

**GENERAL ANNOUNCEMENT::OPERATIONAL UPDATE FOR THE QUARTER ENDED 30 SEPTEMBER 2021**

## Issuer &amp; Securities

## Issuer/ Manager

CITY DEVELOPMENTS LIMITED

## Securities

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## Stapled Security

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## Announcement Details

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Operational Update for the quarter ended 30 September 2021

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

Enid Ling Peek Fong

## Designation

Company Secretary

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

Please refer to the attached announcement relating to the operational update for the quarter ended 30 September 2021 issued by City Developments Limited on 16 November 2021.

## Attachments

[CDL Operational Update for the Quarter ended 30 September 2021.pdf](#)

Total size =207K MB



# CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

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## OPERATIONAL UPDATE FOR THE QUARTER ENDED 30 SEPTEMBER 2021

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Despite the resurgence of COVID-19 infections led by the Delta variant, the Group's business segments continued on a stable recovery trajectory. Below is an update on the Group's operating performance for the third quarter ended 30 September 2021 (Q3 2021).

### **Property Development**

#### Singapore

The Group and its joint venture (JV) associates sold 414 units with total sales value of \$784.4 million in Q3 2021. For the nine months ended 30 September 2021 (YTD Sep 2021), the Group sold a total of 1,382 units with total sales value of \$2.5 billion, a 30% increase in units sold and a 76% increase in total sales value over the same period last year (YTD Sep 2020: 1,061 units with total sales value of \$1.4 billion). The Group's strong sales were largely attributed to luxury developments like Irwell Hill Residences (launched in April) and Amber Park and its mid-market project – Sengkang Grand Residences. These projects are, to date, 74%, 84% and 91% sold, respectively. Notably, the sales achieved YTD Sep 2021 has already surpassed the Group's FY 2020 sales performance (FY 2020: 1,318 units with total sales value of \$1.8 billion).

The Group and its JV partner CapitaLand Development have commenced the sales gallery preview of the highly anticipated new 696-unit luxury residence CanningHill Piers – the tallest residential development along the Singapore River. Located between the historic Fort Canning Hill and the iconic Singapore River in prime District 6, CanningHill Piers is part of one of the largest integrated redevelopment projects in the Central Area. The mixed-use development comprises CanningHill Square with F&B and retail outlets, a 475-room hotel operated under the Moxy brand by Marriott International, and a 192-unit serviced residence with a hotel licence operated under the Somerset brand, managed by The Ascott Limited. It is directly linked to Fort Canning MRT station and Clarke Quay MRT station is a short walk away. Sited at the former Liang Court, the project's rare riverfront location and unique design have drawn strong interest ahead of its sales launch on 20 November 2021.

Construction activities at the various project sites continue to face ongoing labour and resource shortages due to cross-border restrictions and supply chain disruptions. The Group diligently works with its builders and industry stakeholders to overcome these challenges and closely manage construction timelines to mitigate delays.

### **Overseas Markets**

#### Australia

In Australia, domestic demand for residential assets remains relatively healthy despite lockdowns imposed in Victoria and New South Wales (NSW) in Q3 2021. In October, the Group soft-launched its JV mixed-use development on Smith Street, in Melbourne's Fitzroy, comprising six townhouses, 56 apartments, 679 sqm of office space and 575 sqm of retail. The project received strong enquiries and the Group will step up marketing activities once the lockdown lifts.

In NSW, the Group's 135-unit luxury retirement JV project – Waterbrook Bowral, has also seen a positive response, with its 77 townhouses now fully sold.

Brickworks Park, comprising 215 apartments and townhouses located in Alderley, North Brisbane, has achieved pre-sales for 70% of the 151 released units.

#### UK

There have been increased sales enquiries for the Group's London properties, and this momentum is expected to continue with the easing of international travel restrictions.

With the post-pandemic changes in hybrid work patterns and the desire for bigger spaces and gardens, rental demand will likely remain healthy. Marketing activities are ongoing for Teddington Riverside, the Group's 239-unit development in Teddington. As at Q3 2021, more than 35% of the units are sold or occupied.

## **Investment Properties**

### **Singapore**

As at 30 September 2021, the Group's office portfolio has a committed occupancy of 91.5%, higher than the national average of 87.1%. Republic Plaza, the Group's flagship Grade A office building, continues to register positive rental reversion in Q3 2021, with a committed occupancy of 94.7%. Demand continues to be supported by wealth management, family office, technology and fintech companies. In the mid-term further rental growth is expected, underpinned by the tight supply in the next three years. The majority of the office leases that are expiring by 2021 have been negotiated.

In the retail sector, retail tenants' footfall and gross turnover sales (GTO) remained resilient for the quarter despite constantly changing COVID-19 restrictions, supported by new retail offerings. The Vaccination-Differentiated Safe Management Measures implemented in retail malls are unlikely to impact footfall and tenants' sales. Flexible lease terms are offered to tenants to adapt to the challenging retail market situation and to entice new retailers. As at 30 September 2021, the committed occupancy for retail space remains strong at 93.3%, above the national average of 91.9%. Economic activities and consumer sentiments are projected to improve with the progressive easing of border restrictions and higher vaccination rates.

## **Overseas Markets**

### **Thailand**

Thailand will allow quarantine-free entry to travellers from 46 countries and territories, including the US, China and the UK, from 1 November 2021 to boost tourist inflows into the economy. The Group's Jungceylon mall in Phuket continues to support as a vaccination centre as Phuket ramps up its vaccination rate to welcome more tourists.

### **China**

In China, office leasing is generally stable. Impact on the operations of off-campus education providers who focus on the school curriculum is evident following government policy changes that clamp down the booming private tutoring industry. Retail malls have started to feel the impact of these changes as their education sector tenants may not be able to continue their operations and have to terminate their leases prematurely. Footfall has also been affected as classes are not allowed during weekends and holidays. Tenants are exploring a pivot into other areas to help sustain their operations. Although the Group remains cautious on the retail leasing market while it works on a transformation strategy, its HLCC Mall in Suzhou is still leasing up well as at Q3 2021, with 94% committed occupancy.

In Shanghai, the leasing office market shows healthy signs of a rebound, driven by technology, media and telecom (TMT), professional services and finance sectors. In line with the city's demand recovery, Hongqiao CBD maintained an upward trend in leasing activity. The committed occupancy for office and retail space at the Group's Hong Leong Hongqiao Center has reached 96% as at Q3 2021 and is currently ahead of most of the surrounding assets in the area.

## **Fund Management**

The Group continues to progress with its plans to establish a Singapore-listed REIT with UK commercial assets. The proposed initial public offering and listing will be timed when market conditions are more favourable. In tandem with global economic reopening, the current backdrop of trading volatility, lacklustre macroeconomic conditions and uncertainties arising from the prolonged pandemic, are expected to ease going into 2022.

## Hotel Operations

With the gradual reopening of borders and easing of travel restrictions, coupled with a strong demand during the summer season, the Group's hotels saw global occupancies rise to 55.4% in Q3 2021 (Q3 2020: 36.1%) and global RevPAR jump by 117.1% to \$91.6 for Q3 2021 (Q3 2020: \$42.2). For YTD Sep 2021, global occupancy improved to 46.9% (YTD Sep 2020: 38.1%) and global RevPAR rose by 23.8% to \$67.2 (YTD Sep 2020: \$54.3).

Key operating statistics for hotels owned by the Group:

	Room Occupancy			Average Room Rate			RevPAR		
	Q3 2021 %	Q3 2020 %	Incr / (Decr) % pts	Q3 2021 \$	Q3 2020* \$	Incr / (Decr) %	Q3 2021 \$	Q3 2020* \$	Incr / (Decr) %
Singapore	73.4	92.9	(19.5)	108.8	86.7	25.5	79.9	80.6	(0.9)
Rest of Asia	41.0	28.4	12.6	107.1	102.0	5.0	43.9	29.0	51.4
<b>Total Asia</b>	<b>53.7</b>	<b>51.9</b>	<b>1.8</b>	<b>108.0</b>	<b>92.1</b>	<b>17.3</b>	<b>58.0</b>	<b>47.8</b>	<b>21.3</b>
<b>Australasia</b>	<b>43.5</b>	<b>40.4</b>	<b>3.1</b>	<b>162.6</b>	<b>150.3</b>	<b>8.2</b>	<b>70.7</b>	<b>60.7</b>	<b>16.5</b>
London	58.7	6.7	52.0	204.3	152.4	34.1	120.0	10.2	1,076.5
Rest of Europe	53.6	23.0	30.6	202.5	152.8	32.5	108.6	35.1	209.4
<b>Total Europe</b>	<b>56.1</b>	<b>15.3</b>	<b>40.8</b>	<b>203.4</b>	<b>152.7</b>	<b>33.2</b>	<b>114.2</b>	<b>23.3</b>	<b>390.1</b>
New York	67.3	25.1	42.2	239.5	162.0	47.8	161.1	40.7	295.8
Regional US	58.7	34.1	24.6	166.3	126.9	31.0	97.6	43.3	125.4
<b>Total US</b>	<b>61.9</b>	<b>31.2</b>	<b>30.7</b>	<b>196.4</b>	<b>136.1</b>	<b>44.3</b>	<b>121.7</b>	<b>42.5</b>	<b>186.4</b>
<b>Total Group</b>	<b>55.4</b>	<b>36.1</b>	<b>19.3</b>	<b>165.4</b>	<b>117.0</b>	<b>41.4</b>	<b>91.6</b>	<b>42.2</b>	<b>117.1</b>

	Room Occupancy			Average Room Rate			RevPAR		
	YTD Sep 2021 %	YTD Sep 2020 %	Incr / (Decr) % pts	YTD Sep 2021 \$	YTD Sep 2020* \$	Incr / (Decr) %	YTD Sep 2021 \$	YTD Sep 2020* \$	Incr / (Decr) %
Singapore	71.9	73.6	(1.7)	107.3	110.7	(3.1)	77.2	81.5	(5.3)
Rest of Asia	38.8	29.1	9.7	114.8	119.7	(4.1)	44.5	34.9	27.5
<b>Total Asia</b>	<b>51.8</b>	<b>46.2</b>	<b>5.6</b>	<b>110.7</b>	<b>114.2</b>	<b>(3.1)</b>	<b>57.3</b>	<b>52.8</b>	<b>8.5</b>
<b>Australasia</b>	<b>49.1</b>	<b>42.5</b>	<b>6.6</b>	<b>154.2</b>	<b>168.2</b>	<b>(8.3)</b>	<b>75.7</b>	<b>71.5</b>	<b>5.9</b>
London	33.0	18.6	14.4	184.3	223.3	(17.5)	60.7	41.5	46.3
Rest of Europe	33.6	26.2	7.4	163.5	144.7	13.0	54.9	38.0	44.5
<b>Total Europe</b>	<b>33.3</b>	<b>22.6</b>	<b>10.7</b>	<b>173.4</b>	<b>175.2</b>	<b>(1.0)</b>	<b>57.7</b>	<b>39.6</b>	<b>45.7</b>
New York	58.5	45.3	13.2	193.0	190.5	1.3	112.8	86.3	30.7
Regional US	48.4	34.6	13.8	140.1	136.5	2.6	67.8	47.3	43.3
<b>Total US</b>	<b>51.9</b>	<b>38.5</b>	<b>13.4</b>	<b>161.0</b>	<b>159.5</b>	<b>0.9</b>	<b>83.6</b>	<b>61.4</b>	<b>36.2</b>
<b>Total Group</b>	<b>46.9</b>	<b>38.1</b>	<b>8.8</b>	<b>143.1</b>	<b>142.4</b>	<b>0.5</b>	<b>67.2</b>	<b>54.3</b>	<b>23.8</b>

\*For comparability, Q3 and YTD 2020 Average Room Rate and RevPAR had been translated at constant exchange rates (30 Sep 2021).

## Asia

Singapore hotels continued to be sustained by the Government quarantine business and local demand for staycations but were impacted by the heightened alert measures, which affected F&B and events. The rest of Asia saw mixed performances, driven by improvement in Seoul and Beijing but impacted by the lockdown in Taipei.

## Australasia

In New Zealand (NZ), the Group's hotels performance remained muted as they continued to navigate within the operational requirements under COVID-19 Alert Level restrictions. In Q3 2021, at different times, the rise in COVID-19 Alert Levels forced some hotels in certain regions to close, except for hotels operating as isolation facilities or providing essential services. New Zealand's borders remain closed to international visitors.

## Europe

The UK experienced a strong recovery in Q3 2021, both in London and in the regional hotels, due to the relaxation of restrictions and improved domestic consumer confidence on the back of a strong vaccine rollout. On 9 September, the 163-room M Social Paris Opera opened. Formerly the Millennium Opera Paris, this rebranded property marks the first M Social in Europe.

## US

In the US, the leisure market continued to drive the bulk of the demand both in New York and regionally, complemented by the UN General Assembly helping New York to achieve positive gross operating profit (GOP) in September, for the first time since the start of the pandemic.

The Group continues to drive operational efficiency and source for alternative demand together with its digitalisation strategies. Bolstered by the recovering demand in Q3 2021, all regions were able to generate positive GOP for the full quarter and improve EBITDA performances month on month. With further relaxation of travel restrictions expected, following the introduction of vaccinated travel lanes (VTLs) and vaccine passports, the outlook for the hospitality segment is expected to strengthen in 2022.

## **Capital Position**

As at 30 September 2021, the Group's net gearing ratio (after factoring in fair value on investment properties) stood at 66% with interest cover<sup>1</sup> at 2.7 times. The Group has strong cash reserves of \$2.5 billion. It maintains a stable liquidity position comprising cash and available undrawn committed bank facilities totalling \$4.0 billion. Its debt expiry profile also remains healthy and its total gross borrowings have a weighted average debt expiry of 2.0 years.

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

## **Sincere Property Group**

In September 2021, the Group announced the divestment of its 50.01% joint controlling interest Sincere Property Group (Sincere Property). The transaction comprises the sale of its 63.75% interest in HCP Chongqing Property Development (HCP Cayman), which holds 80.01% equity interest in Sincere Property, to Sure Spread Limited, an unrelated third party incorporated in the Republic of Seychelles. Concurrently, the Group entered into an agreement for the transfer of 15.4% interest in Shenzhen Tusincere Technology Park Development Co, Ltd., (Shenzhen Tusincere) from Sincere Property as partial repayment for an outstanding loan. Shenzhen Tusincere is the holding company with a 65% equity interest in the Shenzhen Longgang Tusincere Tech Park asset. Following the completion of this transfer, Shenzhen Tusincere is now

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<sup>1</sup> Excludes non-cash impairment losses.

a wholly-owned subsidiary of the Group and the Group holds a 65% effective stake in the asset. The divestment in Sincere Property and the Shenzhen Tusincere Agreement are in the best interests of the Group as these allow the Group to exit its investment in Sincere and avoid being engaged in a possibly long drawn bankruptcy reorganisation of Sincere.

On completion of the divestment and transfer transactions, the Group's financial exposure to Sincere Property was reduced to \$78 million, based on the estimated fair value of Shenzhen Tusincere. As of 9 October 2021, the Group had also fully settled the obligation to a financial institution in connection with a corporate guarantee provided for a loan extended by the institution to HCP Chongqing Property Development (HK) Co. Limited. The obligation, together with interest accrued, totalled US\$213.1 million, which was about US\$0.1 million more than the provision made by the Group in 2H 2020.

The Group will continue to protect its rights as a creditor in relation to the repayment of outstanding loans extended by the CDL Group to the HCP Group and Sincere Property.

### **Outlook and Prospects**

The outlook remains relatively optimistic as Singapore and the rest of the world transition to living with COVID-19 as an endemic disease. Against the backdrop of high vaccination rates, rapid self-testing and revised treatment protocols, as well as the expansion of VTLs, the Singapore Government's commitment to progressively reopen the economy and community signal the prospect of a stronger economic and social recovery.

While setbacks may be inevitable, global economies and communities are more equipped today to tackle the virus with less fear and anxiety. There is also a solid conviction to resume operations back to pre-COVID levels.

The Group looks confidently towards a steady and sustained recovery, with better growth trajectory in the near-term horizon, given the high global COVID-19 vaccination rates, resumption of international travel and an overall resolution to push ahead to open economies.

### **BY ORDER OF THE BOARD**

Yeo Swee Gim, Joanne  
Enid Ling Peek Fong  
Company Secretaries

16 November 2021