Financial Statements and Related Announcement::First Quarter Results

Issuer & Securities

Issuer/ Manager	CITY DEVELOPMENTS LIMITED
Securities	CITY DEVELOPMENTS LIMITED - SG1R89002252 - C09
Stapled Security	No

Announcement Details

Announcement Title	Financial Statements and Related Announcement
Date & Time of Broadcast	11-May-2016 18:24:12
Status	New
Announcement Sub Title	First Quarter Results
Announcement Reference	SG160511OTHRF2PK
Submitted By (Co./ Ind. Name)	Enid Ling Peek Fong
Designation	Company Secretary
Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)	Please see the attached.

Additional Details

For Financial Period Ended	31/03/2016
Attachments	CDL_Q12016.pdf Total size =168K

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CITY DEVELOPMENTS LIMITED
(REG. NO. 196300316Z)

UNAUDITED FIRST QUARTER FINANCIAL STATEMENT FOR THE PERIOD ENDED 31 MARCH 2016

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

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

These figures have not been audited.

	The Group Three months ended 31 March		
	2016	**2015**	**Incr/ (Decr)**
	S$'000	**S$'000**	**%**
Revenue	723,306	814,939	(11.2)
Cost of sales	(365,280)	(444,404)	(17.8)
Gross profit	358,026	370,535	(3.4)
Other operating income [2]	10,138	838	1,109.8
Administrative expenses [3]	(132,499)	(128,070)	3.5
Other operating expenses [4]	(93,001)	(97,785)	(4.9)
Profit from operating activities	142,664	145,518	(2.0)
Finance income [5]	15,185	11,604	30.9
Finance costs [6]	(30,029)	(30,654)	(2.0)
Net finance costs	(14,844)	(19,050)	(22.1)
Share of after-tax profit of associates [7]	3,892	3,713	4.8
Share of after-tax profit of joint ventures [8]	6,684	38,483	(82.6)
Profit before tax [1]	138,396	168,664	(17.9)
Tax expense [9]	(14,472)	(24,634)	(41.3)
Profit for the period	123,924	144,030	(14.0)
Attributable to:			
Owners of the Company	**105,338**	**123,029**	(14.4)
Non-controlling interests	18,586	21,001	(11.5)
Profit for the period	123,924	144,030	(14.0)
Earnings per share			
- basic	11.6 cents	13.5 cents	(14.1)
- diluted	11.0 cents	12.9 cents	(14.7)

Notes to the Group's Income Statement:

(1) Profit before tax includes the following:

	The Group Three months ended 31 March	
	2016 S$'000	2015 S$'000
Interest income	14,530	11,345
Profit on realisation/sale of investments and property, plant and equipment (net)	9,034	10
Investment income	1,361	1,284
Gain on liquidation of investment in a subsidiary	-	483
Net change in fair value of financial assets held for trading	(1,031)	181
Net exchange gain/(loss)	2,525	(658)
Depreciation and amortisation	(51,591)	(51,045)
Interest expenses	(25,623)	(27,905)
Impairment loss on loans to a joint venture	(242)	(258)

(2) Other operating income comprising mainly management fee, miscellaneous income and profit on realisation of sale of investments, and property, plant and equipment, increased by $9.3 million to $10.1 million (Q1 2015: $0.8 million) for Q1 2016. The increase was mainly due to gain recognised on realisation of investments in a private real estate fund in Q1 2016. There was no such gain in Q1 2015.

(3) Administrative expenses comprising primarily depreciation, hotel administrative expenses, operating lease expenses and salaries and related expenses, increased by $4.4 million to $132.5 million (Q1 2015: $128.1 million) for Q1 2016. The increase was largely due to higher salaries and related expenses and depreciation arising from the acquisition of 2 hotels by the Group's subsidiaries in 2015. In addition, those hotels that were recently refurbished also contributed to the higher depreciation. This was however partially offset by the absence of depreciation from Central Mall Office Tower, 7 & 9 Tampines Grande and Manulife Centre which the Group had disposed of the leasehold interests in these 3 investment properties in December 2015.

(4) Other operating expenses comprise mainly property taxes and insurance on hotels, other operating expenses on hotels, net exchange differences and professional fees. Other operating expenses decreased by $4.8 million to $93.0 million (Q1 2015: $97.8 million) for Q1 2016. The decrease was primarily due to net exchange gains accounted in Q1 2016 vis-à-vis net exchange losses incurred in Q1 2015. This was coupled with lower professional fees incurred in Q1 2016.

(5) Finance income comprising mainly interest income and fair value gain on financial assets held for trading, increased by $3.6 million to $15.2 million (Q1 2015: $11.6 million) for Q1 2016 due to higher interest income earned.

(6) Finance costs, comprise primarily interest on borrowings, fair value loss on financial assets held for trading and amortisation of capitalised transaction costs on borrowings. Finance costs remained relatively constant at $30.0 million (Q1 2015: $30.7 million) for Q1 2016.

(7) Share of after-tax profit of associates relates primarily to the Group's share of results of First Sponsor Group Limited (FSGL). This had increased marginally by $0.2 million to $3.9 million (Q1 2015: $3.7 million) for Q1 2016. Though FSGL reported higher contribution from rental properties with its investment in Zuiderhof I and Arena Towers located in Netherlands, acquired in February 2015 and June 2015 respectively, its property financing performance was impacted by various loan defaults in December 2015 and January 2016 respectively, leading to no interest income being recognised on these loans after the point of default.

(8) Share of after-tax profit from joint ventures decreased by $31.8 million to $6.7 million (Q1 2015: $38.5 million) for Q1 2016 largely due to absence of profit recognised in entirety from an executive condominium (EC), The Rainforest which obtained Temporary Occupation Permit (TOP) in March 2015. Under prevailing accounting standards, profit from sale of EC is recognised in entirety only upon TOP. Reduced contribution from Bartley Ridge and The Inflora as well as the pre-operating expenses incurred by The South Beach, a 654-room hotel that soft opened in September 2015, also attributed to the decline.

(9) Tax expense for the period is derived at by applying the varying statutory tax rates on the taxable profits/(losses) and taxable/deductible temporary differences of the different countries in which the Group operates, and after adjustment for overprovision of taxation in respect of prior periods of $7.1 million (Q1 2015: underprovision of $0.3 million).

The overall effective tax rate of the Group for Q1 2016 was 10.5% (Q1 2015: 14.6%). Excluding the under/(over) provision in respect of prior periods, the effective tax rate of the Group for Q1 2016 would be 15.6% (Q1 2015: 14.5%).

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

	The Group Three months ended 31 March	
	2016	**2015**
	S$'000	**S$'000**
Profit for the period	123,924	144,030
Other comprehensive income:		
Item that will not be reclassified to profit or loss:		
Defined benefit plan remeasurements	-	(118)
Items that are or may be reclassified subsequently to profit or loss:		
Change in fair value of available-for-sale equity investments	3,955	7
Effective portion of changes in fair value of cash flow hedges	-	(236)
Exchange differences on hedges of net investment in foreign entities	(15,408)	(21,725)
Exchange differences on monetary items forming part of net investment in foreign entities	(32,960)	16,908
Exchange differences realised on liquidation of an associate and a subsidiary reclassified to profit or loss	-	7,938
Translation differences arising on consolidation of foreign entities	(147,507)	84,010
	(191,920)	86,902
Other comprehensive income for the period, net of tax	**(191,920)**	**86,784**
Total comprehensive income for the period	**(67,996)**	**230,814**
Attributable to:		
Owners of the Company	**(36,318)**	**176,383**
Non-controlling interests	(31,678)	54,431
Total comprehensive income for the period	**(67,996)**	**230,814**

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

	Note	The Group		The Company	
		As at 31.03.2016 S$'000	As at 31.12.2015 S$'000	As at 31.03.2016 S$'000	As at 31.12.2015 S$'000
Non-current assets					
Property, plant and equipment		5,019,673	5,174,873	9,142	9,681
Investment properties		2,565,867	2,583,675	450,040	452,243
Lease premium prepayment		115,559	120,134	-	-
Investments in subsidiaries		-	-	2,136,656	2,136,656
Investments in associates		342,333	351,211	-	-
Investments in joint ventures		968,254	955,384	37,360	37,360
Investments in financial assets	(1)	234,443	198,504	30,198	25,857
Other non-current assets	(2)	46,546	46,703	1,199,771	1,079,174
		9,292,675	**9,430,484**	**3,863,167**	**3,740,971**
Current assets					
Development properties	(3)	5,553,016	5,514,894	400,728	353,131
Lease premium prepayment		3,863	3,985	-	-
Consumable stocks		10,845	11,236	-	-
Financial assets		28,936	31,416	-	-
Trade and other receivables		1,736,660	1,761,630	5,582,750	5,614,534
Cash and cash equivalents		3,342,935	3,564,885	1,977,570	2,152,392
		10,676,255	**10,888,046**	**7,961,048**	**8,120,057**
Total assets		**19,968,930**	**20,318,530**	**11,824,215**	**11,861,028**
Equity attributable to Owners of the Company					
Share capital		1,991,397	1,991,397	1,991,397	1,991,397
Reserves		6,968,714	7,004,395	4,101,469	4,075,020
		8,960,111	8,995,792	6,092,866	6,066,417
Non-controlling interests		2,151,019	2,217,223	-	-
Total equity		**11,111,130**	**11,213,015**	**6,092,866**	**6,066,417**
Non-current liabilities					
Interest-bearing borrowings*		4,381,611	4,571,969	2,354,002	2,515,979
Employee benefits		25,381	28,500	-	-
Other liabilities		346,773	345,004	172,065	170,119
Provisions		50,608	53,084	-	-
Deferred tax liabilities		278,782	274,998	53,845	44,155
		5,083,155	**5,273,555**	**2,579,912**	**2,730,253**
Current liabilities					
Trade and other payables		1,684,988	1,602,289	2,252,581	2,230,138
Interest-bearing borrowings*		1,790,979	1,910,732	857,636	793,258
Employee benefits		22,482	22,566	1,944	1,684
Provision for taxation		246,391	259,331	39,276	39,278
Provisions		29,805	37,042	-	-
		3,774,645	**3,831,960**	**3,151,437**	**3,064,358**
Total liabilities		**8,857,800**	**9,105,515**	**5,731,349**	**5,794,611**
Total equity and liabilities		**19,968,930**	**20,318,530**	**11,824,215**	**11,861,028**

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

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

1) The increase for the Company was mainly due to fair value gain recognised on its investment in shares of Secura Group Limited following its listing on Catalist of Singapore Exchange in January 2016.

   The increase for the Group was mainly due to the Group's participation in a joint development of a residential land site in Brisbane by providing funding via preferred equity interest as well as the aforesaid fair value gain recognised.

2) The increase for the Company was mainly due to reclassification of loans due from a subsidiary from trade and other receivables to other non-current assets as settlement of the loans is neither planned nor likely to occur in foreseeable future.

3) The increase for the Company was due to development expenditure incurred for D'Nest and Coco Palms.

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

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

		As at 31.03.2016 S$'000	As at 31.12.2015 S$'000
Unsecured			
- repayable within one year		1,545,317	1,512,301
- repayable after one year		3,694,554	3,803,141
	(a)	5,239,871	5,315,442
Secured			
- repayable within one year		249,586	402,210
- repayable after one year		701,494	785,052
	(b)	951,080	1,187,262
Gross borrowings	(a) + (b)	6,190,951	6,502,704
Less: cash and cash equivalents as shown in the statement of financial position		(3,342,935)	(3,564,885)
Net borrowings		2,848,016	2,937,819

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.

	Three months ended 31 March	
	2016	**2015**
	S$'000	**S$'000**
Operating Activities		
Profit for the period	123,924	144,030
Adjustments for:		
Depreciation and amortisation	51,591	51,045
Dividend income	(1,361)	(1,284)
Equity settled share-based transactions	-	618
Finance costs	30,029	30,654
Finance income	(15,185)	(11,604)
Gain on liquidation of investment in a subsidiary	-	(483)
Impairment loss on loans to a joint venture	242	258
Tax expense	14,472	24,634
Loss/(Profit) on sale of property, plant and equipment	52	(10)
Profit on realisation of investments	(9,086)	-
Property, plant and equipment written off	520	57
Share of after-tax profit of associates	(3,892)	(3,713)
Share of after-tax profit of joint ventures	(6,684)	(38,483)
Operating profit before working capital changes	184,622	195,719
Changes in working capital		
Development properties	(70,132)	(162,521)
Consumable stocks, trade and other receivables	37,433	26,972
Trade and other payables	40,704	38,969
Employee benefits	2,933	4,753
Cash generated from operations	195,560	103,892
Tax paid	(18,574)	(14,621)
Cash flows from operating activities carried forward	**176,986**	**89,271**

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	Three months ended 31 March	
	2016	**2015**
	S$'000	**S$'000**
Cash flows from operating activities brought forward	**176,986**	**89,271**
Investing Activities		
Acquisition of subsidiaries (net of cash acquired) (1)	-	(5,027)
Capital expenditure on investment properties	(4,011)	(8,279)
Dividends received		
- an associate	24	22
- financial investments	1,361	1,284
- joint ventures	-	2,632
Interest received	11,526	7,078
Increase in investments in joint ventures	(11,068)	(4,208)
Increase in lease premium prepayment	(263)	(73)
Payments for purchase of property, plant and equipment	(44,680)	(32,646)
Proceeds from sale of property, plant and equipment	380	42
(Purchase of)/Disposal and distribution of income from financial assets (2)	(22,611)	2,730
Cash flows used in investing activities	**(69,342)**	**(36,445)**
Financing Activities		
Acquisition of non-controlling interests	-	(41,329)
Capital (distribution to)/contribution by non-controlling interests	(675)	111
Decrease in deposits pledged to financial institutions	-	85,040
Dividends paid	(33,214)	(36,384)
Finance lease payments	(155)	(168)
Interest paid (including amounts capitalised as property, plant and equipment and development properties)	(33,212)	(41,212)
Decrease in restricted cash	271	-
Net (repayments)/proceeds from revolving credit facilities and short-term bank borrowings	(252,060)	43,034
Net increase in amounts owing by related parties (non-trade)	(3,707)	(949)
Payment of financing transaction costs	(1,035)	(3,803)
Proceeds from bank borrowings	5,217	29,040
Proceeds from issuance of bonds and notes	115,000	118,650
Repayment of bank borrowings	(28,478)	(321,353)
Repayment of bonds and notes	(72,100)	(50,000)
Repayment of other long-term liabilities	(112)	-
Cash flows used in financing activities (3)	**(304,260)**	**(219,323)**
Net decrease in cash and cash equivalents	**(196,616)**	**(166,497)**
Cash and cash equivalents at beginning of the period	3,415,567	3,724,731
Effect of exchange rate changes on balances held in foreign currencies	(21,026)	20,858
Cash and cash equvialents at end of the period	**3,197,925**	**3,579,092**
Cash and cash equivalents comprise:-		
Cash and cash equivalents as shown in the statement of financial position	3,342,935	3,662,235
Less: Deposits pledged to financial institutions	(117,242)	(80,682)
Less: Deposit charged to financial institutions	(26,665)	-
Less: Restricted cash	(1,100)	-
Less: Bank overdrafts	(3)	(2,461)
	3,197,925	**3,579,092**

Notes to the statement of cash flows

(1) The cash outflows for Q1 2015 relates to partial payment made in relation to the acquisition of 2 Singapore entities by the Group in January 2015.

(2) The cash outflows for Q1 2016 relates mainly to an investment by the Group via preferred equity interest in a joint development of a prime residential land site in Brisbane, partially offset by proceeds from realisation of a private real estate fund.

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(3) The Group had a higher net cash outflows from financing activities of $304.3 million (Q1 2015: $219.3 million) for Q1 2016 due to higher net repayment of borrowings of $232.4 million (Q1 2015: $180.6 million). In Q1 2015, there was also a reduction in cash deposits pledged to financial institutions but partially offset by purchase of shares in Millennium & Copthorne Hotels plc and acquisition of the remaining 38.7% interest in KIN Holdings Limited by Millennium & Copthorne Hotels New Zealand Limited, an indirect non-wholly owned subsidiary of the Group.

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 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, net of income tax	-	-	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 distribution to non-controlling interests	-	-	-	-	-	-	(0.7)	(0.7)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(33.2)	(33.2)
Total contributions by and distribution 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**
At 1 January 2015	1,991.4	160.6	27.9	(324.2)	6,554.4	8,410.1	2,365.5	10,775.6
Profit for the period	-	-	-	-	123.0	123.0	21.0	144.0
Other comprehensive income								
Defined benefit plan measurements	-	-	-	-	(0.1)	(0.1)	-	(0.1)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	-	(0.2)	(0.2)
Exchange differences on hedges of net investment in foreign entities	-	-	-	(13.2)	-	(13.2)	(8.5)	(21.7)
Exchange differences on monetary items forming part of net investment in foreign entities	-	-	-	16.6	-	16.6	0.3	16.9
Exchange differences realised on liquidation of an associate and a subsidiary reclassified to profit or loss	-	-	-	4.9	-	4.9	3.0	7.9
Share of other reserve movements of associates	-	-	0.4	-	(0.4)	-	-	-
Translation differences arising on consolidation of foreign entities	-	-	-	45.2	-	45.2	38.8	84.0
Total other comprehensive income for the period, net of income tax	-	-	0.4	53.5	(0.5)	53.4	33.4	86.8
Total comprehensive income for the period	-	-	0.4	53.5	122.5	176.4	54.4	230.8
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Capital contribution from non-controlling interests	-	-	-	-	-	-	0.1	0.1
Dividend paid to non-controlling interests	-	-	-	-	-	-	(36.4)	(36.4)
Share-based payment transactions	-	-	0.4	-	-	0.4	0.2	0.6
Total contributions by and distribution to owners	-	-	0.4	-	-	0.4	(36.1)	(35.7)
Changes in ownership interests in subsidiaries								
Acquisition of subsidiaries with non-controlling interests	-	(2.6)	-	-	-	(2.6)	3.1	0.5
Change of interests in subsidiaries without loss of control	-	(13.8)	-	4.5	(0.2)	(9.5)	(31.9)	(41.4)
Total change in ownership interests in subsidiaries	-	(16.4)	-	4.5	(0.2)	(12.1)	(28.8)	(40.9)
Total transactions with owners	-	(16.4)	0.4	4.5	(0.2)	(11.7)	(64.9)	(76.6)
At 31 March 2015	**1,991.4**	**144.2**	**28.7**	**(266.2)**	**6,676.7**	**8,574.8**	**2,355.0**	**10,929.8**

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

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 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, net of income tax	-	-	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**
At 1 January 2015	1,991.4	63.7	12.9	3,793.2	5,861.2
Profit for the period	-	-	-	46.4	46.4
Other comprehensive income					
Change in fair value of available-for-sale equity investments	-	-	(0.3)	-	(0.3)
Total other comprehensive income for the period, net of income tax	-	-	(0.3)	-	(0.3)
Total comprehensive income for the period	-	-	(0.3)	46.4	46.1
At 31 March 2015	**1,991.4**	**63.7**	**12.6**	**3,839.6**	**5,907.3**

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

Ordinary share capital

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

Preference share capital

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

As at 31 March 2016, 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 (31 March 2015: 44,998,898 ordinary shares).

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

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

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

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

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the period ended 31 March 2016.

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

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

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

Not applicable.

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

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those applied in the Group's most recently audited financial statements for the year ended 31 December 2015.

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

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

Amendments to FRS 16 *Property, Plant and Equipment* and FRS 38 *Intangible Assets*
Amendments to FRS 27 *Separate Financial Statements*
Amendments to FRS 111 *Joint Arrangements*
Amendments to FRS 110 *Consolidated Financial Statements,* FRS 112 *Disclosures of Interests in Other Entities* and FRS 28 *Investments in Associates and Joint Ventures*
Improvements to FRSs (November 2014)
Amendments to FRS 1 *Presentation of Financial Statements*

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

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

	Three months ended 31 March	
	2016	**2015**
Basic Earnings per share (cents)	11.6	13.5
Diluted Earnings per share (cents)	11.0	12.9
Earnings per share is calculated based on:		
a) Profit attributable to owners of the Company (S$'000)	105,338	123,029
b) Weighted average number of ordinary shares in issue:		
- basic	909,301,330	909,301,330
- diluted (*)	954,300,228	954,300,228

** For computation of diluted earnings per share, the weighted average number of ordinary shares has been adjusted for any dilutive effect of potential ordinary shares arising from the conversion of all preference shares.*

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares (excluding treasury shares) of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial year.

	The Group		The Company	
	31.03.2016	31.12.2015	31.03.2016	31.12.2015
	S$	S$	S$	S$
Net Asset Value per ordinary share based on the number of issued 909,301,330 ordinary shares (excluding treasury shares) as at 31 March 2016 (909,301,330 ordinary shares (excluding treasury shares) as at 31 December 2015)	9.85	9.89	6.70	6.67

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

<u>Group Performance</u>

For the first quarter ended 31 March 2016 (Q1 2016), the Group reported revenue of $723.3 million (Q1 2015: $814.9 million) and net attributable profit after tax and non-controlling interests of $105.3 million (Q1 2015: $123.0 million). Basic earnings per share stood at 11.6 cents (Q1 2015: 13.5 cents).

The lower revenue and profit were attributable to the subdued performance from the property development and hotel operations segments. The property development segment reported lower profits due to the absence of contribution from The Palette and H_2O Residences following their completion in 2015, reduced contribution from Coco Palms, Jewel@Buangkok and UP@Robertson Quay, partially mitigated by higher contribution from D'Nest and The Venue Residences and Shoppes. In addition, included in Q1 2015 were profits from The Rainforest Executive Condominium (EC) which were recognised in their entirety upon obtaining Temporary Occupation Permit (TOP) under the prevailing accounting standards for ECs. The hotel operations segment was also impacted by weak trading performance from a number of the Group's hotels in key gateway cities, coupled with the competitive hospitality environment faced in major regions, which led to lower room rates and occupancy.

As at 31 March 2016, the Group's balance sheet remained healthy with cash and cash equivalents of $3.3 billion and a net gearing ratio of 26% (without considering any fair value surplus on investment properties). Interest cover for the current period was 9.4 times (Q1 2015: 9.3 times).

<u>Property</u>

Advance estimates indicate that Singapore's economy expanded by 1.8% in Q1 2016 year-on-year, the same growth rate as in Q4 2015. On a quarter-on-quarter seasonally-adjusted annualised basis, growth was flat compared to the 6.2% growth in the preceding quarter.

The construction sector grew by 6.2% on a year-on-year basis, higher than the 4.9% growth in the previous quarter, due to public and private sector projects.

The series of property cooling measures introduced since 2009 continue to impact the property market. Urban Redevelopment Authority (URA) data indicates that prices for private residential properties decreased by 0.7% in Q1 2016, compared to a 0.5% decline in the previous quarter. On a year-on-year basis, prices declined 3.4% compared to Q1 2015. This marks the 10^{th} consecutive quarter of decline since Q3 2013 – the longest consecutive period of decline in nearly 20 years. Domestic home prices are now 9.1% below their last peak in 2013. Rentals of private residential properties fell by 1.3% quarter-on-quarter in Q1 2016, the same rate of decline as in the previous quarter.

In Q1 2016, developers sold 1,419 private residential units, excluding ECs, an 11% decrease versus the 1,603 units sold in Q4 2015.

Despite challenging market conditions, the Group’s two launched EC joint venture (JV) projects continued to book in steady sales. Firstly, The Brownstone, a 638-unit development launched in July 2015, is now about 67% sold. This development is within a five-minute walk to the upcoming Canberra MRT station and enjoys close proximity to Sembawang Shopping Centre and other amenities.

The second EC project, named The Criterion, was launched in September last year. Located at Yishun, this 505-unit development has sold more than 100 units to date. The Criterion is located near Orchid Country Club and many of the apartments will enjoy greenery views of the Club’s golf courses and neighbouring Lower Seletar Reservoir.

The Group also continued to move inventory of its other launched JV residential projects, which registered reasonable sales. The 944-unit Coco Palms, located within a five-minute walk to Pasir Ris MRT station, is now over 88% sold. The 845-unit Commonwealth Towers, located adjacent to Queenstown MRT station, has sold more than 48% of its units.

The Venue Residences and Shoppes, a mixed development near Potong Pasir MRT station, comprising 266 apartments and 28 commercial units, has sold over 79% of the 150 launched residences and over 57% of its commercial units. The 616-unit Jewel@Buangkok, immediately opposite Buangkok MRT station, is now 97% sold.

During the quarter under review, profits were booked in from Jewel@Buangkok and UP@ Robertson Quay. Profits were also contributed by pre-sold JV projects such as Coco Palms, D’Nest, HAUS@SERANGOON GARDEN, The Venue Residences and Shoppes, Echelon and Bartley Ridge.

However, no profits were booked in from the Group’s fully sold Lush Acres EC project, as well as The Brownstone and The Criterion, due to prevailing accounting treatments for ECs.

HAUS@SERANGOON GARDEN obtained its TOP at the end of Q1 2016 and is in the process of handing over.

URA data showed that the overall price index for office space decreased by 0.3% in Q1 2016, compared to a 0.1% decline in the previous quarter. The overall rental index for office space fell by 2.1% in Q1 2016, compared to a decline of 1.8% in Q4 2015.

In Q1 2016, the Group’s office portfolio continued to maintain a healthy occupancy of 97.2%, compared to the national average of 90.8%.

South Beach

South Beach Office Tower, which is part of the Group's mixed-use JV development on Beach Road, is almost fully occupied with 98% leased.

More than 50% of the retail space at South Beach has been leased to date, including the fully-leased South Beach Quarter, which houses four new-to-market F&B establishments that are already operational.

Last quarter, the Group reported that South Beach Consortium (SBC) was reviewing several proposals from major international hotel chains that had expressed their desire to manage its 654-room hotel, and add further value by leveraging their extended international networks. These chains recognise that The South Beach hotel is a premium asset given its prime location and size, which is difficult to secure in Singapore. After much deliberation, SBC is in the process of appointing Marriott International, Inc to operate the hotel, which will be rebranded as JW Marriott Singapore. A Memorandum of Understanding (MOU) has been signed and completion of the appointment is expected shortly.

Overseas Platforms

Australia

Across the broader Australian market, residential price growth eased in Q1 2016, with Australian houses and apartments recording annual growth of 5.7% and 5.4% respectively. There has been a large divergence across the various cities, with Sydney recording an annual growth of 12.2% while Darwin fell by 8.3%. On 3 May 2016, in a response to unexpectedly low inflation, the Reserve Bank of Australia reduced the official cash rate by 25 basis points to 1.75%. Meanwhile, the Australian Prudential Regulation Authority has introduced supervisory measures to strengthen lending standards resulting in tighter credit extended towards the real estate sector, especially foreign buyers. The Group will need to study the impact of these regulatory changes before investing further in this sector. Although conditions have become more challenging, the Group believes that the long-term outlook for the Australian market remains attractive and will continue to explore opportunities.

Pre-sales for the Group's JV residential development in Brisbane's highly sought after South Bank precinct are progressing well due to the project's exceptional location and competitive pricing. Strategically located at Merivale Street in the heart of South Brisbane, the two 30-storey towers named Ivy and Eve, comprising a total of 472 apartments, are approximately 80% sold. Average selling prices range from about A$9,000 to A$10,000 per square metre.

The convenient location offers excellent connectivity to Brisbane's CBD and the future Queen's Wharf integrated resort. The site also enjoys close proximity to the South Brisbane Train Station and major universities.

Early construction works have commenced for the site and the Group expects to realise profits from this project in early 2018.

China

Over the past five years, CDL China Limited, a wholly-owned subsidiary of the Group, has gained a strong foothold in China through its sustained focus on prime locations within the upper tier cities of Suzhou, Shanghai and Chongqing.

In Suzhou, Hong Leong City Center (HLCC) is an integrated mixed-use development next to Jinji Lake in Suzhou Industrial Park district. The first phase consists of a 30-storey, 462-unit residential tower (Tower 1) and a 41-storey, 912-unit SOHO tower (Tower 3) – China's first LEED Platinum serviced apartments. More than 98% of the units in Tower 1 have been sold, and HLCC emerged as the top selling project in Suzhou for 2015. To date, a total of 894 units have been sold, amounting to sales revenue of RMB 1.88 billion (approximately $392 million).

The second phase of HLCC comprises a 28-storey, 430-unit residential tower (Tower 2), a five-star 286-room luxury hotel, a 56,000 sqm shopping mall and a 30,000 sqm premium Grade A office tower. Tower 2 is expected to be launched later this year.

In Shanghai, the government has restricted land supply for low-density residential housing projects and imposed strict control over land use for villas. This regulation helps to preserve the value of villas, making them more exclusive, scarce and valuable. Hongqiao Royal Lake, a 120-unit luxurious villa development, located in the affluent residential enclave of Qingpu, sold 15 villas generating revenue of RMB 291 million (approximately $61 million).

Profits from the HLCC and Hongqiao Royal Lake projects are expected to be booked from 2H 2016.

In Chongqing, the 126-unit Eling Residences located at the peak of Eling Hill in Yuzhong district enjoys an exclusive location endowed with magnificent views. In preparation for its upcoming launch, the show flats are ready and the project has completed site inspections by local authorities. Chongqing is along the new "Silk Road Economic Belt" and will benefit from the "One Belt, One Road" strategy initiated by the Chinese government to enhance regional connectivity from China to key regions like Europe, Russia and other parts of Asia. President Xi Jinping's significant visit to Chongqing in January this year, signals the importance of this city. Prospects are promising as more foreign investments and MNCs set up their operations in one of China's fastest growing metropolises. More than 50% of Fortune 500 companies have already settled down in this city.

Huang Huayuan, CDL China's other prime project also located in the highly sought-after Yuzhong district, has commenced a final review of its unit mix to capitalise on current market demand.

The Group will continue to actively monitor China's real estate market and is optimistic about its longer-term growth prospects. It remains committed to growing its presence in China.

Japan

Japan's economy contracted 0.3% quarter-on-quarter in Q4 2015 compared to a 0.3% increase in the previous quarter. The economy contracted 1.1% on an annualised basis, and the market consensus is that real GDP growth in 2016 and 2017 is expected to be around 1.0%, due primarily to a recovery in consumer spending and further growth in corporate expenditure and exports.

The Bank of Japan kept its pledge to increase the monetary base at an annual pace of about ¥80 trillion (approximately $1 trillion) at its recent April meeting. Policymakers also decided to leave unchanged a 0.1% negative interest rate and said they will adopt a ¥300 billion (approximately $3.8 billion) loan-supplying programme aimed at assisting banks operating in areas impacted by earthquakes since 2011. Given the Bank's negative interest rate policy, an influx of capital into real estate could further compress cap rates. However, a stronger Yen could also raise concerns for corporate earnings outlook and may limit further yield compression, particularly in the case of central Tokyo offices which are now trading at historically low yields.

The Ministry of Land, Infrastructure, Transport and Tourism data indicated that over the past two years, in Tokyo, Japan's Residential Property Price Index for Condominiums increased by 19.7% while residential land prices increased by about 5.8%. In 2015, there were a total of 51,403 condominium transactions in Tokyo, an increase of 8.7% compared to 2014.

The Group's prime freehold site located in the prestigious residential enclave of Shirokane district in Tokyo's Minato ward is targeted at the luxury segment and will include the provision of a public park and open space to support the local community. This expansive 16,815 sqm land parcel is extremely rare and difficult to secure in Tokyo today. As part of a lengthy planning process, an archaeological cultural asset survey was undertaken with no adverse findings. The Group plans to secure the necessary permits for construction, with a sales launch targeted for Q4 2017.

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

UK

The Group's existing UK investments have progressed well whilst it continues to seek high-potential, off-market transactions.

Residential sales of the 82-unit Reading project have all been exchanged bar one unit, and this project is on target to book in profits in Q3 2016. The finished quality of the units has surpassed expectations and the buy-to-let investors are hungry for more similar products. Total sales of the 82 units is £18.4 million (approximately $36 million), with an average selling price of about £610 psf (approximately $1,199 psf).

Chesham Street in Belgravia, Hans Road in Knightsbridge and Sydney Street in Chelsea are all progressing on site. These projects are expected to attract buyers when the schemes are completed in Q4 2016.

The planning application for the Knightsbridge car park at 28 Pavilion Road was resubmitted in Q2 2016, and the Group is confident that the planning application will be approved in Q3 2016.

The Teddington Studios site, in the London Borough of Richmond upon Thames, is in the process of being cleared of all existing buildings, with the basement dig out planned to commence in Q2 2016. The new development will comprise about 217 apartments, six houses, 16 affordable units and 287 secure car parking spaces. The Section 73 planning application is at an advanced stage and should be approved by Q2 2016, with further revisions planned to improve the scheme whilst the basement excavation is underway. There are currently over 250 enquiries from interested buyers.

In the same Richmond Borough, the Group's 22-acre Stag Brewery site, which offers tremendous redevelopment potential for a mixed scheme, has commenced its master planning process, with Squire and Partners appointed as the master planners and architects for the scheme. Planning approval is expected in Q1 2018 and it is anticipated that the development will take place in two phases.

The Group has exchanged contract to purchase Development House at 56-64 Leonard Street in Shoreditch (north of the City of London) for £37.4 million (approximately $73.5 million), an office investment which offers significant redevelopment opportunity. The deal will be completed in the UK on 11 May 2016. Due to a short-term leaseback arrangement with the seller, the completion payment will be made in two instalments, with the second payment in Q4 2017. The existing six-storey office building measures 28,266 sq ft. The property offers the opportunity to redevelop the site into a brand new nine-storey office development of about 90,000 sq ft, which would include ancillary retail space at the ground floor level. The asset is located in the heart of the established location for the Technology, Media and Telecoms sector located 200 metres east of Old Street roundabout, known as 'Silicon Roundabout' given its desirability among tech start-ups. The Shoreditch area enjoys strong demand for office, for which there is limited supply.

While zero inflation in the UK is expected to continue for some time, construction inflation has been running at 7.5%, and is forecast to continue at 6.0% for the current year. Interest rates are expected to remain unchanged.

The 23 June referendum on the UK remaining a member of the European Union is causing a degree of uncertainty, but the fundamentals of the UK economy continue to look promising. With the newly elected Mayor of London seeking new housing initiatives, the long awaited decision on Heathrow's new runway and the Northern Powerhouse initiative, the Group will continue to seek suitable opportunities.

Hotels

Millennium & Copthorne Hotels plc (M&C), in which the Group holds a 65.3% interest, reported PATMI of £6 million for Q1 2016 (Q1 2015: £8 million). M&C's hotel trading performance in Q1 2016 was weaker than last year, with disappointing results from a number of its hotels in major gateway cities. The decline in performance was also a reflection of the challenging conditions faced by several hospitality markets as a result of political and economic uncertainty, structural change within the industry including the growth of 'sharing economy' lodging, online travel agencies and industry consolidation.

Revenue for Q1 2016 increased by 1.6% to £192 million (Q1 2015: £189 million) due to higher contributions from property income, increased contribution from M&C's REIT subsidiary, CDL Hospitality Trusts (CDLHT), and foreign exchange movements. This higher income was partially offset by lower hotel revenue, which declined by 2.9% to £165 million (Q1 2015: £170 million).

Property income for Q1 2016 increased by 62.5% to £13 million (Q1 2015: £8 million), mainly due to a land sale in Christchurch, New Zealand and increased contribution from Millennium Mitsui Garden Hotel Tokyo. Revenue from CDLHT increased by 27.3% to £14 million (Q1 2015: £11 million) mainly attributable to contribution from Hilton Cambridge City Centre, acquired in October 2015.

In Q1 2016, Global RevPAR fell by 2.6%, which translated to a 4.7% decrease in constant currency terms. The reduction was driven by lower occupancy and room rates in most regions, including key gateway cities such as New York, London and Singapore. One of the towers at ONE UN New York is closed for refurbishment; and in Singapore, the refurbishment work at Grand Copthorne Waterfront Hotel, involving the lobby and F&B outlets, negatively impacted the hotel's revenue. Refurbishment works at both hotels are scheduled to complete in Q3 2016.

M&C is working on the refurbishment programme for Millennium Hotel London Mayfair and Millennium Hotel London Knightsbridge, and is reviewing the costs. Works on both hotels are planned for different refurbishment periods to minimise operational disruptions. M&C is currently studying the feasibility of removing rooms from inventory in stages, while keeping the hotels operational.

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

The Group's performance for the period under review is in line with its expectations as disclosed in the announcement of results for year ended 31 December 2015.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Property

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

Residential property prices in Singapore continue to decline across most of the market segments. However on a slightly more positive note, 2016 started with signs of increased activity in the high-end residential market, with reasonable take-up in several project launches. Generally, with the property cooling measures especially the Total Debt Servicing Ratio (TDSR) still in place, buyers remain cautious and selective.

The long-term interest rate environment maintains an upward trend, with the US Federal Reserve raising interest rates in December 2015 for the first time in nearly a decade. More rate hikes are expected going forward.

The Group is preparing to launch Gramercy Park, a prestigious 174-unit freehold condominium at Grange Road, located a short distance from Orchard Road. Apartments range from two-bedroom plus study units to three- and four-bedroom suites, as well as palatial five-bedroom duplex penthouses. Its 24-storey, sculptural twin tower architecture and ample amenities are expected to draw interest from both local and foreign buyers. This coveted development is on an expansive site of about 170,000 sq ft, which is rare in today's marketplace. In land scarce Singapore, it is increasingly difficult to secure prime land of this scale and even if available, the asking price for land alone is exorbitantly high. The Group was fortunate to have secured this site in the earlier years, which affords it the ability to market this product at current market rates. Future stock in this area is expected to be priced higher. The Group is in the midst of its regional overseas roadshows to promote the property, and interest has been positive.

In the office sector, vacancy rates in Q1 2016 saw a marginal decrease due to a lack of new supply over the prior six months, although moving forward, vacancy rates are expected to increase as new supply enters the market. Office rents are also expected to be impacted in the medium-term due to the impending new supply.

While the banking, oil and gas and shipping sectors are expected to face a challenging year, there are several bright spots in the technology, software and e-commerce sectors, which are leading to an influx of new tenants, creating more demand for office space. Tech firms which are in the start-up phase prefer to be located in core CBD locations as the increased convenience helps to attract better talent. More established tech firms with bigger footprints require more space and are likely to explore options in decentralised locations outside the CBD.

Overseas Platforms

In a dislocating market, with strong cash reserves of about $3.3 billion, the Group is well-placed for strategic acquisitions both locally and overseas. Asset values are becoming increasingly attractive, but the Group as always will remain disciplined and diligent in its investment approach.

With a strong international development pipeline of unlaunched residential projects, the Group is focusing on acquiring assets which can contribute immediately to its recurring income streams.

Management Appointments

In April 2016, the Group announced several new appointments to its core leadership, including the appointments of a Deputy Chief Executive Officer, Head of Asset Management and a Chief Financial Officer (a position vacated in end January 2016). These and other appointments were aimed at strengthening the Group's internal capabilities, to ensure that it is well-poised to meet a rapidly changing business environment. The appointments reflect the Group's commitment to groom leaders internally for succession planning and continuity of leadership within the senior management team. These appointments mark the first chapter of an ongoing effort to enhance the Group's organisational structure, systems, and processes, as it pushes forward on its diversification strategies.

Group Prospects

Macroeconomic headwinds for both domestic and international markets continue to persist.

Given these challenging market conditions, prevailing business strategies tend to be disrupted. The Group's diversified portfolio enables it to achieve stability from its durable and predictable recurring income streams, primarily from its hotel operations, rental properties and funds under management businesses, which currently account for 62% of the Group's EBITDA; while also growing its international property business.

The Group anticipates its overseas development projects to begin contributing to its earnings in 2H 2016. Timing of profit recognition will be in accordance with prevailing accounting treatments.

The Group remains watchful of the Singapore residential property market and will respond with agility when the market environment improves. The Group is one of Singapore's property pioneers, with over 50 years of experience – a trusted name with a proven track record. In view of its highly-diversified portfolio, the Group stands to benefit from any signs of recovery across a wide range of market segments.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes.

On 11 May 2016, the Board of Directors, pursuant to the recommendation of the Audit & Risk Committee, declared the payment of a tax-exempt (one-tier) non-cumulative preference dividend to holders of City Developments Limited Preference Shares in accordance with the terms of issue of the Preference Shares. The preference dividend for each Preference Share is calculated at the dividend rate of 3.9% per annum of the issued price of $1.00 for each Preference Share on the basis of 182 days, being the actual number of days comprised in the dividend period from 31 December 2015 to 29 June 2016, divided by 366 days.

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

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Yes.

Name of Dividend	Tax-exempt (One-tier) Preference Dividend
Date of Payment	30 June 2015
Dividend Type	Cash
Dividend Amount (in cents)	1.93 cents per Preference Share^
Dividend rate (in %)	3.9% per annum on the issue price of each Preference Share
Dividend Period	From 31 December 2014 to 29 June 2015 (both dates inclusive)
Issue Price	$1.00 per Preference Share

^ *Preference dividend for each Preference Share is calculated at the dividend rate of 3.9% per annum of the issue price of $1.00 for each Preference Share on the basis of the actual number of days comprised in the dividend period divided by 365 days.*

(c) Date payable

The tax-exempt (one-tier) preference dividend for the period from 31 December 2015 to 29 June 2016 (both dates inclusive) will be paid on 30 June 2016.

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

5.00 pm on 8 June 2016.

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

Not applicable.

13. Interested Person Transactions

Interested Persons	Aggregate value of all interested person transactions conducted in first quarter ended 31 March 2016 under the IPT Mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Hong Leong Investment Holdings Pte. Ltd. group of companies	Nil
Directors and their immediate family members	Nil

14. Segment Reporting

By Business Segments

	The Group			
	Revenue Three months ended 31 March		**Profit before tax (**) Three months ended 31 March**	
	2016 S$'000	**2015 S$'000**	**2016 S$'000**	**2015 S$'000**
Property Development	223,264	298,566	76,513	97,759
Hotel Operations *	359,414	375,975	10,813	33,738
Rental Properties	93,372	99,188	41,329	36,924
Others	47,256	41,210	9,741	243
	723,306	814,939	138,396	168,664

** Revenue from hotel operations include rooms revenue of $229.3 million (Q1 2015: $236.4 million) for Q1 2016 from hotels that are owned by the Group.*

*** Includes share of after-tax profit 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 $75.3 million to $223.3 million (Q1 2015: $298.6 million) whilst pre-tax profit decreased by $21.3 million to $76.5 million (Q1 2015: $97.8 million).

Projects that contributed to both revenue and profit in Q1 2016 include Coco Palms, D'Nest, Jewel@Buangkok, HAUS@SERANGOON GARDEN, The Venue Residences and Shoppes, and UP@Robertson Quay. In accordance with the Group's policy of equity accounting for the results of its joint ventures, whilst revenue from joint venture developments such as The Inflora, Bartley Ridge and Echelon had not been consolidated into the Group's total revenue, the Group's share of profits arising from the joint venture developments had been included in pre-tax profit.

The decrease in revenue was due to absence of contribution from The Palette and H_2O Residences which obtained Temporary Occupation Permit in 2015 and reduced contribution from Coco Palms, Jewel@Buangkok and UP@Robertson Quay. The decrease was however partially offset by higher contribution by D'Nest and The Venue Residences and Shoppes.

The decrease in pre-tax profit was in tandem with the decrease in revenue. The absence of share of profit from a joint venture executive condominium, The Rainforest, being recognised in entirety in Q1 2015 under prevailing accounting standards and lower contribution from Bartley Ridge and The Inflora also attributed to the decrease.

Hotel Operations

Revenue and pre-tax profit for this segment decreased by $16.6 million to $359.4 million (Q1 2015: $376.0 million) and $22.9 million to $10.8 million (Q1 2015: $33.7 million) for Q1 2016 respectively.

The decreases in revenue and pre-tax profit were due to the competitive trading conditions, driven by lower occupancy and room rates in major cities including the Group's key gateway cities of New York, London and Singapore. Notably, the refurbishment work at Grand Copthorne Waterfront Hotel Singapore involving the lobby and F&B outlets, closure of east tower of ONE UN New York in Q1 2016 for refurbishment, recent terrorist attacks in Brussels and Paris had negatively impacted the hotel operation performances in this region. Higher share of pre-operating expenses of The South Beach, a 654-hotel that soft opened in September 2015 also attributed to the lower pre-tax profit. The decreases were however mitigated by the inclusion of Hilton Cambridge City Centre and Hard Days Night Hotel Liverpool acquired in 2015.

Rental Properties

Revenue for this segment decreased by $5.8 million to $93.4 million (Q1 2015: $99.2 million) for Q1 2016 whilst pre-tax profit increased by $4.4 million to $41.3 million (Q1 2015: $36.9 million) for Q1 2016.

The decrease in revenue was largely due to the absence of rental income following sale of leasehold interests in Central Mall Office Tower, 7 & 9 Tampines Grande and Manulife Centre to subsidiaries of Golden Crest Holdings Pte. Ltd., an associate of the Group, in December 2015. The decrease was however partially mitigated by increased rental contribution from Millennium Mitsui Garden Hotel Tokyo and Claymore Connect, a refurbished mall which re-opened in Q4 2015.

Despite a decrease in revenue, pre-tax profit increased mainly due to higher contribution by the Group's associate, First Sponsor Group Limited (FSGL). FSGL's contribution to this segment in Q1 2016 was underpinned by full quarter contribution from its investment in Netherlands, Zuiderhof I and Arena Towers, acquired in February 2015 and June 2015 respectively. This was however partially offset by the aforesaid sale of leasehold interests in investment properties.

Others

Revenue, comprising mainly income from building maintenance contracts, project management, club operations, laundry services and dividend income, increased by $6.1 million to $47.3 million (Q1 2015: $41.2 million) for Q1 2016. This was due to increased income from building maintenance contracts and project management.

Pre-tax profit increased by $9.5 million to $9.7 million (Q1 2015: $0.2 million) for Q1 2016. The increase was in tandem with the higher revenue achieved, coupled with gain recognised on realisation of investments in a private real estate fund in Q1 2016. This was however offset by lower contribution from FSGL's property financing business as no interest income was recognised on various loans which defaulted in December 2015 and January 2016.

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

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

	Full Year 2015 S$'000	Full Year 2014 S$'000
Ordinary	72,744	72,744
Special	72,744	72,744
Preference	12,904	12,904
Total	**158,392**	**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 2015 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 20 April 2016 and the dividend amounts are based on the number of issued ordinary shares as at 5 May 2016.

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

Not applicable.

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

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

BY ORDER OF THE BOARD

Shufen Loh @ Catherine Shufen Loh
Company Secretary
11 May 2016

CONFIRMATION BY THE BOARD

The Directors of the Company hereby confirm, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the Group's unaudited financial results for the 3-month period ended 31 March 2016 to be false or misleading in any material respect.

On behalf of the Board of Directors

Kwek Leng Beng Executive Chairman	**Chan Soon Hee Eric** Director

Singapore, 11 May 2016