GENERAL ANNOUNCEMENT::OPERATIONAL UPDATE FOR THE QUARTER ENDED 30 SEPTEMBER 2024

Issuer & Securities

Issuer/ Manager

CITY DEVELOPMENTS LIMITED

Securities

CITY DEVELOPMENTS LIMITED - SG1R89002252 - C09

Stapled Security

No

Announcement Details

Announcement Title

General Announcement

Date &Time of Broadcast

22-Nov-2024 17:16:39

Status

New

Announcement Sub Title

Operational update for the quarter ended 30 September 2024

Announcement Reference

SG241122OTHRNYO1

Submitted By (Co./ Ind. Name)

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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 2024 issued by City Developments Limited on 22 November 2024.

Attachments

CDL_Operational_Update_for_the_Quarter_Ended_30_Sep_2024.pdf

Total size =166K MB

CITY DEVELOPMENTS LIMITED
(REG. NO. 196300316Z)

OPERATIONAL UPDATE FOR THE QUARTER ENDED 30 SEPTEMBER 2024

For the third quarter ended 30 September 2024 (Q3 2024), the Group showed resilience across all its business segments. Below are key highlights of its Q3 2024 operating performance.

Property Development

Singapore

In Q3 2024, the Group and its joint venture (JV) associates sold 321 units with a total sales value of $611.1 million (Q3 2023: 183 units with a total sales value of $325.0 million). Sales were mainly driven by the launch of the 276-unit freehold Kassia in July, a JV project located off Upper Changi Road North. To date, 179 units (65%) have been sold.

For the first nine months ended 30 September 2024 (9M 2024), the Group and its JV associates sold 905 units with a total sales value of $1.8 billion (9M 2023: 691 units with sales value of $1.4 billion).

The Group's other launched projects continued to sell well. To date, Tembusu Grand, the 638-unit JV project at Katong, has sold 581 units (91%), while The Myst at Upper Bukit Timah Road has sold 297 of its 408 units (73%).

With a moderation in interest rates, market activities have resumed and residential sales have picked up after the seasonal lull in September, which coincided with the Hungry Ghost Festival.

With the improved sentiments, the Group launched the 348-unit Norwood Grand at Champions Way in Woodlands in October. During its launch weekend, it received an overwhelming response and sold 84% (292 units) of the project at an average selling price (ASP) of $2,067 per square foot (psf). Norwood Grand is located within a five-minute walk to Woodlands South MRT station and near the future Rapid Transit System (RTS) link. It is also close to Woodlands Regional Centre, the largest future economic hub in the north.

In November, the Group launched the 366-unit luxury Union Square Residences in prime District 1 at Havelock Road. On its launch weekend, it sold 80 units at an ASP of about $3,200 psf. The 2,476 square feet (sq ft) five-bedroom Sky Suite on level 38 was sold for $9.288 million ($3,751 psf). Located in the heart of the charming Singapore River precinct and at the gateway of the Central Business District (CBD), it is part of Union Square, a large-scale mixed-use development comprising office, retail and F&B space, and a co-living component with a hotel licence. Sitting on the former sites of Central Mall and Central Square, Union Square is developed under the Urban Redevelopment Authority (URA) Strategic Development Incentive (SDI) scheme, which allowed a significant uplift of the GFA by 67% to 735,500 sq ft. To date, 95 units (26%) have been sold.

The Group plans to launch its JV project, The Orie, in Q1 2025. The majestic 40-storey twin-tower residential development at Lorong 1 Toa Payoh will offer 777 units featuring panoramic city views. It is within a five-minute walk to Braddell MRT station and has excellent connectivity via CTE and PIE expressways. The bustling Toa Payoh HDB hub and Junction 8 shopping mall are nearby. The Orie will be the first private residential launch in the vicinity in over eight years.

Back in March 2024, the Group partnered with CapitaLand Development, Frasers Property, Mitsui Fudosan (Asia) Pte. Ltd. and Mitsubishi Estate Co. Ltd., and submitted two joint bids for the master developer site at Jurong Lake District (JLD). This marked the first strategic partnership among five of Asia's leading developers. However, in September, the URA announced that it would not award the tender, following a two-stage evaluation process comprising both concept design and price assessment. While the consortium may not have the opportunity to realise its vision for the site, it has gained valuable insights from the process. The JLD site has been placed on the Reserve List.

Overseas Markets

Australia

In Brisbane, 97% of the 97-unit Treetops at Kenmore JV project has been sold. Stage 1 and 2 (62 units) have been completed, whilst the remaining Stage 3 is scheduled for completion in Q4 2024.

China

For 9M 2024, the Group's wholly-owned subsidiary, CDL China Limited and its JV associates sold 123 residential, office and retail units, with a total sales value of RMB 743.5 million (approximately $136.0 million).

For the new mixed-use development site acquired in Suzhou's High-Speed Railway New Town last year, the construction is progressing well and it is anticipated that the sales launch for the residential component with around 650 units will commence in late 2025.

To replenish its residential land bank in China, the Group announced on 1 November 2024, its joint acquisition of a rare 27,994 square metres (sqm) mixed-use development site in Shanghai for RMB 8.94 billion (approximately $1.66 billion) or RMB 117,542 (approximately $21,827) per square metre per plot ratio (psm ppr) with its partner Lianfa Group Co., Ltd, following a government land tender. Through its wholly-owned subsidiary, Chenghong (Shanghai) Investment Co., Ltd., the Group holds a 51% controlling stake in the JV acquisition, which amounts to RMB 4.56 billion (approximately $846 million).

Located in the core and mature Xintiandi area in Shanghai's Huangpu District, the mixed-use development site comprises two plots of land separated by a public road in the middle and has a total permissible gross floor area (GFA) of 76,027 sqm (approximately 820,000 sq ft). The future development on the site will be integrated via a basement that runs under the public road. It can yield up to 77% of the GFA for residential use, with at least 19% for commercial purposes and 4% for public amenities. The preliminary design factors in 102 high-rise residential units, 92 luxury villas, a 100-room boutique hotel and over 5,000 sqm of retail space. Construction is targeted to commence in Q4 2025, with estimated project completion by 2030. Sales for the residential component is planned for 2026 and the project aims to achieve China's Three Star green building rating.

Despite challenges in China's real estate sector, top-tier cities like Shanghai, Suzhou and Shenzhen remain promising due to their role in economic growth and innovation. The Chinese government's stimulus package, which includes easing mortgage rates and promoting sustainable urbanisation, creates an investor-friendly environment. The Group's acquisition in central Shanghai reflects its confidence in China's long-term growth prospects, with a focus on placemaking opportunities in Tier 1 and 2 cities. Given the prime location and rarity of villa products in central Shanghai, the Group is confident in the demand for residential units in this project. In addition, the boutique hotel and ancillary retail spaces to be developed in this prime site are expected to become valuable core assets.

Investment Properties

Singapore

As at 30 September 2024, the committed occupancy for the Group's Singapore office portfolio was 97.4%[1], surpassing the island-wide office occupancy rate of 89.0%[2]. This is primarily attributed to the increase in occupancy at South Beach. Republic Plaza, the Group's flagship Grade A office building,

[1] Includes South Beach (in accordance with CDL's proportionate ownership). Excludes assets planned for redevelopment and divestment (ceased leasing activities).
[2] Based on URA real estate statistics for Q3 2024.

achieved a committed occupancy of 98.3%, higher than the previous quarter of 97.0%. City House and King's Centre office assets had committed occupancies of 98.6% and 100% respectively. All three office assets achieved healthy rental reversion.

The Group's Singapore retail portfolio[3] registered a committed occupancy of 98.5% as at 30 September 2024, surpassing the island-wide retail occupancy of 93.5%[2]. Despite undergoing an Asset Enhancement Initiative (AEI), City Square Mall maintained a 99.7% committed occupancy for non-affected AEI spaces during the same period. The second phase of the AEI is on track for completion by 1H 2025, with a pre-commitment rate exceeding 70% for areas affected by AEI. The Group's other retail assets, Palais Renaissance and Quayside Isle, also recorded a strong performance with committed occupancies of 98.8% and 100% respectively.

Robust leasing demand in 1H 2024 has sustained the Group's retail asset performance over the first nine months, resulting in healthy operating metrics, improved shopper traffic and higher retail sales.

Overseas Markets

UK

Committed occupancy for the Group's UK commercial portfolio comprising 125 Old Broad Street, Aldgate House, and St Katharine Docks eased slightly to 85.8% as at 30 September 2024, due to the departure of one of the key tenants at 125 Old Broad Street upon its lease expiry. Proactive leasing is in progress, with several leases in advanced negotiations as the underlying demand remains strong. The UK office sector is expected to remain resilient due to a lack of adequate and refurbished Grade A office space in Central London.

Thailand

As at 30 September 2024, the Group's Jungceylon Shopping Center reported a slight increase in committed occupancy to 90.2% and a strong rental reversion of 55% for renewed leases. Phuket's tourism sector rebounded strongly, with total arrivals up 19% year-on-year, averaging about 691,000 visitors monthly.

Despite the typical tourism lull during the May to October monsoon season, foot traffic at the mall in Q3 2024 reached about 82% of pre-pandemic levels. This increase was driven by a surge in foreign visitors, attracted by the mall's events and the government's tourism campaigns promoting Phuket. The Group expects continued growth in international arrivals, especially in the high season of Q4 2024.

China

As of 30 September 2024, the Group's office portfolio in China is 68% occupied and the office leasing market remains challenging.

The Living Sector

Private Rented Sector (PRS)

UK: The Junction, the Group's 665-unit project in Leeds, achieved about 60% committed occupancy in Q3 2024. The Group is accelerating its leasing and marketing efforts.

Japan: In September 2024, the Group completed its investment in a 183-unit PRS asset in Yokohama, achieving over 90% committed occupancy within a month. The strong performance boosts the Group's confidence in its living sector strategy in Japan. As at Q3 2024, the portfolio maintains a robust average occupancy rate of 95% and generates stable income, supported by strong leasing momentum from foreign and domestic tenants in Japan's rental housing market.

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

Purpose-Built Student Accommodation (PBSA)

UK: As at 30 September 2024, the Group's PBSA portfolio of six properties with around 2,400 beds achieved an occupancy rate of 90% for the current Academic Year 2024/2025.

Hotel Operations

For 9M 2024, the Group's hotels achieved a 2.7% increase in global growth in Revenue Per Available Room (RevPAR), reaching $167.4 (9M 2023: $163.0) mainly due to higher occupancy and average room rate (ARR) from Australasia. Rest of Asia, Europe and New York markets also continued their year-on-year (y-o-y) growth trajectory.

Key Operating Statistics for Hotels Owned by the Group:

	Room Occupancy			Average Room Rate			RevPAR			GOP Margin		
	9M 2024	9M 2023	Incr/ (Decr)	9M 2024	9M 2023*	Incr/ (Decr)	9M 2024	9M 2023*	Incr/ (Decr)	9M 2024	9M 2023	Incr/ (Decr)
	%	%	%pts	$	$	%	$	$	%	%	%	%pts
Singapore	81.4	79.3	2.1	217.7	228.3	(4.6)	177.2	181.0	(2.1)	41.7	42.1	(0.4)
Rest of Asia	67.8	66.9	0.9	151.5	149.7	1.2	102.7	100.3	2.4	39.1	39.6	(0.5)
Total Asia	**73.2**	**72.2**	**1.0**	**180.7**	**186.4**	**(3.1)**	**132.4**	**134.6**	**(1.6)**	**40.5**	**40.9**	**(0.4)**
Australasia	**68.0**	**59.0**	**9.0**	**173.3**	**156.8**	**10.5**	**117.8**	**92.6**	**27.2**	**30.7**	**31.9**	**(1.2)**
London	79.8	78.6	1.2	312.4	315.0	(0.8)	249.3	247.7	0.6	47.7	45.8	1.9
Rest of UK and Europe	80.8	77.5	3.3	189.0	171.2	10.4	152.7	132.6	15.2	29.4	28.5	0.9
Total Europe	**80.3**	**78.1**	**2.2**	**252.5**	**248.5**	**1.6**	**207.7**	**194.1**	**7.0**	**40.4**	**39.6**	**0.8**
New York	89.0	88.4	0.6	337.6	326.6	3.4	300.3	288.8	4.0	20.6	20.8	(0.2)
Regional US	56.2	59.5	(3.3)	211.8	200.2	5.8	119.0	119.1	(0.1)	20.2	19.3	0.9
Total US	**71.1**	**71.7**	**(0.6)**	**283.5**	**266.2**	**6.5**	**201.7**	**191.0**	**5.6**	**20.5**	**20.2**	**0.3**
Total Group	**73.8**	**72.3**	**1.5**	**226.7**	**225.5**	**0.5**	**167.4**	**163.0**	**2.7**	**33.9**	**33.5**	**0.4**

**For comparability, 9M 2023 Average Room Rate and RevPAR had been translated at constant exchange rates (30 Sep 2024).*

Asia

Singapore hotels experienced a 2.1% y-o-y decline in RevPAR for 9M 2024, mainly due to lower ARR. While major events like the Taylor Swift concerts in Q1 and the Formula 1 Singapore Grand Prix in Q3 boosted occupancy, they could not mitigate the shortfall in ARR.

In contrast, for the Rest of Asia, the RevPAR increased 2.4% y-o-y, largely driven by the strong performance of Taipei. The Group's Southeast Asia hotels also recorded improved results compared to last year.

GOP margin for Asia hotels was 40.5%.

Australasia

Australasia's RevPAR rose 27.2% y-o-y to $117.8 for 9M 2024 (9M 2023: $92.6), largely attributed to the addition of the 416-room Sofitel Brisbane Central hotel that was acquired in December 2023.

On a like-for-like basis, excluding Sofitel Brisbane Central, RevPAR increased 15.2% compared to last year. International visitor arrivals to New Zealand steadily increased in 2024 and is expected to continue the path to full recovery, which will boost Australasia's RevPAR further.

Europe

Europe's hotels reported a 7.0% increase in RevPAR, reaching $207.7 for 9M 2024 (9M 2023: $194.1). London hotels improved by 0.6% in RevPAR due to higher occupancy, while the Rest of Europe region surged by 15.2%, fuelled by the acquisition of the Hilton Paris Opéra hotel in May 2024 and strong demand during the Paris Olympic Games in July and August.

Europe's GOP margin improved by 0.8 percentage points y-o-y to 40.4% due to better cost management for the London hotels.

<u>US</u>

US hotels achieved RevPAR of $201.7 for 9M 2024, reflecting a 5.6% y-o-y increase (9M 2023: $191.0). The growth was mainly due to a 6.5% improvement in ARR.

New York hotels maintained strong momentum, posting a 4.0% increase in RevPAR, with both occupancy and ARR higher than last year.

With an improved RevPAR, the overall US portfolio registered a 0.3 percentage point rise in GOP margin y-o-y.

Hotel Refurbishments and Developments

To enhance guest experience and maintain competitiveness, the Group has completed refurbishments for some of its hotels, with plans to refurbish others this year.

UK:
- Millennium Hotel London Knightsbridge (222 rooms) will undergo a major renovation of £17 million ($29 million). The renovation is currently at the design and planning stage. Site work will begin in 1H 2025. Upon completion in Q4 2025, it will be reflagged as M Social Knightsbridge, marking the Group's first M Social property in the UK. The hotel will continue to operate during the AEI period.

Asia:
- The 318-room Copthorne Orchid Hotel Penang is currently undergoing a major renovation of MYR 96 million ($29 million) and will be rebranded as M Social Resort Penang. The hotel is scheduled to soft open in phases from Q1 2025, with full completion and re-opening expected in mid-2025.

US:
- Millennium Downtown New York (569 rooms) commenced a US$46 million ($60 million) renovation in Q3 2024 and will be reflagged as M Social Downtown New York upon completion in Q2 2025.

- In California, M Social Hotel Sunnyvale (263 rooms) is undergoing foundation work. Developed at a cost of US$118 million ($159 million), the hotel is expected to be fully open in 2H 2026.

Capital Position

As at 30 September 2024, the Group's net gearing ratio (factoring in fair value on investment properties) stands at 70%, following several acquisitions during the year, including the Hilton Paris Opéra hotel, and four Japan PRS properties. Its interest cover stands at 2.1 times and its debt expiry profile remains healthy. The Group maintains strong cash reserves of $2.0 billion and a robust liquidity position, supported by $3.9 billion in cash and available undrawn committed bank facilities.

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

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

Outlook and Prospects

Despite ongoing macroeconomic challenges like inflation, interest rate sensitivity, geopolitical uncertainties and existing property cooling measures in Singapore, the Group remains cautiously optimistic. Early signs of interest rate moderation are boosting buying sentiment and transaction activities, signalling a potential turning point for the property markets, as well as reducing the Group's financial burden.

Property Development: The Group has observed a notable uptick in residential sales in Singapore since Q3 2024, driven by a more favourable interest rate environment and pent-up demand, particularly for highly sought-after locations. While homebuyers remain selective, the consistent demand bodes well for the Group's pipeline of residential projects in strategic locations. Since the start of November, new home sales have registered exceptional performance, with around 2,000 units sold (excluding Executive Condominiums) across five launches, including Union Square Residences. The robust sales performance in November surpassed the 1,889 units (excluding Executive Condominiums) sold in 1H 2024. The strong take-up rates generated the highest monthly new home sales since March 2013, signalling improved market sentiment. This positive trend is also boosting interest in existing inventory. In November alone, over 50 units of Tembusu Grand were sold, bringing the project to 91% sold to date.

Investment Properties: The Group's office and retail portfolio in Singapore, the UK and Thailand remain resilient, supported by strong occupancy rates and proactive asset management. The expected completion of City Square Mall's AEI in 2025, supported by strong pre-commitment rates, will aid in bolstering the Group's portfolio stability.

Hotel Operations: The Group expects y-o-y growth across its hotel portfolio, especially in key markets like Singapore, London and New York. The recent acquisition of the Hilton Paris Opera hotel is expected to strengthen the segment's overall performance. Additionally, China's recent fiscal stimulus packages aimed at economic revival may boost discretionary spending, positively impacting travel demand from Chinese travellers – an important feeder market for many of the Group's hotels. On 30 October 2024, the UK announced a 6.7% hike in the national living wage, effective April 2025, with higher rates for younger workers. While this will increase operating costs in the UK, the Group will continue to enhance its efficiencies to manage these costs.

Capital Recycling: Representing a key pillar in its overall strategy, the Group continues to advance its capital recycling initiatives, with several divestments in the pipeline. The divestments range across different asset classes and geographies, and with interest rates expected to moderate further, the Group anticipates increased market activity and optimism.

With its core operations performing well and key initiatives progressing steadily, the Group maintains a positive outlook.

BY ORDER OF THE BOARD

Yeo Swee Gim, Joanne
Enid Ling Peek Fong
Company Secretaries

22 November 2024