



# CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

## UNAUDITED FIRST QUARTER FINANCIAL STATEMENT FOR THE PERIOD ENDED 31 MARCH 2017

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

1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

These figures have not been audited.

	The Group Three months ended 31 March		Incr/ (Decr)  %
	2017 S\$'000	2016 S\$'000	
Revenue	783,751	723,306	8.4
Cost of sales	(417,795)	(365,280)	14.4
<b>Gross profit</b>	<b>365,956</b>	<b>358,026</b>	<b>2.2</b>
Other operating income <sup>(2)</sup>	1,499	10,138	(85.2)
Administrative expenses	(131,638)	(132,499)	(0.6)
Other operating expenses <sup>(3)</sup>	(102,979)	(93,001)	10.7
<b>Profit from operating activities</b>	<b>132,838</b>	<b>142,664</b>	<b>(6.9)</b>
Finance income <sup>(4)</sup>	12,045	15,185	(20.7)
Finance costs	(30,244)	(30,029)	0.7
<b>Net finance costs</b>	<b>(18,199)</b>	<b>(14,844)</b>	<b>22.6</b>
Share of after-tax profit of associates <sup>(5)</sup>	4,666	3,892	19.9
Share of after-tax (loss)/profit of joint ventures <sup>(6)</sup>	(4,471)	6,684	NM
<b>Profit before tax <sup>(1)</sup></b>	<b>114,834</b>	<b>138,396</b>	<b>(17.0)</b>
Tax expense <sup>(7)</sup>	(15,599)	(14,472)	7.8
<b>Profit for the period</b>	<b>99,235</b>	<b>123,924</b>	<b>(19.9)</b>
<b>Attributable to:</b>			
<b>Owners of the Company</b>	<b>85,467</b>	<b>105,338</b>	<b>(18.9)</b>
Non-controlling interests	13,768	18,586	(25.9)
<b>Profit for the period</b>	<b>99,235</b>	<b>123,924</b>	<b>(19.9)</b>
<b>Earnings per share</b>			
- basic	9.4 cents	11.6 cents	(19.0)
- diluted	9.0 cents	11.0 cents	(18.2)

NM: Not Meaningful

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## Notes to the Group's Income Statement:

- (1) Profit before tax includes the following:

	The Group	
	Three months ended 31 March	
	2017	2016
	S\$'000	S\$'000
Interest income	10,313	14,530
Profit on realisation/sale of investments and property, plant and equipment (net)	999	9,034
Investment income	263	1,361
Net change in fair value of financial assets held for trading	1,732	(1,031)
Net exchange (loss)/gain	(7,788)	2,525
Depreciation and amortisation	(53,167)	(51,591)
Interest expenses	(27,733)	(25,623)
Impairment loss on loans to a joint venture	(246)	(242)

- (2) Other operating income comprising mainly management fee, miscellaneous income and profit on realisation/sale of investments and property, plant and equipment, decreased by \$8.6 million to \$1.5 million (Q1 2016: \$10.1 million) for Q1 2017. The decrease was mainly due to lower gain recognised on realisation of investment in Real Estate Capital Asia Partners III (private real estate fund) in Q1 2017.
- (3) Other operating expenses comprise mainly property taxes and insurance on hotels, other operating expenses on hotels, net exchange differences and professional fees. This had increased by \$10.0 million to \$103.0 million (Q1 2016: \$93.0 million) for Q1 2017 due to net exchange loss incurred in current quarter vis-à-vis net exchange gain recorded in Q1 2016. The exchange loss was primarily attributed by the repayment of the New Zealand dollar denominated intercompany loan at CDL Hospitality Trusts.
- (4) Finance income comprising mainly interest income and fair value gain on financial assets held for trading, decreased by \$3.2 million to \$12.0 million (Q1 2016: \$15.2 million) for Q1 2017 due to lower interest income earned from fixed deposits and loans advanced to joint ventures.
- (5) Share of after-tax profit of associates relates primarily to the Group's share of results of First Sponsor Group Limited (FSGL). This had increased by \$0.8 million to \$4.7 million (Q1 2016: \$3.9 million) for Q1 2017 due to the better performances from its sale of properties with higher number of residential units in the Millennium Waterfront project being handed over to buyers in the current quarter as compared to Q1 2016.
- (6) Share of after-tax loss of \$4.5 million from joint ventures was recognised in Q1 2017 vis-à-vis share of after-tax profit of \$6.7 million in Q1 2016. This was largely due to absence of contribution from Bartley Ridge and Echelon which obtained Temporary Occupation Permit in Q4 2016 and Q3 2016 respectively and marketing costs expensed off for joint venture development projects.
- (7) Tax expense for the period 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, and after adjustment for overprovision of taxation in respect of prior periods of \$11.5 million (Q1 2016: \$7.1 million).

The overall effective tax rate of the Group for Q1 2017 was 13.6% (Q1 2016: 10.5%). Excluding the overprovision in respect of prior periods, the effective tax rate of the Group for Q1 2017 would be 23.6% (Q1 2016: 15.6%).

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## 1(a)(ii) Consolidated Statement of Comprehensive Income

	The Group	
	Three months ended	
	31 March	
	2017	2016
	S\$'000	S\$'000
<b>Profit for the period</b>	99,235	123,924
<b>Other comprehensive income:</b>		
<u>Items that are or may be reclassified subsequently to profit or loss:</u>		
Change in fair value of available-for-sale equity investments	6,274	3,955
Exchange differences on hedges of net investment in foreign entities	4,297	(15,408)
Exchange differences on monetary items forming part of net investment in foreign entities	(25,990)	(32,960)
Exchange differences realised upon repayment of intercompany loan which formed part of net investment in foreign entities	6,499	-
Translation differences arising on consolidation of foreign entities	(72,889)	(147,507)
	(81,809)	(191,920)
<b>Other comprehensive income for the period, net of tax</b>	<b>(81,809)</b>	<b>(191,920)</b>
<b>Total comprehensive income for the period</b>	<b>17,426</b>	<b>(67,996)</b>
<b>Attributable to:</b>		
<b>Owners of the Company</b>	<b>13,889</b>	<b>(36,318)</b>
Non-controlling interests	3,537	(31,678)
<b>Total comprehensive income for the period</b>	<b>17,426</b>	<b>(67,996)</b>

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1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Note	The Group		The Company	
		As at 31.03.2017 S\$'000	As at 31.12.2016 S\$'000	As at 31.03.2017 S\$'000	As at 31.12.2016 S\$'000
<b>Non-current assets</b>					
Property, plant and equipment		5,048,930	5,135,688	7,847	8,368
Investment properties		2,339,931	2,346,114	442,682	444,682
Lease premium prepayment		108,976	113,587	-	-
Investments in subsidiaries		-	-	2,132,213	2,132,213
Investments in associates		367,687	371,370	-	-
Investments in joint ventures		1,095,239	1,090,142	37,360	37,360
Investments in financial assets	(1)	405,150	398,603	32,634	28,329
Other non-current assets		260,999	261,353	1,889,465	1,861,215
		<b>9,626,912</b>	<b>9,716,857</b>	<b>4,542,201</b>	<b>4,512,167</b>
<b>Current assets</b>					
Lease premium prepayment		3,818	3,913	-	-
Development properties		5,194,513	5,208,900	500,739	497,674
Consumable stocks		10,749	11,823	-	-
Financial assets		17,755	16,399	-	-
Trade and other receivables		1,162,152	1,166,493	4,315,865	4,335,835
Cash and cash equivalents		3,505,418	3,673,037	1,913,974	2,043,714
		<b>9,894,405</b>	<b>10,080,565</b>	<b>6,730,578</b>	<b>6,877,223</b>
<b>Total assets</b>		<b>19,521,317</b>	<b>19,797,422</b>	<b>11,272,779</b>	<b>11,389,390</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		7,312,217	7,302,411	4,560,141	4,522,002
		9,303,614	9,293,808	6,551,538	6,513,399
<b>Non-controlling interests</b>		2,070,624	2,114,876	-	-
<b>Total equity</b>		<b>11,374,238</b>	<b>11,408,684</b>	<b>6,551,538</b>	<b>6,513,399</b>
<b>Non-current liabilities</b>					
Interest-bearing borrowings*		4,125,359	3,954,937	1,684,505	1,808,330
Employee benefits		41,201	42,837	-	-
Other liabilities		378,482	375,646	170,456	170,137
Provisions		82,574	84,917	-	-
Deferred tax liabilities		252,423	271,013	70,476	66,333
		<b>4,880,039</b>	<b>4,729,350</b>	<b>1,925,437</b>	<b>2,044,800</b>
<b>Current liabilities</b>					
Trade and other payables		1,535,844	1,575,230	1,792,797	1,809,538
Interest-bearing borrowings*		1,451,967	1,782,830	979,904	998,216
Employee benefits		24,519	24,544	2,305	2,282
Provision for taxation		229,738	251,629	20,798	21,155
Provisions		24,972	25,155	-	-
		<b>3,267,040</b>	<b>3,659,388</b>	<b>2,795,804</b>	<b>2,831,191</b>
<b>Total liabilities</b>		<b>8,147,079</b>	<b>8,388,738</b>	<b>4,721,241</b>	<b>4,875,991</b>
<b>Total equity and liabilities</b>		<b>19,521,317</b>	<b>19,797,422</b>	<b>11,272,779</b>	<b>11,389,390</b>

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

## Note to the statement of financial position of the Company

(1) The increase for the Company was mainly due to the fair value gain recognised on its available-for-sale quoted equity investments.

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## 1(b)(ii) Aggregate amount of group's borrowings and debt securities.

The Group's net borrowings refer to aggregate borrowings from banks, financial institutions and finance lease creditors, after deducting cash and cash equivalents. Unamortised balance of transaction costs have not been deducted from the gross borrowings.

	As at 31.03.2017 S\$'000	As at 31.12.2016 S\$'000
<b><u>Unsecured</u></b>		
- repayable within one year	1,147,802	1,462,424
- repayable after one year	3,535,032	3,374,105
(a)	4,682,834	4,836,529
<b><u>Secured</u></b>		
- repayable within one year	304,997	322,472
- repayable after one year	605,681	592,855
(b)	910,678	915,327
Gross borrowings	5,593,512	5,751,856
Less: cash and cash equivalents as shown in the statement of financial position	(3,505,418)	(3,673,037)
Less: restricted deposits included in other non-current assets	(213,531)	(213,531)
Net borrowings	1,874,563	1,865,288

### 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.

	Three months ended	
	31 March	
	2017	2016
	S\$'000	S\$'000
<b>Operating Activities</b>		
Profit for the period	99,235	123,924
<b>Adjustments for:</b>		
Depreciation and amortisation	53,167	51,591
Dividend income	(263)	(1,361)
Equity settled share-based transactions	529	-
Finance costs	30,244	30,029
Finance income	(12,045)	(15,185)
Impairment loss on loans to a joint venture	246	242
Tax expense	15,599	14,472
(Profit)/Loss on sale of property, plant and equipment	(22)	52
Profit on realisation of investments	(977)	(9,086)
Property, plant and equipment and investment properties written off	158	520
Share of after-tax profit of associates	(4,666)	(3,892)
Share of after-tax loss/(profit) of joint ventures	4,471	(6,684)
Operating profit before working capital changes	185,676	184,622
<b>Changes in working capital</b>		
Development properties	(12,357)	(70,132)
Consumable stocks, trade and other receivables	13,904	37,433
Trade and other payables	(27,595)	40,704
Employee benefits	(361)	2,933
Cash generated from operations	159,267	195,560
Tax paid	(42,634)	(18,574)
<b>Cash flows from operating activities carried forward</b>	<b>116,633</b>	<b>176,986</b>

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	Three months ended	
	31 March	
	2017	2016
	S\$'000	S\$'000
<b>Cash flows from operating activities brought forward</b>	<b>116,633</b>	<b>176,986</b>
<b>Investing Activities</b>		
Capital expenditure on investment properties	(6,048)	(4,011)
Dividends received:		
- an associate	-	24
- financial investments	263	1,361
Interest received	8,226	11,526
Increase in intangible assets	(9)	-
Increase in investments in joint ventures	(16,582)	(11,068)
Increase in lease premium prepayment	-	(263)
Payments for purchase of property, plant and equipment	(34,048)	(44,680)
Proceeds from sale of property, plant and equipment	550	380
Purchase of financial assets (net) <sup>(1)</sup>	(129)	(22,611)
<b>Cash flows used in investing activities</b>	<b>(47,777)</b>	<b>(69,342)</b>
<b>Financing Activities</b>		
Acquisition of non-controlling interests, without a change in control	(13,324)	-
Capital distribution to non-controlling interests	(2,100)	(675)
Dividends paid	(36,977)	(33,214)
Finance lease payments	(144)	(155)
Interest paid (including amounts capitalised as property, plant and equipment and development properties)	(34,473)	(33,212)
Decrease in restricted cash	468	271
Increase in deposits pledged to financial institutions	(116,931)	-
Net proceeds from/(repayments of) revolving credit facilities and short-term bank borrowings	135,594	(252,060)
Net increase in amounts owing by related parties (non-trade)	(2,080)	(3,707)
Payment of financing transaction costs	(4,414)	(1,035)
Proceeds from bank borrowings	-	5,217
Proceeds from issuance of bonds and notes	-	115,000
Repayment of bank borrowings	(1,481)	(28,478)
Repayment of bonds and notes	(250,000)	(72,100)
Increase in/(Repayment of) other long-term liabilities	1,519	(112)
<b>Cash flows used in financing activities <sup>(2)</sup></b>	<b>(324,343)</b>	<b>(304,260)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(255,487)</b>	<b>(196,616)</b>
Cash and cash equivalents at beginning of the period	3,566,757	3,415,567
Effect of exchange rate changes on balances held in foreign currencies	(23,870)	(21,026)
<b>Cash and cash equivalents at end of the period</b>	<b>3,287,400</b>	<b>3,197,925</b>
Cash and cash equivalents comprise:-		
Cash and cash equivalents as shown in the statement of financial position	3,505,418	3,342,935
Restricted deposits included in other non-current assets	213,531	-
Less: Restricted deposits	(430,538)	(143,907)
Less: Restricted cash	(1,011)	(1,100)
Less: Bank overdrafts	-	(3)
	<b>3,287,400</b>	<b>3,197,925</b>

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## Notes to the statement of cash flows

- (1) The cash outflows for Q1 2016 relates mainly to an investment by the Group via preferred equity interest in a joint development of a prime residential land site in Brisbane, partially offset by proceeds from realisation of a private real estate fund.
- (2) The Group had a higher net cash outflows from financing activities of \$324.3 million (Q1 2016: \$304.3 million) for Q1 2017 due to deposits pledged to financial institutions in the current quarter. In addition, the acquisition of remaining 5.31% preferred equity share capital in Tempus Platinum Investments Tokutei Mokuteki Kaisha that the Group does not own from a non-controlling shareholder in March 2017 also attributed to the increase in cash outflows. The increase was however partially offset by lower net repayment of borrowings of \$115.9 million (Q1 2016: \$232.4 million) for Q1 2017.



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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group	Attributable to owners of the Company						Non-controlling interests 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		
<b>At 1 January 2017</b>	1,991.4	175.5	29.7	(478.9)	7,576.1	9,293.8	2,114.9	11,408.7
<b>Profit for the period</b>	-	-	-	-	85.5	85.5	13.7	99.2
<u>Other comprehensive income</u>								
Change in fair value of available-for-sale equity investments	-	-	6.3	-	-	6.3	-	6.3
Exchange differences on hedges of net investment in foreign entities	-	-	-	1.2	-	1.2	3.1	4.3
Exchange differences on monetary items forming part of net investment in foreign entities	-	-	-	(26.2)	-	(26.2)	0.2	(26.0)
Exchange differences realised upon repayment of intercompany loan which formed part of net investment in foreign entities	-	-	-	1.5	-	1.5	5.0	6.5
Translation differences arising on consolidation of foreign entities	-	-	-	(54.4)	-	(54.4)	(18.5)	(72.9)
<b>Total other comprehensive income for the period, net of income tax</b>	-	-	6.3	(77.9)	-	(71.6)	(10.2)	(81.8)
<b>Total comprehensive income for the period</b>	-	-	6.3	(77.9)	85.5	13.9	3.5	17.4
<b>Transactions with owners, recorded directly in equity</b>								
<u>Contributions by and distributions to owners</u>								
Capital distribution to non-controlling interests	-	-	-	-	-	-	(2.1)	(2.1)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(37.0)	(37.0)
Share-based payment transactions	-	-	0.4	-	-	0.4	0.1	0.5
Transfer to statutory reserves	-	-	4.8	-	(4.8)	-	-	-
<b>Total contributions by and distributions to owners</b>	-	-	5.2	-	(4.8)	0.4	(39.0)	(38.6)
<u>Change in ownership interests in subsidiaries</u>								
Change of interests in subsidiaries without loss of control	-	(4.5)	-	-	-	(4.5)	(8.8)	(13.3)
<b>Total change in ownership interests in subsidiaries</b>	-	(4.5)	-	-	-	(4.5)	(8.8)	(13.3)
<b>Total transactions with owners</b>	-	(4.5)	5.2	-	(4.8)	(4.1)	(47.8)	(51.9)
<b>At 31 March 2017</b>	<b>1,991.4</b>	<b>171.0</b>	<b>41.2</b>	<b>(556.8)</b>	<b>7,656.8</b>	<b>9,303.6</b>	<b>2,070.6</b>	<b>11,374.2</b>
<b>At 1 January 2016</b>	1,991.4	138.7	27.7	(328.8)	7,166.8	8,995.8	2,217.2	11,213.0
<b>Profit for the period</b>	-	-	-	-	105.3	105.3	18.6	123.9
<u>Other comprehensive income</u>								
Change in fair value of available-for-sale equity investments	-	-	4.0	-	-	4.0	-	4.0
Exchange differences on hedges of net investment in foreign entities	-	-	-	(10.8)	-	(10.8)	(4.6)	(15.4)
Exchange differences on monetary items forming part of net investment in foreign entities	-	-	-	(28.9)	-	(28.9)	(4.1)	(33.0)
Translation differences arising on consolidation of foreign entities	-	-	-	(105.9)	-	(105.9)	(41.6)	(147.5)
<b>Total other comprehensive income for the period, net of income tax</b>	-	-	4.0	(145.6)	-	(141.6)	(50.3)	(191.9)
<b>Total comprehensive income for the period</b>	-	-	4.0	(145.6)	105.3	(36.3)	(31.7)	(68.0)
<b>Transactions with owners, recorded directly in equity</b>								
<u>Contributions by and distributions to owners</u>								
Capital distribution to non-controlling interests	-	-	-	-	-	-	(0.7)	(0.7)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(33.2)	(33.2)
<b>Total contributions by and distributions to owners</b>	-	-	-	-	-	-	(33.9)	(33.9)
<u>Change in ownership interests in subsidiaries</u>								
Change of interests in subsidiaries without loss of control	-	0.6	-	-	-	0.6	(0.6)	-
<b>Total change in ownership interests in subsidiaries</b>	-	0.6	-	-	-	0.6	(0.6)	-
<b>Total transactions with owners</b>	-	0.6	-	-	-	0.6	(34.5)	(33.9)
<b>At 31 March 2016</b>	<b>1,991.4</b>	<b>139.3</b>	<b>31.7</b>	<b>(474.4)</b>	<b>7,272.1</b>	<b>8,960.1</b>	<b>2,151.0</b>	<b>11,111.1</b>

\* Other reserves comprise mainly fair value reserve arising from available-for-sale investments, share option reserve and share of other reserve 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
At 1 January 2017	1,991.4	63.7	12.3	4,446.0	6,513.4
<b>Profit for the period</b>	-	-	-	33.8	33.8
<u>Other comprehensive income</u>					
Change in fair value of available-for-sale equity investments	-	-	4.3	-	4.3
<b>Total other comprehensive income for the period, net of income tax</b>	-	-	4.3	-	4.3
<b>Total comprehensive income for the period</b>	-	-	4.3	33.8	38.1
<b>At 31 March 2017</b>	<b>1,991.4</b>	<b>63.7</b>	<b>16.6</b>	<b>4,479.8</b>	<b>6,551.5</b>
At 1 January 2016	1,991.4	63.7	10.3	4,001.0	6,066.4
<b>Profit for the period</b>	-	-	-	22.6	22.6
<u>Other comprehensive income</u>					
Change in fair value of available-for-sale equity investments	-	-	3.9	-	3.9
<b>Total other comprehensive income for the period, net of income tax</b>	-	-	3.9	-	3.9
<b>Total comprehensive income for the period</b>	-	-	3.9	22.6	26.5
<b>At 31 March 2016</b>	<b>1,991.4</b>	<b>63.7</b>	<b>14.2</b>	<b>4,023.6</b>	<b>6,092.9</b>

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**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the Company, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Ordinary share capital

There was no change in the Company's issued share capital during the period ended 31 March 2017.

Preference share capital

There was no change in the Company's issued preference share capital during the period ended 31 March 2017.

As at 31 March 2017, 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 March 2016: 44,998,898 ordinary shares).

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The Company did not hold any treasury shares as at 31 March 2017, 31 December 2016 and 31 March 2016.

The total number of issued ordinary shares (excluding treasury shares) as at 31 March 2017 and 31 December 2016 is 909,301,330.

The total number of issued Preference Shares as at 31 March 2017 and 31 December 2016 is 330,874,257.

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the period ended 31 March 2017.

**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.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those applied in the Group's most recently audited financial statements for the year ended 31 December 2016.

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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 amendments to Financial Reporting Standards (FRSs) which took effect for financial year beginning on 1 January 2017.

The adoption of these amendments to FRSs did not result in any significant impact on the financial statements of the Group.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Three months ended 31 March	
	2017	2016
Basic Earnings per share (cents)	9.4	11.6
Diluted Earnings per share (cents)	9.0	11.0
Earnings per share is calculated based on:		
a) Profit attributable to owners of the Company (S\$'000)	85,467	105,338
b) Weighted average number of ordinary shares in issue:		
- basic	909,301,330	909,301,330
- diluted (*)	954,300,228	954,300,228

\* 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.

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	
	31.03.2017	31.12.2016	31.03.2017	31.12.2016
	S\$	S\$	S\$	S\$
Net Asset Value per ordinary share based on the number of issued 909,301,330 ordinary shares (excluding treasury shares) as at 31 March 2017 (909,301,330 ordinary shares (excluding treasury shares) as at 31 December 2016)	10.23	10.22	7.21	7.16

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8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

## **Group Performance**

For the first quarter ended 31 March 2017 (Q1 2017), the Group posted a 8.4% increase in revenue to \$783.8 million (Q1 2016: \$723.3 million). The increase was attributable to improved performance from the property development segment which posted a 33.9% increase in contribution, primarily led by the progressive handover of units in Phase 1 of Suzhou Hong Leong City Center (HLCC), and a strong take up for Gramercy Park, partially offset by the absence of contribution from HAUS@SERANGOON GARDEN and Jewel @ Buangkok, which obtained their Temporary Occupation Permits (TOP) last year.

The Group achieved net attributable profit after tax and non-controlling interests (PATMI) of \$85.5 million (Q1 2016: \$105.3 million) for Q1 2017. Accordingly, basic earnings per share stood at 9.4 cents (Q1 2016: 11.6 cents). Notwithstanding the increase in revenue, the lower PATMI compared with that of Q1 2016 is due to a range of factors, including the absence of share of profit contribution from two joint venture (JV) projects, Bartley Ridge and Echelon which were completed in 2016; exchange losses incurred primarily from the repayment of a New Zealand dollar denominated intercompany loan under the Group's indirect subsidiary, CDL Hospitality Trusts (CDLHT); a disappointing performance by the Group's subsidiary, Millennium & Copthorne Hotels plc (M&C); and lower investment income earned from the realisation of an investment in Real Estate Capital Asia Partners (a private real estate fund).

In terms of pre-tax profits, the property development segment was the major contributor contributing about 71% to the Group's results. The rental properties segment reported lower earnings due to the exchange loss suffered under CDLHT as mentioned earlier, and absence of contribution from Exchange Tower which was divested in Q4 2016 and Le Grove Serviced Apartments which was closed for renovations. The hotel operations segment was impacted by M&C's losses in its New York hotels, increased room supply and declining corporate demand in Singapore, and geopolitical tensions impacting inbound tourism into Seoul and Taipei. In addition, the weakened pound Sterling had an unfavourable impact at the Group level following the translation of M&C results into Singapore dollars, the Group's reporting currency.

As at 31 March 2017, the Group's net gearing ratio remained low at 16%, excluding revaluation surpluses from investment properties, with cash reserves of \$3.7 billion and interest cover at 8.1 times (Q1 2016: 9.4 times).

## **Property**

Advance estimates indicate that Singapore's economy expanded by 2.5% in Q1 2017 year-on-year, marginally lower than the 2.9% growth recorded in Q4 2016. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy contracted by 1.9%, a reversal from the 12.3% growth of the preceding quarter.

The construction sector contracted by 1.1% on a year-on-year basis in Q1 2017 due to a slowdown in private sector construction activities. The contraction was however lower than the 2.8% decline in the previous quarter.

Urban Redevelopment Authority (URA) data shows that private residential property prices decreased by 0.4% in Q1 2017, following a 0.5% decline in Q4 2016. This represents the 14<sup>th</sup> consecutive quarter of overall price decline and is 11.6% lower versus the peak recorded in Q3 2013. Reinforcing the challenging nature of the current market, resale prices of non-landed private homes were flat in April compared to March 2017, based on flash estimates from Singapore Real Estate Exchange (SRX) Property. Core Central Region (CCR) prices decreased by 1.2% during the month, while city-fringe (RCR) and suburban areas (OCR) recorded 1.2% and 0.1% increases respectively. Rentals fell by 0.9% quarter-on-quarter in Q1 2017, compared with a 1.0% decline in the previous quarter.

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In early March, the Singapore Government made several adjustments to its programme of property cooling measures, namely the shortening of the holding period which attracts Seller's Stamp Duty (SSD), and easing of the Total Debt Servicing Ratio (TDSR) framework for certain borrowers. This was well-received by the market, and transaction volumes for residential sales have since improved. In Q1 2017, developers sold 2,962 units excluding Executive Condominiums (ECs), a 27.9% increase from the 2,316 units sold in Q4 2016.

The Group's upmarket 174-unit luxury freehold residential development, Gramercy Park, along Grange Road in prime District 10, has continued to book in healthy sales. To date, the 87-unit North Tower launched in Phase 1 has sold 74 units (85%). Capitalising on this positive sales momentum, Phase 2, comprising the 87-unit South Tower, was soft launched end-March 2017. Sixteen of the 20 South Tower units released (80%) have now been sold. Average sales prices have risen from over \$2,600 per square foot (psf) in Phase 1 to more than \$2,800 psf for Phase 2. The Group is of the view that the pick-up in pricing and increased sales activity and interest, are signs that high-end property prices may be bottoming out.

The Group's JV residential projects have also been selling well. The 519-unit Forest Woods near the Serangoon MRT station and NEX shopping mall, is now over 82% sold since its launch in October 2016. The 845-unit Commonwealth Towers located next to Queenstown MRT station is about 75% sold, and the 944-unit Coco Palms located in Pasir Ris is over 95% sold. The Group's two JV EC projects namely the 638-unit The Brownstone located next to the future Canberra MRT station and the 505-unit The Criterion at Yishun are now 89% and 46% sold respectively.

The Group's JV mixed development project – The Venue Residences and Shoppes – at MacPherson and Serangoon Road received its TOP in mid-April 2017. Located near Potong Pasir MRT station, 92% of the 266 apartments and 57% of the 28 commercial units have been sold to date.

During the quarter under review, profits were booked in from Gramercy Park and JV projects namely Coco Palms, D'Nest and The Venue Residences and Shoppes and Commonwealth Towers.

For the office sector, URA data showed that prices for office space decreased by 4.0% in Q1 2017 compared to the 0.6% decline of the previous quarter. Rentals fell by 3.4% in Q1 2017, compared with a decline of 1.8% in Q4 2016.

Notwithstanding the challenging market conditions, as at end Q1 2017, the Group's office portfolio continued to remain resilient with a healthy occupancy rate of 95.3%, compared to the national average of 88.4%.

The JW Marriott Hotel Singapore South Beach had its much-anticipated Grand Opening on 24 March 2017. This 634-room luxury hotel is located within the Group's mixed-used JV development, South Beach. The new hotel is ramping up well. It has nine F&B outlets, five of which are already open. These include the Akira Back restaurant which serves modern Japanese cuisine that infuses Korean accents; Beach Road Kitchen, offering all-day dining with live cooking stations; Court Martial Bar which serves speciality cocktails and a wide collection of wines; a vibrant and upbeat New York style Gastropub called Media Bar; and a gin-cocktail bar named Tonic. The other four F&B outlets, which comprise a Chinese restaurant, sushi bar, wine room and jazz club, will be housed at the former NCO Club which is currently under renovation and expected to open by Q3 2017, together with a remodelled Ballroom. Spa by JW opened its doors on 1 May 2017.

The retail spaces at South Beach Avenue are now fully leased and feature 11 new-to-market F&B outlets, offering a diverse and exciting spectrum of local and international restaurants, cafes and bars, as well as beauty providers. Conveniently connected to the Esplanade MRT station, South Beach Avenue is easily accessible and fast becoming a fashionable food and beverage destination in Singapore.

The 190-unit South Beach Residences is not subject to Qualifying Certificate (QC) or Additional Buyer's Stamp Duty (ABSD) rules. The Group will monitor market conditions carefully before deciding on sales or rental options.

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## Overseas Platforms

### UK

The UK's surprise General Election scheduled for 8 June may introduce some short-term uncertainty to the UK economy. The Bank of England (BOE) is reporting inflation at 2.3% and base rates are predicted to remain at 0.25% for the foreseeable future. UK economic growth forecasts are being tempered as the expected squeeze on consumer spending and weak Sterling increases pricing for overseas goods.

Overseas investors while remaining observant of the weakness in the Sterling, maintain caution on investments in both London and broader UK real estate markets. The outlook for the London residential property sector will be clearer when the Brexit indicators are more concrete. Nevertheless, the Group expects the underlying resilience of the UK economy and the global demand for London property to remain intact.

Group has decided to delay its launch plans for some of its ready-to-market residential projects until after the General Election.

At Teddington Riverside, Block A comprising 57 units, originally scheduled for launch in Q2 2017, will now be pushed back until Q3 2017. The level of enquiries looks very promising for the expected launch. In the meantime, the time lag will allow for final planning adjustments to enhance the scheme.

The Group's small scale projects at Chesham Street in Belgravia and Hans Road in Knightsbridge, comprising six and three units respectively, are expected to be launched after the General Election.

The Group's other pipeline projects are progressing well.

90-100 Sydney Street Chelsea is expected to be completed in Q2 2018.

Demolition works for 28 Pavilion Road in Knightsbridge, which has already received planning consent for redevelopment into a 34-unit luxury care home, is expected to commence in Q3 2017.

Over 2,000 local residents attended the public consultations for the Group's 22-acre Stag Brewery site at Mortlake. Consultations are on-going with Greater London Authority (GLA), Transport for London (TfL), and London Borough of Richmond upon Thames, regarding a planning application to be submitted by end-Q2 2017. The proposed scheme will comprise two phases – a parameter plan covering the entire site and, in the near-term, a detailed planning application covering Phase 1.

The 28,000 sq ft Development House located at 56-64 Leonard Street Shoreditch remains fully leased and vacant possession is expected from Q2 2018. Planning application for redevelopment is expected to be submitted towards the end of Q2 2017.

The Group is evaluating its options for the Ransomes Wharf site in Battersea, acquired in February 2017 for £58 million. The 1.6-acre site is on the south bank of the River Thames, adjacent to Albert Bridge. Although the site already has existing planning permission for a luxury residential development with an estimated gross development value of £222 million, the Group is reviewing several alternatives before making a final decision to either progress with the current planning consent or an enhanced optimised scheme. If the latter is selected, site demolition works originally scheduled to commence in Q3 2017 may be reviewed.

### China

As previously announced, the Group's wholly-owned subsidiary, CDL China Limited, entered into an equity transfer agreement to acquire a prime commercial project in Shanghai's Hongqiao Central Business District for RMB 900 million in February 2017. The acquisition was made through the purchase of a 100% equity stake in Shanghai Meidao Investment Co. (Shanghai Meidao), which owns the commercial development currently known as Meidao Business Plaza. The location has been identified as one of the fastest growing business areas of strategic importance in Shanghai. Meidao Business Plaza, with total gross floor area (GFA) of approximately 32,300 square metres (sqm) is currently in its final stages of construction and expected to complete by 2H 2017. The development comprises five 9-storey office towers and two levels of basement carpark with about 351 lots.

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The property has been approved for division into strata-titled units ranging from 237 sqm to 522 sqm. This commercial project will further enhance the Group's recurring income streams given that it is soon to be completed.

Developers in Shanghai continue to show sustained appetite for land acquisition and development, driving up prices for quality land parcels. Sales for the Group's luxury villa development, Hongqiao Royal Lake in Shanghai, continue to remain healthy with 40 out of the 85 villas sold for a total sales value of RMB 831.7 million, supported by confidence of many home buyers seeing room for capital appreciation.

Suzhou continues to benefit from the growth in Shanghai given its close proximity to the financial centre of China. Both Phases 1 and 2 of the Group's Hong Leong City Center (HLCC) project, a mixed-use waterfront development located in the Suzhou Industrial Park, have recorded strong sales. To date, 1,062 units (77%) of the Phase 1 launch, comprising a total of 1,374 residential units (462-unit Tower 1 and 912-unit SOHO) have been sold with a sales value of RMB 2.27 billion. 186 units (43%) of the Phase 2 launch, comprising 430 residential units in Tower 2, have also been sold with a sales value of RMB 547 million. The Group recognised its maiden profit contribution from HLCC in Q4 2016, with the handover of 814 residential units from its Phase 1 launch. Phase 2, comprising the residential tower, a five-star 287-room hotel, 56,000 sqm shopping mall and 30,000 sqm premium Grade A office tower, is expected to be completed by Q2 2018. The Group will progressively book in profits upon handover of units.

As Singapore and Chongqing continue collaborative efforts across both cities, CDL is well positioned to benefit from opportunities and growth that arise from the bilateral agreements formed. The Group's Chongqing projects – the 126-unit luxury Eling Residences launched in October last year, and the mixed-use development Huang Huayuan which is slated for launch in 2019, are poised to gain from increased demand for housing with jobs created by the joint Singapore-China cooperation projects. Eling Residences, designed by internationally renowned architect Moshe Safdie, is positioned at the pinnacle of Eling Hill, centrally located in the Yuzhong District. Its convenient and prime location offers panoramic views of the Yangtze and Jialing Rivers. To date, 8 units have been sold, with a sales value of RMB 85 million. This project is expected to be handed over by December 2017.

The Group holds a positive long-term view of the property market and growth opportunities in China. To complement the Group's diversification strategy, it has not only acquired development sites or existing assets, but also focused on strategic investments in synergistic new economy sectors which can contribute to the Group's long-term recurring income streams.

For example, in September 2016, CDL China Limited acquired a 20% stake in one of China's fastest growing online apartment rental platform – mamahome, which has to date, more than 164,858 apartment listings spanning over 41 cities in China. More recently, as previously announced, in January 2017 the Group invested RMB 72 million for a 24% stake in Distrii, a leading operator of co-working spaces in China. Distrii currently has a capacity of over 2,200 seats across 11 locations in Shanghai, of which over 80% have been taken up. It is opening four more new co-working facilities in Shanghai, Beijing and Hangzhou, bringing the total to 15 locations by 1H 2017. Marking its first international foray, Distrii will lease over 60,000 sq ft of space at Republic Plaza, to create one of the largest co-working facilities in Singapore. The facility is expected to open in 1H 2018.

## Japan

Japan's economy grew at an annualised rate of 1.2% in Q4 2016, boosted by exports, government spending and private non-residential investment. Based on the Ministry of Land, Infrastructure, Transport and Tourism statistics, the Japan Residential Property Price Index for condominiums and residential land in Tokyo has increased by 16% and 26% respectively over the past two years. There were 56,782 condominium transactions in Tokyo in 2016, an increase of 10% over the prior corresponding period.

The Group's JV prime freehold residential project Park Court Aoyama The Tower, is located within the highly sought-after Aoyama district in central Tokyo and targets high-end domestic and foreign buyers. It comprises a 26-storey tower with 163 apartments and facilities. To date, over 60% of the units have been sold since its launch in October 2016. The project is expected to be completed in 1H 2018.



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

The Group will continue to seek attractive opportunities to grow its presence in Japan.

## Australia

After reducing the official cash rate by 50 basis points to 1.5% in 2016, the Reserve Bank of Australia kept rates steady in Q1 2017 as the economic outlook improved. The government continues to monitor the housing market and credit growth closely with prudent lending standards imposed on banks, and the maintenance of additional levies on foreign purchasers of residential properties. While these measures have created difficulty for some undercapitalised developers to obtain the necessary pre-sales and construction financing, existing projects which have sufficient funding to complete construction may now benefit from a reduced supply pipeline.

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

The Group is carefully observing the changing dynamics of the Australian real estate market while continuing to seek attractive investment opportunities in the residential and commercial sectors.

## Hotels

M&C, in which the Group holds a 65% interest, achieved PATMI of £3 million for Q1 2017 (Q1 2016: £6 million). The fall in profit was largely due to foreign exchange losses arising from M&C's REIT associate, CDLHT, which was reflected as a finance cost in its income statement.

However, revenue increased by 16.1% to £223 million (Q1 2016: £192 million) driven by higher contributions from M&C's hotels in London and New Zealand.

In constant currency, global RevPAR grew 4.6% to £70.66 in Q1 2017 (Q1 2016: £67.56), driven by increases in US, Europe and Australasia. In Singapore, RevPAR continued to be under pressure from increased room supply and uncertain economic conditions. Similarly, performance in Rest of Asia was negatively affected by geopolitical tensions impacting inbound tourism into Seoul and Taipei.

On the development front, M&C's Yangdong development project in Seoul is expected to commence construction in Q4 2017. At Sunnyvale, California, M&C has adjusted the project specifications for its mixed-use development, resulting in lower costs.

M&C continues to make progress on its asset enhancement programme. Copthorne Hotel Auckland Harbour City in New Zealand, which was closed in July 2015 will soft-open in Q3 2017, to be rebranded as the M Social Hotel Auckland. Ongoing refurbishment works of guestrooms on levels 7 and 8 of Grand Millennium Kuala Lumpur are ongoing and will be completed later this year. In London, the phased refurbishments of Millennium Hotel London Mayfair and Millennium Hotel London Knightsbridge are also planned to commence later this year, following finalisation of the scope and cost of the works.

M&C's JV partners and associates, including its Singapore-listed associate, First Sponsor Group Limited (FSGL), contributed £4 million to Q1 2017 profit, a 33% increase from £3 million in Q1 2016.

## **9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The Group's performance for the period under review is in line with its expectations as disclosed in the announcement of results for year ended 31 December 2016.

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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**

Singapore's economy is expected to grow within a 1.0% to 3.0% range this year, similar to 2016.

The residential property market continued to gain momentum with improved buyer sentiment. URA's data for Q1 2017 shows that residential sales volume has increased by a remarkable 83% year-on-year, as compared to Q1 2016. The rise is led by both primary sales (109% year-on-year) and secondary sales (57% year-on-year), likely catalysed by the easing of cooling measures in early March 2017. The take-up rates of recent new residential project launches are strong and developers are keen to capitalise by bringing forward the timing of new launches.

Although the prices of private residential properties continued their decline for the 14th consecutive quarter, the pace of decline has slowed. For the first time since 2013, prices for non-landed private residential properties remained flat when compared to the previous quarter. Overall, primary sales volumes are expected to be 5% to 10% higher year-on-year for 2017, from the sale of both new launches and existing projects.

Encouraged by improving sentiment for high-end residential developments such as Gramercy Park, in 2H 2017 the Group plans to launch New Futura, an exclusive 124-unit freehold luxury condominium on Leonie Hill Road in District 9, a five-minute walk to the Orchard Road shopping district. Comprising two iconic 36-storey towers, New Futura is designed by world-renowned architect firm, SOM. The new development continues the tradition of the original Futura (developed in 1976), which was famous for its unique and futuristic design as Singapore's first luxurious development; and which was subsequently acquired by the Group via en bloc in 2007. The condominium is perched on a hill and will come with special features such as a double-storey clubhouse, lap pool and six sky terraces interspersed at several levels to capitalise on the exciting panoramic city views. All apartments will come with private lift access, premium finishes and branded appliances, as well as extra-large carpark lots to accommodate supercars. The project is currently under construction and will be completed later this year.

In May 2017, the Group was the winning bidder for a 99-year leasehold residential site at Tampines Avenue 10, at a price of \$370.1 million (or \$6,086.17 psm of GFA). There were a total of nine bidders and the Group's bid for the site topped the tightly contested tender by a 5.7% margin versus the second highest bid. The 21,717.7 sqm (233,769 sq ft) site has an attractive location within the established Tampines residential estate and is close to the upcoming Tampines West MRT station, which is part of the Downtown Line. It also enjoys good connectivity to the Pan Island Expressway (PIE) and Tampines Expressway (TPE), and is a short drive to Changi International Airport and Changi Business Park. Residents will have easy access to a myriad of amenities at Tampines Central, which includes Tampines Mall, Century Square, Tampines One and Our Tampines Hub, as well as retail warehouses at Tampines North such as IKEA, Courts Megastore and Giant Hypermarket. Furthermore, residents can enjoy recreational activities at the nearby Bedok Reservoir. The popular St Hilda's Primary School is within 1 km of the site and other reputable schools in the vicinity include Temasek Polytechnic and United World College. The Group will explore a condominium development of about 15 storeys with about 800 units. All units are expected to enjoy a North-South orientation and the development will also include a childcare centre on site. The Group is familiar with the precinct and has confidence in the potential of the site, having developed multiple projects in the eastern part of Singapore, including Livia, NV Residences, The Palette, D'Nest and Coco Palms in Pasir Ris and Ferraria Park Condominium, The Inflora, The Gale and Hedges Park Condominium at Flora Drive.

Uncertainties and downside risks in the global economy have led to softening in office demand across the market in the last 12 months. However, there are some recent signs that the office market may be stabilising as new office space is absorbed and fewer new projects are coming onstream. As the rental premium between Grade A+ and other Grade A buildings narrows, newer projects continue to enjoy a strong take up.

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At this stage in the office market cycle, tenants continue to take advantage of favourable market conditions to lock in renewals well ahead of their lease expiries. During this lull period, the Group is actively exploring asset enhancement initiatives (AEI) for some of its office properties such as Republic Plaza, which will benefit from any rental growth potential in the foreseeable future as office supply remains limited in 2018 and 2019.

The Group recently started an AEI on its wholly-owned 97-unit Le Grove Serviced Apartments located at Orange Grove Road off Orchard Road. The property is more than 20 years old and was closed in December 2016 for a major asset enhancement exercise of about \$30 million to convert it into a 173-unit development. In addition to the interiors, works also include the upgrading of common areas, building facade, exterior landscape and swimming pool. It is expected to be completed by Q2 2018. This AEI aims to enhance the potential of this asset and the new features in the revamped serviced residences will better cater to the changing consumer needs.

## **Hotels**

Global RevPAR was up by 4.7% for the first three weeks of April, with New York up by 19.9%, Regional US down by 1.8%, London up by 17.1%, Rest of Europe down by 8.9%, Singapore down by 10.8%, Rest of Asia down by 5.4% and Australasia up by 24.1%.

Despite improved revenues, M&C's New York hotels made an overall loss in Q1 2017. M&C is focused on addressing the issues contributing to the under-performance in the US region especially New York, and has embarked on a review of the US management structure.

On the asset portfolio front, M&C continues to grow its footprint globally. As at 31 March 2017, it had a global pipeline of 21 hotels and over 6,500 rooms.

On 4 May 2017, CDLHT announced its acquisition of The Lowry Hotel, a luxury 5-star hotel with 165 rooms in Manchester, for £52.5 million. Located in close proximity to the heart of Manchester city centre, the property is considered the one of the most prestigious and best-known hotels in Manchester, and regularly ranked as a leading hotel in the UK. The newly-refurbished property is near popular retail malls, entertainment hubs and major office developments. Manchester has been identified as one of the key beneficiary cities of the Northern Powerhouse proposal by the UK government to boost economic growth in major northern cities. This marks CDLHT's second investment in the UK, following its acquisition of the Cambridge City Hotel (now rebranded as Hilton Cambridge City Centre) in September 2015.

## **Group Prospects**

In a dislocating market, the Group remains alert to deploy its strong balance sheet for acquisitions in Singapore and abroad, seeking new opportunities, value accretive assets and synergistic partnerships that complement its core business. It is taking advantage of the subdued sentiment and weaker currency in some of its key target markets such as the UK which may offer an attractive entry point. It will remain disciplined in its capital deployment for physical assets, equities or debt instruments. The Group will also continue to look for accretive funds management executions.

Year-to-date, the Group has already made five key acquisitions, namely, its investment in Distrii – China's largest co-working space operator; Ransomes Wharf in Battersea, London; Shanghai commercial project – Meidao Business Plaza in Hongqiao; the Tampines Avenue 10 site in Singapore; and recent acquisition of The Lowry Hotel in Manchester, UK, by CDLHT. Cumulatively, these investments amount to about \$770 million.

The Group's overseas development projects will continue to contribute to its earnings progressively. As these can only be recognised upon completion, it expects the timing of these contributions to be lumpy.

Singapore's residential property market is beginning to show some signs of recovery, albeit slowly. Property prices appear to be stabilising, especially in the high-end market, and there is increased investor confidence as property investment in Singapore remains a relatively safe haven in a highly volatile marketplace. Recent policy relaxations are both measured and prudent, and support the aim of buying property as a form of long-term investment. The Group is confident that the Government will continue to monitor market conditions closely and make the necessary tweaks to the other property cooling measures as and when the situation warrants.

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## 11. Dividend

### (a) Current Financial Period Reported On

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

Yes.

On 11 May 2017, the Board of Directors, pursuant to the recommendation of the Audit & Risk Committee, declared the payment of a tax-exempt (one-tier) non-cumulative preference dividend to holders of City Developments Limited Preference Shares in accordance with the terms of issue of the Preference Shares. The preference dividend for each Preference Share is calculated at the dividend rate of 3.9% per annum of the issued price of \$1.00 for each Preference Share on the basis of 181 days, being the actual number of days comprised in the dividend period from 31 December 2016 to 29 June 2017, divided by 365 days.

Name of Dividend	Tax-exempt (One-tier) Preference Dividend
Date of Payment	30 June 2017
Dividend Type	Cash
Dividend Amount (in cents)	1.93 cents per Preference Share
Dividend rate (in %)	3.9% per annum on the issue price of each Preference Share
Dividend Period	From 31 December 2016 to 29 June 2017 (both dates inclusive)
Issue Price	\$1.00 per Preference Share

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

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

Yes.

Name of Dividend	Tax-exempt (One-tier) Preference Dividend
Date of Payment	30 June 2016
Dividend Type	Cash
Dividend Amount (in cents)	1.94 cents per Preference Share <sup>^</sup>
Dividend rate (in %)	3.9% per annum on the issue price of each Preference Share
Dividend Period	From 31 December 2015 to 29 June 2016 (both dates inclusive)
Issue Price	\$1.00 per Preference Share

<sup>^</sup> Preference dividend for each Preference Share is calculated at the dividend rate of 3.9% per annum of the issue price of \$1.00 for each Preference Share on the basis of the actual number of days comprised in the dividend period divided by 366 days.

### (c) Date payable

The tax-exempt (one-tier) preference dividend for the period from 31 December 2016 to 29 June 2017 (both dates inclusive) will be paid on 30 June 2017.

### (d) Books Closure Date for Non-redeemable Convertible Non-cumulative Preference Shares (the "Preference Shares")

5.00 pm on 6 June 2017.

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

Not applicable.

**13. Interested Person Transactions**

Interested Persons	Aggregate value of all interested person transactions conducted in first quarter ended 31 March 2017 under the IPT Mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Hong Leong Investment Holdings Pte. Ltd. group of companies	Nil
Directors and their immediate family members	Nil

**14. Segment Reporting**

**By Business Segments**

	The Group			
	Revenue		Profit/(Loss) before tax (**)	
	Three months ended		Three months ended	
	31 March		31 March	
2017	2016	2017	2016	
S\$'000	S\$'000	S\$'000	S\$'000	
Property Development	299,049	223,264	81,890	76,513
Hotel Operations *	366,503	359,414	4,806	10,813
Rental Properties	85,239	93,372	28,409	41,329
Others	32,960	47,256	(271)	9,741
	<u>783,751</u>	<u>723,306</u>	<u>114,834</u>	<u>138,396</u>

\* Revenue from hotel operations include rooms revenue of \$241.0 million (Q1 2016: \$229.3 million) for Q1 2017 from hotels that are owned by the Group.

\*\* Includes share of after-tax profit/(loss) of associates and joint ventures.

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15. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

## **Property Development**

Revenue increased by \$75.7 million to \$299.0 million (Q1 2016: \$223.3 million) and pre-tax profit increased by \$5.4 million to \$81.9 million (Q1 2016: \$76.5 million) for this business segment.

Projects that contributed to both revenue and profit in Q1 2017 include Coco Palms, D'Nest, The Venue Residences and Shoppes, Gramercy Park and Suzhou Hong Leong City Center. 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 Commonwealth Towers had not been consolidated into the Group's total revenue, the Group's share of profits arising from the joint venture developments had been included in pre-tax profit.

The increase in revenue was primarily due to the sales recognised for Suzhou Hong Leong City Center and Gramercy Park, and increased contribution from Coco Palms and The Venue Residences. The increase was, however, partially offset by absence of contribution from Jewel@Buangkok and HAUS@SERANGOON GARDEN which obtained Temporary Occupation Permit in 2016 and lower contribution from D'Nest.

The increase in pre-tax profit was in tandem with the increase in revenue, but partially offset by the absence of share of contribution from its joint venture projects namely, Bartley Ridge and Echelon, following their completion in 2016.

## **Hotel Operations**

Revenue for this segment increased by \$7.1 million to \$366.5 million (Q1 2016: \$359.4 million) but pre-tax profit decreased by \$6.0 million to \$4.8 million (Q1 2016: \$10.8 million) for Q1 2017.

The increase in revenue was mainly due to contribution from recently opened Grand Millennium Auckland and M Social Hotel, partially offset by the effect of weakened Sterling Pound which impacted the contribution from the Group's UK hotels when translated to Singapore dollars.

Despite higher hotel revenue recorded, pre-tax profit declined due to a myriad of factors attributable mainly to poor performance in the US region especially New York, the weakening of Sterling Pound against Singapore dollar (the Group's reporting currency) which led to lower earnings when the results of Millennium & Copthorne plc (M&C), the main contributor to the hotel operations segment, was consolidated to the Group as well as the challenging trading conditions with increased room supply and uncertain economic and political conditions in Asia.

## **Rental Properties**

Revenue and pre-tax profit for this segment decreased by \$8.2 million to \$85.2 million (Q1 2016: \$93.4 million) and \$12.9 million to \$28.4 million (Q1 2016: \$41.3 million) for Q1 2017 respectively.

The decrease in revenue was primarily due to absence of rental income following the disposal of equity interest in Exchange Tower Limited which owns a commercial building in October 2016, coupled with full closure of Le Grove Serviced Apartments for major revamp. The decline in pre-tax profit, in tandem with the lower revenue generated, was further impacted by exchange losses recognised by CDL Hospitality Trusts mainly from repayment of the New Zealand dollar denominated intercompany loan.

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## Others

Revenue, comprising mainly income from building maintenance contracts, project management, club operations, laundry services and dividend income, decreased by \$14.3 million to \$33.0 million (Q1 2016: \$47.3 million) for Q1 2017. This was due to lower income from building maintenance contracts and project management, absence of hospitality income following the sale of the Group's entire 52.52% interest in City e-Solutions Limited (CES) in July 2016 as well as lower dividend income received.

This segment posted a pre-tax loss of \$0.3 million (Q1 2016: pre-tax profit of \$9.7 million) for Q1 2017. The decrease was in tandem with the lower revenue achieved, coupled with lower gain recognised on realisation of investments in a private real estate fund in Q1 2017 and net exchange loss incurred in this quarter vis-à-vis net exchange gain accounted in Q1 2016.

## 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 18 of Appendix 7.2 for the required details)

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

The final tax-exempt (one-tier) ordinary dividend and special final tax-exempt (one-tier) ordinary dividend for the year ended 31 December 2016 of 8.0 cents and 4.0 cents respectively per ordinary share had been approved by the ordinary shareholders at the Annual General Meeting held on 25 April 2017 and the dividend amounts are based on the number of issued ordinary shares as at 2 May 2017.

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

Not applicable.

## 18. Confirmation pursuant to Rule 720(1) of the Listing Manual

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 in accordance with Rule 720(1) of the Listing Manual.

## BY ORDER OF THE BOARD

Shufen Loh @ Catherine Shufen Loh  
Company Secretary  
11 May 2017

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## **CONFIRMATION BY THE BOARD**

The Directors of the Company hereby confirm, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the Group's unaudited financial results for the 3-month period ended 31 March 2017 to be false or misleading in any material respect.

On behalf of the Board of Directors

**Kwek Leng Beng**  
Executive Chairman

**Chan Soon Hee Eric**  
Director

Singapore, 11 May 2017