CITY DEVELOPMENTS LIMITED
(REG. NO. 196300316Z)

UNAUDITED SECOND QUARTER AND HALF YEAR FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE 2017

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

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

These figures have not been audited.

	The Group Second quarter ended 30 June		Incr/ (Decr)	The Group Half year ended 30 June		Incr/ (Decr)
	2017 S$'000	**2016 S$'000**	**%**	**2017 S$'000**	**2016 S$'000**	**%**
Revenue	854,085	1,092,372	(21.8)	1,637,836	1,815,678	(9.8)
Cost of sales	(437,809)	(652,307)	(32.9)	(855,604)	(1,017,587)	(15.9)
Gross profit	416,276	440,065	(5.4)	782,232	798,091	(2.0)
Other operating income (2)	524	13,199	(96.0)	2,023	23,337	(91.3)
Administrative expenses	(128,362)	(127,638)	0.6	(260,000)	(260,137)	(0.1)
Other operating expenses (3)	(85,676)	(111,647)	(23.3)	(188,655)	(204,648)	(7.8)
Profit from operating activities	202,762	213,979	(5.2)	335,600	356,643	(5.9)
Finance income (4)	14,424	8,937	61.4	26,469	24,122	9.7
Finance costs	(29,932)	(30,347)	(1.4)	(60,176)	(60,376)	(0.3)
Net finance costs	(15,508)	(21,410)	(27.6)	(33,707)	(36,254)	(7.0)
Share of after-tax profit of associates (5)	2,959	2,693	9.9	7,625	6,585	15.8
Share of after-tax (loss)/profit of joint ventures (6)	(4,806)	9,809	NM	(9,277)	16,493	NM
Profit before tax (1)	185,407	205,071	(9.6)	300,241	343,467	(12.6)
Tax expense (7)	(30,809)	(37,588)	(18.0)	(46,408)	(52,060)	(10.9)
Profit for the period	154,598	167,483	(7.7)	253,833	291,407	(12.9)
Attributable to:						
Owners of the Company	**109,878**	**133,802**	(17.9)	**195,345**	**239,140**	(18.3)
Non-controlling interests	44,720	33,681	32.8	58,488	52,267	11.9
Profit for the period	154,598	167,483	(7.7)	253,833	291,407	(12.9)
Earnings per share						
- basic	11.4 cents	14.0 cents	(18.6)	20.8 cents	25.6 cents	(18.8)
- diluted	11.4 cents	14.0 cents	(18.6)	20.5 cents	25.1 cents	(18.3)

NM: Not Meaningful

Notes to the Group's Income Statement:

(1) Profit before tax includes the following:

	The Group Second quarter ended 30 June		The Group Half year ended 30 June	
	2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000
Interest income	14,060	8,822	24,373	23,352
Gain on liquidation of and loss of control in subsidiaries	-	1,043	-	1,043
Investment income	1,147	1,343	1,410	2,704
(Loss)/Profit on realisation/sale of investments and property, plant and equipment (net)	(34)	7,946	965	16,980
Allowance written back for foreseeable losses on a development property	15,352	-	15,352	-
Depreciation and amortisation	(54,327)	(53,392)	(107,494)	(104,983)
Interest expenses	(27,688)	(27,082)	(55,421)	(52,705)
Net exchange gain/(loss)	868	(5,273)	(6,920)	(2,748)
Net change in fair value of financial assets held for trading	364	(441)	2,096	(1,472)
Write-back of impairment loss/(Impairment losses) on loans to a joint venture (net)	22,434	(238)	22,188	(480)
Impairment loss on goodwill arising from acquisition of a subsidiary	(6,648)	-	(6,648)	-

(2) Other operating income comprises mainly management fee, miscellaneous income and profit on realisation/sale of investments and property, plant and equipment, decreased by $12.7 million to $0.5 million (Q2 2016: $13.2 million) for Q2 2017 and $21.3 million to $2.0 million (1H 2016: $23.3 million) for 1H 2017. The decreases for both Q2 2017 and 1H 2017 were mainly due to lower gain recognised on realisation of investment in Real Estate Capital Asia Partners Funds (private real estate funds). In addition, a gain of approximately $4.2 million recorded in Q2 2016 following settlement with insurers in respect of material damage claim relating to fixtures, fittings and equipment of Millennium Hotel Christchurch which was affected by 2011 New Zealand earthquake, also attributed to the decreases for Q2 2017 and 1H 2017.

(3) Other operating expenses comprise mainly property taxes and insurance on hotels, other operating expenses on hotels, net exchange differences, professional fees and impairment losses made/(write-back of impairment loss) on loans to joint ventures. This had decreased by $25.9 million to $85.7 million (Q2 2016: $111.6 million) for Q2 2017 and $15.9 million to $188.7 million (1H 2016: $204.6 million) for 1H 2017. The decreases for both Q2 2017 and 1H 2017 were mainly due to write-back of impairment loss of approximately $22 million in Q2 2017 previously made on loans advanced by the Group’s subsidiary, Millennium & Copthorne plc (M&C), to a joint venture, (Fena Estate Co. Ltd) as well as lower professional fees incurred. The decreases were partially offset by impairment loss made on goodwill arising from the acquisition of The Lowry Hotel by CDL Hospitality Trusts (CDLHT) in current quarter. On 31 July 2017, M&C disposed of its 50% interest in Fena Estate Co. Ltd (Fena), which owns Pullman Bangkok Grande Sukhumvit, in exchange for a token sum and repayment of the shareholder loans. M&C reversed the impairment loss previously recognised on the loans to Fena to the extent of the shareholder loans recovered of approximately $22 million. For 1H 2017, the higher exchange losses recognised, attributed mainly by the repayment of New Zealand dollar denominated intercompany loan at CDLHT in Q1 2017 had also partially offset the decline in the other operating expenses.

(4) Finance income comprises mainly interest income and fair value gain on financial assets held for trading. This had increased by $5.5 million to $14.4 million (Q2 2016: $8.9 million) for Q2 2017 and $2.4 million to $26.5 million (1H 2016: $24.1 million) for 1H 2017. The increases for Q2 2017 and 1H 2017 were due to higher interest income earned from fixed deposits, together with interest income earned from notes subscribed by the Group via the Group's third profit participation securities established in Q4 2016. This was partially offset by lower interest income earned from loans advanced to joint ventures. The higher fair value gain on financial assets held for trading in current period had also attributed to the increase for 1H 2017.

(5) Share of after-tax profit of associates relates primarily to the Group's share of results of First Sponsor Group Limited (FSGL). This had increased marginally by $0.3 million to $3.0 million (Q2 2016: $2.7 million) for Q2 2017 and $1.0 million to $7.6 million (1H 2016: $6.6 million) for 1H 2017. The increases for Q2 2017 and 1H 2017 were mainly due to the better performances from its sale of properties with higher number of residential units in the Millennium Waterfront project being handed over to buyers.

(6) Share of after-tax loss of $4.8 million for Q2 2017 and $9.3 million for 1H 2017 from joint ventures were recognised vis-à-vis share of after-tax profit of $9.8 million for Q2 2016 and $16.5 million for 1H 2016. These were largely due to absence of contributions from Bartley Ridge and Echelon which obtained Temporary Occupation Permit in Q4 2016 and Q3 2016 respectively and marketing costs expensed off for joint venture development projects.

(7) Tax expense for the period is derived at by applying the varying statutory tax rates on the taxable profits/(losses) and taxable/deductible temporary differences of the different countries in which the Group operates.

	The Group Second quarter ended 30 June		**The Group Half year ended 30 June**	
	2017	**2016**	**2017**	**2016**
The tax charge relates to the following:	**S$'m**	**S$'m**	**S$'m**	**S$'m**
Profit for the period	38.6	38.6	65.6	60.2
Overprovision in respect of prior periods	(7.8)	(1.0)	(19.2)	(8.1)
	30.8	37.6	46.4	52.1

The overall effective tax rate of the Group was 16.6% (Q2 2016: 18.3%) for Q2 2017 and 15.5% (1H 2016: 15.2%) for 1H 2017. Excluding the overprovision in respect of prior periods, the effective tax rate of the Group is 20.8% (Q2 2016: 18.8%) for Q2 2017 and 21.8% (1H 2016: 17.5%) for 1H 2017.

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

	The Group Second quarter ended 30 June		The Group Half year ended 30 June	
	2017	**2016**	**2017**	**2016**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Profit for the period	154,598	167,483	253,833	291,407
Other comprehensive income:				
Item that will not be reclassified to profit or loss:				
Defined benefit plan remeasurements	-	101	-	101
Items that are or may be reclassified subsequently to profit or loss:				
Change in fair value of available-for-sale equity investments	(2,356)	(1,884)	3,918	2,071
Effective portion of changes in fair value of cash flow hedges	(1,075)	-	(1,075)	-
Exchange differences on hedges of net investment in foreign entities	10,104	(22,529)	14,401	(37,937)
Exchange differences on monetary items forming part of net investment in foreign entities	384	(18,345)	(25,606)	(51,305)
Exchange differences realised on liquidation of/loss of control in subsidiaries reclassified to profit or loss	-	(449)	-	(449)
Exchange differences realised upon repayment of intercompany loan which formed part of net investment in foreign entities	-	-	6,499	-
Translation differences arising on consolidation of foreign entities	22,612	(85,883)	(50,277)	(233,390)
Total other comprehensive income for the period, net of tax	**29,669**	**(128,989)**	**(52,140)**	**(320,909)**
Total comprehensive income for the period	**184,267**	**38,494**	**201,693**	**(29,502)**
Attributable to:				
Owners of the Company	**130,816**	**18,021**	**144,705**	**(18,297)**
Non-controlling interests	53,451	20,473	56,988	(11,205)
Total comprehensive income for the period	**184,267**	**38,494**	**201,693**	**(29,502)**

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 30.06.2017 S$'000	As at 31.12.2016 S$'000	As at 30.06.2017 S$'000	As at 31.12.2016 S$'000
Non-current assets					
Property, plant and equipment		5,140,565	5,135,688	7,537	8,368
Investment properties		2,334,250	2,346,114	442,746	444,682
Lease premium prepayment		108,163	113,587	-	-
Investments in subsidiaries		-	-	2,132,213	2,132,213
Investments in associates		369,930	371,370	-	-
Investments in joint ventures		1,077,473	1,090,142	37,360	37,360
Financial assets	(1)	410,682	398,603	31,065	28,329
Other non-current assets		259,961	261,353	1,914,375	1,861,215
		9,701,024	**9,716,857**	**4,565,296**	**4,512,167**
Current assets					
Lease premium prepayment		3,823	3,913	-	-
Development properties		5,184,959	5,208,900	518,131	497,674
Consumable stocks		10,282	11,823	-	-
Financial assets		17,668	16,399	-	-
Trade and other receivables		1,215,110	1,166,493	4,200,220	4,335,835
Cash and cash equivalents		3,295,478	3,673,037	1,712,556	2,043,714
		9,727,320	**10,080,565**	**6,430,907**	**6,877,223**
Total assets		**19,428,344**	**19,797,422**	**10,996,203**	**11,389,390**
Equity attributable to Owners of the Company					
Share capital		1,991,397	1,991,397	1,991,397	1,991,397
Reserves		7,330,101	7,302,411	4,445,125	4,522,002
		9,321,498	9,293,808	6,436,522	6,513,399
Non-controlling interests		2,093,395	2,114,876	-	-
Total equity		**11,414,893**	**11,408,684**	**6,436,522**	**6,513,399**
Non-current liabilities					
Interest-bearing borrowings*		4,114,105	3,954,937	1,741,180	1,808,330
Employee benefits		41,888	42,837	-	-
Other liabilities		384,553	375,646	170,568	170,137
Provisions		82,957	84,917	-	-
Deferred tax liabilities		257,172	271,013	75,299	66,333
		4,880,675	**4,729,350**	**1,987,047**	**2,044,800**
Current liabilities					
Trade and other payables		1,631,350	1,575,230	1,876,910	1,809,538
Interest-bearing borrowings*		1,236,954	1,782,830	674,989	998,216
Employee benefits		25,452	24,544	2,329	2,282
Provision for taxation		216,372	251,629	18,406	21,155
Provisions		22,648	25,155	-	-
		3,132,776	**3,659,388**	**2,572,634**	**2,831,191**
Total liabilities		**8,013,451**	**8,388,738**	**4,559,681**	**4,875,991**
Total equity and liabilities		**19,428,344**	**19,797,422**	**10,996,203**	**11,389,390**

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

<u>Note to the statements of financial position of the Company</u>

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

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 30.06.2017 S$'000	As at 31.12.2016 S$'000
Unsecured			
- repayable within one year		1,074,413	1,462,424
- repayable after one year		3,461,766	3,374,105
	(a)	4,536,179	4,836,529
Secured			
- repayable within one year		163,155	322,472
- repayable after one year		668,622	592,855
	(b)	831,777	915,327
Gross borrowings	(a) + (b)	5,367,956	5,751,856
Less: cash and cash equivalents as shown in the statement of financial position		(3,295,478)	(3,673,037)
Less: restricted deposits included in other non-current assets		(213,531)	(213,531)
Net borrowings		1,858,947	1,865,288

Details of any collateral

Where secured, borrowings are collateralised by:

- mortgages on the borrowing companies' hotels, investment and development properties;
- assignment of all rights and benefits to sale, lease and insurance proceeds in respect of hotels, investment and development properties;
- pledge of cash deposits;
- pledge of shares in a wholly-owned subsidiary;
- a statutory lien on certain assets of a foreign subsidiary; and
- a statutory preferred right over the assets of a foreign subsidiary.

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.

	Second Quarter Ended 30 June		Half Year Ended 30 June	
	2017	**2016**	**2017**	**2016**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Operating Activities				
Profit for the period	154,598	167,483	253,833	291,407
Adjustments for:				
Depreciation and amortisation	54,327	53,392	107,494	104,983
Dividend income	(1,147)	(1,343)	(1,410)	(2,704)
Equity settled share-based transactions	(529)	-	-	-
Finance costs	29,932	30,347	60,176	60,376
Finance income	(14,424)	(8,937)	(26,469)	(24,122)
Gain on liquidation of and loss of control in subsidiaries	-	(1,043)	-	(1,043)
Gain on insurance claim	-	(4,227)	-	(4,227)
Impairment loss on goodwill arising from acquisition of a subsidiary	6,648	-	6,648	-
(Write-back of impairment loss)/Impairment losses on loans to a joint venture (net)	(22,434)	238	(22,188)	480
Tax expense	30,809	37,588	46,408	52,060
Loss/(profit) on realisation of investments	8	(8,027)	(969)	(17,113)
Loss on sale of property, plant and equipment	26	81	4	133
Property, plant and equipment and investment properties written off	3,907	60	4,065	580
Share of after-tax profit of associates	(2,959)	(2,693)	(7,625)	(6,585)
Share of after-tax loss/(profit) of joint ventures	4,806	(9,809)	9,277	(16,493)
Operating profit before working capital changes	243,568	253,110	429,244	437,732
Changes in working capital				
Development properties	83,939	87,172	71,582	17,040
Consumable stocks and trade and other receivables	(40,171)	(139,193)	(26,267)	(101,760)
Trade and other payables	73,971	(80,188)	46,376	(39,484)
Employee benefits	(433)	2,055	(794)	4,988
Cash generated from operations	360,874	122,956	520,141	318,516
Tax paid	(57,512)	(63,611)	(100,146)	(82,185)
Cash flows from operating activities carried forward	**303,362**	**59,345**	**419,995**	**236,331**

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	Second quarter ended 30 June		Half year ended 30 June	
	2017	**2016**	**2017**	**2016**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Cash flows from operating activities brought forward	**303,362**	**59,345**	**419,995**	**236,331**
Investing Activities				
Acquisition of a subsidiary (net of cash acquired) (1)	(92,576)	-	(92,576)	-
Capital expenditure on investment properties	(10,315)	(7,261)	(16,363)	(11,272)
Dividends received				
- an associate	2,114	2,102	2,114	2,126
- financial investments	1,147	1,343	1,410	2,704
- joint ventures	18,990	18,000	18,990	18,000
Interest received	11,150	11,483	19,376	23,009
Deposit received on future subsidiary sale (2)	-	10,251	-	10,251
Payment for intangible assets	(5)	-	(14)	-
Increase in investments in joint ventures (3)	(8,149)	(22,748)	(24,731)	(59,652)
Increase in lease premium prepayment	-	-	-	(263)
Payments for purchase of property, plant and equipment	(25,903)	(62,413)	(59,951)	(107,093)
Proceeds from insurance claims	-	4,227	-	4,227
Proceeds from loss of control over a subsidiary	-	631	-	631
Proceeds from sale of property, plant and equipment	69	52	619	432
(Purchase of)/Disposal of and distribution of income from financial assets	(7,842)	(1,257)	(7,971)	1,968
Cash flows used in investing activities	**(111,320)**	**(45,590)**	**(159,097)**	**(114,932)**
Financing Activities				
Acquisition of non-controlling interests	(7,652)	(270)	(20,976)	(270)
Capital distribution to non-controlling interests	-	-	(2,100)	(675)
Decrease/(Increase) in deposits pledged to financial institutions	14,341	5,285	(102,590)	5,285
Dividends paid	(135,431)	(129,287)	(172,408)	(162,501)
Finance lease payments	(54)	(101)	(198)	(256)
(Increase)/Decrease in restricted cash	(348)	(210)	120	61
Interest paid (including amounts capitalised as investment properties, property, plant and equipment and development properties)	(32,879)	(36,885)	(67,352)	(70,097)
Net (repayments)/proceeds from revolving credit facilities and short-term bank borrowings	(250,780)	55,850	(115,186)	(196,210)
Net increase in amount owing by/decrease in amounts owing to related parties	-	(3,404)	(2,080)	(7,111)
Payment of financing transaction costs	(2,706)	(814)	(7,120)	(1,849)
Proceeds from borrowings	187,453	5,589	187,453	10,806
Proceeds from issuance of bonds and notes	100,000	150,000	100,000	265,000
Repayment of bank borrowings	(266,870)	(25,105)	(268,351)	(53,583)
Repayment of bonds and notes	-	-	(250,000)	(72,100)
(Repayment)/Increase of other long-term liabilities	(10)	(41)	1,509	(153)
Cash flows (used in)/from financing activities (4)	**(394,936)**	**20,607**	**(719,279)**	**(283,653)**
Net (decrease)/increase in cash and cash equivalents	**(202,894)**	**34,362**	**(458,381)**	**(162,254)**

	Second quarter ended 30 June		Half year ended 30 June	
	2017	2016	2017	2016
	S$'000	S$'000	S$'000	S$'000
Net (decrease)/increase in cash and cash equivalents brought forward	**(202,894)**	**34,362**	**(458,381)**	**(162,254)**
Cash and cash equivalents at beginning of the period	3,287,400	3,197,925	3,566,757	3,415,567
Effect of exchange rate changes on balances held in foreign currencies	6,997	(12,420)	(16,873)	(33,446)
Cash and cash equivalents at end of the period	**3,091,503**	**3,219,867**	**3,091,503**	**3,219,867**
Cash and cash equivalents comprise:-				
Cash and cash equivalents as shown in the statement of financial position	3,295,478	3,291,989	3,295,478	3,291,989
Cash and cash equivalents included in assets classified as held for sale	-	64,506	-	64,506
Restricted deposits included in other non-current assets	213,531	-	213,531	-
Less: Deposits pledged to financial institutions	(202,637)	(108,470)	(202,637)	(108,470)
Less: Deposits charged to financial institutions	(213,531)	(26,665)	(213,531)	(26,665)
Less: Restricted cash	(1,338)	(1,485)	(1,338)	(1,485)
Less: Bank overdrafts	-	(8)	-	(8)
	3,091,503	**3,219,867**	**3,091,503**	**3,219,867**

<u>Notes to the statement of cash flows</u>

(1) The cash outflows for Q2 2017 and 1H 2017 relates to the acquisition of The Lowry Hotel by CDLHT in May 2017.

(2) The cash inflows for Q2 2016 and 1H 2016 relates to deposit received from a third party subsequent to the Group entering into a memorandum of understanding with this party for the sale of the Group's 52.52% shareholding in City e-Solutions Limited (CES).

(3) The cash outflows for Q2 2016 and 1H 2016 relates mainly to investments by the Group via preferred equity interest in a joint development of a prime residential land site in Brisbane as well as additional investments in the Group's joint venture mixed use South Beach development. The cash outflows for Q2 2017 and 1H 2017 relates to the Group's progressive investment in South Beach development and Shanghai Distrii Technology Development Co., Ltd, a leading operator of co-working spaces in China.

(4) The Group had net cash outflows from financing activities of $394.9 million (Q2 2016: net cash inflows of $20.6 million) for Q2 2017 and much higher net cash outflows of $719.3 million (1H 2016: $283.7 million) for 1H 2017.

For Q2 2017, the net cash outflow was due to net repayment of borrowings of $230.2 million for Q2 2017 vis-a-vis net proceeds from borrowings of $186.3 million for Q2 2016, coupled with higher dividend paid and acquisition of non-controlling interests relating to the purchase of additional shares in M&C.

For 1H 2017, the increase in net cash outflows was due to higher net repayment of borrowings of $346.1 million (1H 2016: $46.1 million) and higher deposits pledged to financial institutions. In addition, the acquisition of non-controlling interests relating to the 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 and purchase of shares in M&C in Q2 2017 also attributed to the increase in cash outflows.

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	Share Capital S$m	Cap. Res. S$m	Other Res.* S$m	Exch. Fluct. Res. S$m	Accum. Profits S$m	Total S$m	Non-controlling Interests S$m	Total Equity S$m
	Attributable to Owners of the Company							
At 1 January 2017	1,991.4	175.5	29.7	(478.9)	7,576.1	9,293.8	2,114.9	11,408.7
Profit for the period	-	-	-	-	85.5	85.5	13.7	99.2
Other comprehensive income								
Change in fair value of available-for-sale equity investments	-	-	6.3	-	-	6.3	-	6.3
Exchange differences on hedges of net investment in foreign entities	-	-	-	1.2	-	1.2	3.1	4.3
Exchange differences on monetary items forming part of net investment in foreign entities	-	-	-	(26.2)	-	(26.2)	0.2	(26.0)
Exchange differences realised upon repayment of intercompany loan which formed part of net investment in foreign entities	-	-	-	1.5	-	1.5	5.0	6.5
Translation differences arising on consolidation of foreign entities	-	-	-	(54.4)	-	(54.4)	(18.5)	(72.9)
Total other comprehensive income for the period	-	-	6.3	(77.9)	-	(71.6)	(10.2)	(81.8)
Total comprehensive income for the period	-	-	6.3	(77.9)	85.5	13.9	3.5	17.4
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Capital distribution to non-controlling interests	-	-	-	-	-	-	(2.1)	(2.1)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(37.0)	(37.0)
Share-based payment transactions	-	-	0.4	-	-	0.4	0.1	0.5
Transfer to statutory reserves	-	-	4.8	-	(4.8)	-	-	-
Total contributions by and distributions to owners	-	-	5.2	-	(4.8)	0.4	(39.0)	(38.6)
Change in ownership interests in subsidiaries								
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**	**(556.8)**	**7,656.8**	**9,303.6**	**2,070.6**	**11,374.2**
Profit for the period	-	-	-	-	109.9	109.9	44.7	154.6
Other comprehensive income								
Changes in fair value of available-for-sale equity investments	-	-	(2.4)	-	-	(2.4)	-	(2.4)
Effective portion of changes in fair value of cash flow hedges	-	-	(0.7)	-	-	(0.7)	(0.3)	(1.0)
Exchange differences on hedges of net investment in foreign entities	-	-	-	5.3	-	5.3	4.8	10.1
Exchange differences on monetary items forming part of net investment in foreign entities	-	-	-	2.5	-	2.5	(2.1)	0.4
Translation differences arising on consolidation of foreign entities	-	-	-	16.2	-	16.2	6.4	22.6
Total other comprehensive income for the period	-	-	(3.1)	24.0	-	20.9	8.8	29.7
Total comprehensive income for the period	-	-	(3.1)	24.0	109.9	130.8	53.5	184.3
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Dividends paid to owners of the Company	-	-	-	-	(115.5)	(115.5)	-	(115.5)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(19.9)	(19.9)
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)
Changes in ownership interests in subsidiaries								
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**	**(532.7)**	**7,651.3**	**9,321.5**	**2,093.4**	**11,414.9**

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

The Group	Attributable to Owners of the Company							
	Share Capital S$m	Cap. Res. S$m	Other Res.* S$m	Exch. Fluct. Res. S$m	Accum. Profits S$m	Total S$m	Non-controlling Interests S$m	Total Equity S$m
At 1 January 2016	1,991.4	138.7	27.7	(328.8)	7,166.8	8,995.8	2,217.2	11,213.0
Profit for the period	-	-	-	-	105.3	105.3	18.6	123.9
Other comprehensive income								
Change in fair value of available-for-sale equity investments	-	-	4.0	-	-	4.0	-	4.0
Exchange differences on hedges of net investment in foreign entities	-	-	-	(10.8)	-	(10.8)	(4.6)	(15.4)
Exchange differences on monetary items forming part of net investment in foreign entities	-	-	-	(28.9)	-	(28.9)	(4.1)	(33.0)
Translation differences arising on consolidation of foreign entities	-	-	-	(105.9)	-	(105.9)	(41.6)	(147.5)
Total other comprehensive income for the period	-	-	4.0	(145.6)	-	(141.6)	(50.3)	(191.9)
Total comprehensive income for the period	-	-	4.0	(145.6)	105.3	(36.3)	(31.7)	(68.0)
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Capital contribution from non-controlling interests	-	-	-	-	-	-	(0.7)	(0.7)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(33.2)	(33.2)
Total contributions by and distributions to owners	-	-	-	-	-	-	(33.9)	(33.9)
Change in ownership interests in subsidiaries								
Change of interests in subsidiaries without loss of control	-	0.6	-	-	-	0.6	(0.6)	-
Total change in ownership interests in subsidiaries	-	0.6	-	-	-	0.6	(0.6)	-
Total transactions with owners	-	0.6	-	-	-	0.6	(34.5)	(33.9)
At 31 March 2016	**1,991.4**	**139.3**	**31.7**	**(474.4)**	**7,272.1**	**8,960.1**	**2,151.0**	**11,111.1**
Profit for the period	-	-	-	-	133.8	133.8	33.7	167.5
Other comprehensive income								
Defined benefit plan remeasurements	-	-	-	-	0.1	0.1	-	0.1
Changes in fair value of available-for-sale equity investments	-	-	(1.9)	-	-	(1.9)	-	(1.9)
Exchange differences on hedges of net investment in foreign entities	-	-	-	(13.8)	-	(13.8)	(8.7)	(22.5)
Exchange differences on monetary items forming part of net investment in foreign entities	-	-	-	(21.7)	-	(21.7)	3.3	(18.4)
Exchange differences realised on liquidation of/loss of control in subsidiaries reclassified to profit or loss	-	-	-	(0.4)	-	(0.4)	-	(0.4)
Translation differences arising on consolidation of foreign entities	-	-	-	(78.1)	-	(78.1)	(7.8)	(85.9)
Total other comprehensive income for the period	-	-	(1.9)	(114.0)	0.1	(115.8)	(13.2)	(129.0)
Total comprehensive income for the period	-	-	(1.9)	(114.0)	133.9	18.0	20.5	38.5
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Dividends paid to owners of the Company	-	-	-	-	(115.6)	(115.6)	-	(115.6)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(13.7)	(13.7)
Total contributions by and distributions to owners	-	-	-	-	(115.6)	(115.6)	(13.7)	(129.3)
Changes in ownership interests in subsidiaries								
Change of interests in subsidiaries without loss of control	-	1.3	-	-	-	1.3	(1.6)	(0.3)
Expiry of put option granted to non-controlling interests	-	0.7	-	-	-	0.7	-	0.7
Total change in ownership interests in subsidiaries	-	2.0	-	-	-	2.0	(1.6)	0.4
Total transactions with owners	-	2.0	-	-	(115.6)	(113.6)	(15.3)	(128.9)
At 30 June 2016	**1,991.4**	**141.3**	**29.8**	**(588.4)**	**7,290.4**	**8,864.5**	**2,156.2**	**11,020.7**

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

CITY DEVELOPMENTS LIMITED
(REG. NO. 196300316Z)

The Company	Share Capital S$m	Capital Reserve S$m	Fair Value Reserve S$m	Accumulated Profits S$m	Total S$m
At 1 January 2017	1,991.4	63.7	12.3	4,446.0	6,513.4
Profit for the period	-	-	-	33.8	33.8
Other comprehensive income					
Change in fair value of available-for-sale equity investments	-	-	4.3	-	4.3
Total other comprehensive income for the period	-	-	4.3	-	4.3
Total comprehensive income for the period	-	-	4.3	33.8	38.1
At 31 March 2017	**1,991.4**	**63.7**	**16.6**	**4,479.8**	**6,551.5**
Profit for the period	-	-	-	2.1	2.1
Other comprehensive income					
Change in fair value of available-for-sale equity investments	-	-	(1.6)	-	(1.6)
Total other comprehensive income for the period	-	-	(1.6)	-	(1.6)
Total comprehensive income for the period	-	-	(1.6)	2.1	0.5
Transaction with owners, recorded directly in equity					
Contributions by and distributions to owners					
Dividends paid to owners of the Company	-	-	-	(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**	**4,366.4**	**6,436.5**
At 1 January 2016	1,991.4	63.7	10.3	4,001.0	6,066.4
Profit for the period	-	-	-	22.6	22.6
Other comprehensive income					
Change in fair value of available-for-sale equity investments	-	-	3.9	-	3.9
Total other comprehensive income for the period	-	-	3.9	-	3.9
Total comprehensive income for the period	-	-	3.9	22.6	26.5
At 31 March 2016	**1,991.4**	**63.7**	**14.2**	**4,023.6**	**6,092.9**
Profit for the period	-	-	-	499.7	499.7
Other comprehensive income					
Change in fair value of available-for-sale equity investments	-	-	(1.3)	-	(1.3)
Total other comprehensive income for the period	-	-	(1.3)	-	(1.3)
Total comprehensive income for the period	-	-	(1.3)	499.7	498.4
Transaction with owners, recorded directly in equity					
Contributions by and distributions to owners					
Dividends paid to owners of the Company	-	-	-	(115.6)	(115.6)
Total contributions by and distributions to owners	-	-	-	(115.6)	(115.6)
Total transactions with owners	-	-	-	(115.6)	(115.6)
At 30 June 2016	**1,991.4**	**63.7**	**12.9**	**4,407.7**	**6,475.7**

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

Ordinary share capital

There was no change in the Company's issued share capital during the three months ended 30 June 2017.

Preference share capital

There was no change in the Company's issued preference share capital during the three months ended 30 June 2017.

As at 30 June 2017, 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 June 2016: 44,998,898 ordinary shares).

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

The Company did not hold any treasury shares as at 30 June 2017, 31 December 2016 and 30 June 2016.

The total number of issued ordinary shares (excluding treasury shares) as at 30 June 2017 and 31 December 2016 is 909,301,330.

The total number of issued Preference Shares as at 30 June 2017 and 31 December 2016 is 330,874,257.

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the three months ended 30 June 2017.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have neither been audited nor reviewed by our auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

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

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

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

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

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

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

	Second quarter ended 30 June		Half year ended 30 June	
	2017	**2016**	**2017**	**2016**
Basic Earnings per share (cents)	11.4	14.0	20.8	25.6
Diluted Earnings per share (cents)	11.4	14.0	20.5	25.1
Earnings per share is calculated based on:				
a) Profit attributable to owners of the Company (S$'000) (*)	103,479	127,368	188,946	232,706
b) Profit used for computing diluted earnings per share (S$'000)	103,479	133,802	195,345	239,140
c) Weighted average number of ordinary shares in issue:				
- basic	909,301,330	909,301,330	909,301,330	909,301,330
- diluted (**)	909,301,330	954,300,228	954,300,228	954,300,228

** After deducting preference dividends of $6,399,000 paid in Q2 2017 (Q2 2016: $6,434,000 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. For the second quarter ended 30.6.2017, the preference shares were anti-dilutive and therefore were excluded from the calculation of fully diluted earnings per share.*

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	
	30.06.2017 S$	31.12.2016 S$	30.06.2017 S$	31.12.2016 S$
Net Asset Value per ordinary share based on the number of issued 909,301,330 ordinary shares (excluding treasury shares) as at 30 June 2017 (909,301,330 ordinary shares (excluding treasury shares) as at 31 December 2016)	10.25	10.22	7.08	7.16

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 second quarter (Q2 2017) and half year ended (1H 2017) ended 30 June 2017, the Group achieved revenue of $854.1 million (Q2 2016: $1.1 billion) and $1.6 billion (1H 2016: $1.8 billion), and attributable profit after tax and non-controlling interests (PATMI) of $109.9 million (Q2 2016: $133.8 million) and $195.3 million (1H 2016: $239.1 million).

The higher PATMI and revenue for Q2 and 1H 2016 were underpinned by the contribution from Lush Acres Executive Condominium (EC). Excluding the contribution of Lush Acres EC which obtained its Temporary Occupation Permit (TOP) in Q2 2016, when revenue and profit were recognised in entirety upon completion under prevailing accounting policies for ECs, the Group's revenue and PATMI would have increased by 15.7% and 43.4% respectively for Q2 2017, and 12.1% and 7.4% for 1H 2017.

For Q2 and 1H 2017, PATMI and revenue were driven by contribution from well-received projects including Gramercy Park, Coco Palms and The Venue Residences, coupled with continued profit recognition from Hongqiao Royal Lake, Shanghai and Hong Leong City Center (HLCC), Suzhou when the units were handed over to the buyers progressively. With improved market sentiments, ahead of the Additional Buyer's Stamp Duty (ABSD) deadline, the Group's The Venue Residences is fully sold. The Group thus reversed the foreseeable losses previously provided of $15.4 million when the residential market was more subdued. On the back of improving market conditions and increased residential sales activity, the Group should be able to meet Qualifying Certificate (QC) or ABSD timelines for its projects.

In terms of 1H 2017 pre-tax profits, the property development segment took the lead, contributing 55% to the Group's results, followed by the hotel operations segment, comprising Millennium & Copthorne Hotels plc (M&C), in which the Group holds a 65.2% interest. M&C had one-off items in Q2 2017 including the write back of impairment on loans to a joint venture (JV) and a goodwill impairment. At the operating level, trading conditions continued to be challenging particularly in North Asia and New York, in part due to increased room inventories, geopolitical tensions impacting visitor arrivals in Taipei and Seoul, as well as high operating costs in its New York hotels. The weakened Sterling pound further impacted M&C's results upon translation into Singapore dollar (the Group's reporting currency) when consolidated at the Group level.

The rental properties segment reported lower earnings due to the absence of contribution from Exchange Tower in Bangkok (divested in Q4 2016), the closure of Le Grove Serviced Apartments for renovation, as well as exchange losses incurred mainly from the repayment of a New Zealand denominated intercompany loan under CDL Hospitality Trusts (CDLHT) in Q1 2017.

Basic earnings per share stood at 20.8 cents (1H 2016: 25.6 cents) for 1H 2017.

As at 30 June 2017, the Group's net gearing ratio, without considering revaluation surplus from investment properties, remained low at 16%, with interest cover at 10.6 times. The Group's balance sheet continued to remain robust with cash and cash equivalent of $3.5 billion.

The Board is pleased to declare payment of a tax-exempt (one-tier) special interim dividend of 4.0 cents per ordinary share.

Property

Advance estimates indicate that Singapore's economy expanded by 2.5% on a year-on-year basis in Q2 2017, unchanged from the previous quarter. On a quarter-on-quarter, seasonally-adjusted annualised basis, the economy grew by 0.4%, in contrast to a 1.9% contraction in Q1 2017.

On a year-on-year basis, the construction sector contracted by 5.6% in Q2 2017, following a 6.1% decline in Q1 2017, due to a slowdown in both private and public sector construction activities.

Urban Redevelopment Authority (URA) data indicates that private residential property prices decreased by 0.1% in Q2 2017, compared with a 0.4% decline in the previous quarter. While this represents the 15th consecutive quarter of price decline, which is cumulatively 11.6% lower than the peak recorded in Q3 2013, private home prices appear to be bottoming out. The 0.1% decline in Q2 2017 is the smallest decline of the 15 quarters since the peak in Q3 2013. Likewise, the rate of decline for rentals of private residential properties has also moderated, falling by only 0.2% in Q2 2017 compared with a 0.9% decline in the previous quarter. The rental index is 12.5% below its peak in Q3 2013.

In Q2 2017, developers sold 3,077 new private homes excluding ECs, a 3.9% increase versus the 2,962 units sold in the previous quarter. For 1H 2017, developers sold a total of 6,039 units, thereby achieving within six months, 75.8% of full year 2016 sales of 7,972 units. Reinforcing this trend, 2,026 new ECs were sold in 1H 2017, an increase of 8.5% versus the 1,867 units sold in 1H 2016.

The Group continued to book in healthy sales from its launched residential projects. At Gramercy Park, the Group's 174-unit freehold development, Phase 1 (87-unit North Tower) launch has sold 76 units (87%). For Phase 2 (87-unit South Tower) launch, 41 of the 50 units released (82%) have now been sold. Average selling prices achieved has increased from $2,650 per square foot (psf) for its Phase 1 launch to over $2,880 psf for its Phase 2 launch. Gramercy Park is a freehold development in the prestigious District 10 residential estate. Today, freehold properties in prime districts are rare and difficult to secure. With improved sentiments and increased sales activity in the high-end market, the Group is confident that this premium project will continue to attract savvy buyers.

The Group's JV projects currently being marketed have also performed well. All 266 apartments at The Venue Residences are now 100% sold. The 519-unit Forest Woods condominium located near Serangoon MRT Station and NEX Shopping Mall is now more than 88% sold.

The 845-unit Commonwealth Towers located adjacent to the Queenstown MRT Station is 92% sold, while the 944-unit Coco Palms at Pasir Ris MRT Station, is about 97% sold.

Sales of the Group's two JV EC projects are progressing well. The 638-unit The Brownstone, located next to the upcoming Canberra MRT station is over 97% sold, while the 505-unit The Criterion at Yishun is over 65% sold.

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

For the office sector, URA data showed that the decline in prices and rentals has also started to moderate. Prices of office space decreased by 1.4% in Q2 2017, compared with a 4.0% decline in the previous quarter. The overall rental index for office space fell by 1.1% in Q2 2017, compared to a decline of 3.4% in Q1 2017.

After nine consecutive quarters of decline, Grade A and B core Central Business District (CBD) office rents maintained at the same level as the previous quarter and have appeared to bottom out. While a return to strong demand may take time while excess supply of office space is further absorbed, market consensus is that the outlook for the office sector has improved, with a potential for upswing in rentals when supply and demand are rebalanced.

The Group's office portfolio continued to enjoy a healthy occupancy rate of 96.4% as at the end of Q2 2017, compared to the national average occupancy rate of 87.6%.

South Beach

Both the office and retail spaces at the Group's mixed-use JV development South Beach, are fully leased. With direct and convenient connection to the extensive MRT network, the new-to-market F&B outlets are gaining more traction and popularity.

The Group continues to asset manage the hotel's performance by working hand in glove with Marriott International Inc, the operator of the 634-room JW Marriott Hotel Singapore South Beach, to ensure that the hotel operates at its optimal level. The Group is pleased that the hotel has been ramping up well since its official opening in March this year, with good occupancy and positive cash flow, gaining fair share of the market. The Group remains confident that the hotel's performance will continue to improve, especially with key upcoming events such as the Singapore Formula 1 in September. With the remodeled hotel ballroom scheduled to reopen in end August this year, the Group expects the hotel to do even better.

With increased transactions in the high-end residential market, the Group is monitoring market conditions carefully before deciding on the sales or rental options for the 190-unit South Beach Residences. The premium locale and excellent panoramic views of the residences are unmatched; and the asset is a rare jewel. With no QC or ABSD restrictions on this property, the Group can strategise a more opportune time to extract maximum value for this prime property.

Overseas Platforms

UK

Concerns over Brexit continue to dominate UK's economic landscape. The Bank of England (BoE) has cut its forecasts for economic growth and base rate is maintained at a record low of 0.25%. The hung Parliament from the recent UK General Election has created further political uncertainty for the UK. Inflation is on the rise due to the weakened Pound and the increases in the National Living Wage (an obligatory minimum wage), coupled with rising food and security costs are impacting businesses with higher cost base. The uncertainty of Brexit has prompted many highly-qualified professionals as well as European Union (EU) migrant workers, particularly Eastern Europeans, to leave the UK and return to the EU, resulting in shortage of labour across various sectors particularly in hospitality and catering. London has also been laden with terrorism and tragedies such as the Grenfell Tower disaster which has raised serious queries surrounding fire safety provisions and "flammable" cladding materials of high-rise buildings.

While the volume of property sales in London has slowed down particularly in prime residential districts, prices have not dropped significantly. The weakened Sterling currency has buoyed international investment in the Central London office sector to levels not seen prior to the Brexit Referendum in June 2016. With the Stamp Duty increases, there are fewer speculative buyers as they have been replaced by owner-occupiers and other long-term investors.

To err on the side of caution, the Group in its initial period, only made small-scale acquisitions in UK's prime residential districts, seeking to understand the market. It was highly selective in its investments, with strict discipline on entry price points. Two of the Group's larger-scale projects acquired more recently, are in the Borough of Richmond area, outside central London. They are less likely to be impacted by the slowdown of sales volume which has occurred mainly in the prime residential districts. Considering the current market conditions, the Group will remain cautious when seeking for new investment opportunities.

One of the Group's best projects in UK is the Teddington Riverside development. The first phase – Block A, comprising 57 units, which was originally scheduled for launch in Q2 2017, will be formally launched in 2H 2017 due to planning enhancements obtained in July 2017. A substantial number of enquiries have been received.

The Group's small scale projects at Chesham Street in Belgravia and Hans Road in Knightsbridge, comprising six and three fully fitted-out units respectively, are due to be launched in Q1 2018. 90-100 Sydney Street Chelsea is expected to be completed in Q4 2018, and the building contractor has been appointed.

Planning consent is in place for a 34-unit luxury care home at 28 Pavilion Road in Knightsbridge, with the possibility to re-engineer and improve the plan currently under consideration. Demolition works are planned to commence in due course. This site is parallel to M&C's Knightsbridge hotel and they share the same access roads. Given its proximity, the Group plans to synchronise the timing for the constructions works at Pavilion Road with the refurbishment of the hotel. If done concurrently, this can help mitigate the inconveniences that may be caused during construction works due to noise levels and traffic congestion, which can affect the business of both properties.

The Group's 22-acre site at the former Stag Brewery at Mortlake underwent the second and final public consultation in July, with 900 local residents and interested parties participating. A new planning application is scheduled for submission in Q4 2017, with determination targeted for Q2 2018. Consultations are ongoing with all major stakeholders.

The 28,000 sq ft Development House located at 56-64 Leonard Street Shoreditch remains fully leased, with vacant possession expected from Q2 2018. The planning application for the redevelopment is expected to be submitted towards the end of Q3 2017, and determination is expected in Q2 2018.

At the Ransomes Wharf site in Battersea, the Group is moving quickly to implement the existing consent and make certain planning improvements to the scheme. Demolition works are targeted to commence in Q1 2018.

China

The Group's prime, high quality commercial building, Meidao Business Plaza in Shanghai, which was acquired in February 2017 by the wholly-owned subsidiary CDL China Limited, has been renamed as Hong Leong Plaza Hongqiao. Strategically located in Huacao, Minhang District, within the fast-developing Hongqiao CBD, it is situated next to the mega Shanghai Hongqiao International Medical Center which offers an array of medical facilities, and is surrounded by many international schools, upcoming R&D centres and business parks. The property enjoys excellent connectivity as it is close to the Hongqiao Transportation Hub, including Hongqiao International Airport and a network of railways, and a short drive to the Shanghai National Exhibition and Convention Center. With a total gross floor area (GFA) of 32,182 square metres (sqm), this project is poised to benefit from the growth of Shanghai's Hongqiao CBD, with more than 650,000 employees expected to work in this area by end 2020. Hong Leong Plaza Hongqiao comprises five 9-storey office towers and two levels of basement carparks. One of the office towers has approval for strata-titled units. With rising land prices and scarcity of land sales in China, the Group may hold on to this development in its entirety, given strong long-term upside as the Hongqiao CBD area has been identified for fast growth in the Chinese Government's 12th five-year plan and is of strategic importance to Shanghai. Discussions are ongoing with potential tenants largely from the electronics, information and communication technologies sectors.

In Shanghai, following the implementation of property cooling measures, home prices have stabilised, as priority has been given to genuine buyers instead of speculators. The Group's luxury villa development, Hongqiao Royal Lake, which sits on a prime and rare land parcel, has sold 41 out of the 85 villas to date, with a total sales value of RMB 849.6 million. Since villa development is no longer permitted in China, the rarity of such assets will ensure greater upside potential over time. The Group is deliberately reducing the number of villas for sale with the aim of holding a portion of the units for long-term investment.

HLCC, a mixed-use waterfront development located in Suzhou Industrial Park, continues to see healthy demand. The Phase 1 launch, comprising 1,374 residential units (462-unit Tower 1 and 912-unit SOHO) has sold 1,118 units (81%) to date, with a sales value of RMB 2.41 billion.

Phase 2 of HLCC, comprising a 430-unit residential tower, 287-room hotel, 56,000 sqm shopping mall and 30,000 sqm premium Grade A office tower, is expected to complete by Q2 2018. To date, 195 units (45%) of the residential tower have been sold with a sales value of RMB 589 million. The shopping mall will be positioned as a family-friendly mall with a unique mix of local and international brands such as UME International Cinema, Champion ice skating rink and Poyo fitness club. These tenants have signed on to tap growth in Suzhou's retail industry, expand their customer base and gain a foothold in the region. The hotel is also undergoing an exciting transformation and will now be branded under the Group's "M Social" brand. With the successful opening of M Social Singapore followed by the upcoming opening of M Social Auckland, this unique lifestyle brand attempts to cater to discerning travelers who seek a differentiated experience by blending chic design with refreshing vibrancy.

The Group's two projects in Chongqing – the 126-unit luxury Eling Residences and the mixed-use development Huang Huayuan – are well positioned to benefit from the Chongqing Connectivity Initiative and deepening economic ties and cooperation between Singapore and China. Designed by internationally renowned architect Moshe Safdie, Eling Residences is strategically located at the peak of Eling Hill in the Yuzhong District, offering panoramic views of the Yangtze and Jialing Rivers. The Group has been soft marketing the project and to date, 10 units have been booked with a sales value of RMB 97.8 million. There has been increased activity in Chongqing as several MNCs begin to establish their base to support the One Belt, One Road Initiative launched by the Chinese government in 2013. This new era of cooperation could see Chongqing transform into a major hub in the future, as more investments pour into Chongqing.

CDL China's strategic investments in new sharing economy businesses are expected to enhance the Group's long-term recurring income streams meaningfully. Mamahome, one of China's fastest growing online apartment rental platforms in which CDL China has a 20% stake, currently has more than 174,420 apartment listings across 41 cities in China. Distrii, one of China's leading operators of co-working spaces in which the Group holds a 24% stake, currently offers co-working spaces across 15 locations in Shanghai, Beijing and Hangzhou, with 14 more locations scheduled to open by end-2017. As part of its international expansion, Distrii will open one of the largest co-working facilities (over 60,000 sq ft) in Singapore at Republic Plaza in 1H 2018. This will have the dual benefit of offering a new product to the Singapore office market while enhancing Republic Plaza's occupancy levels.

The Group will continue to seek growth opportunities arising from technological disruptions with a focus on strategic investments in synergistic new economy sectors, while holding a positive long-term view of China's property market.

Japan

Japan Cabinet Office's monthly economic report indicated that the Japanese economy is on a moderate recovery. The economy expanded by 0.3% quarter-on-quarter in Q1 2017, maintaining the same growth rate as the prior quarter. On an annualised basis, the economy grew by 1.0% in Q1 2017. In the near term, the economy is expected to recover, supported by the effects of government policies and an improvement in employment.

Based on the Ministry of Land, Infrastructure, Transport and Tourism statistics, the Japan Residential Property Price Index for condominiums and residential land in Tokyo increased by 12% and 7% respectively over the past two years. There were 15,330 condominium transactions in Tokyo in Q1 2017, an increase of 6% over the prior corresponding period.

The Group's JV prime freehold residential project Park Court Aoyama The Tower is located within the highly sought-after Aoyama district in central Tokyo and targets high-end domestic and foreign buyers. It comprises a 26-storey tower with 163 apartments and attractive facilities. To date, over 65% of the units have been sold since its launch in October 2016. The project is expected to be completed in 1H 2018.

The Group is still in discussions with a potential Japanese development partner with the necessary local expertise to help undertake the development and construction of its other prime freehold site in the prestigious residential enclave of Shirokane, also in central Tokyo. The proposed luxury development will include a public park and open spaces to support the local community. After buying out the existing JV partner (a private equity fund) in March this year, the Group now fully owns the site and has more flexibility on the development strategy and timeline. It will require time to create an iconic offering that is befitting of this prime estate. The site should appreciate significantly in value over time and for now will remain as part of the Group's land bank.

The Group will continue to seek attractive investment opportunities in the residential, office and hospitality segments to grow its presence in Japan.

Australia

The Reserve Bank of Australia has kept rates unchanged in 2017 as the economic outlook stabilises. The government continues to monitor the housing market and credit growth closely with prudent lending standards imposed on banks, and the maintenance of additional levies on foreign purchasers of residential properties. Conditions in housing markets continue to vary considerably across the country with Sydney and Melbourne remaining the strongest markets, while Western Australia continues to lag.

The Group's JV project Ivy and Eve, a 476-unit residential development at Merivale Street in the heart of Brisbane's South Bank precinct, is now approximately 96% sold and completion of construction is expected by early 2018.

In early August, the Group entered into a collaboration with Waterbrook Lifestyle Resorts to develop a luxury five-star retirement village in Bayview, Sydney, which marks the Group's initial foray into the burgeoning senior housing sector. The development will be named Waterbrook Bayview and will be built on a 20,000 sqm freehold site. Bayview is an exclusive location within the Northern Beaches that houses a large and growing ageing population and is a short distance from Mona Vale Beach and the Mona Vale shopping and retail precinct.

Waterbrook Bayview will provide resort-style facilities and services including 24/7 concierge service, restaurants, library, cinema, indoor pool/spa, wellness and spiritual centre, games centre, putting green, walking track, interactive gardens, hair and beauty salons, chauffeured courtesy vehicles as well as in-house nurses. The product differentiates itself from the traditional retirement village model through its high-end hospitality experience. Slated for completion in 2020, the project is currently at the planning and design stage, with the number of units and gross development value of the project yet to be finalised.

Waterbrook's past developments, Waterbrook Greenwich and Waterbrook Yowie Bay, are recognised by the retirement industry as today's leading retirement resorts in Australia and they have been awarded many Urban Design Awards and Excellence in Senior Living Awards.

The Group will be participating through debt financing of A$35 million, for which the specific terms are confidential. It is positive on the luxury retirement sector as there is strong unmet demand from a growing demographic of well-heeled retirees who desire to live in well curated communities with good facilities. The Group is excited to embark on this new area of business and intends to collaborate with Waterbrook to set a new benchmark in Australian retirement living and expand the brand throughout Australia, New Zealand and other parts of the world.

Hotels

M&C achieved an increase in PATMI of 62.5% to £39 million for Q2 2017 (Q2 2016: £24 million) and a 40% increase to £42 million for 1H 2017 (1H 2016: £30 million). The increase was due to several non-trading items in pre-tax profits, such as the reversal of impairment of a loan of £12 million to its JV (Fena Estate Co. Ltd). This was in turn partially offset by M&C's impairment losses of £9 million, of which £5 million[1] relates to a hotel in Rest of Asia, and £4 million relates to goodwill impaired for acquisition of The Lowry Hotel in Manchester which was recently acquired by CDLHT. There was also a one-off foreign exchange loss arising at CDLHT of £4 million.

Correspondingly, increased contributions from hotel trading and property resulted in higher revenue for the period. Revenue for Q2 2017 and 1H 2017 increased by 15.9% to £262 million (Q2 2016: £226 million) and by 16.0% to £485 million (1H 2016: £418 million) respectively, in reporting currency.

In constant currency, global revenue per available room (RevPAR) grew 4.9% to £78.69 in 1H 2017 (1H 2016: £75.04), driven by increases in occupancy and average room rates. RevPAR growth was strongest in London, which saw a 10.7% increase in 1H 2017 from higher tourist numbers due to the weak Sterling. In New York, RevPAR grew by 10.0% in 1H 2017, mainly due to increased contribution from ONE UN New York, where the East Tower was closed for refurbishment during the corresponding period last year.

M&C continues to make progress with its selective hotel refurbishment initiatives under its asset enhancement programme. The refurbishment of Millennium Hotel London Mayfair, estimated to cost a total of £40 million, is scheduled to commence later this year, while the refurbishment of Millennium Hotel London Knightsbridge is expected to commence in 2018.

In Asia, the renovation of the Orchard Hotel Singapore's Orchard Wing guestrooms and Hua Ting Restaurant are expected to commence in Q4 2017, with completion expected in early 2018. Works on the reception lobby, all day dining restaurant and bar are scheduled for the latter part of 2018. The final phase of refurbishment works at Grand Millennium Kuala Lumpur, comprising the refresh of guestrooms at levels 7 and 8, are scheduled to complete by end-2017.

In New Zealand, the Copthorne Hotel Auckland Harbourcity – rebranded as M Social Auckland – will soft-open in October 2017. M Social Auckland, a 190-room lifestyle hotel, is located in Auckland's prime CBD waterfront with views of the harbour. Built around the design experience and catered for the millennials and global citizens, it will also be a meeting place with the hotel embracing its neighbourhood, local culture and people who "live, work and play" in the area.

M&C's JV partners and associates, including its Singapore-listed associate, First Sponsor Group Limited (FSGL), contributed £6 million to 1H 2017 profit, a 20% increase from £5 million in 1H 2016.

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

The Group's performance for the period under review is in line with its expectations as disclosed in the announcement of results for the first quarter ended 31 March 2017.

[1] *Whilst M&C recorded impairment losses of £5 million for a hotel in Rest of Asia, the Group did not record this corresponding impairment due to different carrying value of the hotel as the Group adopts its conservative accounting policy of depreciating its hotel assets from its first acquisition.*

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.

The Government expects Singapore's economy to grow around 2.5%, higher than last year, and within its growth forecast of 1.0% to 3.0%.

Singapore's residential property market appears to be bottoming out, with a moderated pace of decline in prices and rents. With improved buyer sentiment, sales continue to gain momentum. According to URA's statistics for 1H 2017, private residential total sales transactions for both primary and secondary markets amounted to 12,107 units, a remarkable increase of 63.7% year-on-year, compared to 1H 2016. New residential project launches in July have also enjoyed strong take-up rates.

Improved buyer sentiment is fueled by several factors, including the possible stabilisation of residential property prices for the first time since the peak of Q3 2013, bullish tender prices by local and foreign developers for Government Land Sales (GLS) sites, and increased activity in the private residential collective en-bloc sales market. Moreover, developers' inventory of unsold stock continues to deplete, and property investments in Singapore remains a competitive asset class when viewed with a medium to long-term perspective.

The Group is well positioned to benefit from any upturn in the Singapore residential market given its diverse range of properties catering to different market segments – from ECs, to mid- and high-end developments. For 1H 2017, the Group, together with its JV associates, sold 691 units including ECs, more than double the units sold in 1H 2016. Sales value also tripled to about $1.15 billion, largely due to the movement of the Group's high-end inventory (1H 2016: 324 units with total sales value of $385.7 million).

For Q3 to date, the Group and its JV associates sold another 182 units including ECs. This brings the total number of units sold year-to-date to 873 units or over 85% of the Group's FY 2016 sales performance. Sales value amounted to $1.36 billion (FY 2016: 1,017 units with total sales value of about $1.25 billion).

The positive sales momentum also assisted the Group's unsold inventory, which is at an all-time low. With recent record land prices achieved for GLS sites within the vicinity of some of the Group's existing projects, this has also enabled the Group to make upward price adjustments in tandem with market demand. The Group will monitor the market closely with plans to launch new projects at the appropriate time.

Given the strong sales of Gramercy Park, the Group plans to launch another high-end project in the Orchard Road vicinity in 2H 2017 – the 124-unit New Futura condominium located at Leonie Hill Road, in the prime District 9 residential enclave. The original Futura (developed in 1976) was famous for its unique and futuristic design. The New Futura keeps to this tradition with its cutting-edge architecture. It has two iconic 36-storey twin towers, cladded with dynamic curved balconies and with six sky terraces interspersed between the two towers. Its stunning architecture is visually elegant and distinct. Its lit crown is a beacon that is visible from afar. Perched on a hill, the apartments boast of breathtaking views of the city skyline and beyond. One of the key attractions of this new project is its freehold status, which is increasingly rare in Singapore. Slated to obtain TOP in Q3 2017, the project comprises two- to four-bedroom apartments and five-bedroom penthouses. Apartment sizes range from 1,098 sq ft to 7,836 sq ft. As new projects in this locale are highly limited, the launch of New Futura is much awaited and is expected to garner keen interest.

In early 2018, the Group plans to launch a new condominium at Tampines Avenue 10. The development comprises seven 15-storey blocks of residential apartments with about 861 units. All units are expected to enjoy a North-South orientation and the development will also include a child care centre on site**.** Located close to the upcoming Tampines West MRT station, residents can enjoy convenient access to nearby amenities at Tampines Central. A popular school, St Hilda's Primary School, is within 1km of the site and other reputable schools in the vicinity include Temasek Polytechnic and United World College South East Asia. The Group won this GLS site in May this year for $370.1 million, translating to a $565.40 per square foot per plot ratio based on the maximum GFA of 60,810 sqm. Since then, land tender bids have escalated tremendously with record prices.

The rate of rental decline in the office sector appears to be slowing, with rentals showing increasing signs of stabilisation. Several new office buildings have registered healthy take-up rates, thus easing pressure on the office market.

While office rentals across Singapore continue to remain challenging, some consultants are of the view that prime office capital values will remain stable due to investment demand, including from foreign sovereign wealth funds and Asian-based property companies seeking expansion into Singapore.

At this stage in the office market cycle, tenants continue to take advantage of favourable market conditions to lock in renewals well ahead of their lease expirations. Given a decrease in the supply of private office space expected by 2019, the Group remains optimistic regarding rental growth potential in the near-term. Post 2018, a modest supply should enable a recovery of rents as new international demand increases.

Asset Enhancement Initiatives

Republic Plaza, the Group's flagship building in the heart of Singapore's CBD, will undergo a $60 million Asset Enhancement Initiative (AEI) that will rejuvenate this iconic office development to cater to the evolving business landscape, increase space efficiency and inject fresh vibrancy. The phased AEI works will commence in Q1 2018 and are expected to complete by 1H 2019. These include the revamp of the main lobby, lift lobbies, driveway and frontage; lift modernisation incorporating Destination Control System and upgrading of lift interiors; addition of new restrooms, upgrading of existing restrooms; and increasing floor-to-ceiling heights of selected office floors.

Republic Plaza's retail space will be enhanced to provide better pedestrian flow and visibility, achieve a more efficient layout, as well as to incorporate M&E infrastructure to facilitate more F&B offerings. A new retail cluster on Level 2 will be created through the conversion of some existing car park spaces. The building's office space will also be enhanced with the upgrading and expansion of bathrooms, as well as the conversion of GFA into more efficient and higher value uses. These enhancements will in turn support the building's tenant mix rejuvenation.

While some tenants will be moving out of Republic Plaza, their shift will be done progressively in phases. Demand for office space at Republic Plaza remain strong as the Grade A building has several enviable attributes. It is located in the heart of Raffles Place with direct underground connectivity to Raffles Place MRT station; ample car park space; and the overall property has been well maintained. Replacement tenants will move in as spaces are vacated.

CDL's corporate office at City House will also relocate to Republic Plaza by Q2 2018, so that all its operations will be housed under one roof, occupying three floors of approximately 42,000 sq ft. This will free up nine floors of space at City House, amounting to about 60,000 sq ft. The Group has already secured a lease commitment for approximately half of this vacated space at City House.

In parallel, Tower Club Singapore, a wholly-owned CDL subsidiary located on the top three floors of Republic Plaza, has embarked on complementary enhancement works to attract new members from building tenants and the surrounding CBD area. Highlights of the AEI, expected to cost close to $3 million, include the renovation of the Straits Bar to create new spaces for members to work and socialise, the installation of a new audio visual and sound system to provide a venue for private or corporate events, and a new kitchen tailored to new food concepts. Works commenced in mid-July and are targeted for completion by mid-October. Tower Club is a premier, members-only business club, and considered the best in town. The renovated Straits Bar will enhance members' experience and continue Tower Club's tradition of excellence.

The Group is progressing well on its AEI for its wholly-owned Le Grove Serviced Apartments located at Orange Grove Road. The $30 million AEI exercise will increase the number of apartments from its current 97 to 173, to cater to evolving needs and growing demand. The property will be refreshed with new features. It is on track to complete by Q2 2018.

Hotels

Despite M&C's performance improvement in 1H 2017, continuing pressures remain on the profitability of hotel operations, particularly in North Asia and New York. Similarly, while the decline in Singapore RevPAR appears to be shallowing out, RevPAR from the Rest of Asia reflected sharper drops, partly due to geopolitical tensions which have impacted visitor arrivals to Taipei and Seoul, especially from China. Room supply also increased in Seoul in 1H 2017, putting additional pressure on occupancy and room rates.

Singapore RevPAR was down by 1.1% with a 4.1% points increase in occupancy more than offset by a 5.8% fall in average room rate. M&C will continue to deploy a competitive pricing strategy in growing its occupancy for Singapore. While results will take time, M&C is confident that it is on the right track. However, the Group is cognisant that headwinds continue to persist with net supply for hotel inventory in Singapore estimated to increase by 2,559 rooms in 2017, representing approximately 4.0% of room stock as at end 2016 and corporate demand might weaken due to macro-economic challenges. Room rates are likely to remain competitive as new hotels seek to build their base.

M&C recognises that its New York region has recently under-performed. As part of its regional strategy, M&C has agreed on a management contract with Hilton for ONE UN New York, which will be re-branded as the Millennium Hilton New York One UN Plaza from 30 August 2017. With the closure and re-development of Waldorf Astoria in midtown Manhattan, which had over 1,400 rooms, Millennium Hilton New York One UN Plaza will become an ideal choice for Hilton's loyal guests. This will be Hilton's second management contract with M&C in New York, joining Millennium Hilton New York Downtown, which celebrates its 25th anniversary year and has been a successful property for M&C. The management contract for ONE UN New York is a major strategic step towards improving performance. In addition, management changes are underway, with an increased focus on sales, costs and controls. Together, these reflect significant steps in M&C's strategy to strengthen its US performance.

On a constant currency basis, global RevPAR was up by 4.3%, with growth registered in all regions apart from Asia for the first three weeks of July. RevPAR for Singapore and Rest of Asia were down by 0.1% and 3.2% respectively. In the same period, RevPAR increases were recorded most notably in Australasia at 32.4%, New York at 9.1%, London at 4.8%, Rest of Europe at 4.0%, and Regional US at 1.7%.

M&C continues to grow its footprint globally. As at 30 June 2017, it had a global pipeline of 18 hotels and around 6,000 rooms.

On 14 July 2017, CDLHT completed its acquisition of Pullman Hotel Munich, a 337-room, 4-star hotel with office and retail components, for €100.6 million, comprising the property price of €98.9 million for its 94.5% interest in the property and payment of approximately €1.7 million based on the estimated net working capital and cash. Located adjacent to the Parkstadt Schwabing commercial district, which houses many MNCs, the property also enjoys easy access to tourist attractions, airport and railway stations, and is connected to the Autobahn linking Munich with Berlin and Frankfurt. The freehold mixed-use property continues to be leased and operated by EVENT Hotels, under the Pullman brand. This acquisition marks CDLHT's maiden entry into Germany.

Group Prospects

The Group is of the view that quarterly results may not be an accurate representation of a real estate company's performance. The property market is cyclical in nature and the booking of profits, particularly for property development, depends largely on the number of projects on hand, the timing of these projects, the cost base, the stage of construction and sales progress. Booking of profits for development projects are also subjected to accounting regulations whether they are recognised progressively or in entirety upon completion, as evident for ECs and overseas projects. Therefore, as real estate companies become more diversified, operating in multiple geographical locations, booking in of profits will increasingly be lumpy.

After several years of subdued market conditions coupled with macro headwinds, the "heartbeat" of Singapore's residential property market is getting stronger with increased activity, and with some vital signs of a possible stabilisation. Although the sustainability of this upward trend remains unclear, the Group is confident that it is well poised to benefit from an upcycle, with multiple avenues for unlocking value from its existing assets.

In addition to strong residential sales, the Group will also benefit from monetisation opportunities to unlock value through potential collective en-bloc prospects for some of its mature assets, as well as possible divestment or repurposing of its non-core properties. The Group adopts a conservative accounting policy of depreciating its assets which are carried at low cost. A capital market transaction would enable the value of the asset to be realised and for the Group to recycle capital.

Singapore is the Group's home ground where it has operated for over 50 years and a market it knows intimately. Land bank is the most important raw material to developers which explains why the land tender prices are at an all-time high, as most developers have hardly any land bank in Singapore. The Group hopes that in due course, the Government will review the QC policy which is imposed on developers with foreign ownership and this includes Singapore developers listed on the Singapore Exchange (SGX). Despite being a locally-controlled company, so long as there is just one foreign shareholder, the QC rules will apply. The Group is of the view that the QC policy is an abnormality which penalizes Singapore real estate companies in their homeland, making it difficult for them to buy land from the private market for land banking as they are subjected to onerous QC punitive restrictions. Thus, local developers must place aggressive bids for GLS sites to compete with foreign developers and contractor-turned developers who have no barriers to entry. If this continues, in view of the pent-up demand from developers for land, this may have unintended consequences of escalating land cost which ultimately leads to higher property prices. A quicker review of the QC policy could help to avoid a dangerous upwards spiral in land and property prices that is not in line with the growth of the economy. To replenish its land bank, the Group will continue to bid strategically while remaining disciplined to core fundamentals.

It is worthwhile to note that many countries like China, Australia, UK and others are at the peak of a property boom and hence, have recently implemented property cooling measures. However, for Singapore, since the peak in 2007, a series of property cooling measures were implemented since 2009 and the measures have helped to ensure a stable and sustainable market. Property cycles differ across geographical markets and are not like-for-like. The volume of property transactions to date are being compared with a low base of the year before, and the market is still far from its previous peak. The Group is confident that the Government will continue to be nimble and make tweaks to these measures in a timely manner, when the situation warrants.

The gestation period for profit recognition from its overseas developments will take longer. However, the Group has already laid the foundation for scalable expansion.

While M&C's hotel performance appears to be improving, the Group remains highly cautious of the operating environment and vulnerabilities, mindful of the competitive landscape and uncertainties that could affect the hospitality industry.

The Group is focused on deploying its war chest for land bank replenishment in Singapore and its key target markets, opportunistic acquisitions, strategic equity investments and external collaborations. Including the recent acquisition of The Pullman Hotel Munich by CDLHT, the Group has made a total of about $3.5 billion in investments since 2014. The Group has a 5-year target set in 2014 to invest $5 billion for acquisitions by 2018.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes.

The Company had on 11 May 2017 declared a tax-exempt (one-tier) non-cumulative preference dividend to holders of City Developments Limited Preference Shares of 1.93 cents per Preference Share, calculated at the dividend rate of 3.9% per annum of the issued price of $1.00 for each Preference Share, for the dividend period from 31 December 2016 to 29 June 2017. The said preference dividend was paid on 30 June 2017.

On 10 August 2017, the Board of Directors declared a tax-exempt (one-tier) special interim ordinary dividend of 4.0 cents per ordinary share.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Yes.

Name of dividend	Tax exempt (One-tier) Special Interim Ordinary Dividend	Tax exempt (One-tier) Preference Dividend
Date of payment	9 September 2016	30 June 2016
Dividend type	Cash	Cash
Dividend amount (in cents)	4.0 cents per Ordinary Share	1.94 cents per Preference Share^
Dividend rate (in %)	N.A.	3.9% per annum on the issue price of each Preference Share
Dividend period	N.A.	From 31 December 2015 to 29 June 2016 (both dates inclusive)
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.*

(c) Date payable

The payment date for tax-exempt (one-tier) special interim ordinary dividend will be paid on 13 September 2017.

(d) Books Closure Date

5pm on 21 August 2017.

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 second quarter ended 30 June 2017 under the IPT Mandate pursuant to Rule 920 (excluding transactions less than $100,000)	
Hong Leong Investment Holdings Pte. Ltd. group of companies	Property-related Provision of cleaning services to interested person	$527,400.00
	Total:	**$527,400.00**
Directors and their immediate family members		Nil

14. Segment Reporting

By Business Segments

	The Group			
	Second quarter ended 30 June		Half year ended 30 June	
	2017	2016	2017	2016
	S$'000	S$'000	S$'000	S$'000
Revenue				
Property Development	302,995	551,529	602,044	774,793
Hotel Operations*	432,197	406,586	798,700	766,000
Rental Properties	86,330	92,830	171,569	186,202
Others	32,563	41,427	65,523	88,683
	854,085	**1,092,372**	**1,637,836**	**1,815,678**
Profit before tax**				
Property Development	83,713	105,828	165,603	182,341
Hotel Operations	68,591	58,935	73,397	69,748
Rental Properties	28,460	31,930	56,869	73,259
Others	4,643	8,378	4,372	18,119
	185,407	**205,071**	**300,241**	**343,467**

** Revenue from hotel operations includes room revenue of $537.8 million (1H 2016: $502.6 million) for 1H 2017 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 decreased by $248.5 million to $303.0 million (Q2 2016: $551.5 million) for Q2 2017 and $172.8 million to $602.0 million (1H 2016: $774.8 million) for 1H 2017.

Pre-tax profits decreased by $22.1 million to $83.7 million (Q2 2016: $105.8 million) for Q2 2017 and $16.7 million to $165.6 million (1H 2016: $182.3 million) for 1H 2017.

Projects that contributed to both revenue and profit in 1H 2017 include Coco Palms, D'Nest, The Venue Residences and Shoppes, Gramercy Park, Hongqiao Royal Lake and Hong Leong City Center. In accordance with the Group's policy of equity accounting for the results of its joint ventures, whilst revenue from joint venture developments such as Commonwealth Towers had not been consolidated into the Group's total revenue, the Group's share of profits arising from the joint venture developments had been included in pre-tax profit.

The substantial decreases in revenue for Q2 2017 and 1H 2017 were largely due to absence of revenue recognition from Lush Acres Executive Condominium (EC) and Jewel@Buangkok which obtained Temporary Occupation Permit (TOP) in 2016 as well as lower contribution form D'Nest. Under prevailing accounting standards, both revenue and profit for EC are recognised in entirety upon TOP. The decreases were however partially offset by sales recognised for Hong Leong City Center, Hongqiao Royal Lake and Gramercy Park, together with increased contribution from The Venue Residences.

The decreases in pre-tax profits for Q2 2017 and 1H 2017 were in tandem with the decreases in revenue, coupled with the absence of share of contribution from its joint venture projects, namely, Bartley Ridge and Echelon, following their completion in 2016. In Q2 2017, the Group wrote back allowance for foreseeable losses amounting to $15.4 million in relation to fully sold The Venue Residences, which mitigated the declines.

Hotel Operations

Revenue for this segment increased by $25.6 million to $432.2 million (Q2 2016: $406.6 million) for Q2 2017 and $32.7 million to $798.7 million (1H 2016: $766.0 million) for 1H 2017.

Pre-tax profits increased by $9.7 million to $68.6 million (Q2 2016: $58.9 million) for Q2 2017 and $3.7 million to $73.4 million (1H 2016: $69.7 million) for 1H 2017.

The increases in revenue for Q2 2017 and 1H 2017 were primarily due to contribution from Grand Millennium Auckland and M Social Hotel which were added to the Group's hotel portfolio last year, together with improved performance from the hotels in New York, particularly increased contribution from ONE UN New York whose East Tower was closed for refurbishment in 1H 2016. Driven by higher tourist numbers due to weaker Sterling Pound, London hotels also recorded better performance with RevPAR up by 7.9% at constant currency in Q2 2017 and 10.7% in 1H 2017. However, the much weaker Sterling Pound against Singapore dollar in current periods had a negative effect on Q2 2017 and 1H 2017 performance when this hotel revenue denominated in Sterling Pound got consolidated to the Group, whose reporting currency is Singapore Dollar.

The increases in pre-tax profits for Q2 2017 and 1H 2017 were due to a range of factors, mainly write-back of impairment loss previously made on shareholder loans advanced of about $22 million to Fena Estate Co. Ltd, a joint venture. On 31 July 2017, M&C disposed of its 50% interest in Fena in exchange for a token sum and repayment of the shareholder loans. M&C reversed the impairment loss previously recognised on the loans to Fena to the extent of the shareholder loans recovered of approximately $22 million. The increases were however partially offset by various factors, including impairment of goodwill by M&C of about $6.6 million in relation to the recent acquisition by CDLHT of The Lowry Hotel in Manchester in Q2 2017. On the other hand, 1H 2016 profit included a $4.2 million gain accounted in Q2 2016 following settlement with insurers in respect of material damage claim relating to fixtures, fittings and equipment of Millennium Hotel Christchurch, which was affected by 2011 New Zealand earthquake. In addition, despite higher revenue, the New York hotels remained loss making due to higher operating costs led by payroll costs and travel agent commissions while UK hotels were impacted by increased security costs following recent terrorist attacks, coupled by pressure on labour supply and operating costs.

Rental Properties

Revenue for this segment decreased by $6.5 million to $86.3 million (Q2 2016: $92.8 million) for Q2 2017 and $14.6 million to $171.6 million (1H 2016: $186.2 million) for 1H 2017.

Pre-tax profits decreased by $3.4 million to $28.5 million (Q2 2016: $31.9 million) for Q2 2017 and $16.4 million to $56.9 million (1H 2016: $73.3 million) for 1H 2017.

The decreases in revenue for Q2 2017 and 1H 2017 were largely due to the absence of rental income following the disposal of equity interest in Exchange Tower Limited which owned a commercial building in October 2016, and closure of Le Grove Serviced Apartments for a major revamp. The declines in pre-tax profits, in tandem with the lower revenue generated, were further impacted by exchange losses recognised by CDLHT mainly from repayment of New Zealand dollar denominated intercompany loan and lower share of rental contribution from FSGL.

Others

Revenue, comprising mainly income from building maintenance contracts, project management, club operations, laundry services and dividend income, decreased by $8.8 million to $32.6 million (Q2 2016: $41.4 million) for Q2 2017 and $23.2 million to $65.5 million (1H 2016: $88.7 million) for 1H 2017. These were due to lower income from building maintenance contracts and project management, absence of hospitality income following the sale of Group's entire 52.52% interest in CES in July 2016 as well as lower dividend income received.

Pre-tax profits decreased by $3.8 million to $4.6 million (Q2 2016: $8.4 million) for Q2 2017 and $13.7 million to $4.4 million (1H 2016: $18.1 million) for 1H 2017. The decreases were attributable to lower gains recognised on realisation of investments in Real Estate Capital Asia Partners Funds (private real estate funds), partially offset by absence of losses from CES following the Group's disposal. In addition, higher net exchange losses recognised in 1H 2017 also attribute to the decrease.

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total Annual Net Dividend (*Refer to Para 18 of Appendix 7.2 for the required details*)

	Full Year 2016 S$'000	Full Year 2015 S$'000
Ordinary	72,744	72,744
Special	72,744	72,744
Preference	12,922	12,904
Total	**158,410**	**158,392**

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

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

Not applicable.

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

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

BY ORDER OF THE BOARD

Shufen Loh @ Catherine Shufen Loh
Company Secretary
11 August 2017

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 second quarter and the half year ended 30 June 2017 to be false or misleading in any material respect.

On behalf of the Board of Directors

Kwek Leng Beng
Executive Chairman

Chan Soon Hee Eric
Director

Singapore, 11 August 2017