

GENERAL ANNOUNCEMENT::OPERATIONAL UPDATE FOR THE QUARTER ENDED 30 SEPTEMBER 2023

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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 2023 issued by City Developments Limited on 23 November 2023.

Attachments

[CDL Operational Update for the Quarter Ended 30 September 2023.pdf](#)

Total size = 188K MB



CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

OPERATIONAL UPDATE FOR THE QUARTER ENDED 30 SEPTEMBER 2023

For the third quarter ended 30 September 2023 (Q3 2023), the Group remained resilient in its operating performance across all its business segments and advanced on its strategic goals despite the challenges posed by an uncertain economic outlook, geopolitical tensions and rising interest rates. Below is an update on the Group's performance for the quarter.

Property Development

Singapore

In Q3 2023, the Group and its joint venture (JV) associates sold 183 units with a total sales value of \$325 million (Q3 2022: 95 units with a total sales value of \$281 million). Sales were largely driven by the launch of The Myst in July.

For the first nine months ended 30 September 2023 (YTD Sep 2023), the Group and its JV associates sold 691 units with a total sales value of \$1.4 billion (YTD Sep 2022: 802 units with a total sales value of \$1.9 billion).

Private residential property prices showed resilience despite macroeconomic concerns, achieving moderate growth in Q3 2023. With improvements in market sentiment and healthy response to recent launches, the Group plans to launch Newport Residences in 1H 2024.

In July, the Group launched The Myst, a 408-unit residential development located along Upper Bukit Timah Road and sold 110 units (27%) on launch weekend. Comprising two 24-storey residential towers, The Myst is near the Cashew MRT station and Bukit Panjang Integrated Transport Hub. To date, 169 units (41%) have been sold at an average selling price of \$2,065 per square foot (psf). Around 94% of the buyers are Singapore citizens, while Permanent Residents and foreigners make up the remaining 6%.

The Group continued to progressively sell down its existing inventory, with four projects over 90% sold.

Project	Location	Launched	Total Units	Units Sold [#]
Tembusu Grand*	Jalan Tembusu	April 2023	638	375 (59%)
Piccadilly Grand*	Northumberland Road	May 2022	407	406 (99%)
CanningHill Piers*	Clarke Quay	November 2021	696	680 (98%)
Irwell Hill Residences	Irwell Bank Road	April 2021	540	537 (99%)
Boulevard 88*	Orchard Boulevard	March 2019	154	140 (91%)

*JV project

[#]As at 22 November 2023. Percentage points may not add up due to rounding.

To replenish its development pipeline, the Group successfully secured a sizeable 155,351 square feet (sq ft) residential Government Land Sales (GLS) site at Champions Way for \$294.9 million (or \$904 psf ppr) in September 2023, pipping five other keen competitors. Conveniently located within a 2-minute walk of the Woodlands South MRT station on the Thomson-East Coast Line, the project is slated for launch in 2H 2024 and will comprise four blocks of 11 storeys with about 350 residential units, an Early Childhood Development Centre and a basement carpark.

Private home sales are expected to be measured as the market takes a temporary breather to digest the slew of new launches in July and the approaching year-end holiday season. With market activities

expected to resume in 2024, the Group is preparing to launch its 512-unit Lumina Grand Executive Condominium (EC) project at Bukit Batok West Avenue 5 in Q1 2024. The EC is close to the upcoming Tengah New Town and Jurong Lake District. It is also near three MRT stations along the Jurong Region Line and North-South Line and near the new Anglo-Chinese School (Primary), which is relocating to Tengah in 2030. Given the attractive location and limited stock of EC units in the market, the Group expects a good response for Lumina Grand EC.

Overseas Markets

Australia

In Melbourne, The Marker, a completed 198-unit development in West Melbourne, is now fully sold, and the Group's 61-unit Fitzroy Fitzroy on Smith Street is 44% sold. In Brisbane, the 215-unit Brickworks Park is 67% sold and the 97-unit JV project Treetops at Kenmore is 77% sold.

Japan

The Group has successfully divested its prime freehold land site in Shirokane, Tokyo for JPY 50 billion in Q3 2023. It was acquired for JPY 30.5 billion in September 2014. The divestment demonstrates the Group's commitment to recycling capital and enhancing financial efficiency.

Investment Properties

Singapore

As at 30 September 2023, the Group's office portfolio¹ improved to a committed occupancy of 97.8%, above the island-wide occupancy of 90.0%². Republic Plaza, the Group's flagship Grade A office building, is 98.1% occupied, with a positive rental reversion of 7.4% as at 30 September 2023. City House and King's Centre achieved strong committed occupancies of 99.2% and 98.5% respectively. In Q3 2023, Grade A office rents dipped marginally by 0.1%, ending nine consecutive quarters of growth. The dip in rents is largely attributable to occupiers becoming more cost-conscious in light of the higher cost of capital and macroeconomic uncertainties.

The Group's retail portfolio³ achieved a committed occupancy of 97.7%, above the island-wide occupancy of 92.8%². City Square Mall continues to perform well with 98.3% committed occupancy and rental reversions of 8.4% as at 30 September 2023, while Palais Renaissance achieved a 98.0% committed occupancy. Retail sales growth remained resilient in Q3 2023 with the influx of tourists from major events such as the Formula 1 Singapore Grand Prix.

Overseas Markets

UK

Demand for Grade A office space in Central London remains resilient, as evidenced by a significant increase in viewings of Grade A office space within the Group's portfolio. The Group is also benefiting from the focus on amenity-rich and ESG-friendly space. Committed occupancies for 125 Old Broad Street, Aldgate House and St Katharine Docks remain healthy at 92.4%, 98.9% and 89.7% respectively as at 30 September 2023.

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

² Based on Urban Redevelopment Authority's real estate statistics for Q3 2023.

³ Includes South Beach and Sengkang Grand Mall (in accordance with CDL's proportionate ownership). Excludes assets planned for redevelopment and City Square Mall units affected by AEI.

Thailand

The asset enhancement initiative (AEI) for the Group's Jungceylon Shopping Center in Patong, Phuket, is expected to be fully completed by the end of 2023. The mall's committed occupancy stands at 84% as 30 September 2023 and shopper traffic is projected to rise in anticipation of the year-end festive and tourist peak season.

Redevelopment and Asset Enhancement Initiatives

In Q3 2023, the Group commenced an AEI for City Square Mall. The estimated \$50 million AEI will add appropriately 26,000 sq ft of NLA to the mall via the Community/Sports Facilities Scheme (CSFS) and through the decanting of mechanical and electrical facilities. As a CSFS partner, National Council of Social Services (NCSS) will set up a new wellness centre upon completion of the AEI. Expected to be fully completed by 2025, the AEI will enhance City Square Mall's retail experience and revitalise its tenant mix with new retail and dining offerings. Works will be carried out in phases and the mall remains open.

The Living Sector

Private Rented Sector (PRS)

UK: The Junction, the Group's first PRS project in Leeds, achieved 84.4% committed occupancy in Q3 2023 for three of its five completed blocks (307 out of 665 units). To date, committed occupancy for these three blocks is at 92.5%. The project obtained full practical completion at the end of October 2023 and marketing efforts for leasing the remaining two blocks (358 units) are in full swing.

Japan: In September 2023, the Group acquired a residential rental portfolio in Tokyo comprising 25 freehold assets with 836 units for JPY 35 billion (\$321.9 million), marking its largest PRS transaction in Japan. The Group now owns 35 operational PRS assets in Japan with a strong average occupancy above 95% and stable rental income. With the recovery of economic activities, rising wages and a post-pandemic resurgence in net migration, rental demand in key cities is expected to remain robust in the coming years.

Australia: The Group's Southbank PRS development in Melbourne commenced construction in Q3 2023, while its Toowong PRS development in Brisbane is targeted to commence construction in 1H 2024.

Purpose-Built Student Accommodation (PBSA)

UK: The Group's six PBSA properties with around 2,400 beds have achieved a committed occupancy rate of 97.8% for the Academic Year 2023/2024.

Hotel Operations

The Group's hotels continued a strong recovery momentum. Global Revenue Per Available Room (RevPAR) rose 31.6% to \$163.6 for YTD Sep 2023 (YTD Sep 2022: \$124.3). All regions achieved a higher RevPAR, with Asia and Australasia showing the greatest improvement, increasing 62.1% and 67.5% respectively. RevPAR for YTD Sep 2023 also exceeded YTD Sep 2019 levels by 20.0%, attributed mainly to higher room rates.

Key operating statistics for hotels⁴ owned by the Group:

	Room Occupancy					Average Room Rate					RevPAR					GOP Margin %				
	YTD Sep 2023	YTD Sep 2022	YTD Sep 2019	Incr/ (Decr) V. YTD Sep 2022	Incr/ (Decr) V. YTD Sep 2019	YTD Sep 2023	YTD Sep 2022*	YTD Sep 2019*	Incr/ (Decr) V. YTD Sep 2022	Incr/ (Decr) V. YTD Sep 2019	YTD Sep 2023	YTD Sep 2022*	YTD Sep 2019*	Incr/ (Decr) V. YTD Sep 2022	Incr/ (Decr) V. YTD Sep 2019	YTD Sep 2023	YTD Sep 2022	YTD Sep 2019	Incr/ (Decr) V. YTD Sep 2022	Incr/ (Decr) V. YTD Sep 2019
	%	%	%	% pts	%pts	\$	\$	\$	%	%	\$	\$	\$	%	%	%	%	%	% pts	% pts
Singapore	79.3	76.2	86.5	3.1	(7.2)	230.7	177.2	173.8	30.2	32.7	183.0	135.1	150.4	35.5	21.7	42.1	43.9	38.2	(1.8)	3.9
Rest of Asia	66.9	45.4	67.8	21.5	(0.9)	158.1	117.9	149.6	34.1	5.7	105.8	53.5	101.3	97.8	4.4	39.7	10.0	30.8	29.7	8.9
Total Asia	72.2	57.5	74.6	14.7	(2.4)	192.0	148.7	159.6	29.1	20.3	138.6	85.5	119.0	62.1	16.5	41.0	27.6	33.9	13.4	7.1
Australasia	59.0	40.3	79.5	18.7	(20.5)	158.8	138.9	130.3	14.3	21.9	93.8	56.0	103.5	67.5	(9.4)	31.9	26.3	44.0	5.6	(12.1)
London	78.6	76.7	80.6	1.9	(2.0)	306.8	279.1	223.6	9.9	37.2	241.3	213.9	180.2	12.8	33.9	45.8	45.5	39.7	0.3	6.1
Rest of Europe	77.5	73.6	70.9	3.9	6.6	168.0	151.9	125.5	10.6	33.9	130.2	111.8	89.0	16.5	46.3	28.5	30.1	19.7	(1.6)	8.8
Total Europe	78.1	75.2	75.5	2.9	2.6	242.6	221.5	175.5	9.5	38.2	189.5	166.6	132.6	13.7	42.9	39.6	40.1	31.8	(0.5)	7.8
New York	88.4	80.4	85.0	8.0	3.4	328.3	300.1	324.1	9.4	1.3	290.4	241.3	275.5	20.3	5.4	20.8	14.7	10.1	6.1	10.7
Regional US	59.5	54.7	60.0	4.8	(0.5)	201.3	185.3	187.2	8.6	7.5	119.7	101.3	112.3	18.2	6.6	19.3	28.4	21.6	(9.1)	(2.3)
Total US	71.7	64.5	68.3	7.2	3.4	267.6	239.8	243.5	11.6	9.9	192.0	154.6	166.3	24.2	15.5	20.2	20.6	15.7	(0.4)	4.5
Total Group	72.3	62.4	73.1	9.9	(0.8)	226.4	199.2	186.3	13.7	21.5	163.6	124.3	136.3	31.6	20.0	33.5	28.7	27.9	4.8	5.6

*For comparability, YTD Sep 2022 and YTD Sep 2019 Average Room Rate and RevPAR had been translated at constant exchange rates (30 Sep 2023).

Asia

The Formula 1 Singapore Grand Prix boosted the Group's Singapore hotels, resulting in the highest Average Room Rate (ARR) ever recorded for September 2023. YTD Sep 2023 saw a 35.5% increase y-o-y in RevPAR for its Singapore hotels due to higher occupancy and room rates. This year's ARR of \$230.7 was 32.7% higher, compensating for the occupancy shortfall, resulting in a 21.7% increase in RevPAR for YTD Sep 2023. Rest of Asia hotels recorded an outstanding growth of 97.8% in RevPAR compared to last year and surpassed 2019 levels by 4.4%. The increase was driven by Taipei and Beijing as the zero-COVID policy was removed at the end of 2022 for both cities.

Australasia

Due to higher ARR and occupancy, YTD Sep 2023 RevPAR of Australasia hotels increased by 67.5% compared to 2022. With Chinese tourist arrivals into New Zealand still under pre-pandemic levels, the region's RevPAR reached 90.6% of 2019 level as occupancy was 20.5 percentage points behind 2019.

Europe

Europe hotels continued their stellar performance with 13.7% and 42.9% improvement in RevPAR for YTD Sep 2023 compared to 2022 and 2019 respectively. Boosted by the historic King's Coronation in May and high demand during the Summer holidays, London hotels achieved an ARR of \$306.8 and occupancy of 78.6% for YTD Sep 2023, resulting in a 12.8% growth in RevPAR as compared to 2022. Led by strong trading volumes, RevPAR for the Rest of Europe hotels in YTD Sep 2023 at \$130.2 was 16.5% higher than 2022 and exceeded 2019 by 46.3%.

US

The US hotels registered a 24.2% increase in RevPAR for YTD Sep 2023 compared to 2022. RevPAR this year was also 15.5% above 2019 levels. New York hotels achieved an ARR of \$328.3 and a high occupancy of 88.4%, resulting in a 20.3% growth in RevPAR compared to 2022. Like New York hotels, the RevPAR for regional US hotels stood at \$119.7, 18.2% higher than last year due to higher occupancy and ARR.

Aided by higher trading volume, stronger business for this year's United Nations General Assembly in September and payroll savings from the union buyout at Millennium Hotel Broadway Times Square in 2H 2022, New York hotels' YTD Sep 2023 GOP margins improved by 6.1 percentage points and 10.7 percentage points as compared to 2022 and 2019 respectively. Regional US hotels were unable to exceed 2022 and 2019 in terms of GOP margin due to higher operating costs.

⁴ Excludes hotels held under CDL Hospitality Trusts that are not operated by the Group.

Hotel Refurbishments and Openings

In Q3 2023, the Grand Copthorne Waterfront Hotel in Singapore completed the full renovation of all its rooms and conference facilities, solidifying its position as a leading conference hotel in Singapore. The hotel has achieved a strong improvement in room rates and MICE trading volume post-renovation.

The former Millennium Resort Patong Phuket is currently completing renovation works and had its first phase reopening on 16 November as the M Social Hotel Phuket with 418 rooms.

The Singapore EDITION hotel, the first in Singapore and Southeast Asia, soft opened in November 2023. Located along Orchard Boulevard, the 204-room boutique hotel spans six storeys, with the Group's 154-unit luxury Boulevard 88 perched above it. Set to redefine the luxury hotel scene in Southeast Asia, The Singapore EDITION includes a curated collection of restaurants and bars, a signature spa and a rooftop pool.

Group Hotel Acquisitions

In July 2023, the Group acquired the 408-room Nine Tree Premier Hotel in Myeongdong II in Seoul's prime Myeongdong-Euljiro commercial district for KRW 140 billion (approximately \$143.9 million). The acquisition reflects the Group's commitment to investing in South Korea – one of Asia's most dynamic economies with strong market fundamentals.

In addition, the Group acquired the 256-room Bespoke Hotel Osaka Shinsaibashi in Osaka's popular Shinsaibashi district for JPY 8.5 billion (approximately \$78.5 million) in Q3 2023.

These investments align with the Group's strategy to actively drive growth in its global real estate portfolio through continued expansion and diversification in key capital cities.

Capital Position

As at 30 September 2023, the Group's net gearing ratio (after factoring in fair value on investment properties) stands at 58%, following the completion of various acquisitions in 2023, including St Katharine Docks, two hotels and several PRS assets. Interest cover stands at 3.2 times, and the debt expiry profile remains healthy. The Group has strong cash reserves of \$1.9 billion and maintains a stable liquidity position comprising cash and available undrawn committed bank facilities totalling \$2.9 billion.

The Group maintained a substantial level of natural hedge for its overseas investments and will continue its proactive and disciplined approach to capital management.

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

On 2 November 2023, the Group announced a proposal to purchase up to 10% of Preference Shares through an off-market equal access scheme. This will help the Group to exercise greater control over its share capital structure. Given the low trading volume of the Preference Shares, the Offer will provide Preference Shareholders with a cash exit opportunity to monetise their holdings partially, on top of the Preference Dividends received over the years. Each Preference Shareholder is entitled to sell 10% of the total number of their Preference Shares at \$0.78 in cash for each Preference Share, or they may choose to remain status quo. The Offer will be completed by December 2023, after which the Group will cancel any Preference Shares purchased, reducing the Group's finance cost in relation to the coupon payment of these Preference Shares.

Outlook and Prospects

While the global economic outlook remains highly vulnerable to macroeconomic sensitivities, including persistent inflation, a high interest rate environment and geopolitical tensions, the Group continues to focus on its Growth, Enhancement and Transformation (GET) strategy and embracing capital recycling, effectively growing its global portfolio via new acquisitions, extracting greater value from existing assets and divesting non-core properties.

Singapore is the Group's home ground where it continues to ensure a sustained development pipeline across the full spectrum of the residential market from ECs all the way to the luxury segment. A diversified and stable launch pipeline gives the Group greater flexibility.

In November 2023, the Group and its JV partners placed the highest bid of \$968 million (or \$1,360 psf ppr) for a 99-year leasehold GLS site at Lorong 1 Toa Payoh. With the award of the site on 15 November 2023, the JV is planning a residential project comprising two blocks of 40 storeys with close to 800 residential units, which offer panoramic views of the MacRitchie Reservoir area. In the same month, the Group also announced its acquisition of 1NQ, a 261-unit forward-funding PRS project in Manchester for £75.6 million (approximately \$125.7 million). This marks the Group's fourth PRS project in the UK since 2019.

With a robust balance sheet and disciplined capital management, the Group will remain agile and adaptable to market conditions while seeking strategic opportunities to bolster its market position and maximise shareholder value.

BY ORDER OF THE BOARD

Yeo Swee Gim, Joanne
Enid Ling Peek Fong
Company Secretaries

23 November 2023