareholders understand if it has made further improvements to the risk identification and risk assessment processes?** | The Group has a risk management framework designed, established and implemented by Management for the identification, assessment, management, monitoring and reporting of risks, with the objective of embedding risk management processes into existing management processes.<br><br>Risk identification, assessment, monitoring and reporting is a continuous process with improvements made as and when necessary, in response to changes in the business and external environment. |

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| | | The Audit and Risk Committee (ARC) has oversight of the risk management framework.<br><br>Risk management reports are provided to the ARC on a regular basis, including reports on material breaches of risk limits, if any, and the adequacy of proposed actions taken to rectify such breaches.<br><br>The ARC also acts as a sounding board to Management on proposed implementation of controls and ensures the proper segregation of duties, checks and balances. The ARC and Management meet regularly to ensure that significant risk issues are highlighted and addressed promptly. There is close coordination between the risk and audit functions, and the Company's key risks are taken into consideration in the annual internal audit plan.<br><br>During the year, the ARC discussed with Management, internal and external auditors on the ongoing impact of the COVID-19 pandemic and the impact on the Group's business segments. Operational, compliance and financial risks were considered holistically, cutting across business segments and vertical business channels. The ARC also reviewed and recommended refinements to oversight and controls over investment and divestment controls, enhancing the Group's responses to key strategic and financial risks. |
| (ii) | **What training does the group provide to the risk owners to recognise, identify and quantify risks?** | The Group's Enterprise Risk Management (ERM) function facilitates targeted training and knowledge-sharing sessions throughout the year, based on risks and trends identified from risk assessment and review.<br><br>a. Strategic and financial risks<br>• The Group conducts risk workshops with relevant risk owners and line managers of business units, focusing on risk assessments to ensure that the Group's identified key risks drivers and controls remain relevant and adequate.<br><br>b. Environmental, Health and Safety (EHS) risk<br>• The Group cultivates an EHS-centric culture amongst internal and external stakeholders through workshops, training and regular communications to ensure they are updated on EHS best practices. |

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| | | c. Data privacy risk<br>• The Group conducts awareness training to ensure that employees who directly and/or indirectly handle personal data in the course of their work are cognisant of data protection principles and are equipped with the right knowledge to carry out good data protection practices in their day-to-day activities.<br><br>d. Compliance risk<br>• The Group conducts training sessions and adopts e-learning modules to raise awareness and train employees on ways to avoid or prevent non-compliant behaviour. An annual e-declaration exercise is to be completed by all employees to acknowledge that they have read, understood and agree to abide by the Group's policies.<br><br>e. Cyber threat risk<br>• The Group conducts training, including assessment exercises, to educate and heighten its users' awareness of cyber threats. During the year, vulnerability assessment and penetration testing and a cyber security incident response exercise facilitated by an external consultant involving internal stakeholders and senior management were also conducted<br><br>Apart from the abovementioned training and workshops, the Group also has a Management Risk Committee that convenes quarterly, or more frequently as necessary, to review key risks identified and quantified by risk owners. The minutes of these reviews are also provided to the ARC. |
| (iii) | **How effective is the governance structure at ensuring appropriate oversight and accountability (AR page 57; Risk culture)?** | The three lines of defence framework is adopted in establishing the governance structure.<br><br>The Group's established risk governance structure encompasses the processes and mechanisms across the Group by which decisions on the type of risks to take are made – from the specific risk management functions to Management, the ARC and the Board. Central to this is the ERM framework, which articulates and codifies how the Group approaches and manages risk. |

<table>
<tr><td></td><td></td><td>The Group's ERM framework is reviewed and aligned with the Singapore Code of Corporate Governance, ISO 31000:2018, and Guidebook for the Board Risk Committee.</td></tr>
<tr><td></td><td colspan="2">The Group's risk strategy is based on the belief that risk management is the responsibility of all employees and that it must be integrated into strategy formulation, capital allocation, decision making, and day-to-day operations. Specifically, in the area of investment and divestment, the company has stated the following:<br><br><table><tr><th colspan="2">Investment/Divestment Risk</th></tr><tr><td>The Group is exposed to the risk of deployment of capital into investments that fail to meet target returns, due to inadequate planning or errors in underlying assumptions.</td><td>We manage this risk by:<br>a) Conducting a comprehensive analysis including due diligence and feasibility studies to evaluate investment and divestment decisions.<br>b) Reviewing and updating investment thresholds and parameters, to be in line with changing strategies and business environments.<br>c) Close monitoring of portfolio performance to ensure that it is on track to meet set targets.</td></tr></table></td></tr>
<tr><td>(iv)</td><td>How does the board ensure that, as the third line of defence in the risk governance structure, it avoids groupthink and that there is a full and frank exchange of views, with contributions from all directors, leading to robust and constructive debate?</td><td>The Board of Directors comprises a diverse group of qualified individuals who bring a wealth of professional experience in business, management and knowledge. Their expertise and core competencies provide varied and objective perspectives to support robust and constructive discussions whilst minimising groupthink.</td></tr>
<tr><td>(v)</td><td>Can the nominating committee help shareholders understand if the non-executive directors have the appropriate balance and mix of skills, knowledge, experience, especially in real estate, hospitality and fund management, to engage in effective and constructive debate with the executive directors?</td><td>The Board comprises nine Directors, seven of whom are non-executive Directors ("NEDs").<br><br>The Board comprises business leaders and professionals with real estate, hospitality, financial (including audit, accounting, tax and investment), legal, risk management, fund management and business management qualifications and backgrounds.<br><br>The Nominating Committee ("NC") reviews the size and mix of the Board annually. It is pleased that the Board's current composition provides for diversity and allows for informed and constructive discussions and effective decision-making at Board and Committees meetings.<br><br>NEDs are encouraged to participate actively at Board meetings in developing the Company's strategic plans and direction and in reviewing and monitoring the performance of Management against targets.<br><br>The Directors (including NEDs) also engage with Management to better understand the challenges faced by the Group and provide invaluable advice and feedback.</td></tr>
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| | | As reflected in the CG Report on page 38 of the AR, the Board had, since August 2015, supported the Board Diversity Pledge initiated by SID and SGX, where the Company pledged its commitment to promote 'diversity as a key attribute of a well-functioning and effective Board'. For future Board appointments, the NC would be considering candidates from other disciplines, such as information technology and digital transformation, to provide more diverse viewpoints and broaden the skills sets of the Board. It will also look towards increasing gender diversity by having more women on the Board. |

**D. DIVIDENDS**

| No. | Question | Response |
|---|---|---|
| 4. | Given that CDL has successfully divest certain non-performing assets, does this imply a much higher dividend payment rate in the future? Or even capital repayment? | With the Group's return to profitability with PATMI of $97.7 million for the full year ended 31 December 2021 ("FY2021") and various successful divestments, the Board had recommended a final dividend of $0.08 per ordinary share and a special final dividend of $0.01 per ordinary share (collectively, the "Final Dividends") in February 2022. In addition, the Board had also proposed to reward shareholders with a special distribution *in specie* of stapled securities in CDL Hospitality Trusts on a pro rata basis, estimated to be valued at $0.19 per ordinary share ("Distribution of CDLHT Units").<br><br>Together with the special interim dividend of $0.03 per ordinary share which was declared in August 2021, the total distribution to shareholders in respect of the financial year ended 31 December 2021 is expected to amount to $0.31 per ordinary share.<br><br>Both the Final Dividends and Distribution of CDLHT Units, if approved by the shareholders at the forthcoming annual general meeting, will be paid/distributed on 26 May 2022.<br><br>As set out in the Company's dividend policy (please see page 53 of CDL's Annual Report 2021), the Group aims to provide a return to shareholders at least once a year through the payment of dividends, after taking into account the Group's financial performance, short and long-term capital requirements, future investment plans, general global and business economic |

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| | | conditions and any regulatory factors. The Board endeavours to maintain a balance between meeting shareholders' expectations with a sustainable dividend policy and prudent capital management. |