

City Developments Limited

Improving residential demand

SINGAPORE | REAL ESTATE | 3Q24 UPDATE



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- No financials were provided for the 3Q24 operational update. The net gearing ratio stood at 70%, following several acquisitions, including the Hilton Paris Opéra hotel and four Japan PRS properties.
- Strong sell-through rate for new launches—Kassia, launched in July, and Norwood Grand, launched in October, have sold 65% and 84% of units, respectively. Other projects continue to sell well, with Tembusu Grand and The Myst having sold 91% and 73% respectively.
- Maintain BUY with an unchanged TP of S\$6.87, representing a 45% discount to our RNAV of S\$12.50.** There is no change to our estimates. We believe asset monetisation, unlocking value through AEs and redevelopments, establishing a fund management franchise, and the continuous recovery in the hospitality portfolio are potential catalysts for CDL, which could help drive the share price recovery.

The Positives

- Strong sell-through rate for the development segment.** In 3Q24, the Group and its JV associates sold 321 units with a total sales value of S\$611mn (3Q23: 183 units with a total sales value of S\$325bn). Sales were driven by the launch of the 276-unit freehold Kassia in July, with 179 units (65%) sold. Other launched projects continue to sell well – to date, Tembusu Grand and The Myst have sold 91% and 73% of units, respectively. The Group launched the 348-unit Norwood Grand at Champions Way in October to an overwhelming response, selling 84% of units sold at an average selling price (ASP) of S\$2,067 psf during the launch weekend. The 366-unit luxury Union Square Residences in prime District 1 at Havelock Road was launched in November, with 95 units (26%) sold at an ASP of S\$3,200psf. The group plans to launch its JV project, The Orie, in 1Q25.
- Replenishing the residential landbank in Shanghai for long-term growth.** The group announced the joint acquisition of a 27,994 sqm mixed-use development site in Shanghai for RMB 8.94bn or RMB 118k psm with its partner, Lianfa Group. Located in the core and mature Xintiandi area in Shanghai's Huangpu District, the site has a GFA of 76k sqm, with up to 77% of the GFA for residential use, with the remaining 19% for commercial purposes and 4% for public amenities. Despite challenges in China's real estate sector, tier 1 cities like Shanghai remain promising due to their economic growth.
- Resilient hotel operations.** 9M24 portfolio RevPAR grew 2.7%, reaching S\$167.4, driven by strong growth in Australasia following the acquisition of the Sofitel Brisbane Central hotel. The Group has AEI plans for several hotels to enhance the guest experience and improve occupancy.

The Negatives

- High net gearing.** Following the recent acquisitions, net gearing on fair value on investment properties rose to 70% (1H24: 69%). The interest coverage ratio stood at 2.1 times. CDL maintains a strong liquidity position with S\$2bn in cash.

Outlook

Early signs of improving property market conditions have emerged, with declining interest rates boosting buying sentiment and transaction activity while easing financial burdens. Singapore's residential sales have notably increased since 3Q24, supported by a more favorable interest rate environment. The Group anticipates continued growth across its hotel portfolio, while China's recent fiscal stimulus is expected to bolster discretionary spending and drive travel demand from Chinese travelers. The Group remains committed to capital recycling, with several divestments planned across diverse asset classes and geographies.

BUY (Maintained)

LAST DONE PRICE	SGD 5.14
FORECAST DIV	SGD 0.12
TARGET PRICE	SGD 6.87
TOTAL RETURN	36.1%

COMPANY DATA

BLOOMBERG CODE:	CIT SP Equity
O/S SHARES (MN):	893
MARKET CAP (USD mn / SGD mn):	3407 / 4592
52 - WK HI/LO (SGD):	6.73 / 5.01
3M Average Daily T/O (mn):	1.66

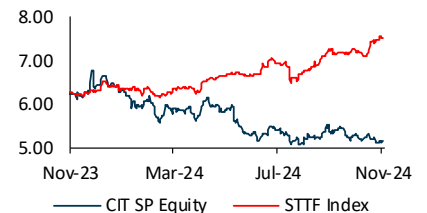
MAJOR SHAREHOLDERS (%)

HONG LEONG INVESTMENT HOLDINGS	18.9%
BLACKROCK INC	5.1%
VANGUARD GROUP	2.3%

TOTAL RETURN (%)

	1MTH	3MTH	1YR
COMPANY	(2.7)	(1.9)	(21.4)
STTF RETURN	4.7	11.3	21.3

PRICE VS. STTF



Source: Bloomberg, PSR

KEY FINANCIALS

Y/E Dec, SGD mn	FY22	FY23	FY24e	FY25e
Revenue	3,293	4,941	3,249	3,520
Gross Profit	1,247	1,649	1,219	1,386
EBIT	1,880	819	694	801
EPS (SGD)	1.40	0.34	0.31	0.49
DPS (SGD)	0.28	0.12	0.12	0.12
P/E (x)	3.7	15.3	16.3	10.5
P/BV (x)	0.5	0.5	0.5	0.5
Div Yield	5.4%	2.3%	2.3%	2.3%
ROE	13.7%	3.7%	3.3%	4.8%

Source: Company Data, Bloomberg

Valuation Method

45% discount to RNAV

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Maintain BUY with an unchanged RNAV TP of S\$6.87

CDL is a proxy for the Singapore residential market and hospitality recovery.

Figure 1: RNAV table

Segment	Location	RNAV (S\$m)	Per share (S\$)		
Residential	SG Development Gains	1,212	1.34		
	Overseas Development Gains	460	0.51		
	SG+Overseas NAV	4,878	5.38		
Office	SG	2,775	3.06		
Hotels/SRs	SG + Overseas	6,102	6.73		
Retail	SG	734	0.81		
Industrial	SG	327	0.36		
Commercial	Overseas	3,197	3.53		
Stakes in listed entities:					
	<u>Stake</u>	<u>(S\$)</u>	<u>Shares (mn)</u>		
CDL Hospitality Trust	27%	0.96	1,246	323	0.36
IREIT Global REIT	21%	0.35	1,345	99	0.11
First Sponsor Group	35%	1.17	1,110	454	0.50
Total GAV			20,561		22.67
Net cash/(debt)			(9,226)		(10.17)
RNAV:			11,336		12.50
No. of shares (mn)			906.9		
RNAV per share (S\$)			12.50		
Discount to RNAV			45%		
Target Price (S\$)			6.87		

Source: Company, PSR

Financials

Income Statement

Y/E Dec, SGD mn	FY21	FY22	FY23	FY24e	FY25e
Revenue	2,626	3,293	4,941	3,249	3,520
Gross Profit	978	1,247	1,649	1,219	1,386
Depreciation & Amortisation	278	276	254	247	243
EBIT	322	1,880	819	694	801
Net Finance (Expense)/Inc	(202)	(193)	(394)	(446)	(420)
Associates & JVs	107	170	48	190	250
Profit Before Tax	228	1,857	473	438	631
Taxation	(88)	(543)	(124)	(123)	(157)
Profit After Tax	140	1,314	349	316	475
Non-Controlling Interest	64	29	31	30	30
Net Income, reported	140	1,314	349	316	475

Per share data (SGD)

Y/E Dec, SGD	FY21	FY22	FY23	FY24e	FY25e
EPS, reported	0.09	1.40	0.34	0.31	0.49
DPS	0.12	0.28	0.12	0.12	0.12
BVPS	9.28	10.16	10.12	10.02	10.38

Cash Flows

Y/E Dec, SGD mn	FY21	FY22	FY23	FY24e	FY25e
CFO					
Profit for the year	140	1,314	349	316	475
Adjustments	193	(1,468)	462	498	408
WC changes	814	(177)	242	549	(38)
Cash generated from ops	1,234	212	1,176	1,484	1,001
Taxes paid, others	(100)	(338)	(226)	(123)	(157)
Cashflow from ops	1,134	(126)	950	1,362	844
CFI					
CAPEX, net	(78)	1,453	(140)	(180)	(192)
Cashflow from investments	(863)	780	(1,860)	(369)	(374)
CFF					
Dividends paid	(174)	(222)	(206)	(109)	(109)
Cashflow from financing	(1,277)	(290)	726	(664)	(639)
Net change in cash	(1,006)	364	(184)	328	(169)
Effects of exchange rates	(5)	(60)	(20)	-	-
CCE, end	1,944	2,248	2,044	2,372	2,203

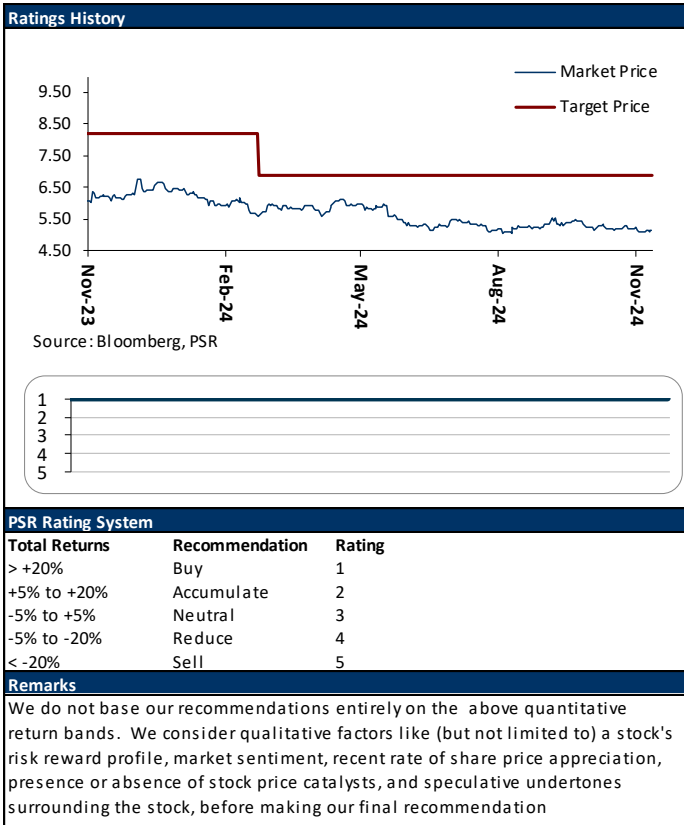
Source: Company, PSR Estimates

Balance Sheet

Y/E Dec, SGD mn	FY21	FY22	FY23	FY24e	FY25e
ASSETS					
PPE	5,362	4,061	4,213	4,146	4,094
Associates & JVs	1,856	2,347	2,475	2,671	2,948
Investment Properties	3,997	4,967	6,291	6,544	6,786
Others	923	1,027	1,159	1,164	1,170
Total non-current assets	12,138	12,401	14,138	14,525	14,998
Development property	5,839	5,958	4,878	4,928	4,978
Accounts Receivables	1,873	1,697	1,810	1,675	1,814
Cash balance	2,083	2,363	2,400	2,488	2,318
Others	1,961	562	1,008	1,008	1,008
Total current assets	11,757	10,580	10,096	10,098	10,118
Total Assets	23,895	22,981	24,234	24,623	25,116
LIABILITIES					
Short term loans	5,188	2,354	3,913	3,913	3,913
Accounts Payables	1,453	1,466	1,324	1,798	1,948
Others	1,261	1,097	470	460	461
Total current liabilities	7,902	4,918	5,707	6,170	6,322
Long term loans	5,952	7,315	7,713	7,713	7,713
Others	707	1,183	1,275	1,266	1,262
Total non-current liabilities	6,659	8,499	8,988	8,979	8,975
Total Liabilities	14,561	13,416	14,695	15,150	15,297
EQUITY					
Shareholder Equity	8,414	9,216	9,180	9,092	9,413
Non-controlling interest	918	348	359	382	406
Total Equity	9,334	9,565	9,539	9,473	9,819

Valuation Ratios

Y/E Dec, SGD mn	FY21	FY22	FY23	FY24e	FY25e
P/E (X), adj.	55.27	3.66	15.30	16.32	10.48
P/B (X)	0.55	0.51	0.51	0.51	0.50
Dividend Yield	2.3%	5.4%	2.3%	2.3%	2.3%
Growth & Margins (%)					
Growth					
Revenue	24.5%	25.4%	50.0%	-34.2%	8.3%
EBIT	-137.8%	484.0%	-56.5%	-15.2%	15.4%
Net Income	-107.4%	839.8%	-73.5%	-9.5%	50.4%
Margins					
EBIT margin	12.3%	57.1%	16.6%	21.4%	22.8%
Net Profit Margin	5.3%	39.9%	7.1%	9.7%	13.5%
Key Ratios					
ROE (%)	1.5%	13.7%	3.7%	3.3%	4.8%
ROA (%)	0.6%	5.7%	1.4%	1.3%	1.9%
Gearing (x)	0.97	0.85	0.97	0.96	0.95



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