



CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

UNAUDITED THIRD QUARTER AND NINE-MONTH FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

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.

	The Group			The Group		
	Third quarter ended		Incr/ (Decr)	9-month period ended		Incr/ (Decr)
	2018	2017 (Restated)*		2018	2017 (Restated)*	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue ⁽¹⁾	1,016,879	863,811	17.7	3,434,249	2,501,436	37.3
Cost of sales	(531,135)	(436,371)	21.7	(2,004,222)	(1,288,984)	55.5
Gross profit⁽²⁾	485,744	427,440	13.6	1,430,027	1,212,452	17.9
Other operating income ⁽³⁾	14,342	30,939	(53.6)	46,260	32,962	40.3
Administrative expenses	(137,549)	(128,066)	7.4	(388,615)	(386,181)	0.6
Other operating expenses ⁽⁴⁾	(109,007)	(99,143)	9.9	(318,771)	(282,382)	12.9
Profit from operating activities	253,530	231,170	9.7	768,901	576,851	33.3
Finance income	15,097	13,434	12.4	40,955	39,727	3.1
Finance costs	(37,392)	(28,774)	30.0	(97,606)	(95,866)	1.8
Net finance costs⁽⁵⁾	(22,295)	(15,340)	45.3	(56,651)	(56,139)	0.9
Share of after-tax profit of associates ⁽⁶⁾	8,520	7,480	13.9	18,188	15,105	20.4
Share of after-tax profit of joint ventures ⁽⁷⁾	2,723	8,582	(68.3)	4,806	10,446	(54.0)
Profit before tax	242,478	231,892	4.6	735,244	546,263	34.6
Tax expense ⁽⁸⁾	(53,797)	(38,903)	38.3	(177,653)	(85,701)	NM
Profit for the period	188,681	192,989	(2.2)	557,591	460,562	21.1
Attributable to:						
Owners of the Company	161,799	146,577	10.4	446,622	356,270	25.4
Non-controlling interests	26,882	46,412	(42.1)	110,969	104,292	6.4
Profit for the period	188,681	192,989	(2.2)	557,591	460,562	21.1
Earnings per share						
- basic	17.8 cents	16.1 cents	10.6	48.4 cents	38.5 cents	25.7
- diluted	17.0 cents	15.4 cents	10.4	46.8 cents	37.3 cents	25.5

NM: Not Meaningful

* The 2017 comparative figures have been restated to take into account the retrospective adjustments on adoption of Singapore Financial Reporting Standards (International) SFRS(I) framework and new/revised SFRS(I) as detailed in item 5 of this announcement.

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Notes to the Group's Income Statement:

- (1) The increases for Q3 2018 and YTD September 2018 (YTD Sep 2018) were primarily boosted by the higher revenue recognised from the property development sales in Singapore. In addition, contribution from Phase 2 of Hong Leong City Center (HLCC), Suzhou and Park Court Aoyama The Tower, Tokyo also contributed positively to Group's YTD Q3 2018 performance. Items 14 and 15 of this announcement further analyse the performance by segments.
- (2) The increases for Q3 2018 and YTD Sep 2018 were largely due to higher gross profit generated by the property development segment. Gross profit margin for YTD Sep 2018 of 42% was lower than that of YTD Sep 2017 of 48% due to compressed profit margin for property development segment, hauled by lower margin for The Criterion Executive Condominium (EC).
- (3) Other operating income which comprises mainly management fee, miscellaneous income and profit on realisation/sale of investments, investment properties and property, plant and equipment, decreased by \$16.6 million to \$14.3 million (Restated Q3 2017: \$30.9 million) for Q3 2018 but increased by \$13.3 million to \$46.3 million (Restated YTD Sep 2017: \$33.0 million) for YTD Sep 2018. The decrease for Q3 2018 was mainly due to lower divestment gain accounted in current quarter. Included in other operating income of Q3 2018 was a gain of \$12 million recognised on disposal of a vacant shophouse plot at Jalan Besar versus the divestment gain of \$30 million recognised on disposal of an office building in Osaka in Q3 2017. YTD Sep 2018 also included a gain of approximately \$29 million recognised in Q1 2018 on divestment of Mercure Brisbane and Ibis Brisbane by CDL Hospitality Trusts (CDLHT), an indirect subsidiary of the Group.
- (4) Other operating expenses comprise mainly property taxes and insurance on hotels, other operating expenses on hotels, professional fees and write-back of impairment loss on loans to joint ventures. This had increased by \$9.9 million to \$109.0 million (Restated Q3 2017: \$99.1 million) for Q3 2018 and \$36.4 million to \$318.8 million (Restated YTD Sep 2017: \$282.4 million) for YTD Sep 2018. The increase for YTD Sep 2018 was mainly due to higher other hotel operating expenses from new hotels being added to the Group including Lowry Hotel (acquired in May 2017), M Social Auckland (re-opened in October 2017) and Millennium New Plymouth (acquired in February 2018). Further, included in YTD Sep 2017 was a write-back of impairment loss of \$22 million previously provided on loans advanced by the Group's 65% owned subsidiary, Millennium & Copthorne plc (M&C), to a joint venture, Fena Estate Co. Ltd (Fena). There was also an impairment loss of \$6.6 million made on goodwill arising from the acquisition of The Lowry Hotel by CDLHT in Q2 2017.
- (5) Net finance costs comprise the following:

	The Group			The Group		
	Third quarter ended 30 September			9-month period ended 30 September		
	2018	2017 (Restated)	Incr/ (Decr)	2018	2017 (Restated)	Incr/ (Decr)
	\$S'000	\$S'000		\$S'000	\$S'000	
Finance income			%			%
Interest income	12,901	12,322	4.7	39,248	36,865	6.5
Fair value gain on financial derivatives ⁽ⁱ⁾	2,371	227	NM	2,029	227	NM
Fair value gain on financial assets measured at fair value through profit or loss	-	803	NM	-	2,899	NM
Net exchange gain	-	176	NM	-	-	-
Less: finance income capitalised	(175)	(94)	86.2	(322)	(264)	22.0
	<u>15,097</u>	<u>13,434</u>	12.4	<u>40,955</u>	<u>39,727</u>	3.1
Finance costs						
Amortisation of transaction costs capitalised	(1,341)	(1,919)	(30.1)	(3,944)	(5,522)	(28.6)
Interest expenses	(35,942)	(31,153)	15.4	(96,608)	(97,236)	(0.6)
Fair value loss on financial assets measured at fair value through profit or loss ⁽ⁱⁱ⁾	(2,630)	-	NM	(9,707)	-	NM
Net exchange loss ⁽ⁱⁱⁱ⁾	(9,342)	-	NM	(7,761)	(6,876)	12.9
Unwinding of discount on non-current provisions	(413)	(573)	(27.9)	(1,335)	(1,725)	(22.6)
Less: finance costs capitalised	12,276	4,871	NM	21,749	15,493	40.4
	<u>(37,392)</u>	<u>(28,774)</u>	30.0	<u>(97,606)</u>	<u>(95,866)</u>	1.8
Net finance costs	<u>(22,295)</u>	<u>(15,340)</u>	45.3	<u>(56,651)</u>	<u>(56,139)</u>	0.9

NM: not meaningful

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- (i) Fair value gain on financial derivatives relates mainly to the re-measurement of foreign exchange forward contracts and Euro/United States dollar cross-currency interest swap contract entered into by CDLHT and Japanese Yen/Singapore dollar cross-currency swaps entered into by the Company.
- (ii) This mainly arose from re-measurement of unquoted debt instruments as well as the re-measurement of investments in equities and funds to fair value.
- (iii) The net exchange loss in Q3 2018 mainly relates to the weakening of Renminbi (RMB) against Singapore dollar and Hong Kong dollar for the quarter which led to higher exchange loss for an RMB intercompany loan by a Hong Kong subsidiary of M&C as well as RMB bank deposits held by the Group.
- (6) 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 \$1.0 million to \$8.5 million (Q3 2017: \$7.5 million) for Q3 2018 and \$3.1 million to \$18.2 million (YTD Sep 2017: \$15.1 million) for YTD Sep 2018. The increases for Q3 2018 and YTD Sep 2018 were mainly due to the higher contribution from its property financing segment derived from loans advanced to its associates and joint ventures in Europe region and increased loan portfolio in China. The net penalty interest income recognised from successful enforcement on certain defaulted loans also benefited its YTD Sep 2018 performance.
- (7) Share of after-tax profit of joint ventures decreased by \$5.9 million to \$2.7 million (Restated Q3 2017: \$8.6 million) for Q3 2018 and \$5.6 million to \$4.8 million (Restated YTD Sep 2017: \$10.4 million) for YTD Sep 2018. The decreases for both Q3 2018 and YTD Sep 2018 were mainly due to the timing of profit recognition for the property development joint venture projects. Q3 2017 and YTD Sep 2017 had significant contribution from Commonwealth Towers that was fully sold and completed in 2017.
- (8) 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.

	The Group		The Group	
	Third quarter ended		9-month period ended	
	30 September		30 September	
	2018	2017	2018	2017
	(Restated)		(Restated)	
	S\$m	S\$m	S\$m	S\$m
The tax charge relates to the following:				
Profit for the period	49.5	32.1	139.4	86.9
Land appreciation tax	9.3	10.1	46.7	21.3
Overprovision in respect of prior periods	(5.0)	(3.3)	(8.4)	(22.5)
	53.8	38.9	177.7	85.7

- (9) Profit before tax includes the following:

	The Group		The Group	
	Third quarter ended		9-month period ended	
	30 September		30 September	
	2018	2017	2018	2017
	(Restated)		(Restated)	
	S\$'000	S\$'000	S\$'000	S\$'000
Dividend income	3,645	5,050	5,235	6,460
Profit on sale/realisation of investments, property, plant and equipment and investment properties (net)	12,407	30,375	41,785	31,340
Allowance written back for foreseeable loss on a development property	-	-	-	15,352
Write-back of impairment loss on loans to a joint venture (net)	-	132	-	22,320
Depreciation and amortisation	(54,533)	(54,984)	(159,022)	(162,097)
Impairment loss on goodwill arising from acquisition of a subsidiary	-	-	-	(6,648)
Loss on liquidation of subsidiaries	-	-	(35)	-

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

	The Group Third quarter ended 30 September		The Group 9-month period ended 30 September	
	2018 S\$'000	2017 (Restated) S\$'000	2018 S\$'000	2017 (Restated) S\$'000
Profit for the period	188,681	192,989	557,591	460,562
Other comprehensive income:				
<u>Item that will not be reclassified to profit or loss:</u>				
Change in fair value of equity instruments measured at fair value through other comprehensive income	(454)	-	(1,795)	-
<u>Items that are or may be reclassified subsequently to profit or loss:</u>				
Change in fair value of available-for-sale equity investments	-	(1,108)	-	2,810
Effective portion of changes in fair value of cash flow hedges	3,383	1,254	(1,513)	179
Exchange differences on hedges of net investment in foreign operations	775	4,850	(4,715)	19,251
Exchange differences on monetary items forming part of net investment in foreign operations	(1,618)	(3,208)	8,582	(22,315)
Exchange differences reclassified to profit or loss on liquidation/cessation of business of foreign operations	90	109	850	109
Translation differences arising on consolidation of foreign operations	(61,989)	(13,819)	(42,182)	(63,975)
Total other comprehensive income for the period, net of tax	(59,813)	(11,922)	(40,773)	(63,941)
Total comprehensive income for the period	128,868	181,067	516,818	396,621
Attributable to:				
Owners of the Company	115,725	147,353	440,042	306,521
Non-controlling interests	13,143	33,714	76,776	90,100
Total comprehensive income for the period	128,868	181,067	516,818	396,621

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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 30.09.2018	As at 31.12.2017 (Restated)	As at 31.12.2016 (Restated)	As at 30.09.2018	As at 31.12.2017 (Restated)	As at 31.12.2016 (Restated)
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets							
Property, plant and equipment		5,109,323	4,998,887	5,119,383	12,259	7,735	8,368
Investment properties	(1)	2,711,344	2,448,901	2,346,114	454,091	453,365	444,682
Lease premium prepayment		101,872	106,288	113,587	-	-	-
Investments in subsidiaries		-	-	-	2,130,433	2,131,243	2,132,213
Investments in associates	(2)	466,954	389,360	371,370	-	-	-
Investments in joint ventures		1,114,600	1,150,308	1,070,858	37,360	37,360	37,360
Investments in financial assets	(3)	813,114	432,923	398,603	394,149	30,561	28,329
Other non-current assets		515,726	483,740	261,353	2,624,944	2,540,071	1,861,215
		10,832,933	10,010,407	9,681,268	5,653,236	5,200,335	4,512,167
Current assets							
Lease premium prepayment		3,737	3,793	3,913	-	-	-
Development properties	(4)	5,865,460	4,575,583	5,225,247	192,292	366,350	506,333
Consumable stocks		9,999	11,018	11,823	-	-	-
Financial assets		14,690	15,770	16,399	-	-	-
Assets classified as held for sale	(5)	-	56,618	-	-	-	-
Trade and other receivables		1,071,384	1,035,936	1,166,493	4,585,056	4,352,813	4,335,835
Cash and cash equivalents		2,615,834	3,775,909	3,673,037	1,010,745	1,384,157	2,043,714
		9,581,104	9,474,627	10,096,912	5,788,093	6,103,320	6,885,882
Total assets		20,414,037	19,485,034	19,778,180	11,441,329	11,303,655	11,398,049
Equity attributable to Owners of the Company							
Share capital		1,991,397	1,991,397	1,991,397	1,991,397	1,991,397	1,991,397
Reserves		8,175,898	7,572,576	7,280,566	4,725,362	4,475,907	4,529,189
		10,167,295	9,563,973	9,271,963	6,716,759	6,467,304	6,520,586
Non-controlling interests		2,240,794	2,256,181	2,114,773	-	-	-
Total equity		12,408,089	11,820,154	11,386,736	6,716,759	6,467,304	6,520,586
Non-current liabilities							
Interest-bearing borrowings*	(6)	4,485,328	3,755,650	3,954,937	1,913,935	1,780,524	1,808,330
Employee benefits		33,066	34,387	42,837	-	-	-
Other liabilities		352,077	356,222	375,646	58,740	119,311	170,137
Provisions		53,781	75,198	84,917	-	-	-
Deferred tax liabilities		162,028	180,932	272,409	34,089	50,157	67,805
		5,086,280	4,402,389	4,730,746	2,006,764	1,949,992	2,046,272
Current liabilities							
Trade and other payables	(7)	1,377,178	1,605,240	1,576,660	2,330,915	2,164,002	1,809,538
Interest-bearing borrowings*	(6)	1,157,977	1,266,032	1,782,830	345,291	672,176	998,216
Employee benefits		27,290	24,560	24,544	2,762	2,205	2,282
Provision for taxation		306,960	318,080	251,509	38,838	47,976	21,155
Provisions		50,263	48,579	25,155	-	-	-
		2,919,668	3,262,491	3,660,698	2,717,806	2,886,359	2,831,191
Total liabilities		8,005,948	7,664,880	8,391,444	4,724,570	4,836,351	4,877,463
Total equity and liabilities		20,414,037	19,485,034	19,778,180	11,441,329	11,303,655	11,398,049

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

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Notes to the statements of financial position of the Group and the Company

- 1) The increase in investment properties at the Group was mainly due to the acquisition of Aldgate House, a prime freehold Grade A commercial building in London and an office block within Yaojiang International Complex in Shanghai's prime North Bund Business District, partially offset by depreciation during the period.
- 2) The increase in investment in associates at the Group was mainly due to M&C, via its indirect subsidiaries, having subscribed its full entitlement of its associate, FSGL's rights issue of new perpetual convertible capital securities in April 2018 for a total cost of \$58.2 million coupled with share of profit from FSGL, partially offset by dividend received from FSGL. In addition, the Group invested \$12 million in Suzhou Dragonrise Pan-Artificial Intelligence High-Tech Fund.
- 3) The increases in investments in financial assets at the Company and the Group were mainly due to measurement of certain unquoted equity investment at fair value following the adoption of SFRS(I) 9 *Financial Instruments* on 1 January 2018. The increase at the Group was however partially offset by full redemption of units by a fund that the Group invested previously.
- 4) The decrease in development properties at the Company was mainly due to the completion of both Phase 1 and Phase 2 of Coco Palms in YTD September 2018.

The increase in development properties at the Group was primarily due to successful land tenders for Amber Park, Handy Road, West Coast Vale and Sumang Walk and development cost incurred for UK projects. This was partially offset by the completion of Coco Palms, The Criterion EC, Park Court Aoyama The Tower, Phase 2 of HLCC as well as the progressive sales of New Futura and Gramercy Park.

- 5) The decrease in assets classified as held for sale at the Group was due to completion of the divestment of Mercure Brisbane and Ibis Brisbane in January 2018.
- 6) The net increase in interest-bearing borrowings (current and non-current portion) at the Group was mainly due to loans taken up for the acquisition of Aldgate House, land sites at Amber Park and Sumang Walk, partially offset by settlement of borrowings that matured, including redemption of two medium term notes of the Company.

The net decrease in interest-bearing borrowings (current and non-current portion) at the Company was due to repayment of borrowings including redemption of two medium term notes of the Company, with proceeds from the sale proceeds of New Futura.

- 7) The decrease in trade and other payables at the Group was due to the reduction in deferred income primarily derived from Phase 2 of HLCC and The Criterion EC. These 2 projects were completed in 2018 and accordingly deferred income was recognised in the income statement as revenue upon buyers taking possession of their residential units.

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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 30.09.2018 S\$'000	As at 31.12.2017 S\$'000
<u>Unsecured</u>		
- repayable within one year	847,324	1,104,330
- repayable after one year	3,343,705	3,327,613
(a)	4,191,029	4,431,943
<u>Secured</u>		
- repayable within one year	311,457	162,873
- repayable after one year	1,154,468	441,417
(b)	1,465,925	604,290
Gross borrowings	5,656,954	5,036,233
Less: cash and cash equivalents as shown in the statement of financial position	(2,615,834)	(3,775,909)
Less: restricted deposits included in other non-current assets	(243,426)	(213,531)
Net borrowings	2,797,694	1,046,793

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

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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.

	Third quarter ended		9-month period ended	
	30 September		30 September	
	2018	2017	2018	2017
		(Restated)		(Restated)
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit for the period	188,681	192,989	557,591	460,562
Adjustments for:				
Depreciation and amortisation	54,533	54,984	159,022	162,097
Dividend income	(3,645)	(5,050)	(5,235)	(6,460)
Equity settled share-based transactions	535	533	1,630	533
Finance costs	37,392	28,774	97,606	95,866
Finance income	(15,097)	(13,434)	(40,955)	(39,727)
Loss on liquidation of subsidiaries	-	-	35	-
Impairment loss on goodwill arising from acquisition of a subsidiary	-	-	-	6,648
Profit on realisation of investments	-	(448)	-	(1,417)
Profit on sale of property, plant and equipment and investment properties	(12,407)	(29,927)	(41,785)	(29,923)
Property, plant and equipment and investment properties written off	881	174	1,235	4,239
Share of after-tax profit of associates	(8,520)	(7,480)	(18,188)	(15,105)
Share of after-tax profit of joint ventures	(2,723)	(8,582)	(4,806)	(10,446)
Tax expense	53,797	38,903	177,653	85,701
Write-back of impairment loss on loans to a joint venture (net)	-	(132)	-	(22,320)
Operating profit before working capital changes	293,427	251,304	883,803	690,248
Changes in working capital				
Development properties	107,205	(148,148)	(1,100,267)	(80,841)
Consumable stocks and trade and other receivables	(25,581)	57,895	(69,450)	(7,593)
Trade and other payables	(81,937)	72,366	(388,498)	116,505
Employee benefits	578	(1,007)	2,233	(1,837)
Cash generated from/(used in) from operations	293,692	232,410	(672,179)	716,482
Tax paid	(92,130)	(42,058)	(205,069)	(142,204)
Net cash from/(used in) operating activities ⁽¹⁾	201,562	190,352	(877,248)	574,278
Cash flows from investing activities				
Acquisition of subsidiaries (net of cash acquired) ⁽²⁾	(327,016)	(153,664)	(327,816)	(246,240)
Capital expenditure on investment properties	(7,421)	(10,017)	(35,883)	(26,380)
Consideration received for divestment of subsidiaries ⁽³⁾	-	201,327	-	201,327
Dividends received				
- an associate	2,326	2,115	5,117	4,229
- financial investments	3,645	5,050	5,235	6,460
- joint ventures	10,750	33,500	32,050	52,490
Decrease/(Increase) in amounts owing by equity-accounted investee (non-trade)	2,967	(2,907)	(15,299)	27,392
Increase in investments in associates ⁽⁴⁾	(12,318)	-	(72,963)	-
Decrease/(Increase) in investments in joint ventures ⁽⁵⁾	26,471	(12,811)	8,146	(37,542)
Interest received	12,326	8,037	36,191	27,413
Payment for intangible assets	(1)	(35)	(4)	(49)
Payments for purchase of property, plant and equipment	(44,357)	(19,436)	(131,946)	(79,387)
Purchase of financial assets	(41,530)	(31,279)	(44,050)	(41,544)
Proceeds from distribution from financial assets	1,368	2,290	18,097	4,584
Purchase of an investment property ⁽⁶⁾	(30,726)	-	(30,726)	-
Proceeds from disposal of a joint venture	-	22,811	-	22,811
Proceeds from sale of property, plant and equipment and investment properties ⁽⁷⁾	13,831	63,572	94,528	64,191
Settlement of financial derivatives	-	-	(1,827)	-
Cash flows (used in)/from investing activities	(389,685)	108,553	(461,150)	(20,245)

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	Third quarter ended 30 September		9-month period ended 30 September	
	2018	2017 (Restated)	2018	2017 (Restated)
	S\$'000	S\$'000	S\$'000	S\$'000
Financing Activities				
Acquisition of non-controlling interests	(18)	(2,569)	(66)	(23,545)
Capital (distribution to)/contribution from non-controlling interests	(2,567)	159,687	(3,111)	157,587
Decrease/(Increase) in deposits pledged to financial institutions	21,431	14,534	34,105	(88,056)
Dividends paid	(90,456)	(65,506)	(274,801)	(237,914)
Finance lease payments	(25)	(108)	(118)	(306)
(Increase)/Decrease in restricted cash	(8)	282	129	402
Interest paid (including amounts capitalised in investment properties, property, plant and equipment and development properties)	(29,859)	(23,890)	(86,808)	(91,242)
Net (repayment to)/advances from fellow subsidiaries (non-trade)	(35,575)	(21,999)	103,557	(18,309)
Net proceeds from/(repayments of) revolving credit facilities and short-term bank borrowings	224,204	66,261	(6,966)	(48,925)
Payment of issue expenses by a subsidiary	-	(4,048)	(30)	(4,048)
Payment of financing transaction costs	(1,661)	(2,075)	(4,566)	(7,287)
Proceeds from borrowings	62,252	58,771	1,081,274	246,224
Proceeds from issuance of bonds and notes	-	-	18,300	100,000
Purchase of treasury shares	(15,668)	-	(15,668)	-
Repayment of bank borrowings	(16,393)	(240,125)	(261,914)	(508,476)
Repayment of bonds and notes	(109,150)	-	(329,150)	(250,000)
(Increase)/Decrease in other long-term liabilities	(23)	1,925	(3,907)	1,526
Cash flows from/(used in) financing activities ⁽⁸⁾	6,484	(58,860)	250,260	(772,369)
Net (decrease)/increase in cash and cash equivalents	(181,639)	240,045	(1,088,138)	(218,336)
Cash and cash equivalents at beginning of the period	2,703,468	3,091,503	3,599,044	3,566,757
Effect of exchange rate changes on balances held in foreign currencies	(20,704)	(7,553)	(9,781)	(24,426)
Cash and cash equivalents at end of the period	2,501,125	3,323,995	2,501,125	3,323,995
Cash and cash equivalents comprise:-				
Cash and cash equivalents as shown in the statement of financial position	2,615,834	3,502,301	2,615,834	3,502,301
Cash and cash equivalents included in assets classified as held for sale	-	8,567	-	8,567
Restricted deposits included in other non-current assets	243,426	213,531	243,426	213,531
Less: Deposits pledged to financial institutions	(357,016)	(399,375)	(357,016)	(399,375)
Less: Restricted cash	(1,119)	(1,029)	(1,119)	(1,029)
	2,501,125	3,323,995	2,501,125	3,323,995

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Notes to the statement of cash flows

- (1) The cash outflows for YTD Sep 2018 relate to the payment for government land sites (including stamp duty) at Handy Road, West Coast Vale and Sumang Walk as well as the completion of the acquisition of Amber Park (via collective en bloc sale) amounted to \$2.1 billion. Excluding the payments of these land sites acquisitions, the Group would have net cash from operating activities of \$1.2 billion for YTD Sep 2018.
- (2) The cash outflows for Q3 2018 and YTD Sep 2018 relate mainly to the consideration paid for the acquisition of 100% interest in Aldgate House, London.

The cash outflows for Q3 2017 and YTD Sep 2017 relate to the consideration paid by CDLHT for acquisition of 94.5% effective interest in Pullman Hotel Munich, together with its retail components and related fixture, furniture and equipment in Q3 2017, as well as 100% interest in The Lowry Hotel Limited (holds The Lowry Hotel) in Q2 2017.

- (3) The cash inflows for Q3 2017 and YTD Sep 2017 relates to consideration received for divestment of equity interest of 70% in Chongqing Huang Huayuan Property Development Co., Ltd and 50% in Chongqing Eling Property Development Co., Ltd.
- (4) The increases in investments in associates for Q3 2018 and YTD Sep 2018 relate mainly to the Group's investment in Suzhou Dragonrise Pan-Artificial Intelligence High-Tech Fund in Q3 2018 and the subscription for FSGL's rights issue of new perpetual convertible capital securities in April 2018.
- (5) The decrease in investments in joint ventures for Q3 2018 and YTD Sep 2018 relate mainly to the return of principal of the Group's investment via preferred equity interest in a joint development of a prime residential land site in Brisbane, partially offset by the progressive investment in South Beach Consortium (SBC).

The increase in investments in joint ventures for Q3 2017 and YTD Sep 2017 relate to the Group's progressive investment in SBC and Shanghai Distrii Technology Development Co., Ltd, a leading operator of co-working spaces in China.

- (6) The cash outflows for Q3 2018 and YTD Sep 2018 relates to the acquisition of an office block within the Yaojiang International Complex in Shanghai's prime North Bund Business District.
- (7) The proceeds from sale of property, plant and equipment and investment properties for Q3 2018 and YTD Sep 2018 relate mainly to the proceeds received from the disposal of a vacant shophouse plot at Jalan Besar in Q3 2018 and the divestment of Mercure Brisbane and Ibis Brisbane by CDLHT in Q1 2018.

The cash inflows for Q3 2017 and YTD Sep 2017 relates mainly to the proceeds from an office building in Osaka in September 2017.

- (8) The Group had net cash inflows from financing activities of \$6.5 million (Q3 2017: net cash outflows of \$58.9 million) for Q3 2018 and \$250.3 million (YTD Sep 2017: net cash outflows of \$772.4 million) for YTD Sep 2018.

The net cash inflow for Q3 2018 was mainly due to increase in borrowings of \$160.9 million arising from the purchase of overseas properties. For YTD Sep 2018, the net cash inflow was due to increase in borrowings of \$501.5 million primarily used for the purchase of the land sites of Amber Park and Sumang Walk which the Group has 80% and 60% interest respectively and advances from fellow subsidiaries for their share of contribution towards the acquisition of these 2 land sites. The above cash inflows were partially offset by dividend paid and purchase of the Company's shares by designating them as treasury shares during the current period.

In comparison, for Q3 2017, the net cash outflow was largely due to net repayment of borrowings of \$115.1 million, dividend paid, partially offset by proceeds received from non-controlling interests effected via a rights issue exercise by CDLHT.

For YTD Sep 2017, the net cash outflow was due to net repayment of borrowings of \$461.2 million, acquisition of remaining 5.31% preferred equity share capital in Tempus Platinum Investments Tokutei Mokuteki Kaisha that the Group does not own in Q1 2017, purchase of shares in M&C in Q2 2017, dividend paid as well as increase in deposit pledged to financial institutions. This was partially offset by the proceeds received from the aforesaid rights issue by CDLHT.

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

The Group	Attributable to Owners of the Company						Non-controlling Interests	Total Equity
	Share Capital	Cap. Res.	Other Res.*	Exch. Fluct. Res.	Accum. Profits	Total		
	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m
At 31 December 2017, previously reported	1,991.4	182.1	42.2	(584.7)	7,952.6	9,583.6	2,257.5	11,841.1
Adoption of SFRS(I) 1 and 15	-	-	-	489.1	(508.7)	(19.6)	(1.3)	(20.9)
At 31 December 2017, restated	1,991.4	182.1	42.2	(95.6)	7,443.9	9,564.0	2,256.2	11,820.2
Adoption of SFRS(I) 9	-	-	0.4	-	362.7	363.1	-	363.1
At 1 January 2018, restated	1,991.4	182.1	42.6	(95.6)	7,806.6	9,927.1	2,256.2	12,183.3
Profit for the period	-	-	-	-	80.0	80.0	53.9	133.9
Other comprehensive income for the period, net of tax	-	-	(3.3)	60.8	-	57.5	(29.6)	27.9
Total comprehensive income for the period	-	-	(3.3)	60.8	80.0	137.5	24.3	161.8
Transactions with owners, recorded directly in equity								
<u>Contributions by and distributions to owners</u>								
Capital distribution to non-controlling interests	-	-	-	-	-	-	(2.1)	(2.1)
Dividends	-	-	-	-	-	-	(34.3)	(34.3)
Share-based payment transactions	-	-	0.4	-	-	0.4	0.1	0.5
Total contributions by and distributions to owners	-	-	0.4	-	-	0.4	(36.3)	(35.9)
<u>Change in ownership interests in subsidiaries</u>								
Change of interests in subsidiaries without loss of control	-	1.5	-	-	-	1.5	(1.5)	-
Total change in ownership interests in subsidiaries	-	1.5	-	-	-	1.5	(1.5)	-
Total transactions with owners	-	1.5	0.4	-	-	1.9	(37.8)	(35.9)
At 31 March 2018	1,991.4	183.6	39.7	(34.8)	7,886.6	10,066.5	2,242.7	12,309.2
Profit for the period	-	-	-	-	204.8	204.8	30.2	235.0
Other comprehensive income for the period, net of tax	-	-	(1.2)	(16.8)	-	(18.0)	9.1	(8.9)
Total comprehensive income for the period	-	-	(1.2)	(16.8)	204.8	186.8	39.3	226.1
Transactions with owners, recorded directly in equity								
<u>Contributions by and distributions to owners</u>								
Capital contribution from non-controlling interests	-	-	-	-	-	-	1.6	1.6
Dividends	-	-	-	-	(133.7)	(133.7)	(16.3)	(150.0)
Share-based payment transactions	-	-	0.3	-	-	0.3	0.2	0.5
Transfer to statutory reserve	-	-	1.3	-	(1.3)	-	-	-
Total contributions by and distributions to owners	-	-	1.6	-	(135.0)	(133.4)	(14.5)	(147.9)
<u>Changes in ownership interests in subsidiaries</u>								
Change of interests in subsidiaries without loss of control	-	1.3	-	-	-	1.3	(1.3)	-
Total change in ownership interests in subsidiaries	-	1.3	-	-	-	1.3	(1.3)	-
Total transactions with owners	-	1.3	1.6	-	(135.0)	(132.1)	(15.8)	(147.9)
At 30 June 2018	1,991.4	184.9	40.1	(51.6)	7,956.4	10,121.2	2,266.2	12,387.4

* Other reserves comprise mainly fair value reserve arising from re-measurement of financial assets at fair value through other comprehensive income, share of other reserve of associates, statutory reserve and share option reserve.

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The Group	Attributable to Owners of the Company					Total	Non-controlling Interests	Total Equity
	Share Capital	Cap. Res.	Other Res.*	Exch. Fluct. Res.	Accum. Profits			
At 1 July 2018	1,991.4	184.9	40.1	(51.6)	7,956.4	10,121.2	2,266.2	12,387.4
Profit for the period	-	-	-	-	161.8	161.8	26.9	188.7
Other comprehensive income for the period, net of tax	-	-	1.7	(47.7)	-	(46.0)	(13.6)	(59.6)
Total comprehensive income for the period	-	-	1.7	(47.7)	161.8	115.8	13.3	129.1
Transactions with owners, recorded directly in equity								
<u>Contributions by and distributions to owners</u>								
Capital distribution to non-controlling interests	-	-	-	-	-	-	(2.7)	(2.7)
Dividends	-	-	-	-	(54.5)	(54.5)	(36.0)	(90.5)
Purchase of treasury shares	-	-	-	-	(15.7)	(15.7)	-	(15.7)
Share-based payment transactions	-	-	0.3	-	-	0.3	0.2	0.5
Total contributions by and distributions to owners	-	-	0.3	-	(70.2)	(69.9)	(38.5)	(108.4)
<u>Change in ownership interests in subsidiaries</u>								
Change of interests in subsidiaries without loss of control	-	0.2	-	-	-	0.2	(0.2)	-
Total change in ownership interests in subsidiaries	-	0.2	-	-	-	0.2	(0.2)	-
Total transactions with owners	-	0.2	0.3	-	(70.2)	(69.7)	(38.7)	(108.4)
At 30 September 2018	1,991.4	185.1	42.1	(99.3)	8,048.0	10,167.3	2,240.8	12,408.1

* Other reserves comprise mainly fair value reserve arising from re-measurement of financial assets at fair value through other comprehensive income, share of other reserve of associates, statutory reserve and share option reserve.

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The Group	Attributable to Owners of the Company						Non-controlling Interests	Total Equity
	Share Capital	Cap. Res.	Other Res.*	Exch. Fluct. Res.	Accum. Profits	Total		
	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m		
At 1 January 2017, as previously reported	1,991.4	175.5	29.7	(478.9)	7,576.1	9,293.8	2,114.9	11,408.7
Adoption of SFRS(I) 1 and 15	-	-	-	478.9	(500.7)	(21.8)	(0.1)	(21.9)
At 1 January 2017, restated	1,991.4	175.5	29.7	-	7,075.4	9,272.0	2,114.8	11,386.8
Profit for the period, restated	-	-	-	-	95.6	95.6	14.1	109.7
Other comprehensive income for the period, net of tax	-	-	6.3	(77.8)	-	(71.5)	(10.2)	(81.7)
Total comprehensive income for the period	-	-	6.3	(77.8)	95.6	24.1	3.9	28.0
Transactions with owners, recorded directly in equity								
<u>Contributions by and distributions to owners</u>								
Capital distribution to non-controlling interests	-	-	-	-	-	-	(2.1)	(2.1)
Dividends	-	-	-	-	-	-	(37.0)	(37.0)
Share-based payment transactions	-	-	0.4	-	-	0.4	0.1	0.5
Transfer to statutory reserves	-	-	4.8	-	(4.8)	-	-	-
Total contributions by and distributions to owners	-	-	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)
Total change in ownership interests in subsidiaries	-	(4.5)	-	-	-	(4.5)	(8.8)	(13.3)
Total transactions with owners	-	(4.5)	5.2	-	(4.8)	(4.1)	(47.8)	(51.9)
At 31 March 2017	1,991.4	171.0	41.2	(77.8)	7,166.2	9,292.0	2,070.9	11,362.9
Profit for the period, restated	-	-	-	-	114.1	114.1	43.7	157.8
Other comprehensive income for the period, net of tax	-	-	(3.1)	24.0	-	20.9	8.8	29.7
Total comprehensive income for the period	-	-	(3.1)	24.0	114.1	135.0	52.5	187.5
Transactions with owners, recorded directly in equity								
<u>Contributions by and distributions to owners</u>								
Dividends	-	-	-	-	(115.5)	(115.5)	(19.9)	(135.4)
Share-based payment transactions	-	-	(0.3)	-	-	(0.3)	(0.2)	(0.5)
Total contributions by and distributions to owners	-	-	(0.3)	-	(115.5)	(115.8)	(20.1)	(135.9)
<u>Changes in ownership interests in subsidiaries</u>								
Change of interests in subsidiaries without loss of control	-	2.7	-	0.1	0.1	2.9	(10.6)	(7.7)
Total change in ownership interests in subsidiaries	-	2.7	-	0.1	0.1	2.9	(10.6)	(7.7)
Total transactions with owners	-	2.7	(0.3)	0.1	(115.4)	(112.9)	(30.7)	(143.6)
At 30 June 2017	1,991.4	173.7	37.8	(53.7)	7,164.9	9,314.1	2,092.7	11,406.8

* Other reserves comprise mainly fair value reserve arising from remeasurement of financial assets at fair value through other comprehensive income, share of other reserve of associates, statutory reserve and share option reserve.

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The Group	Attributable to Owners of the Company					Total	Non-controlling Interests	Total Equity
	Share Capital	Cap. Res.	Other Res.*	Exch. Fluct. Res.	Accum. Profits			
	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m
At 1 July 2017	1,991.4	173.7	37.8	(53.7)	7,164.9	9,314.1	2,092.7	11,406.8
Profit for the period, restated	-	-	-	-	146.6	146.6	46.4	193.0
Other comprehensive income for the period, net of tax	-	-	(0.3)	1.1	-	0.8	(12.7)	(11.9)
Total comprehensive income for the period	-	-	(0.3)	1.1	146.6	147.4	33.7	181.1
Transactions with owners, recorded directly in equity								
<u>Contributions by and distributions to owners</u>								
Capital distribution to non-controlling interests	-	-	-	-	-	-	159.7	159.7
Dividends paid to owners of the Company	-	-	-	-	(36.4)	(36.4)	-	(36.4)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(29.1)	(29.1)
Issues expense of a subsidiary	-	(1.0)	-	-	-	(1.0)	(3.1)	(4.1)
Share-based payment transactions	-	-	0.4	-	-	0.4	0.2	0.6
Total contributions by and distributions to owners	-	(1.0)	0.4	-	(36.4)	(37.0)	127.7	90.7
<u>Change in ownership interests in subsidiaries</u>								
Acquisition of subsidiaries with non-controlling interests	-	-	-	-	-	-	5.0	5.0
Change of interests in a subsidiary without loss of control	-	7.9	-	-	-	7.9	(10.5)	(2.6)
Total change in ownership interests in subsidiaries	-	7.9	-	-	-	7.9	(5.5)	2.4
Total transactions with owners	-	6.9	0.4	-	(36.4)	(29.1)	122.2	93.1
At 30 September 2017	1,991.4	180.6	37.9	(52.6)	7,275.1	9,432.4	2,248.6	11,681.0

* Other reserves comprise mainly fair value reserve arising from re-measurement of financial assets at fair value through other comprehensive income, share of other reserve of associates, statutory reserve and share option reserve.

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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 31 December 2017, previously reported	1,991.4	63.7	14.6	4,392.1	6,461.8
Adoption of SFRS(I) 15	-	-	-	5.5	5.5
At 31 December 2017, previously reported	1,991.4	63.7	14.6	4,397.6	6,467.3
Adoption of SFRS(I) 9	-	-	(0.5)	366.1	365.6
At 1 January 2018, restated	1,991.4	63.7	14.1	4,763.7	6,832.9
Profit for the period	-	-	-	65.8	65.8
Total other comprehensive income for the period, net of tax	-	-	(0.4)	-	(0.4)
Total comprehensive income for the period	-	-	(0.4)	65.8	65.4
At 31 March 2018	1,991.4	63.7	13.7	4,829.5	6,898.3
Profit for the period	-	-	-	1.0	1.0
Total other comprehensive income for the period, net of tax	-	-	(0.5)	-	(0.5)
Total comprehensive income for the period	-	-	(0.5)	1.0	0.5
Transaction with owners, recorded directly in equity					
<u>Contributions by and distributions to owners</u>					
Dividends	-	-	-	(133.7)	(133.7)
Total contributions by and distributions to owners	-	-	-	(133.7)	(133.7)
Total transactions with owners	-	-	-	(133.7)	(133.7)
At 30 June 2018	1,991.4	63.7	13.2	4,696.8	6,765.1
Profit for the period	-	-	-	22.5	22.5
Total other comprehensive income for the period, net of tax	-	-	(0.6)	-	(0.6)
Total comprehensive income for the period	-	-	(0.6)	22.5	21.9
Transaction with owners, recorded directly in equity					
<u>Contributions by and distributions to owners</u>					
Purchase of treasury shares	-	-	-	(15.7)	(15.7)
Dividends	-	-	-	(54.6)	(54.6)
Total contributions by and distributions to owners	-	-	-	(70.3)	(70.3)
Total transactions with owners	-	-	-	(70.3)	(70.3)
At 30 September 2018	1,991.4	63.7	12.6	4,649.0	6,716.7

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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, previously reported	1,991.4	63.7	12.3	4,446.0	6,513.4
Adoption of SFRS(I) 15	-	-	-	7.2	7.2
At 1 January 2017, restated	1,991.4	63.7	12.3	4,453.2	6,520.6
Profit for the period, restated	-	-	-	33.1	33.1
Total other comprehensive income for the period, net of tax	-	-	4.3	-	4.3
Total comprehensive income for the period	-	-	4.3	33.1	37.4
At 31 March 2017	1,991.4	63.7	16.6	4,486.3	6,558.0
Profit for the period, restated	-	-	-	5.2	5.2
Total other comprehensive income for the period, net of tax	-	-	(1.6)	-	(1.6)
Total comprehensive income for the period	-	-	(1.6)	5.2	3.6
Transaction with owners, recorded directly in equity					
<u>Contributions by and distributions to owners</u>					
Dividends	-	-	-	(115.5)	(115.5)
Total contributions by and distributions to owners	-	-	-	(115.5)	(115.5)
Total transactions with owners	-	-	-	(115.5)	(115.5)
At 30 June 2017	1,991.4	63.7	15.0	4,376.0	6,446.1
Profit for the period, restated	-	-	-	6.5	6.5
Total other comprehensive income for the period, net of tax	-	-	(1.5)	-	(1.5)
Total comprehensive income for the period	-	-	(1.5)	6.5	5.0
Transaction with owners, recorded directly in equity					
<u>Contributions by and distributions to owners</u>					
Dividends	-	-	-	(36.4)	(36.4)
Total contributions by and distributions to owners	-	-	-	(36.4)	(36.4)
Total transactions with owners	-	-	-	(36.4)	(36.4)
At 30 September 2017	1,991.4	63.7	13.5	4,346.1	6,414.7

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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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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

During the quarter ended 30 September 2018, the changes in the Company's issued share capital were as follows:

	<u>No. of Shares</u>
As at 30/06/2018	909,301,330
Purchase of treasury shares	<u>(1,700,000)</u>
As at 30/09/2018	<u>907,601,330</u>

Preference share capital

There was no change in the Company's issued preference share capital during the three months ended 30 September 2018.

As at 30 September 2018, the maximum number of ordinary shares that may be issued upon full conversion of all of 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 (30 September 2017: 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.

Ordinary share capital

As at 30 September 2018, the total number of issued ordinary shares (excluding treasury shares) was 907,601,330 (31 December 2017: 909,301,330).

Preference share capital

The total number of issued Preference Shares as at 30 September 2018 and 31 December 2017 was 330,874,257.

Treasury Shares

Movements in the Company's treasury shares were as follows:

	<u>No. of Shares</u>
As at 30/06/2018	-
Purchase of treasury shares	<u>1,700,000</u>
As at 30/09/2018	<u>1,700,000</u>

As at 30 September 2018, the Company held 1,700,000 treasury shares (30 September 2017: Nil) which represents 0.19% of the total number of issued shares (excluding treasury shares).

- 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 three months ended 30 September 2018.

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.

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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 2017.

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.

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)), which comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) issued by the International Accounting Statutory Board. The Group's financial statements for the financial year ending 31 December 2018 will be prepared in accordance with SFRS(I) and IFRS.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the year ended 31 December 2017, except for the adoption of the SFRS(I) framework as described above and the new/revised SFRS(I) applicable for the financial period beginning 1 January 2018 as follows:

- SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*
- SFRS(I) 15 *Revenue from Contracts with Customers*
- SFRS(I) 9 *Financial Instruments*

a) SFRS(I) 1

In adopting the new framework, the Group is required to apply the specific transition requirements in SFRS(I). The Group has applied SFRS(I) with 1 January 2017 as the date of transition for the Group and the Company, on a retrospective basis, as if such accounting policies had always been applied. SFRS(I) 1 provides mandatory exceptions and optional exemptions from retrospective application. The Group has elected various optional exemptions in SFRS(I) 1, including those set out below which impact the financial statements:

- Use of fair values of certain hotel properties, previously adopted by its subsidiary, as their new cost; and
- Resetting the foreign currency translation reserve to zero.

b) SFRS(I) 15

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group adopted SFRS(I) 15 using the retrospective approach with practical expedients.

Success-based sales commissions

The Group pays sales commissions to both external and internal property sales agents for securing property sales contracts for the Group on a success basis. In the past, the Group recognised sales commissions as an expense when incurred. Under SFRS(I) 15, the Group capitalises such incremental costs as a contract cost asset as they are recoverable. These costs are amortised to profit or loss as the Group recognises the related revenue. The Group previously recognised both revenue and cost of sales (including land costs) on Singapore development properties sold by reference to the stage of completion of construction activity at the end of the reporting period (percentage of completion method).

Accounting for contract costs relating to development properties

Under SFRS(I) 15, the Group continues to recognise revenue from sale of development properties and land costs of the sold units using the percentage of completion method. Construction costs incurred for sold units are, however, no longer recognised as cost of sales using the percentage of completion method. Instead, such costs are recognised as cost of sales as and when they are incurred to the extent of the units sold.

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c) SFRS(I) 9

SFRS(I) 9 contains new requirements for classification and measurement of financial instruments, a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirements.

The Group has elected to apply the exemption in SFRS(I) 1 allowing it not to restate comparative information in the 2018 SFRS(I) financial statements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in accumulated profits and reserves as at 1 January 2018.

The adoption of SFRS(I) 9 has resulted in the reclassification of certain equity investments as financial assets measured at fair value through profit or loss (FVTPL) and financial assets at fair value through other comprehensive income (FVOCI) and loans and receivables as financial assets measured at FVTPL.

In addition, certain unquoted equity investments of the Group and the Company, which were previously classified as available for sale and measured at cost have been reclassified as financial assets at FVOCI and measured at fair value, resulting in an increase in accumulated profits as at 1 January 2018.

SFRS(I) 9 requires the Group to record expected credit losses on all of its loans and trade receivables, either on a 12-month or lifetime basis. The Group adopts the simplified approach and records lifetime expected losses on all trade receivables. The impairment calculated using the expected credit loss model does not have a significant impact on the financial statements.

Impact on the comparatives for the financial statements of this reporting quarter on adoption of SFRS(I) framework and new/revised accounting standards

Income Statement

	Third quarter ended 30 September 2017 \$'000	9-month period ended 30 September 2017 \$'000
Increase in revenue	702	491
Decrease in cost of sales	165	3,156
Decrease in other operating income	(8,215)	(8,215)
Decrease in administrative expenses	179	560
Decrease in operating expenses	124	124
Increase in finance costs	-	(172)
(Decrease)/Increase in share of after-tax profit of joint ventures	(2,123)	9,018
Decrease/(Increase) in tax expense	82	(308)
(Increase)/Decrease in non-controlling interests	(484)	124
(Decrease)/Increase in profit attributable to owners of the Company	<u>(9,570)</u>	<u>4,778</u>
(Decrease)/Increase in basic earnings per share (cents)	<u>(1.1)</u>	<u>0.5</u>

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Statements of Financial Position

	As at 1.1.2018 \$'000	As at 31.12.2017 \$'000	As at 1.1.2017 \$'000
Decrease in property, plant and equipment	-	(14,880)	(16,305)
Decrease in investments in joint ventures	-	(18,142)	(19,284)
Increase in development properties	-	14,764	16,347
Increase in financial assets	363,135	-	-
Increase/(decrease) in accumulative profits	362,675	(508,686)	(500,793)
Increase in fair value reserve	460	-	-
Decrease in deficit of foreign exchange translation reserve	-	489,085	478,948
Increase in deferred tax liabilities	-	1,753	1,396
Increase/(decrease) in provision for taxation	-	47	(120)
Increase in trade and other payables	-	938	1,430
Decrease in non-controlling interests	-	(1,395)	(103)

In addition, with effect from Q2 2018 the Group has also reclassified net exchange gain/(loss), previously presented under "other operating expenses" to net finance costs as the Group is of the view that such reclassification better reflects the substance of the transactions. Accordingly, the prior period comparatives have been restated to conform to such presentation.

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.

	Third quarter ended 30 September		9-month period ended 30 September	
	2018	2017 (Restated)	2018	2017 (Restated)
Basic Earnings per share (cents)	17.8	16.1	48.4	38.5
Diluted Earnings per share (cents)	17.0	15.4	46.8	37.3
Earnings per share is calculated based on:				
a) Profit attributable to owners of the Company (S\$'000) (*)	161,799	146,577	440,188	349,871
b) Profit used for computing diluted earnings per share (S\$'000)	161,799	146,577	446,622	356,270
c) Weighted average number of ordinary shares in issue:				
- basic	908,744,808	909,301,330	909,114,883	909,301,330
- diluted (**)	953,743,706	954,300,228	954,113,781	954,300,228

* After deducting preference dividends of \$6,434,000 paid in Q2 2018 (Q2 2017: \$6,399,000 paid).

** 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	
	30.09.2018	31.12.2017 (Restated)	30.09.2018	31.12.2017 (Restated)
	S\$	S\$	S\$	S\$
Net Asset Value per ordinary share based on the number of issued 907,601,330 ordinary shares (excluding treasury shares) as at 30 September 2018 (909,301,330 ordinary shares (excluding treasury shares) as at 31 December 2017)	11.20	10.52	7.40	7.11

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 third quarter (Q3 2018) and nine months ended 30 September 2018 (YTD Sep 2018), the Group continues to perform well in spite of challenging market conditions. Net attributable profit after tax and non-controlling interest (PATMI) increased 10.4% for Q3 2018 to \$161.8 million (Restated Q3 2017: \$146.6 million) and 25.4% for YTD Sep 2018 to \$446.6 million (Restated YTD Sep 2017: \$356.3 million).

For Q3 2018 and YTD Sep 2018, the Group's revenue increased by 17.7% to \$1.02 billion (Restated Q3 2017: \$863.8 million) and 37.3% to \$3.4 billion (Restated YTD Sep 2017: \$2.5 billion) respectively. These increases were underpinned by the strong performance from the property development segment driven by contributions from Singapore, China and Japan. In Singapore, New Futura and The Tapestry which were both launched in Q1 2018 have sold well while revenue was further propelled by the full recognition of The Criterion Executive Condominium (EC) which obtained its Temporary Occupation Permit in Q1 2018. For the overseas market, Phase 2 of Hong Leong City Center (HLCC) in Suzhou, China and Park Court Aoyama The Tower in Tokyo, Japan were completed in 1H 2018 and revenues were recognised upon progressive handover of units to buyers.

The Group's EBITDA increased to \$950.9 million for YTD Sep 2018 (Restated YTD Sep 2017: \$764.5 million), again bolstered by the strong recognition of profits from the property development segment.

In terms of YTD Sep 2018 pre-tax profits, the property development segment maintained its lead contributing 66.7%, followed by the rental properties segment at 17.8%, which was boosted by divestment gains including the \$29 million profit in Q1 2018 from the sale of Mercure Brisbane and Ibis Brisbane by CDL Hospitality Trusts (CDLHT), an indirect subsidiary of the Group. In comparison, YTD Sep 2017 also had a divestment gain arising from the sale of the Group's office building in Osaka.

However, the hotel operations segment delivered mixed trading results. This segment relates largely to the Group's 65.2% owned subsidiary, Millennium & Copthorne Hotels plc (M&C), which was impacted by the full closure of Millennium Hotel London Mayfair in July 2018 for refurbishment works while it continues to incur certain fixed costs. Additionally, M&C's operating costs also increased due to higher payroll related expenditure. The new M&C hotels added to its portfolio including Millennium New Plymouth NZ (acquired in March 2018) and M Social Auckland (re-opened in October 2017) partially mitigated the decline. In comparison, YTD Sep 2017 hotel operations included a write-back of impairment losses on loans to a joint venture (JV) of \$22 million and an impairment of goodwill of \$7 million that arose from the acquisition of The Lowry Hotel by CDLHT.

Basic earnings per share increased by 10.6% to 17.8 cents (Restated Q3 2017: 16.1 cents) for Q3 2018 and 25.7% to 48.4 cents (Restated YTD Sep 2017: 38.5 cents).

As at 30 September 2018, the Group's net gearing ratio stands at 23% without factoring in fair value gains on investment properties. The Group's balance sheet continues to remain robust and healthy with cash reserves at \$2.9 billion and interest cover of 16.6 times.

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Property

Urban Redevelopment Authority's (URA) data indicated that private residential property prices grew by 0.5% quarter-on-quarter in Q3 2018, moderating from the 3.4% increase in Q2 2018 and the 3.9% increase in Q1 2018. The significant moderation in Q3 2018 suggests a period of consolidating prices after the surprise implementation of the harsh property cooling measures which took effect on 6 July 2018. In YTD Sep 2018, property prices increased by 7.9%. Although this marks the fifth consecutive quarter of price growth since Q2 2017, registering a 9.6% increase cumulatively, prices have declined about 12% over 15 consecutive quarters from Q3 2013 to Q2 2017.

In Q3 2018, developers sold 3,012 private residential units excluding ECs, a 27% increase compared with the 2,366 units sold in the previous quarter. However, in YTD Sep 2018, developers sold 6,959 units, compared with 8,702 units sold in the same period last year, reflecting a 20% decrease.

The Group's launched projects continued to register sales with sustained prices. To date, 104 units (84%) of the 124-unit New Futura condominium at Leonie Hill Road have been sold at an average selling price (ASP) of over \$3,500 per square foot (psf). At The Tapestry, the Group's 861-unit condominium project in Tampines Avenue 10, 544 units have been sold to date at an ASP of around \$1,350 psf.

In September 2018, capitalising on the Formula 1 Singapore Grand Prix season, the Group previewed its iconic 190-unit South Beach Residences on Beach Road, a JV project. It is part of the South Beach integrated development which comprises four historic buildings with two new towers comprising Grade A office spaces in South Beach Tower (34-storey), a 5-star 634-room JW Marriott Hotel Singapore South Beach, and various restaurants and retail outlets. South Beach Residences is housed within the 45-storey South Tower from Levels 22 to 45, just above the hotel. The apartments offer spectacular views of the Singapore skyline, Central Business District (CBD) area, and Marina Bay areas. To date, 12 units out of the 50 units released have been sold, including the 6,728 sq ft super penthouse which was sold for \$26 million.

For YTD Sep 2018, the Group and its JV associates sold 787 units with total sales value of \$1.56 billion (YTD Sep 2017: 1,056 units with sales value of \$1.76 billion).

During the quarter under review, profit was booked from New Futura, Gramercy Park, The Brownstone EC and The Tapestry, as well as JV projects namely Forest Woods and Coco Palms.

In July 2018, the Group's newly refurbished Le Grove Serviced Residences on Orange Grove Road reopened with 173 apartments (from its original 97 apartments). It is registering healthy occupancy.

In August 2018, the Group and its JV partner successfully clinched an attractive mixed-use residential and commercial site at Singapore's vibrant Sengkang Central through a Two-envelope Concept and Price Revenue tender system for \$777.78 million or \$923.60 psf ppr. The 3.7-hectare site will be transformed into an integrated community hub with 700 residential apartments, amenities such as a hawker centre, community club, childcare centre, retail shops, as well as public rail and bus transport facilities all within a one-stop location. It has direct access to Buangkok MRT Station and the future bus interchange and is a mere 20-minute drive from the CBD. The new non-remittable and revised ABSD rate imposed on housing developers from 6 July 2018 is not applicable for this site acquisition. The integrated development is targeted for completion in 1H 2022.

For the office sector, URA data indicated that prices of office space increased by 0.1% in Q3 2018, as compared with the 1.9% increase in the previous quarter. Overall rental for office space increased by 2.5% in Q3 2018, extending the 1.6% increase in Q2 2018, marking the sixth consecutive quarter of office rental increase.

Rental growth is boosted by a decline in new supply. The two million sq ft of net lettable office space that was released into the market in 2017 has almost been absorbed. Both rental growth and demand for office space remain at a healthy level as the market continues to calibrate the demand and supply equilibrium.

The Group's office portfolio continued to enjoy a healthy committed occupancy rate of 91.5% as at end of Q3 2018, compared with an island-wide occupancy rate of 88%.

The results of Q3 2018 demonstrated that there is sustained confidence in the market. Strong leasing demand has effectively reduced the supply of available lettable space, which saw a spike in 2017. These are positive indicators that the office market will continue its upward momentum in the near term.

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Overseas Markets

Australia

Completed in February 2018, majority of the sales in the Group's JV 476-unit Ivy and Eve residential project in Brisbane have achieved settlement.

The Group's collaboration with Waterbrook Lifestyle Resorts to develop two five-star luxury retirement villages in New South Wales is progressing well. The Bayview and Bowral projects are expected to be completed in 2020 and 2021 respectively.

While the outlook for Australia's residential market has softened in the near term, the longer-term prospects for its economy and population growth remain positive and the Group will continue to explore new opportunities in Australia.

Japan

To date, 140 units of the completed 160-unit Park Court Aoyama in central Tokyo, in which the Group holds a 20% interest, have been handed over to buyers.

With the rising construction costs in Japan, fuelled in part by the preparations for the 2020 Tokyo Olympics, the Group's rare freehold Shirokane residential redevelopment site in central Tokyo will remain in its land bank. Given the scarcity of prime land, the site will benefit from capital appreciation.

UK

Despite the current uncertainty posted by Brexit, London is believed to remain a key financial hub in Europe with its connectivity to the world and established infrastructure.

The outlook for Central London's office market is positive with rental growth expected through 2021, bolstered by heightened demand and tightening of both existing Grade A office stock and new supply. The short-term uncertainties surrounding Brexit have presented the Group with off-market opportunities to acquire high performance assets with deep value.

As part of its focus to enhance its recurring income in the UK and Europe, the Group acquired Aldgate House in September 2018, a prime freehold commercial building in London for £183 million (approximately \$328 million). The property is right beside Aldgate Underground Station, which is adjacent to London's financial district and within a five-minute walk from six other stations. Aldgate House has a net lettable area (NLA) of 211,000 sq ft comprising Grade A office, retail and ancillary spaces, spread over two basements, ground, mezzanine and eight upper floors. The development has an occupancy rate of 88% and is achieving a passing yield of about 5%. Over 45% of the office rentals in the building are about 20% below the market rents in the Aldgate area. There is also potential to undertake asset enhancement initiatives (AEI) to add value to this property.

Further expanding its UK commercial portfolio, in October 2018, the Group acquired 125 Old Broad Street, a prime freehold Grade A office tower in the City of London and within the main financial district for £385 million (approximately \$687 million). This landmark asset overlooks St. Paul's Cathedral and the iconic Bank of England headquarters, and was the former home of the London Stock Exchange. It is within a five-minute walk to Liverpool Street Station and several Underground Stations. It comprises an office tower and ancillary retail space and has a NLA of approximately 329,200 sq ft spread over 26 floors with panoramic views of the city and three basement levels. It also has secured parking facilities. The building is currently fully tenanted with a passing net yield of about 4.7%. Both Aldgate House and 125 Old Broad Street are currently under-rented and have seen positive rental reversions.

The Group has also taken vacant possession of another recurring income asset in London, the 28,000 sq ft Development House at 56-64 Leonard Street, Shoreditch. It will be redeveloped into a nine-storey office building with an increased NLA of over 72,000 sq ft.

Teddington Riverside, the Group's 240-unit development that overlooks the River Thames in the Borough of Richmond, previewed its Phase One in the UK, Hong Kong and Singapore. Phase One comprises the five-storey Carlton House and seven-storey Shepperton House. The 999-year leasehold project has the best of South West London's culture, parks and schools on its doorstep and benefits from excellent connectivity to Central London and major airports. It also features the famed River Thames and cascading water of the Teddington Lock as its backdrop. In the UK, the on-site marketing suite and three fully-fitted show units are available for viewing. The project is on track for completion by Q1 2020.

The Group's two prime freehold projects in Central London, Chesham Street in Belgravia (6 units) and Hans Road in Knightsbridge (3 units) are fully-fitted and will be actively marketed by the appointed agencies. The show unit for 90-100 Sydney Street in Chelsea (9 units) is on track to complete by Q4 2018.

The Group's other UK developments are all progressing through the development process.

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China

Notwithstanding the uncertainties faced by China's economy and the property market, the Group, together with its JV associates, sold 193 units and 16 villas in China in YTD Sep 2018 with a total sales value of RMB 979.44 million (about \$195 million).

The Group, through its wholly-owned subsidiary, CDL China Limited (CDL China), is jointly developing Emerald and Eling Palace with China Vanke Co., Ltd (Vanke), having divested a partial equity stake in the two residential projects in Chongqing to them. Eling Palace relaunched in May 2018 and has sold 33 units to date, with a sales value of RMB 181 million (about \$36 million) while Emerald, under Vanke's portfolio of luxury residential developments, will open for presale in Q1 2019 and is expected to complete by end 2020.

HLCC, CDL China's first integrated development in Suzhou Industrial Park district, has sold 1,271 residential units (93%) of the Phase 1 launch with a sales value of RMB 2.77 billion (about \$550 million) to date. 283 units (66%) of the Phase 2 residential tower have been sold with a sales value of RMB 945 million (about \$188 million) and are currently being handed over to buyers progressively. To date, HLCC has achieved total sales of RMB 3.71 billion (about \$737 million). The HLCC mall, with 56,000 sqm of retail space, enjoys stable and healthy footfall since opening in June 2018. HLCC's 30,000 sqm premium Grade A office tower has been completed while M&C will operate the five-star M Social hotel when it opens in Q1 2020.

At Hongqiao Royal Lake, located in the high-end residential enclave of Qingpu, Shanghai, 51 out of the 85 villas have been sold with a sales value of RMB 1.09 billion (about \$217 million).

Hong Leong Plaza Hongqiao, comprising five office towers with approval for strata-titled units, will be operational by Q1 2019. Located in Shanghai's Hongqiao CBD, the development benefits from the transformation of the surrounding infrastructure and amenities in preparation for the China International Import Expo in November 2018. The property is situated next to the mega Shanghai Hongqiao International Medical Center surrounded by many international schools, upcoming R&D centres and business parks.

Asset enhancement for the office block within Yaojiang International complex in Shanghai's prime North Bund Business District will complete by end-2018. A long master lease agreement has been signed with Distrii, a leading co-working company in China that the Group has an equity stake in.

As a cornerstone investor in E-House, a leading data-based real estate transaction service provider in China, the Group is in active discussion with them to market its Singapore, China and UK properties through their platform.

Moving forward, CDL China will continue to pursue strategic investments and innovative technologies that complement the Group's core business.

Fund Management

The Group plans to develop its fund management business via organic growth and the acquisition of assets or platforms. It will continue to use its strong balance sheet to strategically acquire investment properties in the Group's key markets (Singapore, UK, China, Australia and Japan) and grow its recurring income base. Some of these assets, like the recently-acquired Aldgate House and 125 Old Broad Street, could possibly be transferred to a private fund or a REIT vehicle.

The Group is also working closely with its partners and investors in its three Profit Participation Securities to ensure a mutually favourable outcome for all three structures.

Hotel

M&C achieved PATMI of £20 million for Q3 2018 (Q3 2017: £50 million) and £48 million for YTD Sep 2018 (YTD Sep 2017: £92 million). The decline was mainly due to the closure of the Mayfair hotel in July which continued to incur certain fixed costs at the hotel, as well as higher M&C payroll related costs.

In constant currency terms, hotel revenue was flat for YTD Sep 2018 at £627 million. Higher contributions from Millennium Hilton New York One UN Plaza (re-branded in August 2017) and M Social Auckland (opened in October 2017) were partially offset by the closure of the Mayfair hotel. Reported hotel revenue for the same period fell by £22 million or 3.4%, reflecting the impact of the stronger pound.

M&C's total revenue decreased by 2.4% to £730 million for YTD Sep 2018 (YTD Sep 2017: £748 million), reflecting a £26 million impact from the strengthening of the pound, which offset higher contributions from property sector, CDLHT and a small number of recently opened or refurbished hotels. In constant currency, total revenue increased by £8 million or 1.1%.

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Global revenue per available room (RevPAR) in reported currency decreased by 3.8% to £79.26 for YTD Sep 2018 (YTD Sep 2017: £82.41). In constant currency, it dropped by just 0.4% mainly reflecting a stronger pound against M&C's main trading currencies. On a like-for-like basis (excluding the impact of acquisitions, closures and refurbishments), RevPAR increased by 1.5% for YTD Sep 2018.

RevPAR, in constant currency, for M&C's London hotels for YTD Sep 2018 was down 11.5% compared to YTD Sep 2017, mainly due to the closure of the Mayfair hotel. Other regions, such as US, Asia and Australasia registered RevPAR growth for YTD Sep 2018: US RevPAR was up 1.3% to £91.51 (YTD Sep 2017: £90.34), Asia RevPAR was up 1.5% to £70.40 (YTD Sep 2017: £69.39) driven by increases in both average room rates and occupancy, while Australasia was up 5.9% with the inclusion of M Social Auckland and Millennium New Plymouth and driven by growth in international visitor arrivals.

M&C continues to make good progress with its AELs. The ongoing refurbishment works at the Mayfair hotel is on track, with the hotel to be re-opened as a 5-star deluxe property in Q1 2019. In addition, M&C continues to review plans for the phased refurbishment of some of its key properties in London, New York and Singapore.

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

The Group's performance for the period under review is in line with its expectations as disclosed in the announcement of results for the second quarter ended 30 June 2018.

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

In Singapore, the unexpectedly harsh property cooling measures that took effect on 6 July 2018 have disrupted the private residential market that was just recovering. Enbloc sales have come to a halt with many tenders closed without any bids. Participation and bids for the recent GLS sites appeared to be relatively subdued, except for EC land sites which are still in an undersupply situation. This could indicate that developers are now more cautious and selective on their land replenishment policy. Sales volume has also tapered as buyers' sentiment dampens from the imposition of the additional ABSD and further tightening of the loan quantum.

On 17 October 2018, the URA announced revised guidelines to increase the minimum average unit size for non-landed residential projects in the Outside Central Region (OCR) from 70 sqm to 85 sqm. In addition, nine locations in Singapore will be subject to an even more stringent minimum average size requirement of 100 sqm, up from four locations currently. These revisions will take effect from 17 January 2019. With these changes, developers will need to rethink their unit mix for their new projects and build larger sized apartments while also taking into consideration affordability. Other revised guidelines included the reduction of bonus GFA cap for private outdoor spaces from 10% to 7% limiting the size of balconies while also allocating bonus GFA for indoor recreational space, allowing developers to provide additional facilities and covered communal spaces for residents.

The Group is not impacted by these latest revisions since its acquired sites, namely Amber Park, West Coast Vale (now known as Whistler Grand), Handy Road and Sumang Walk EC, have all obtained Planning Permission (PP). For its JV Sengkang Central GLS site, the Group is already in advanced planning stages having won this site via the dual-envelope system and is on-track to obtain its PP before the timeline. The Group will take these new guidelines into consideration in its future land tender assessments.

Against this challenging backdrop for the Singapore private residential market, the Group is cognisant that sales volumes for new residential launches will likely be impacted by the cooling measures as certain buyers adopt a wait-and-see approach, becoming more selective and price-sensitive in their purchases. Nevertheless, the Group had selectively acquired prime sites early in the property cycle that cater to a wide spectrum of the market – from EC, mid to high-end, and has been diligently curating these sites to offer maximum value. Location, pricing, developers' track record and value propositions are factors that will be critical in the buyers' decision-making process and the Group remains confident that its developments offer strong value.

On 3 November 2018, the Group launched its 716-unit Whistler Grand at West Coast Vale, close to Jurong Lake District, earmarked as Singapore's second CBD. Comprising two distinctive 36-storey towers that offer panoramic views of the city, Pandan Reservoir and Bukit Timah Nature Reserve, the project has over 60 recreational facilities spread across six clubs. It has convenient access to amenities and the transportation network via at least four MRT stations across different MRT lines, including the upcoming Jurong Region and Cross Island Lines. With an attractive early bird ASP at \$1,380 psf and limited new project launches in the West Coast area, 160 units out of the 240 units released were sold on its first weekend launch. 91% of the buyers are Singaporeans and the remaining 9% are foreigners (including Singapore Permanent Residents). 71% of the Singaporeans and Singapore PRs are first-time home buyers. The good take-up can be attributed to a combination of affordability, good location and appealing design. Many of the units are also affordably priced below the sweet spot of \$1 million.

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In the eastern part of Singapore, the Group's one-third share JV project, The Jovell, a 428-unit development on Flora Drive off Upper Changi, located near the new Tampines East MRT station, was launched in end September 2018. The project is marketed by its consortium partner and sister company Hong Leong Holdings, which had also led several of the consortium's earlier successful condominium projects in the Flora Drive enclave. To date, a total of 49 units out of 250 units released were sold at an ASP of between \$1,250 and \$1,300 psf. This site was part of the Group's legacy land bank. As there are no new land sites around this enclave, the project will have its own captive market.

The Group is preparing its other sites to be launch-ready in 1H 2019. These include the Amber Park enbloc site which will yield 592 units, the Handy Road site with 188 units and the EC site at Sumang Walk which will offer 820 units – possibly the only EC launch in 2019.

For the office sector, there are no foreseeable significant headwinds as the market continues to remain robust and healthy take-up is expected to continue. This is evident by the quarter-on-quarter increase in rental and occupancy rates across various industries. In addition, co-working operators remain active in their bid to secure additional locations and have been occupying some of the new office spaces.

The ongoing AEI exercise at Republic Plaza is progressing smoothly and is expected to complete by 2H 2019, enabling the Group to tap on the improving office sentiment.

Hotel

The hospitality sector is faced with challenging trading conditions, including significant supply growth, technological disruption, industry consolidation as well as rising minimum wage requirements and labour costs in key jurisdictions. These challenges, which have impacted the availability of talent and reduced margins, are further exacerbated by geopolitical headwinds such as the uncertainty surrounding Brexit and global trade tensions.

M&C will manage these issues through product innovation, tighter cost control over all capital and operational expenses and by flattening the management structure to streamline its operations, improve efficiency and enhance its competitiveness, in light of the disruptive economy. M&C will explore ways to transform its business operations, while embracing its twin strategy of being both an operator and owner. In addition, M&C will continue to focus on delivering value from significant capital expenditure projects as well as the repositioning of the Mayfair property as a 5-star deluxe hotel and the development of its new hotel and residential apartment complex in Sunnyvale California, which broke ground in October 2018.

Mr Tan Kian Seng was reappointed as M&C's interim CEO in September following the departure of former CEO Ms Jennifer Fox. The M&C Board is confident that Mr Tan's appointment will provide stability, which will give it adequate time to search for the right person to drive M&C forward as a niche owner-operator of hospitality assets.

Group Prospects

The persistent headwinds for the Singapore residential property market seem unlikely to abate in the near-term. Macroeconomic uncertainties arising from political tensions, midterm elections in the US, interest rate hikes, currency crises and trade disputes, further exacerbate the already jittery global financial markets.

The change in the business landscape is a fitting reminder that well-diversified companies will have a better chance of weathering headwinds that may impact any specific sector. The Group is fortunate to have diversified in terms of product, sector and geography. These various platforms enable it to better navigate through cyclical market headwinds and manage its overall financial performance, while still ensuring a strong balance sheet. While Singapore will always remain as the Group's core focus, it will continue to explore opportunities both domestically and overseas.

The Group remains focused on strong execution of its development projects and growing its recurring EBITDA while maintaining its strategic and disciplined approach towards maximising shareholder's returns.

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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	Tax exempt (One-tier) Special Interim Ordinary Dividend	Tax exempt (One-tier) Preference Dividend
Date of payment	12 September 2018	2 July 2018
Dividend type	Cash	Cash
Dividend amount (in cents)	6.0 cents per Ordinary Share	1.94 cents per Preference Share [^]
Dividend rate (in %)	N.A.	3.9% per annum of the issue price of each Preference Share
Dividend period	N.A.	From 31 December 2017 to 30 June 2018 (both dates inclusive)
Issue price	N.A.	\$1.00 per Preference Share

[^] 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.

On 8 November 2018, the Board of Directors, pursuant to the recommendation of the Audit and Risk Committee, declared the payment of a tax-exempt (one-tier) non-cumulative preference dividend to holders of the 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 issue price of \$1.00 for each Preference Share on the basis of 183 days, being the actual number of days comprised in the dividend period from 1 July 2018 to 30 December 2018, divided by 365 days.

Name of Dividend	Tax-exempt (One-tier) Preference Dividend
Date of payment	31 December 2018
Dividend Type	Cash
Dividend Amount (in cents)	1.96 cents per Preference Share
Dividend rate (in %)	3.9% per annum of the issue price of each Preference Share
Dividend period	From 1 July 2018 to 30 December 2018 (both dates inclusive)
Issue price	\$1.00 per Preference 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	13 September 2017	30 June 2017	2 January 2018
Dividend type	Cash	Cash	Cash
Dividend amount (in cents)	4.0 cents per Ordinary Share	1.93 cents per Preference Share [^]	1.97 cents per Preference Share [^]
Dividend rate (in %)	N.A.	3.9% per annum of the issue price of each Preference Share	3.9% per annum of the issue price of each Preference Share
Dividend period	N.A.	From 31 December 2016 to 29 June 2017 (both dates inclusive)	From 30 June 2017 to 30 December 2017 (both dates inclusive)
Issue price	N.A.	\$1.00 per Preference Share	\$1.00 per Preference Share

[^] 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

The tax-exempt (one-tier) preference dividend for the period from 1 July 2018 to 30 December 2018 (both dates inclusive) will be paid on 31 December 2018.

(d) Books Closure Date

5pm on 5 December 2018.

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 the third quarter ended 30 September 2018 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> Provision to interested persons of</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 80%;">(i) project management services;</td> <td style="width: 20%; text-align: right;">\$13,392,804.35</td> </tr> <tr> <td>(ii) marketing services; and</td> <td></td> </tr> <tr> <td>(iii) property management and maintenance and customer services</td> <td></td> </tr> </table> <p><u>Management and Support Services</u> Provision to interested persons of</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 80%;">(i) accounting and administrative services; and</td> <td style="width: 20%; text-align: right;">\$695,806.00</td> </tr> <tr> <td>(ii) financial services</td> <td></td> </tr> </table> <p>Total: \$14,088,610.35</p>	(i) project management services;	\$13,392,804.35	(ii) marketing services; and		(iii) property management and maintenance and customer services		(i) accounting and administrative services; and	\$695,806.00	(ii) financial services	
(i) project management services;	\$13,392,804.35										
(ii) marketing services; and											
(iii) property management and maintenance and customer services											
(i) accounting and administrative services; and	\$695,806.00										
(ii) financial services											
Directors and their immediate family members	Nil										

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14. Segment Reporting

By Business Segments

	The Group			
	Third quarter ended		9-month period ended	
	30 September		30 September	
	2018	2017	2018	2017
			(Restated)	
	S\$'000	(Restated)	S\$'000	(Restated)
	S\$'000	S\$'000	S\$'000	S\$'000
Revenue				
Property Development	466,513	291,210	1,848,394	893,254
Hotel Operations*	428,083	445,312	1,226,554	1,244,012
Rental Properties	86,643	89,216	255,399	260,785
Others	35,640	38,073	103,902	103,385
	1,016,879	863,811	3,434,249	2,501,436
Profit before tax**				
Property Development	154,812	84,367	490,556	263,857
Hotel Operations	36,685	74,207	93,131	147,985
Rental Properties	43,957	63,413	131,034	120,282
Others	7,024	9,905	20,523	14,139
	242,478	231,892	735,244	546,263

* Revenue from hotel operations includes room revenue of \$835.9 million (YTD Sep 2017: \$864.9 million) for YTD Sep 2018 from hotels that are owned by the Group.

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

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 \$175.3 million to \$466.5 million (Q3 2017: \$291.2 million) for Q3 2018 and \$955.1 million to \$1,848.4 million (YTD Sep 2017: \$893.3 million) for YTD Sep 2018.

Pre-tax profits increased by \$70.4 million to \$154.8 million (Restated Q3 2017: \$84.4 million) for Q3 2018 and \$226.7 million to \$490.6 million (Restated YTD Sep 2017: \$263.9 million) for YTD Sep 2018.

Projects that contributed to both revenue and profit in YTD Sep 2018 include Gramercy Park, New Futura, The Brownstone EC, The Criterion EC, The Tapestry, Park Court Aoyama The Tower, Coco Palms, Hongqiao Royal Lake and HLCC. 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 Forest Woods had not been consolidated into the Group's total revenue, the Group's share of profits arising from joint venture developments had been included in pre-tax profits.

The increase in revenue for Q3 2018 and YTD Sep 2018 was due to contribution from New Futura and Park Court Aoyama The Tower, coupled with increased contribution from HLCC, partially offset by lower contribution from Gramercy Park and Coco Palms. Phase 2 of HLCC was completed in May 2018 and profit was recognised in entirety for 264 units that were handed over to purchasers in the current 9-month period. For YTD Sep 2018, the significant increase was further boosted by full recognition from The Criterion EC, which obtained Temporary Occupation Permit (TOP) in February 2018. Under prevailing accounting standards, both revenue and profit for EC are recognised in entirety upon TOP. Lower revenue from The Venue Residences following its completion in Q4 2017 had partially offset the increase for YTD Sep 2018.

The increases in pre-tax profits for Q3 2018 and YTD Sep 2018 were in tandem with the increases in revenue, coupled with the higher share of contribution from Forest Woods but partially offset by lower contribution from FSGL due to lesser residential units in the Millennium Waterfront project being handed over in current period. Further, the absence of writeback of allowance for foreseeable losses for The Venue Residences of \$15.4 million recorded in Q2 2017 and share of contribution from Commonwealth Towers (another joint venture project which was completed in Q4 2017) had partially offset the increase.

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Hotel Operations

Revenue for this segment decreased by \$17.2 million to \$428.1 million (Q3 2017: \$445.3 million) for Q3 2018 and \$17.4 million to \$1,226.6 million (YTD Sep 2017: \$1,244.0 million) for YTD Sep 2018.

Pre-tax profits decreased by \$37.5 million to \$36.7 million (Restated Q3 2017: \$74.2 million) for Q3 2018 and \$54.9 million to \$93.1 million (Restated YTD Sep 2017: \$148.0 million) for YTD Sep 2018.

The decreases in revenue for Q3 2018 and YTD Sep 2018 were due largely to the full closure of Millennium Hotel London Mayfair at beginning of July 2018 to facilitate on-going refurbishment work as well as lower contribution from Millennium Hilton Bangkok (another hotel undergoing phased refurbishment) and Maldives which was impacted by closure of Dehevanafushi Maldives Luxury Resort in June 2018 (for rebranding exercise to a "Raffles" resort). Further, the weakened USD in the current 9-month period also negatively impacted hotel revenue for YTD Sep 2018, despite higher RevPAR in constant currency. The declines were however mitigated by contributions from M Social Auckland.

Other than the lower revenue for hotel operations being reported, the pre-tax profit of Q3 2018 and YTD Sep 2018 were also impacted by several factors including increase in payroll related costs both at the hotels and corporate offices, continuation of incurring certain fixed costs for Millennium Hotel London Mayfair despite its full closure. There were several one-off items in Q2 2017 including the writeback of impairment loss of \$22 million on loans granted to Fena and an impairment of goodwill arising from the acquisition of The Lowry Hotel.

Rental Properties

Revenue for this segment remained relatively constant at \$86.6 million (Q3 2017: \$89.2 million) for Q3 2018 and \$255.4 million (YTD Sep 2017: \$260.8 million) for YTD Sep 2018.

Pre-tax profits decreased by \$19.4 million to \$44.0 million (Restated Q3 2017: \$63.4 million) for Q3 2018 but increased by \$10.7 million to \$131.0 million (Restated YTD Sep 2017: \$120.3 million) for YTD Sep 2018.

The substantial decrease in pre-tax profit for Q3 2018 was primarily due to gain of \$30 million recognised in September 2017 on the disposal of an office building in Osaka. In Q3 2018, the Group recognised a divestment gain of \$12 million on disposal of a vacant shophouse plot at Jalan Besar. Beside the disposal of aforesaid vacant shophouse plot at Jalan Besar, the increase in YTD Sep 2018 was also due to a gain of approximately \$29 million recognised on divestment of Mercure Brisbane and Ibis Brisbane in January 2018 by CDLHT. This was partially offset by the divestment gain recognised from an office building last year.

Others

Revenue, comprising mainly income from building maintenance contracts, project management, club operations, laundry services and dividend income, decreased by \$2.5 million to \$35.6 million (Restated Q3 2017: \$38.1 million) for Q3 2018 but remained flat at \$103.9 million (Restated YTD Sep 2017: \$103.4 million) for YTD Sep 2018. The decrease for Q3 2018 was due to lower management fees earned.

Pre-tax profits decreased by \$2.9 million to \$7.0 million (Restated Q3 2017: \$9.9 million) for Q3 2018 but increased by \$6.4 million to \$20.5 million (Restated YTD Sep 2017: \$14.1 million) for YTD Sep 2018. The decrease for Q3 2018 was in tandem with the decrease in revenue, coupled with fair value loss on re-measurement of financial assets measured at fair value through profit or loss. For YTD Sep 2018, the increase was attributable to higher share of profit from FSGL's property financing business derived from loans advanced to its associates and joint ventures in Europe region, increased loan portfolio in China as well as net penalty interest income recognised from successful enforcement on the defaulted loans. The increase was partially offset by fair value loss on re-measurement of financial assets including quoted equities and funds.

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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 18 of Appendix 7.2 for the required details*)

	Full Year 2017 S\$'000	Full Year 2016 S\$'000
Ordinary	72,744	72,744
Special	90,930	72,744
Preference	12,904	12,922
Total	176,578	158,410

The final tax-exempt (one-tier) ordinary dividend and special final tax-exempt (one-tier) ordinary dividend for the year ended 31 December 2017 of 8.0 cents and 6.0 cents respectively per ordinary share had been approved by the ordinary shareholders at the Annual General Meeting held on 25 April 2018 and the dividend amounts are based on the number of issued ordinary shares as at 2 May 2018.

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
8 November 2018

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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 third quarter and the 9-month period ended 30 September 2018 to be false or misleading in any material respect.

On behalf of the Board of Directors

Kwek Leng Beng
Executive Chairman

Lim Yin Nee Jenny
Director

Singapore, 8 November 2018