

## Financial Statements and Related Announcement::Full Yearly Results

## Issuer &amp; Securities

|                         |                                                |
|-------------------------|------------------------------------------------|
| <b>Issuer/ Manager</b>  | CITY DEVELOPMENTS LIMITED                      |
| <b>Securities</b>       | CITY DEVELOPMENTS LIMITED - SG1R89002252 - C09 |
| <b>Stapled Security</b> | No                                             |

## Announcement Details

|                                                                                                                                    |                                                                                                                                                                                                                                 |
|------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Announcement Title</b>                                                                                                          | Financial Statements and Related Announcement                                                                                                                                                                                   |
| <b>Date &amp; Time of Broadcast</b>                                                                                                | 23-Feb-2017 19:55:03                                                                                                                                                                                                            |
| <b>Status</b>                                                                                                                      | New                                                                                                                                                                                                                             |
| <b>Announcement Sub Title</b>                                                                                                      | Full Yearly Results                                                                                                                                                                                                             |
| <b>Announcement Reference</b>                                                                                                      | SG1702230THR1LDY                                                                                                                                                                                                                |
| <b>Submitted By (Co./ Ind. Name)</b>                                                                                               | Enid Ling Peek Fong                                                                                                                                                                                                             |
| <b>Designation</b>                                                                                                                 | Company Secretary                                                                                                                                                                                                               |
| <b>Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)</b> | Please find the attached revised news release on the Q4 and Full Year 2016 Results, which reflects the update to the pointer on dividends which was released under Announcement Reference SG1702230THRPI73 on 23 February 2017. |

## Additional Details

|                                   |                                                                                                                                                                      |
|-----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>For Financial Period Ended</b> | 31/12/2016                                                                                                                                                           |
| <b>Attachments</b>                |  <a href="#">News Release-CDL Q4 and FY2016 Results R.pdf</a><br>Total size =162K |



# CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

## UNAUDITED FOURTH QUARTER AND FULL YEAR FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

### 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<br>Fourth Quarter Ended<br>31 December |                 |                      | The Group<br>Full Year Ended<br>31 December |                  |                      |
|------------------------------------------------------------|--------------------------------------------------|-----------------|----------------------|---------------------------------------------|------------------|----------------------|
|                                                            | 2016                                             | 2015            | Incr/<br>(Decr)<br>% | 2016                                        | 2015             | Incr/<br>(Decr)<br>% |
|                                                            | S\$'000                                          | S\$'000         |                      | S\$'000                                     | S\$'000          |                      |
| Revenue                                                    | 1,166,962                                        | 854,983         | 36.5                 | 3,905,453                                   | 3,304,108        | 18.2                 |
| Cost of sales                                              | (637,181)                                        | (391,916)       | 62.6                 | (2,147,534)                                 | (1,647,976)      | 30.3                 |
| <b>Gross profit</b>                                        | <b>529,781</b>                                   | <b>463,067</b>  | <b>14.4</b>          | <b>1,757,919</b>                            | <b>1,656,132</b> | <b>6.1</b>           |
| Other operating income <sup>(2)</sup>                      | 101,377                                          | 316,743         | (68.0)               | 174,909                                     | 324,626          | (46.1)               |
| Administrative expenses <sup>(3)</sup>                     | (141,771)                                        | (132,277)       | 7.2                  | (536,033)                                   | (529,252)        | 1.3                  |
| Other operating expenses <sup>(4)</sup>                    | (167,692)                                        | (188,316)       | (11.0)               | (473,170)                                   | (500,819)        | (5.5)                |
| <b>Profit from operations</b>                              | <b>321,695</b>                                   | <b>459,217</b>  | <b>(29.9)</b>        | <b>923,625</b>                              | <b>950,687</b>   | <b>(2.8)</b>         |
| Finance income <sup>(5)</sup>                              | 10,306                                           | 12,236          | (15.8)               | 43,499                                      | 53,425           | (18.6)               |
| Finance costs <sup>(6)</sup>                               | (31,446)                                         | (29,329)        | 7.2                  | (123,635)                                   | (125,622)        | (1.6)                |
| <b>Net finance costs</b>                                   | <b>(21,140)</b>                                  | <b>(17,093)</b> | <b>23.7</b>          | <b>(80,136)</b>                             | <b>(72,197)</b>  | <b>11.0</b>          |
| Share of after-tax profit of associates <sup>(7)</sup>     | 28,252                                           | 10,367          | 172.5                | 41,226                                      | 22,768           | 81.1                 |
| Share of after-tax profit of joint ventures <sup>(8)</sup> | 2,693                                            | 18,841          | (85.7)               | 29,274                                      | 84,117           | (65.2)               |
| <b>Profit before tax <sup>(1)</sup></b>                    | <b>331,500</b>                                   | <b>471,332</b>  | <b>(29.7)</b>        | <b>913,989</b>                              | <b>985,375</b>   | <b>(7.2)</b>         |
| Tax expense <sup>(9)</sup>                                 | (63,754)                                         | (44,072)        | 44.7                 | (151,430)                                   | (119,355)        | 26.9                 |
| <b>Profit for the period/year</b>                          | <b>267,746</b>                                   | <b>427,260</b>  | <b>(37.3)</b>        | <b>762,559</b>                              | <b>866,020</b>   | <b>(11.9)</b>        |
| <b>Attributable to:</b>                                    |                                                  |                 |                      |                                             |                  |                      |
| <b>Owners of the Company</b>                               | <b>243,784</b>                                   | <b>410,451</b>  | <b>(40.6)</b>        | <b>653,224</b>                              | <b>773,367</b>   | <b>(15.5)</b>        |
| Non-controlling interests                                  | 23,962                                           | 16,809          | 42.6                 | 109,335                                     | 92,653           | 18.0                 |
| <b>Profit for the period/year</b>                          | <b>267,746</b>                                   | <b>427,260</b>  | <b>(37.3)</b>        | <b>762,559</b>                              | <b>866,020</b>   | <b>(11.9)</b>        |
| <b>Earnings per share</b>                                  |                                                  |                 |                      |                                             |                  |                      |
| - basic                                                    | 26.1 cents                                       | 44.4 cents      | (41.2)               | 70.4 cents                                  | 83.6 cents       | (15.8)               |
| - diluted                                                  | 25.5 cents                                       | 43.0 cents      | (40.7)               | 68.5 cents                                  | 81.0 cents       | (15.4)               |

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## Notes to the Group's Income Statement:

- (1) Profit before tax includes the following:

|                                                                                                          | The Group<br>Fourth Quarter Ended<br>31 December |                 | The Group<br>Full Year Ended<br>31 December |                 |
|----------------------------------------------------------------------------------------------------------|--------------------------------------------------|-----------------|---------------------------------------------|-----------------|
|                                                                                                          | 2016<br>S\$'000                                  | 2015<br>S\$'000 | 2016<br>S\$'000                             | 2015<br>S\$'000 |
| Interest income                                                                                          | 9,955                                            | 12,236          | 42,591                                      | 53,425          |
| Gains on loss of control in/liquidation of subsidiaries                                                  | 98,078                                           | -               | 148,598                                     | 483             |
| Negative goodwill on acquisition of interest in an associate                                             | 521                                              | -               | 521                                         | -               |
| Investment income                                                                                        | 926                                              | 928             | 9,184                                       | 8,161           |
| Profit on sale/realisation of investments, investment properties and property, plant and equipment (net) | 790                                              | 314,133         | 17,713                                      | 317,982         |
| Loss on liquidation of a joint venture                                                                   | -                                                | -               | (14)                                        | -               |
| Allowance written back/(made) for foreseeable losses on development properties (net)                     | 5,744                                            | (10,350)        | 5,744                                       | (9,678)         |
| Depreciation and amortisation                                                                            | (65,195)                                         | (54,720)        | (221,883)                                   | (214,668)       |
| Interest expenses                                                                                        | (28,228)                                         | (26,055)        | (109,727)                                   | (110,556)       |
| Net exchange loss                                                                                        | (8,979)                                          | (7,948)         | (10,301)                                    | (10,463)        |
| Net change in fair value of financial assets held for trading                                            | 107                                              | (509)           | (1,345)                                     | (4,908)         |
| (Impairment losses)/Write-back of impairment losses on loans to joint ventures (net)                     | (1,035)                                          | 3,017           | (1,759)                                     | 2,707           |
| Impairment loss on available-for-sale financial asset                                                    | -                                                | -               | (500)                                       | -               |
| Impairment loss on lease premium prepayment                                                              | (478)                                            | (165)           | (478)                                       | (165)           |
| Impairment losses on property, plant and equipment                                                       | (38,340)                                         | (73,423)        | (38,340)                                    | (73,423)        |

- (2) Other operating income comprises mainly management fee, miscellaneous income and profit on sale/realisation of investments, property, plant and equipment and investment properties. This had decreased by \$215.3 million to \$101.4 million (Q4 2015: \$316.7 million) for fourth quarter of 2016 (Q4 2016) and \$149.7 million to \$174.9 million (FY 2015: \$324.6 million) for the full year ended 31 December 2016 (FY 2016). The significant decreases for Q4 2016 and FY 2016 were primarily due to absence of gains recognised in Q4 2016 from the sale of leasehold interests in Central Mall Office Tower, 7 & 9 Tampines Grande and Manulife Centre to Golden Crest Holdings Pte. Ltd. (a special purpose vehicle funded by the Group and another investment fund) vis-à-vis the Group's second Profit Participation Securities (PPS 2). This was partially mitigated by a gain recognised in Q4 2016 from the sale of the Group's entire interest in Exchange Tower Ltd (Exchange Tower) as well as a profit accounted from divestment of equity interest in Summervale Properties Pte. Ltd. (Summervale) which holds Nouvel 18, through the Group's third Profit Participation Securities (PPS 3). In addition, the gain recognised from the sale of the Group's entire 52.52% interest in City e-Solutions Limited (CES) in Q3 2016, increased realisation of investment in Real Estate Capital Asia Partners II and III (private real estate funds), and the gain of \$4.2 million accounted following settlement with the insurers in respect of material damage claim relating to fixtures, fittings and equipment of Millennium Hotel Christchurch, which was affected by the 2011 New Zealand earthquake, also mitigated the decrease for FY 2016.
- (3) Administrative expenses comprise mainly depreciation, hotel administrative expenses, operating lease expenses and salaries and related expenses. This had increased by \$9.5 million to \$141.8 million (Q4 2015: \$132.3 million) for Q4 2016 but remained constant at \$536.0 million (FY 2015: \$529.3 million) for FY 2016. The increase for Q4 2016 was mainly due to higher depreciation from various hotels namely; newly opened M Social, recently acquired Hilton Cambridge City Centre and Hard Days Night Hotel Liverpool as well as hotels that were refurbished, partially offset by absence of depreciation from Central Mall Office Tower, 7 & 9 Tampines Grande and Manulife Centre which the Group had disposed of the leasehold interests in these 3 investment properties in December 2015.

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- (4) Other operating expenses comprise mainly property taxes and insurance on hotels, other operating expenses on hotels, net exchange differences, professional fees as well as impairment losses on property, plant and equipment, and loans to joint ventures. This had decreased by \$20.6 million to \$167.7 million (Q4 2015: \$188.3 million) for Q4 2016 and \$27.6 million to \$473.2 million (FY 2015: \$500.8 million) for FY 2016. The decreases for Q4 2016 and FY 2016 were primarily due to lower impairment losses on property, plant and equipment in Q4 2016 of \$38.3 million (Q4 2015: \$73.4 million), partially offset by higher professional fees and impairment loss charged on loans to joint ventures in 2016 vis-à-vis write-back of impairment loss in 2015.
- (5) Finance income comprises mainly interest income and fair value gain on financial assets held for trading. This had decreased by \$1.9 million to \$10.3 million (Q4 2015: \$12.2 million) for Q4 2016 and \$9.9 million to \$43.5 million (FY 2015: \$53.4 million) for FY 2016. The decreases for Q4 2016 and FY 2016 were due to lower interest income earned from joint ventures.
- (6) Finance costs comprise mainly interest on borrowings, fair value loss on financial assets held for trading, impairment loss on available-for-sale financial asset and amortisation of capitalised transaction costs on borrowings. This had remained relatively flat at \$31.4 million (Q4 2015: \$29.3 million) and \$123.6 million (FY 2015: \$125.6 million) for Q4 2016 and FY 2016 respectively.
- (7) Share of after-tax profit of associates relates primarily to the Group's share of results of First Sponsor Group Limited (FSGL). This had increased significantly by \$17.9 million to \$28.3 million (Q4 2015: \$10.4 million) for Q4 2016 and \$18.4 million to \$41.2 million (FY 2015: \$22.8 million) for FY 2016. The increases for Q4 2016 and FY 2016 were due primarily to gain recognised by FSGL on dilution of its interest in the Star of East River project in Dongguan, partially offset by lower contribution from property financing business. The property financing performance was impacted by various loan defaults in December 2015 and January 2016, leading to no interest income being recognised on these loans after the point of default except for the penalty interest on successful foreclosure auctions of the mortgaged properties for a defaulted loan.
- (8) Share of after-tax profit of joint ventures decreased by \$16.1 million to \$2.7 million (Q4 2015: \$18.8 million) for Q4 2016 and \$54.8 million to \$29.3 million (FY 2015: \$84.1 million) for FY 2016. The decreases for Q4 2016 and FY 2016 were due to lower contribution from Bartley Ridge and Echelon which obtained Temporary Occupation Permit (TOP) in Q4 2016 and Q3 2016 respectively, coupled with impairment loss provided on a joint venture project in Q4 2016. In addition, the absence of profit recognised in entirety from an executive condominium (EC), The Rainforest which obtained TOP in Q1 2015, coupled with reduced contribution from The Inflora, completed in Q2 2016, also attributed to the decrease for FY 2016.
- (9) Tax expense for the period/year is derived at by applying the varying statutory tax rates on the taxable profits/(losses) and taxable/deductible temporary differences of the different countries in which the Group operates.

|                                                          | The Group<br>Fourth Quarter Ended<br>31 December |             | The Group<br>Full Year Ended<br>31 December |              |
|----------------------------------------------------------|--------------------------------------------------|-------------|---------------------------------------------|--------------|
|                                                          | 2016                                             | 2015        | 2016                                        | 2015         |
|                                                          | S\$m                                             | S\$m        | S\$m                                        | S\$m         |
| The tax charge relates to the following:                 |                                                  |             |                                             |              |
| Profit for the period/year                               | 54.0                                             | 47.1        | 149.0                                       | 136.0        |
| Under/(Over) provision in respect of prior periods/years | 9.8                                              | (3.0)       | 2.4                                         | (16.6)       |
|                                                          | <u>63.8</u>                                      | <u>44.1</u> | <u>151.4</u>                                | <u>119.4</u> |

The overall effective tax rate of the Group was 19.2 % (Q4 2015: 9.4%) for Q4 2016 and 16.6% (FY 2015: 12.1%) for FY 2016. Excluding the under/(over) provision in respect of prior periods/years, the effective tax rate of the Group is 16.3% (Q4 2015: 10.0%) for Q4 2016 and 16.3% (FY 2015: 13.8%) for FY 2016.

**CITY DEVELOPMENTS LIMITED**  
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**1(a)(ii) Consolidated Statement of Comprehensive Income**

|                                                                                                                   | The Group                           |                 |                                |                 |
|-------------------------------------------------------------------------------------------------------------------|-------------------------------------|-----------------|--------------------------------|-----------------|
|                                                                                                                   | Fourth Quarter Ended<br>31 December |                 | Full Year Ended<br>31 December |                 |
|                                                                                                                   | 2016<br>S\$'000                     | 2015<br>S\$'000 | 2016<br>S\$'000                | 2015<br>S\$'000 |
| <b>Profit for the period/year</b>                                                                                 | 267,746                             | 427,260         | 762,559                        | 866,020         |
| <b>Other comprehensive income:</b>                                                                                |                                     |                 |                                |                 |
| <u>Item that will not be reclassified to profit or loss:</u>                                                      |                                     |                 |                                |                 |
| Defined benefit plan remeasurements                                                                               | (15,670)                            | (3,828)         | (15,477)                       | (4,595)         |
| <u>Items that may be reclassified subsequently to profit or loss:</u>                                             |                                     |                 |                                |                 |
| Changes in fair value of available-for-sale equity investments                                                    | 43                                  | 813             | 2,172                          | (3,881)         |
| Effective portion of changes in fair value of cashflow hedges                                                     | -                                   | 208             | -                              | 581             |
| Exchange differences on hedge of net investment<br>in foreign entities                                            | (11,755)                            | (4,794)         | (61,028)                       | (15,678)        |
| Exchange differences on monetary items forming<br>part of net investments in foreign entities                     | 33,241                              | (1,855)         | (4,745)                        | 4,722           |
| Exchange differences realised on loss of control in/liquidation<br>of subsidiaries reclassified to profit or loss | (3,017)                             | -               | (7,912)                        | (483)           |
| Exchange differences realised on liquidation of an<br>associate reclassified to profit or loss                    | -                                   | -               | -                              | (123)           |
| Exchange differences realised on liquidation of a<br>joint venture reclassified to profit or loss                 | -                                   | -               | 14                             | -               |
| Translation differences arising on consolidation<br>of foreign entities                                           | 115,863                             | (33,120)        | (79,006)                       | 57,265          |
| <b>Total other comprehensive income for the period/year,<br/>net of tax</b>                                       | <b>118,705</b>                      | <b>(42,576)</b> | <b>(165,982)</b>               | <b>37,808</b>   |
| <b>Total comprehensive income for the period/year</b>                                                             | <b>386,451</b>                      | <b>384,684</b>  | <b>596,577</b>                 | <b>903,828</b>  |
| <b>Attributable to:</b>                                                                                           |                                     |                 |                                |                 |
| <b>Owners of the Company</b>                                                                                      | <b>328,242</b>                      | <b>328,860</b>  | <b>495,307</b>                 | <b>760,873</b>  |
| Non-controlling interests                                                                                         | 58,209                              | 55,824          | 101,270                        | 142,955         |
| <b>Total comprehensive income for the period/year</b>                                                             | <b>386,451</b>                      | <b>384,684</b>  | <b>596,577</b>                 | <b>903,828</b>  |

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**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<br>31.12.2016<br>S\$'000 | As at<br>31.12.2015<br>S\$'000 | As at<br>31.12.2016<br>S\$'000 | As at<br>31.12.2015<br>S\$'000 |
| <b>Non-current assets</b>                           |      |                                |                                |                                |                                |
| Property, plant and equipment                       |      | 5,135,688                      | 5,174,873                      | 8,368                          | 9,681                          |
| Investment properties                               |      | 2,346,114                      | 2,583,675                      | 444,682                        | 452,243                        |
| Lease premium prepayment                            |      | 113,587                        | 120,134                        | -                              | -                              |
| Investments in subsidiaries                         |      | -                              | -                              | 2,132,213                      | 2,136,656                      |
| Investments in associates                           |      | 371,370                        | 351,211                        | -                              | -                              |
| Investments in joint ventures                       | (1)  | 1,090,142                      | 955,384                        | 37,360                         | 37,360                         |
| Financial assets                                    | (2)  | 398,603                        | 198,504                        | 28,329                         | 25,857                         |
| Other non-current assets                            | (3)  | 261,353                        | 46,703                         | 1,861,215                      | 1,079,174                      |
|                                                     |      | <b>9,716,857</b>               | <b>9,430,484</b>               | <b>4,512,167</b>               | <b>3,740,971</b>               |
| <b>Current assets</b>                               |      |                                |                                |                                |                                |
| Development properties                              | (4)  | 5,208,900                      | 5,514,894                      | 497,674                        | 353,131                        |
| Lease premium prepayment                            |      | 3,913                          | 3,985                          | -                              | -                              |
| Consumable stocks                                   |      | 11,823                         | 11,236                         | -                              | -                              |
| Financial assets                                    |      | 16,399                         | 31,416                         | -                              | -                              |
| Trade and other receivables                         | (5)  | 1,166,493                      | 1,761,630                      | 4,335,835                      | 5,614,534                      |
| Cash and cash equivalents                           |      | 3,673,037                      | 3,564,885                      | 2,043,714                      | 2,152,392                      |
|                                                     |      | <b>10,080,565</b>              | <b>10,888,046</b>              | <b>6,877,223</b>               | <b>8,120,057</b>               |
| <b>Total assets</b>                                 |      | <b>19,797,422</b>              | <b>20,318,530</b>              | <b>11,389,390</b>              | <b>11,861,028</b>              |
| <b>Equity attributable to Owners of the Company</b> |      |                                |                                |                                |                                |
| Share capital                                       |      | 1,991,397                      | 1,991,397                      | 1,991,397                      | 1,991,397                      |
| Reserves                                            |      | 7,302,411                      | 7,004,395                      | 4,522,002                      | 4,075,020                      |
|                                                     |      | 9,293,808                      | 8,995,792                      | 6,513,399                      | 6,066,417                      |
| <b>Non-controlling interests</b>                    |      | 2,114,876                      | 2,217,223                      | -                              | -                              |
| <b>Total equity</b>                                 |      | <b>11,408,684</b>              | <b>11,213,015</b>              | <b>6,513,399</b>               | <b>6,066,417</b>               |
| <b>Non-current liabilities</b>                      |      |                                |                                |                                |                                |
| Interest-bearing borrowings*                        |      | 3,954,937                      | 4,571,969                      | 1,808,330                      | 2,515,979                      |
| Employee benefits                                   |      | 42,837                         | 28,500                         | -                              | -                              |
| Other liabilities                                   |      | 375,646                        | 345,004                        | 170,137                        | 170,119                        |
| Provisions                                          |      | 84,917                         | 53,084                         | -                              | -                              |
| Deferred tax liabilities                            |      | 271,013                        | 274,998                        | 66,333                         | 44,155                         |
|                                                     |      | <b>4,729,350</b>               | <b>5,273,555</b>               | <b>2,044,800</b>               | <b>2,730,253</b>               |
| <b>Current liabilities</b>                          |      |                                |                                |                                |                                |
| Trade and other payables                            | (6)  | 1,575,230                      | 1,602,289                      | 1,809,538                      | 2,230,138                      |
| Interest-bearing borrowings*                        |      | 1,782,830                      | 1,910,732                      | 998,216                        | 793,258                        |
| Employee benefits                                   |      | 24,544                         | 22,566                         | 2,282                          | 1,684                          |
| Provision for taxation                              |      | 251,629                        | 259,331                        | 21,155                         | 39,278                         |
| Provisions                                          |      | 25,155                         | 37,042                         | -                              | -                              |
|                                                     |      | <b>3,659,388</b>               | <b>3,831,960</b>               | <b>2,831,191</b>               | <b>3,064,358</b>               |
| <b>Total liabilities</b>                            |      | <b>8,388,738</b>               | <b>9,105,515</b>               | <b>4,875,991</b>               | <b>5,794,611</b>               |
| <b>Total equity and liabilities</b>                 |      | <b>19,797,422</b>              | <b>20,318,530</b>              | <b>11,389,390</b>              | <b>11,861,028</b>              |

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

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## Notes to the statement of financial position of the Group and the Company

- 1) The increase for the Group was mainly due to the Group's participation in a joint development of a residential land site in Brisbane by providing funding via preferred equity interest, subscription of a 20% interest in Shanghai Mamahome Co., Ltd which owns a Chinese online apartment rental platform, additional investment in the Group's joint venture mixed-use South Beach development, and share of after-tax profit contribution from joint ventures but partially offset by dividend income received.
- 2) The increase for the Group was mainly due to subscription of \$140 million note issued by Summervale Properties Pte. Ltd., which was previously a subsidiary of the Group but was disposed of in Q4 2016 via the Group's PPS 3 platform.
- 3) The increase for the Company was mainly due to reclassification of loans due from subsidiaries from trade and other receivables to other non-current assets as settlement of the loans is neither planned nor likely to occur in foreseeable future, coupled with additional loans granted to subsidiaries in 2016.

The increase for the Group was due to classification of cash and cash equivalents of approximately \$214 million as other non-current assets as they are charged to financial institutions as collaterals for more than 1 year.

- 4) The increase for the Company was due to the development expenditure incurred for D'Nest and Coco Palms.
- 5) The decrease for the Company was due to repayment of loans by its subsidiaries using proceeds derived from the Group's disposal of its entire interest in Summervale Properties Pte. Ltd. via PPS 3 platform and sale of units in residential projects held under these subsidiaries.

The decrease for the Group was due to reduction in amounts owing by joint ventures following Summervale becoming a subsidiary when the Group acquired the remaining 50% interest in this joint venture in July 2016. The entire interest in Summervale was however disposed of in Q4 2016 via the PPS 3 platform. Lower balance was also attributed by repayment of loans from sale proceeds generated from joint ventures projects namely; Echelon and Bartley Ridge following the completion of these projects in 2016.

- 6) The decrease for the Company was mainly due to repayments of loans owing to subsidiaries during the year.

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## 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 finance lease creditors, after deducting cash and cash equivalents. Unamortised balance of transaction costs have not been deducted from the gross borrowings.

|                                                                                    |           | As at<br>31.12.2016<br>S\$'000 | As at<br>31.12.2015<br>S\$'000 |
|------------------------------------------------------------------------------------|-----------|--------------------------------|--------------------------------|
| <b>Unsecured</b>                                                                   |           |                                |                                |
| - repayable within one year                                                        |           | 1,462,424                      | 1,512,301                      |
| - repayable after one year                                                         |           | 3,374,105                      | 3,803,141                      |
|                                                                                    | (a)       | <u>4,836,529</u>               | <u>5,315,442</u>               |
| <b>Secured</b>                                                                     |           |                                |                                |
| - repayable within one year                                                        |           | 322,472                        | 402,210                        |
| - repayable after one year                                                         |           | 592,855                        | 785,052                        |
|                                                                                    | (b)       | <u>915,327</u>                 | <u>1,187,262</u>               |
| Gross borrowings                                                                   | (a) + (b) | 5,751,856                      | 6,502,704                      |
| Less: cash and cash equivalents as shown<br>in the statement of financial position |           | (3,673,037)                    | (3,564,885)                    |
| Less: restricted deposits included in<br>other non-current assets                  |           | (213,531)                      | -                              |
| Net borrowings                                                                     |           | <u>1,865,288</u>               | <u>2,937,819</u>               |

### 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 a wholly-owned subsidiary;
- a statutory lien on certain assets of a foreign subsidiary; and
- a statutory preferred right over the assets of a foreign subsidiary.



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**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.**

|                                                                                        | Fourth Quarter Ended<br>31 December |                  | Full Year Ended<br>31 December |                 |
|----------------------------------------------------------------------------------------|-------------------------------------|------------------|--------------------------------|-----------------|
|                                                                                        | 2016<br>S\$'000                     | 2015<br>S\$'000  | 2016<br>S\$'000                | 2015<br>S\$'000 |
| <b>Operating Activities</b>                                                            |                                     |                  |                                |                 |
| Profit for the period/year                                                             | 267,746                             | 427,260          | 762,559                        | 866,020         |
| <b>Adjustments for:</b>                                                                |                                     |                  |                                |                 |
| Depreciation and amortisation                                                          | 65,195                              | 54,720           | 221,883                        | 214,668         |
| Dividend income                                                                        | (926)                               | (928)            | (9,184)                        | (8,161)         |
| Equity settled share-based transactions                                                | (411)                               | 2,526            | (411)                          | 4,410           |
| Finance costs                                                                          | 31,446                              | 29,329           | 123,635                        | 125,622         |
| Finance income                                                                         | (10,306)                            | (12,236)         | (43,499)                       | (53,425)        |
| Gains on loss of control in/liquidation of subsidiaries                                | (98,078)                            | -                | (148,598)                      | (483)           |
| Negative goodwill on acquisition of interest in an associate                           | (521)                               | -                | (521)                          | -               |
| Gain on insurance claim                                                                | -                                   | -                | (4,227)                        | -               |
| Impairment losses/(Write-back of impairment losses) on loans to joint ventures         | 1,035                               | (3,017)          | 1,759                          | (2,707)         |
| Impairment losses on leasehold premium prepayment and property, plant and equipment    | 38,818                              | 73,588           | 38,818                         | 73,588          |
| Tax expense                                                                            | 63,754                              | 44,072           | 151,430                        | 119,355         |
| Profit on realisation of investments                                                   | (1,020)                             | (88)             | (18,415)                       | (3,986)         |
| Loss/(Profit) on sale of property, plant and equipment and investment properties (net) | 230                                 | (314,045)        | 702                            | (313,996)       |
| Loss on liquidation of a joint venture                                                 | -                                   | -                | 14                             | -               |
| Property, plant and equipment and investment properties written off                    | 266                                 | 3,347            | 2,546                          | 3,716           |
| Share of after-tax profit of associates                                                | (28,252)                            | (10,367)         | (41,226)                       | (22,768)        |
| Share of after-tax profit of joint ventures                                            | (2,693)                             | (18,841)         | (29,274)                       | (84,117)        |
| Operating profit before working capital changes                                        | 326,283                             | 275,320          | 1,007,991                      | 917,736         |
| <b>Changes in working capital</b>                                                      |                                     |                  |                                |                 |
| Development properties                                                                 | 54,469                              | (474,097)        | 214,591                        | (674,804)       |
| Consumable stocks and trade and other receivables                                      | 232,635                             | (175,367)        | 140,076                        | (137,784)       |
| Trade and other payables                                                               | (203,415)                           | 2,137            | (48,792)                       | 103,859         |
| Employee benefits                                                                      | 17,848                              | (7,733)          | 23,811                         | (2,894)         |
| Cash generated from/(used in) operations                                               | 427,820                             | (379,740)        | 1,337,677                      | 206,113         |
| Tax paid                                                                               | (14,397)                            | (10,003)         | (156,745)                      | (128,282)       |
| <b>Cash flows from/(used in) operating activities carried forward <sup>(1)</sup></b>   | <b>413,423</b>                      | <b>(389,743)</b> | <b>1,180,932</b>               | <b>77,831</b>   |

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|                                                                                                                                        | Fourth Quarter Ended<br>31 December |                  | Full Year Ended<br>31 December |                  |
|----------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|------------------|--------------------------------|------------------|
|                                                                                                                                        | 2016<br>S\$'000                     | 2015<br>S\$'000  | 2016<br>S\$'000                | 2015<br>S\$'000  |
| <b>Cash flows from/(used in) operating activities brought forward</b>                                                                  | <b>413,423</b>                      | <b>(389,743)</b> | <b>1,180,932</b>               | <b>77,831</b>    |
| <b>Investing Activities</b>                                                                                                            |                                     |                  |                                |                  |
| Acquisition of subsidiaries (net of cash acquired) <sup>(2)</sup>                                                                      | -                                   | (131,122)        | (410,451)                      | (138,233)        |
| Capital expenditure on investment properties                                                                                           | (3,989)                             | (5,299)          | (22,087)                       | (27,322)         |
| Dividends received                                                                                                                     |                                     |                  |                                |                  |
| - an associate                                                                                                                         | -                                   | 1,497            | 4,228                          | 3,197            |
| - financial investments                                                                                                                | 926                                 | 928              | 9,184                          | 8,161            |
| - joint ventures                                                                                                                       | 16,500                              | 2,685            | 40,500                         | 5,556            |
| Interest received                                                                                                                      | 7,014                               | 11,013           | 33,609                         | 38,614           |
| Increase in intangible assets                                                                                                          | (5)                                 | -                | (502)                          | -                |
| Increase in investment in associates                                                                                                   | (1,622)                             | (25,125)         | (1,622)                        | (25,096)         |
| Increase in investments in joint ventures <sup>(3)</sup>                                                                               | (25,563)                            | (29,959)         | (111,779)                      | (63,827)         |
| Increase in lease premium prepayment                                                                                                   | -                                   | (262)            | (263)                          | (846)            |
| Payments for purchase of property, plant and equipment                                                                                 | (49,572)                            | (67,462)         | (204,926)                      | (228,726)        |
| Proceeds from insurance claims                                                                                                         | -                                   | -                | 4,227                          | -                |
| Proceeds from loss of control over subsidiaries<br>(net of cash disposed of) <sup>(4)</sup>                                            | 1,078,148                           | -                | 1,113,244                      | -                |
| Proceeds from sale of property, plant and equipment and<br>investment properties <sup>(5)</sup>                                        | 86                                  | 1,071,851        | 1,120                          | 1,072,214        |
| Purchase of financial assets (net) <sup>(6)</sup>                                                                                      | (137,470)                           | (139,022)        | (136,420)                      | (123,315)        |
| <b>Cash flows from investing activities</b>                                                                                            | <b>884,453</b>                      | <b>689,723</b>   | <b>318,062</b>                 | <b>520,377</b>   |
| <b>Financing Activities</b>                                                                                                            |                                     |                  |                                |                  |
| Acquisition of non-controlling interests, without a change in control                                                                  | (113,706)                           | (2,027)          | (116,693)                      | (200,749)        |
| Capital contribution by/(distribution to) non-controlling interests                                                                    | 19                                  | 49               | (1,156)                        | 481              |
| Deposit charged to financial institutions                                                                                              | (186,866)                           | (26,665)         | (186,866)                      | (26,665)         |
| Dividends paid                                                                                                                         | (11,098)                            | (15,113)         | (237,440)                      | (271,234)        |
| Finance lease payments                                                                                                                 | (132)                               | (175)            | (553)                          | (806)            |
| Increase in/(Repayment of) other long-term liabilities                                                                                 | 63                                  | (465)            | -                              | (1,108)          |
| Interest paid (including amounts capitalised as investment<br>properties, property, plant and equipment and<br>development properties) | (35,356)                            | (39,929)         | (136,960)                      | (151,014)        |
| Increase in restricted cash (net)                                                                                                      | (212)                               | (1,371)          | (11)                           | (1,371)          |
| Decrease in deposits pledged to financial institutions                                                                                 | 6,258                               | 2,176            | 11,543                         | 49,238           |
| Net proceeds from/(repayments of) revolving credit facilities and<br>short-term bank borrowings                                        | 17,519                              | 253,367          | (465,650)                      | (13,755)         |
| Net (increase)/decrease in amounts owing by related parties                                                                            | (1,045)                             | 1,835            | (9,411)                        | (597)            |
| Payment of financing transaction costs                                                                                                 | (80)                                | (2,857)          | (4,738)                        | (12,435)         |
| Proceeds from bank borrowings                                                                                                          | 1,599                               | 309,955          | 227,143                        | 825,975          |
| Proceeds from issuance of bonds and notes                                                                                              | -                                   | 85,000           | 411,623                        | 363,680          |
| Repayment of bank borrowings                                                                                                           | (121,894)                           | (258,041)        | (484,662)                      | (702,219)        |
| Repayment of bonds and notes                                                                                                           | (195,000)                           | (500)            | (347,340)                      | (771,695)        |
| <b>Cash flows (used in)/from financing activities <sup>(7)</sup></b>                                                                   | <b>(639,931)</b>                    | <b>305,239</b>   | <b>(1,341,171)</b>             | <b>(914,274)</b> |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                                                                            | <b>657,945</b>                      | <b>605,219</b>   | <b>157,823</b>                 | <b>(316,066)</b> |

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|                                                                             | Fourth Quarter Ended<br>31 December |                  | Full Year Ended<br>31 December |                  |
|-----------------------------------------------------------------------------|-------------------------------------|------------------|--------------------------------|------------------|
|                                                                             | 2016                                | 2015             | 2016                           | 2015             |
|                                                                             | S\$'000                             | S\$'000          | S\$'000                        | S\$'000          |
| <b>Net increase/(decrease) in cash and cash equivalents brought forward</b> | <b>657,945</b>                      | <b>605,219</b>   | <b>157,823</b>                 | <b>(316,066)</b> |
| Cash and cash equivalents at beginning of the period/year                   | 2,887,445                           | 2,808,356        | 3,415,567                      | 3,724,731        |
| Effect of exchange rate changes on balances held in foreign currencies      | 21,367                              | 1,992            | (6,633)                        | 6,902            |
| <b>Cash and cash equivalents at end of the period/year</b>                  | <b>3,566,757</b>                    | <b>3,415,567</b> | <b>3,566,757</b>               | <b>3,415,567</b> |
| <b>Cash and cash equivalents comprise:-</b>                                 |                                     |                  |                                |                  |
| Cash and cash equivalents as shown in the statement of financial position   | 3,673,037                           | 3,564,885        | 3,673,037                      | 3,564,885        |
| Restricted deposits included in other non-current assets                    | 213,531                             | -                | 213,531                        | -                |
| Less: Deposits pledged to financial institutions                            | (104,822)                           | (121,256)        | (104,822)                      | (121,256)        |
| Less: Deposits charged to financial institutions                            | (213,531)                           | (26,665)         | (213,531)                      | (26,665)         |
| Less: Restricted cash                                                       | (1,454)                             | (1,371)          | (1,454)                        | (1,371)          |
| Less: Bank overdrafts                                                       | (4)                                 | (26)             | (4)                            | (26)             |
|                                                                             | <b>3,566,757</b>                    | <b>3,415,567</b> | <b>3,566,757</b>               | <b>3,415,567</b> |

**Notes to the consolidated statement of cash flows**

- (1) The net cash outflow from operating activities for Q4 2015 of \$389.7 million was primarily due to acquisition of 2 residential projects in United Kingdom, namely Teddington Studio land site and Stag Brewery land site both located in the London Borough of Richmond.

- (2) The cash outflow for FY 2016 relates to the acquisition of the remaining 50% interest in Summervale in July 2016.

The cash outflows for Q4 2015 and FY 2015 relate to the acquisition of the 100% interest in CDL HBT Cambridge City Hotel (UK) Ltd which held Hilton Cambridge City Centre, by a subsidiary of CDL Hospitality Trusts. The cash outlays for FY 2015 also included progressive payments made in relation to the acquisition of two Singapore entities and acquisition of remaining 50% interest in a foreign joint venture by the Group.

- (3) The cash outflows for Q4 2016 and FY 2016 relate to the Group's continuing capital injections into the Group's joint venture mixed-use South Beach development and progressive investments for a 20% equity stake in Shanghai Mamahome Co., Ltd. The cash outflows for FY 2016 also included investment via preferred equity interest in a joint development of a prime residential land site in Brisbane.

The cash outflows for the Q4 2015 and FY2015 relate mainly to additional investment in the Group's joint venture South Beach development.

- (4) The cash inflows for Q4 2016 and FY 2016 relate primarily to proceeds from the divestments of the Group's entire interest in Exchange Tower and Summervale in October 2016. The cash inflows for FY 2016 also included proceeds from the disposal of the Group's 52.52% shareholding in CES in July 2016.

- (5) The net cash inflows for Q4 2015 and FY 2015 were primarily due to the proceeds from the sale of leasehold interests in Central Mall Office Tower, 7 & 9 Tampines Grande and Manulife Centre to Golden Crest Holdings Pte. Ltd. (Golden Crest).

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- (6) The cash outflow for Q4 2016 and FY 2016 relates mainly to the Group's subscription of notes issued by Summervale vis-à-vis PPS 3.

The cash outflows for Q4 2015 and FY 2015 relate largely to the Group's subscription of bonds issued by In-V Asset Holding Pte. Ltd., a financing vehicle that raised funds through bonds issuance and bank borrowings to provide borrowings to subsidiaries of Golden Crest for the acquisition of the leasehold interests in three commercial properties owned by the Group.

- (7) The Group had net cash outflows from financing activities of \$639.9 million (Q4 2015: net cash inflows of \$305.2 million) for Q4 2016 and \$1,341.2 million (FY 2015: \$914.3 million) for FY 2016.

The net cash outflows for Q4 2016 and FY 2016 were mainly due to net repayments from borrowings of \$297.8 million and \$658.9 million respectively, coupled with dividends paid, interest payment, deposits charged to financial institutions as well as payments for the acquisition of the remaining 30% equity interest in Suzhou Global City Genway Properties Co., Ltd from the existing minority shareholder.

The net cash inflow for Q4 2015 arose from net proceeds from borrowings of \$389.8 million for the quarter, partially offset by deposit being charged to financial institutions and interest paid.

The net cash outflows for FY 2015 was due to net repayment of borrowings of \$298.0 million, deposit charged to financial institutions, interest payments, dividends paid, together with expenditure in relation to purchase of shares in Millennium & Copthorne Hotels plc (M&C) and the remaining 38.7% interest in KIN Holdings Limited by Millennium & Copthorne Hotels New Zealand Limited, an indirect non-wholly owned subsidiary of the Group.

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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                                                                                                        | Attributable to Owners of the Company |              |             |                   |                |                | Non-controlling Interests | Total Equity    |
|------------------------------------------------------------------------------------------------------------------|---------------------------------------|--------------|-------------|-------------------|----------------|----------------|---------------------------|-----------------|
|                                                                                                                  | Share Capital                         | Cap. Res.    | Other Res.* | Exch. Fluct. Res. | Accum. Profits | Total          |                           |                 |
|                                                                                                                  | S\$m                                  | S\$m         | S\$m        | S\$m              | S\$m           | S\$m           | S\$m                      | S\$m            |
| At 1 January 2016                                                                                                | 1,991.4                               | 138.7        | 27.7        | (328.8)           | 7,166.8        | 8,995.8        | 2,217.2                   | 11,213.0        |
| <b>Profit for the year</b>                                                                                       | -                                     | -            | -           | -                 | 653.2          | 653.2          | 109.3                     | 762.5           |
| <u>Other comprehensive income</u>                                                                                |                                       |              |             |                   |                |                |                           |                 |
| Change in fair value of available-for-sale equity investments                                                    | -                                     | -            | 2.2         | -                 | -              | 2.2            | -                         | 2.2             |
| Defined benefit plan remeasurements                                                                              | -                                     | -            | -           | -                 | (10.0)         | (10.0)         | (5.5)                     | (15.5)          |
| Exchange differences on hedges of net investment in foreign entities                                             | -                                     | -            | -           | (38.6)            | -              | (38.6)         | (22.4)                    | (61.0)          |
| Exchange differences on monetary items forming part of net investment in foreign entities                        | -                                     | -            | -           | (10.0)            | -              | (10.0)         | 5.3                       | (4.7)           |
| Exchange differences realised on loss of control in/ liquidation of subsidiaries reclassified to profit and loss | -                                     | -            | -           | (3.9)             | -              | (3.9)          | (4.0)                     | (7.9)           |
| Translation differences arising on consolidation of foreign entities                                             | -                                     | -            | -           | (97.6)            | -              | (97.6)         | 18.6                      | (79.0)          |
| <b>Total other comprehensive income</b>                                                                          | -                                     | -            | 2.2         | (150.1)           | (10.0)         | (157.9)        | (8.0)                     | (165.9)         |
| <b>Total comprehensive income for the year</b>                                                                   | -                                     | -            | 2.2         | (150.1)           | 643.2          | 495.3          | 101.3                     | 596.6           |
| <b>Transactions with owners, recorded directly in equity</b>                                                     |                                       |              |             |                   |                |                |                           |                 |
| <u>Contributions by and distributions to owners</u>                                                              |                                       |              |             |                   |                |                |                           |                 |
| Capital distribution to non-controlling interests                                                                | -                                     | -            | -           | -                 | -              | -              | (1.2)                     | (1.2)           |
| Dividends paid to owners of the Company                                                                          | -                                     | -            | -           | -                 | (158.4)        | (158.4)        | -                         | (158.4)         |
| Dividends paid to non-controlling interests                                                                      | -                                     | -            | -           | -                 | -              | -              | (79.0)                    | (79.0)          |
| Transfer to statutory reserves                                                                                   | -                                     | -            | 0.1         | -                 | (0.1)          | -              | -                         | -               |
| Share-based payment transactions                                                                                 | -                                     | -            | (0.3)       | -                 | -              | (0.3)          | (0.1)                     | (0.4)           |
| <b>Total contributions by and distributions to owners</b>                                                        | -                                     | -            | (0.2)       | -                 | (158.5)        | (158.7)        | (80.3)                    | (239.0)         |
| <u>Changes in ownership interests in subsidiaries</u>                                                            |                                       |              |             |                   |                |                |                           |                 |
| Change of interest in subsidiaries with loss of control                                                          | -                                     | 75.4         | -           | -                 | (75.4)         | -              | (46.7)                    | (46.7)          |
| Change of interest in a subsidiary without loss of control                                                       | -                                     | (40.1)       | -           | -                 | -              | (40.1)         | (76.6)                    | (116.7)         |
| Expiry of put option granted to non-controlling interests                                                        | -                                     | 1.5          | -           | -                 | -              | 1.5            | -                         | 1.5             |
| <b>Total changes in ownership interests in subsidiaries</b>                                                      | -                                     | 36.8         | -           | -                 | (75.4)         | (38.6)         | (123.3)                   | (161.9)         |
| <b>Total transactions with owners</b>                                                                            | -                                     | 36.8         | (0.2)       | -                 | (233.9)        | (197.3)        | (203.6)                   | (400.9)         |
| <b>At 31 December 2016</b>                                                                                       | <b>1,991.4</b>                        | <b>175.5</b> | <b>29.7</b> | <b>(478.9)</b>    | <b>7,576.1</b> | <b>9,293.8</b> | <b>2,114.9</b>            | <b>11,408.7</b> |

\* Other reserves comprise mainly fair value reserve arising from available-for-sale investments, share of other reserve of associates and share option reserve.

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| The Group                                                                                                    | Attributable to owners of the Company |                |                  |                        |                     |                |                                | Total Equity S\$m |
|--------------------------------------------------------------------------------------------------------------|---------------------------------------|----------------|------------------|------------------------|---------------------|----------------|--------------------------------|-------------------|
|                                                                                                              | 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 |                   |
| At 1 January 2015                                                                                            | 1,991.4                               | 160.6          | 27.9             | (324.2)                | 6,554.4             | 8,410.1        | 2,365.5                        | 10,775.6          |
| <b>Profit for the year</b>                                                                                   | -                                     | -              | -                | -                      | 773.4               | 773.4          | 92.6                           | 866.0             |
| <u>Other comprehensive income</u>                                                                            |                                       |                |                  |                        |                     |                |                                |                   |
| Change in fair value of available-for-sale equity investments                                                | -                                     | -              | (3.9)            | -                      | -                   | (3.9)          | -                              | (3.9)             |
| Defined benefit plans remeasurements                                                                         | -                                     | -              | -                | -                      | (2.9)               | (2.9)          | (1.7)                          | (4.6)             |
| Effective portion of changes in fair value of cash flow hedges                                               | -                                     | -              | 0.2              | -                      | -                   | 0.2            | 0.4                            | 0.6               |
| Exchange differences on hedges of net investment in foreign entities                                         | -                                     | -              | -                | (10.2)                 | -                   | (10.2)         | (5.5)                          | (15.7)            |
| Exchange differences on monetary items forming part of net investment in foreign entities                    | -                                     | -              | -                | 7.2                    | -                   | 7.2            | (2.5)                          | 4.7               |
| Exchange differences realised on liquidation of an associate and a subsidiary reclassified to profit or loss | -                                     | -              | -                | (0.3)                  | -                   | (0.3)          | (0.3)                          | (0.6)             |
| Share of other reserve movements of associates                                                               | -                                     | -              | 0.4              | -                      | (0.4)               | -              | -                              | -                 |
| Translation differences arising on consolidation of foreign entities                                         | -                                     | -              | -                | (2.6)                  | -                   | (2.6)          | 59.9                           | 57.3              |
| <b>Total other comprehensive income</b>                                                                      | -                                     | -              | (3.3)            | (5.9)                  | (3.3)               | (12.5)         | 50.3                           | 37.8              |
| <b>Total comprehensive income for the year</b>                                                               | -                                     | -              | (3.3)            | (5.9)                  | 770.1               | 760.9          | 142.9                          | 903.8             |
| <b>Transactions with owners, recorded directly in equity</b>                                                 |                                       |                |                  |                        |                     |                |                                |                   |
| <u>Contributions by and distributions to owners</u>                                                          |                                       |                |                  |                        |                     |                |                                |                   |
| Capital contribution from non-controlling interests                                                          | -                                     | -              | -                | -                      | -                   | -              | 0.9                            | 0.9               |
| Dividends paid to owners of the Company                                                                      | -                                     | -              | -                | -                      | (158.4)             | (158.4)        | -                              | (158.4)           |
| Dividends paid to non-controlling interests                                                                  | -                                     | -              | -                | -                      | -                   | -              | (113.2)                        | (113.2)           |
| Share-based payment transactions                                                                             | -                                     | -              | 3.0              | -                      | -                   | 3.0            | 1.7                            | 4.7               |
| <b>Total contributions by and distributions to owners</b>                                                    | -                                     | -              | 3.0              | -                      | (158.4)             | (155.4)        | (110.6)                        | (266.0)           |
| <u>Changes in ownership interests in subsidiaries</u>                                                        |                                       |                |                  |                        |                     |                |                                |                   |
| Acquisition of subsidiaries with non-controlling interests                                                   | -                                     | (2.6)          | -                | -                      | -                   | (2.6)          | 3.0                            | 0.4               |
| Change of interests in subsidiaries without loss of control                                                  | -                                     | (19.3)         | 0.1              | 1.3                    | 0.7                 | (17.2)         | (183.6)                        | (200.8)           |
| <b>Total changes in ownership interests in subsidiaries</b>                                                  | -                                     | (21.9)         | 0.1              | 1.3                    | 0.7                 | (19.8)         | (180.6)                        | (200.4)           |
| <b>Total transactions with owners</b>                                                                        | -                                     | (21.9)         | 3.1              | 1.3                    | (157.7)             | (175.2)        | (291.2)                        | (466.4)           |
| <b>At 31 December 2015</b>                                                                                   | <b>1,991.4</b>                        | <b>138.7</b>   | <b>27.7</b>      | <b>(328.8)</b>         | <b>7,166.8</b>      | <b>8,995.8</b> | <b>2,217.2</b>                 | <b>11,213.0</b>   |

\* Other reserves comprise mainly fair value reserve arising from available-for-sale investments, share of other reserves of associates and share option reserve

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| The Company                                                   | Share<br>Capital<br>S\$m | Capital<br>Reserve<br>S\$m | Fair Value<br>Reserve<br>S\$m | Accumulated<br>Profits<br>S\$m | Total<br>S\$m  |
|---------------------------------------------------------------|--------------------------|----------------------------|-------------------------------|--------------------------------|----------------|
| At 1 January 2015                                             | 1,991.4                  | 63.7                       | 12.9                          | 3,793.2                        | 5,861.2        |
| <b>Profit for the year</b>                                    | -                        | -                          | -                             | 366.2                          | 366.2          |
| <u>Other comprehensive income</u>                             |                          |                            |                               |                                |                |
| Change in fair value of available-for-sale equity investments | -                        | -                          | (2.6)                         | -                              | (2.6)          |
| <b>Total other comprehensive income</b>                       | -                        | -                          | (2.6)                         | -                              | (2.6)          |
| <b>Total comprehensive income for the year</b>                | -                        | -                          | (2.6)                         | 366.2                          | 363.6          |
| <b>Transaction with owners, recorded directly in equity</b>   |                          |                            |                               |                                |                |
| <u>Contributions by and distributions to owners</u>           |                          |                            |                               |                                |                |
| Dividends paid to owners of the Company                       | -                        | -                          | -                             | (158.4)                        | (158.4)        |
| <b>Total contributions by and distributions to owners</b>     | -                        | -                          | -                             | (158.4)                        | (158.4)        |
| <b>Total transactions with owners</b>                         | -                        | -                          | -                             | (158.4)                        | (158.4)        |
| <b>At 31 December 2015</b>                                    | <b>1,991.4</b>           | <b>63.7</b>                | <b>10.3</b>                   | <b>4,001.0</b>                 | <b>6,066.4</b> |
| <b>Profit for the year</b>                                    | -                        | -                          | -                             | 603.4                          | 603.4          |
| <u>Other comprehensive income</u>                             |                          |                            |                               |                                |                |
| Change in fair value of available-for-sale equity investments | -                        | -                          | 2.0                           | -                              | 2.0            |
| <b>Total other comprehensive income</b>                       | -                        | -                          | 2.0                           | -                              | 2.0            |
| <b>Total comprehensive income for the year</b>                | -                        | -                          | 2.0                           | 603.4                          | 605.4          |
| <b>Transaction with owners, recorded directly in equity</b>   |                          |                            |                               |                                |                |
| <u>Contributions by and distributions to owners</u>           |                          |                            |                               |                                |                |
| Dividends paid to owners of the Company                       | -                        | -                          | -                             | (158.4)                        | (158.4)        |
| <b>Total contributions by and distributions to owners</b>     | -                        | -                          | -                             | (158.4)                        | (158.4)        |
| <b>Total transactions with owners</b>                         | -                        | -                          | -                             | (158.4)                        | (158.4)        |
| <b>At 31 December 2016</b>                                    | <b>1,991.4</b>           | <b>63.7</b>                | <b>12.3</b>                   | <b>4,446.0</b>                 | <b>6,513.4</b> |

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- 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.**

Ordinary share capital

There was no change in the Company's issued share capital during the year ended 31 December 2016.

Preference share capital

There was no change in the Company's issued preference share capital during the year ended 31 December 2016.

As at 31 December 2016, the maximum number of ordinary shares that may be issued upon full conversion of all 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 (31 December 2015: 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.**

The Company did not hold any treasury shares as at 31 December 2016 and 31 December 2015.

The total number of issued ordinary shares (excluding treasury shares) as at 31 December 2016 and 31 December 2015 is 909,301,330.

The total number of issued Preference Shares as at 31 December 2016 and 31 December 2015 is 330,874,257.

- 1(d)(iv) A statement showing all sales, transfers, disposal, 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 year ended 31 December 2016.

- 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.



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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 Note 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 2015.

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 adopted various new/revised Financial Reporting Standards (FRS) and Interpretations of FRSs (INT FRS) which took effect for financial year beginning on 1 January 2016.

Amendments to FRS 16 *Property, Plant and Equipment* and FRS 38 *Intangible Assets*

Amendments to FRS 27 *Separate Financial Statements*

Amendments to FRS 111 *Joint Arrangements*

Amendments to FRS 110 *Consolidated Financial Statements*, FRS 112 *Disclosures of Interests in Other Entities* and FRS 28 *Investments in Associates and Joint Ventures*

Improvements to FRSs (November 2014)

Amendments to FRS 1 *Presentation of Financial Statements*

The adoption of these new/revised FRSs did not result in any significant impact on the financial statements of the Group.

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.**

|                                                                   | Fourth Quarter Ended<br>31 December |             | Full Year Ended<br>31 December |             |
|-------------------------------------------------------------------|-------------------------------------|-------------|--------------------------------|-------------|
|                                                                   | 2016                                | 2015        | 2016                           | 2015        |
| Basic Earnings per share (cents)                                  | 26.1                                | 44.4        | 70.4                           | 83.6        |
| Diluted Earnings per share (cents)                                | 25.5                                | 43.0        | 68.5                           | 81.0        |
| Earnings per share is calculated based on:                        |                                     |             |                                |             |
| a) Profit attributable to owners of the Company (S\$'000) (*)     | 237,297                             | 403,946     | 640,302                        | 760,463     |
| b) Profit used for computing diluted earnings per share (S\$'000) | 243,784                             | 410,451     | 653,224                        | 773,367     |
| c) Weighted average number of ordinary shares                     |                                     |             |                                |             |
| in issue:                                                         |                                     |             |                                |             |
| - basic                                                           | 909,301,330                         | 909,301,330 | 909,301,330                    | 909,301,330 |
| - diluted (**)                                                    | 954,300,228                         | 954,300,228 | 954,300,228                    | 954,300,228 |

\* After deducting preference dividends declared and paid in Q4 2016 of \$6,487,000 (Q4 2015: \$6,505,000) and in full year 2016 of \$12,922,000 (FY 2015: \$12,904,000).

\*\* 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.

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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       |                   |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                                                                                                                                                                                                                  | 31.12.2016<br>S\$ | 31.12.2015<br>S\$ | 31.12.2016<br>S\$ | 31.12.2015<br>S\$ |
| Net Asset Value per ordinary share based on the number of issued 909,301,330 ordinary shares (excluding treasury shares) as at 31 December 2016 (909,301,330 ordinary shares (excluding treasury shares) as at 31 December 2015) | 10.22             | 9.89              | 7.16              | 6.67              |

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 fourth quarter (Q4 2016) and full year (FY 2016) ended 31 December 2016, the Group delivered creditable results. Revenue for FY 2016 increased by 18.2% to \$3,905.5 million (FY 2015: \$3,304.1 million), setting a new record for the Group. For Q4 2016, the Group achieved a revenue of \$1,167.0 million (Q4 2015: \$855.0 million), up by 36.5%. These increases were driven by the property development segment contributing 51.3% and 44.7% to its Q4 2016 and FY 2016 revenue respectively.

Suzhou Hong Leong City Center (HLCC), which made its maiden contribution this quarter, positively impacted the quarterly performance. Phase 1 was completed in Q4 2016 and units are being progressively handed over to purchasers. Besides Suzhou HLCC, revenue in Q4 2016 was further boosted by steady sales from the Group's Singapore projects, namely Gramercy Park, Coco Palms, D'Nest, and The Venue Residences and Shoppes. Revenue for FY 2016 was also driven by revenue recognition in entirety from the fully sold Lush Acres Executive Condominium (EC), which obtained Temporary Occupation Permit (TOP) in June 2016.

In terms of pre-tax profit contribution by segments, property development made up 73.2% and 56.9% of the Group's Q4 2016 and FY 2016 profit respectively, followed by the rental properties segment. Hotel operations led by the Group's listed subsidiary, Millennium & Copthorne Hotels plc (M&C), were disappointing, impacted by ongoing refurbishment works, increased supply of rooms inventory in gateway cities where M&C's hotels are located, concerns over terrorist attacks in Europe, heightened competition from non-traditional lodging options and impairment losses required for several properties. The Group notes that with Sterling as the reported currency, M&C benefited favourably from the weakness versus other major currencies following Brexit; however, this favourable exchange to M&C has had the reverse effect at the Group level when consolidated, when reporting currency is in Singapore dollars.

The Group achieved PATMI of \$243.8 million for Q4 2016 (Q4 2015: \$410.5 million) and \$653.2 million for FY 2016 (FY 2015: \$773.4 million). Notably, lower PATMI was due to the substantial profits recognised in Q4 2015 from the Group's second Profit Participation Securities (PPS), which involved the monetisation of three of the Group's office assets, namely 7 & 9 Tampines Grande, Manulife Centre and Central Mall Office Tower. The Group nonetheless boosted PATMI with divestitures in 2016 including its 52.52% interest in City e-Solutions Limited in Q3 2016, and Exchange Tower in Q4 2016, as well as recapitalising Summervale Properties Pte. Ltd. (which holds Nouvel 18) resulting in the establishment of the Group's third PPS.

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Basic earnings per share stood at 26.1 cents for Q4 2016 (Q4 2015: 44.4 cents) and 70.4 cents for FY 2016 (FY 2015: 83.6 cents).

Despite headwinds facing the Singapore property market and challenging trading conditions for hotels located in key gateway cities, the Group's balance sheet remained robust. As at 31 December 2016, net gearing ratio was 16.0% (FY 2015: 26.0%) with cash position of approximately \$3.9 billion, and interest cover for FY 2016 of 12.5 times (FY 2015: 13.0 times). Moving forward, these strong cash reserves will allow the Group to seize acquisition opportunities swiftly.

The Board is recommending a special final ordinary dividend of 4.0 cents per share, in addition to a final ordinary dividend of 8.0 cents per share. Together with the special interim dividend of 4.0 cents per share paid in September 2016, total dividends for 2016 amount to 16.0 cents per share.

## **Property**

Singapore's economy expanded by 2.9% in Q4 2016 on a year-on-year basis, higher than the 1.2% growth recorded in Q3 2016. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded by 2.3%, a reversal from the 0.4% contraction of the preceding quarter.

The construction sector contracted by 2.8% year-on-year in Q4 2016, more than the 2.2% contraction in the previous quarter. The service sector in Q4 2016 recorded a slight expansion of 1.0%, compared to 0.4% growth in the preceding quarter.

For 2016, the economy grew by 2.0%, similar to the 1.9% growth in 2015, and is expected to grow by 1.0% to 3.0% in 2017.

Urban Redevelopment Authority (URA) data indicated that the price index for private residential properties decreased by 0.5% in Q4 2016 compared with the 1.5% decline in the previous quarter. This represents the 13<sup>th</sup> consecutive quarter of decline, with the index now 11.3% lower than the peak in Q3 2013. Rentals of private residential properties declined by 1.0% in Q4 2016 compared with the 1.2% decline of the previous quarter. Rentals declined by 4.0% for FY 2016 compared with the 4.6% fall in FY 2015.

In Q4 2016, developers sold 2,316 private residential units, excluding ECs. This is 16.9% more than the 1,981 units sold in Q3 2016. For the whole of 2016, developers sold 7,972 units, marginally higher than the 7,440 units in 2015. 3,999 EC units were sold in 2016 compared with 2,550 EC units in 2015.

Despite uncertainties in the residential property sector, the Group continued to achieve steady sales. In 2016, the Group, together with its joint venture (JV) associates, sold 1,017 units including ECs, at a sales value of about \$1.25 billion, emerging as one of the top-selling private developers in Singapore (FY 2015: 674 units with total sales value of \$691.5 million).

In October, the Group launched the 519-unit Forest Woods JV development located at Lorong Lew Lian, a short walk to the Serangoon MRT station and NEX Shopping Mall. It was met with an overwhelming response during launch and is one of 2016's bestselling private condominium projects. Over 75% of the units have been sold to date.

The Group's upmarket luxury project, the 174-unit Gramercy Park located at Grange Road, has been selling strongly. Phase 1 comprising the 87-unit North Tower was soft launched in May 2016, and to date 56 units (or 64%) have been sold. In view of the good take-up, the Group is planning to launch the South Tower under Phase 2 by 1H 2017.

The Group's other ongoing projects have also been selling strongly. These include two JV EC projects, namely the 638-unit The Brownstone located next to the upcoming Canberra MRT station which is 84% sold, while the 505-unit The Criterion at Yishun, is 37% sold.

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Other JV projects, namely the 266-unit The Venue Residences and Shoppes located at MacPherson and Serangoon Road, near to Potong Pasir MRT station, is now 78% sold. The 845-unit Commonwealth Towers located adjacent to the Queenstown MRT station, is 58% sold. Coco Palms at Pasir Ris with 944 units is now over 92% sold. The 616-unit Jewel @ Buangkok has since been fully sold.

In Q4 2016, profits were booked in from Gramercy Park and Jewel @ Buangkok, as well as other JV projects including Coco Palms, D'Nest, The Venue Residences and Shoppes and Bartley Ridge.

For the office sector, URA data showed that prices decreased by 0.6% in Q4 2016, compared with the 0.4% decline of the previous quarter. Rental index for office space fell by 1.8% in Q4 2016, compared with the decline of 1.1% in Q3 2016. For FY 2016, prices and rentals of office space fell by 2.8% and 8.2% respectively.

The Group's office portfolio nonetheless continued to enjoy healthy occupancy of 95.9% as at 31 December 2016, versus the national average occupancy rate of 88.9%.

## South Beach

South Beach, the Group's JV mixed-use development on Beach Road, obtained its final TOP for the entire project in December 2016. Both the South Beach Tower and the retail spaces are now fully leased.

The rebranded 634-room JW Marriott Hotel Singapore South Beach soft opened for business in mid-December 2016 and business is performing at expectations. The former NCO Club is currently undergoing renovation to create a dynamic entertainment destination to complement the Hotel, and will be ready by Q3 2017 together with the remodelled Ballroom. When completed, it will consist of a Chinese restaurant, sushi bar, wine room and jazz club.

Subject to market condition, the Group may consider marketing the 190-unit South Beach Residences in 2H 2017.

## Overseas Platforms

### China

In September 2016, CDL China, a wholly-owned subsidiary of the Group, invested RMB 100 million for a 20% stake in mamahome, one of China's fastest growing online apartment rental platforms. This investment will contribute to the Group's future long-term recurring income streams. With more than 150,000 apartment listings spanning over 20 cities in China, the platform provides online management software and other value added services including housekeeping, renovation, 24-hour concierge and a call centre. Synergies can be shared with the Group's properties concentrated in the key gateway cities of Shanghai, Suzhou and Chongqing.

Many Chinese cities have announced tightening measures including purchase limits and tightened mortgage restrictions to prevent prices from rising out of control. Despite three waves of tightening measures in Shanghai in 2016, sales at Hongqiao Royal Lake have remained stable, albeit at a slower pace. This luxury low density villa development sits on a 163,837 sqm site in the affluent residential enclave of Qingpu district. To date, 34 out of 85 villas have been sold/booked with a total sales value of RMB 668 million. Quality land parcels are scarce in Shanghai and developers are paying top dollar to secure such land. Given the excellent location of the villas, the growth in their value will accelerate as demand continues to hold strong for an increasingly rare product.

Shanghai remains a key destination for foreign investment due to its continued strong and rapid growth, relatively low levels of bureaucracy, a liquid market with an abundance of financial sector tenants, and a critical mass of foreign and domestic businesses. CDL China will continue to seek opportunities to increase its portfolio in Shanghai.

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Given its close proximity to Shanghai, Suzhou is among the top Chinese cities for migrants. Despite the restrictive measures implemented in 2016, sales for Hong Leong City Center have been brisk. The high quality mixed-use development located on Jinji Lake in Suzhou Industrial Park is on track for completion in phases starting from Q4 2016. As at 31 December 2016, it has handed over 423 units in Tower 1 and 391 units in Tower 3 and also sold 194 carpark lots. To date, 1,038 out of 1,374 Phase 1 units have been sold/booked, amounting to a sales value of RMB 2.21 billion; and another 214 carpark lots were also sold. The Phase 2 launch of the development has sold 174 units in Tower 2, totalling RMB 502.1 million. Together with a five-star 287-room hotel, 56,000 sqm shopping mall and 30,000 sqm premium Grade A office tower, Phase 2 is scheduled to complete by Q4 2017.

In Chongqing, property prices and transaction volumes have remained stable in recent months after the Government's efforts to curb property speculation and stabilise the property market. The newly-launched 126-unit Eling Residences in the Yuzhong district of Chongqing has sold/booked eight units since October 2016, with a sales value of RMB 85 million. Its exclusive location on Eling Hill and scenic views has allowed the luxury development to achieve close to RMB 40,000 per square metre – one of the highest average sale price. The units are expected to be handed over in December 2017. The Group's other development in Chongqing, Huang Huayuan, also in the prime Yuzhong district, is scheduled for launch in 2019. The mixed-use development, which comprises three high-rise towers and a mall, has over 600 residential units. Both developments stand to benefit from the continual collaborative efforts between Singapore and Chongqing.

In the top-tier cities where land prices continue to increase with robust demand, CDL China will continue to seek out investments that appeal to changing demographics. Even as the property measures continue to exert pressure in the top tier cities of China, the Group holds a positive long-term view of the property market and growth opportunities in Shanghai, Suzhou and Chongqing.

## UK

The UK economy largely weathered the initial Brexit shock better than many economists predicted, continuing to grow robustly. The Bank of England (BOE) is prepared to let inflation run above its 2.0% target rate, which may ultimately effect both UK consumer spending and interest rates. Growth forecasts by the BOE have increased from the current 1.0% to 2.75% by Q4 2018. Bank base rates look set to remain at 0.25% for the foreseeable future.

The UK real estate market is adjusting to a less favourable regulatory regime, marked successive increases in stamp duty rates and tighter mortgage regulation. However, overseas investors are taking advantage of currency weakness, resulting in higher than expected investment and sales activity across the UK real estate markets, while supply remains constrained given the UK planning system. While political events across Europe may have an influence in the near-term, nonetheless, the Group expects the underlying resilience of the UK economy and the global demand for London property to remain robust.

The Group's UK projects continue to progress well.

Chesham Street in Belgravia and Hans Road in Knightsbridge will be launched in Q2 2017. 90-100 Sydney Street Chelsea is expected to be completed during Q2 2018.

28 Pavilion Road in Knightsbridge, which will be redeveloped into 34-unit luxury care home, remains on target to commence demolition works in Q2 2017.

Work on the basement car park at Teddington Riverside is now in an advanced stage and full planning has been received. Block A comprising 57 units will be launched in Q2 2017, with five further blocks to follow in succession.

For the 22 acre Stag Brewery site at Mortlake, a well advanced master plan is currently available for public consultation. A wider consultation involving the Greater London Authority is underway with a planning application to be submitted by end-Q2 2017. The proposed scheme will comprise two phases – a parameter plan covering the entire site and, in the near-term, a detailed planning application covering phase one.

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For Development House at 56-64 Leonard Street Shoreditch, the planning application is expected to be submitted in Q2 2017. The existing building (28,000 sq ft) remains fully leased and vacant possession is expected from Q2 2018.

In February 2017, the Group acquired Ransomes Wharf site in Battersea for £58 million. The site is located within the London Borough of Wandsworth, on the south bank of the River Thames, adjacent to the Albert Bridge. It is also a short distance from Battersea Park, which is one of London's best kept riverside open spaces. The site has existing planning permission for 118 apartments including 24 affordable homes, eight commercial units totalling 21,980 sq ft at ground and lower ground floors and 103 car parking spaces. The residential development comprising six residential buildings of up to 10 storeys will include 21 one-bedroom units, 45 two-bedroom units, 19 three-bedroom units and nine two- to four-bedroom penthouse apartments. Site demolition works are expected to commence in Q3 2017.

## **Australia**

In 2016, the Reserve Bank of Australia reduced the official cash rate by 50 basis points to 1.5% in response to low inflation. However, to mitigate the risks of a speculative real estate bubble, the government introduced supervisory measures to tighten credit extended towards the real estate sector as well as additional levies on foreign purchasers of residential properties in the states of New South Wales, Victoria and Queensland. While these measures have caused certain developers to struggle to obtain the necessary pre-sales and financing to get developments off the ground, existing projects which are sufficiently well funded now benefit from the lower supply.

The Group's JV project Ivy and Eve, a 472-unit residential development at Merivale Street in the heart of Brisbane's South Bank precinct, is now approximately 95% sold. Construction began in late 2015 with completion expected for early 2018.

The Group is observing the changing dynamics of the Australian real estate market carefully, while continuing to seek attractive investment opportunities.

## **Japan**

According to preliminary estimates, Japan's economy expanded by 0.2% quarter-on-quarter in Q4 2016, following 0.3% growth in Q3 2016. This fourth consecutive quarter of growth was boosted by exports, government spending and private non-residential investment. For FY 2016, real GDP gained 1.0% in 2016 compared with 1.2% in 2015. The Bank of Japan (BOJ) is expected to achieve price stability of 2.0% while the economy is expected to recover in the near-term, supported by fiscal and monetary policies and higher employment and income.

Although the BOJ's monetary policy has further boosted investor appetite, real estate investment in Japan has declined since 2015 due to a shortage of properties for sale, especially in central Tokyo. Owners are reluctant to sell, and generally ask for sky-high prices, expecting that rents and valuations will continue to rise.

According to the Ministry of Land, Infrastructure, Transport and Tourism statistics, the Japan Residential Property Price Index for condominiums and residential land in Tokyo increased by 16% and 1.6% respectively over the past two years. There were 55,138 condominium transactions in Tokyo in the past 12 months, an increase of 10% over the prior corresponding period. Preliminary data from the Japan National Tourism Organization indicate a 22% year-on-year increase in the number of foreign visitors from 19.7 million in 2015 to 24.0 million in 2016, a major boost for tourism and hospitality.

In October 2016, the Group acquired a 20% stake in a prime freehold residential project by Mitsui Fudosan Residential Co., Ltd. Named Park Court Aoyama The Tower, the project is in the highly-sought-after Aoyama district within central Tokyo, and targets high-end domestic and foreign buyers. Comprising a 26-storey tower with 163 apartments and facilities, it is expected to complete in 1H 2018. To date, over 50% of the units have been sold since its launch in October 2016.

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The Group's other prime freehold site in the prestigious residential enclave of Shirokane district, also in central Tokyo, is set amidst lush greenery and rich history. The proposed luxury development will include a public park and open space to support the local community. The Group is in discussions with a potential JV partner with the necessary local expertise to help undertake the development and construction of the project.

To date, the Group has invested over JPY 50 billion in two residential developments and three hotels in Tokyo. It will continue to seek attractive opportunities to grow its presence in Japan.

## **Funds Management**

In October 2016, the Group announced its third PPS at a capitalisation of \$977.6 million. The underlying asset was Nouvel 18, a 156-unit luxury freehold residential development on Anderson Road.

Under the PPS 3 structure, the Group exited its entire interest in Summervale Properties Pte Ltd (Summervale), the vehicle holding Nouvel 18, via a recapitalisation by high net worth Singaporeans and companies wholly-owned by Singapore citizens. The recapitalisation comprised \$102 million issued in the form of ordinary and preference shares to Green 18 Pte Ltd, a special purpose vehicle company formed by the incoming investors. The investors will enjoy a preferred 5% annual internal rate of return (IRR) and upside beyond that, when the units are sold, less any incentives fees. Concurrently, two banks provided \$579.2 million in senior loans facilities, and the remainder \$296.4 million was raised via issuance of notes (fixed income securities).

The Group's wholly-owned subsidiary, Trentwell Management Pte. Ltd. (Trentwell), was appointed as the exclusive asset manager and marketing agent (for five years with an option to extend to seven) to manage, lease, market and sell the units of Nouvel 18. Trentwell will receive an incentive fee after a performance benchmark is met.

PPS 3 was unique in that it attracted a new pool of untapped Singaporean high net worth investors, as compared to the previous two PPS platforms which were primarily targeted at institutional investors.

The funds raised will enable the Group to unlock shareholder value and further recycle capital for its growth plans. To date, the Group has over \$3.5 billion in funds under management (FUM) and is on track to achieve its \$5 billion FUM target by end-2018.

## **Hotel**

In recorded currency, M&C, in which the Group holds a 64.9% interest, achieved PATMI of £19 million for Q4 2016 (Q4 2015: £5 million) and £78 million for FY 2016 (FY 2015: £65 million). Basic earnings per share for FY 2016 increased by 20.6% to 24.0p (FY 2015: 19.9p). Correspondingly, also in recorded currency, revenue for FY 2016 increased by 9.3% to £926 million (FY 2015: £847 million). It should be noted that M&C's performance was mainly due to favourable foreign currency movements as a result of the weak pound against major currencies. However, this had the opposite effect when consolidated on the Group level when reported currency is in Singapore dollars.

However, in constant currency terms, revenue was flat, due to the significant depreciation in sterling following the UK referendum on 23 June 2016 (Brexit). Specifically, although global RevPAR (in recorded currency) increased by 6.6% to £76.71 in FY 2016 (FY 2015: £71.98), RevPAR in constant currency decreased by 2.3% for the year, falling in every quarter.

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At the asset level, properties in gateway cities faced intense pressure on both revenue and profit. In London, leisure business throughout 2016 was impacted by the end-2015 Paris terror attacks, while Brexit ushered in reduced corporate travel. New York was affected by significant under-performance at Millennium Broadway as well as the refurbishment works at ONE UN New York's east tower. In Singapore, there was an overall increase in visitor numbers but a reduction in the average length of visitor stay. M&C's rate strategy, advocated by its senior management in Singapore, was not suited for the local market conditions, which resulted in less corporate business, compounding the effect of the recent increase in new room supply and further reducing average room rates and occupancy. However, New Zealand performed very well.

On the development front, M&C's Yangdong development project in Seoul received its building permit in January 2017 to construct a 306-room hotel and a 209-unit serviced apartment complex. Additional certification processes are underway and expected to complete by mid-2017, before construction commences. At Sunnyvale, California, M&C is reviewing the project cost and specifications for a proposed freehold development of a 263-room hotel and a 250-unit residential apartment block, which is anticipated to take about 18 months to complete after commencement.

In FY 2016, M&C completed the US\$32 million refurbishment of guest rooms in the east tower of ONE UN New York, which re-opened in time for the UN General Assembly.

In Asia, Grand Copthorne Waterfront Singapore, M Hotel Singapore and Grand Millennium Kuala Lumpur also completed their phased refurbishment works. The latter's remaining guestrooms to be refurbished will take place in mid-2017 during the low season.

M&C continues to review the scope and cost of refurbishment works at Millennium Hotel London Mayfair, which is planned to commence later this year. To minimise the impact on its London occupancy, we anticipate a gap of at least 12 months before Millennium Hotel London Knightsbridge embarks on its refurbishment works on a smaller scale.

In July 2015, Copthorne Hotel Auckland Harbour City in New Zealand was closed for extensive refurbishment. The hotel will be rebranded M Social Hotel Auckland and is scheduled to re-open in Q2 2017.

M&C's JV partners and associates, including its Singapore-listed associate, First Sponsor Group Limited (FSGL), contributed £26 million to FY 2016 profit. This was a 53% increase from £17 million in FY 2015.

**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 is in line with its expectations as disclosed in the announcement of results for the third quarter and nine months ended 30 September 2016.

**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.**

**Property**

Residential property prices in Singapore continued to moderate downwards across most market segments, contributing to increased sales activity. In Q4 2016, sales volume was about 40% higher compared with Q4 2015.

Market conditions continue to remain challenging, with property cooling measures still in place, and as deadlines from penalties arising from Qualifying Certificate (QC) conditions and Additional Buyers' Stamp Duties (ABSD) draw nearer, several developers have introduced innovative marketing schemes to move unsold inventory.



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With interest rates likely to rise, buyers are taking a more cautious approach, which continues to hamper prices and rentals. Nonetheless, new launches which are strategically located near key transport modes and amenities are likely to continue to enjoy brisk sales.

The consistent moderated supply of new sites from the Government Land Sales (GLS) Programme ensures that the housing needs of the population are met while also allowing developers to replenish their land banks. The Group will continue to capitalise on available opportunities while maintaining discipline in its investments.

Given the encouraging sales achieved by a limited release of units at Gramercy Park, the Group is contemplating launching its upmarket freehold condominium located at Leonie Hill Road in District 9, known as New Futura, in 2H 2017. Comprising 124 units, with two iconic 36-storey towers designed by world-renowned architect SOM, New Futura is a mere five-minute walk to the famous Orchard Road shopping precinct. This high-end condominium, perched on the hill, is designed with special features such as a double-storey clubhouse, lap pool and six sky terraces interspersed at various levels to take advantage of panoramic city views. All apartments are fitted with private lifts, premium finishes and branded appliances.

In February 2017, the Government unveiled the Committee on the Future Economy (CFE) report which sets the broad direction to help Singapore sustain growth by 2.0% to 3.0% yearly. This is Singapore's fourth economic restructuring blueprint for the next five to 10 years and sets out several opportunities for innovation, deepening capabilities, overseas diversification and being connected and relevant to the world. Recommendations include building a vibrant and sustainable city with greater flexibility in land use, creation of new spaces underground and collaboration with private sector to manage precincts amongst other ideas. Singapore is the Group's home ground and it has played a major role in nation building for over 50 years. The Group will continue to explore viable opportunities to support these initiatives and contribute to Singapore's long-term growth.

The outlook for the office sector is expected to remain subdued given both a slowing economy and lacklustre demand, particularly from the financial sector. Office rentals and occupancy will continue to face pressures for at least two years as new, large-scale supply comes on stream, specifically in the Marina and Tanjong Pagar districts.

Given the office market cycle, tenants continue to take advantage of declining rental conditions. The Group is proactively engaging with its tenants to lock in renewals ahead of their lease expiry dates. It is also seeking to tap new emerging industries with growth potential, such as co-working operators and technology-driven sectors.

In January 2017, the Group signed an agreement to invest RMB 72 million for a 24% stake in Distrii, a leading operator of co-working spaces in China. Distrii currently has a capacity of over 2,200 seats across ten locations in Shanghai, of which over 80% has already been taken up. It is opening 5 more co-working facilities – three in Shanghai, one in Beijing and one in Hangzhou in 1H 2017– bringing the total to 15 locations, with a seating capacity of 3,700. It plans to further expand in other global gateway cities. Distrii will make its first international foray by leasing more than 60,000 sq ft of space at Republic Plaza, the Group's flagship Grade A office building in Raffles Place. This will help backfill some of the space that will be vacated by one of the Group's anchor tenants in the building. It is expected to open in 1H 2018. Additionally, the Group is in advanced negotiations with other potential tenants to take up the space, seeking to maintain high occupancy levels in its flagship properties. The Group is also actively exploring asset enhancement initiatives for its existing office portfolio to ensure its assets remain relevant, up-to-date and competitive.

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## **Diversification platforms**

In view of the headwinds in the domestic market, the Group has been active in seeking opportunities primarily in its five key overseas markets – China, UK, Japan, Australia and US.

Revenue from overseas development projects is recognised on completion, and moving forward, the Group expects these projects to contribute significantly to its profits. Over 80% of the Group's land bank in terms of proposed GFA is now overseas, with China and UK as its largest markets.

The Group is also actively evaluating innovative offerings and new growth platforms that are complementary to its core businesses. The sharing economy is expected to grow significantly, and consequently, investments such as mamahome and Distrii, which allow the Group to gain entry into these growing sectors and contribute to its long-term recurring income streams, are expected to increase.

## **Hotel**

M&C is taking steps to increase revenue and profit, particularly in New York and Singapore. This includes an ongoing restructuring of the sales function and strategy, and enhancement of its e-commerce capability.

On the management front, M&C's Director and Group Chief Executive Officer, Mr Aloysius Lee, will retire end-February 2017. M&C has appointed Mr Tan Kian Seng, M&C Group Chief of Staff, as interim CEO from 1 March 2017.

Full year prospects could potentially surprise on the upside. In January 2017, global RevPAR increased by 4.5%. London, which had a poor comparative quarter in 2016, recorded a 19.5% increase. New York and Australasia increased by 8.9% and 12.3% respectively. However, performance by market can be expected to vary. For example, RevPAR in Singapore for January 2017 fell by 5.2%, indicating that several of challenges encountered during 2016 (such as falling corporate demand and lower overall rates) may persist.

## **Group Prospects**

The Group is on track to achieve its \$5 billion target for acquisitions and to grow its FUM business to \$5 billion by 2018 – a five year target set in 2014 as part of its accelerated diversification strategy.

In 2017, given continued unpredictability, the Group plans to be more acquisitive with a focus on finding in-place income in Singapore and overseas. Its strong balance sheet and war chest place it in an enviable position to deploy capital for acquisitions, which can be in the form of physical assets, equities or debt instruments. The Group will continue to exercise strict discipline in its capital management, remaining highly selective and value oriented. When needed, it may take a contrarian approach.

The Group will continue to pursue its funds management and capital recycling programme. This may take the form of another PPS or traditional private equity structures. It will also seek investments in new emerging economies to future-proof itself as the business landscape continually transforms.

In Singapore, the cooling measures and the oversupply of office space will continue to dampen market sentiment in the near-term. However, the Group remains highly plugged-in to its home market with defensive measures in place to navigate headwinds.

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## 11. Dividend

### (a) Current Financial Period Reported On

#### Any dividend declared for the current financial period reported on?

Yes.

The Company had paid the following tax-exempt (one-tier) special interim ordinary dividend to ordinary shareholders and non-cumulative preference dividends to holders of City Developments Limited Non-redeemable Convertible Non-cumulative Preference Shares ("Preference Shares").

| Name of Dividend           | Special Interim Tax exempt (One-tier) Ordinary Dividend | Tax exempt (One-tier) Preference Dividend                    |                                                              |
|----------------------------|---------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------|
| Date of Payment            | 9 September 2016                                        | 30 June 2016                                                 | 3 January 2017                                               |
| Dividend Type              | Cash                                                    | Cash                                                         | Cash                                                         |
| Dividend Amount (in cents) | 4.0 cents per Ordinary Share                            | 1.94 cents per Preference Share <sup>^</sup>                 | 1.96 cents per Preference Share <sup>^</sup>                 |
| Dividend rate (in %)       | N.A.                                                    | 3.9% per annum on the issue price of each Preference Share   | 3.9% per annum on the issue price of each Preference Share   |
| Dividend Period            | N.A.                                                    | From 31 December 2015 to 29 June 2016 (both dates inclusive) | From 30 June 2016 to 30 December 2016 (both dates inclusive) |
| Issue Price                | N.A.                                                    | \$1.00 per Preference Share                                  | \$1.00 per Preference Share                                  |

<sup>^</sup> 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 366 days.

Subject to ordinary shareholders' approval at the Annual General Meeting to be held on 25 April 2017, the following Ordinary dividend has been proposed:

| Name of Dividend           | Proposed Final Tax-exempt (One-tier) Ordinary Dividend | Proposed Special Final Tax-exempt (One-tier) Ordinary Dividend |
|----------------------------|--------------------------------------------------------|----------------------------------------------------------------|
| Dividend Type              | Cash                                                   | Cash                                                           |
| Dividend Amount (in cents) | 8.0 cents per Ordinary Share                           | 4.0 cents per Ordinary Share                                   |

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## **(b) Corresponding Period of the Immediately Preceding Financial Year**

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

Yes.

|                            | Tax exempt (One-tier) Preference Dividend                    |                                                              |
|----------------------------|--------------------------------------------------------------|--------------------------------------------------------------|
| Date of payment            | 30 June 2015                                                 | 31 December 2015                                             |
| Dividend type              | Cash                                                         | Cash                                                         |
| Dividend amount (in cents) | 1.93 cents per Preference Share <sup>^^</sup>                | 1.97 cents per Preference Share <sup>^^</sup>                |
| Dividend rate (in %)       | 3.9% per annum on the issue price of each Preference Share   | 3.9% per annum on the issue price of each Preference Share   |
| Dividend period            | From 31 December 2014 to 29 June 2015 (both dates inclusive) | From 30 June 2015 to 30 December 2015 (both dates inclusive) |
| Issue price                | \$1.00 per Preference Share                                  | \$1.00 per Preference Share                                  |

| Name of Dividend           | Special Interim Tax-exempt (One-tier) Ordinary Dividend | Final Tax-exempt (One-tier) Ordinary Dividend | Special Final Tax-exempt (One-tier) Ordinary Dividend |
|----------------------------|---------------------------------------------------------|-----------------------------------------------|-------------------------------------------------------|
| Date of payment            | 10 September 2015                                       | 20 May 2016                                   | 20 May 2016                                           |
| Dividend Type              | Cash                                                    | Cash                                          | Cash                                                  |
| Dividend Amount (in cents) | 4.0 cents per Ordinary Share                            | 8.0 cents per Ordinary Share                  | 4.0 cents per Ordinary Share                          |

<sup>^^</sup> 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**

Subject to ordinary shareholders' approval at the Annual General Meeting to be held on 25 April 2017, the proposed final and special final Ordinary dividends for financial year ended 31 December 2016 will be payable on 22 May 2017.

## **(d) Books Closure Date**

5.00pm on 2 May 2017.

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

Not applicable.

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## 13. Interested Person Transactions

| Interested Persons                                          | Aggregate value of all interested person transactions conducted for FY 2016 under the IPT Mandate pursuant to Rule 920 (excluding transactions less than \$100,000)                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Hong Leong Investment Holdings Pte. Ltd. group of companies | <p><u>Property-related</u> \$27,584,993.00</p> <p>Provision to interested persons of:</p> <p>(i) project management services;</p> <p>(ii) property management and maintenance and customer services;</p> <p>(iii) security services; and</p> <p>(iv) marketing services \$2,044,554.00</p> <p><u>Management and Support services</u></p> <p>Provision to interested persons of:</p> <p>(i) accounting and financial services; and</p> <p>(ii) hotel consulting services \$966,965.73</p> <p><u>General Transactions</u></p> <p>Purchase of goods and services from interested person</p> <p><b>Total: \$30,596,512.73</b></p> |
| Directors and their immediate family members                | Nil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

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14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

## By Business Segments

|                                          | The Group            |                |                  |                  |
|------------------------------------------|----------------------|----------------|------------------|------------------|
|                                          | Fourth Quarter Ended |                | Full Year Ended  |                  |
|                                          | 31 December          |                | 31 December      |                  |
|                                          | 2016                 | 2015           | 2016             | 2015             |
|                                          | S\$'000              | S\$'000        | S\$'000          | S\$'000          |
| <b><u>Revenue</u></b>                    |                      |                |                  |                  |
| Property Development                     | 598,156              | 241,729        | 1,744,706        | 1,037,095        |
| Hotel Operations*                        | 443,676              | 462,690        | 1,633,705        | 1,698,128        |
| Rental Properties                        | 88,684               | 104,892        | 366,886          | 405,453          |
| Others                                   | 36,446               | 45,672         | 160,156          | 163,432          |
|                                          | <b>1,166,962</b>     | <b>854,983</b> | <b>3,905,453</b> | <b>3,304,108</b> |
| <b><u>Profit/(Loss) before tax**</u></b> |                      |                |                  |                  |
| Property Development                     | 242,598              | 115,862        | 519,705          | 355,848          |
| Hotel Operations                         | (9,251)              | 9,115          | 115,752          | 170,936          |
| Rental Properties                        | 100,812              | 349,057        | 207,259          | 460,202          |
| Others                                   | (2,659)              | (2,702)        | 71,273           | (1,611)          |
|                                          | <b>331,500</b>       | <b>471,332</b> | <b>913,989</b>   | <b>985,375</b>   |

\* Revenue from hotel operations includes room revenue of \$1,089.1 million (FY 2015: \$1,146.4 million) for FY 2016 from hotels that are owned by the Group.

\*\* Includes share of after-tax profit of associates and joint ventures.

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**Segmental results for full year ended 31 December**

|                                                                      | Property<br>Development<br>S\$'000 | Hotel<br>Operations<br>S\$'000 | Rental<br>Properties<br>S\$'000 | Others<br>S\$'000 | Total<br>S\$'000 |
|----------------------------------------------------------------------|------------------------------------|--------------------------------|---------------------------------|-------------------|------------------|
| <b><u>2016</u></b>                                                   |                                    |                                |                                 |                   |                  |
| External revenue                                                     | <b>1,744,706</b>                   | <b>1,633,705</b>               | <b>366,886</b>                  | <b>160,156</b>    | <b>3,905,453</b> |
| <b>Results</b>                                                       |                                    |                                |                                 |                   |                  |
| Profit from operations                                               | 459,745                            | 159,526                        | 226,817                         | 77,537            | 923,625          |
| Share of after-tax profit/(loss) of<br>associates and joint ventures | 89,610                             | (22,117)                       | 7,868                           | (4,861)           | 70,500           |
| Profit before tax and net finance costs                              | 549,355                            | 137,409                        | 234,685                         | 72,676            | 994,125          |
| Finance income                                                       | 30,705                             | 6,094                          | 4,660                           | 2,040             | 43,499           |
| Finance costs                                                        | (60,355)                           | (27,751)                       | (32,086)                        | (3,443)           | (123,635)        |
| Net finance costs                                                    | (29,650)                           | (21,657)                       | (27,426)                        | (1,403)           | (80,136)         |
| <b>Reportable segment profit before tax</b>                          | <b>519,705</b>                     | <b>115,752</b>                 | <b>207,259</b>                  | <b>71,273</b>     | <b>913,989</b>   |
| <b><u>2015</u></b>                                                   |                                    |                                |                                 |                   |                  |
| External revenue                                                     | <b>1,037,095</b>                   | <b>1,698,128</b>               | <b>405,453</b>                  | <b>163,432</b>    | <b>3,304,108</b> |
| <b>Results</b>                                                       |                                    |                                |                                 |                   |                  |
| Profit from operations                                               | 253,960                            | 199,594                        | 491,092                         | 6,041             | 950,687          |
| Share of after-tax profit/(loss) of<br>associates and joint ventures | 109,084                            | (8,193)                        | (536)                           | 6,530             | 106,885          |
| Profit before tax and net finance costs                              | 363,044                            | 191,401                        | 490,556                         | 12,571            | 1,057,572        |
| Finance income                                                       | 40,108                             | 7,472                          | 3,224                           | 2,621             | 53,425           |
| Finance costs                                                        | (47,304)                           | (27,937)                       | (33,578)                        | (16,803)          | (125,622)        |
| Net finance costs                                                    | (7,196)                            | (20,465)                       | (30,354)                        | (14,182)          | (72,197)         |
| <b>Reportable segment profit/(loss) before tax</b>                   | <b>355,848</b>                     | <b>170,936</b>                 | <b>460,202</b>                  | <b>(1,611)</b>    | <b>985,375</b>   |

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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 increased by \$356.5 million to \$598.2 million (Q4 2015: \$241.7 million) for Q4 2016 and \$707.6 million to \$1,744.7 million (FY 2015: \$1,037.1 million) for FY 2016 respectively.

Pre-tax profits increased by \$126.7 million to \$242.6 million (Q4 2015: \$115.9 million) for Q4 2016 and \$163.9 million to \$519.7 million (FY 2015: \$355.8 million) for FY 2016 respectively.

Projects that contributed to both revenue and profit for 2016 include Coco Palms, D'Nest, Jewel@Buangkok, The Venue Residences and Shoppes, UP@Robertson Quay, Lush Acres, Gramercy Park, Hong Leong City Center and Hanover House in Reading, United Kingdom. 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 The Inflora, Bartley Ridge and Echelon had not been consolidated into the Group's total revenue, the Group's share of profits arising from the joint venture developments had been included in pre-tax profit.

The increases in revenue for Q4 2016 and FY 2016 were primarily due to the maiden contribution from the sale of 814 residential units and 194 carpark lots of Phase 1 of Suzhou Hong Leong City Center, which were handed over in December 2016, steady sales of Gramercy Park, and increased contribution from Coco Palms and The Venue Residences and Shoppes. This was however partially offset by lower contribution from Jewel@Buangkok and HAUS@SERANGOON GARDEN.

Higher revenue for FY 2016 was also attributed to full revenue recognition from Lush Acres, an executive condominium (EC) which obtained TOP in June 2016, coupled with the contribution from Hanover House as well as higher contributions from D'Nest and land sales in New Zealand by M&C. Under prevailing accounting standards, both revenue and profit for EC are recognised in entirety upon TOP. The above increase for FY 2016 revenue was however partially offset by absence of contribution from H<sub>2</sub>O Residences, The Palette and Emerald House, London which were fully recognised in 2015.

The increases in pre-tax profits for Q4 2016 and FY 2016 were in tandem with the increases in revenue. Higher pre-tax profit for FY 2016 was also due to gain recognised by FSGL on dilution of its interest in Star of East River project in Dongguan, however partially offset by the absence of share of profit contribution from a joint venture EC, The Rainforest, which was recognised in its entirety in Q1 2015 when it obtained TOP in March 2015, and lower contribution from The Inflora and Bartley Ridge.

## Hotel Operations

Revenue for this segment decreased by \$19.0 million to \$443.7 million (Q4 2015: \$462.7 million) for Q4 2016 and \$64.4 million to \$1,633.7 million (FY 2015: \$1,698.1 million) for FY 2016 respectively.

This segment reported a pre-tax loss of \$9.3 million (Q4 2016: pre-tax profit of \$9.1 million) for Q4 2016 and a decrease of \$55.1 million to \$115.8 million (FY 2015: \$170.9 million) for FY 2016.



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The decreases in revenue for Q4 2016 and FY 2016 were due to continued challenging conditions in the Group's key gateway cities primarily New York and Singapore and the disruptions from refurbishment/improvements works carried out at several hotels in various locations including east tower of ONE UN New York, M Hotel Singapore, Grand Millennium Kuala Lumpur, Copthorne Hotel Auckland Harbour City and Grand Copthorne Waterfront Hotel Singapore in 2016. Further, the weakening of Sterling Pound against Singapore dollar in 2016 following the outcome of the Brexit referendum, had also negatively impact the Group's hotel operations when Millennium & Copthorne Hotels plc's results was consolidated at Group level. The decreases were partially mitigated by the contribution from new hotels such as Hard Days Night Hotel Liverpool and Hilton Cambridge City Centre which were acquired in 2015 and better performance from New Zealand driven by growth in the country international tourism.

The pre-tax loss in Q4 2016 and much lower pre-tax profit for FY 2016 were in tandem with the decline in hotel revenue contribution, together with higher operating expenses incurred by JW Marriott Hotel Singapore South Beach which was closed for about six months following the rebranding exercise and newly opened M Social. The impairment loss of \$38.3 million (Q4 2015: \$73.4 million) also attributed to the weak financial performance in Q4 2016.

## **Rental Properties**

Revenue for this segment decreased by \$16.2 million to \$88.7 million (Q4 2015: \$104.9 million) for Q4 2016 and \$38.6 million to \$366.9 million (FY 2015: \$405.5 million) for FY 2016 respectively.

Pre-tax profits for this segment decreased by \$248.3 million to \$100.8 million (Q4 2015: \$349.1 million) for Q4 2016 and \$252.9 million to \$207.3 million (FY 2015: \$460.2 million) for FY 2016 respectively.

The decreases in revenue for Q4 2016 and FY 2016 were largely due to the absence of contribution from Central Mall Office Tower, 7 & 9 Tampines Grande and Manulife Centre following the sale of their leasehold interests to subsidiaries of Golden Crest, an associate of the Group, via the Group's PPS 2 platform in December 2015, coupled with disposal of equity interest in Exchange Tower which owns a commercial building in October 2016. The decrease was however partially mitigated by higher rental contribution from Millennium Mitsui Garden Hotel Tokyo.

The substantial decreases in pre-tax profits for Q4 2016 and FY 2016 were due to absence of gains recognised from the sale of leasehold interests in the aforesaid 3 Singapore properties, partially mitigated by gain accounted for the sale of equity interest in Exchange Tower in Q4 2016.

## **Others**

Revenue, comprising mainly income from building maintenance contracts, project management, club operations, laundry services and dividend income, decreased by \$9.3 million to \$36.4 million (Q4 2015: \$45.7 million) for Q4 2016 and \$3.2 million to \$160.2 million (FY 2015: \$163.4 million) for FY 2016. The decrease in Q4 2016 was largely due to lower project management fees and the absence of hospitality income following the sale of the Group's entire 52.52% interest in CES in July 2016. The decrease in FY 2016 was mainly due to the lower contribution of hospitality income following the aforesaid sale of CES.

This segment reported a pre-tax loss of \$2.7 million (Q4 2015: \$2.7 million) for Q4 2016 and pre-tax profit of \$71.3 million (FY 2015: pre-tax loss of \$1.6 million) for FY 2016.

The significant increase for FY 2016 was largely due to gains arising from the disposal of CES and higher gains from realisation of investments in Real Estate Capital Asia Partners II and III recognised in 2016.

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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

|              | Full Year<br>2016<br>S\$'000 | Full Year<br>2015<br>S\$'000 |
|--------------|------------------------------|------------------------------|
| Ordinary     | 72,744                       | 72,744                       |
| Special      | 72,744                       | 72,744                       |
| Preference   | 12,922                       | 12,904                       |
| <b>Total</b> | <b>158,410</b>               | <b>158,392</b>               |

The final tax-exempt (one-tier) ordinary dividend and special final tax-exempt (one-tier) ordinary dividend for the year ended 31 December 2016 of 8.0 cents and 4.0 cents respectively per ordinary share are subject to the approval of ordinary shareholders at the forthcoming Annual General Meeting and the dividend amounts are based on the number of issued ordinary shares as at 31 December 2016.

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

|                                                                                     | 2016<br>S\$'000  | 2015<br>S\$'000  | Incr/(Decr)<br>% |
|-------------------------------------------------------------------------------------|------------------|------------------|------------------|
| a) <b>Revenue</b>                                                                   |                  |                  |                  |
| - First half                                                                        | 1,815,678        | 1,639,874        | 11               |
| - Second half                                                                       | 2,089,775        | 1,664,234        | 26               |
|                                                                                     | <u>3,905,453</u> | <u>3,304,108</u> | 18               |
| b) <b>Operating profit after tax before<br/>deducting non-controlling interests</b> |                  |                  |                  |
| - First half                                                                        | 291,407          | 308,678          | (6)              |
| - Second half                                                                       | 471,152          | 557,342          | (15)             |
|                                                                                     | <u>762,559</u>   | <u>866,020</u>   | (12)             |

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.

# CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

**19. Disclosure of person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company pursuant to Rule 704(13) of the Listing Rules.**

City Developments Limited ("CDL") and the following principal subsidiaries:

- M&C REIT Management Limited ("M&CREIT"), manager of CDL Hospitality Real Estate Investment Trust ("H-REIT")
- M&C Business Trust Management Limited ("M&CBTM"), trustee-manager of CDL Hospitality Business Trust ("HBT")
- Millennium & Copthorne International Limited ("MCIL")
- CDL China Limited ("CDL China")

| Name                   | Age | Family relationship with any director and/or substantial shareholder | Current position and duties, and the year the position was held                                                                                                                                                                                                                                                                                                                                                   | Details of changes in duties and position held, if any, during the year                                                                                                                                                  |
|------------------------|-----|----------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mr Kwek Leng Beng      | 76  | Cousin of Mr Kwek Leng Peck.                                         | <b>CDL</b><br>Executive Chairman of CDL since 1 January 1995, having executive responsibilities for the overall business strategies, operations and management of the CDL group of companies.                                                                                                                                                                                                                     | N.A.<br><br><u>City e-Solutions Limited ("CES")</u><br>CES ceased to be principal subsidiary of CDL on 26 July 2016, subsequent to which Mr Kwek stepped down as its Chairman and Managing Director on 9 September 2016. |
| Mr Vincent Yeo Wee Eng | 48  | Nephew of Messrs Kwek Leng Beng and Kwek Leng Peck.                  | <b>M&amp;CREIT/M&amp;CBTM</b><br>Director and Chief Executive Officer of M&CREIT (as manager of H-REIT) and M&CBTM (as trustee-manager of HBT) with effect from 17 May 2006 and 19 July 2006 respectively. Responsible for working within the M&CREIT and M&CBTM Boards and as CEO of M&CREIT and M&CBTM to develop and implement the overall business, investment and operational strategies for H-REIT and HBT. | N.A.                                                                                                                                                                                                                     |

# CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

| Name                    | Age | Family relationship with any director and/or substantial shareholder | Current position and duties, and the year the position was held                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Details of changes in duties and position held, if any, during the year                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------|-----|----------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mr Chia Fook Fie        | 68  | Brother-in-law of Mr Kwek Leng Peck.                                 | <b>MCIL</b><br>Director of Procurement, MCIL, overseeing the operations in the central procurement office since February 2002.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | N.A.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Mr Sherman Kwek Eik Tse | 40  | Son of Mr Kwek Leng Beng.<br><br>Nephew of Mr Kwek Leng Peck.        | <b>CDL</b><br>Appointed Deputy Chief Executive Officer with effect from 11 April 2016. Mr Kwek assists the Chief Executive Officer of CDL in the oversight and management of the key operating divisions within CDL and its group of companies (the "Group") and provides operational leadership to drive the pursuit of the Group's strategic objectives in Singapore and the Group's overseas growth markets. As Deputy CEO, he leads the investment team to source for new investment opportunities, and spearheads the growth and development of the Group's international portfolio.<br><br><b>CDL China</b><br>Designated as Executive Chairman of CDL China on 11 April 2016, with overall executive responsibility for CDL China's investments and operations. | Upon his appointment as Deputy Chief Executive Officer of CDL, Mr Kwek relinquished his position as Chief Investment Officer of CDL, a position held since 14 April 2014 where he was responsible for the sourcing and execution of new investment opportunities with emphasis on overseas markets.<br><br>With his appointment as Executive Chairman of CDL China, Mr Kwek relinquished his role as Chief Executive Officer of CDL China, a position which he had held since 11 August 2010. |

# CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

| Name              | Age | Family relationship with any director and/or substantial shareholder | Current position and duties, and the year the position was held                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Details of changes in duties and position held, if any, during the year                                                                      |
|-------------------|-----|----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| Mr Kwek Eik Sheng | 35  | Nephew of Messrs Kwek Leng Beng and Kwek Leng Peck.                  | <p><b>CDL</b></p> <p>As Chief Strategy Officer of CDL, an appointment held since 14 April 2014, Mr Kwek Eik Sheng supports the Chief Executive Officer of CDL in investment analysis and formulation of business strategies to explore new sectors for growth and to drive increased corporate efficiency and innovation.</p> <p>With effect from 11 April 2016, Mr Kwek was also appointed Head, Asset Management, which position is in addition to his role as Chief Strategy Officer. His additional responsibilities extend to developing and implementing asset strategies for the management of the Group's diverse asset portfolio with the view to achieving effective and efficient returns.</p> | Mr Kwek was appointed as Head, Asset Management with effect from 11 April 2016 in addition to his position as Chief Strategy Officer of CDL. |

## BY ORDER OF THE BOARD

Shufen Loh @ Catherine Shufen Loh  
Company Secretary  
23 February 2017

## News Release

23 February 2017

### **CDL POSTS CREDITABLE PROFIT OF S\$653.2 MILLION AND ACHIEVES RECORD REVENUE OF S\$3.9 BILLION FOR FY 2016**

- **Q4 2016 PATMI was S\$243.8 million, while revenue rose 36.5% to S\$1.2 billion**
- **One of the top-selling private sector developers in Singapore for 2016**
- **Strong maiden contribution from Hong Leong City Center, Suzhou**
- **Plans to launch Phase 2 of Gramercy Park by 1H 2017 and New Futura to follow in 2H 2017**
- **Total dividends of 16.0 cents per share for 2016**

Despite headwinds and challenging market conditions, City Developments Limited (CDL) posted a creditable Profit after Tax and Minority Interests (PATMI) of S\$243.8 million for Q4 2016 (Q4 2015: S\$410.5 million) and S\$653.2 million for FY 2016 (FY 2015: S\$773.4 million). The lower PATMI versus 2015 was due to absence of the substantial profits recognised in Q4 2015 from CDL's second Profit Participation Securities (PPS) platform. Nonetheless, PATMI for 2016 was boosted by strong residential sales in Singapore and China, and divestments including the sale and recapitalisation of Summervale Properties Pte. Ltd. (which holds Nouvel 18), resulting in the establishment of the Group's third PPS platform.

Revenue rose 18.2% to a record S\$3.9 billion for FY 2016, up from S\$3.3 billion in the previous year. For Q4 2016, revenue rose 36.5% to S\$1.2 billion from S\$855.0 million in Q4 2015. The increases were driven by the property development segment, with strong maiden contribution from Hong Leong City Center in Suzhou and steady sales of Singapore projects Gramercy Park, Coco Palms, D'Nest and The Venue Residences and Shoppes, as well as revenue recognition in entirety from the fully sold Lush Acres Executive Condominium (EC), which obtained Temporary Occupation Permit (TOP) in June 2016.

#### **Financial Highlights**

|                                    | <b>Q4<br/>2016</b> | <b>Q4<br/>2015</b> | <b>% Change</b> | <b>FY<br/>2016</b> | <b>FY<br/>2015</b> | <b>% Change</b> |
|------------------------------------|--------------------|--------------------|-----------------|--------------------|--------------------|-----------------|
| Revenue (S\$ million)              | 1,167.0            | 855.0              | 36.5            | 3,905.5            | 3,304.1            | 18.2            |
| Profit before tax<br>(S\$ million) | 331.5              | 471.3              | (29.7)          | 914.0              | 985.4              | (7.2)           |
| PATMI (S\$ million)                | 243.8              | 410.5              | (40.6)          | 653.2              | 773.4              | (15.5)          |

- As at end 2016, net gearing ratio was 16.0% (FY 2015: 26.0%) with cash position of approximately S\$3.9 billion, and interest cover for FY 2016 of 12.5 times (FY 2015: 13.0 times).
- In addition to a final dividend of 8.0 cents per share, the Board has recommended a special final dividend of 4.0 cents per share. Taking into account the special interim dividend of 4.0 cents per share paid in September 2016, the total dividends for 2016 amounted to 16.0 cents per share.

## **Operations Review and Prospects**

### **Singapore Property Development**

- In 2016, CDL and its joint venture (JV) associates sold 1,017 residential units including ECs, at a sales value of about S\$1.25 billion, emerging as one of the top-selling private sector developers in Singapore (FY 2015: 674 units with total sales value of S\$691.5 million).
- The 519-unit Forest Woods JV development, a short walk to Serangoon MRT station and NEX Shopping Mall, was one of 2016's best-selling private condominium projects in Singapore. Over 75% of its units have been sold to date.
- Other JV projects have also sold strongly. For instance, the 616-unit Jewel @ Buangkok is fully sold, the 944-unit Coco Palms at Pasir Ris is over 92% sold and the 638-unit The Brownstone EC next to the upcoming Canberra MRT station is 84% sold.
- In view of the good take-up for the 174-unit Gramercy Park luxury project at Grange Road, where 56 units (or 64%) of the 87-unit North Tower (Phase 1) have been sold since its soft launch in May 2016, CDL is planning to launch the South Tower (Phase 2) by 1H 2017.
- Subject to market conditions, CDL also plans to launch the 124-unit New Futura in 2H 2017. Designed by world-renowned architect SOM, the upmarket freehold condominium at Leonie Hill Road is a five-minute walk to the famous Orchard Road shopping area and features a double-storey clubhouse, lap pool and six sky terraces with panoramic city views.

### **Singapore Commercial / Integrated Development**

- CDL's office portfolio continued to enjoy healthy occupancy of 95.9% as at 31 December 2016, above the national average of 88.9%.
- The Group's JV mixed-use development, South Beach, obtained its final TOP for the entire project in December 2016. Both the South Beach Tower (office) and the retail spaces are fully leased, and the rebranded 634-room JW Marriott Hotel Singapore South Beach soft opened for business in mid-December 2016.

### **International Property Development**

- **Australia**

- Ivy and Eve, Brisbane

- CDL's JV 472-unit residential project in Brisbane's South Bank precinct benefitted from a timely launch in mid-2015 and is now approximately 95% sold.
    - Construction began in late 2015 and is expected to complete in early 2018.

- **China**

- Hong Leong City Center, Suzhou

- The mixed-use development next to Jinji Lake in Suzhou Industrial Park district has achieved strong sales performance.
    - To date, 1,038 out of 1,374 Phase 1 residential units have been sold/booked, amounting to a sales value of RMB 2.21 billion.
    - The Phase 2 launch of the development has sold 174 out of 430 residential units, totalling RMB 502.1 million.

- Hongqiao Royal Lake, Shanghai

- The luxury low-density villa development sits on a 163,837 square metre site in the affluent residential enclave of Qingpu district.
    - To date, 34 out of 85 villas have been sold/booked with a total sales value of RMB 668 million.

- **Japan**

Park Court Aoyama The Tower, Tokyo

- CDL has a 20% stake in the 163-unit prime freehold residential project by Mitsui Fudosan Residential Co., Ltd located in the highly-sought-after Aoyama district within central Tokyo.
- To date, over 50% of the units have been sold since its launch in October 2016.

- **UK**

Teddington Riverside, London Borough of Richmond upon Thames

- Full planning for the 220-unit project has been received and Block A comprising 57 units will be launched in Q2 2017, with five further blocks to follow.

**Mr Kwek Leng Beng, CDL Executive Chairman**, said, “In view of the challenging economic environment, CDL has delivered creditable results. Notably, Hong Leong City Center Suzhou has made a strong maiden contribution to our record revenue and we have a pipeline of overseas projects which will progressively boost our bottom line.

Looking ahead, we plan to be more acquisitive with a focus on finding in-place income in Singapore and overseas. Our robust balance sheet and war chest place us in a strong position to deploy capital for acquisitions which can be in the form of physical assets, equities or debt instruments. We will continue to exercise strict discipline in capital management, remaining highly selective and value oriented, and may take a contrarian approach when needed, to enhance shareholders’ returns.

In 2016 till year-to-date, besides adding Development House in UK’s Shoreditch, Park Court Aoyama The Tower in Tokyo, the prime Ransomes Wharf site in South West London and Meidao Business Plaza in Shanghai to our portfolio, we have also invested in new-economy platforms such as Distrii, a leading operator of co-working spaces in China, and mamahome, a fast-growing Chinese online apartment rental platform, which will enable us to gain entry into these growing sectors. These strategic investments will enhance our recurring income streams and boost our profit from overseas property development.”

**Mr Grant Kelley, CDL Chief Executive Officer**, said, “We have continued to ramp up our strategic diversification through growing our funds management business and investing in overseas markets. With the successful execution of our third PPS in October 2016, we now have over S\$3.5 billion in funds under management, on track to achieve our target of S\$5 billion by end 2018. We will continue to pursue our funds management and capital recycling programme which may take the form of another PPS or traditional private equity structures.”

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Please visit [www.cdl.com.sg](http://www.cdl.com.sg) for CDL’s Q4 and FY 2016 financial statement and presentation.

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