



# CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

## UNAUDITED FULL YEAR FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

### PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) 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			The Group		
	Fourth Quarter Ended		Incr/ (Decr) %	Full Year Ended		Incr/ (Decr) %
	31 December 2015	2014		31 December 2015	2014	
	S\$'000	S\$'000		S\$'000	S\$'000	
Revenue	854,983	846,933	1.0	3,304,108	3,763,938	(12.2)
Cost of sales	(391,916)	(450,162)	(12.9)	(1,647,976)	(2,131,575)	(22.7)
<b>Gross profit</b>	<b>463,067</b>	<b>396,771</b>	<b>16.7</b>	<b>1,656,132</b>	<b>1,632,363</b>	<b>1.5</b>
Other operating income <sup>(2)</sup>	316,743	342,441	(7.5)	324,626	355,515	(8.7)
Administrative expenses <sup>(3)</sup>	(132,277)	(138,667)	(4.6)	(529,252)	(509,405)	3.9
Other operating expenses <sup>(4)</sup>	(188,316)	(146,695)	28.4	(500,819)	(439,053)	14.1
<b>Profit from operations</b>	<b>459,217</b>	<b>453,850</b>	<b>1.2</b>	<b>950,687</b>	<b>1,039,420</b>	<b>(8.5)</b>
Finance income <sup>(5)</sup>	12,236	11,115	10.1	53,425	40,548	31.8
Finance costs <sup>(6)</sup>	(29,329)	(42,013)	(30.2)	(125,622)	(131,033)	(4.1)
<b>Net finance costs</b>	<b>(17,093)</b>	<b>(30,898)</b>	<b>(44.7)</b>	<b>(72,197)</b>	<b>(90,485)</b>	<b>(20.2)</b>
Share of after-tax profit of associates <sup>(7)</sup>	10,367	6,847	51.4	22,768	8,000	184.6
Share of after-tax profit of joint ventures <sup>(8)</sup>	18,841	7,343	156.6	84,117	46,795	79.8
<b>Profit before tax <sup>(1)</sup></b>	<b>471,332</b>	<b>437,142</b>	<b>7.8</b>	<b>985,375</b>	<b>1,003,730</b>	<b>(1.8)</b>
Tax expense <sup>(9)</sup>	(44,072)	(24,004)	83.6	(119,355)	(95,097)	25.5
<b>Profit for the period/year</b>	<b>427,260</b>	<b>413,138</b>	<b>3.4</b>	<b>866,020</b>	<b>908,633</b>	<b>(4.7)</b>
<b>Attributable to:</b>						
<b>Owners of the Company</b>	<b>410,451</b>	<b>384,897</b>	<b>6.6</b>	<b>773,367</b>	<b>769,637</b>	<b>0.5</b>
Non-controlling interests	16,809	28,241	(40.5)	92,653	138,996	(33.3)
<b>Profit for the period/year</b>	<b>427,260</b>	<b>413,138</b>	<b>3.4</b>	<b>866,020</b>	<b>908,633</b>	<b>(4.7)</b>
<b>Earnings per share</b>						
- basic	44.4 cents	41.6 cents	6.7	83.6 cents	83.2 cents	0.5
- diluted	43.0 cents	40.3 cents	6.7	81.0 cents	80.6 cents	0.5

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## Notes to the Group's Income Statement:

- (1) Profit before tax includes the following:

	The Group Fourth Quarter Ended 31 December		The Group Full Year Ended 31 December	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Interest income	12,236	9,647	53,425	35,701
Profit on sale/realisation of investments, investment properties and property, plant and equipment (net)	314,133	9,496	317,982	9,755
Gain on dilution of investment in an associate	-	-	-	6,843
Gains on liquidation of/loss of control in subsidiaries	-	330,896	483	330,896
Investment income	928	803	8,161	6,672
Allowance for foreseeable losses on development properties (net)*	(10,350)	(24,165)	(9,678)	(24,229)
Depreciation and amortisation	(54,720)	(54,596)	(214,668)	(200,002)
Interest expenses	(26,055)	(38,695)	(110,556)	(112,358)
Net exchange (loss)/gain	(7,948)	1,317	(10,463)	(398)
Net change in fair value of financial assets held for trading	(509)	1,504	(4,908)	4,045
Impairment loss on lease premium prepayment	(165)	-	(165)	-
Impairment loss on property, plant and equipment	(73,423)	-	(73,423)	-
Impairment losses written back/(made) on loans to joint ventures (net)	3,017	(1,157)	2,707	(2,491)
Impairment loss on available-for-sale financial asset	-	-	-	(8,742)

\*: this relates to provision for foreseeable losses made in respect of certain residential projects in Singapore.

- (2) Other operating income comprises mainly management fee, miscellaneous income and profit on sale/realisation of investments, investment properties and property, plant and equipment as well as gains on loss of control in subsidiaries. This had decreased by \$25.7 million to \$316.7 million (Q4 2014: \$342.4 million) for Q4 2015 and \$30.9 million to \$324.6 million (FY 2014: \$355.5 million) for FY 2015. Included in both Q4 2015 and FY 2015 were gains arising from the sale of leasehold interests in 3 prime commercial properties, namely, Central Mall Office Tower, 7 & 9 Tampines Grande and Manulife Centre to wholly-owned subsidiaries of Golden Crest Holdings Pte. Ltd. (Golden Crest) (a special purpose vehicle funded by the Group and another investment fund) vis-à-vis the Group's second Profit Participation Securities (PPS 2) platform. For the same corresponding periods in 2014, higher gains were generated following the loss of control in a subsidiary, Cityview Place Holdings Pte. Ltd. with the completion of the sale of its cashflow to Sunbright Holdings Limited (another special purpose vehicle funded by the Group and two institutional investors) vis-à-vis the Group's first Profit Participation Securities (PPS 1) platform. In addition, there was a gain recognised in FY 2014 from dilution of investment in an associate.
- (3) Administrative expenses, comprising mainly depreciation, hotel administrative expenses, operating lease expenses and salaries and related expenses, remained relatively constant at \$132.3 million (Q4 2014: \$138.7 million) for Q4 2015 but increased by \$19.9 million to \$529.3 million (FY 2014: \$509.4 million) for FY 2015. The increase for FY 2015 was mainly due to higher salaries and related expenses coupled with increased depreciation from recently refurbished hotels as well as hotels acquired in 2014.
- (4) Other operating expenses comprise mainly property taxes and insurance on hotels, other operating expenses on hotels, professional fees, net exchange differences as well as impairment losses on property, plant and equipment and loans to joint ventures. Other operating expenses increased by \$41.6 million to \$188.3 million (Q4 2014: \$146.7 million) for Q4 2015 and \$61.7 million to \$500.8 million (FY 2014: \$439.1 million) for FY 2015. These increases were due to impairment loss of \$73.4 million made on property, plant and equipment, higher net exchange losses, partially mitigated by lower professional fees incurred and write-back of impairment loss previously made on loans to a joint venture. The 2015 impairment losses made on property, plant and equipment relate primarily to certain hotels located in Europe and United States which were owned by the Group's 65% subsidiary, Millennium & Copthorne plc (M&C).

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- (5) Finance income comprising mainly interest income, fair value gains on financial assets held for trading, increased by \$1.1 million to \$12.2 million (Q4 2014: \$11.1 million) for Q4 2015 and \$12.9 million to \$53.4 million (FY 2014: \$40.5 million) for FY 2015. The increases were primarily due to higher interest income earned, partially offset by absence of net fair value gains on financial assets held for trading in current year.
- (6) Finance costs comprise primarily 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 decreased by \$12.7 million and \$5.4 million for Q4 2015 and FY 2015 respectively. The decrease for Q4 2015 was due to lower interest expenses incurred on reduced bank borrowings. Other than lower interest expense, the decrease for FY 2015 was also attributed to the absence of impairment loss provided on an available-for-sale financial asset in FY 2014 partially offset by fair value loss recognised on financial assets held for trading in current year.
- (7) Share of after-tax profit of associates relates primarily to the Group's share of results of First Sponsor Group Limited (FSGL) held via M&C. Share of after-tax profit of associates increased by \$3.6 million to \$10.4 million (Q4 2014: \$6.8 million) for Q4 2015 and \$14.8 million to \$22.8 million (FY 2014: \$8.0 million) for FY 2015. The higher contributions for Q4 2015 and FY 2015 were largely due to higher revenue recognised by FSGL from its sale of residential and commercial units of Millennium Waterfront project for 2015 in which hand over to purchasers commenced from December 2014, higher rental income due to contribution from 2 investment properties located in Amsterdam, namely, Zuiderhof I, an office building acquired in February 2015 and Arena Towers, consisting of two Holiday Inn hotels, acquired in June 2015. In addition, recognition of a net investment return from a PRC government linked entity as well as higher interest income on secured entrusted loans granted to third parties generated from its property financing business in China also contributed to the increases due to a larger average loan portfolio for 2015.
- (8) Share of after-tax profit from joint ventures increased by \$11.5 million to \$18.8 million (Q4 2014: \$7.3 million) for Q4 2015 and \$37.3 million to \$84.1 million (FY 2014: \$46.8 million) for FY 2015. The increase for Q4 2015 and FY 2015 were mainly due to higher contribution from Bartley Ridge, The Inflora and Echelon, and the absence of impairment loss made in Q4 2014, partially offset by lower contribution from Bartley Residences which obtained Temporary Occupation Permit (TOP) in June 2015 as well as the pre-operating expenses incurred by The South Beach, a 654-room hotel that soft opened in September 2015. Profit recognition in entirety from The Rainforest, an executive condominium (EC), which obtained TOP in March 2015 also boosted the increase for FY 2015. Under prevailing accounting standards, profit for sale of EC is recognised in entirety only upon TOP.
- (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		The Group	
Fourth Quarter Ended		Full Year Ended	
31 December		31 December	
2015	2014	2015	2014
S\$m	S\$m	S\$m	S\$m

The tax charge relates to the following:

Profit for the period/year	47.1	26.0	136.0	124.1
Overprovision in respect of prior periods/years	(3.0)	(2.0)	(16.6)	(29.0)
	44.1	24.0	119.4	95.1

The overall effective tax rate of the Group for Q4 2015 was 9.4% (Q4 2014: 5.5%) and FY 2015 was 12.1% (FY 2014: 9.5%). Excluding the overprovision in respect of prior periods/years, the effective tax rate for the Group for Q4 2015 was 10.0% (Q4 2014: 5.9%) and FY 2015 was 13.8% (FY 2014: 12.4%).

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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 31.12.2015 S\$'000	As at 31.12.2014 S\$'000	As at 31.12.2015 S\$'000	As at 31.12.2014 S\$'000
<b>Non-current assets</b>					
Property, plant and equipment	(1)	5,174,873	4,918,273	9,681	10,138
Investment properties	(2)	2,583,675	3,109,176	452,243	502,405
Lease premium prepayment		120,134	119,170	-	-
Investments in subsidiaries		-	-	2,136,656	2,217,026
Investments in associates	(3)	351,211	307,390	-	-
Investments in joint ventures	(4)	955,384	821,088	37,360	36,360
Investments in financial assets	(5)	198,504	76,460	25,857	28,419
Other non-current assets	(6)	46,703	19,646	1,079,174	461,766
		<b>9,430,484</b>	<b>9,371,203</b>	<b>3,740,971</b>	<b>3,256,114</b>
<b>Current assets</b>					
Development properties	(7)	5,514,894	4,792,947	353,131	363,279
Lease premium prepayment		3,985	3,833	-	-
Consumable stocks		11,236	11,181	-	1
Financial assets		31,416	35,232	-	-
Trade and other receivables		1,761,630	1,588,550	5,614,534	5,476,029
Cash and cash equivalents		3,564,885	3,897,574	2,152,392	2,118,494
		<b>10,888,046</b>	<b>10,329,317</b>	<b>8,120,057</b>	<b>7,957,803</b>
<b>Total assets</b>		<b>20,318,530</b>	<b>19,700,520</b>	<b>11,861,028</b>	<b>11,213,917</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		7,004,395	6,418,730	4,075,020	3,869,847
		8,995,792	8,410,127	6,066,417	5,861,244
<b>Non-controlling interests</b>					
		2,217,223	2,365,474	-	-
<b>Total equity</b>		<b>11,213,015</b>	<b>10,775,601</b>	<b>6,066,417</b>	<b>5,861,244</b>
<b>Non-current liabilities</b>					
Interest-bearing borrowings*		4,571,969	4,466,222	2,515,979	2,395,948
Employee benefits		28,500	31,071	-	-
Other liabilities	(8)	345,004	136,522	170,119	239,318
Provisions		53,084	16,930	-	-
Deferred tax liabilities		274,998	316,855	44,155	47,750
		<b>5,273,555</b>	<b>4,967,600</b>	<b>2,730,253</b>	<b>2,683,016</b>
<b>Current liabilities</b>					
Trade and other payables	(9)	1,602,289	1,469,971	2,230,138	1,770,727
Interest-bearing borrowings*		1,910,732	2,232,926	793,258	859,124
Employee benefits		22,566	20,024	1,684	2,971
Provision for taxation		259,331	193,905	39,278	36,835
Provisions		37,042	40,493	-	-
		<b>3,831,960</b>	<b>3,957,319</b>	<b>3,064,358</b>	<b>2,669,657</b>
<b>Total liabilities</b>		<b>9,105,515</b>	<b>8,924,919</b>	<b>5,794,611</b>	<b>5,352,673</b>
<b>Total equity and liabilities</b>		<b>20,318,530</b>	<b>19,700,520</b>	<b>11,861,028</b>	<b>11,213,917</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 Company

- 1) The increase was mainly due to the acquisition of Hard Days Night Hotel in Liverpool in August 2015, constructions costs of M Social Hotel, and capital expenditure pertaining to the refurbishment works on ONE UN New York, Millennium Hotel Buffalo, Millennium Biltmore Hotel Los Angeles, Millennium Bailey's Hotel London, Grand Hyatt Taipei, Millennium Seoul Hilton and Copthorne Hotel & Resort Queenstown Lakefront. In addition, the acquisition of equity interest in CDL HBT Cambridge City Hotel (UK) Ltd which holds Hilton Cambridge City Centre by a subsidiary of CDL Hospitality Trusts also contributed to the increase in property, plant and equipment. This was however partially offset by depreciation and the impairment loss made primarily on certain hotels located in Europe and United States.
- 2) The decrease was mainly due to the disposal of leasehold interests in Manulife Centre and Central Mall Office Tower, and 7 & 9 Tampines Grande vis-à-vis the PPS 2 platform to subsidiaries of Golden Crest, an associate of the Group.
- 3) The increase was mainly due to additional investment in Sunbright Holdings Limited and share of after-tax profit from associates, partially offset by dividend income received.
- 4) The increase was mainly due to share of after-tax profit of joint ventures and additional investment in the Group's joint venture South Beach development.
- 5) The increase was mainly due 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 aforesaid 3 prime commercial properties highlighted in Note 2.
- 6) The increase for the Company was due to reclassification of loans due from a subsidiary from trade and other receivables in current assets to other non-current assets as settlement of these loans is neither planned nor likely to occur in foreseeable future.
- 7) The increase was mainly due to the acquisition of 2 residential sites in United Kingdom as well as development expenditure incurred in FY 2015 for D'Nest, Coco Palms, Gramercy Park, New Futura, Lush Acres, The Criterion, a residential project in Tokyo and 2 residential projects in China.
- 8) The increase for the Group was mainly due to deferment of partial gain from sale of leasehold interests in 7 & 9 Tampines Grande, Central Mall Office Tower and Manulife Centre to subsidiaries of Golden Crest. The Group considered Golden Crest as its associate and in-line with the Group's accounting policy, portion of the gain, to the extent of the Group's beneficial interest in Golden Crest, was deferred and accounted for as deferred income in other liabilities.

The decrease for the Company was due mainly to reclassification of a loan from a wholly-owned subsidiary from non-current liabilities to current liabilities under trade and other payables as it is due to be repaid within the next 12 months.

- 9) The increase for the Company was due mainly to loans from two subsidiaries which previously held 7 & 9 Tampines Grande and Manulife Centre. Funds from the proceeds from disposal of the leasehold interests in these two investment properties were channelled from these subsidiaries to the Company.

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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.

	<b>As at 31.12.2015 S\$'000</b>	<b>As at 31.12.2014 S\$'000</b>
<b><u>Unsecured</u></b>		
- repayable within one year	1,512,301	1,984,049
- repayable after one year	3,803,141	3,583,759
(a)	<u>5,315,442</u>	<u>5,567,808</u>
<b><u>Secured</u></b>		
- repayable within one year	402,210	252,679
- repayable after one year	785,052	897,106
(b)	<u>1,187,262</u>	<u>1,149,785</u>
Gross borrowings	(a) + (b) 6,502,704	6,717,593
Less: cash and cash equivalents as shown in the statement of financial position	<u>(3,564,885)</u>	<u>(3,897,574)</u>
Net borrowings	<u>2,937,819</u>	<u>2,820,019</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 31 December		Full Year Ended 31 December	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
<b>Operating Activities</b>				
Profit for the period/year	427,260	413,138	866,020	908,633
<b>Adjustments for:</b>				
Depreciation and amortisation	54,720	54,596	214,668	200,002
Dividend income	(928)	(803)	(8,161)	(6,672)
Equity settled share-based transactions	2,526	(1,252)	4,410	637
Finance costs	29,329	42,013	125,622	131,033
Finance income	(12,236)	(11,115)	(53,425)	(40,548)
Impairment loss (written back)/made on loans to joint ventures (net)	(3,017)	1,157	(2,707)	2,491
Impairment loss on leasehold premium prepayment and property, plant and equipment	73,588	-	73,588	-
Income tax expense	44,072	24,004	119,355	95,097
Gain on dilution of investment in an associate	-	-	-	(6,843)
Gains on liquidation of investments/loss of control in subsidiaries (net)	-	(330,896)	(483)	(330,896)
Profit on sale of investments	(88)	(9,504)	(3,986)	(9,557)
(Profit)/Loss on sale of property, plant and equipment and investment properties	(314,045)	8	(313,996)	(198)
Property, plant and equipment and investment properties written off	3,347	276	3,716	309
Share of after-tax profit of associates	(10,367)	(6,847)	(22,768)	(8,000)
Share of after-tax profit of joint ventures	(18,841)	(7,343)	(84,117)	(46,795)
Operating profit before working capital changes	275,320	167,432	917,736	888,693
<b>Changes in working capital</b>				
Development properties	(474,097)	(99,406)	(674,804)	(636,998)
Consumable stocks, trade and other receivables	(175,367)	179,480	(137,784)	75,313
Trade and other payables	2,137	150,461	103,859	79,397
Employee benefits	(7,733)	(2,430)	(2,894)	529
Cash (used in)/generated from operations	(379,740)	395,537	206,113	406,934
Income tax paid	(10,003)	(16,095)	(128,282)	(114,751)
<b>Cash flows (used in)/from operating activities carried forward<sup>(1)</sup></b>	<b>(389,743)</b>	<b>379,442</b>	<b>77,831</b>	<b>292,183</b>

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	Fourth Quarter Ended		Full Year Ended	
	31 December		31 December	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows (used in)/from operating activities brought forward</b>	<b>(389,743)</b>	<b>379,442</b>	<b>77,831</b>	<b>292,183</b>
<b>Investing Activities</b>				
Acquisition of subsidiaries (net of cash acquired) <sup>(2)</sup>	(131,122)	(151,210)	(138,233)	(151,655)
Capital expenditure on investment properties	(5,299)	(29,934)	(27,322)	(97,497)
(Purchase)/Disposal of and distribution of income from financial assets <sup>(3)</sup>	(139,022)	21,109	(123,315)	25,093
Dividends received				
- an associate	1,497	22	3,197	105
- financial investments	928	803	8,161	6,672
- joint ventures	2,685	166	5,556	11,076
Interest received	11,013	5,680	38,614	23,480
Increase in intangible assets	-	-	-	(366)
Increase in investments in associates <sup>(4)</sup>	(25,125)	-	(25,096)	(86,945)
Increase in investments in joint ventures <sup>(5)</sup>	(29,959)	(3,800)	(63,827)	(8,116)
Increase in lease premium prepayment	(262)	(643)	(846)	(643)
Payments for purchase of property, plant and equipment <sup>(6)</sup>	(67,462)	(229,193)	(228,726)	(838,693)
Proceeds from loss of control in subsidiaries (net of cash disposed of) <sup>(7)</sup>	-	1,074,974	-	1,074,974
Proceeds from sale of property, plant and equipment, and investment properties <sup>(8)</sup>	1,071,851	10	1,072,214	682
<b>Cash flows from/(used in) investing activities</b>	<b>689,723</b>	<b>687,984</b>	<b>520,377</b>	<b>(41,833)</b>
<b>Financing Activities</b>				
Acquisition of non-controlling interests	(2,027)	(60,108)	(200,749)	(89,773)
Capital contribution from non-controlling interests	49	18,490	481	31,123
Decrease/(Increase) in deposits pledged to financial institutions	2,176	(165,722)	49,238	(165,722)
Deposit charged to financial institutions	(26,665)	-	(26,665)	-
Disposal of interest in a subsidiary without loss of control	-	-	-	996
Dividends paid	(15,113)	(26,459)	(271,234)	(274,848)
Finance lease payments	(175)	(8)	(806)	(30)
(Repayment of)/Increase in other long-term liabilities	(465)	10,846	(1,108)	11,105
Interest paid (including amounts capitalised as property, plant and equipment, investment properties and development properties)	(39,929)	(32,212)	(151,014)	(126,734)
Increase in restricted cash	(1,371)	-	(1,371)	-
Net decrease/(increase) in amount owing by related parties	1,835	(474)	(597)	(4,442)
Net proceeds from/(repayments of) revolving credit facilities and short-term bank borrowings	253,367	(20,178)	(13,755)	661,033
Payment of financing transaction costs	(2,857)	(6,213)	(12,435)	(13,522)
Payment on settlement of financial instruments	-	-	-	(1,170)
Payment of issue expenses by a subsidiary	-	-	-	(566)
Proceeds from bank borrowings	309,955	229,641	825,975	1,188,313
Proceeds from issuance of bonds and notes	85,000	139,345	363,680	612,199
Repayment of bank borrowings	(258,041)	(352,475)	(702,219)	(772,280)
Repayment of bonds and notes	(500)	(102,000)	(771,695)	(317,000)
<b>Cash flows from/(used in) financing activities <sup>(9)</sup></b>	<b>305,239</b>	<b>(367,527)</b>	<b>(914,274)</b>	<b>738,682</b>
<b>Net increase/(decrease) in cash and cash equivalents carried forward</b>	<b>605,219</b>	<b>699,899</b>	<b>(316,066)</b>	<b>989,032</b>

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	Fourth Quarter Ended 31 December		Full Year Ended 31 December	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
<b>Net increase/(decrease) in cash and cash equivalents brought forward</b>	<b>605,219</b>	<b>699,899</b>	<b>(316,066)</b>	<b>989,032</b>
Cash and cash equivalents at beginning of the period/year	2,808,356	3,010,174	3,724,731	2,718,405
Effect of exchange rate changes on balances held in foreign currencies	1,992	14,658	6,902	17,294
<b>Cash and cash equivalents at end of the year</b>	<b>3,415,567</b>	<b>3,724,731</b>	<b>3,415,567</b>	<b>3,724,731</b>
<b>Cash and cash equivalents comprise:-</b>				
Cash and cash equivalents as shown in the statement of financial position	3,564,885	3,897,574	3,564,885	3,897,574
Less: Deposits pledged to financial institutions	(121,256)	(165,722)	(121,256)	(165,722)
Less: Deposit charged to financial institutions	(26,665)	-	(26,665)	-
Less: Restricted cash	(1,371)	-	(1,371)	-
Less: Bank overdrafts	(26)	(7,121)	(26)	(7,121)
	<b>3,415,567</b>	<b>3,724,731</b>	<b>3,415,567</b>	<b>3,724,731</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 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.

The 2014 cash outlays relate to the acquisition of 2 foreign companies incorporated in Mauritius and China respectively.

- (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..
- (4) The cash outflow in 2015 relates to additional investments in Sunbright Holding Limited whereas the net cash outflow in 2014 relates to additional investments in First Sponsor Group Limited.
- (5) The cash outflows for the quarter and full year of 2015 and 2014 relate mainly to additional investment in the Group's joint venture South Beach development.
- (6) The significant cash outflows for 2014 relates mainly to the acquisition of The Chelsea Harbour Hotel in Q1 2014, The Novotel New York Times Square in Q2 2014 as well as Grand Hotel Palace Rome and two Tokyo hotels in Q4 2014.

The cash outflows for 2015 relates to acquisition of Hard Days Night Hotel located at Liverpool in August 2015 by M&C, construction costs of M Social Hotel and capital expenditure for on-going refurbishment works for M&C's hotels.

- (7) The cash inflow for 2014 relates to the net proceeds from the sale of cashflow of Cityview Place Holdings Pte. Ltd., a wholly-owned subsidiary of the Group which owns W Singapore – Sentosa Cove, Quayside Isle and The Residences at W Singapore – Sentosa Cove, to Sunbright Holdings Limited, an associate of the Group. This transaction, completed in December 2014, resulted in the loss of control in this subsidiary by the Group.

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- (8) 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.
- (9) The Group had net cash inflows from financing activities of \$305.2 million (Q4 2014: net cash outflows of \$367.5 million) for Q4 2015 and net cash outflows of \$914.3 million (FY 2014: net cash inflows of \$738.7 million) for FY 2015.

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 outflow for Q4 2014 was mainly due to net repayment of borrowings of \$105.7 million, deposits pledged to financial institutions, purchase of shares in Millennium & Copthorne Hotels plc (M&C) and the acquisition of the remaining 30% interest in Quantum Limited by Millennium & Copthorne Hotels New Zealand, an indirect non-wholly owned subsidiary of the Group.

The net cash outflow for FY 2015 was mainly due to net repayment of borrowings of \$298.0 million, deposit charged to financial institutions and higher interest paid. The purchase of shares in M&C and the acquisition of the remaining 38.7% interest in KIN Holdings Limited by Millennium & Copthorne Hotels New Zealand Limited, an indirectly non-wholly owned subsidiary of the Group during the year also attributed to the cash outflow. This was however partially mitigated by a reduction in deposits pledged to financial institutions.

For FY 2014, the net cash inflow was largely due to net proceeds from borrowings of \$1,372.3 million, partially offset by dividend payment, interest payment and deposits pledged to financial institutions.

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## 1(d) Consolidated Statement of Comprehensive Income

	Fourth Quarter Ended		Full Year Ended	
	31 December		31 December	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Profit for the period/year</b>	427,260	413,138	866,020	908,633
<b>Other comprehensive income:</b>				
<u>Item that will not be reclassified to profit or loss:</u>				
Defined benefit plan remeasurements	(3,828)	3,436	(4,595)	3,530
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Changes in fair value of available-for-sale equity investments	813	(987)	(3,881)	(523)
Change in fair value of available-for-sale equity investments reclassified to profit or loss	-	-	-	8,742
Effective portion of changes in fair value of cash flow hedges	208	(105)	581	(213)
Exchange differences on hedges of net investments in foreign entities	(4,794)	24,618	(15,678)	12,276
Exchange differences on monetary items forming part of net investments in foreign entities	(1,855)	(25,042)	4,722	(14,354)
Exchange differences realised on liquidation of subsidiaries/ dilution of investment in an associate reclassified to profit or loss	-	-	(606)	(757)
Share of other reserve movements of an associate transferred to profit or loss upon dilution	-	-	-	1,528
Share of other reserve movement of associates and a joint venture	-	(109)	-	(1,317)
Translation differences arising on consolidation of foreign entities	(33,120)	40,140	57,265	33,804
<b>Other comprehensive income for the period/year, net of tax</b>	<b>(42,576)</b>	<b>41,951</b>	<b>37,808</b>	<b>42,716</b>
<b>Total comprehensive income for the period/year</b>	<b>384,684</b>	<b>455,089</b>	<b>903,828</b>	<b>951,349</b>
<b>Total comprehensive income attributable to:</b>				
<b>Owners of the Company</b>	<b>328,860</b>	<b>419,957</b>	<b>760,873</b>	<b>802,145</b>
Non-controlling interests	55,824	35,132	142,955	149,204
<b>Total comprehensive income for the period/year</b>	<b>384,684</b>	<b>455,089</b>	<b>903,828</b>	<b>951,349</b>

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1(e)(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 S\$m	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		
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>								
Defined benefit plans remeasurements	-	-	-	-	(2.9)	(2.9)	(1.7)	(4.6)
Change in fair value of available-for-sale equity investments	-	-	(3.9)	-	-	(3.9)	-	(3.9)
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>Other comprehensive income for the year, net of income tax</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 option reserve and share of other reserves of associates

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The Group	Attributable to owners of the Company						Non-controlling Interests S\$m	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		
At 1 January 2014	1,991.4	157.1	14.3	(351.1)	5,919.8	7,731.5	2,484.4	10,215.9
<b>Profit for the year</b>	-	-	-	-	769.6	769.6	139.0	908.6
<u>Other comprehensive income</u>								
Defined benefit plans remeasurements	-	-	-	-	2.4	2.4	1.1	3.5
Change in fair value of available-for-sale equity investments	-	-	(0.5)	-	-	(0.5)	-	(0.5)
Change in fair value of available-for-sale equity investments reclassified to profit or loss	-	-	8.7	-	-	8.7	-	8.7
Effective portion of changes in fair value of cash flow hedges	-	-	(0.1)	-	-	(0.1)	(0.1)	(0.2)
Exchange differences on hedges of net investment in foreign entities	-	-	-	7.5	-	7.5	4.8	12.3
Exchange differences on monetary items forming part of net investment in foreign entities	-	-	-	(0.6)	-	(0.6)	(13.7)	(14.3)
Exchange differences realised on dilution of investment in an associate reclassified to profit or loss	-	-	-	(0.5)	-	(0.5)	(0.3)	(0.8)
Share of other reserve movements of associates transferred to profit and loss upon dilution	-	-	0.9	-	-	0.9	0.6	1.5
Share of other reserve movements of associates and a joint venture	-	-	(0.9)	-	-	(0.9)	(0.4)	(1.3)
Translation differences arising on consolidation of foreign entities	-	-	-	15.5	-	15.5	18.3	33.8
<b>Other comprehensive income for the year, net of income tax</b>	-	-	8.1	21.9	2.4	32.4	10.3	42.7
<b>Total comprehensive income for the year</b>	-	-	8.1	21.9	772.0	802.0	149.3	951.3
<b>Transactions with owners, recorded directly in equity</b>								
<u>Contributions by and distributions to owners</u>								
Capital contribution from non-controlling interests	-	-	-	-	-	-	31.5	31.5
Capital reduction by a subsidiary via distribution in specie of its interest in an associate	-	-	-	-	-	-	(58.7)	(58.7)
Dividends paid to owners of the Company	-	-	-	-	(122.0)	(122.0)	-	(122.0)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(153.3)	(153.3)
Issue expenses incurred by a subsidiary	-	(0.2)	-	-	-	(0.2)	(0.3)	(0.5)
Share-based payment transactions	-	-	0.1	-	-	0.1	0.1	0.2
<b>Total contributions by and distributions to owners</b>	-	(0.2)	0.1	-	(122.0)	(122.1)	(180.7)	(302.8)
<u>Change in ownership interests in subsidiaries</u>								
Change of interests in subsidiaries without loss of control	-	3.7	5.4	5.0	(15.4)	(1.3)	(87.5)	(88.8)
<b>Total changes in ownership interests in subsidiaries</b>	-	3.7	5.4	5.0	(15.4)	(1.3)	(87.5)	(88.8)
<b>Total transactions with owners</b>	-	3.5	5.5	5.0	(137.4)	(123.4)	(268.2)	(391.6)
<b>At 31 December 2014</b>	<b>1,991.4</b>	<b>160.6</b>	<b>27.9</b>	<b>(324.2)</b>	<b>6,554.4</b>	<b>8,410.1</b>	<b>2,365.5</b>	<b>10,775.6</b>

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

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The Company	Share Capital S\$m	Capital Reserve S\$m	Fair Value Reserve S\$m	Accumulated Profits S\$m	Total S\$m
<b>At 1 January 2014</b>	1,991.4	63.7	14.2	3,370.0	5,439.3
<b>Profit for the year</b>	-	-	-	545.2	545.2
<u>Other comprehensive income</u>					
Change in fair value of available-for-sale equity investments	-	-	(1.3)	-	(1.3)
<b>Other comprehensive income for the year, net of income tax</b>	-	-	(1.3)	-	(1.3)
<b>Total comprehensive income for the year</b>	-	-	(1.3)	545.2	543.9
<b>Transactions with owners, recorded directly in equity</b>					
<u>Contributions by and distributions to owners</u>					
Dividends paid to owners of the Company	-	-	-	(122.0)	(122.0)
<b>Total contributions by and distributions to owners</b>	-	-	-	(122.0)	(122.0)
<b>Total transactions with owners</b>	-	-	-	(122.0)	(122.0)
<b>At 31 December 2014</b>	<b>1,991.4</b>	<b>63.7</b>	<b>12.9</b>	<b>3,793.2</b>	<b>5,861.2</b>
<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>Other comprehensive income for the year, net of income tax</b>	-	-	(2.6)	-	(2.6)
<b>Total comprehensive income for the year</b>	-	-	(2.6)	366.2	363.6
<b>Transactions 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>

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- 1(e)(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 2015.

Preference share capital

There was no change in the Company's issued preference share capital during the year ended 31 December 2015.

As at 31 December 2015, 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 2014: 44,998,898 ordinary shares).

- 1(e)(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 2015 and 31 December 2014.

The total number of issued ordinary shares (excluding treasury shares) as at 31 December 2015 and 31 December 2014 is 909,301,330.

The total number of issued Preference Shares as at 31 December 2015 and 31 December 2014 is 330,874,257.

- 1(e)(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 2015.

- 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 year as those applied in the Group's most recently audited financial statements for the year ended 31 December 2014.

**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 2015.

Amendments to FRS 19 *Defined Benefit Plans: Employee Contributions*  
 Improvements to FRSs (January 2014)  
 Improvements to FRSs (February 2014)

The adoption of these new/revised FRS 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 31 December		Full Year Ended 31 December	
	2015	2014	2015	2014
Basic Earnings per share (cents)	44.4	41.6	83.6	83.2
Diluted Earnings per share (cents)	43.0	40.3	81.0	80.6
Earnings per share is calculated based on:				
a) Profit attributable to equity holders of the parent (S\$'000) (*)	403,946	378,392	760,463	756,733
b) Profit used for computing diluted earnings per share (S\$'000)	410,451	384,897	773,367	769,637
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 2015 of \$6,505,000 (Q4 2014: \$6,505,000) and in full year 2015 of \$12,904,000 (FY 2014: \$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	
	31.12.2015 S\$	31.12.2014 S\$	31.12.2015 S\$	31.12.2014 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 2015 (909,301,330 ordinary shares (excluding treasury shares) as at 31 December 2014)	9.89	9.25	6.67	6.45

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

The Group achieved a strong financial performance for the fourth quarter ended 31 December 2015 (Q4 2015) and for the year ended 31 December 2015 (FY 2015), despite challenging market conditions both domestically and overseas. For Q4 2015, the Group registered a new record net profit after tax and non-controlling interests (PATMI) of \$410.5 million, an increase of 6.6%, surpassing its previous quarterly PATMI record of \$384.9 million achieved in Q4 2014.

The increase in net profit for Q4 2015 was fuelled by gains accounted from monetising the Group's three prime office assets namely 7 & 9 Tampines Grande, Manulife Centre and Central Mall (Office Tower) valued at \$1.1 billion (on a 99-year leasehold basis) via a second Profit Participation Securities investment platform (PPS 2) in December 2015 and a maiden contribution of \$12 million from the UK property development platform from the sale of Emerald House in Croydon. The progressive sale and profit recognition from pre-sold projects in Singapore also had a higher contribution in Q4 2015 versus Q4 2014. This was partially offset by impairment losses attributable to certain hotels under the Group's 65% subsidiary, Millennium & Copthorne Hotels plc (M&C).

For FY 2015, the Group registered revenue of \$3.3 billion (FY 2014: \$3.8 billion). The decrease was largely due to the absence of revenue recognition from Executive Condominium (EC) projects as compared to revenue recognised in its entirety for the Blossom Residences EC in Q3 2014 upon its completion. Notwithstanding this, the Group delivered a resilient PATMI of \$773.4 million, comparable to \$769.6 million for FY 2014. Basic earnings per share stood at 83.6 cents (FY 2014: 83.2 cents) for FY 2015.

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In terms of FY 2015 pre-tax profit by business segments, the rental properties segment emerged as the highest contributor, benefitting from the gain arising from PPS 2, which was completed in Q4 2015. Pre-tax profit for this segment increased significantly by 215.4% as compared to FY 2014. Notably, in 2014, gains that arose from the Group's first PPS (PPS 1) transaction, involving the hotel, retail and residential components of the Group's Quayside Collection on Sentosa Cove, was spread across the Group's three main business segments, with the property development segment accounting for the biggest share. As a result, property development segment posted lower pre-tax profit for FY 2015 vis-a-vis its FY 2014 performance.

The hotel operations segment reported higher revenues mainly from its newly acquired hotels although profit contribution suffered from difficult trading conditions, further magnified by the impairment losses made on certain hotels.

As at 31 December 2015, without considering any fair value gains on investment properties, the Group's balance sheet continues to remain strong with a net gearing ratio at 26.0% (FY 2014: 26.0%). If fair values on investment properties were included, the net gearing ratio will be further reduced to 19.0% (FY 2014: 19.0%). Its 2015 interest cover was at 13.0 times (FY 2014: 12.1 times).

The Board is recommending a special final ordinary dividend of 4.0 cents per share in addition to the ordinary dividend of 8.0 cents per share. Taking into account the special interim dividend of 4.0 cents paid in September 2015, the total dividends for 2015 amounted to 16.0 cents.

## Property

Singapore's economy grew by 1.8% on a year-on-year basis in Q4 2015, unchanged from Q3 2015. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded 6.2%, extending the 2.3% growth in the previous quarter. The construction sector grew by 4.9% year-on-year in Q4 2015 (Q3 2015: 3.0%) supported by a pick-up in public sector activities, while growth in the services sector eased to 0.8% (Q3 2015: 2.0%).

For 2015, the economy grew by 2.0%, slower than the 3.3% in 2014, and is expected to expand at a modest pace of 1.0% to 3.0% in 2016, factoring the softening of the global economic outlook, downside risks and weak prospects for the domestic construction and manufacturing sectors.

Urban Redevelopment Authority (URA) data indicated that prices of private residential properties decreased by 0.5% in Q4 2015, compared to the 1.3% decline in the previous quarter. This represents the ninth consecutive quarter of decline, which is 8.4% lower from its peak in Q3 2013. For FY 2015, prices fell by 3.7% compared with 4.0% in FY 2014. Rentals of private residential properties dropped 1.3% in Q4 2015 (Q4 2014: 0.6%) and 4.6% for FY 2015 (FY 2014: 3.0%).

In Q4 2015, developers sold 1,603 private residential units (excluding ECs). This is 33% less than the 2,410 units sold in Q3 2015. For the whole of 2015, developers sold 7,440 units representing a slight increase 1.7% versus the 7,316 units sold in 2014. 2,880 ECs were transacted in FY 2015, a 57% increase from 2014 (FY 2014: 1,834).

The Group, together with its JV associates, sold 674 units, including ECs, at a value of \$691.5 million in 2015 (2014: 1,378 units with total sales value of about \$1.4 billion), a reflection of the weak residential property market in Singapore.

During the year under review, the Group booked in profits from Jewel @ Buangkok and from JV projects such as Coco Palms, D'Nest, HAUS@SERANGOON GARDEN, The Palette, The Inflora, Hedges Park, Echelon and Bartley Ridge.

No profit was realised from Lush Acres EC, the Group's fully sold EC, as well as its two recent launches – The Brownstone and The Criterion ECs, due to prevailing accounting treatment for ECs.

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The Group launched two new EC developments in 2015. Firstly, The Brownstone, a 638-unit joint venture (JV) EC was launched in July. To date, about 55% of the project has been sold. The development is directly next to the future Canberra MRT station and enjoys close proximity to the Sembawang Shopping Centre and the upcoming Canberra Centre. This was Singapore's best-selling EC in 2015.

Following the positive response from The Brownstone, the Group launched The Criterion, a 505-unit JV development located at Yishun Street 51, in September. Many of the apartments overlook the greenery of the Orchid Country Club's golf courses and the Lower Seletar Reservoir. About 15% of project has been sold to date.

The EC market continues to remain highly competitive as ECs cater to a limited pool of eligible buyers. Given the increased supply of ECs, eligible buyers have multiple available choices. The Group nevertheless believes that over time, sales momentum will increase as construction progresses. Buyers will then be able to envisage the true value of the offering.

In line with the challenging conditions of the private residential property market, the Group's other existing JV projects registered reasonable sales. The 944-unit Coco Palms, launched in May 2014, is now about 88% sold. Located at Pasir Ris Grove, and within minutes' walk to Pasir Ris MRT station and White Sands Shopping Centre, the project continues to see keen interest given its locational attributes and value.

The 845-unit Commonwealth Towers, which is located adjacent to Queenstown MRT station and enjoys strong transportation connectivity and plentiful of amenities nearby, is now about 48% sold since its launch in May 2014.

The Venue Residences and Shoppes comprising 266 residential and 28 commercial units, has about 40% of the residential units and 57% of the 28 commercial units sold to date.

The Group's 616-unit Jewel @ Buangkok, which was launched in May 2013, is currently about 94% sold.

In November 2015, the Group won a 99-year leasehold residential site at Lorong Lew Lian for \$321.0 million. This JV bid topped the tightly contested tenders by a thin margin of 2.6% over 10 bidders. The 14,001.5 square metres (sqm) site has an attractive location in an established residential estate adjoining a landed housing enclave, with good accessibility to Upper Serangoon Road, Upper Paya Lebar Road and Central Expressway (CTE). It is within 250 metres of the Serangoon bus interchange and MRT station, which is an interchange station for the Circle and North-East Lines. It is also close to several amenities at Serangoon Town Centre, NEX Shopping Mall and Heartland Mall. The Group will explore a condominium development of up to 13 storeys with over 500 units, and expects this development to be well-received.

For the office sector, URA data showed that the overall price index for office space decreased by 0.1% in Q4 2015, similar to previous quarter. The overall rental index for office space fell by 1.8% in Q4 2015, compared to the decline of 2.9% in Q3 2015. For the entire 2015, prices of office space had declined by 0.1% while rentals had declined by 6.5%.

In Q4 2015, the Group's portfolio of office space continued to maintain high occupancy at 97.2%, compared to the national average of 90.5%.

## **South Beach**

South Beach Office Tower, which is part of the Group's mixed-use JV development on Beach Road, is over 97% leased. The 34-storey tower, with over 510,000 sq ft of Grade A office space, is home to multinational corporations like Facebook, Rabobank, LEGO, Sanofi and Expedia, among others. Approximately 80% of its tenants have already moved in.

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In terms of the 47,000 sq ft retail space, over 40% has been leased. South Beach Quarter, the 13,000 sq ft two-storey conservation block, is fully leased and houses four new-to-market F&B establishments which are all open for business. Active marketing of the remaining space at South Beach Avenue is ongoing. Spread across the entire basement and street levels, tenants will enjoy direct connection to the Esplanade and City Hall MRT stations. However, as construction works for the direct link to the MRT stations are still ongoing and expected to complete in Q3 2016, some delay in the tenancy programme is expected. Activity is expected to pick up when the link is opened, as South Beach will then be seamlessly connected to the underground traffic of the larger City Hall precinct, thus providing retailers much wider exposure and catchment.

The 654-room The South Beach hotel is opening progressively following its soft launch in September 2015, with currently only a limited 200 hotel rooms available for guests. The South Beach Consortium (SBC) has been approached by several major international hotel chains to manage its hotel. In Singapore, there is high demand for well-located, sizeable, premium hotels, which are difficult to secure. Many prestigious hotel chains are seeking to enter the market and have expressed their desire to add further value to The South Beach. SBC will carefully deliberate the options, to identify the business model which maximises the potential of the hotel asset. In view of this development, the original plans for the proposed Club will now be reviewed to coordinate with the hotel branding strategy and management plan.

Construction of the 190-unit South Beach Residences is on track to complete by 2H 2016. Launch timing will depend on market conditions.

## **Overseas Platforms**

### **Australia**

In December 2015, the Group announced its re-entry into the Australian residential sector. In partnership with leading Australian developers, Abacus Property Group and KPG Capital, the Group is jointly developing a prime residential site in Brisbane's highly sought after South Bank precinct. The Group and Abacus will jointly provide majority of the equity funding. The Group contributed a preferred equity interest of approximately A\$30 million.

Strategically located at Merivale Street in the heart of South Brisbane, the 2,733 sqm freehold site will be developed into two 30-storey towers named Ivy and Eve, accommodating a total of 472 apartments with gross development value (GDV) of A\$275 million. The convenient location offers excellent connectivity to Brisbane's CBD and the future Queens Wharf integrated resort. The site also enjoys close proximity to the South Brisbane Train Station and major universities such as the University of Queensland, Queensland University of Technology and Southbank Institute of Technology. The future plans for South Brisbane are highly promising with over A\$5 billion of proposed infrastructure investment, further boosting its reputation as Brisbane's foremost entertainment, cultural, commercial and education precinct.

Early construction works have commenced for the site. Both towers have been launched for pre-sales, and due to the project's exceptional location and competitive pricing, the sales launches have met with a highly positive response, with over 60% of the 472 units pre-sold to date. The Group expects to realise profits from this project in early 2018.

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## China

CDL China Limited, a wholly-owned subsidiary of the Group, made very strong progress in its four China projects, with sales having been successfully launched in two out of its four projects.

In Suzhou, Hong Leong City Center (HLCC) is a sizeable mixed-use development next to Jinji Lake in Suzhou Industrial Park district. Tower 1, a 462-unit residential tower, and Tower 3, a 912-unit SOHO tower, both part of Phase 1, obtained their respective sales permits and the structures have been topped off. To date, a total of 677 units had been sold in both towers amounting to sales revenue of RMB 1.36 billion. This represents more than 90% of the units in Tower 1, while the recently launched Tower 3 has picked up momentum and crossed the 25% mark. Both towers are expected to be completed towards the end of 2016 and the units handed over to individual buyers, at which point the profit will be recognised.

HLCC's Phase 2 comprises a 430-unit residential block (Tower 2), a 286-room luxury hotel, a 56,000 sqm shopping mall and a 30,000 sqm office tower. The excavation and retaining wall works for Phase 2 were finished ahead of schedule in June 2015 and the whole basement structure was completed in November 2015. The entire structure of Phase 2 will be topped off towards the end of 2016.

In Shanghai, CDL China acquired Shanghai residential developer Jingwen Zhaoxiang Real Estate Limited in December 2014 at an opportune time. The principal asset was a 120-unit, fully completed luxury villa development in Qingpu District's affluent residential corridor, of which 85 bungalows were unsold. As a result of the PRC government's long-standing regulation not to approve low-density villa developments throughout China, standalone villas have become increasingly scarce and extremely valuable. CDL China relaunched this project in November 2015 under a new name – Hongqiao Royal Lake. The project has gone through an overhaul which includes various renovations, a remodelled club house, landscape enhancements and three new show flats. To date, 13 villas have been sold amounting to sales revenue of approximately RMB 260 million, representing a very successful launch given the large quantum for each villa and considering that sales velocity for this type of product is typically only one to two bungalows a month.

In Chongqing, Eling Residences, a 126-unit luxury development located at the peak of Eling Hill in Yuzhong district, completed structural works in 2015, with landscaping and interior renovations currently ongoing. The project successfully cleared the official site inspection by local authorities, and the sales launch is now tentatively targeted for Q2 2016 to capitalise on the traditionally strong sales period in China.

The Group's other Chongqing project known as Huang Huayuan, is also located in Yuzhong district, at a prime and highly sought after area. This development will comprise three high-rise residential towers, a hotel and a retail mall. The residential unit mix for this project has been revised, incorporating a greater proportion of smaller units. Based on the revised plan, the project will resume activity of its substructure works later this year.

Chongqing is one of China's fastest-growing metropolises with its large population, good infrastructure and business-friendly environment. The city continued to maintain its double digit GDP growth of 11% in 2015. It remains an important pillar of China's 'One Belt, One Road' initiative, which seeks to enhance regional connectivity from China to key regions like Europe, Russia and other parts of Asia. It was announced in November 2015 that Chongqing would be the third Sino-Singapore JV. This is very positive news and with Singapore involved in the master-planning of this new initiative, it is expected to drive a greater influx of foreign investment and larger presence by MNCs into the city, as witnessed in its other collaborations in Suzhou and Tianjin.

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The Group continues to monitor Chinese market conditions closely. There have been signs of improvement with increased buying activity in certain cities such as Shanghai and Suzhou after the government lifted several cooling measures and relaxed loan restrictions in 2015. To stimulate China's economy, the Chinese government reduced the reserve-requirement ratio four times since February 2015, freeing up a sizeable amount of capital which Chinese banks can then lend out. In October 2015, the government introduced yet another round of interest rate cuts, representing six reductions since November 2014. These cuts will further improve housing affordability by lowering the cost of mortgages. In addition, the government recently announced in February 2016 that down payments would be reduced from 25% down to 20% for first-time home buyers and from 40% down to 30% for buyers of second homes, a policy aimed at further boosting the property market.

The Group remains positive regarding the medium to long-term prospects of China's real estate market and is well-poised to capitalise on the gradual recovery.

## Japan

The Group's prime freehold site located in the prestigious residential enclave of Shirokane in Tokyo's Minato ward is set amidst lush greenery and has a rich history. The locale's exclusiveness, coupled with the scale and importance of the project, require in turn an optimal and outstanding design scheme. The proposed development is targeted at the luxury segment and will include the provision of a public park and open space to support the local community. The development process, while lengthy, has progressed relatively smoothly so far, and consultations with local authorities have indicated that the proposed design has been well received. The Group plans to secure the necessary permits for construction and sales launch by Q4 2017.

The Bank of Japan adopted a negative interest rate policy in a surprise move on 29 January 2016. With the drop in interest rates and a higher spread between property yields and government bond yields, it is likely that more funds will be allocated to real estate. Coupled with the lower cost of financing, further cap rate compression is anticipated.

The Ministry of Land, Infrastructure, Transport and Tourism data indicated that the Japan Residential Property Price Index for Condominiums in Tokyo increased by 17.5% over the past two years. The Group remains positive on the outlook for Japan's real estate market and will continue to source for good opportunities in the residential, office and hospitality segments.

Overall, the Group remains positive in its outlook for Japan's real estate market and will continue to source proprietary opportunities in the residential, office and hospitality segments.

## UK

The Group has since 2013 executed its UK strategy methodically, first seeking to understand the market, prior to evaluating any large-scale acquisitions. As a consequence, the Group completed a series of smaller acquisitions from 2013-2014, prior to contemplating larger acquisitions. The success of this approach now enables the Group to contemplate larger acquisitions with the potential for significant value creation.

In November 2015, the Group completed its £85 million purchase of the Teddington Studios land site, in the London Borough of Richmond in south-west London. The 18,211 sqm (approximately 4.5 acres) site was formerly home to Pinewood Studios and overlooks the Teddington Weir on the River Thames. The Group plans to redevelop this coveted site into a luxurious riverside precinct comprising 213 apartments, six houses, a refurbished Weir Cottage and 258 secure parking spaces. The planning application is at an advanced stage and should be approved by Q2 2016.

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In December 2015, also in the London Borough of Richmond, the Group acquired the freehold, 89,031 sqm (approximately 22 acres) Stag Brewery land site for £158 million. Located in Mortlake, the expansive site offers tremendous redevelopment potential for a mixed-use scheme, which will accommodate a major riverside residential development, a new school, a hotel and other employment and leisure uses. Planning approval for the masterplan is expected in Q1 2018 and the development will be undertaken in two phases.

The Group's existing UK operations continued to make steady progress, including divestitures. Emerald House in Croydon was successfully sold in late 2015, generating a profit of £5.7 million. Residential sales of the 82-unit Reading project also look promising, with 73 units exchanged, 9 units reserved. This project is on target to produce profits in Q3 2016.

Chesham Street, Belgravia; Hans Road, Knightsbridge; and Sydney Street, Chelsea are all progressing on site. Being high-end properties, they are not expected to attract buyers until they are completed in Q4 2016.

The planning application for Knightsbridge carpark (28 Pavilion Road) is about to be resubmitted following resolution of technical issues. The Group is confident that the planning application will be approved in Q2 2016. The property continues to attract keen interest.

Moving forward, given its success in smaller, focused developments, the Group's UK operations is now focusing on larger scale projects, and in that regard, the Group is tracking a number of opportunities that may be advantageously acquired.

UK housing prices are expected to keep rising as supply shortages continue across the southern half of the UK. The most pronounced rises are expected in outer London, where supply shortages have been principally caused by the planning system, the shortage of building contractors and ever increasing population growth. Positively, the UK government is now seeking to reduce planning obstacles, for example by replacing affordable homes with 20% discounted open market priced homes for first time buyers. Negatively, the government's increase of stamp duty on second homes and buy-to-let purchases to 3% and other taxation changes may impact the buy-to-let market. Rising construction costs remain a challenge.

Low inflation and interest rates, and jobs growth suggest that nearer 2.0% growth will be the norm for 2016.

## **Funds Management**

The Group unveiled a \$1.1 billion PPS 2 in December 2015. It partnered Alpha Investment Partners Limited (Alpha), through Alpha Asia Macro Trends Fund II (AAMTF II), to jointly invest in an office portfolio comprising three of the Group's prime office assets: Manulife Centre, Central Mall (Office Tower), and 7 & 9 Tampines Grande. The Group sold these three assets to the JV vehicle as 99-year leasehold tenures, but retains upside from its long-term reversionary title to both Manulife Centre and Central Mall (Office Tower). The Group will continue to manage these three assets.

Alpha and the Group will co-finance the portfolio in the ratio of 60:40. The total aggregated value of the securities issued in the PPS transaction is \$333.5 million, comprising \$133.3 million of securities subscribed by Bestro Holdings Limited, a wholly-owned subsidiary of the Group, with AAMTF II contributing \$200.2 million. Concurrently, two banks provided \$750.1 million in senior loan facilities. Both investors, in addition to a participation in asset divestment, will be entitled to a fully secured fixed coupon payout of 5% interest per annum for a period of five years, in relation to a component of the PPS transaction involving the subscription of bonds.

Cash flow waterfall allows the Group to retain significant upside in outperformance. When the assets are divested, AAMTF II will be provided with preferred returns of an internal rate of return of up to 12.6% per annum (inclusive of the 5% coupon payment). The Group will then receive all cash flows until its capital is fully repaid. Thereafter, further upside sharing will occur between AAMTF II and the Group in the proportion of 40:60 respectively.

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PPS 2 is in line with the Group's diversification strategy to develop new investment platforms and recycle capital for growth plans. It rebalances the Group's office portfolio exposure in Singapore, while retaining a substantial investment in these prime assets for further capital appreciation potential. Combined with PPS 1, the Group now has \$2.6 billion worth of Assets Under Management (AUM) in the two PPS vehicles.

## Hotel

In 2015, global hospitality markets were impacted by falling commodity prices, mounting concern with regard to terrorism, health advisory travel alerts and uncertainty regarding growth of the Chinese market. These external factors negatively affected the FY 2015 performance of M&C.

M&C reported PATMI of £5 million for Q4 2015 (Q4 2014: £44 million) and £65 million for FY 2015 (FY 2014: £110 million), due primarily to the recognition of a net charge of £43 million against pre-tax profit. This net charge includes £76 million of impairment losses primarily relating to four M&C hotels – two in Asia and two recently acquired; partially offset by net revaluation gains of £33 million on its investment properties. The PATMI impact at the CDL Group level is about \$48 million. It should be noted that the Group continues to adopt its conservative policy of accounting for its investment properties and property, plant and equipment at cost less accumulated depreciation and accumulated impairment losses. M&C, on the other hand accounts for investment properties at fair value, and its property, plant and equipment (land and buildings) at cost, except as allowed under IFRS 1 transition rules, less depreciation and any provision for impairment. M&C's basic earnings per share for FY 2015 decreased by 41.5% to 19.9p (FY 2014: 34.0p).

However, revenue for FY 2015 increased by 2.5% to £847 million (FY 2014: £826 million) reflecting contributions from hotel acquisitions and the highly successful launch of Millennium Mitsui Garden Hotel Tokyo in December 2014, along with some favourable foreign exchange movements.

Global revenue per available room (RevPAR) increased by 0.6% to £71.98 in FY 2015 (FY 2014: £71.55), but decreased by 1.3% in constant currency. This was due to the continuing deterioration of trading conditions in M&C's Asian hotels, where RevPAR declined by 9.0% across Singapore and Rest of Asia combined. London and New York also saw RevPAR declines, due mainly to the impact of refurbishment works at Millennium Bailey's Hotel London and ONE New York respectively.

M&C acquired two properties in the UK in 2015. On 18 August 2015, it completed the acquisition of a long leasehold interest in the Hard Days Night Hotel in Liverpool for £13.8 million. The Beatles-inspired 110-room and suites hotel is located within the city's popular Cavern Quarter. M&C's subsidiary, CDL Hospitality Trusts (CDLHT), in which M&C owns a 36% stake, acquired the Hilton Cambridge City Centre (previously known as Cambridge City Hotel) for £61.5 million on 1 October 2015. The property is a 198-room newly-refurbished upscale hotel located in the heart of Cambridge city centre. The acquisition marks CDLHT's first investment in Europe.

On the property development front, M&C continued to make progress on various land sites. In Seoul, South Korea, it plans to construct a 306-room hotel and a 209-unit serviced apartment complex, which is expected to complete in mid-2018.

The proposed mixed-use land site at Sunnyvale, California, in the heart of the Silicon Valley, will include a 263-room hotel and a 250-unit residential apartment block in the initial phase. A subsequent phase is expected to include a retail component. Completion of this project is scheduled for late 2017.

M&C continues to explore options in relation to the freehold site occupied by the Millennium Hotel St Louis, which closed in January 2014.

In the year under review, M&C completed refurbishment of all guest rooms at Millennium Bailey's Hotel London, Millennium Hotel Buffalo and all remaining rooms at Millennium Seoul Hilton. In New Zealand (NZ), renovation of 40 guestrooms at Copthorne Hotel & Resort Queenstown Lakefront was completed in November 2015. Work on Grand Hyatt Taipei's main lobby was substantially completed in January 2016, with a retail corner and two small F&B outlets planned for completion later this year.

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Two of M&C's key London hotels – Millennium Hotel London Mayfair and Millennium Hotel London Knightsbridge, are expected to commence refurbishment works in 2016. Both projects will require removal of rooms from inventory in stages during refurbishment but will not require full closure. The hotels are expected to fully re-open in late 2017 or 2018.

In the US, refurbishment works for the guest rooms in the East Tower of ONE UN New York have commenced and Millennium Hotel Durham is expected to start refurbishment in March 2016. The Millennium Biltmore Hotel Los Angeles refurbishment is in progress and is scheduled to complete by mid-2017.

In July 2015, Copthorne Hotel Auckland Harbour City in NZ was closed for extensive refurbishment. It is expected to be completed in early 2017.

In Singapore, work on the overhaul of the lobby and F&B outlets of the Grand Copthorne Waterfront Hotel commenced in December 2015 and is targeted for completion in Q3 2016.

M&C's JV partners and associates, including its Singapore-listed associate, First Sponsor Group Limited (FSGL), contributed £17 million to FY 2015 profit. This was a 70% increase from £10 million in FY 2014. At 31 December 2015, M&C managed the 196-room M Hotel Chengdu owned by FSGL.

**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 year 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 2015.

**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**

Since 2009, the Singapore Government has made several rounds of property cooling measures. The Total Debt Servicing Ratio (TDSR) which restricts potential buyers' borrowing capacity and Additional Buyer's Stamp Duty (ABSD) introduced at the end of June 2013 were perhaps the most drastic, and continue to adversely impact both sales volume and property prices across all residential market segments.

The Group was acutely aware that its property development business was highly Singapore-centric and it needed to reposition itself to mitigate the imminent headwinds. Leveraging on the Group's over 50 years of real estate development expertise, it took deliberate efforts to set-up new growth platforms overseas for a more balanced and diversified portfolio. In August 2010, the Group established CDL China Limited, and now has four development sites in China.

In May 2013, the Group announced its plans for property development in London, a natural progression, as it already has a strong hotel presence in this market under M&C. Initially, the Group adopted a more cautious approach, investing in five small-scale projects. However, with greater in-depth knowledge of the real estate sector, it is now more attuned with the market conditions and shifting gears to focus on larger scale projects outside of Central London, with the acquisition of the Teddington Studios and Stag Brewery sites in Q4 2015. To date, it has invested a total of £400 million in seven prime freehold properties in the UK, after successfully monetising Emerald House.

In September 2014, the Group also acquired the Shirokane site in Tokyo, where acquisition of land sites is extremely rare and difficult in Japan. It has also recently made its re-entry into Australia's residential sector.

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In addition to the above, the Group has successfully completed two PPS transactions, building on its fund management business.

Overall, the Group has laid the foundations for these new platforms and they are in line with its diversification strategy. There will be a gestation period for profit recognition in accordance with the respective accounting treatments. The Group anticipates the projects to bear fruit in terms of recurring profits from 2H 2016, starting with the strong sales from the Suzhou HLCC and the Hongqiao Royal Lake projects.

## **Hotel**

The macroeconomic factors that negatively affected FY 2015's performance are expected to continue in 2016. Global RevPAR fell by 5.9% for January 2016, led by a decrease of 10.1% in Europe, a 10.9% decrease in US and 3.6% decrease in Asia, against a 20.7% increase in Australasia.

The competitive landscape underwent significant change in 2015, with the consolidation of several large, global hospitality players. M&C is focused on making the correct strategic choices in order to grow earnings and optimise returns on assets amidst this rapidly changing and competitive environment.

M&C is addressing shortfalls in hotel trading through a number of revenue initiatives, including an enhanced digital marketing platform, increased focus on the Chinese outbound market and identifying further upselling opportunities across the estate.

Although the short-term trading outlook is uncertain, M&C believes that asset ownership is key to creating long-term value in a changing hospitality industry landscape. It will therefore continue to focus on its strategy of ownership and management of hospitality real estate assets.

M&C will focus on optimising returns on its assets by undertaking refurbishment projects, whilst remaining vigilant with regard to controlling costs.

## **Group Prospects**

2016 will be a challenging year for businesses across many sectors as the global growth outlook remains dim. Fears of a global recession, stock market volatility, a dramatic fall in oil prices, and other uncertainties, have all made the global economic climate highly sensitive, and an air of caution prevails.

Domestically, the effects of oversupply, higher land and construction costs, and property cooling measures, have led to a softening of the property market, dampening both demand and prices, with little impetus for investors.

The Group has been cognisant of the storm that has been brewing. Over the years, it has set out its plans to mitigate its risks, through its diversification strategy, building value in new geographies and products. Its 2015 financial performance reflects its ability to navigate through difficult times.

The Group is well-poised to deploy its strong balance sheet towards investments in a period of market dislocation, capitalising on available opportunities, while maintaining discipline in its investments. It remains focused on expanding its international property development footprint and growing its funds management platform.

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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	10 September 2015	30 June 2015	31 December 2015
Dividend Type	Cash	Cash	Cash
Dividend Amount (in cents)	4.0 cents per Ordinary Share	1.93 cents per Preference Share <sup>^</sup>	1.97 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 2014 to 29 June 2015 (both dates inclusive)	From 30 June 2015 to 30 December 2015 (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 365 days.

Subject to ordinary shareholders' approval at the Annual General Meeting to be held on 20 April 2016, 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) Special Interim Ordinary Dividend	Tax exempt (One-tier) Preference Dividend	
Date of payment	10 September 2014	30 June 2014	31 December 2014
Dividend type	Cash	Cash	Cash
Dividend amount (in cents)	4.0 cents per Ordinary Share	1.93 cents per Preference Share <sup>^</sup>	1.97 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 2013 to 29 June 2014 (both dates inclusive)	From 30 June 2014 to 30 December 2014 (both dates inclusive)
Issue price	N.A.	\$1.00 per Preference Share	\$1.00 per Preference Share

Name of Dividend	Final Tax-exempt (One-tier) Ordinary Dividend	Special Final Tax-exempt (One-tier) Ordinary Dividend
Date of payment	20 May 2015	20 May 2015
Dividend Type	Cash	Cash
Dividend Amount (in cents)	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 20 April 2016, the proposed final and special final Ordinary dividends for financial year ended 31 December 2015 will be payable on 20 May 2016.

**(d) Books Closure Date**

5.00 pm on 5 May 2016.

**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 2015 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></p> <p>(a) provision to/by interested persons of</p> <p>(i) cleaning services;</p> <p>(ii) managing agent services;</p> <p>(iii) security services; and</p> <p>(iv) marketing services.</p> <p>(b) lease of premises to interested persons</p> <p style="text-align: right;">\$12,304,746.40</p> <p><u>General Transactions</u></p> <p>Purchase of goods and services 204,154.60</p> <p><b>Total: \$12,508,901.00</b></p>
Directors and their immediate family members	Nil

## 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

	<b>The Group</b>			
	<b>Fourth quarter ended</b>		<b>Full year ended</b>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b><u>Revenue</u></b>				
Property Development	241,729	246,394	1,037,095	1,581,158
Hotel Operations*	462,690	464,066	1,698,128	1,678,343
Rental Properties	104,892	102,736	405,453	384,655
Others	45,672	33,737	163,432	119,782
	<b>854,983</b>	<b>846,933</b>	<b>3,304,108</b>	<b>3,763,938</b>
<b><u>Profit/(Loss) before tax**</u></b>				
Property Development	115,862	251,273	355,848	531,620
Hotel Operations	9,115	139,182	170,936	332,791
Rental Properties	349,057	40,900	460,202	145,918
Others	(2,702)	5,787	(1,611)	(6,599)
	<b>471,332</b>	<b>437,142</b>	<b>985,375</b>	<b>1,003,730</b>

\* Revenue from hotel operations includes room revenue of \$1,146.4 million (FY 2014: \$1,075.2 million) for FY 2015 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 Development S\$'000	Hotel Operations S\$'000	Rental Properties S\$'000	Others S\$'000	Total S\$'000
<b>FY 2015</b>					
<b>External revenue</b>	<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 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>
<b>FY 2014</b>					
<b>External revenue</b>	<b>1,581,158</b>	<b>1,678,343</b>	<b>384,655</b>	<b>119,782</b>	<b>3,763,938</b>
<b>Results</b>					
Profit from operations	511,774	342,024	180,722	4,900	1,039,420
Share of after-tax profit/(loss) of associates and joint ventures	44,197	15,788	(3,522)	(1,668)	54,795
Profit before tax and net finance costs	555,971	357,812	177,200	3,232	1,094,215
Finance income	25,078	7,148	1,716	6,606	40,548
Finance costs	(49,429)	(32,169)	(32,998)	(16,437)	(131,033)
Net finance costs	(24,351)	(25,021)	(31,282)	(9,831)	(90,485)
<b>Reportable segment profit/(loss) before tax</b>	<b>531,620</b>	<b>332,791</b>	<b>145,918</b>	<b>(6,599)</b>	<b>1,003,730</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 remained relatively stable at \$241.7 million (Q4 2014: \$246.4 million) for Q4 2015 but decreased by \$544.1 million to \$1,037.1 million (FY 2014: \$1,581.2 million) for FY 2015.

Pre-tax profits decreased by \$135.4 million to \$115.9 million (Q4 2014: \$251.3 million) for Q4 2015 and \$175.8 million to \$355.8 million (FY 2014: \$531.6 million) for FY 2015.

Projects that contributed to both revenue and profit for 2015 include Coco Palms, D'Nest, H<sub>2</sub>O Residences, HAUS@SERANGOON GARDEN, The Palette, Jewel@Buangkok and UP@Robertson Quay. 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 Hedges Park, The Inflora, Bartley Residences, Bartley Ridge, The Rainforest, Echelon and Commonwealth Towers had not been consolidated into the Group's total revenue, the Group's share of profits arising from such joint venture developments had been included in pre-tax profit.

The decrease in revenue for FY 2015 was largely due to absence of revenue recognition from Blossom Residences EC, which obtained TOP in September 2014. Under prevailing accounting standards, both revenue and profit for EC are recognised in entirety only upon TOP. In addition, lower contributions from H<sub>2</sub>O Residences and The Palette, which were completed during the year, also attributed to the decrease. The decrease was partially mitigated by maiden contribution from Coco Palms in Q1 2015 and increased contribution from Jewel@Buangkok.

Despite a stable Q4 2015 revenue, pre-tax profit for Q4 2015 declined largely due to the absence of gain arising from loss of control in Cityview Place Holdings Pte. Ltd. (Cityview) following the Group's PPS 1 platform in December 2014 involving the Quayside Collection on Sentosa Cove. Although this gain was spread across residential, hotel operations and rental properties segments, the property development segment accounted for the biggest share. This decrease was however partially offset by lower allowances for foreseeable losses made in Q4 2015 for certain Singapore residential projects, maiden contribution from Coco Palms, profit accounted on sale of Emerald House located in United Kingdom, and higher share of profit contribution from Echelon, Inflora and Bartley Ridge.

The decrease in pre-tax profit for FY 2015 was in tandem with lower revenue achieved coupled with the absence of aforesaid gain on sale of cashflow of Cityview. This was partially offset by lower allowance for foreseeable losses made and share of contributions from The Rainforest, a joint venture EC, which obtained TOP in Q1 2015 as well as share of profit contribution from Bartley Ridge, Echelon and Inflora.

## **Hotel Operations**

Revenue for this segment remained relatively constant at \$462.7 million (Q4 2014: \$464.1 million) for Q4 2015 but increased by \$19.8 million to \$1,698.1 million (FY 2014: \$1,678.3 million) for FY 2015.

The increase in revenue for FY 2015 were primarily attributed to contributions from hotels acquired in 2014 namely, The Chelsea Harbour Hotel, Novotel New York Times Square, Hotel MyStays Asakusabashi and Hotel MyStays Kamata.

However, pre-tax profits decreased by \$130.1 million to \$9.1 million (Q4 2014: \$139.2 million) for Q4 2015 and \$161.9 million to \$170.9 million (FY 2014: \$332.8 million) for FY 2015.

The significant decreases in pre-tax profit for Q4 2015 and FY 2015 were mainly due to substantial impairment losses of \$73.4 million made on a few hotels, lower performance of the Group's Asia hotels, as well as RevPAR declines for London and New York mainly due to refurbishments at Millennium Bailey's Hotel London and ONE UN New York respectively. In addition, included in 2014 was a gain arising from the loss of control in Cityview accounted under this segment as it owns W Singapore - Sentosa Cove, and there was no such similar gain in 2015.

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## Rental Properties

Revenue for this segment remained relatively steady at \$104.9 million (Q4 2014: \$102.7 million) for Q4 2015 but increased by \$20.8 million to \$405.5 million (FY 2014: \$384.7 million) for FY 2015.

Pre-tax profit surged by \$308.2 million to \$349.1 million (Q4 2014: \$40.9 million) for Q4 2015 and \$314.3 million to \$460.2 million (FY 2014: \$145.9 million) for FY 2015.

The increase in revenue for FY 2015 was due to rental income earned from Millennium Mitsui Garden Hotel Tokyo which opened last December 2014.

The significant increases for Q4 2015 and FY 2015 were mainly due to a \$314 million gain recognised from the sale of leasehold interests in Central Mall Office Tower, 7 & 9 Tampines Grande and Manulife Centre to Golden Crest Holdings Pte. Ltd., an associate of the Group via the Group's second PPS platform. In addition, in Q4 2014 and FY 2014, there was a minor portion of gain recognised from loss of control in Cityview being accounted under this segment as it owns Quayside Isle.

## Others

Revenue, comprising mainly income from building maintenance contracts, project management, club operations, laundry services and dividend income, increased by \$12.0 million to \$45.7 million (Q4 2014: \$33.7 million) for Q4 2015 and \$43.6 million to \$163.4 million (FY 2014: \$119.8 million) for FY 2015 due to higher management fee income and income generated from laundry service business which the Group purchased in 2015.

This segment reported a pre-tax loss of \$2.7 million (Q4 2014: pre-tax profit of \$5.8 million) for Q4 2015 and a lower pre-tax loss of \$1.6 million (FY 2014: \$6.6 million) for FY 2015.

The pre-tax loss for Q4 2015 was mainly due to lower gains recognised from realisation of investments in a private real estate fund, coupled with net fair value losses on financial assets held for trading in Q4 2015 vis-à-vis net fair value gains recognised in Q4 2014.

The loss for FY 2015 was due to the recognition of net fair value losses on financial assets held for trading in FY 2015 as opposed to net fair value gains in FY 2014. Lower pre-tax loss for FY 2015 was mainly attributable to the absence of impairment loss made on an available-for-sale financial asset which was recognised in 2014, and positive contribution from the Group's associate, First Sponsor Group Limited (FSGL). FSGL's positive contribution to this segment in 2015 was underpinned by its continued growth in the property financing business in China, in which higher interest income was generated on secured entrusted loans to third parties due to larger average loan portfolio in FY 2015.

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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 (*Refer to Para 16 of Appendix 7.2 for the required details*)

	<b>Full Year 2015 S\$'000</b>	<b>Full Year 2014 S\$'000</b>
Ordinary	72,744	72,744
Special	72,744	72,744
Preference	12,904	12,904
<b>Total</b>	<b>158,392</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 2015 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 2015.

**17. A breakdown of sales**

	<b>2015 S\$'000</b>	<b>2014 S\$'000</b>	<b>Incr/(Decr) %</b>
<b>a) Revenue</b>			
- First half	1,639,874	1,595,387	3
- Second half	1,664,234	2,168,551	(23)
	<u>3,304,108</u>	<u>3,763,938</u>	(12)
<b>b) Operating profit after tax before deducting non-controlling interests</b>			
- First half	308,678	318,844	(3)
- Second half	557,342	589,789	(6)
	<u>866,020</u>	<u>908,633</u>	(5)

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**18. 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:

- City e-Solutions Limited (“CES”),
- 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 & Cophorne 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	75	Cousin of Mr Kwek Leng Peck.	<p><b>CDL</b> Executive Chairman of CDL with effect from 1 January 1995, with executive powers over the overall business operations and management of CDL.</p> <p><b>CES</b> Chairman and Managing Director of CES since 1989, responsible for the overall management of CES.</p>	<p>N.A.</p> <p>N.A.</p>
Mr Vincent Yeo Wee Eng	47	Nephew of Messrs Kwek Leng Beng and Kwek Leng Peck.	M&CREIT/M&CBTM 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 Board to determine overall business, investment and operational strategies for H-REIT and HBT.	N.A.

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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 Sherman Kwek Eik Tse	39	Son of Mr Kwek Leng Beng.  Nephew of Mr Kwek Leng Peck.	<p><b>CDL</b> Chief Investment Officer of CDL with effect from 14 April 2014. Responsible for the sourcing and execution of new investment opportunities with emphasis on overseas markets.</p> <p><b>CDL China</b> Chief Executive Officer and Director with effect from 11 August 2010 and 7 October 2010 respectively. Responsible for the overall management of CDL China's investments and operations.</p>	<p>N.A.</p> <p>N.A.</p> <p><b>CES</b> Mr Kwek has stepped down as Chief Executive Officer of CES with effect from 2 March 2015.</p>
Mr Kwek Eik Sheng	34	Nephew of Messrs Kwek Leng Beng and Kwek Leng Peck.	<p>CDL Chief Strategy Officer of CDL with effect from 14 April 2014. Supports CDL's Chief Executive Officer in investment analysis and formulation of business strategies for the CDL Group.</p>	N.A.
Mr Chia Fook Fie	67	Brother-in-law of Mr Kwek Leng Peck.	<p>MCIL Director of Procurement, MCIL, overseeing the operations in central procurement office since February 2002.</p>	N.A.

## BY ORDER OF THE BOARD

Shufen Loh @ Catherine Shufen Loh  
Company Secretary  
25 February 2016