FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::HALF YEARLY RESULTS

Issuer & Securities

Issuer/ Manager

CITY DEVELOPMENTS LIMITED

Securities

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Company Secretary

Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)

Please refer to the attached documents:
1) Unaudited Financial Statements for the half year ended 30 June 2020;
2) News Release titled "CDL Reports Profit of S$3.1 Million for 1H 2020: Overall Performance Severely Impacted by the Prolonged Covid-19 Pandemic"; and
3) 1H 2020 Results Presentation.

A results briefing will be held at 10.00 a.m. for invited analysts and the media on 13 August 2020 and a live webcast will be available for viewing at www.cdl.com.sg/1h2020 at the same time.

Additional Details

For Financial Period Ended

30/06/2020

Attachments

CDL_1H%202020_Results.pdf

CDL_News_Release_1H%202020_Results.pdf

CDL_1H%202020_Results_Presentation.pdf

Total size =3385K MB

UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2020

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

These figures have not been audited.

	The Group Half year ended 30 June		
	2020	**2019**	**Incr/ (Decr)**
	S$'000	**S$'000**	**%**
Revenue [1]	1,072,904	1,596,528	(32.8)
Cost of sales	(626,440)	(825,122)	(24.1)
Gross profit [2]	446,464	771,406	(42.1)
Other income [3]	95,485	161,620	(40.9)
Administrative expenses [4]	(259,336)	(282,207)	(8.1)
Other operating expenses [5]	(220,903)	(227,176)	(2.8)
Profit from operating activities	61,710	423,643	(85.4)
Finance income	91,335	53,155	71.8
Finance costs	(126,693)	(93,036)	36.2
Net finance costs [6]	(35,358)	(39,881)	(11.3)
Share of after-tax profit of associates [7]	20,233	58,288	(65.3)
Share of after-tax (loss)/profit of joint ventures [8]	(32,790)	48,248	NM
Profit before tax	13,795	490,298	(97.2)
Tax expense [9]	(13,397)	(96,082)	(86.1)
Profit for the period	398	394,216	(99.9)
Attributable to:			
Owners of the Company	**3,145**	**361,961**	(99.1)
Non-controlling interests	(2,747)	32,255	NM
Profit for the period	398	394,216	(99.9)
Earnings per share			
- basic	(0.4) cents	39.2 cents	NM
- diluted	(0.4) cents	38.0 cents	NM

NM: not meaningful

Notes to the Group's Income Statement:

(1) The decrease in revenue for 1H 2020 was primarily attributable to a substantial decline in contribution from hotel operations segment as a result of the adverse impact from COVID-19 outbreak which brought about an unprecedented downturn in global tourism and travel. Property development and investment properties segments were also impacted to varying extent.

In 1H 2020, the Group's hotels located in all regions recorded significantly lower RevPAR as the local governments in many countries imposed measures including quarantine, strict social distancing, lockdown of cities and closure of international borders to curb the spread of the pandemic. This led to surge in hotel booking cancellations and mass cancellations or postponement of events. Additionally, several of the Group's hotels were closed temporarily for different time period whilst those opened were generally operating at much lower occupancies than before with the exception of Singapore hotels which were aided by accommodation demand from foreign workers affected by Malaysia border closures and returnees from overseas serving out Stay Home Notices in hotels.

1H 2020 revenue from property development segment included contributions largely from The Tapestry, Whistler Grand and Amber Park, which were recognised progressively based on their stages of construction of sold units, and balance units for completed projects including Gramercy Park and Hongqiao Royal Lake, Shanghai. In Singapore, the Group registered lower sales volume due to closure of all six operating sales galleries during Phase 1 of Circuit Breaker, and constructions works were also delayed. New home sales for the Group's overseas launched projects also slowed due to lockdowns imposed by local governments. 1H 2019 revenue was primarily derived from Gramercy Park, New Futura, Suzhou Hong Leong City Center (HLCC) and Hongqiao Royal Lake as well as The Tapestry and Whistler Grand.

Lower revenue was also reported by the investment properties segment due to rental rebates granted to tenants for buildings located in Singapore and China, particularly the retail malls. Additionally, hotels under master lease arrangements, held primarily under CDL Hospitality Trusts, generated lower rental income as well.

Items 14 and 15 further analyse the performance by segments.

(2) Gross profit margin achieved for 1H 2020 was 42% as compared to 48% in 1H 2019. This was mainly due to thinner profit margins achieved for those Singapore residential projects that are still under construction as compared to those high-end completed projects including Gramercy Park and New Futura that commanded better margins, coupled with a more compressed margin from hotel operations segment led by lower room rate seen in most regions.

(3) Other income for 1H 2020 comprised mainly divestment gains from disposal of Millennium Hotel Cincinnati of $26.4 million and equity stake in Sceptre Hospitality Resources (SHR) of $23.5 million, as well as a negative goodwill of $43.2 million on acquisition of an effective 51.01% joint controlling interest in Sincere Property Group (Sincere), a real estate developer in China, in 1H 2020.

Other income for 1H 2019 relate largely to the unwinding of the Group's first and second Profit Participation Securities (PPS) structures. For PPS 1, the Group acquired the remaining PPS instruments issued by Sunbright Holdings Limited (Sunbright), an associate of the Group, which was established in 2014 under this structure, in connection with the non-residential components of the Quayside Collection comprising W Singapore – Sentosa Cove and Quayside Isle, that the Group did not own. As part of the purchase price allocation exercise, a net gain of about $7 million was recorded due to remeasurement of its existing stake in these properties at fair value. For PPS 2, the Group realised a deferred gain of $144.3 million and $9.6 million from the divestment of Manulife Centre and 7 & 9 Tampines Grande respectively, from the Group's PPS 2 structure established in 2015 via Golden Crest Holdings (Golden Crest).

Additionally, the Group received distribution of $43.3 million in 1H 2019 from Golden Crest for its 40% investment in PPS 2 in accordance with the stipulated waterfall distribution. This was accounted under share of after-tax profit of associates.

(4) Administrative expenses comprised mainly depreciation, hotel administrative expenses and salaries and related expenses.

The decrease in administrative expenses in 1H 2020 was largely due to lower hotel administrative expenses and salaries expenses, in tandem with lower revenue generated from hotel operations, cost containment measures undertaken by hotels and wage support received from local governments.

The decrease was partially offset by higher depreciation contributed by investment properties added to the Group's portfolio in 2H 2019 which included The Biltmore Mayfair (reopened in September 2019), Hong Leong Hongqiao Centre (formerly Shanghai Hongqiao Sincere Centre (Phase 2)) (acquired in November 2019), two towers within Hong Leong Plaza Hongqiao (they were transferred from development properties to investment properties upon tenants being secured in December 2019) and a leasehold industrial building for laundry operations (construction completed in June 2019). Further, the Group's acquisition of W Singapore – Sentosa Cove and Quayside Isle in April 2019 via the abovementioned PPS 1 financial instruments also contributed to the higher depreciation in 1H 2020.

(5) Other operating expenses included impairment losses recognised on property, plant and equipment, property taxes, insurance and other operating expenses on hotels.

1H 2020 included impairment losses of $33.9 million on six hotels in the United States of America (US), one hotel in the United Kingdom (UK) and one hotel in Europe. Additionally, $7.0 million allowance for doubtful receivables was made mainly for rent receivables from Pullman Hotel Munich and Hotel Cerretani Firenze which have payment difficulties due to COVID-19, and on aged receivables of several other US and UK hotels. This was substantially offset by lower hotel operating expenses in view of hotels closures and cost containment measures implemented.

(6) Net finance costs comprised the following:

		The Group Half year ended 30 June		
	Note	2020 S$'000	2019 S$'000	Incr/ (Decr) %
Finance income				
Interest income	(i)	42,543	27,320	55.7
Fair value gain on financial derivatives	(ii)	-	8,922	NM
Fair value gain on financial assets measured at fair value through profit or loss (net)	(iii)	39,548	16,915	NM
Net exchange gain	(iv)	9,495	-	NM
Less: finance income capitalised		(251)	(2)	NM
		91,335	53,155	71.8
Finance costs				
Amortisation of transaction costs capitalised		(4,056)	(3,911)	3.7
Interest expenses	(v)	(115,024)	(95,518)	20.4
Fair value loss on financial derivatives	(ii)	(18,938)	-	NM
Net exchange loss	(iv)	-	(5,182)	NM
Unwinding of discount on non-current liabilities		(234)	(305)	(23.3)
Less: finance costs capitalised		11,559	11,880	(2.7)
		(126,693)	(93,036)	36.2
Net finance costs		**(35,358)**	**(39,881)**	(11.3)

NM: not meaningful

(i) The increase in interest income in 1H 2020 was largely due to the interest income earned on a US$230 million bond issued by Sincere in end June 2019 which the Group subscribed.

(ii) Fair value gain/(loss) on financial derivatives relate mainly to the net effect arising from the remeasurement of foreign exchange forward contracts and Euro/United States dollar (USD) cross-currency interest rate swap contract (CCS) entered into by CDL Hospitality Trusts (CDLHT), Sterling Pound/Singapore dollar (SGD), Japanese Yen/SGD, Euro/SGD and Renminbi/SGD CCS, foreign currency exchange swap and floating-for-fixed SGD interest rate swaps entered into by the Group.

Fair value loss for 1H 2020 was mainly due to $23.8 million loss (1H 2019: $6.5 million gain) recognised on Renminbi/SGD foreign currency exchange swap entered by the Group in connection with the loan granted to Sincere. Pursuant to the Group's acquisition of Sincere in April 2020, the foreign currency exchange swap has been designated as a hedge of net investment in Sincere and subsequent fair value changes are recognised in other comprehensive income. The fair value loss was partially offset by $7.7 million fair value gain on a call option granted to acquire an additional 9.0% effective equity interest in Sincere, which is exercisable at the Group's discretion on the later of 18 months from acquisition completion date or 1 July 2022.

(iii) This mainly arose from remeasurement of unquoted debt instruments and investments in equities and funds measured at fair value through profit or loss.

The gain for 1H 2020 was largely attributable to net fair value gain on the abovementioned Renminbi loan granted to Sincere, which was classified as an unquoted debt instrument measured at fair value through profit or loss. Fair value gain on this debt instrument included interest income of $15.5 million and a translation gain of $19.8 million from the appreciation of Renminbi against SGD. The loan has been reclassified to amount owing from joint ventures following the acquisition of the 51.01% effective stake in Sincere and upon repayment in May 2020, the funds were rechanneled to subscribe for preference shares in HCP Chongqing Property Development Co Ltd (HCP), the indirect controlling shareholder of Sincere .

The gain for 1H 2019 was attributable to interest income of $22.1 million earned from the aforesaid loan to Sincere which was partially offset by fair value loss on remeasurement of certain quoted equities.

(iv) Net exchange gain for 1H 2020 related mainly to translation gain on the US$230 million bond issued by Sincere following the strengthening of USD against SGD, and strengthening of Australian dollar, USD and Euro denominated receivables and bank deposits against SGD.

Net exchange loss in 1H 2019 was mainly attributable to the translation loss from the weakening of a Sterling Pound denominated intercompany loan receivable.

(v) The increase in interest expenses for 1H 2020 was mainly due to the Group's higher borrowings to provide various funding requirements including the acquisition of an effective 51.01% joint controlling interest in Sincere in 1H 2020, subscription of US dollar bond issued by Sincere in end June 2019, acquisition and development of land sites/properties in Singapore and overseas, and privatisation of Millennium & Copthorne plc in late 2019.

(7) The decrease in share of after-tax profit of associates was mainly attributable to the lower share of distribution progressively received from Golden Crest arising from the unwinding of PPS 2 structure in 1H 2020 of $2.6 million (1H 2019: $43.3 million).

(8) 1H 2020 share of after-tax losses of joint ventures was primarily contributed by Sincere and lackluster hotel performance from JW Marriot Hotel South Beach, St Regis Hotel, JW Marriot Hotel Hong Kong and New World Millennium Hong Kong Hotel due to immense negative impact from COVID-19 outbreak. There was also lower contribution from South Beach Residences, Forest Woods and the Ivy and Eve project in Brisbane. This was partially mitigated by stronger contribution from Boulevard 88 which was launched for sale in 1H 2019.

(9) Tax expense for the period was derived at by applying the varying statutory tax rates on the taxable profit/(loss) and taxable/deductible temporary differences of the different countries in which the Group operates.

	The Group Half year ended 30 June	
	2020	**2019**
The tax charge relates to the following:	**S$'m**	**S$'m**
Profit for the period	36.1	88.6
One-off deferred tax credit	(17.6)	-
Land appreciation tax	5.8	11.6
Overprovision in respect of prior periods	(10.9)	(4.1)
	13.4	96.1

1H 2020 included a deferred tax credit of $18 million recognised following the reintroduction of tax depreciation on commercial and industrial buildings in New Zealand effective from 1 January 2020, as part of the New Zealand government's COVID-19 Business Continuity Package.

Excluding this deferred tax credit, the higher effective tax rate in 1H 2020 was primarily due to losses incurred by foreign subsidiaries (mostly in the US) which were not available for set off against profits of local subsidiaries and deferred tax assets were recognised only to the extent that it is probable that the related tax benefit will be realised.

(10) Profit before tax included the following:

	The Group Half year ended 30 June	
	2020 **S$'000**	**2019** **S$'000**
Allowance made for doubtful receivables and bad debts written off	(7,059)	(270)
Allowance written back for foreseeable loss on development properties	-	1,782
Dividend income	576	1,746
Depreciation and amortisation	(140,544)	(131,252)
Gain on loss of control in a subsidiary	23,471	-
Gain on remeasurement of previously held interest in an associate which became a subsidiary	-	6,608
Impairment losses on property, plant and equipment	(33,930)	-
Loss on dilution of an associate	(946)	-
Profit on sale of property, plant and equipment and investment properties (net)	26,373	153,893
Negative goodwill on acquisition of a joint venture	43,234	-

CITY DEVELOPMENTS LIMITED
(REG. NO. 196300316Z)

1(a)(ii) Consolidated Statement of Comprehensive Income

	The Group Half year ended 30 June	
	2020	2019
	S$'000	S$'000
Profit for the period	398	394,216
Other comprehensive income:		
Item that will not be reclassified to profit or loss:		
Change in fair value of equity instruments measured at fair value through other comprehensive income	(11,347)	2,408
Items that are or may be reclassified subsequently to profit or loss:		
Effective portion of changes in fair value of cash flow hedges	(5,222)	(4,739)
Exchange differences on hedges of net investment in foreign operations	(685)	1,330
Exchange differences on monetary items forming part of net investment in foreign operations	21,801	(5,192)
Exchange differences reclassified to profit or loss on loss of control in a foreign operation	16	-
Share of translation differences of equity-accounted investees	8,787	(5,931)
Translation differences arising on consolidation of foreign operations	60,673	(46,976)
Total other comprehensive income for the period, net of tax	**74,023**	**(59,100)**
Total comprehensive income for the period	**74,421**	**335,116**
Attributable to:		
Owners of the Company	**57,096**	**326,641**
Non-controlling interests	17,325	8,475
Total comprehensive income for the period	**74,421**	**335,116**

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

1(b)(i) A statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

	Note	The Group		The Company	
		As at 30.06.2020 S$'000	As at 31.12.2019 S$'000	As at 30.06.2020 S$'000	As at 31.12.2019 S$'000
Non-current assets					
Property, plant and equipment		5,421,492	5,462,367	40,254	43,677
Investment properties		4,457,127	4,410,261	430,649	436,510
Investments in subsidiaries		-	-	2,025,003	2,024,934
Investments in associates	(1)	615,380	562,876	-	-
Investments in joint ventures	(2)	1,993,139	1,192,456	37,360	37,360
Financial assets		1,080,642	1,060,292	375,655	375,964
Other non-current assets	(3)	694,600	677,732	5,932,942	5,134,558
		14,262,380	**13,365,984**	**8,841,863**	**8,053,003**
Current assets					
Development properties	(4)	5,608,109	5,155,642	181,699	181,735
Contract costs		28,501	26,151	-	-
Contract assets	(5)	364,536	242,048	-	-
Consumable stocks		10,902	16,650	-	-
Financial assets	(6)	20,107	562,681	-	-
Trade and other receivables	(7)	998,963	822,074	5,531,254	5,521,625
Cash and cash equivalents		2,401,671	2,797,652	1,127,659	1,269,235
		9,432,789	9,622,898	6,840,612	6,972,595
Assets held for sale	(8)	160,605	211,375	-	-
		9,593,394	**9,834,273**	**6,840,612**	**6,972,595**
Total assets		**23,855,774**	**23,200,257**	**15,682,475**	**15,025,598**
Equity attributable to Owners of the Company					
Share capital		1,991,397	1,991,397	1,991,397	1,991,397
Reserves		8,580,354	8,528,853	4,617,010	4,615,886
		10,571,751	10,520,250	6,608,407	6,607,283
Non-controlling interests		719,212	746,306	-	-
Total equity		**11,290,963**	**11,266,556**	**6,608,407**	**6,607,283**
Non-current liabilities					
Interest-bearing borrowings*	(9)	8,655,014	7,673,152	5,231,542	4,211,386
Employee benefits		29,430	28,662	-	-
Lease liabilities		185,714	189,448	17,057	20,003
Other liabilities		139,487	130,825	8,969	9,912
Provisions		31,781	26,809	-	-
Deferred tax liabilities		82,220	107,592	20,793	21,242
		9,123,646	**8,156,488**	**5,278,361**	**4,262,543**
Current liabilities					
Trade and other payables		1,075,757	1,198,907	2,729,720	2,799,268
Lease liabilities		16,546	17,752	5,851	5,769
Contract liabilities	(5)	236,637	209,503	-	-
Interest-bearing borrowings*	(9)	1,798,469	2,037,999	1,049,721	1,341,294
Employee benefits		27,364	27,495	3,339	2,364
Provision for taxation		265,137	249,506	7,076	7,077
Provisions		21,255	28,471	-	-
		3,441,165	**3,769,633**	**3,795,707**	**4,155,772**
Liabilities directly associated with the assets held for sale	(8)	-	7,580	-	-
Total liabilities		**12,564,811**	**11,933,701**	**9,074,068**	**8,418,315**
Total equity and liabilities		**23,855,774**	**23,200,257**	**15,682,475**	**15,025,598**

* These balances are stated at amortised cost after taking into consideration their related transaction costs.

The Group had reviewed its property, plant and equipment, investment properties and development properties for the half year ended 30 June 2020, to ascertain the appropriateness of the assets' carrying value in the financial statements amid the ongoing COVID-19 situation.

Property, Plant and Equipment ("PPE")

The Group's PPE relates largely to the hotel portfolio and is carried at cost less accumulated depreciation and impairment losses.

In line with accounting standards, the Group assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group will estimate the recoverable amount of the asset. Due to the geographical distribution of the hotels, the Group typically conducts external valuations for hotels that it considers have a risk of impairment loss at year end.

For the half year ended 30 June 2020, the Group focused its impairment assessment on the hotels with 20% or less headroom to its last available valuations. The recoverable amounts of these hotels, being the higher of the fair value less costs to sell and the value-in-use, were predominantly determined using the fair value less costs to sell approach and were estimated using the discounted cash flow method. These valuations were performed in-house. This exercise excluded hotels owned under CDL Hospitality Trusts ("CDLHT") and M&C Hotels New Zealand Limited ("MCHNZ"), both of which are separately listed.

CDLHT and MCHNZ are listed on the Singapore Exchange Securities Trading Limited and New Zealand Stock Exchange, respectively. In the SGX announcement issued by CDLHT on 29 July 2020 on its unaudited financial statements for the half year ended 30 June 2020, CDLHT had indicated that they had not carried out independent valuations as at 30 June 2020, and the carrying amounts of its investment properties and PPE as at 30 June 2020 were based on independent valuations as at 31 December 2019 and had not taken into account the impact of the COVID-19 pandemic which may be significant. In line with the requirements of Appendix 6 of the Code on Collective Investment Schemes, CDLHT will continue to conduct property valuations on an annual basis at the end of the financial year and any fair value gains or losses on properties will only be recorded in the full year results. In the case of MCHNZ, they had conducted internal valuations for the New Zealand hotels. Based on the MCHNZ hotel internal valuations, no impairment loss is required for the New Zealand hotels as the carrying values of these hotels are lower at the Group level.

The hospitality sector is greatly disrupted and there is still high volatility surrounding future cashflows and limited market transactions available for benchmarking to adopt meaningful changes to the capitalisation rates in the current market. With the COVID-19 pandemic still at large globally, the speed of the recovery for the tourism and accommodation sectors is uncertain and is dependent on several factors including international air travel volumes, border restrictions, recovery of economies in key markets and the development of a vaccine to contain the pandemic, all of which are currently unknown and evolving.

The in-house valuations conducted by the Group considered the underlying cash flows and assumptions regarding projection of future cash flows and the operations of the hotels. The key inputs and assumptions that require significant judgement include the expected rate of recovery in revenue, projected occupancy and average room rates, operational and maintenance expenditure profiles, discount rates and capitalisation rates.

For the assets that were impaired in 1H 2020, the key assumptions adopted are tabled as follows:

	Capitalisation Rates	Discount rates	RevPAR decline in 2020	RevPAR CAGR* for 2021 - 2023	RevPAR CAGR* for 2024 - 2030
New York and Chicago	5.15% - 7.15%	7.25% - 9.75%	74% - 79%	63% - 68%	3.0% - 5.9%
Regional US	10% - 11%	12.5% - 13.5%	23% - 79%	10% - 47%	2.2% - 5.1%
Europe	4% - 6.5%	6.15% - 8.35%	68% - 72%	47% - 51%	2.2% - 2.7%

* Compounded Annual Growth Rate (CAGR)

Based on the above impairment assessment, the Group recognised a $33.9 million of impairment losses for the half year ended 30 June 2020. The Group maintains its long-term view on our hotel portfolio and will continue to monitor the performance of the hotels.

Sensitivity Analysis (for illustration purposes only)

	Capitalisation Rates	Discount rates
New York and Chicago	5.5% - 7.5%	7.75% - 10.25%
Regional US	10.25% - 11.25%	12.75% - 13.75%
Europe	4.25% - 6.75%	6.4% - 8.6%

Assuming that all other variables are constant, and varying the capitalisation and discount rates as tabled above could result in further potential impairment losses to the Group of $25.4 million.

Investment Properties

The Group's investment properties include its commercial portfolio held for rental income (comprising office, retail, industrial and residential for lease), as well as hotels that are under the master lease structure, which earn rental income.

The Group adopts a conservative accounting policy to account for its investment properties and hotels, at cost less accumulated depreciation and impairment losses vis-à-vis the fair value model for investment properties.

	Carrying Value in aggregate*	Fair Value in aggregate*
	$ Million	$ Million
30 June 2020	4,457	8,915
31 December 2019	4,410	8,780

*The hotels under the CDLHT portfolio that are accounted for as investment properties comprises 10% of the carrying value of the investment properties of the Group as at 30 June 2020. Notably, the fair value of the CDLHT portfolio that are accounted for as investment properties as at 30 June 2020 are based on valuations as at 31 December 2019 (see note above).

In arriving at the fair value of the commercial portfolio, the Group had carried out in-house valuations. The valuations were based on the direct comparison and income capitalisation methods. The direct comparison method involves an analysis of comparable sales of similar properties and adjusting the transacted prices to those reflective of the investment properties of the Group. The income capitalisation method capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates. The capitalisation rates assumed were in the range of 3.5% to 5.0%, save for carpark assets with a higher capitalisation rate of 7.5%.

In view of the substantial headroom over fair value for most assets in the commercial portfolio, the Group is of the view that no impairment losses are considered necessary as at 30 June 2020 for its investment properties, excluding the hotels under the CDLHT portfolio which the Group will further assess at year end when valuations of the CDLHT portfolio are available.

Sensitivity Analysis for the CDLHT portfolio (for illustration purposes only)

A decline of 5%, 10% and 20% in the valuations of the CDLHT hotel portfolio as at 31 December 2019 could result in potential impairment losses to the Group as follows:

	5% decline	10% decline	20% decline
Pre-tax profits	↓ $15 million	↓ $35 million	↓ $98 million
PATMI	↓ $6 million	↓ $13 million	↓ $37 million

Development properties

The Group accounts for its development properties at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

The Group had reviewed the estimated selling prices of its development properties and is of the view that no further allowance for foreseeable losses is considered necessary as at 30 June 2020.

Notes to the statements of financial position of the Group and the Company

1) The increase in investments in associates at the Group was mainly due to the acquisition of additional stake in IREIT Global in 1H 2020 for a consideration of approximately $26 million, representing an increase from 12.52% to 20.87% stake as well as share of profit for the period contributed primarily from First Sponsor Group Limited (FSGL).

2) The increase in investments in joint ventures at the Group was mainly due to the acquisition of an effective 51.01% joint controlling interest in Sincere via an offshore investment vehicle for $882 million (RMB 4.39 billion), completed in 1H 2020.

   The purchase consideration of $882 million (RMB 4.39 billion) was based on an agreed valuation of Sincere at RMB 8.6 billion. The Group completed the acquisition of Sincere on 30 April 2020 and is currently performing a purchase price allocation exercise on its investment in Sincere and has equity accounted for Sincere based on provisional amounts of the fair value of its identifiable net assets, estimated at RMB 9 billion. Based on this RMB 9 billion fair value of identifiable net assets of Sincere, the Group recognised a $43.2 million of negative goodwill for its 51.01% effective joint controlling interest in Sincere.

   Furthermore, the Group has a call option to acquire an additional 9.0% effective equity interest in Sincere, which is exercisable at the Group's discretion on the later of 18 months from acquisition completion date or 1 July 2022, at the same valuation of RMB 8.6 billion This call option is accounted for as a financial asset. Based on this RMB 9 billion fair value of the identifiable net assets, the mark to market fair value gain on the call option is $7.7 million.

   In April 2020, the Group announced that the unaudited net asset value ("NAV") of Sincere was RMB 16.5 billion as at 31 December 2019. As at 30 April 2020, the unaudited NAV of Sincere stands at RMB 15.4 billion due to losses incurred by Sincere for the period from January to April 2020 largely due to significantly lower handover of properties, compounded by high financing costs and marketing and administrative costs. In addition, the Group had made adjustments to lower the fair value of its investment properties as at 30 April 2020, based on valuation conducted by an international valuer, Cushman and Wakefield. The lower valuation is largely due to the economic slowdown, further dampened by the current COVID-19 pandemic.

   The Group expects to complete the purchase price allocation exercise by the end of the year.

3) The increase in other non-current assets at the Company was mainly due to additional loans granted to subsidiaries to meet several funding requirements including the acquisition of 51.01% effective joint controlling stake in Sincere. This was partially reduced by repayment of loans owing by subsidiaries.

4) The increase in development properties was due to new acquisitions, development costs incurred, partially offset by progressive cost recognition for projects under construction as well as the handover of units for completed projects. The increase in development projects at the Group was due to acquisition of a land parcel at Irwell Bank Road, additional development costs incurred for Whistler Grand, Piermont Grand, Amber Park, Haus on Handy, The Tapestry and UK development projects. This was partially reduced by progressive sales recognised for Whistler Grand, The Tapestry, Amber Park and Haus on Handy, along with sold units from completed projects including UK projects, Gramercy Park, Hongqiao Royal Lake, Park Court Aoyama The Tower, New Futura and Phase 2 of HLCC being handed over.

5) Contract assets and liabilities at the Group increased due to timing of revenue recognition vis-à-vis progress billings to the purchasers for various projects.

6) Short-term financial assets at the Group decreased significantly as the RMB 2.75 billion loan granted to Sincere, previously classified as unquoted debt instrument measured at fair value through profit or loss, was repaid in 1H 2020 and the Group utilised the amount received to pay for the subscription of preference shares in HCP.

7) The increase in trade and other receivables at the Group was mainly due to additional loans granted to Sincere, which is now a joint venture of the Group, in 1H 2020.

8) Assets held for sale as at 30 June 2020 relate to the proposed divestment of Novotel Singapore Clarke Quay completed on 15 July 2020.

   Assets held for sale and the liabilities directly associated with the assets held for sale as at 31 December 2019 relate to the proposed divestments of Novotel Singapore Clarke Quay, SHR and Millennium Hotel Cincinnati. The divestments of SHR and Millennium Hotel Cincinnati were completed in 1H 2020.

9) The overall increase in interest-bearing borrowings (current and non-current portion) at the Group and Company was mainly due to loans taken up and new medium term notes issued to provide several funding requirements including the investment in 51.01% effective stake in Sincere and payment for the land parcel at Irwell Bank Road.

1(b)(ii) Aggregate amount of Group's borrowings and debt securities.

The Group's net borrowings refer to aggregate borrowings from banks, financial institutions and lease liabilities, after deducting cash and cash equivalents. Unamortised balance of transaction costs had not been deducted from the gross borrowings.

		As at 30.06.2020 S$'000	As at 31.12.2019 S$'000
Unsecured			
- repayable within one year		1,555,535	1,827,113
- repayable after one year		7,058,506	6,027,540
	(a)	8,614,041	7,854,653
Secured			
- repayable within one year		261,299	229,583
- repayable after one year		1,796,840	1,850,621
	(b)	2,058,139	2,080,204
Gross borrowings	(a) + (b)	10,672,180	9,934,857
Less: cash and cash equivalents as shown in the statement of financial position		(2,401,671)	(2,797,652)
Less: restricted deposits included in other non-current assets		(286,529)	(284,691)
Less: cash and cash equivalents classified under assets held for sale		-	(1,429)
Net borrowings		7,983,980	6,851,085

Details of any collateral

Where secured, borrowings are collateralised by:

- mortgages on the borrowing companies' hotels, investment and development properties;
- assignment of all rights and benefits to sale, lease and insurance proceeds in respect of hotels, investment and development properties;
- pledge of cash deposits;
- pledge of shares in subsidiaries;
- a statutory lien on certain assets of foreign subsidiaries; and
- statutory preferred right over the assets of a foreign subsidiary.

1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Half Year Ended 30 June	
	2020	2019
	S$'000	S$'000
Cash flows from operating activities		
Profit for the period	398	394,216
Adjustments for:		
Depreciation and amortisation	140,544	131,252
Dividend income	(576)	(1,746)
Finance costs	125,980	93,045
Finance income	(81,840)	(59,931)
Gain on loss of control in a subsidiary	(23,471)	-
Loss on dilution of an associate	946	-
Impairment losses on property, plant and equipment	33,930	-
Gain on remeasurement of previously held interest in an associate which became a subsidiary	-	(6,608)
Profit on sale of property, plant and equipment and investment properties (net)	(26,373)	(153,893)
Property, plant and equipment and investment properties written off	126	2,435
Negative goodwill on acquistion of a joint venture	(43,234)	-
Share of after-tax profit of associates	(20,233)	(58,288)
Share of after-tax loss/(profit) of joint ventures	32,790	(48,248)
Tax expense	13,397	96,082
Operating profit before working capital changes	152,384	388,316
Changes in working capital		
Development properties	(434,755)	149,770
Consumable stocks and trade and other receivables	23,110	(34,969)
Contract costs	(2,350)	1,980
Contract assets	(122,488)	12,802
Trade and other payables	(138,156)	(33,983)
Contract liabilities	26,657	69,449
Employee benefits	1,008	1,735
Cash (used in)/generated from operations	(494,590)	555,100
Tax paid	(31,325)	(142,564)
Net cash (used in)/from operating activities [1]	**(525,915)**	**412,536**
Cash flows from investing activities		
Acquisition of subsidiaries (net of cash acquired) [2]	-	(92,045)
Advances granted to a real estate developer in China [3]	-	(657,853)
Payments for capital expenditure on investment properties	(53,004)	(29,935)
Dividends received:		
- associates	10,270	47,211
- joint ventures	9,099	23,231
- financial investments	576	1,746
Decrease/(Increase) in amounts owing by equity-accounted investees (non-trade) [4]	408,343	(214,796)
Increase in investments in associates [5]	(31,968)	(59,826)
(Increase)/Decrease in investments in joint ventures [6]	(812,853)	38,304
Interest received	38,016	30,836
Payments for intangible assets	(181)	-
Payments for purchase of property, plant and equipment	(46,819)	(95,270)
Purchase of investment properties [7]	(32,721)	-
Proceeds from loss of control in a subsidiary (net of cash disposed) [8]	44,719	-
Proceeds from sale of property, plant and equipment [9]	48,711	456
Purchase of financial assets (net) [10]	(18,373)	(379,341)
Proceeds from distribution from investments in financial assets	3,833	135,246
Settlement of financial derivatives	(17,938)	13,777
Cash flows used in investing activities	**(450,290)**	**(1,238,259)**

	Half year ended 30 June	
	2020	2019
	S$'000	S$'000
Cash flows from financing activities		
Capital distribution to non-controlling interests (net)	(7,922)	(5,644)
(Increase)/Decrease in deposits pledged to financial institutions	(2,160)	41,313
Dividends paid	(40,989)	(179,238)
Repayment of lease liabilities and finance lease payables	(9,143)	(4,825)
Decrease/(Increase) in restricted cash	724	(16)
Increase in other liabilities	-	6,911
Interest paid (including amounts capitalised in investment properties, property, plant and equipment and development properties)	(109,886)	(83,981)
Net increase in amounts owing to related parties (non-trade)	18,811	20,178
Net (repayment to)/proceeds from revolving credit facilities and short-term bank borrowings	(2,448)	1,115,024
Payment of financing transaction costs	(4,356)	(8,805)
Proceeds from bank borrowings	566,596	663,188
Proceeds from issuance of bonds and notes	529,000	850,000
Repayment of bank borrowings	(60,363)	(532,551)
Repayment of bonds and notes	(311,805)	(255,580)
Cash flows from financing activities [11]	**566,059**	**1,625,974**
Net (decrease)/increase in cash and cash equivalents	**(410,146)**	**800,251**
Cash and cash equivalents at beginning of the period	2,789,569	2,162,373
Effect of exchange rate changes on balances held in foreign currencies	12,601	(3,394)
Cash and cash equivalents at end of the period	**2,392,024**	**2,959,230**
Cash and cash equivalents comprise:-		
Cash and cash equivalents as shown in the statement of financial position	2,401,671	2,963,550
Restricted deposits included in other non-current assets	286,529	305,623
Less: Deposits pledged to financial institutions	(291,072)	(305,857)
Less: Restricted cash	(4,838)	(1,376)
Less: Bank overdrafts	(266)	(2,710)
	2,392,024	**2,959,230**

Notes to the statement of cash flows

(1) The cash outflows for 1H 2020 were mainly due to payment for land site at Irwell Bank Road of $636 million. Excluding the payment for Irwell land, there was a net cash inflow from operating activities of $110 million.

(2) The cash outflows for 1H 2019 were due to payments made to acquire the remaining PPS 1 instruments issued by Sunbright, in connection to the non-residential components of the Quayside Collection which the Group did not own and the acquisition of 100% interest in entities which own a freehold site located at Monk Bridge in Leeds, UK.

(3) The cash outflows for 1H 2019 were in relation to the loan granted to Sincere. The loan was reclassified to amount owing from joint ventures upon the completion of the acquisition of 51.01% effective joint controlling stake in Sincere in April 2020 and was repaid subsequently.

(4) The cash inflows for 1H 2020 were mainly due to repayment of the abovementioned loan granted to Sincere partially offset by new loans granted to Sincere.

The cash outflows for 1H 2019 were due to advances granted to equity-accounted investees to fund the acquisition of Liang Court retail mall and a land site at Sims Drive.

(5) The cash outflows for 1H 2020 were due to payments made by the Group to acquire additional units in IREIT Global which increased the Group's stake from 12.52% to 20.87%.

The cash outflows for 1H 2019 were largely due to the Group's acquisition of 12.52% stake in IREIT Global.

(6) The net cash outflows for 1H 2020 were mainly due to acquisition of 51.01% effective joint controlling interest in Sincere, partially offset by cash inflows arising from the return of capital from South Beach Consortium (SBC).

The net cash inflows for 1H 2019 were mainly due to the return of capital from SBC partially offset by cash outflows for investment in 50% stake in IREIT Global Group Pte. Ltd. (the trust manager for IREIT Global) as well as additional investment in Shanghai Distrii Technology Development Co., Ltd, a leading operator of co-working spaces in China.

(7) The cash outflows for 1H 2020 were due to the acquisition of 2 private rental sector (PRS) projects in Osaka, Japan.

(8) The cash inflows for 1H 2020 relate to the consideration received for divestment of equity interest of 75.1% in SHR.

(9) The proceeds from the sale of property, plant and equipment for 1H 2020 relate mainly to the proceeds received from the divestment of Millennium Hotel Cincinnati.

(10) The cash outflows for 1H 2019 were largely due to the Group's subscription of a US$230 million bond issued by Sincere.

(11) The Group had net cash inflows from financing activities of $566.1 million (1H 2019: $1,626.0 million) for 1H 2020.

The net cash inflows for 1H 2020 were mainly due to a net increase in borrowings of $721.0 million, which were raised to provide various funding requirements including the acquisition of 51.01% effective joint controlling interest in Sincere, along with loan granted to them, and acquisition/development of land sites/properties both in Singapore and overseas. This was partially offset by dividends paid during the period.

The net cash inflows for 1H 2019 were largely due to a net increase in borrowings of $1,840.1 million raised to finance the subscription of bond issued by Sincere and loan granted to them, privatisation of M&C, and acquisition/development of land sites/properties in Singapore and overseas. This was partially offset by dividends paid during the period.

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group	Share Capital S$m	Cap. Res. S$m	Other Res.* S$m	Exch. Fluct. Res. S$m	Accum. Profits S$m	Total S$m	Non-controlling Interests S$m	Total Equity S$m
At 1 January 2020	1,991.4	280.3	75.9	(165.1)	8,337.7	10,520.2	746.3	11,266.5
Profit for the period	-	-	-	-	3.1	3.1	(2.7)	0.4
Other comprehensive income for the period, net of tax	-	-	(16.5)	70.5	-	54.0	20.0	74.0
Total comprehensive income for the period	-	-	(16.5)	70.5	3.1	57.1	17.3	74.4
Transactions with owners, recorded directly in equity								
Distributions to owners								
Capital distribution to non-controlling interests	-	-	-	-	-	-	(6.8)	(6.8)
Dividends paid to owners of the Company	-	-	-	-	(6.4)	(6.4)	-	(6.4)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(35.7)	(35.7)
Total distributions to owners	-	-	-	-	(6.4)	(6.4)	(42.5)	(48.9)
Change in ownership interests in subsidiaries								
Change of interests in a subsidiary with loss of control	-	-	-	-	-	-	(1.1)	(1.1)
Change of interests in subsidiaries without loss of control	-	0.8	-	-	-	0.8	(0.8)	-
Total change in ownership interests in subsidiaries	-	0.8	-	-	-	0.8	(1.9)	(1.1)
Total transactions with owners	-	0.8	-	-	(6.4)	(5.6)	(44.4)	(50.0)
At 30 June 2020	**1,991.4**	**281.1**	**59.4**	**(94.6)**	**8,334.4**	**10,571.7**	**719.2**	**11,290.9**
At 1 January 2019	1,991.4	185.9	16.6	(119.5)	7,966.3	10,040.7	2,233.2	12,273.9
Profit for the period	-	-	-	-	362.0	362.0	32.2	394.2
Other comprehensive income for the period, net of tax	-	-	(6.1)	(34.1)	4.8	(35.4)	(23.7)	(59.1)
Total comprehensive income for the period	-	-	(6.1)	(34.1)	366.8	326.6	8.5	335.1
Transactions with owners, recorded directly in equity								
Distributions to owners								
Capital distribution to non-controlling interests	-	-	-	-	-	-	(5.6)	(5.6)
Dividends paid to owners of the Company	-	-	-	-	(133.5)	(133.5)	-	(133.5)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(45.7)	(45.7)
Total distributions to owners	-	-	-	-	(133.5)	(133.5)	(51.3)	(184.8)
Change in ownership interests in subsidiaries								
Change of interests in a subsidiary without loss of control	-	1.7	-	-	-	1.7	(1.7)	-
Total change in ownership interests in subsidiaries	-	1.7	-	-	-	1.7	(1.7)	-
Total transactions with owners	-	1.7	-	-	(133.5)	(131.8)	(53.0)	(184.8)
At 30 June 2019	**1,991.4**	**187.6**	**10.5**	**(153.6)**	**8,199.6**	**10,235.5**	**2,188.7**	**12,424.2**

** Other reserves comprise mainly fair value reserve arising from re-measurement of financial assets at fair value through other comprehensive income, hedging reserve, share of other reserve of associates, statutory reserve and share option reserve.*

The Company	Share Capital S$m	Capital Reserve S$m	Other Reserve* S$m	Accumulated Profits S$m	Total S$m
At 1 January 2020	1,991.4	63.7	(4.7)	4,556.9	6,607.3
Profit for the period	-	-	-	9.7	9.7
Other comprehensive income					
Change in fair value of equity investments measured at fair value through other comprehensive income	-	-	(2.2)	-	(2.2)
Total other comprehensive income for the period, net of tax	-	-	(2.2)	-	(2.2)
Total comprehensive income for the period	-	-	(2.2)	9.7	7.5
Transaction with owners, recorded directly in equity					
Distributions to owners					
Dividends	-	-	-	(6.4)	(6.4)
Total distributions to owners	-	-	-	(6.4)	(6.4)
Total transactions with owners	-	-	-	(6.4)	(6.4)
At 30 June 2020	**1,991.4**	**63.7**	**(6.9)**	**4,560.2**	**6,608.4**
At 1 January 2019	1,991.4	63.7	(29.0)	4,671.4	6,697.5
Profit for the period	-	-	-	78.4	78.4
Other comprehensive income					
Change in fair value of equity investments measured at fair value through other comprehensive income	-	-	1.7	-	1.7
Total other comprehensive income for the period, net of tax	-	-	1.7	-	1.7
Total comprehensive income for the period	-	-	1.7	78.4	80.1
Transaction with owners, recorded directly in equity					
Distributions to owners					
Dividends	-	-	-	(133.5)	(133.5)
Total distributions to owners	-	-	-	(133.5)	(133.5)
Total transactions with owners	-	-	-	(133.5)	(133.5)
At 30 June 2019	**1,991.4**	**63.7**	**(27.3)**	**4,616.3**	**6,644.1**

* *Other reserves comprise mainly fair value reserve arising from re-measurement of financial assets at fair value through other comprehensive income and hedging reserve.*

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the Company, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

<u>Ordinary share capital</u>

There was no change in the Company's issued share capital during the six months ended 30 June 2020.

<u>Preference share capital</u>

There was no change in the Company's issued preference share capital during the six months ended 30 June 2020.

As at 30 June 2020, the maximum number of ordinary shares that may be issued upon full conversion of all of the non-redeemable convertible non-cumulative preference shares of the Company ("Preference Shares") at the sole option of the Company is 44,998,898 ordinary shares (30 June 2019: 44,998,898 ordinary shares).

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

<u>Ordinary share capital</u>

As at 30 June 2020, the total number of issued ordinary shares (excluding treasury shares) was 906,901,330 (31 December 2019: 906,901,330).

<u>Preference share capital</u>

The total number of issued Preference Shares as at 30 June 2020 and 31 December 2019 was 330,874,257.

<u>Treasury Shares</u>

As at 30 June 2020, the Company held 2,400,000 treasury shares (31 December 2019: 2,400,000) which represented 0.26% of the total number of issued shares (excluding treasury shares).

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the six months ended 30 June 2020.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have neither been audited nor reviewed by our auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in item 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those applied in the Group's most recently audited financial statements for the year ended 31 December 2019.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has applied the following amendments to SFRS(I)s that are effective for the annual periods beginning on or after 1 January 2020:

- Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 *Definition of Material*
- Amendments to References to Conceptual Framework in SFRS(I) Standards

In addition to the above, the Group has early adopted the Amendments to SFRS(I) 16 *COVID-19-Related Rent Concessions* which is effective for annual periods beginning after 1 June 2020 with earlier application permitted.

The adoption of the above amendments to SFRS(I)s did not have any significant impact on the financial statements of the Group.

Reclassifications

Certain reclassifications have been made to the comparatives to conform to current year presentation. The reclassification adjustments do not have any impact to the income statement of the Group for 1H 2019.

Income Statement

	As restated $'000	As previously reported $'000
Finance income	53,155	58,346
Finance costs	(93,036)	(98,227)

6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Half year ended 30 June	
	2020	2019
Basic Earnings per share (cents)	(0.4)	39.2
Diluted Earnings per share (cents)	(0.4)	38.0
Earnings per share is calculated based on:		
a) Profit attributable to owners of the Company (S$'000) (*)	(3,272)	355,527
b) Profit used for computing diluted earnings per share (S$'000)	(3,272)	361,961
c) Weighted average number of ordinary shares in issue:		
- basic	906,901,330	906,901,330
- diluted (**)	906,901,330	951,900,228

* *After deducting preference dividends of $6,417,000 paid in 1H 2020 (1H 2019: $6,434,000 paid).*

** *For computation of diluted earnings per share, the weighted average number of ordinary shares has been adjusted for any dilutive effect of potential ordinary shares arising from the conversion of all preference shares. For the six months ended 30 June 2020, the preference shares were antidilutive and therefore excluded from the computation of diluted earnings per share.*

7. Net asset value (for the issuer and Group) per ordinary share based on the total number of issued shares (excluding treasury shares) of the issuer at the end of the: -
(a) current financial period reported on; and
(b) immediately preceding financial year.

	The Group		The Company	
	30.06.2020 S$	31.12.2019 S$	30.06.2020 S$	31.12.2019 S$
Net Asset Value per ordinary share based on the number of issued 906,901,330 ordinary shares (excluding treasury shares) as at 30 June 2020 (906,901,330 ordinary shares (excluding treasury shares) as at 31 December 2019)	11.66	11.60	7.29	7.29

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following: -

(a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

Group Performance

For the half year ended 30 June 2020 (1H 2020), the Group's performance across its core business segments was severely impacted by the prolonged COVID-19 pandemic. The hospitality industry was adversely affected by the extensive travel restrictions, strict social distancing measures and a complete lockdown of cities which resulted in a global collapse in demand for air travel, lodging and tourism.

Revenue

Revenue for 1H 2020 decreased by 32.8% to $1.1 billion (1H 2019: $1.6 billion). The decline was across all business segments with hotel operations accounting for 82%. Hotel operations segment was most impacted in Q2 2020 as COVID-19 infections surged across the globe, with immediate restrictions placed on travel across international and domestic borders to contain the outbreak, thus decimating the travel industry. As at 30 June 2020, 28% of the Group's 152 hotels worldwide were temporarily closed and those that remained opened were operating at much lower occupancies than before. In constant currency, the Group's global hotel revenue per available room (RevPAR) fell by 56.6% to $60.3 (1H 2019: $139.1), and global occupancy dropped to 39.4% (1H 2019: 72.2%).

The property development segment achieved a lower revenue due to the timing of profit recognition. 1H 2020 revenue was mainly from projects that are currently under construction, such as The Tapestry, Whistler Grand and Amber Park. Comparatively, 1H 2019 revenue was derived from fully completed projects such as Gramercy Park, New Futura, Suzhou Hong Leong City Center (HLCC) and Shanghai Hongqiao Royal Lake where revenue and profit were recognised in entirety upon handover.

The investment properties segment generated lower rental income for 1H 2020 due to rental rebates granted to tenants, especially for the Group's retail tenants at its malls in Singapore, Phuket and Suzhou, as their activities were significantly impacted by the lockdowns and cut in discretionary spending. In addition, there was also lower rental contributions from hotels owned by CDL Hospitality Trust (CDLHT), which are accounted as investment properties due to master lease arrangements.

Profit Before Tax (PBT)

The Group registered a pre-tax profit of $13.8 million for 1H 2020, a substantial decline from 1H 2019, partly due to lower divestment gains (1H 2019: $490.3 million). Included in 1H 2019 was a substantial $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 $49.9 million from the sale of Millennium Hotel Cincinnati ($26.4 million) and the disposal of the Group's entire 75% stake in a subsidiary, Sceptre Hospitality Resources (Sceptre) ($23.5 million).

The property development segment was the lead contributor to 1H 2020 PBT, albeit lower than 1H 2019. This is in tandem with the lower sales volume and compressed profit margins for projects like The Tapestry, Whistler Grand and Amber Park vis-à-vis 1H 2019 contributors such as Gramercy Park, New Futura, HLCC and Hongqiao Royal Lake, which yielded higher profit margins.

With a decline in hotel operations revenue by $430.0 million, the hotel operations segment reported a pre-tax loss of $208.2 million, including $33.9 million of impairment losses. In contrast to the sharper decline in revenue, the pre-tax loss was mitigated by cost containment measures implemented by the Group as well as tapping on applicable stimulus packages such as wage subsidies and tax reliefs provided by governments across its operating regions. The US, Europe and Asia regions have all generated pre-tax losses for 1H 2020 with the biggest impact being in New York due to the severity of COVID-19 and the resultant lockdowns as well as high cost structures.

The investment properties segment saw a decline in pre-tax profits due to significantly lower divestment gains for 1H 2020 versus 1H 2019, alongside lower revenues, higher financing costs and depreciation allocable to this segment.

The Group's Others segment reported a significant increase in pre-tax profit due to the divestment gain for Sceptre, higher share of contribution from First Sponsor Group Limited in relation to its property financing business, coupled with interest income earned from bonds issued by Sincere Property Group (Sincere) and subscribed by the Group in June 2019.

In addition, the Group's acquisition of an effective 51.01% joint controlling stake in Sincere, an established real estate developer in China, was completed in April 2020. Sincere's core business activities include largely development and investment properties. A negative goodwill and fair value of the call option to further acquire 9% in Sincere totalling $50.9 million was recognised in 1H 2020. However, the Group also accounts 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.

Profit After Tax and Non-controlling Interests (PATMI)

For 1H 2020, the Group reported a PATMI of $3.1 million, a substantial decline from 1H 2019 PATMI of $362.0 million.

After factoring in the preference dividends of $6.4 million for 1H 2020, basic earnings per share stands at (0.4) cents for 1H 2020 (1H 2019: 39.2 cents).

Capital Position

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

Operational Highlights

Property Development

Singapore

The COVID-19 pandemic has caused major disruptions to the Singapore economy with Circuit Breaker (CB) measures, safe distancing regulations and weak demand affecting most businesses. The Singapore economy sank into a technical recession in Q2 2020 for the first time since 2009, with GDP contracting 42.9% quarter-on-quarter, deepening the 3.3% decline in Q1 2020. Year-on-year, GDP declined 13.2% in Q2 2020.

The construction sector was severely affected and witnessed a quarter-on-quarter decline of 97.1% in Q2 2020, and year-on-year decline of 59.3% in the same period. This is attributed by the halting of work at construction sites during the CB period, and the Phase 2 restart in June was painfully slow.

For 1H 2020, the Group and its joint venture (JV) associates sold 356 residential units including Executive Condominiums (ECs), with total sales value amounting to $514.7 million (1H 2019: $1.6 billion comprising 505 units). The sales value for 1H 2020 was lower compared with the corresponding period, as 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 the CB period where the Group's sales galleries were temporarily closed and only allowed to reopen on 19 June.

During the CB 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 sold 211 of its 592 units. The Group's JV projects, the 820-unit Piermont Grand EC and the 680-unit Sengkang Grand Residences, have sold 577 and 255 units respectively.

Overseas Markets

Australia

Despite the weak economic backdrop, the Group's 195-unit JV project in Melbourne, The Marker, has exchanged contracts for over 70% of the apartments. Construction commenced in Q2 2020 with completion expected by Q4 2021.

Following the successful completion of Ivy & Eve in Brisbane, the Group is preparing to launch its second residential project – Brickworks Park in 2H 2020. The 222-unit development comprises apartments and townhouses located in the prestigious Alderley suburb in North Brisbane. To be developed on an expansive 4.67-hectare site, it has a unique blend of beautifully conserved brickworks architecture as well as modern amenities such as a lagoon pool, bocce court and an art studio.

The Group's collaboration with Waterbrook Lifestyle for the 135-unit retirement village project in Bowral, Sydney, has received reservations on over 70% of the 77 units available and is targeting to commence construction in 2H 2020.

Japan

To date, 158 units (99%) out of 160 units at Park Court Aoyama The Tower in Tokyo, a JV residential project in which the Group holds a 20% interest, have been handed over to the buyers.

UK

The UK's 2019 General Election and its subsequent exit from the European Union on 31 January 2020 have contributed to a temporary upswing in the housing market, which was unfortunately disrupted by the COVID-19 pandemic.

Following the national lockdown announced in late March 2020, property sales and leasing activities have curtailed with social distancing measures in place. The Group has actively utilised virtual tools as an alternative to physical viewings. With the reopening of England's housing market in mid-May, market sentiments have gradually improved and physical viewings have resumed for the Group's launched projects.

To date, the six-unit high-end residential project at Chesham Street in Belgravia area has sold one unit and leased out four other units. Another luxury eight-unit residential (cum one ground floor retail unit) project at 100 Sydney Street in Chelsea area has achieved three apartment sales to date.

Teddington Riverside, the 239-unit development in Teddington, South West London, is expected to be completed in Q3 2020. Over 40% of the units launched in Phase 1 (76 units) have been sold or leased. Phase 2 of the development, comprising six townhouses and a weir cottage, will be launched in 2H 2020. The Group believes that the sales rate of Teddington Riverside will improve with the recent announcement on Stamp Duty Land Tax (SDLT) where the nil rate threshold for SDLT would be increased from £125,000 to £500,000.

China

CDL China Limited

In 1H 2020, the Group's wholly-owned subsidiary, CDL China Limited, and its JV associates sold 272 units and four villas in China, achieving sales value of RMB 750 million (approximately $149 million) (1H 2019: 347 units with total sales value of RMB 1.08 billion ($213 million)).

To date, the Group has sold 1,655 (92%) out of 1,804 units in the residential component of 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. The 295-room five-star M Social Hotel is expected to be operational in Q4 2021.

Emerald, the 820-unit JV residential project in Chongqing, has sold 730 units (89%) while the 126-unit Eling Palace has sold 98 units to date (78%).

Hongqiao Royal Lake in Qingpu District, Shanghai, has sold 61 out of the 85 villas (72%). As the lockdown eases in China, the Group observes the returning demand for luxury developments such as villas, where low-density and prestige living are favourably viewed.

Strategic Partnership

On 15 April 2020, the Group entered into a definitive agreement to acquire an effective 51.01% joint controlling interest in Sincere, for an initial investment of RMB 4.39 billion (approximately $0.88 billion).

This strategic investment into Sincere marks a transformative move for the Group in China. A new professional management team was onboarded in Q2 2020 to commence on the integration and restructuring of the company, focusing on capital management and portfolio recalibration initiatives to strengthen Sincere's financial position and fundamentals. China remains one of the Group's key overseas markets and the Group holds a positive view of the long-term growth and market outlook there.

Investment Properties

The Group's retail and Food & Beverage (F&B) tenants in Singapore and overseas have been severely impacted by the prolonged closures due to the COVID-19 outbreak and they grapple with operating restrictions and cash flow constraints. Besides offering flexibility in tenancy terms, the Group committed over $30 million of property tax and rental rebates to help its tenants to tide over this difficult period. While most of the Group's retail tenants have since reopened as lockdowns eased, the drop in income from retail and F&B sales is significant due to ongoing safe management requirements.

Notwithstanding the challenging situation, the Group's office portfolio remains resilient with a committed occupancy of 90.6% as at 30 June 2020, higher than the national average of 87.9%.

UK

The Group's two freehold commercial office buildings in Central London – Aldgate House and 125 Old Broad Street, remained open during the lockdown period, with committed occupancies of 85.9% and 93.6% respectively. While leasing transactions are muted, two lettings that took place during the pandemic underlined the resilient office fundamentals. The downturn might have curbed short-term demand for office space but bolstered by low vacancy rates and a constrained pipeline, the economic recovery will likely boost the office market.

The Group will continue to explore asset enhancement initiatives (AEI) for its UK office assets, to increase and optimise net lettable areas (NLA) and boost long-term rental growth of its assets. Aldgate House's basement and mezzanine space were repurposed in Q2 2020 into a basement gym.

The Group remains optimistic of the UK as a key global financial hub that is well-positioned for a rebound due to its strategic connectivity and well-established commercial infrastructure.

Private Rented Sector (PRS)

The Group's freehold site in Monk Bridge, Leeds, one of UK's major gateway cities, has obtained full planning permission for a 665-unit build-to-rent residential project coupled with 16,000 sq ft of lettable commercial/retail space to serve its residents in future. The development is slated for completion in 2023. This PRS project is in line with the Group's focus to enhance recurring income and to leverage on the strong potential of rental accommodation in the UK. The fundamentals underpinning investments in the UK PRS sector have not changed and are unlikely to curb investors' growing appetite for such investments in the long run.

Japan

In line with its expansion into PRS to enhance its recurring income streams, the Group completed the acquisition of two residential projects in Osaka, namely B-PROUD Tenmabashi and Pregio Miyakojima Hondori in 1H 2020. In total, it now has four residential projects in Osaka totalling 159 apartments and five shop units for lease. Despite the COVID-19 situation, demand for rental housing in Japan remains resilient with stable rent and occupancy levels.

China

Shanghai's Hongqiao Sincere Centre (Phase 2), which was acquired in November 2019, has been rebranded as Hong Leong Hongqiao Centre.

Fund Management

The Group continues to build its pipeline and is in active collaborations with capital partners to acquire new AUM and will accelerate growth by setting up a private fund and/or a REIT. It will continue to strengthen its fund management expertise and track record through strategic acquisitions and investments.

In April 2020, 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 remains confident in the long-term fundamentals of the established European economies.

The Group is currently exploring the establishment of a REIT with commercial assets located in the UK, to be listed on the Singapore Exchange (SGX). Preliminary discussions with banks and various parties are ongoing and details such as the properties to be injected, the size of the offering or time frame have not been finalised. The Group continues to pursue this as a pipeline initiative and the timeline is subject to market conditions.

Hotel Operations

The magnitude of the COVID-19 crisis on the hospitality industry is unprecedented and the Group's hotels remain vulnerable to the evolving situation. The Group's focus has been to prudently manage near-term operational and cashflow requirements to fund its operations and ride out this crisis.

Key operating statistics for hotels owned by the Group:

	Room Occupancy			Average Room Rate			RevPAR		
	1H 2020 %	1H 2019 %	Incr / (Decr) % pts	1H 2020 $	1H 2019 * $	Incr / (Decr) %	1H 2020 $	1H 2019 * $	Incr / (Decr) %
Singapore	65.5	84.7	(19.2)	126.2	185.5	(32.0)	82.6	157.1	(47.4)
Rest of Asia	29.4	67.4	(38.0)	128.8	161.9	(20.4)	37.9	109.2	(65.3)
Total Asia	**43.7**	**74.2**	**(30.5)**	**127.3**	**172.4**	**(26.2)**	**55.6**	**127.9**	**(56.5)**
Australasia	**45.9**	**84.0**	**(38.1)**	**163.4**	**151.5**	**7.9**	**75.0**	**127.3**	**(41.1)**
London	24.6	78.1	(53.5)	221.4	218.7	1.2	54.4	170.7	(68.1)
Rest of Europe	27.9	69.8	(41.9)	134.4	153.8	(12.6)	37.5	107.4	(65.1)
Total Europe	**26.3**	**73.4**	**(47.1)**	**172.8**	**184.0**	**(6.1)**	**45.5**	**135.1**	**(66.3)**
New York	53.3	82.5	(29.2)	205.2	323.7	(36.6)	109.3	267.0	(59.1)
Regional US	34.9	56.4	(21.5)	148.0	188.2	(21.4)	51.6	106.1	(51.4)
Total US	**41.9**	**65.0**	**(23.1)**	**175.6**	**245.0**	**(28.3)**	**73.5**	**159.3**	**(53.9)**
Total Group	**39.4**	**72.2**	**(32.8)**	**153.2**	**192.6**	**(20.5)**	**60.3**	**139.1**	**(56.6)**

**For comparability, 1H 2019 Average Room Rate and RevPAR had been translated at constant exchange rates (30 June 2020).*

Asia

Asia RevPAR for 1H 2020 decreased by 56.5% to $56 (1H 2019: $128).

Singapore RevPAR decreased by 47.4% to $83 (1H 2019: $157) as the impact of the pandemic and CB was mitigated by accommodation demand from foreign workers affected by border closures as well as from Government contracts.

Rest of Asia saw a steeper fall in RevPAR by 65.3% to $38 (1H 2019: $109) due to the severe COVID-19 impact in Beijing, Seoul and Taipei.

Australasia

Australasia RevPAR for 1H 2020 fell 41.1% to $75 (1H 2019: $127), being severely impacted by the effects of the New Zealand ("NZ") Alert Level 4 lockdown from 26 March through to 28 April 2020. Even with the Alert Level being lowered since May 2020, domestic travel remains saddled with restrictions.

While all social distancing measures are no longer necessary, and hotels can resume normal operations, there is still a long road to recovery as NZ is predominantly an international leisure-driven market.

Europe

Europe RevPAR for 1H 2020 decreased by 66.3% to $46 (1H 2019: $135).

London RevPAR was down by 68.1% to $54 (1H 2019: $171) with RevPAR for rest of Europe down by 65.1% to $38 (1H 2019: $107).

Following the World Health Organisation (WHO) declaring COVID-19 a pandemic on 11 March 2020, the UK joined Paris and Rome with national lockdowns that immediately eroded hotel occupancies overnight as most of the UK hotels were forced to close. UK's economic results illustrated the severity of the impact, pinpointing the hospitality sector as contributing to the largest GDP drop on record of 20.4%. The Group's hotels in London, Paris and Rome typically have a majority base of international customers and remain affected by the continuing travel restrictions in place for most of Europe.

US

US RevPAR for 1H 2020 decreased by 53.9% to $74 (1H 2019: $159). New York (NY) RevPAR decreased by 59.1% to $109 (1H 2019: $267) and Regional US decreased by 51.4% to $52 (1H 2019: $106).

The US government closed the external borders at the end of March 2020 to China, Asia and Europe, suspending all airlift in and out of the US. Restrictions on gathering size were imposed, and most 2020 large scale events, tradeshows, concerts and sports were cancelled, severely impacting business, group and leisure customer segments.

The Novotel NY hotel, operated by Accor, was closed on 25 March 2020 due in part to the hotel's historically high level of European business. It remains closed as are approximately 40% of hotels in NY. The Group's three other NY hotels were able to secure medical-related businesses as well as serving essential workers to mitigate the losses.

The lockdowns equally impacted the regional US hotels, particularly Boston, Chicago and Los Angeles.

Refurbishments

Due to the COVID-19 pandemic, the Group is focused on cost containment and cash preservation. The refurbishment works which commenced at the Millennium Gloucester and Millennium Hotel Paris Opera have since been put on hold. The planned refurbishment of the Millennium Hilton NY Downtown is also on hold.

In 1H 2020, Copthorne King's Singapore completed the renovation of 142 rooms at the Tower Wing. Refurbishment work is nearly complete at the Copthorne Hotel & Resort Queenstown Lakefront and the hotel will reopen for business in Q4 2020.

Developments

The Group is progressing with its plans to develop the Sunnyvale California project comprising a 263-room M Social hotel and a 250-unit residential project. It aims to capitalise on Sunnyvale's location as the headquarters of many technology companies which is part of the technology belt of Silicon Valley. Construction for the apartment block has commenced and completion is expected in the next two years.

Review is still ongoing for the design of a 300-room hotel and a 250-unit serviced apartment complex on Yangdong development land, situated adjacent to Millennium Seoul Hilton. The commencement for this project is being evaluated.

Divestments

The 872-room Millennium Cincinnati Hotel was closed on 31 December 2019 and sold on 14 February 2020 for US$36 million (approximately $49 million).

The sale of W Singapore – Sentosa Cove hotel to CDLHT for $324 million was completed on 16 July 2020.

In December 2013, as a result of a compulsory purchase order by Birmingham City Council for the Copthorne Hotel Birmingham, the Group entered into various commercial arrangements with Birmingham City Council and Paradise Circus Limited Partnership (PCLP), the developer of Birmingham's Paradise Circus redevelopment scheme. The Group has exercised its put option to sell the existing site to PCLP for £17.2 million ($30.8 million) and expects to complete this in Q3 2021.

Management Changes

With the resignation of M&C's Group CEO on 2 August 2020, the Group will not be actively searching for a replacement. Mr Kwek Leng Beng, the Executive Chairman of M&C and CDL, will continue to lead and guide M&C's senior management team through this challenging period.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The Group's performance for the period under review was in line with the profit guidance announced on 13 July 2020 except for the recognition of impairment losses on hotels of $33.9 million.

In accordance to regulatory statements issued by ACRA and SGX which highlighted key areas that care should be exercised when preparing interim financial statements including assets valuations, the management has reviewed the carrying amounts of the properties for indicators of impairment and conducted internal valuations where impairment losses on eight hotels were recognised in 1H 2020. The COVID-19 pandemic has resulted in significant market uncertainty and valuations may change as the conditions evolve.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

Singapore

As COVID-19 pandemic dampens economic growth, the Singapore residential property market will likely face demand test for the rest of 2020 and beyond. Despite the muted outlook and closure of show galleries during the CB period which moderated sales volumes, the use of virtual marketing tools and the eventual Phase 2 reopening in late June 2020 kicked off with an encouraging start, fuelled by the keen pent-up demand for mass and mid-market segments. Furthermore, the low interest rate environment is also supporting housing demand for wealth preservation and portfolio diversification. Sales are expected to improve over time.

The 2H 2020 Government Land Sales (GLS) programme has been moderated with only three Confirmed List residential sites with a potential supply of approximately 1,370 apartment units, reflecting a 23% reduction from the 1H 2020 Confirmed List. This is the lowest level of supply since 2H 2009, where the global financial crisis resulted in no confirmed sites being released. The tightened land supply coupled with developers pacing out their launches will help to avoid potential oversupply aggravating the market.

In May 2020, the Government granted a six-month extension on Project Completion Period (PCP), Additional Buyer's Stamp Duty (ABSD) on land and Qualifying Certificate (QC) deadlines for property developers affected by disruptions to construction timelines and residential sales. This has provided temporary relief to accommodate possible delays due to manpower and supply chain challenges.

The majority of the Group's projects under construction are expected to obtain their Temporary Occupation Permits (TOPs) only from 2022 onwards, which provides some buffer to catch up on lost time. Barring further unforeseen disruptions, the Group endeavours to complete Forest Woods by Q4 2020 as site manpower resumes.

In Q3 2020, the Group's 60% JV partner, Hong Leong Holdings Limited, is planning to launch the 566-unit Penrose located at Sims Drive, within walking distance to Aljunied MRT station. It is also one MRT station from Paya Lebar, which has transformed into an established regional hub. The project is also close to popular schools, 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. The Group had successfully tendered for this prime site in January 2020 for $583.9 million or $1,515 psf ppr, and the project is slated for sales launch in 1H 2021. The second project is the residential component of the Liang Court JV redevelopment project with around 700 apartments. In July 2020, the Group and its JV partner 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.

With many business premises closed temporarily and working from home being the current default mode, sentiments remain subdued and companies may temporarily put expansion plans on hold. The Group expects the office market to remain relatively resilient in the mid- to long-term as Singapore remains a favourable and stable destination for corporate entities. Flexible working space and the technology sector continue to drive new demand, albeit at a slower pace than 2019. Moreover, the supply of new office space has moderated while older office assets have been taken off the market for redevelopment.

Redevelopment and AEI

As part of portfolio rejuvenation and capitalising on the Urban Redevelopment Authority's CBD Incentive Scheme, the Group is progressing on its redevelopment plans for Fuji Xerox Towers, a freehold office building. 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 planned 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. It plans to positively transform and revitalise the area with a proposed mixed-use integrated development comprising office, retail, serviced apartments and hotel components that are integrated with its surroundings. Preliminary planning applications are currently being reviewed.

In Thailand, the Group has deferred the commencement of the AEI for Jungceylon, its major shopping mall in Phuket, and will proceed when there is further clarity on the COVID-19 situation.

Hotels

While the pandemic is gradually under control in many countries, the threat of a second wave remains, as seen in the US, Melbourne and Hong Kong. Though this results in uncertainty on when normalcy will return, many countries are actively establishing green lanes and travel bubbles, which offers hope for the safe reopening of borders and an upside on travel volumes. The Group is optimistic that when a vaccine is available, likely next year, the road to recovery for the hotel sector will be accelerated with pent-up demand.

The Group will continue to contain costs and conserve cash by maintaining tight controls on discretionary expenditure, right-sizing the workforce, deferring non-essential capital expenditure and working with suppliers, contractors and partners to push for cost reductions. It will also focus on each market's domestic business which tends to be more resilient. This crisis offers an opportunity for the Group to reformulate its strategies and create fresh experiences for new market segments so as to stay relevant in this new normal. It will be reviewing its hotel portfolio holistically to come up with opportunities for AEI, redevelopment and divestment.

The Group expects this segment to remain challenging for the subsequent quarters of this financial year.

Outlook

In Q2 2020, Singapore posted its worst quarterly contraction on record, sinking into a deeper recession than its earlier estimates. GDP for 2020 is narrowed to -5% to -7% from the previous forecast range of -4% to -7%. The sharp plunge reflects an ultra-challenging and uncertain operating environment, with weak near-term economic recovery expected both domestically and globally.

The COVID-19 pandemic has overshadowed core business fundamentals and eroded organic growth. SMEs and MNCs alike are grappling with macroeconomic uncertainties beyond their control. Under these precarious circumstances, the Group has shifted to an interim crisis management mode where cost-containment measures are prioritised. Cash preservation, prudent capital management and business optimisation are enforced to enhance liquidity. These efforts will help to fortify the Group's balance sheet.

The Group benefits from its diversified portfolio. Although hotel operations are expected to continue to bear the brunt of COVID-19, the Group has put in place turnaround strategies to tap on new segments. Positive progress in terms of improved occupancy in the US offers confidence that the Group's overseas hotels are beginning to see some light. Property development and investment properties segments have been relatively resilient. Given Singapore's stable political environment, high transparency, good governance and well-developed infrastructure, it is noticeable that overseas property buyers continue to find Singapore an attractive investment destination.

As part of its capital recycling efforts and to extract greater value from its assets, the Group is also actively looking into asset divestment for both non-core hotels held by the Group as well as the investment properties held by Sincere.

During this downtime, the Group is reviewing its strategies, reinforcing frameworks and retooling itself to future-proof its business. It will continue to focus on its Growth, Enhancement and Transformation (G-E-T) strategy to enhance value and improve execution.

Over the Group's 57-year history and track record, it has survived numerous challenging times, each one more difficult than the last. While the outlook for Singapore and the global economy can seem grim, the agility, resilience and foresight that have been the hallmarks of the Group's compass will help it navigate through this storm and emerge stronger.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes.

The Company had on 12 May 2020 declared a tax-exempt (one-tier) non-cumulative preference dividend to holders of City Developments Limited Preference Shares of 1.94 cents per Preference Share, calculated at the dividend rate of 3.9% per annum of the issued price of $1.00 for each Preference Share, for the dividend period from 31 December 2019 to 29 June 2020. The said preference dividend was paid on 30 June 2020.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes.

Name of Dividend	Tax-exempt (One-tier) Special Interim Ordinary Dividend	Tax-exempt (One-tier) Preference Dividend
Date of Payment	12 September 2019	1 July 2019
Dividend Type	Cash	Cash
Dividend Amount (in cents)	6.0 cents per Ordinary Share	1.94 cents per Preference Share^
Dividend rate (in %)	N.A.	3.9% per annum on the issue price of each Preference Share
Dividend Period	N.A.	From 31 December 2018 to 30 June 2019 (both dates inclusive)
Issue Price	N.A.	$1.00 per Preference Share

^ *Preference dividend for each Preference Share is calculated at the dividend rate of 3.9% per annum of the issue price of $1.00 for each Preference Share on the basis of the actual number of days comprised in the dividend period divided by 365 days.*

(c) Date payable

Not applicable.

(d) Books Closure Date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

13. Interested Person Transactions

No interested person transactions ("IPTs") were conducted for the six months ended 30 June 2020 under the Company's IPT Mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than $100,000).

14. Segment Reporting

By Business Segments

	The Group Half year ended 30 June	
	2020	**2019**
	S$'000	**S$'000**
Revenue		
Property Development	463,735	536,000
Hotel Operations*	355,289	785,281
Investment Properties	185,467	207,508
Others	68,413	67,739
	1,072,904	**1,596,528**
Profit/(Loss) before tax**		
Property Development	114,973	179,620
Hotel Operations	(208,171)	29,512
Investment Properties	26,307	258,427
Others	80,686	22,739
	13,795	**490,298**

*** *Revenue from hotel operations includes room revenue of $230.6 million (1H 2019: $529.7 million) for 1H 2020 from hotels that are owned by the Group.*

***** *Includes share of after-tax (loss)/profit of associates and joint ventures.*

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Property Development

Revenue decreased by $72.3 million to $463.7 million (1H 2019: $536.0 million) for 1H 2020. Pre-tax profit decreased by $64.6 million to $115.0 million (1H 2019: $179.6 million) for 1H 2020.

Projects that contributed to both revenue and profit in 1H 2020 include The Tapestry, Whistler Grand, Amber Park, Gramercy Park, Hongqiao Royal Lake, 100 Sydney Street project in Chelsea and Phase 1 of Teddington Riverside in the Borough of Richmond upon Thames. Sales of landbank residential sections in New Zealand and units in Zenith Residences also contributed to the Group's revenue and pre-tax profit for this segment. In accordance with the Group's policy of equity accounting for the results of its joint ventures, whilst revenue from joint venture developments such as South Beach Residences, Boulevard 88, The Jovell and Forest Woods had not been consolidated into the Group's total revenue, the Group's share of profit arising from joint venture developments had been included in pre-tax profit.

The decrease in revenue for 1H 2020 was largely due to timing of profit recognition. For Singapore private residential units, profit is recognised progressively based on the stages of construction and sales status. The decrease in revenue for 1H 2020 was mainly attributable to lower contribution from completed projects which were recognised in entirety in the same period, such as Gramercy Park, New Futura, HLCC and Hongqiao Royal Lake. This was partially mitigated by higher progressive contribution from Whistler Grand and Amber Park (launched in May 2019) due to higher percentage of completion achieved, as well as higher contribution from the two abovementioned UK projects.

The decrease in pre-tax profit for 1H 2020 was in tandem with the decrease in revenue, coupled with thinner margins for The Tapestry, Whistler Grand and Amber Park, the main contributors for 1H 2020. Comparatively, 1H 2019 pre-tax profit included significant contribution from Gramercy Park and New Futura, both higher margin projects which were fully recognised upon sale completion. Also, there was lower share of profits from joint venture project, South Beach Residences in 1H 2020 due to lower sales volume, along with lower returns recognised from the sale of units in the Ivy and Eve project in Australia which was fully sold in 2019. Higher financing costs being expensed off for 1H 2020, as well as share of losses from newly acquired joint venture, Sincere, also contributed to the decrease in pre-tax profit for 1H 2020.

Hotel Operations

Revenue decreased by $430.0 million to $355.3 million (1H 2019: $785.3 million) for 1H 2020. This segment reported a pre-tax loss of $208.2 million (1H 2019: pre-tax profit of $29.5 million) for 1H 2020.

This is primarily due to the prolonged COVID-19 pandemic, which has resulted in widespread travel restrictions, an unprecedented collapse in global tourism, and mass cancellation or postponement of events. Many countries have responded to the outbreak by imposing measures such as quarantines, strict social distancing and complete lockdown of cities. These measures had adversely impacted the Group's hotel operations, even with the receipt of applicable government grants and aggressive cost containment measures which mitigated the impact. Other than being the worst hit region, the United States also experienced civil unrest/riots in 1H 2020 regarding racial injustice, which further worsened hotel performance.

Based on market conditions and internal assessment by in-house valuers, in addition, an impairment loss of $33.9 million had been provided in 1H 2020 in light of the challenges faced by the hospitality industry during the pandemic.

The pre-tax loss for 1H 2020 was partially mitigated by divestment gain on Millennium Hotel Cincinnati of $26.4 million.

Investment Properties

Revenue decreased by 10.6% to $185.5 million (1H 2019: $207.5 million) for 1H 2020. Pre-tax profit decreased by $232.1 million to $26.3 million (1H 2019: $258.4 million) for 1H 2020.

The decrease in revenue for 1H 2020 was largely due to rental rebates provided to retail tenants and lower revenue for hotels under the master lease structure for CDLHT, resulting from the pandemic. In Singapore, retail and F&B businesses have been impacted by the decline in customer demand, strict safe distancing measures and closures for non-essential services. In overseas markets, the retail sectors were similarly impacted by lockdowns imposed by local authorities, where Jungceylon Retail Mall, Phuket was particularly affected due to a period of closure in 1H 2020. Contributions from hotels under master lease agreements, including Millennium Mitsui Garden Hotel Tokyo, Novotel Singapore Clarke Quay and Angsana Velavaru, were also significantly reduced.

The decrease in pre-tax profit for 1H 2020 was mainly attributable to the lower divestment gains recognised. Included in 1H 2019 was realised deferred gain on sale of investment properties of $153.9 million, in addition to $43.3 million of distributions by Golden Crest in accordance with the stipulated waterfall structure under PPS 2. Higher financing costs and depreciation also contributed to the decline in pre-tax profits.

Others

Revenue, comprising mainly income from building maintenance contracts, project management, club operations, laundry services and dividend income, remained relatively flat at $68.4 million (1H 2019: $67.7 million) for 1H 2020.

Notwithstanding the stable revenue, pre-tax profit increased by $58.0 million to $80.7 million (1H 2019: $22.7 million) for 1H 2020, mainly contributed by the divestment gain recognised for SHR of $23.5 million and interest income earned on loan granted to and bonds issued by Sincere. Higher contribution was also derived from FSGL's property financing business, backed by income from refinancing loans and a higher average secured China portfolio.

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total Annual Net Dividend (*Refer to Para 18 of Appendix 7.2 for the required details*)

	Full Year 2019 S$'000	Full Year 2018 S$'000
Ordinary	72,552	72,552
Special	108,942	108,942
Preference	12,904	12,904
Total	**194,398**	**194,398**

The tax-exempt (one-tier) final ordinary dividend and tax-exempt (one-tier) special final ordinary dividend for the year ended 31 December 2019 of 8.0 cents and 6.0 cents respectively per ordinary share had been approved by the ordinary shareholders at the Annual General Meeting held on 24 June 2020 and the dividend amounts were based on the number of issued ordinary shares as at 6 July 2020.

17. A breakdown of sales and operating profit after tax for first half year and second half year.

Not applicable.

18. Confirmation pursuant to Rule 720(1) of the Listing Manual

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 in accordance with Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Shufen Loh @ Catherine Shufen Loh
Company Secretary
13 August 2020

CONFIRMATION BY THE BOARD

The Directors of the Company hereby confirm, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the Group's unaudited financial results for the half year ended 30 June 2020 to be false or misleading in any material respect.

That said, in this regard, further to 1(b)(i), the Group would like to highlight that the carrying amounts of the Group's assets (property, plant and equipment, investment properties and development properties) are carried at cost less accumulated depreciation and impairment losses. The Group does not adopt a fair value basis for its investment portfolio.

The unprecedented market uncertainty caused by the COVID-19 pandemic had posed a risk to asset valuations and potential impairment losses could occur should the valuations be lower than the carrying value of each asset. Understandably, this pandemic, particularly in this current period has caused difficulties in providing fair and accurate valuations of the properties as there is high volatility on future cash flows under different possible scenarios and limited market transactions available for benchmarking to adopt meaningful changes to the capitalisation rates in the current market.

Notwithstanding the challenge, the Group had conducted internal valuations and adopted assumptions broadly laid out in the Notes to Paragraph 1(b)(i) on pages 7 and 8 but would emphasise that these adopted assumptions are very subjective in the situation which is still highly fluid and evolving.

The Group also noted that its subsidiary, CDLHT had included in its announcement on 29 July 2020 that it has not carried out independent valuations as at 30 June 2020. Accordingly, the Group is unable to assess the impairment loss, if any, on the CDLHT hotels (accounted for in the Group as property, plant and equipment, and investment properties). Notably, while CDLHT accounts for its properties using the fair value model, the Group accounts for these properties at cost less accumulated depreciation and impairment losses. The carrying values of the CDLHT hotels are lower at the Group, vis-à-vis at CDLHT level. The Group will consider potential impairment losses, if any, on the CDLHT properties when CDLHT carries out its valuation exercise at year end.

On behalf of the Board of Directors

Kwek Leng Beng
Executive Chairman

Sherman Kwek Eik Tse
Executive Director

Singapore, 13 August 2020

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)

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Fuji Xerox Towers Redevelopment
Preliminary Artist's Impression

CITY DEVELOPMENTS LIMITED

Trusted Since 1963

1H 2020 Results Presentation

13 August 2020

Agenda |

- Overview & Strategic Initiatives
- Financial Highlights
- Singapore Operations
- International Operations
- Hospitality

Overview

Key Financial Highlights – 1H 2020

1H 2020	Revenue	Adjusted EBITDA *	PBT	PATMI
	$1.1B	$223.6MM	$13.8MM	$3.1MM
	▼ 32.8%	▼ 66.2%	▼ 97.2%	▼ 99.1%
1H 2019				
	$1.6B	$661.4MM	$490.3MM	$362.0MM

1H 2020 results was severely impacted by the outbreak of COVID-19 globally. With most of the countries imposing measures such as travel restrictions, quarantines, strict social distancing measures and complete lockdown of cities, this has impacted M&C Group overall hotel portfolio.

Hotel operations segment pre-tax loss of $208MM, including impairment losses of $34MM for hotel properties made in light of the current pandemic.

1H 2019 included a $197MM pre-tax gain resulting from the closure of the Group's PPS 2 platform, following the sale of Manulife Centre and 7 & 9 Tampines Grande.

* Excluding impairment losses of $33.9MM.

No fair values adopted on investment properties.
Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Key Financial Highlights – 1H 2020

1H 2020

NAV per share

$11.66

▲ 0.5% YoY

FY 2019

$11.60

1H 2020

RNAV per share

$16.61

▲ 0.9%

FY 2019:

$16.46

Share Price Performance

$8.42^

▼ 23.1%

No fair values adopted on investment properties.
Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

^ As of 30 Jun 2020

Key Operational Highlights – 1H 2020

Performance Summary

Property Development	▪ **SINGAPORE:** Sold 356 units with total sales value of $514.7MM* ▪ **CHINA:** Sold 276 units with total sales value of RMB 750MM ($149MM) ▪ **AUSTRALIA:** Exchanged contracts for over 70% of 195-unit The Marker project in Melbourne
Asset Management	▪ **SINGAPORE:** Resilient committed occupancy for core Singapore office & retail portfolio: – **Office**: 90.6% (NLA: 1.8MM sq ft) – **Retail**: 93.2% (NLA: 731,000 sq ft) ▪ **OVERSEAS:** Stable occupancy for office assets in London and China
Hotel Operations	▪ Performance severely impacted by COVID-19 pandemic: – **Hotel closures**: 28% of 152 hotels worldwide temporarily closed – **Global occupancy:** 39.4% (▼ 32.8% yoy) – **Global RevPAR:** $60.30 (▼ 56.6% yoy) – **Global ARR:** $153.20 (▼ 20.5% yoy)
Fund Management	▪ Continues to build pipeline, in active collaboration with capital partners to acquire new AUM – Acquired additional 8.4% effective stake in IREIT Global units in Apr 2020 for $25.5MM – Exploring establishment of a REIT with commercial assets located in the UK to be listed on Singapore Exchange (SGX)

* Includes Executive Condominiums (ECs) and share of JV partners, excludes Nouvel 18

Portfolio Composition by Segment – 1H 2020

1H 2020

Adjusted EBITDA *	Segment	Total Assets ^
$223.6MM		$23.8B
$147.3MM	Property Development	$9.5B
($92.1MM)	Hotel Operations	$5.7B
$108.1MM	Investment Properties	$6.9B
$60.3MM	Others	$1.7B

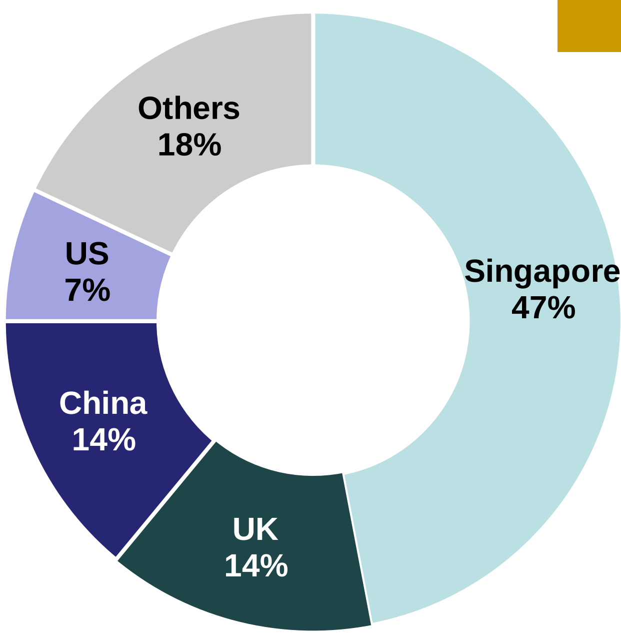
* Earnings before interest, tax, depreciation & amortization and impairment losses.
^ Excludes tax recoverable and deferred tax asset.

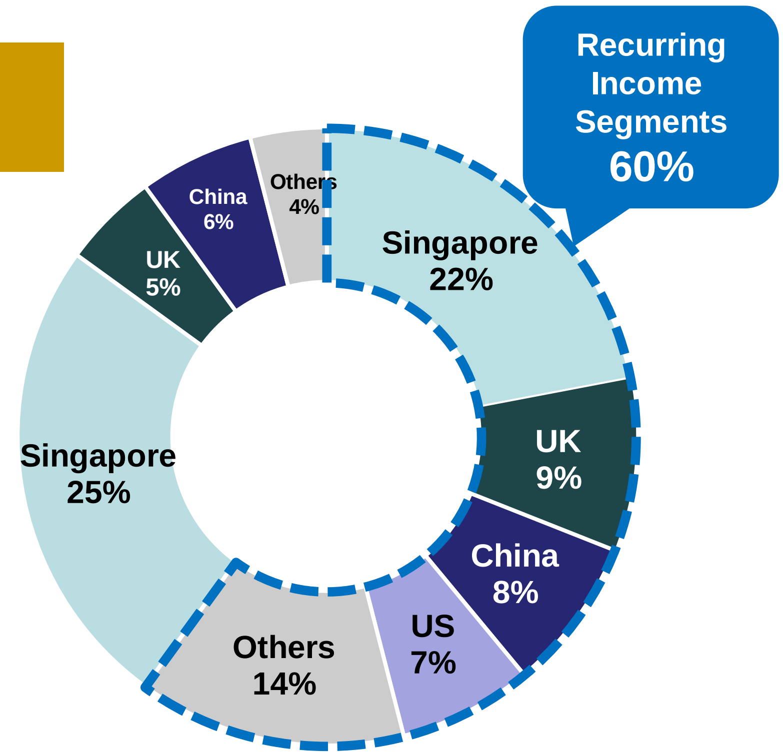
Global Portfolio Overview

Recurring Income Assets comprise 60% of Global Portfolio

The Group continues to grow through diversification in geography and asset class and will have to weather cyclical typhoons from time to time.

Total Assets:
$23.8B





Strategic Initiatives

GET Strategy

Accelerate Transformation of Asset Portfolio and Business Operations for Growth

Growth
Enhancement
Transformation


Artist's Impression

Growth

- **Build development pipeline & recurring income streams**

Enhancement

- Enhance **asset portfolio**
- Drive **operational efficiency**

Transformation

- **Transform business via new platforms:** Strategic Investments, Fund Management, Innovation & Venture Capital

Focus 2020

Growth

- **Redevelopment of Liang Court into mixed-used integrated development** comprising residential, retail, hotel and serviced apartments[1]

Enhancement

- **Redevelopment of Fuji Xerox Towers & Central Mall**

Transformation

- **Establishing SGX-listed REIT** with commercial assets in UK
- **M&C Post-Acquisition**
- **Sincere Post-Acquisition**

1. Stakeholders include CDL / CapitaLand (residential & retail), CDL / CDLHT (hotel) and ART (serviced apartments).

GROWTH

Liang Court Redevelopment

Milestones Achieved

- Completed acquisition of entire site on 15 July 2020 with CapitaLand (CL) Group
- Provisional Permission (PP) obtained on 21 May 2020 affirming redevelopment design scheme

Redevelopment of Liang Court site into an Integrated Riverfront Development

Existing Liang Court site to be redeveloped

Residential (CDL-CL JV)

- One block of 48-storey and one block of 24-storey tower
- Approx. 700 apartment units

CDL Hotel

- One block of 21-storey hotel (475 rooms)
- Operating under the Moxy brand by Marriott International

Retail (CDL-CL JV)

- 2-storey commercial podium with lettable area of about 80,000 sq ft
- Shops on Basement 1, Level 1 and 2

Somerset Serviced Residence by ART[1]

- One block of 20-storey hotel (192 rooms)
- To be operated by Somerset as serviced residences with hotel license

1. Ascott Residence Trust

GROWTH

Upcoming Residential Launch in Q3 2020

Penrose – 566-unit City Fringe Project led by JV Partner, Hong Leong Holdings

Location	Tenure	Equity Stake	Total Units	Total Saleable Area (sq ft)	Expected TOP
Sims Drive	99-year	40%	566	517,754	2024

Located at the heart of Upcoming Sims Drive Lifestyle Enclave, near Aljunied MRT Station:

- Excellent location and connectivity:
  - Mere 5-min walk to Aljunied MRT station, which is one stop away from Paya Lebar Central and Paya Lebar MRT Interchange station
  - Easy access to Pan Island Expressway (PIE) and Kallang-Paya Lebar Expressway (KPE)
  - 15-min drive to the CBD and Orchard Road shopping belt
- Convenient access to comprehensive amenities, schools, recreational facilities, and a transformative Paya Lebar regional hub

GROWTH

Upcoming Launch in 1H 2021

Irwell Bank Road – Iconic 36-storey Twin Towers Residential Development – Designed by world-renowned architect MVRDV

Location	Tenure	Equity Stake	Total Units	Site Area (sq ft)	Gross Floor Area (sq ft)
Irwell Bank Road	99-year	100%	Est 540	137,600	385,400

Located in Prime District 9 near upcoming Great World MRT station:

- Excellent location and connectivity within well-established residential area:
  - 200 metres from upcoming Great World MRT station
  - Minutes' walk to Great World City Shopping Mall
  - Minutes away from the CBD
- Close to Orchard Road shopping belt and education institutions such as ISS International School, River Valley Primary School and Dimensions International College

GROWTH

Diversified Residential Launch Pipeline

Singapore Pipeline ranges from Mass Market to High-end Projects

Launch Pipeline

>1,800 units*

Upcoming Launches

Penrose (Sims Drive)^	Q3 2020
Irwell Bank Road	1H 2021
Liang Court redevelopment^	2021

Irwell Bank Road
(Est 540 units)

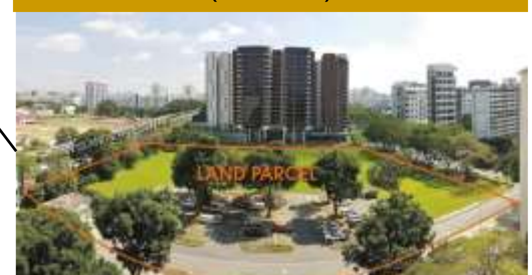
Land cost: **$583.9MM**
($1,515 psf ppr)

GLS site near upcoming Great World MRT station awarded in Jan 2020

Liang Court redevelopment^
(Est 700 units)

Est GFA: **60,158 sqm**

Penrose (Sims Drive)^
(566 units)



Land cost: **$383.5MM***
($732 psf ppr)

* Includes JV partners share. ^ JV project.

GROWTH

UK Private Rented Sector (PRS) Project

Construction in Progress for Monk Bridge PRS site in Leeds, UK


Artist's Impression


Artist's Impression

Location	Tenure	Equity Stake	Total Units	Site Area	Gross Floor Area	Completion
Monk Bridge	Freehold	100%	665	193,700 sq ft	572,200 sq ft	Estimated 2023

New Asset Acquisition in Yokohama, Japan

Focus on Expanding CDL's Private Rented Sector (PRS) Footprint in Japan – Acquisition of 78-unit residential development in Yokohama City

Artist's Impression

Property Location	Minami Ward, Yokohama City
Tenure	Freehold
Storey Height	10-storey residential building
Total Units	78 apartments
Est Building Completion Date	August 2020
Site Area	235 tsubo (8,300 sq ft)
Net Lettable Area	906 tsubo (32,200 sq ft)

Transaction Milestones

Purchase & Sale Agreement (PSA)	Building Completion	Deal Completion
July 2020	Est. August 2020	Q3 2020

ENHANCEMENT

Redevelopment of Fuji Xerox Towers

Preliminary Artist's Impression

PROPOSED USE *

51-storey freehold mixed-use integrated development comprising office, retail, residential and serviced apartments uses

Residential & Serviced Apartments Uses	Commercial Use
60%	**40%**

Potential uplift in GFA by 25% to approximately 655,000 sq ft

Principal Architect
Nikken Sekkei Ltd

* Subject to authorities' approval under Central Business District (CBD) Incentive Scheme

ENHANCEMENT

Redevelopment of Central Mall


Preliminary Artist's Impression

PROPOSED USE *

Mixed-use integrated development comprising office, retail, serviced apartments and hotel uses

Commercial Use	Hotel & Serviced Apartments Uses
70%	30%

Potential uplift in GFA from existing GFA of approximately 240,000 sq ft*
(Pending URA's approval)

Principal Architect
AEDAS

* Subject to authorities' approval under Strategic Development Incentive Scheme

ENHANCEMENT

Strategic ESG Integration

Driving Business Transformation through Strong Sustainability Focus

Environmental Performance

- 38% reduction in carbon emissions intensity from 2007; on track to achieve target of 59% reduction by 2030
- Achieved energy savings of more than $28MM savings for 8 commercial properties from 2012 to 2019

Sustainability-linked Financing

- **$500MM Green Loan**: Secured Singapore's first green loans for new property developments
- **Pioneered $250MM SDG Innovation Loan**: First-of-its-kind green financing concept to accelerate innovation solutions.

Ranked #3
out of 577 companies
Singapore Governance and Transparency Index 2020

Ranked on 12 Leading Global Sustainability Indices and Ratings

LATEST ESG MILESTONES

Bloomberg Gender-Equality Index	CDP A LIST 2019 CLIMATE / CDP A LIST 2019 WATER	2020 GLOBAL 100 Most Sustainable Corporations in the World	asra
Only Singapore real estate company listed for 3rd consecutive year	Only company in Southeast Asia & Hong Kong to achieve this double 'A' honour for both climate change and water security	Ranked world's top real estate company, top Singapore company, and 1st & only Singapore company listed on Global 100 for 11 consecutive years	Only Singapore company to win multiple accolades at the 5th Asia Sustainability Reporting Awards

MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM

MSCI 2019 Constituent MSCI ESG Leaders Indexes
'AAA' since 2010

FTSE4Good
Since 2002

GRESB Sector Leader 2019
Since 2017

Corporate Responsibility Prime rated by oekom research

STOXX Member 2019/2020 ESG LEADERS INDICES

EURONEXT vigeo eiris INDICES

SGX SGX Sustainability Indices

SUSTAINALYTICS

Platform Initiatives

Transform Business via New Platforms

Strategic Investments

M&C Post-Privatisation

- **Focus on achieving synergies, cost efficiencies and driving profitability** by tapping onto the Group's wider capabilities
- **Holistic review of enlarged hotel portfolio and possible divestments of non-core hotels**

Sincere Acquisition

- **Transaction completed in April 2020**
- **New management team onboarded** to drive integration and restructuring
- **Actively exploring asset divestment** of its investment properties

Fund Management

AUM Target: US$5B by 2023

- **Accelerate growth** by setting up a private fund and/or REIT
- **Continue to actively build pipeline** and **collaborate with capital partners** to acquire new AUM
- **Strengthen fund management expertise and track record through strategic investments** such as IREIT Global

Financial Highlights

Financial Highlights

Property Development

	1H 2020	1H 2019
Revenue	**$464MM**	$536MM
PBT	**$115M**	$180MM

- **Decrease in revenue and PBT mainly due to timing of profit recognition**
  - ✓ 1H 2020 contributions largely from The Tapestry, Whistler Grand and Amber Park, with thinner profit margins Vis-à-vis
  - ✓ 1H 2019 contribution largely from New Futura, Gramercy Park and Hong Leong City Center, Suzhou, with higher profit margins
- **More financing costs** expensed off for new projects

Hotel Operations

	1H 2020	1H 2019
Revenue	**$355MM**	$785MM
PBT	**($208MM)**	$30MM

- **This segment was severely impacted** by the prolonged COVID-19 pandemic which severely affected the global hospitality sector with travel restrictions, trip cancellations, postponement of major events and a steep reduction in F&B spend
- **Global RevPAR declined 57%** driven by decline in occupancies with the lockdowns
- **US, Europe and Asia all generated pre-tax losses**
- **Impairment losses** of $34MM was provided in 1H 2020
- **Divestment gain of $26MM** upon the sale of Cincinnati Hotel mitigated the losses

Investment Properties

	1H 2020	1H 2019
Revenue	**$186MM**	$208MM
PBT	**$26MM**	$258MM

- **Decrease in revenue** was mainly due to
  - ✓ **rental rebates** granted mainly to retail tenants in Singapore, Phuket and Suzhou
  - ✓ **Lower rental from CDLHT hotels** accounted for as investment properties due to the pandemic
- **Lower divestment gains** in 1H 2020 accounts for the sharp decline in pre-tax profits. Included in 1H 2019 was a substantial gain of $197MM resulting from the closure of the Group's PPS2 platform, following the sale of Manulife Centre and 7 & 9 Tampines Grande

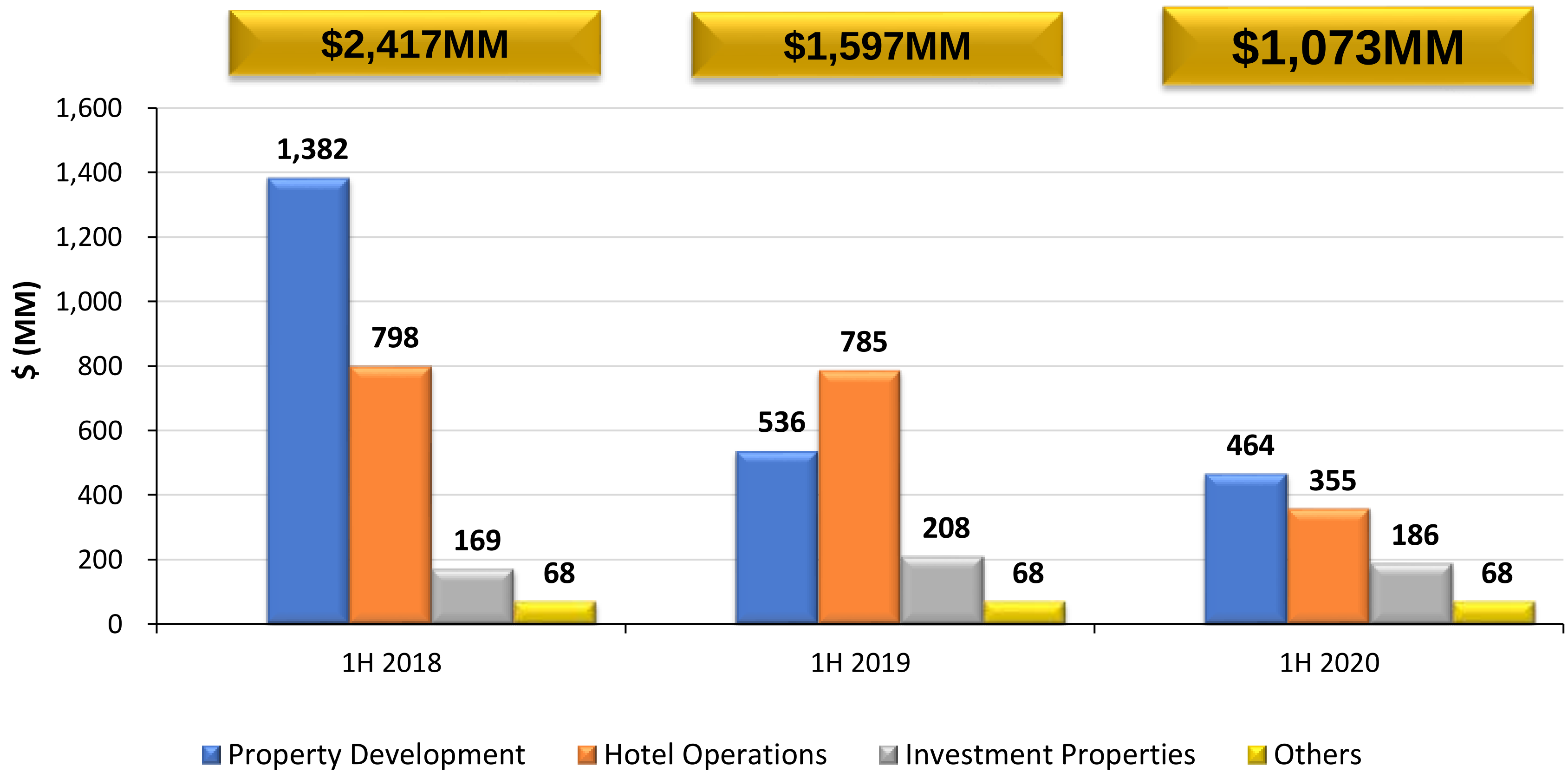
Others

	1H 2020	1H 2019
Revenue	**$68MM**	$68MM
PBT	**$81MM**	$23MM

- **PBT was largely boosted by:**
  - ✓ $23MM divestment gain upon sale of a non-core subsidiary
  - ✓ Higher share of contribution from First Sponsor Group in relation to its property financing business
  - ✓ Higher interest income earned from a loan extended to, and bond issued by Sincere Property Group, an established real estate developer in China, which has become a JV partner in Apr 2020

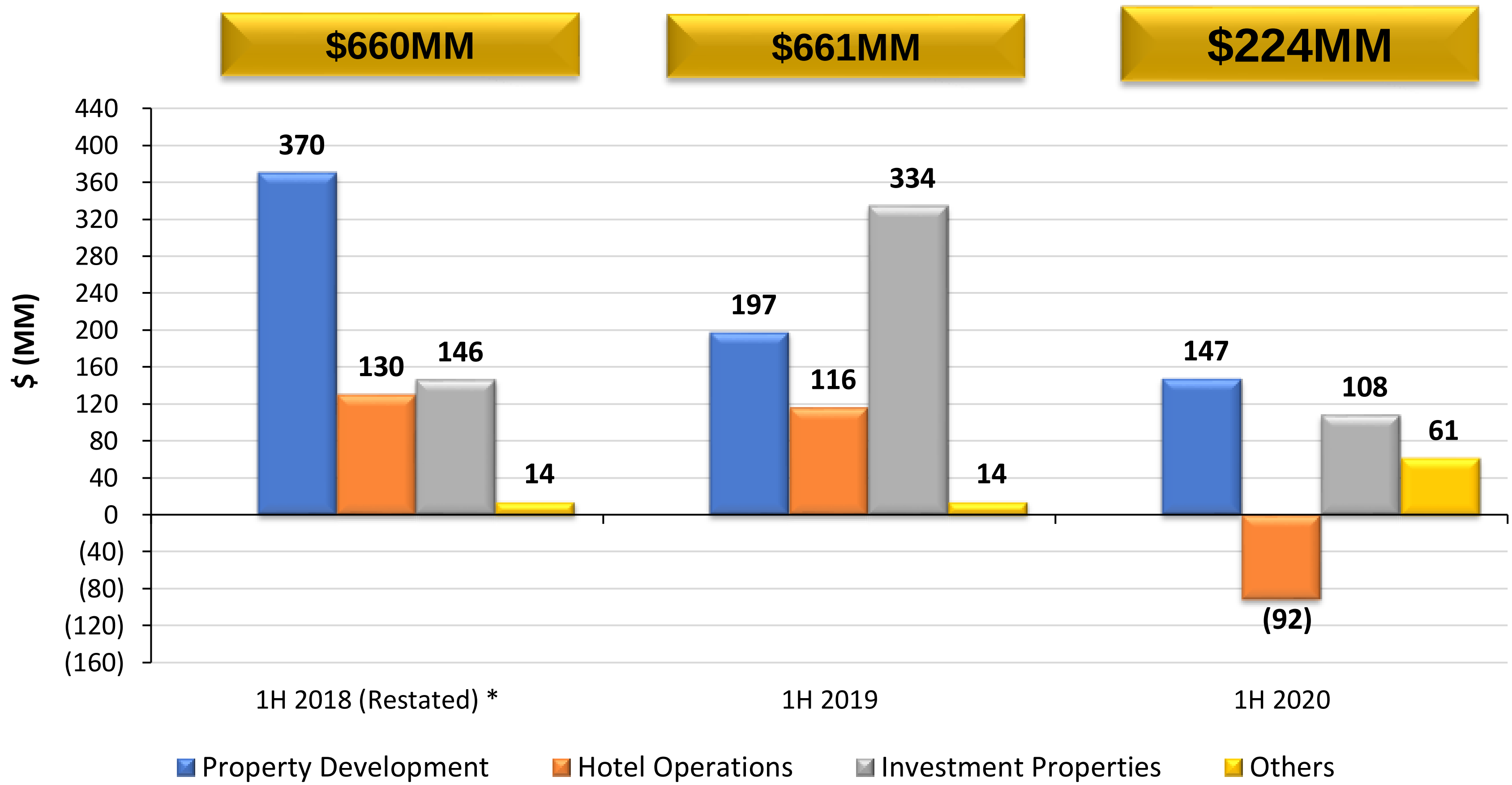
Financial Highlights

Revenue by Segment for Half Year (2018 – 2020)



Financial Highlights

Adjusted EBITDA^ by Segment for Half Year (2018 – 2020)

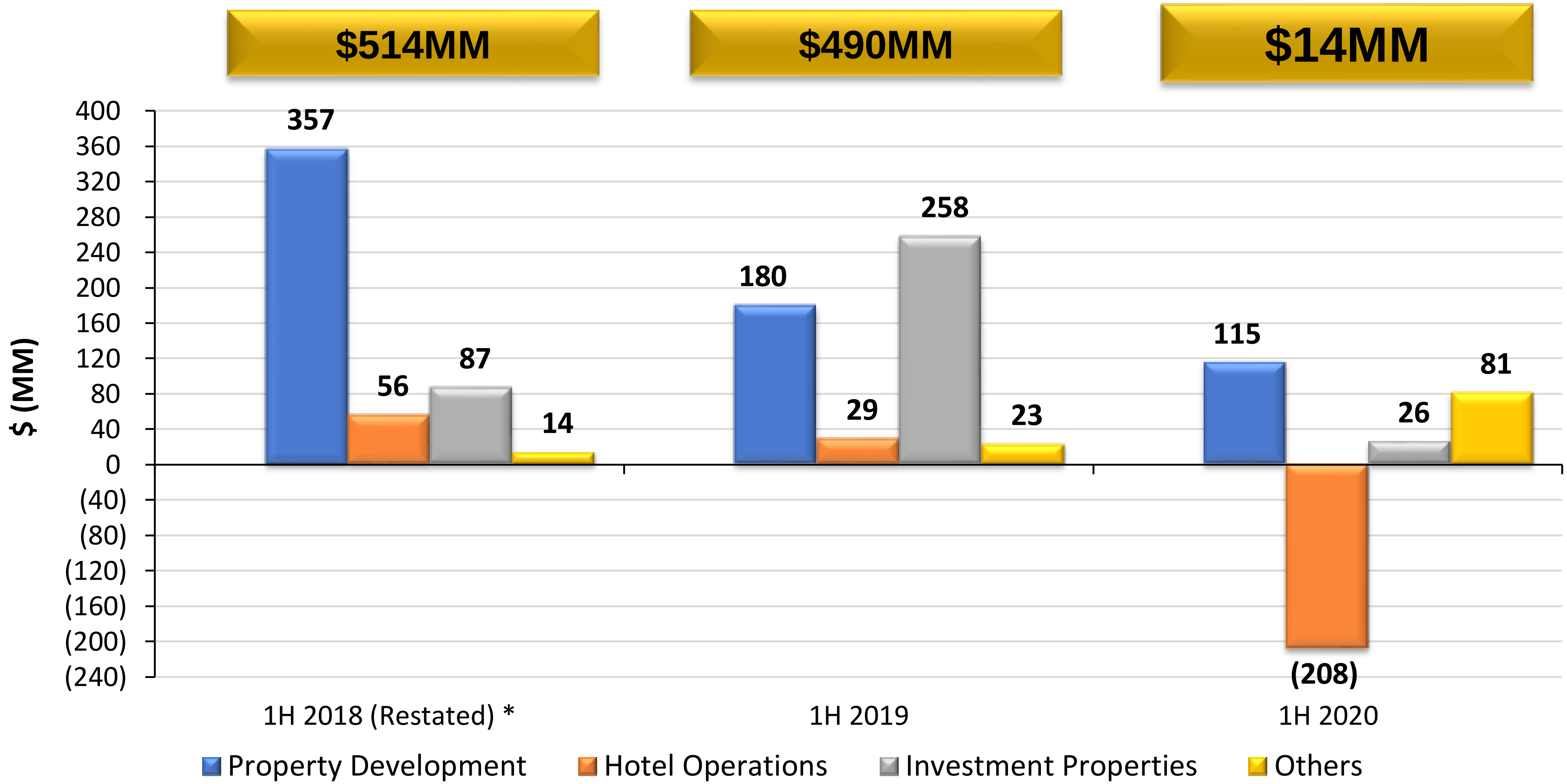


^ *Excluding impairment losses of $33.9MM.*

* *Restated due to expensing off interest costs for development projects under POC method on adoption of agenda decision issued by IFRIC.*

Financial Highlights

Profit Before Tax by Segment for Half Year (2018 – 2020)



Restated due to expensing off interest costs for development projects under POC method on adoption of agenda decision issued by IFRIC.

Financial Highlights

Strong Balance Sheet & Liquidity Position

Gearing	Sufficient Liquidity	Financing Flexibility	Balanced Debt Profile
Net Gearing	**Total Cash**	**Interest Cover Ratio [1]**	**% of Fixed Rate Debt**
71%	**$2.7B**	**3.9x**	**39%**
FY 2019: 61%	FY 2019: $3.1B	FY 2019: 14.7x	FY 2019: 40%
Net Gearing [2] (include fair value)	**Cash and Available Undrawn Committed Bank Facilities**	**Average Borrowing Cost**	**Average Debt Maturity**
50%	**$4.0B [3]**	**2.1%**	**2.1 years**
FY 2019: 43%	FY 2019: $5.6B	FY 2019: 2.4%	FY 2019: 2.4 years

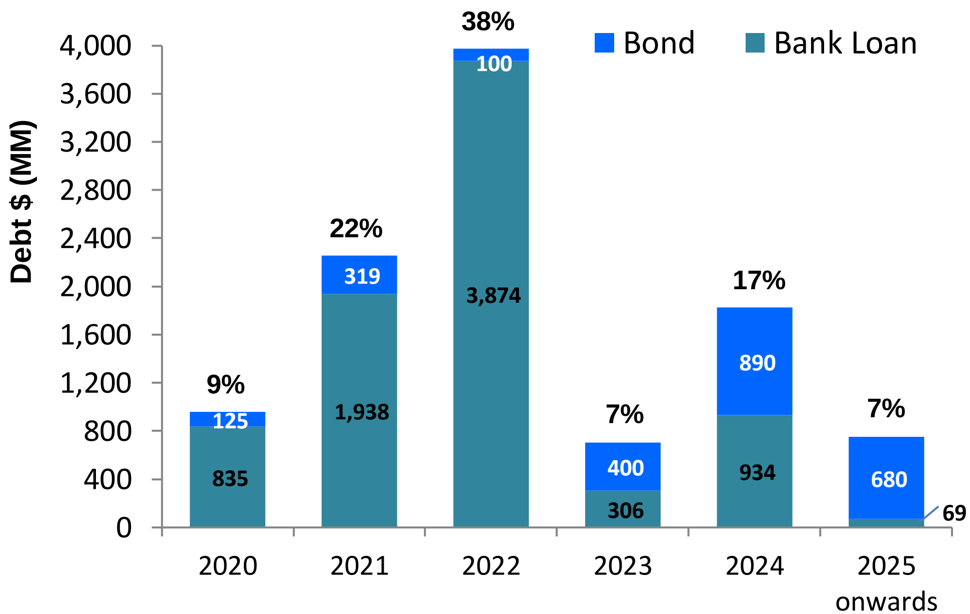
1 Exclude non-cash impairment losses on investment properties and property, plant and equipment
2 After taking in fair value on investment properties
3 The Group had completed its financing of $1.15B funding for its share of investment into Liang Court JV with CapitaLand. Accordingly, the amount of cash and available undrawn committed bank facilities stands at $5.1B to date.

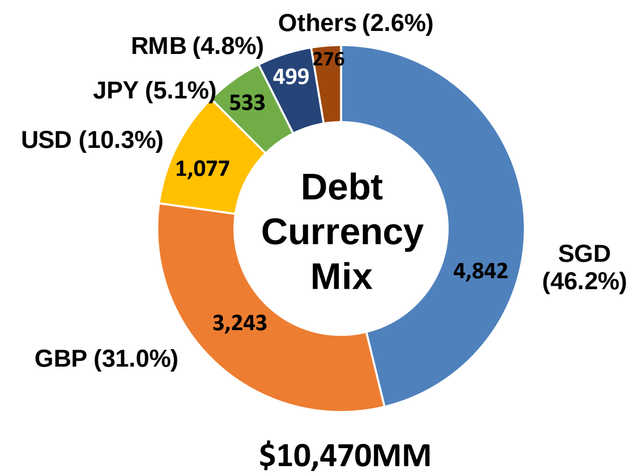
Financial Highlights

Prudent Capital Management

- Balanced debt expiry profile
- Balanced debt currency mix – adopting a natural hedging strategy
- Average borrowing cost kept low

Well-Spread Debt Maturity Profile



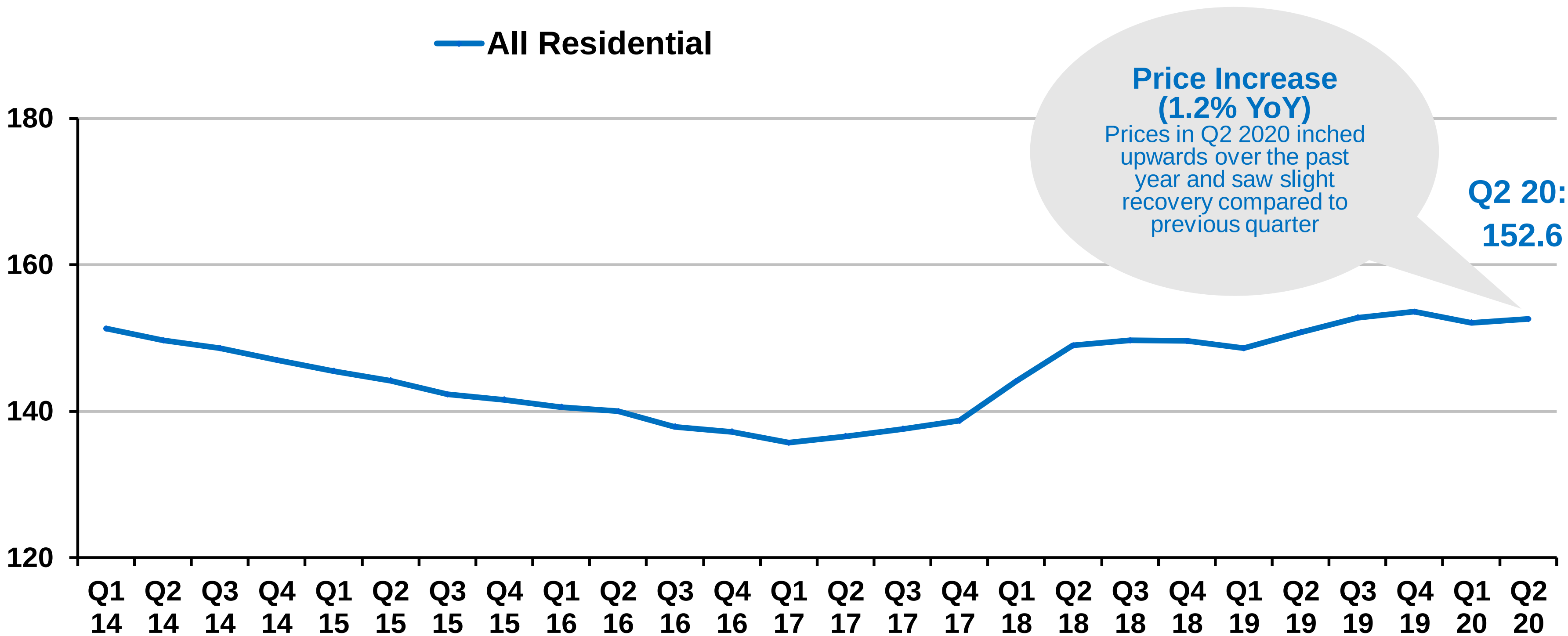


Singapore Operations

Property Development

Singapore Property Market

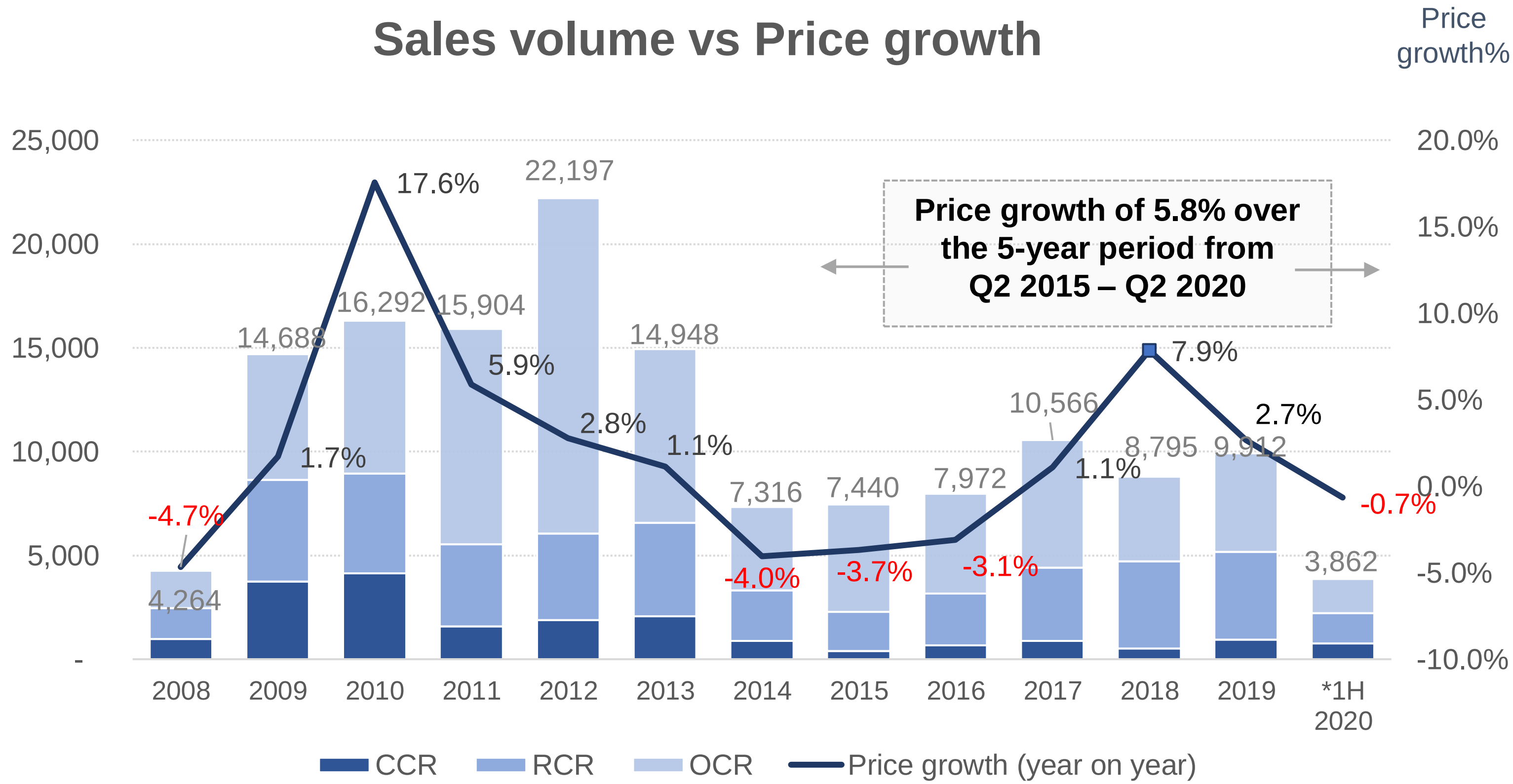
Property Price Index – Residential (2014 – Q2 2020)



Source : URA, Q2 2020

Singapore Property Market

- Private residential prices remained stable, with the URA Residential Property Price Index registering a 0.7% decline in 1H 2020 as compared to end 2019.
- Primary home sales remained healthy in 1H 2020 with 3,862 units sold, registering an 8% decline as compared to 1H 2019.

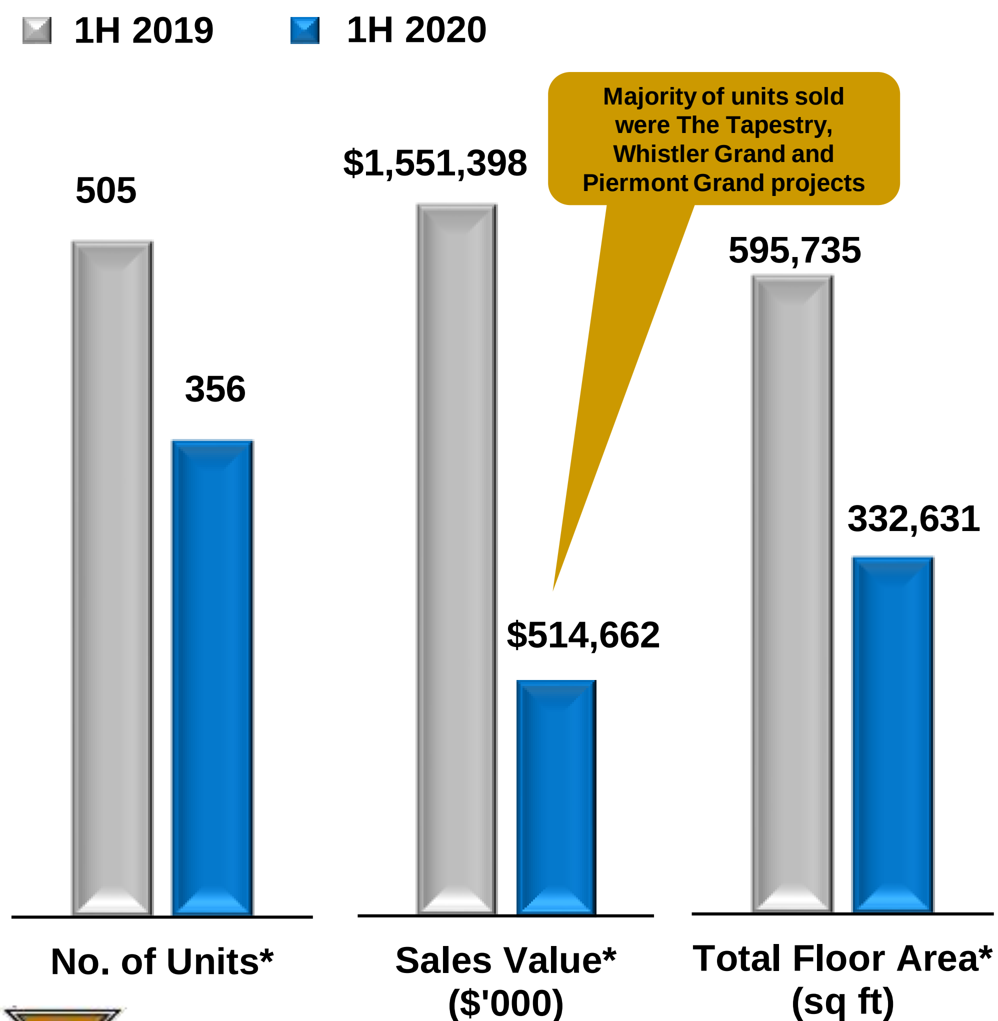


* 1H 2020 includes units sold in Q1 2020 (2,149u) and Q2 2020 (1,713u)

Source : URA Statistics

Singapore Property Development

Residential Units Sold by CDL



Sales Value

⬇ 66.8% yoy

Units Sold

⬇ 29.5% yoy

1H 2020 – Mainly mass-market projects sold

Period	Project	Market Segment	Units Sold
1H 2020	The Tapestry	Mass	105
	Whistler Grand	Mass	78
	Piermont Grand	Mass	92
1H 2019	Boulevard 88	High-end	62
	Amber Park	Luxury	157

* Includes Executive Condominiums (ECs) and share of JV partners, excludes Nouvel 18

Singapore Property Development

Resilient Sales Performance in 1H 2020

- Sold 356 units with total sales value of $514.7MM in 1H 2020^
- 176 units sold in Q2 (▼4.9% from Q1)

Steady Sales for 2019 Launched Projects

Project	Location	Tenure	Equity Stake	Total Units	Units Sold*	Achieved Average Selling Price (ASP)
Boulevard 88	Orchard Boulevard	Freehold	40%	154	98	>$3,780 psf
Amber Park	Amber Road	Freehold	80%	592	211	>$2,480 psf
Haus on Handy	Handy Road	99 years	100%	188	35	>$2,870 psf
Piermont Grand	Sumang Walk	99 years	60%	820	577	>$1,090 psf
Sengkang Grand Residences	Sengkang Central	99 years	50%	680	255	>$1,730 psf
Nouvel 18~	Anderson Road	Freehold	-	156	29	>$3,440 psf

** As of 9 Aug 2020*

^ Includes Executive Condominiums (ECs) and share of JV partners, excludes Nouvel 18

~ Divested project marketed by CDL

Singapore Property Development

Inventory of Launched Residential Projects – As at 30 June 2020

Project	Equity Stake	Total Units	Units Sold	Total Unsold Inventory	CDL's Share of Unsold Inventory
Cuscaden Residences	25%	75	74	1	0.3
St. Regis Residences	33%	173	161	12	4.0
The Oceanfront @ Sentosa Cove	50%	264	263	1	0.5
One Shenton	100%	341	327	14	14.0
Cliveden at Grange**	100%	110	43	67	67.0
UP@Robertson Quay	100%	70	61	9	9.0
Echelon	50%	508	506	2	1.0
The Venue Residences	60%	266	265	1	0.6
Coco Palms	51%	944	942	2	1.0
Forest Woods	50%	519	517	2	1.0
New Futura	100%	124	124	0	0.0
The Tapestry	100%	861	801	60	60.0
Whistler Grand	100%	716	528	188	188.0
Boulevard 88	40%	154	96	58	23.2
Amber Park	80%	592	209	383	306.4
Haus on Handy	100%	188	34	154	154.0
Piermont Grand	60%	820	540	280	168.0
Sengkang Grand Residences	50%	680	241	439	219.5
South Beach Residences	50%	190	135	55	27.6
The Jovell	33%	428	133	295	97.4
TOTAL:		**8,023**	**6,000**	**2,023**	**~1,342**

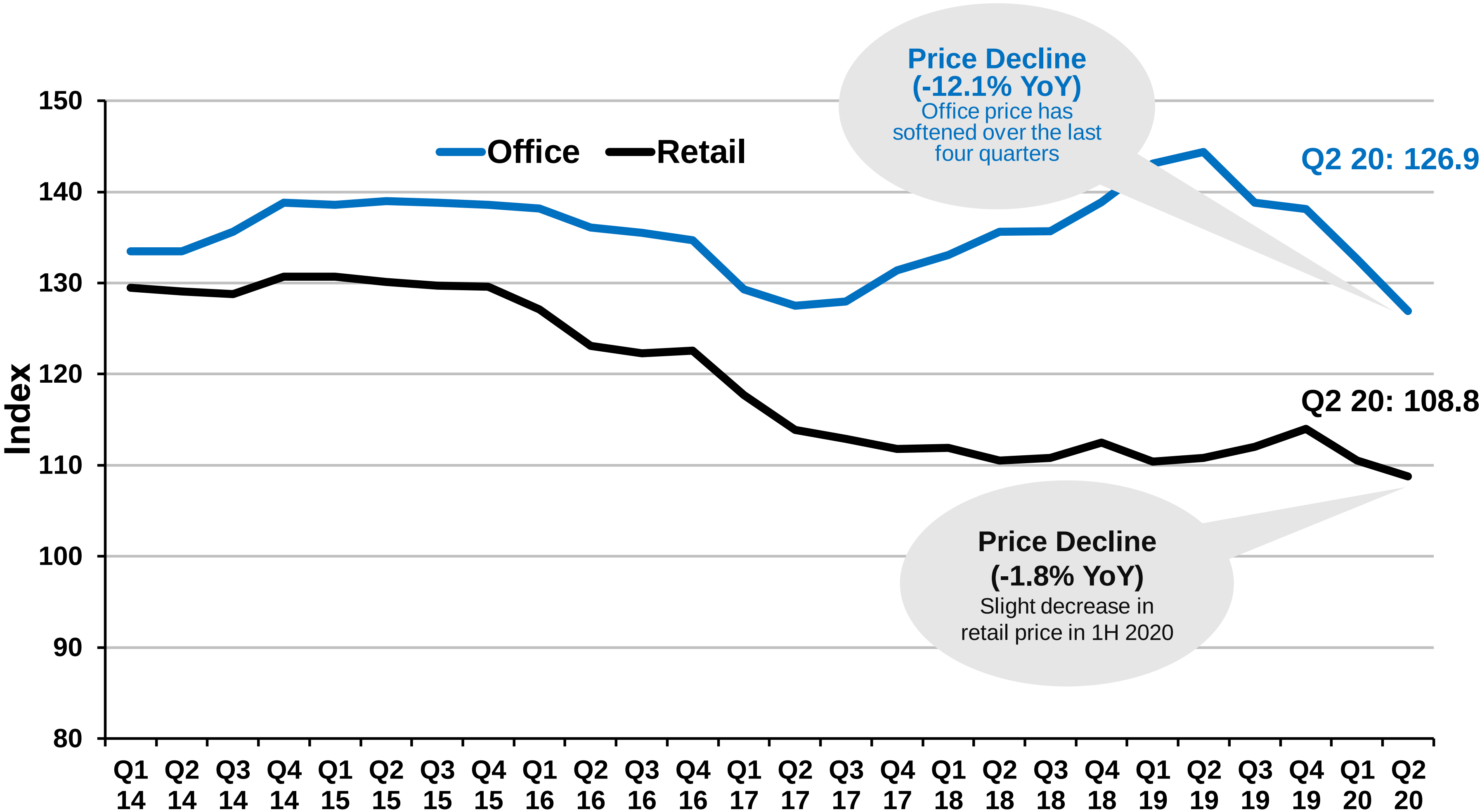
The Venue Shoppes – sold 16 units out of 28 sold, 12 units unsold with 3 units leased
** Leasing strategy implemented

Singapore Operations

Asset Management

Singapore Commercial Market

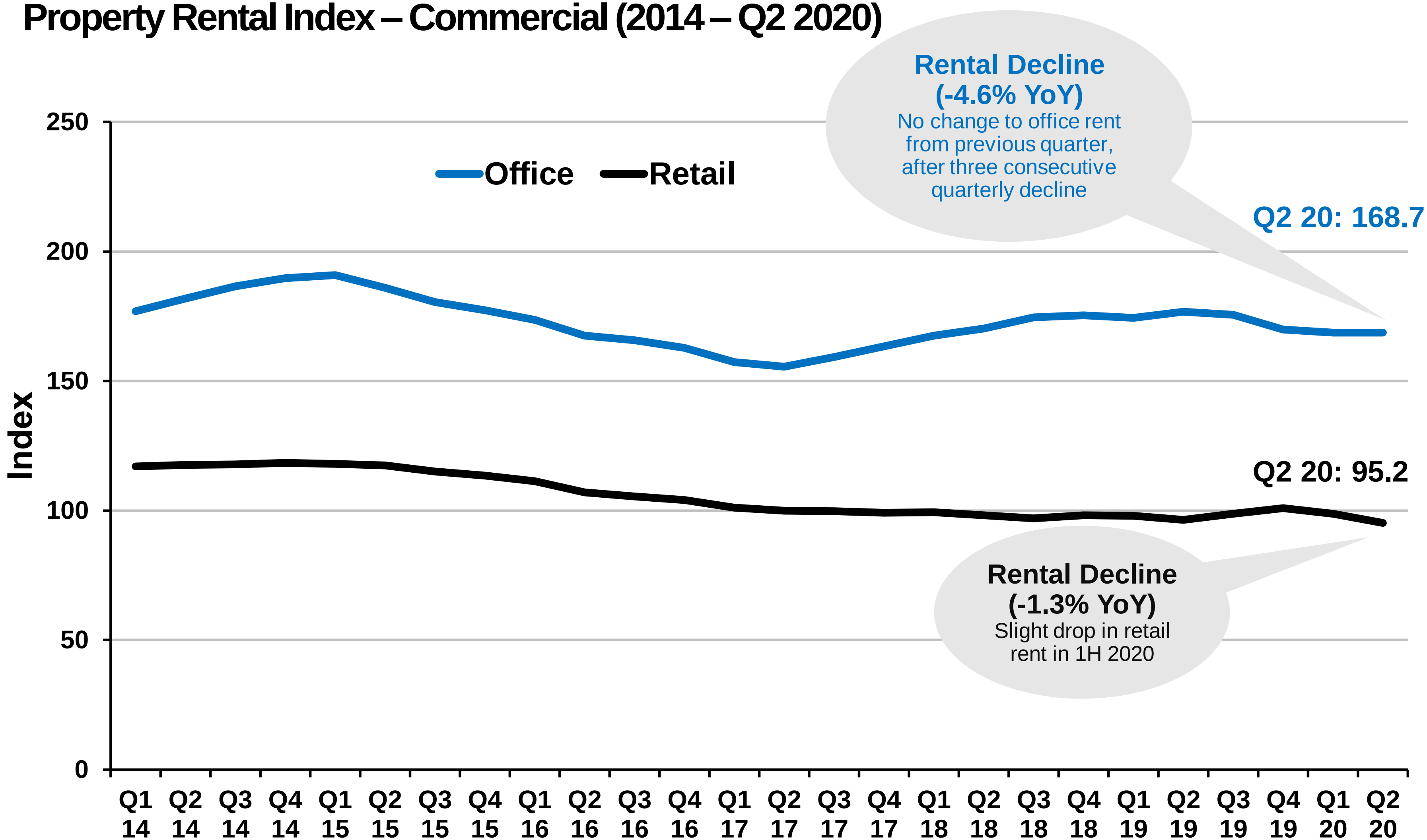
Property Price Index – Commercial (2014 – Q2 2020)



Source : URA, Q2 2020

Singapore Commercial Market

Property Rental Index – Commercial (2014 – Q2 2020)



Source : URA, Q2 2020

Singapore Commercial Portfolio

Strong Committed Occupancy and Positive Rental Reversion for Office & Retail Portfolio (As at 30 June 2020) [1]

Office

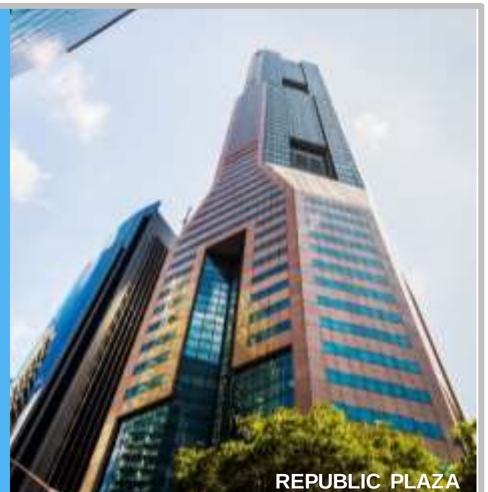
12 properties

90.6%

Committed Occupancy

1.8MM sq ft

Net Lettable Area



Retail

9 properties

93.2%

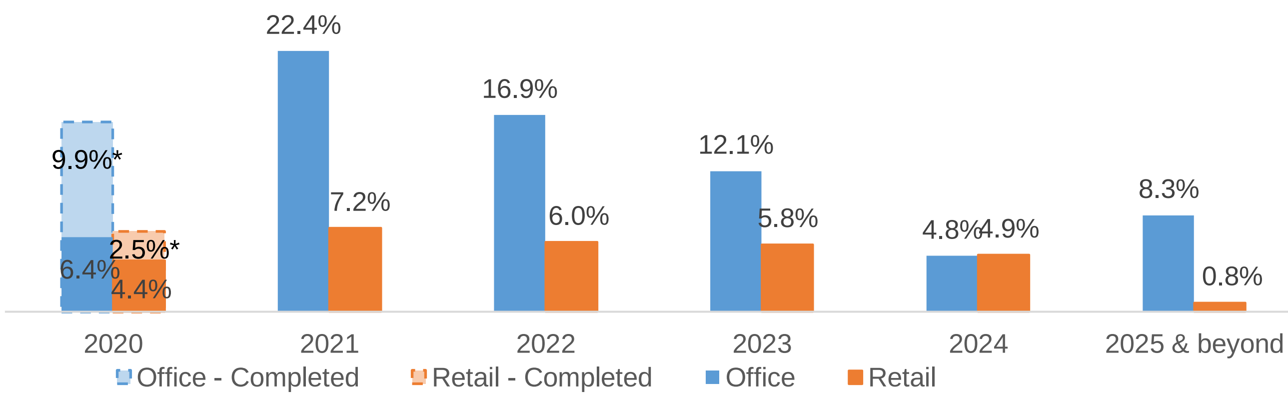
Committed Occupancy

731,000 sq ft

Net Lettable Area

Lease Expiry Profile by % of NLA

- Income stability from well-spread lease expiry profile
- Active risk management by engaging tenants ahead of lease expiries



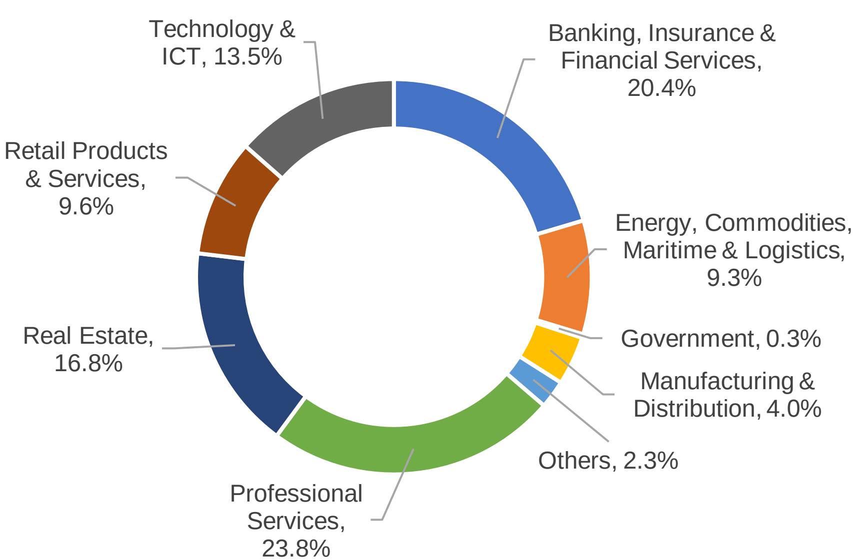
* Refers to expiring leases that have been renegotiated

[1] Includes all Singapore assets under management (including JV project South Beach) except for Fuji Xerox Towers which will be redeveloped, in accordance to CDL's proportionate ownership.

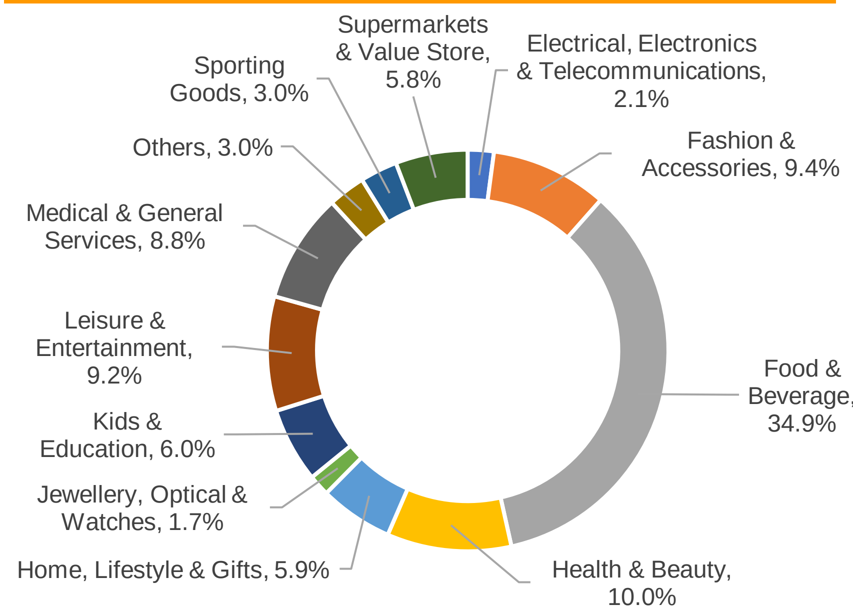
Singapore Commercial Portfolio

Trade Mix of Office & Retail Space by % of Total Gross Rental Income (As at 30 June 2020)*

Office



Retail



- **Diverse and well-spread tenant mix across both office and retail segments:**
  - **Office**: Trade mix remains largely stable with more focus on lease renewal amid a cautious environment.
  - **Retail**: Strategically review leasing strategies to adapt to new retail norm to sustain occupancy.

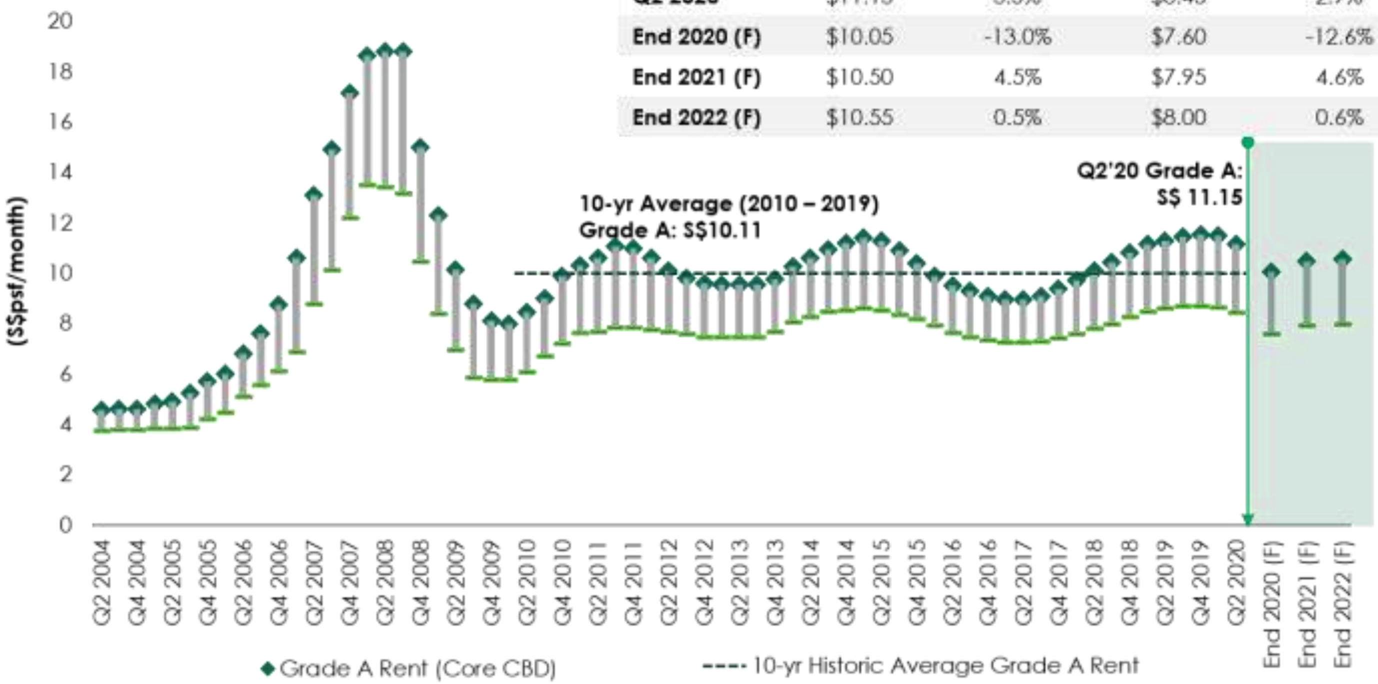
* Includes all Singapore assets under management (including JV project South Beach) except for Fuji Xerox Towers which will be redeveloped, in accordance to CDL's proportionate ownership and excludes retail gross turnover rent.

Singapore Office Market Outlook

Grade A office rental is expected to moderate in 2020. Nonetheless, office rents continue to exceed the 10-year average Grade A rent of $10.11 psf per month moving into 2020/2021.

GRADE A OFFICE RENTAL PROJECTIONS

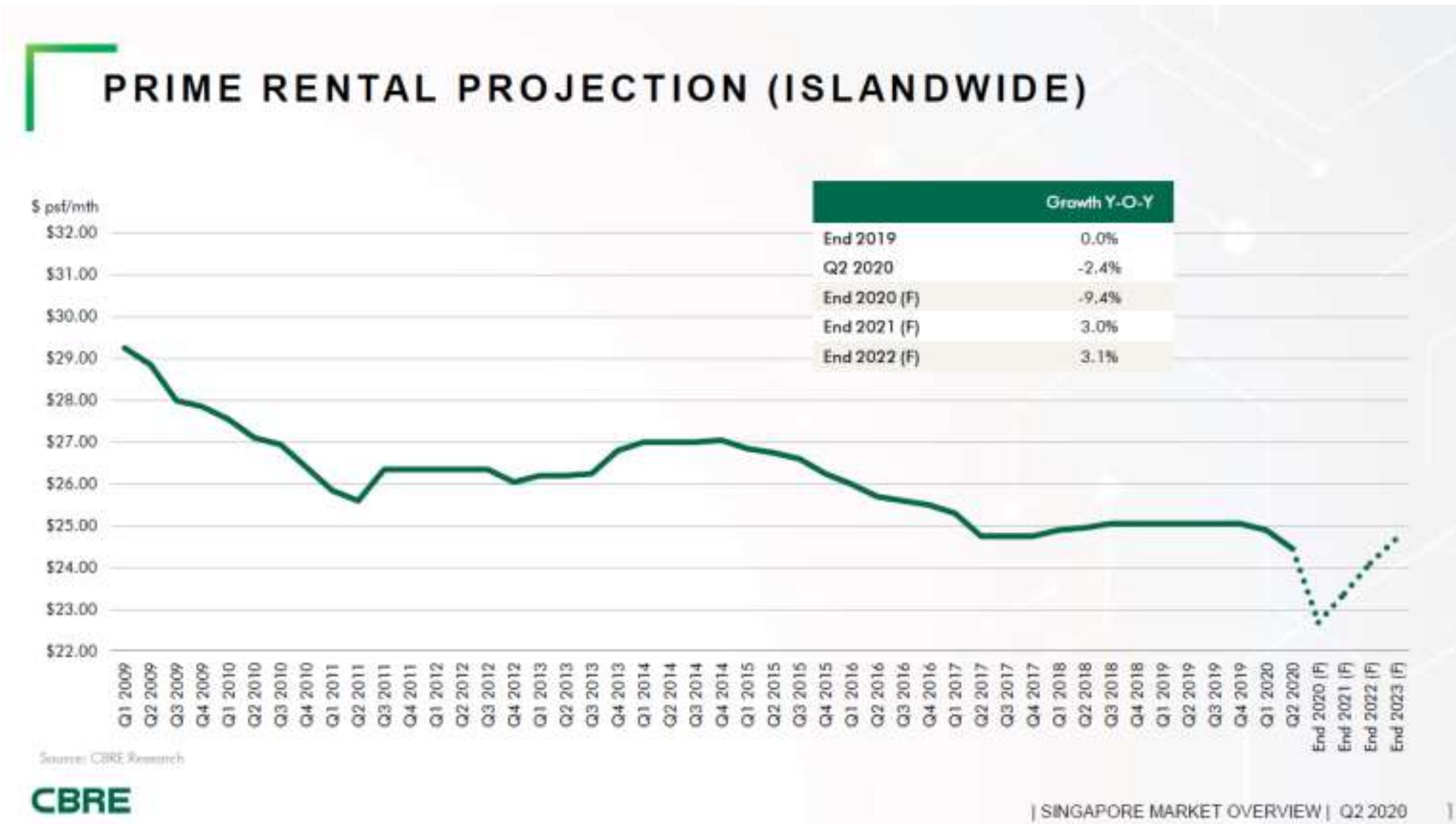
	Grade A	Growth Y-O-Y	Grade B	Growth Y-O-Y
End 2018	$10.80	14.9%	$8.30	11.4%
End 2019	$11.55	6.9%	$8.70	4.8%
Q2 2020	$11.15	-3.5%*	$8.45	-2.9%*
End 2020 (F)	$10.05	-13.0%	$7.60	-12.6%
End 2021 (F)	$10.50	4.5%	$7.95	4.6%
End 2022 (F)	$10.55	0.5%	$8.00	0.6%



Source: CBRE Research
*Refers to percentage change from Q4 2019

Singapore Retail Market Outlook

Prime retail rents are expected to decline in 2020. Rental corrections in 1H 2020 have been relatively muted, partially offset by rental rebates granted via government reliefs. However, steeper rental fall is expected in 2H 2020 due to higher expected vacancies, lower footfalls, social distancing measures and economic uncertainties due to COVID-19.



Source: CBRE Q2 2020 Prime Retail Rents

International Operations

International Operations – Australia

Focus on developments across Eastern Seaboard of Australia

Queensland

Brickworks Park (Residential)

- Launching for pre-sales in 2H 2020
  222-unit development consisting of apartments and townhouses located in the prestigious Alderley suburb in North Brisbane.

New South Wales

Waterbrook Bayview

Waterbrook Bowral

- Waterbrook Bowral, a 135-unit retirement housing project, has received reservations on over 70% of 77 units launched. Project is targeted to begin construction in 2H 2020

Victoria

Project on Fitzroy (Mixed Use)

The Marker (Mixed Use)

Arco (Mixed Use)

- The Marker has exchanged contracts on over 70% of 195 units available, early works construction commenced in Q2 2020

International Operations – China

Focus on Tier 1 and Tier 2 Cities

Chongqing (重庆)

Eling Palace (鹅岭峯)

Relaunched in May 2018:
Sold 98 units to date*
- Sales value of RMB 585MM

Commercial sales launched in Apr 2020:
Sold 730 units to date*
- Sales value of RMB 2.07B
- Expected completion by end 2020

Emerald (翡翠都会)

Suzhou (苏州)

Hong Leong City Center (丰隆城市中心)

Continued Sales Momentum:
Total sales of RMB 3.98B generated for 92% of 1,804 units to date*^
- Phase 1 – 99% sold
- Phase 2 – 67% sold
- 32,101 sqm Grade A office tower is 75% occupied and operational since June 2019
- HLCC mall is 79% occupied
- Hotel expected to open in Q4 2021

Shanghai (上海)

Asset rebranding completed:
- Renamed as Hong Leong Hongqiao Centre – formerly known as Shanghai Hongqiao Sincere Centre (Phase 2)
- Occupancy for office and serviced apartments remain stable at around 50% and 70% respectively

Good Uptake post-COVID:
61 villas sold to date*
- Sales value of RMB 1.37B

Hongqiao Royal Lake (御湖)

Hong Leong Plaza Hongqiao (虹桥丰隆广场)

Stable income stream:
- Comprises 5 office towers with 2 levels of basement carpark with GFA of 32,182 sqm
- 3 office towers (71% of total NLA) are leased out as serviced apartment and postnatal confinement centre

Yaojiang International (耀江国际)

Asset enhancement:
- Operational since Jan 2019
- Exterior works expected to complete by Q3 2020

^ Excludes 143 units transferred to CDL's wholly-owned subsidiary for investment purpose.

** As of 9 August 2020*

International Operations – Japan

Expansion of PRS Portfolio with New Acquisition

Park Court Aoyama The Tower

Completed in Q1 2018:

- 160-unit freehold joint venture residential project launched in Oct 2016
- Units are progressively being handed over – 158 units handed over*

Freehold site in Shirokane

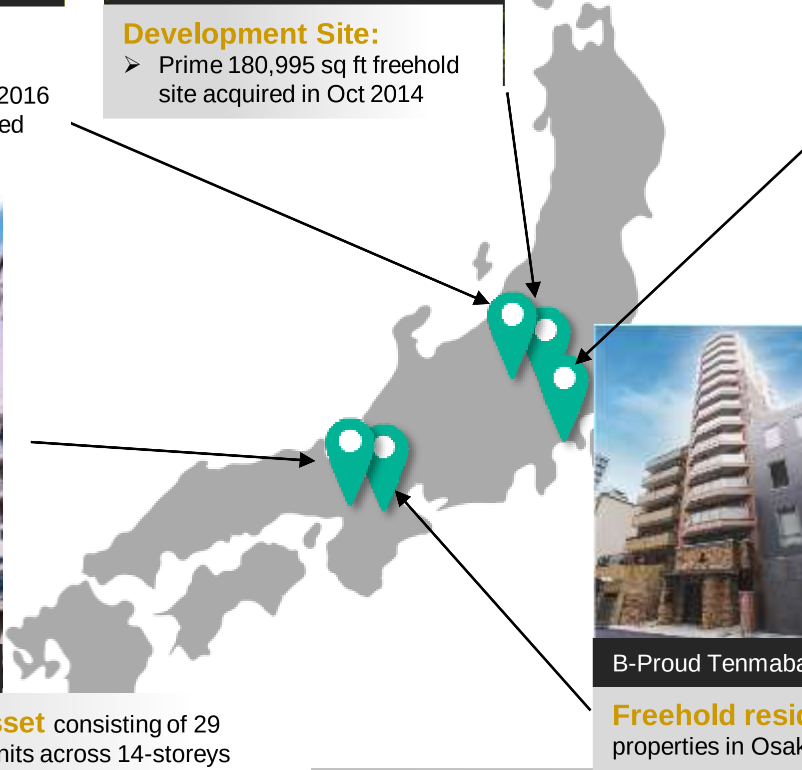
Development Site:

- Prime 180,995 sq ft freehold site acquired in Oct 2014

Acquisition of prime residential asset in Yokohama City
S&P agreement executed in July 2020

Artist's Impression

Freehold residential asset consisting of 78 units



Horie Lux, Osaka

Freehold residential asset consisting of 29 residential units and 5 retail units across 14-storeys

B-Proud Tenmabashi | Pregio Joto Chuo | Pregio Miyakojima Hondori

Freehold residential assets consisting of 130 units across 3 properties in Osaka

** As of 9 August 2020*

International Operations – UK Residential

Strengthening our Presence

Marketing activities in progress

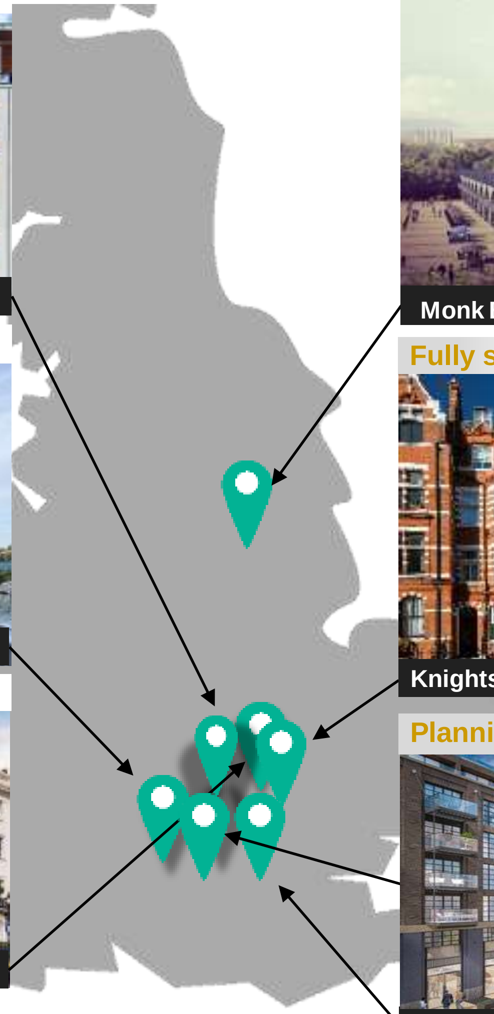
Sydney Street, Chelsea

Marketing activities in progress

Teddington Riverside

Marketing activities in progress

Chesham Street, Belgravia



Monk Bridge, Leeds

Fully sold

Knightsbridge

Planning in progress

28 Pavilion Road, Knightsbridge

Planning in progress

Ransomes Wharf

Planning in progress

Stag Brewery

UK – Recurring Income Projects

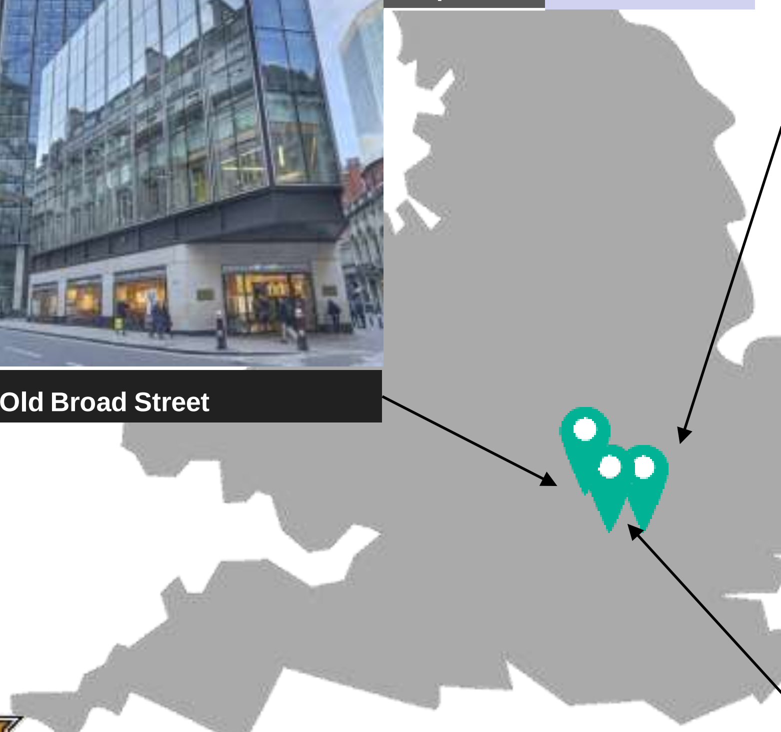
Strengthening our presence in London

125 Old Broad Street

NLA	**328,819**
Tenants	25
Occupancy	93.6%
WALE	5.5 years
Yield	4.8%
CDL's Acquisition	£385MM

Aldgate House

NLA	**210,504**
Tenants	4
Occupancy	85.9%
WALE	6.6 years
Yield	4.6%
CDL's Acquisition	£183MM



Planning in progress

Development House

Hospitality

Hotel Operations

Trading Performance

	1H 2020 $MM	1H 2019 $MM	Change %
Revenue	**355.3**	785.3	(54.8)
Profit Before Tax (PBT)	**(208.2)**	29.5	NM *
Adjusted EBITDA ^	**(92.1)**	116.4	NM *

M Social Singapore

Group RevPAR : ↓ 56.6% in 1H 2020 (constant currency)
↓ 56.3% in 1H 2020 (reported currency)

Revenue, PBT and Adjusted EBITDA decreased mainly due to:

- Border closure and lockdown measures, which continue to significantly impact occupancy and widespread event deferment/cancellations. This was despite a strong performance for January and February across various hotels.
- Labour issues and racial justice protests in the US region, as well as Brexit in Europe, created additional disruption in their respective regions. COVID resurgence threat seen in some regions.
- Muted global recovery in hotel occupancy going into Q3, with persistent uncertainty. Losses are expected to continue through end-year, with hotels continuing to implement cost-cutting strategies for survival.

^ Excluding impairment losses
* Not meaningful

Hotel Operations

Hotel Occupancy, Average Room Rate, and RevPAR by Region for CDL Group

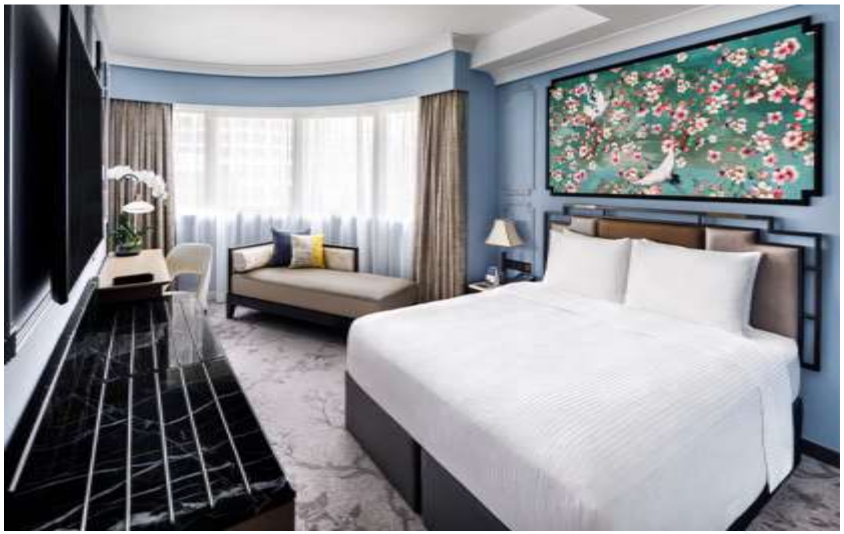
	Room Occupancy			Average Room Rate			RevPAR		
	1H 2020 %	1H 2019 %	Incr / (Decr) % pts	1H 2020 $	1H 2019 * $	Incr / (Decr) %	1H 2020 $	1H 2019 * $	Incr / (Decr) %
Singapore	65.5	84.7	(19.2)	126.2	185.5	(32.0)	82.6	157.1	(47.4)
Rest of Asia	29.4	67.4	(38.0)	128.8	161.9	(20.4)	37.9	109.2	(65.3)
Total Asia	**43.7**	**74.2**	**(30.5)**	**127.3**	**172.4**	**(26.2)**	**55.6**	**127.9**	**(56.5)**
Australasia	**45.9**	**84.0**	**(38.1)**	**163.4**	**151.5**	**7.9**	**75.0**	**127.3**	**(41.1)**
London	24.6	78.1	(53.5)	221.4	218.7	1.2	54.4	170.7	(68.1)
Rest of Europe	27.9	69.8	(41.9)	134.4	153.8	(12.6)	37.5	107.4	(65.1)
Total Europe	**26.3**	**73.4**	**(47.1)**	**172.8**	**184.0**	**(6.1)**	**45.5**	**135.1**	**(66.3)**
New York	53.3	82.5	(29.2)	205.2	323.7	(36.6)	109.3	267.0	(59.1)
Regional US	34.9	56.4	(21.5)	148.0	188.2	(21.4)	51.6	106.1	(51.4)
Total US	**41.9**	**65.0**	**(23.1)**	**175.6**	**245.0**	**(28.3)**	**73.5**	**159.3**	**(53.9)**
Total Group	**39.4**	**72.2**	**(32.8)**	**153.2**	**192.6**	**(20.5)**	**60.3**	**139.1**	**(56.6)**

* For comparability, 1H 2019 Average Room Rate and RevPAR have been translated at constant exchange rates (30 Jun 2020).

Hotel Operations

Asset Enhancement

While non-essential capital expenditure has been deferred, the Group has utilised periods of low occupancy to carry out critical guests-related asset enhancement works.



Copthorne King's Hotel Singapore

The makeover of 142 rooms in the Tower Wing of Copthorne King's Hotel was completed in April 2020.

Studio M Singapore

Soft refurbishment of all 360 rooms in Studio M Hotel has commenced in phases.

Divestment – 1H 2020

Millennium Cincinnati

Hotel was closed on 31 December 2019 and sold on 14 February 2020 for US$36MM (~$49MM) with a disposal gain of $26.4MM.

Copthorne Hotel Birmingham

Option to acquire alternative site under the agreement[1] was not exercised and terminated in April 2020.

Exercised the put option[1] to sell the existing hotel. Target completion Q3 2021.

W Singapore

Sale of W Hotel to CDL Hospitality Trusts for $324MM was completed on 16 July 2020.

1. In 2013, M&C entered into a compulsory purchase order agreement with Paradise Circus Limited Partnership ("PCLP") - a joint venture comprising developer Argent LLP and Birmingham City Council - regarding Paradise Birmingham. The agreements include put and call options that provide for the Group to acquire an alternate development site and sale of the existing hotel to PCLP for £17.2MM (~$30.8MM).

CDL Hospitality Trusts

Trading Performance

	1H 2020 $MM	1H 2019 $MM	Change %
Gross Revenue	**52.1**	93.8	(44.5)
Net Property Income (NPI)	**29.7**	67.5	(56.0)

Gross Revenue and NPI decreased mainly due to the unprecedented downturn in global tourism arising from the lockdown measures and travel restrictions imposed by most countries.

In mid-July 2020, the divestment of Novotel Singapore Clarke Quay and acquisition of W Singapore – Sentosa Cove were completed. The conclusion of the two deals also augmented CDLHT's balance sheet with a net cash inflow of $26.8MM.

Grand Millennium Auckland, New Zealand

W Singapore – Sentosa Cove

CDL Hospitality Trusts

Trading Performance

Country	% Change in RevPAR	Remarks
Singapore	(49.2)	Experienced 17.6% occupancy rate decline, despite securing government contracts. Accommodation demand from international travelers affected by border closures.
Maldives	(44.6)	Gestation of Raffles Maldives Meradhoo disrupted due to the COVID-19 situation and closed on 1 April 2020 to contain costs ahead of low season.
New Zealand	(32.2)	Strong occupancy prior to 19 March lockdown and securing government contracts in Q2 mitigated relative decline in RevPAR.
Germany	(66.5)	Fewer trade events during the quarter, coupled with occupancy plunge from the COVID-19 situation. Impairment recognized against rental receivables due.
Italy	(79.1)	Temporary closure of Hotel Cerretani Firenze – MGallery from 13 March. Impairment recognized against rental receivables due.
Japan	(56.9)	The travel bans implemented by the Government from 16 April until end-May restricted arrivals and weighed on demand during the Golden Week holidays.
United Kingdom	(68.1)	Corporate demand hit due to COVID-19 concerns, compounded by mandatory hotel closures on 24 March lasting through end-June.

Disclaimer:

This document may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, availability of real estate properties, competition from other developments or companies, shifts in customer demands, customers and partners, expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management on future events. Numbers in tables and charts may not add up due to rounding.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Appendix

Portfolio Composition – 1H 2020

		Recurring Income Segments			
$ (MM)	Property Development	Hotel Operations	Investment Properties	Others	Total
Adjusted EBITDA *					
Local	97	5	62	20	184
Overseas	50	(97)	46	41	40
	147	**(92)**	**108**	**61**	**224**
Total Assets ^					
Local	6,028	1,023	3,587	678	11,316
Overseas	3,447	4,706	3,375	986	12,514
	9,475	**5,729**	**6,962**	**1,664**	**23,830**

* Earnings before interest, tax, depreciation & amortization and impairment losses.

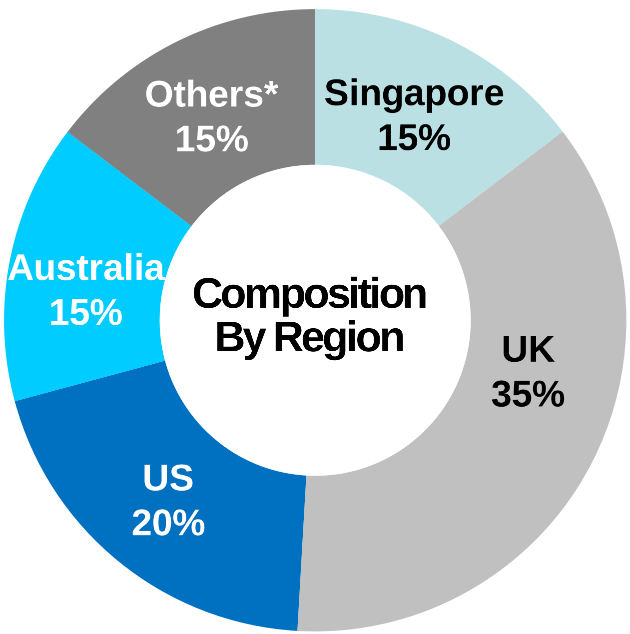
^ Excludes tax recoverable and deferred tax asset.

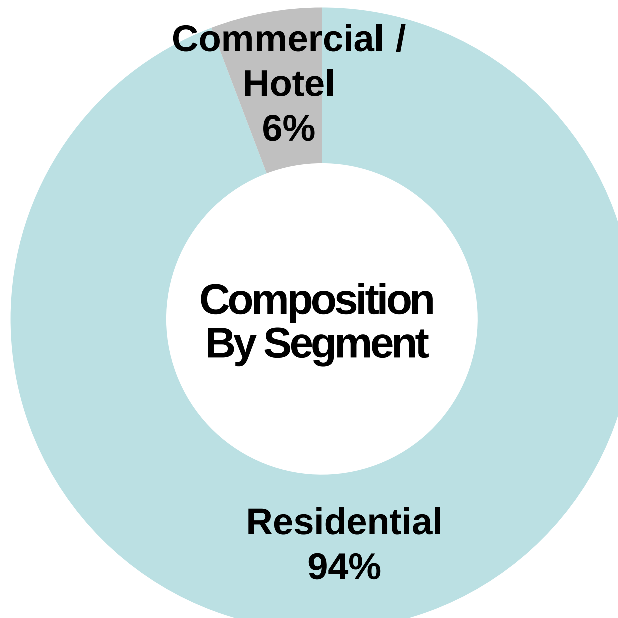
Diversified Land Bank

Land Area (as at 30 June 2020) – CDL's Attributable Share

Type of Development	Land Area (sq ft)			
	Singapore	International	Total	%
Residential	473,206	2,952,846	3,426,052	94
Commercial / Hotel	58,982	150,947	209,929	6
Total	**532,188**	**3,103,793**	**3,635,981**	**100**

Total Land Area[1] – 3.6MM sq ft





* Includes Japan, Korea and Malaysia
[1] Including M&C and its subsidiaries, exclude CDL New Zealand

International Property Development

Residential Projects Launched To Date

Project	City	Equity Stake	Total Units	Est. Total Saleable Area (sq ft)	Expected Completion
Australia					
The Marker	Melbourne	50%	195	174,048	Q4 2021
China					
Hong Leong City Center (Phase 1)	Suzhou	100%	1,374	1,378,891	Completed
Hong Leong City Center (Phase 2 – T2)	Suzhou	100%	430	439,596	Completed
Hongqiao Royal Lake	Shanghai	100%	85	385,394	Completed
Eling Palace	Chongqing	50%	126	325,854	Completed
Emerald	Chongqing	30%	820	1,116,106	Q4 2020
Japan					
Park Court Aoyama The Tower	Tokyo	20%	160	180,060	Completed
UK					
Chesham Street, Belgravia	London	100%	6	12,375	Completed
Teddington Riverside	London	100%	239^	233,870	Q3 2020
Sydney Street, Chelsea	London	100%	9	15,991	Completed

 # Effective economic interest is ~49%
^ Includes 15 affordable apartments

International Property Development

Unlaunched Residential Projects

Project	City	Tenure	Equity Stake	Total Units	Est. Total Saleable Area / GFA^ / Site Area+ (sq ft)	Expected Completion
UK						
Ransomes Wharf	London	Freehold	100%	118	249,323^	TBC
Stag Brewery	London	Freehold	100%	663#	994,585+	TBC
Japan						
Shirokane	Tokyo	Freehold	100%	TBC	180,995+	TBC
Australia						
Brickworks Park	Brisbane	Freehold	100%	222	502,345+	2023
Fitzroy	Melbourne	Freehold	50%	TBC	19,590+	2024
North Melbourne	Melbourne	Freehold	50%	TBC	33,024+	2022

#Excludes 150 flexible assisted living / residential units and a care home with 80 ensuite rooms

China – Project Development

China – Chongqing JV Projects

Eling Palace (鹅岭峯) and Emerald (翡翠都会)

Project	Tenure	Equity Stake	Total Units	Expected Completion
Eling Palace	50 years	50%	126	Completed
Emerald	50 years (Residential) / 40 years (Commercial)	30%	820	2020

Eling Palace:

- ➢ Sold 98 units with sales value of RMB 585MM*^ since relaunch in May 2018

Emerald:

- ➢ Tower 3 with 192 units was launched in Dec 2018
- ➢ Tower 1 with 234 units was launched in Mar 2019
- ➢ Tower 2 with 252 units was launched in May 2019
- ➢ Loft with 142 units was launched in Apr 2020
- ➢ Sold 730 units with sales value of RMB 2.07B *^


Eling Palace, Chongqing


Emerald, Chongqing
Artist's Impression

* As of 9 August 2020 ^ JV entity will manage project sales & marketing

China – Development / Recurring Income Projects

Suzhou Mixed-use Waterfront Project

Hong Leong City Center, Suzhou

HLCC mall, Suzhou

Hong Leong City Center (丰隆城市中心)

Tenure	Equity Stake	Total Units	Total Units Sold*	% Sold*	Expected Completion
70 years (Residential) / 40 years (Commercial)	100%	1,804	1,655^	92	Completed (Phase 1 & 2~)

- Total sales of RMB 3.98B generated to date:
  - Phase 1 – 99% sold
  - Phase 2 – 67% sold
- Phase 1: Tower 1 (462-unit residential) & Tower 3 (912-unit SOHO)
- Phase 2: Tower 2 (430-unit residential), 32,101 sqm office tower, 56,000 sqm retail mall & 32,600 sqm hotel
- HLCC mall started operations in June 2018 and is 79% occupied. Recovery in sales and footfall in Q2 after the ease of lockdown measures. However, it is not recovered to before COVID level
- M Social hotel expected to open by end-2021
- HLCC's 32,101 sqm premium Grade A office tower is 75% occupied and operational since June 2019

** As of 9 August 2020*

^ Excludes 143 units transferred to CDL's wholly-owned subsidiary for investment purpose

~Phase 2 completion excludes hotel component

China – Recurring Income Projects


Artist's Impression
Hong Leong Plaza Hongqiao, Shanghai

Hong Leong Plaza Hongqiao, Shanghai

Tenure	Equity Stake	Est. Total GFA (sqm)
50-year lease	100%	32,182

- Operational since Q4 2019
- Three office towers (71% of total NLA) have been leased out as serviced apartment and confinement centre
- Due to slow down in rental market with decrease in office rental rates, a lower achieved rental rate is anticipated in 2020

Yaojiang International, Shanghai

Tenure	Equity Stake	Est. Total GFA (sqm)
50-year lease*	100%	4,000

- Exterior works including facade and logo installation are expected to be completed by Q3 2020
- Operational since January 2019


Yaojiang International, Shanghai

* With effect from 10 April 2002

UK – Property Development

Launched Projects

31 – 33 Chesham Street

Tenure	Equity Stake	Total Saleable Area (sq ft)	Total Units	Expected Completion
Freehold	100%	12,375	6	Completed

- One unit sold and four units leased

100 Sydney Street

Tenure	Equity Stake	Total Saleable Area (sq ft)	Total Units	Expected Completion
Freehold	100%	15,991	9+	Completed

- Marketing activities in progress – achieved 3 apartment sales to date

Teddington Riverside

Tenure	Equity Stake	Total Saleable Area (sq ft)	Total Units	Expected Completion
Freehold	100%	233,870	224^	Q3 2020

- Phase 1: Carlton House and Shepperton House (76 apartments in total), is ready for occupation
- Phase 2: Launch of townhouses and weir cottage in 2H 2020


31 – 33 Chesham Street


100 Sydney Street


Teddington Riverside

+8 residential units + 1 retail unit *^ excludes 15 affordable housing units*

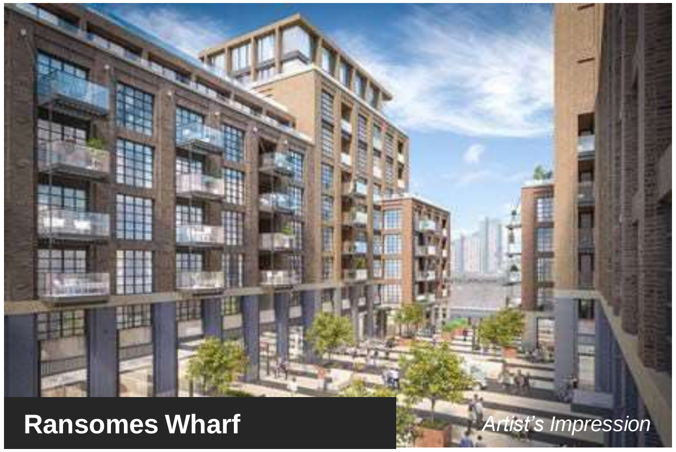
UK – Property Development

Unlaunched Projects

Ransomes Wharf

Tenure	Equity Stake	Est. Total Gross Floor Area (sq ft)
Freehold	100%	249,323

- Planning approvals granted for a 118-unit residential development with flexible commercial floorspace and a 10-storey residential tower with commercial accommodation



Ransomes Wharf *Artist's Impression*

Stag Brewery

Tenure	Equity Stake	Site Area (sq ft)
Freehold	100%	994,585

- Planning applications for a mega mixed-use scheme consisting of residential, community, recreational and commercial uses have been referred to Greater London Authority (GLA)

Stag Brewery *Artist's Impression*

UK – Property Development

Unlaunched Projects

28 Pavilion Road

Tenure	Equity Stake	Est. Total Gross Floor Area (sq ft)
Freehold	100%	116,573*

- Planning approvals obtained for a 120-room hotel scheme, a 28-unit residential scheme and a mixed-use scheme with 24 residential units and a health club

Development House

Tenure	Equity Stake	Est. Total Gross Floor Area (sq ft)
Freehold	100%	111,440

- Planning approval granted for a 10-storey office building with flexible retail space

*Based on a 120-room hotel scheme

COVID-19 Update

COVID-19 UPDATE

Operational Impact

Unprecedented Disruption Across All Business Segments

PROPERTY DEVELOPMENT

Lockdowns across several regions have affected sales and development works:

- ➢ Residential sales affected by showflat closures
- ➢ Construction works affected

ASSET MANAGEMENT

Retail and F&B outlets hard hit:

- ➢ Widespread business closures in Singapore during circuit breaker period – approx. 80% of retail tenants closed; most are now open under Phase 2 reopening
- ➢ Support initiatives amounting to over $30MM of property tax and rental rebates for tenants in Singapore and overseas

HOSPITALITY

Sector severely impacted by hotel closures:

- ➢ Government-mandated closures in multiple regions – 28%* of 152 hotels worldwide temporarily closed
- ➢ All regions recorded declines in RevPAR (revenue per available room) driven primarily by a drop in occupancies

** As of 30 Jun 2020.*

COVID-19 UPDATE

Property Development

- **Singapore**: Residential sales and development progress impacted by circuit breaker restrictions such as temporary closure of 6 sales galleries and halt of construction works
- **Overseas (China, UK, Australia):** Sales and construction works impacted by lockdowns and restrictions, with easing of measures in several regions

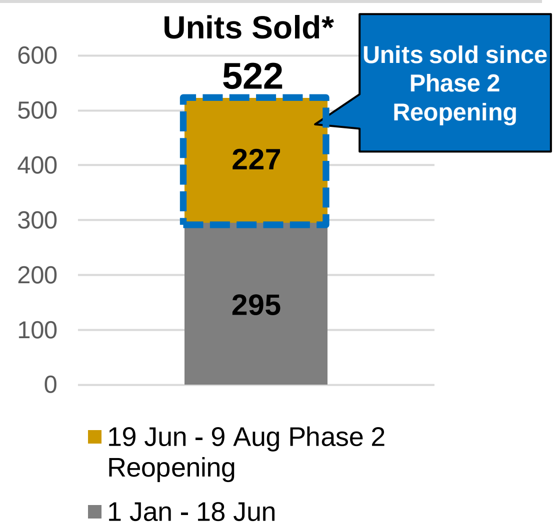
Business Operations Adapt and Remain Nimble

Enhanced Digital Marketing

- **Virtual showflat tours**
  Over 30% increase in online traffic views in April and May
- **Online sales presentations**

Continued to Register Sales

- In Singapore, sales continue even when sales galleries were closed from 7 Apr to 18 Jun



Launch Pipeline for FY 2020

Subject to market conditions:
- **Singapore**: 566-unit Penrose, a JV project at Sims Drive, is expected to launch in Q3 2020
- **Australia**: 222-unit Brickworks Park, a residential project in Alderley suburb, Brisbane

* Includes Executive Condominiums (ECs) and share of JV partners, excludes Nouvel 18.

COVID-19 UPDATE

Asset Management

Tenants Impacted by Global Shutdown of Non-essential Businesses

➢ **Over $30MM rental relief & support to tenants in Singapore & overseas**

	Impact & Support Provided
Singapore	**Retail segment hard hit since circuit breaker** • Over $23MM of rental and property tax rebates to be provided to tenants • Additional assistance available to tenants with cashflow issues
China	**Recovery underway following lockdown exit** • Rental rebates for Suzhou HLCC mall tenants • Advertising & Promotion initiatives to drive traffic sales
Thailand	**Ban on international travel expected to end by 30 Jun** • Rental rebates to tenants at Jungceylon Shopping Mall (Phuket) and Mille Malle (Bangkok)
UK	**Portfolio shows resilience** • Rental deferments and repayment plans need to be negotiated and agreed upon between landlords and tenants

Month	Ave. Rental Rebate
April	100%
May	100%
June	50%
July	30%

Majority of Singapore retail tenants to receive **>2.8 months*** of gross rental rebates

Safe Management Practices implemented across Singapore commercial portfolio

SafeEntry at Retail & Office properties

Thermal temperature scanning & safe distancing markers

* Includes property tax rebates for qualifying commercial properties from the Government that will be fully passed through to tenants.

COVID-19
UPDATE

Asset Management

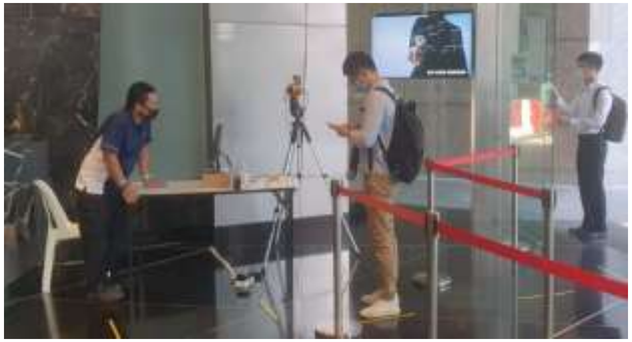
Gradual Recovery and Management on Resumption of Operations

Phase 2 of reopening from 19 Jun in Singapore

➢ Resumption of Retail Outlets, Restricted F&B Dine-in and Social Gatherings.

Singapore

- Over 85% of retail tenants open
- While footfall has recovered by 88% since Phase 2 re-opening, retailers' sales remain weak as compared to pre-COVID19 level
- Slight increase in traffic for office buildings with WFH still being the default arrangement



China

Occupancy for office and serviced apartments remain stable around 50% and 70% respectively

Thailand

Lift in international travel only for selected groups of travelers from 1 July 2020

Progressive easing of restrictions

UK

Portfolio shows resilience with the Government implementing various economic stimulus initiatives

COVID-19 UPDATE

Asset Management

Leveraging on technology to ensure safety and well-being of tenants and visitors

Singapore

Autonomous UV-C Disinfection Robot

Use of UV-C light to disinfect and kill bacteria and viruses in the environment and at high-touch areas after operating hours

Autonomous robot cleaner & scrubber

Use of cleaning robot ensure more thorough cleaning and disinfecting.

PhotoPlasma Air Disinfection System

Continuous disinfection of air and surfaces to eliminate airborne and surface microorganisms

Anti-microbial Disinfectant Coating

Protects against bacteria and viruses on high-touch surfaces

COVID-19 UPDATE

Hotel Operations

1H 2020 Performance Severely Impacted

All regions affected by travel restrictions, lockdowns and safe distancing measures:

- **Global occupancy:** 39.4% (▼ 32.8% yoy)
- **Global RevPAR:** $60.30 (▼ 56.6% yoy)
- **Global ARR:** $153.20 (▼ 20.5% yoy)

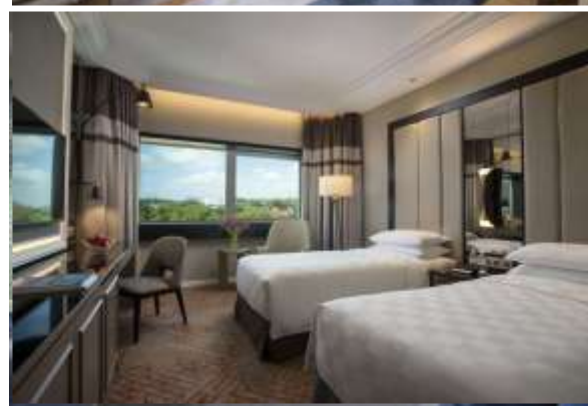
28% of Hotels Worldwide are Temporarily Closed (as at 30 June 2020)

- As restrictions are eased progressively, another 10 hotels resumed operations in July

	Hotels	
	Total	**Closed** (as at 30 Jun 2020)
US	18	**1**
UK & Europe	29	**18**
Middle East*	45	**13**
Rest of Asia	27	**5**
Singapore	9	**-**
Australasia	24	**6**
Global total:	**152~**	**43**

* All franchised hotels

M Social Auckland
Hotel reopened in end Apr 2020 as New Zealand eased lockdown restrictions



Orchard Hotel Singapore
Hotel has obtained approval for leisure stays and is actively promoting its staycation packages to the domestic market

Notes:
1H 2020 Performance data excludes franchised hotels, such as the Middle East portfolio.
~ Excludes Novotel Singapore Clarke Quay which ceased operations from 1 Jul.

COVID-19 UPDATE

Cost Management

Implementation of Business Optimisation and Cost Management Measures

Board Fees & Management Cost

(effective since 1 April 2020)

- **Board of Directors:** Voluntary 25% reduction of director's fees
- **Top management:** 20% pay cuts
- **Senior personnel:** 15% pay cuts

Value Engineering

- Maximise value engineering across all projects
- Leverage existing resources
- Manage working capital

Capex

- Defer non-essential capex and operating costs
- Initiatives to reduce costs across asset portfolio in place

Capital Management

- Conserve cash
- Maintain adequate liquidity

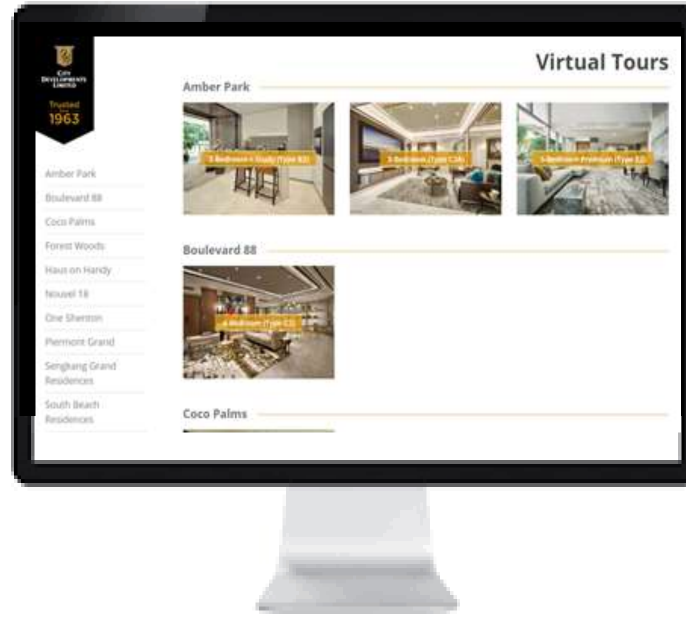
COVID-19 UPDATE

Operational Resilience

Business Volumes & Productivity Remain Strong

DIGITAL–READY WORKFORCE

- **Business volumes and productivity remains strong** through seamless remote working – Work from Home (WFH) arrangement remains in place wherever possible for Singapore's Phase 2 reopening
- **Residential sales continue** despite temporary showflat closures with emphasis on digital marketing initiatives such as virtual tours and online sales presentations
- **Emphasis on capability building and workforce training:** Employees attended >130 sessions online, clocked >21,000 training hours*



Standing Together with Employees

- **Care packages** for employees
- **Employee welfare & support**: Facilities management subsidiary CBM provided accommodation and support for daily needs of Malaysian and foreign frontline employees

* Since 7 Apr 2020.

COVID-19 UPDATE

Community Initiatives

Supporting Vulnerable Individuals, Families and Communities Affected by COVID-19

Supporting Communities

$400,000 donation to The Invictus Fund

- Donation made by CDL, entire Board and Executive team to support Singapore's social service agencies to continue delivery of critical social services to vulnerable individuals, families and communities

$88,000 donation to workers at CDL development projects

- Dollar-for-dollar match by CDL for contributions by employees to provide workers with necessities during circuit breaker period

Supporting Frontline Workers

- M&C hotels in most regions open to support medical personnel, key workers, infrastructure workers and government employees
- Singapore hotels offer discounted accommodation to affected Malaysian employees impacted by Malaysia's Movement Control Order
- "We Clean. We Care. We Welcome." global campaign – initiatives to ensure a pleasant and safe hospitality experience