CITY DEVELOPMENTS LIMITED
(REG. NO. 196300316Z)

UNAUDITED SECOND QUARTER AND HALF YEAR FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE 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 Second quarter ended 30 June		Incr/ (Decr)	The Group Half year ended 30 June		Incr/ (Decr)
	2016 S$'000	2015 S$'000	%	2016 S$'000	2015 S$'000	%
Revenue	1,092,372	824,935	32.4	1,815,678	1,639,874	10.7
Cost of sales	(652,307)	(415,833)	56.9	(1,017,587)	(860,237)	18.3
Gross profit	440,065	409,102	7.6	798,091	779,637	2.4
Other operating income (2)	13,199	6,457	104.4	23,337	7,295	219.9
Administrative expenses (3)	(127,638)	(128,075)	(0.3)	(260,137)	(256,145)	1.6
Other operating expenses (4)	(111,647)	(97,438)	14.6	(204,648)	(195,223)	4.8
Profit from operating activities	213,979	190,046	12.6	356,643	335,564	6.3
Finance income (5)	8,937	18,078	(50.6)	24,122	29,682	(18.7)
Finance costs (6)	(30,347)	(32,160)	(5.6)	(60,376)	(62,814)	(3.9)
Net finance costs	(21,410)	(14,082)	52.0	(36,254)	(33,132)	9.4
Share of after-tax profit of associates (7)	2,693	2,638	2.1	6,585	6,351	3.7
Share of after-tax profit of joint ventures (8)	9,809	12,280	(20.1)	16,493	50,763	(67.5)
Profit before tax (1)	205,071	190,882	7.4	343,467	359,546	(4.5)
Tax expense (9)	(37,588)	(26,234)	43.3	(52,060)	(50,868)	2.3
Profit for the period	167,483	164,648	1.7	291,407	308,678	(5.6)
Attributable to:						
Owners of the Company	**133,802**	**133,491**	0.2	**239,140**	**256,520**	(6.8)
Non-controlling interests	33,681	31,157	8.1	52,267	52,158	0.2
Profit for the period	167,483	164,648	1.7	291,407	308,678	(5.6)
Earnings per share						
- basic	14.0 cents	14.0 cents	-	25.6 cents	27.5 cents	(6.9)
- diluted	14.0 cents	14.0 cents	-	25.1 cents	26.9 cents	(6.7)

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	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Interest income	8,822	17,690	23,352	29,035
Gain on liquidation of /loss of control in subsidiaries	1,043	-	1,043	483
Investment income	1,343	2,355	2,704	3,639
Profit on realisation/sale of investments, property, plant and equipment (net)	7,946	3,834	16,980	3,844
Allowance written back for foreseeable losses on development properties	-	672	-	672
Depreciation and amortisation	(53,392)	(51,648)	(104,983)	(102,693)
Interest expenses	(27,082)	(29,708)	(52,705)	(57,613)
Net exchange (loss)/gain	(5,272)	8,215	(2,748)	7,557
Net change in fair value of financial assets held for trading	(441)	140	(1,472)	321
Impairment losses on loans to joint ventures (net)	(238)	(943)	(480)	(1,201)

(2) Other operating income comprises mainly management fee, miscellaneous income and profit on realisation/sale of investments, and property, plant and equipment. This had increased by $6.7 million to $13.2 million (Q2 2015: $6.5 million) for Q2 2016 and $16.0 million to $23.3 million (1H 2015: $7.3 million) for 1H 2016. The increase for Q2 2016 was due to gain accounted in respect of material damage claim relating to fixtures, fittings and equipment following a settlement with the insurers in relation to Millennium Hotel Christchurch, one of the hotels affected by the 2011 New Zealand earthquake. The lease for this property had expired and this 2016 settlement is the last insurance claim relating to the Christchurch earthquake damage. Higher income accounted in 1H 2016 was due to the aforesaid gain on insurance claim and increased realisation of investment in a private real estate fund.

(3) Administrative expenses comprise mainly depreciation, hotel administrative expenses, operating lease expenses and salaries and related expenses. This had remained relatively constant at $127.6 million (Q2 2015: $128.1 million) for Q2 2016 but increased by $4.0 million to $260.1 million (1H 2015: $256.1 million) for 1H 2016. The increase in 1H 2016 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 and the opening of M Social located in Robertson Quay. 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, professional fees and impairment losses on loans to joint ventures. This had increased by $14.2 million to $111.6 million (Q2 2015: $97.4 million) for Q2 2016 and $9.4 million to $204.6 million (1H 2015: $195.2 million) for 1H 2016. The increases for both Q2 2016 and 1H 2016 were primarily due to net exchange losses incurred in Q2 2016 and 1H 2016 vis-à-vis net exchange gains accounted in Q2 2015 and 1H 2015 as well as higher professional fees incurred.

(5) Finance income comprises mainly interest income and fair value gain on financial assets held for trading. This had decreased by $9.2 million and $5.6 million for Q2 2016 and 1H 2016 respectively. The decreases for Q2 2016 and 1H 2016 were due to lower interest income earned from loans granted to joint ventures.

(6) Finance costs comprise mainly interest on borrowings, fair value loss on financial assets held for trading and amortisation of capitalised transaction costs on borrowings. This had decreased by $1.8 million and $2.4 million for Q2 2016 and 1H 2016 respectively. The decreases for Q2 2016 and 1H 2016 were due to lower interest expenses incurred on borrowings, partially offset by higher fair value loss on financial assets held for trading accounted in 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 $0.1 million to $2.7 million (Q2 2015: $2.6 million) for Q2 2016 and $0.2 million to $6.6 million (1H 2015: $6.4 million) for 1H 2016. Though FSGL reported increased contribution from property sales with more units being handed over in the current period and 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, leading to no interest income being recognised on these loans after the point of default.

(8) Share of after-tax profit of joint ventures decreased by $2.5 million to $9.8 million (Q2 2015: $12.3 million) for Q2 2016 and $34.3 million to $16.5 million (1H 2015: $50.8 million) for 1H 2016. The decrease for Q2 2016 and 1H 2016 were due to lower contribution from Bartley Ridge and The Inflora as well as absence of contribution from Bartley Residences which obtained Temporary Occupation Permit (TOP) in Q2 2015. In addition, 1H 2016 contribution was also impacted by the absence of profit recognised in entirety from an executive condominium (EC), The Rainforest which obtained TOP in Q1 2015 as well as pre-operating expenses incurred by The South Beach. These decreases were however partially mitigated by higher contribution from Echelon and share of profit recognised from the sale of a hotel in Q2 2016 by a joint venture of City E-Solutions Limited, a non-wholly owned subsidiary of the Group.

(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.

	The Group Second quarter ended 30 June		The Group Half year ended 30 June	
	2016	**2015**	**2016**	**2015**
The tax charge relates to the following:	**S$'m**	**S$'m**	**S$'m**	**S$'m**
Profit for the period	38.6	34.1	60.2	58.5
Overprovision in respect of prior periods	(1.0)	(7.9)	(8.1)	(7.6)
	37.6	26.2	52.1	50.9

The overall effective tax rate of the Group was 18.3% (Q2 2015: 13.7%) for Q2 2016 and 15.2% (1H 2015: 14.1%) for 1H 2016. Excluding the overprovision in respect of prior periods, the effective tax rate of the Group is 18.8% (Q2 2015: 17.9%) for Q2 2016 and 17.5% (1H 2015: 16.3%) for 1H 2016.

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

	The Group Second quarter ended 30 June		The Group Half year ended 30 June	
	2016 S$'000	**2015 S$'000**	**2016 S$'000**	**2015 S$'000**
Profit for the period	167,483	164,648	291,407	308,678
Other comprehensive income:				
Item that will not be reclassified to profit or loss:				
Defined benefit plan remeasurements	101	(266)	101	(384)
Items that are or may be reclassified subsequently to profit or loss:				
Change in fair value of available-for-sale equity investments	(1,884)	(884)	2,071	(877)
Effective portion of changes in fair value of cash flow hedges	-	350	-	114
Exchange differences on hedges of net investment in foreign entities	(22,529)	33,630	(37,937)	11,905
Exchange differences on monetary items forming part of net investment in foreign entities	(18,345)	(31,268)	(51,305)	(14,360)
Exchange differences realised on liquidation of/loss of control in subsidiaries reclassified to profit or loss	(449)	-	(449)	(483)
Exchange differences realised on liquidation of an associate reclassified to profit or loss	-	-	-	(123)
Translation differences arising on consolidation of foreign entities	(85,883)	(114,476)	(233,390)	(21,922)
Other comprehensive income for the period, net of tax	**(128,989)**	**(112,914)**	**(320,909)**	**(26,130)**
Total comprehensive income for the period	**38,494**	**51,734**	**(29,502)**	**282,548**
Attributable to:				
Owners of the Company	**18,021**	**65,338**	**(18,297)**	**241,721**
Non-controlling interests	20,473	(13,604)	(11,205)	40,827
Total comprehensive income for the period	**38,494**	**51,734**	**(29,502)**	**282,548**

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 30.06.2016 S$'000	As at 31.12.2015 S$'000	As at 30.06.2016 S$'000	As at 31.12.2015 S$'000
Non-current assets					
Property, plant and equipment		4,938,622	5,174,873	9,066	9,681
Investment properties		2,572,717	2,583,675	448,535	452,243
Lease premium prepayment		111,744	120,134	-	-
Investments in subsidiaries		-	-	2,136,656	2,136,656
Investments in associates		330,150	351,211	-	-
Investments in joint ventures	(1)	1,006,911	955,384	37,360	37,360
Investments in financial assets		209,089	198,504	28,889	25,857
Other non-current assets	(2)	41,929	46,703	1,412,763	1,079,174
		9,211,162	**9,430,484**	**4,073,269**	**3,740,971**
Current assets					
Development properties	(3)	5,417,882	5,514,894	427,901	353,131
Lease premium prepayment		3,768	3,985	-	-
Consumable stocks		9,653	11,236	-	-
Financial assets		15,891	31,416	-	-
Assets classified as held for sale	(4)	99,980	-	-	-
Trade and other receivables		1,875,248	1,761,630	5,456,698	5,614,534
Cash and cash equivalents		3,291,989	3,564,885	1,948,232	2,152,392
		10,714,411	**10,888,046**	**7,832,831**	**8,120,057**
Total assets		**19,925,573**	**20,318,530**	**11,906,100**	**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		6,873,132	7,004,395	4,484,304	4,075,020
		8,864,529	8,995,792	6,475,701	6,066,417
Non-controlling interests		2,156,232	2,217,223	-	-
Total equity		**11,020,761**	**11,213,015**	**6,475,701**	**6,066,417**
Non-current liabilities					
Interest-bearing borrowings*		4,111,698	4,571,969	2,171,758	2,515,979
Employee benefits		24,689	28,500	-	-
Other liabilities		342,537	345,004	174,167	170,119
Provisions		47,812	53,084	-	-
Deferred tax liabilities		287,550	274,998	60,185	44,155
		4,814,286	**5,273,555**	**2,406,110**	**2,730,253**
Current liabilities					
Trade and other payables		1,579,071	1,602,289	1,785,277	2,230,138
Interest-bearing borrowings*		2,239,056	1,910,732	1,209,964	793,258
Employee benefits		22,868	22,566	2,163	1,684
Provision for taxation		212,109	259,331	26,885	39,278
Provisions		27,121	37,042	-	-
Liabilities classified as held for sale	(4)	10,301	-	-	-
		4,090,526	**3,831,960**	**3,024,289**	**3,064,358**
Total liabilities		**8,904,812**	**9,105,515**	**5,430,399**	**5,794,611**
Total equity and liabilities		**19,925,573**	**20,318,530**	**11,906,100**	**11,861,028**

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

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

1) 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, additional investment in the Group's joint venture mixed use South Beach development and share of after-tax profit contribution from joint ventures but partially offset by dividend income received.

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 and additional loans granted to subsidiaries in 1H 2016.

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

4) As at 30 June 2016, these relate to assets and liabilities associated with City E-Solutions Limited (CES), in which the Group holds 52.52% interest. The Group entered into a memorandum of understanding with a third party in April 2016 to dispose of its entire shareholdings in CES, followed by a share purchase agreement in July 2016. This transaction was completed on 26 July 2016.

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 30.06.2016 S$'000	As at 31.12.2015 S$'000
Unsecured			
- repayable within one year		1,852,690	1,512,301
- repayable after one year		3,578,011	3,803,141
	(a)	5,430,701	5,315,442
Secured			
- repayable within one year		390,049	402,210
- repayable after one year		551,916	785,052
	(b)	941,965	1,187,262
Gross borrowings	(a) + (b)	6,372,666	6,502,704
Less: cash and cash equivalents as shown in the statement of financial position		(3,291,989)	(3,564,885)
Less: cash and cash equivalents included in assets classified as held for sale		(64,506)	-
Net borrowings		3,016,171	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 rights 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	
	2016	2015	2016	2015
	S$'000	S$'000	S$'000	S$'000
Operating Activities				
Profit for the period	167,483	164,648	291,407	308,678
Adjustments for:				
Depreciation and amortisation	53,392	51,648	104,983	102,693
Dividend income	(1,343)	(2,355)	(2,704)	(3,639)
Equity settled share-based transactions	-	621	-	1,239
Finance costs	30,347	32,160	60,376	62,814
Finance income	(8,937)	(18,078)	(24,122)	(29,682)
Gain on liquidation of/loss of control in subsidiaries	(1,043)	-	(1,043)	(483)
Gain on insurance claim	(4,227)	-	(4,227)	-
Impairment losses on loans to joint ventures	238	943	480	1,201
Tax expense	37,588	26,234	52,060	50,868
Profit on realisation of investments	(8,027)	(3,786)	(17,113)	(3,786)
Loss/(Profit) on sale of property, plant and equipment	81	(48)	133	(58)
Property, plant and equipment written off	60	57	580	114
Share of after-tax profit of associates	(2,693)	(2,638)	(6,585)	(6,351)
Share of after-tax profit of joint ventures	(9,809)	(12,280)	(16,493)	(50,763)
Operating profit before working capital changes	253,110	237,126	437,732	432,845
Changes in working capital				
Development properties	87,172	53,087	17,040	(109,434)
Consumable stocks and trade and other receivables	(139,193)	49,729	(101,760)	76,701
Trade and other payables	(80,188)	(48,772)	(39,484)	(9,803)
Employee benefits	2,055	(3,147)	4,988	1,606
Cash generated from operations	122,956	288,023	318,516	391,915
Tax paid	(63,611)	(52,306)	(82,185)	(66,927)
Cash flows from operating activities carried forward	**59,345**	**235,717**	**236,331**	**324,988**

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	Second quarter ended 30 June 2016 S$'000	Second quarter ended 30 June 2015 S$'000	Half year ended 30 June 2016 S$'000	Half year ended 30 June 2015 S$'000
Cash flows from operating activities brought forward	**59,345**	**235,717**	**236,331**	**324,988**
Investing Activities				
Acquisition of subsidiaries (net of cash acquired) (1)	-	(2,201)	-	(7,228)
Capital expenditure on investment properties	(7,261)	(4,380)	(11,272)	(12,659)
Dividends received				
- an associate	2,102	1,649	2,126	1,671
- financial investments	1,343	2,355	2,704	3,639
- joint ventures	18,000	140	18,000	2,772
Interest received	11,483	9,231	23,009	16,309
Decrease in investments in associates	-	29	-	29
Deposit received on future subsidiary sale (2)	10,251	-	10,251	-
Increase in investments in joint ventures (3)	(22,748)	(7,566)	(59,652)	(11,774)
Increase in lease premium prepayment	-	(252)	(263)	(325)
Payments for purchase of property, plant and equipment	(62,413)	(48,165)	(107,093)	(80,811)
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	52	321	432	363
(Purchase of)/Disposal of and distribution of income from financial assets	(1,257)	10,159	1,968	12,889
Cash flows used in investing activities	**(45,590)**	**(38,680)**	**(114,932)**	**(75,125)**
Financing Activities				
Acquisition of non-controlling interests	(270)	(74,262)	(270)	(115,591)
Capital (distribution to)/contribution by non-controlling interests	-	-	(675)	111
Decrease in deposits pledged to financial institutions	5,285	-	5,285	85,040
Dividends paid	(129,287)	(149,433)	(162,501)	(185,817)
Finance lease payments	(101)	(74)	(256)	(242)
(Increase)/Decrease in restricted cash	(210)	-	61	-
Interest paid (including amounts capitalised as investment properties, property, plant and equipment and development properties)	(36,885)	(32,453)	(70,097)	(73,665)
Net proceeds/(repayments) from revolving credit facilities and short-term bank borrowings	55,850	(69,381)	(196,210)	(26,347)
Net increase in amount owing by/decrease in amounts owing to related parties	(3,404)	(331)	(7,111)	(1,280)
Payment of financing transaction costs	(814)	(947)	(1,849)	(4,750)
Proceeds from borrowings	5,589	292,755	10,806	321,795
Proceeds from issuance of bonds and notes	150,000	123,950	265,000	242,600
Repayment of bank borrowings	(25,105)	(13,406)	(53,583)	(334,759)
Repayment of bonds and notes	-	(220,449)	(72,100)	(270,449)
Repayment of other long-term liabilities	(41)	(920)	(153)	(920)
Cash flows from/(used in) financing activities (4)	**20,607**	**(144,951)**	**(283,653)**	**(364,274)**
Net increase/(decrease) in cash and cash equivalents	**34,362**	**52,086**	**(162,254)**	**(114,411)**

	Second quarter ended 30 June		Half year ended 30 June	
	2016	2015	2016	2015
	S$'000	S$'000	S$'000	S$'000
Net increase/(decrease) in cash and cash equivalents brought forward	**34,362**	**52,086**	**(162,254)**	**(114,411)**
Cash and cash equivalents at beginning of the period	3,197,925	3,579,092	3,415,567	3,724,731
Effect of exchange rate changes on balances held in foreign currencies	(12,420)	(26,722)	(33,446)	(5,864)
Cash and cash equivalents at end of the period	**3,219,867**	**3,604,456**	**3,219,867**	**3,604,456**
Cash and cash equivalents comprise:-				
Cash and cash equivalents as shown in the statement of financial position	3,291,989	3,690,490	3,291,989	3,690,490
Cash and cash equivalents included in assets classified as held for sale	64,506	-	64,506	-
Less: Deposits pledged to financial institutions	(108,470)	(85,979)	(108,470)	(85,979)
Less: Deposits charged to financial institutions	(26,665)	-	(26,665)	-
Less: Restricted cash	(1,485)	-	(1,485)	-
Less: Bank overdrafts	(8)	(55)	(8)	(55)
	3,219,867	**3,604,456**	**3,219,867**	**3,604,456**

Notes to the statement of cash flows

(1) The cash outflows for Q2 2015 and 1H 2015 relates to progressive payments made in relation to the acquisition of 2 Singapore entities by the Group in January 2015.

(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 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.

(4) The Group had net cash inflows from financing activities of $20.6 million (Q2 2015: net cash outflows of $145.0 million) for Q2 2016 and lower net cash outflows of $283.7 million (1H 2015: $364.3 million) for 1H 2016.

For Q2 2016, the net cash inflows was due to higher net proceeds from borrowings of $186.3 million (Q2 2015: $113.5 million) for Q2 2016, coupled with lower dividend paid and minimal expenditure on acquisition of non-controlling interest. In Q2 2015, higher expenditure on acquisition of non-controlling interest was made by the Group in relation to acquisition of shares of Millennium & Copthorne Hotels plc (M&C).

For 1H 2016, the decrease in net cash outflows was due to lower net repayment of borrowings of $46.1 million (1H 2015: $67.2 million), reduction in dividend paid as well as low expenditure on acquisition of non-controlling interest. In 1H 2015, the substantial expenditure on acquisition of non-controlling interest relate to purchase of shares in M&C and 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.

	Attributable to Owners of the Company							
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**
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 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 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 a subsidiary reclassified to profit or loss	-	-	-	(0.2)	-	(0.2)	(0.3)	(0.5)
Exchange differences realised on liquidation of an associate reclassified to profit or loss	-	-	-	(0.1)	-	(0.1)	-	(0.1)
Share of other reserve movement of associates	-	-	0.4	-	(0.4)	-	-	-
Translation differences arising on consolidation of foreign entities	-	-	-	50.4	-	50.4	42.1	92.5
Total other comprehensive income for the period	-	-	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
Dividends 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 distributions 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**
Profit for the period	-	-	-	-	133.5	133.5	31.1	164.6
Other comprehensive income								
Defined benefit plan remeasurements	-	-	-	-	(0.2)	(0.2)	(0.1)	(0.3)
Change in fair value of available-for-sale equity investments	-	-	(0.9)	-	-	(0.9)	-	(0.9)
Effective portion of changes in fair value of cash flow hedges	-	-	0.1	-	-	0.1	0.3	0.4
Exchange differences on hedges of net investment in foreign entities	-	-	-	20.7	-	20.7	12.9	33.6
Exchange differences on monetary items forming part of net investment in foreign entities	-	-	-	(27.9)	-	(27.9)	(3.4)	(31.3)
Translation differences arising on consolidation of foreign entities	-	-	-	(60.0)	-	(60.0)	(54.4)	(114.4)
Total other comprehensive income for the period	-	-	(0.8)	(67.2)	(0.2)	(68.2)	(44.7)	(112.9)
Total comprehensive income for the period	-	-	(0.8)	(67.2)	133.3	65.3	(13.6)	51.7
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	-	-	-	-	-	-	(33.9)	(33.9)
Share-based payment transactions	-	-	0.4	-	-	0.4	0.2	0.6
Total contributions by and distributions to owners	-	-	0.4	-	(115.5)	(115.1)	(33.7)	(148.8)
Changes in ownership interests in subsidiaries								
Change of interests in subsidiaries without loss of control	-	(7.5)	-	(4.3)	(0.3)	(12.1)	(62.1)	(74.2)
Total change in ownership interests in subsidiaries	-	(7.5)	-	(4.3)	(0.3)	(12.1)	(62.1)	(74.2)
Total transactions with owners	-	(7.5)	0.4	(4.3)	(115.8)	(127.2)	(95.8)	(223.0)
At 30 June 2015	**1,991.4**	**136.7**	**28.3**	**(337.7)**	**6,694.2**	**8,512.9**	**2,245.6**	**10,758.5**

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

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	-	-	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**
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	-	-	(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**
Profit for the period	-	-	-	18.3	18.3
Other comprehensive income					
Change in fair value of available-for-sale equity investments	-	-	(0.2)	-	(0.2)
Total other comprehensive income for the period	-	-	(0.2)	-	(0.2)
Total comprehensive income for the period	-	-	(0.2)	18.3	18.1
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 2015	**1,991.4**	**63.7**	**12.4**	**3,742.4**	**5,809.9**

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

<u>Ordinary share capital</u>

There was no change in the Company's issued share capital during the three months ended 30 June 2016.

<u>Preference share capital</u>

There was no change in the Company's issued preference share capital during the three months ended 30 June 2016.

As at 30 June 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 (30 June 2015: 44,998,898 ordinary shares).

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

The Company did not hold any treasury shares as at 30 June 2016, 31 December 2015 and 30 June 2015.

The total number of issued ordinary shares (excluding treasury shares) as at 30 June 2016 and 31 December 2015 is 909,301,330.

The total number of issued Preference Shares as at 30 June 2016 and 31 December 2015 is 330,874,257.

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

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

	Second quarter ended 30 June		Half year ended 30 June	
	2016	2015	2016	2015
Basic Earnings per share (cents)	14.0	14.0	25.6	27.5
Diluted Earnings per share (cents)	14.0	14.0	25.1	26.9
Earnings per share is calculated based on:				
a) Profit attributable to owners of the Company (S$'000) (*)	127,368	127,092	232,706	250,121
b) Profit used for computing diluted earnings per share (S$'000)	133,802	133,491	239,140	256,520
c) Weighted average number of ordinary shares in issue:				
- basic	909,301,330	909,301,330	909,301,330	909,301,330
- diluted (**)	954,300,228	954,300,228	954,300,228	954,300,228

* *After deducting preference dividends of $6,434,000 paid in Q2 2016 (Q2 2015: $6,399,000 paid).*

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

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	
	30.06.2016 S$	31.12.2015 S$	30.06.2016 S$	31.12.2015 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 2016 (909,301,330 ordinary shares (excluding treasury shares) as at 31 December 2015)	9.75	9.89	7.12	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.

Group Performance

The Group delivered a resilient set of results for the second quarter (Q2 2016) and half year ended 30 June 2016 (1H 2016), amidst significant macroeconomic challenges in both the domestic and international markets.

The Group achieved revenue increase of 32.4% to $1.1 billion for Q2 2016 (Q2 2015: $824.9 million) and 10.7% to $1.8 billion for 1H 2016 (1H 2015: $1.6 billion). These increases were underpinned by the revenue and profit recognition from Lush Acres, a fully sold Executive Condominium (EC), following its Temporary Occupation Permit (TOP) issuance in Q2 2016. Under prevailing accounting standards, revenue and profit for ECs can only be recognised in their entirety upon obtaining TOP. These increases were however partially offset by lower contribution from Millennium & Copthorne Hotels plc (M&C), due to weaker performance particularly in New York and Singapore, which are M&C's key markets (although this was somewhat mitigated by contribution from new hotels acquired during 2015).

Notably, the Group achieved attributable profit after tax and non-controlling interests (PATMI) of $133.8 million for Q2 2016, on par with $133.5 million for Q2 2015, notwithstanding a minor drop for the full 1H 2016 performance of 6.8% to $239.1 million (1H 2015: $256.5 million). This resilient performance was propelled by the property development business segment, which maintained its lead as the highest contributor to pre-tax profits, forming 51.6% and 53.1% for Q2 and 1H 2016 pre-tax profits respectively. In particular, the recognition of profits from Lush Acres EC boosted the pre-tax profits of the property development business segment for Q2 2016.

Despite improvement in the property development business, hotel operating performance was disappointing.

Basic earnings per share stood at 14.0 cents for Q2 2016 (Q2 2015: 14.0 cents) and 25.6 cents (1H 2015: 27.5 cents) for 1H 2016.

The Group maintained its robust financial position with a cash and cash equivalent position of $3.3 billion, while its net gearing ratio, without factoring in fair value gains on investment properties was 27% as at 30 June 2016. The interest cover for 1H 2016 stood at 10.1 times (1H 2015: 10.5 times).

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

Property

Advanced estimates indicate that Singapore's economy expanded by 2.2% year-on-year in Q2 2016, marginally higher than the 2.1% growth recorded in Q1 2016. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy grew by 0.8% compared to the 0.2% in the preceding quarter. The construction sector grew by 2.7% on a year-on-year basis in Q2 2016, slightly slower than the 4.5% growth in the preceding quarter, largely due to a slowdown in private sector construction activities.

Urban Redevelopment Authority (URA) data indicated that the residential property price index (PPI) decreased by 0.4% in Q2 2016, compared to a 0.7% decline in Q1 2016. On a year-on-year basis, prices declined 2.9% compared to Q2 2015. This represents the 11^{th} consecutive quarter of decline since Q3 2013, and is 9.4% lower than in Q3 2013. Rentals of private residential properties fell 0.6% on a quarter-on-quarter basis in Q2 2016, compared to the 1.3% decline in the previous quarter.

In Q2 2016, developers sold 2,256 private residential units excluding ECs. This is 59% more than the 1,419 units sold in Q1 2016, and while moderately encouraging, needs to be calibrated versus Q1's low base.

In recent weeks, increased activities and renewed buying interest in the mid to high-end segment of the residential market sector has been observed, with healthy take-up in selected projects.

Hence, in end May 2016, the Group decided to release 30 units in the North Tower of its coveted Gramercy Park via a "soft" launch. This 174-unit freehold condominium is located in the prestigious district 10 of Grange Road, a short distance from Orchard Road. This highly sought-after prime estate features 24-storey iconic sculptural twin towers, housed within an expansive 170,000 square feet (sq ft) site. The project also offers unique signature host services. The soft launch was well-received with all the 30 units sold and the Group has since released another 10 units to cater to the demand. To date, 31 units have been sold. An official launch is currently being planned and private viewings by appointments are ongoing.

The Group's two JV EC projects which were launched in 2H 2015 continue to book in reasonable sales. The 638-unit Brownstone EC, next to the upcoming Canberra MRT station, is now 73% sold, while the 505-unit The Criterion EC, located at Yishun, has sold 125 units.

The Group's other ongoing JV projects which are being marketed also moved inventory. Coco Palms, the 944-unit water-themed condominium located next to Pasir Ris MRT station, is almost 90% sold. Commonwealth Towers, the 845-unit luxurious development adjacent to the Queenstown MRT station is 50% sold. The project has strong transport links and multiple amenities in the vicinity. More than 50% of the 266-unit The Venue Residences and Shoppes, a mixed development near Potong Pasir MRT station, has been sold to date.

The 616-unit Jewel @ Buangkok, directly opposite Buangkok MRT station is almost fully sold with only four units remaining.

During the quarter under review, profits were booked in from Jewel @ Buangkok and other JV projects namely Coco Palms, D'Nest, The Venue Residences and Shoppes, Echelon, The Inflora and Bartley Ridge.

The Group's fully sold Lush Acres EC obtained its TOP at the end of Q2 2016 and contributed significantly to the Group's profits for the quarter. However, no profits were booked for Gramercy Park as the above-mentioned sales were completed only after Q2 2016, with profits to be realised hereafter. Profits from the Group's two JV EC projects – The Brownstone and The Criterion were also not booked due to the prevailing accounting treatment for EC projects.

For the office sector, URA data showed the overall price index decreasing by 1.5% in Q2 2016, compared to a 0.3% decline in Q1 2016. The overall rental index for office space fell by 3.5% in Q2 2016, compared to a decline of 2.1% in Q1 2016.

Given the expected new supply, rental rates are expected to face some headwinds over the next six months, and vacancy rates are expected to increase as two major new office projects complete. Additionally, the generally subdued economic outlook may dampen demand. Notwithstanding these challenges, the Group's office portfolio continues to enjoy healthy occupancy of 97.4%, versus the national average occupancy rate for office space of 90.9% as at end Q2 2016 (Q1 2016: 90.8%).

South Beach

South Beach, the Group's JV mixed-used development on Beach Road, continues to perform well in its transition to a fully functioning, integrated operation. Over 76% of the 32,000 sq ft retail space at South Beach has been leased to date. With the MRT link which offers direct connection to the Esplanade and City Hall MRT stations opened in July 2016, more than 50% of the units at the basement will be operational by end October 2016. Exciting new F&B concepts such as the Cidery Bar, Japanese Sabu Sabu, a flagship Coffee & Bakery from Europe, as well as more traditional offerings such as a hair salon, beauty services among others, will shortly be added to the tenant mix. With construction works expected to complete by Q4 2016, the remaining retail spaces will likely open by end-2016. The remaining 24% of retail spaces is currently under offer.

As announced recently, The South Beach Hotel will be rebranded as The JW Marriott Hotel Singapore South Beach. The 634-room hotel will be enhanced by the addition of new restaurants, a spa and an enlarged lobby area; and works are expected to complete by Q4 2016. There will also be an addition of a specialty restaurant featuring world renowned and award-winning Chef Akira Back. As M&C currently manages about 3,000 rooms in Singapore, the Group decided that engaging an independent third party chain to manage this highly unique hotel would be most ideal and beneficial. Without conflicting interest issues, outsourcing to a third party allows the Group and its partner to focus on core areas and drive optimal results. After evaluating the proposals from several major international hotel chains seeking to manage this premium hotel, Marriott was selected as it provided competitive terms and has a strong reputation and track record of delivering good returns for owners. Moreover, with its announced proposed merger with Starwood, when completed, Marriott will have 1.1 million rooms and 5,500 hotels worldwide, offering one gigantic enterprise with an even more powerful distribution network and huge hotel customer base to tap on.

South Beach Office Tower, with over 510,000 sq ft of Grade A office space, is almost fully occupied with 99% leased.

Overseas Platforms

China

CDL China Limited, the Group's wholly-owned subsidiary, made steady progress on its projects located in the upper tier cities of Suzhou, Shanghai and Chongqing.

Hong Leong City Center (HLCC), an integrated mixed-use development, is situated next to Jinji Lake in the Suzhou Industrial Park District. Phase 1, expected to be completed in Q4 this year, comprises a 30-storey, 462-unit residential tower (Tower 1) and a 41-storey, 912-unit SOHO tower offering serviced apartments (Tower 3). To date, Tower 1 is almost fully sold with only two units left. A total of 945 units have been sold in Phase 1 launch, amounting to sales value of RMB 2.0 billion (approximately $409 million).

HLCC Phase 2 consists of a 28-storey, 430-unit residential tower (Tower 2), a five-star 286-room luxury hotel, a 56,000 square metre (sqm) shopping mall and a 30,000 sqm premium Grade A office tower. Tower 2 is expected to be launched in Q4 this year.

CDL China's Shanghai project – Hongqiao Royal Lake, a 120-unit fully completed luxurious villa development, located in the affluent residential enclave of Qingpu -- has to date, sold 18 out of the 85 remaining villas, amounting to sales revenue of RMB 338 million (approximately $69 million). The bungalows are sized from 3,400 to 5,400 sq ft, selling about up to $5 million per villa. The Chinese government's restriction on land supply for low-density residential housing projects in Shanghai will likely make standalone villas more scarce and valuable over time. The Group is not in a hurry to sell the villas given the limited supply and the further appreciation of the property's value.

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

In Chongqing, the show flats for the 126-unit Eling Residences located at the peak of Eling Hill in Yuzhong district are now complete, and the project has also completed site inspections by local authorities, with an expected launch date in Q4 2016. The ultra-luxe apartments are located within four to seven-storey blocks, each containing a sun balcony which provides panoramic views of the Yangtze River, Jialing River and the city skyline.

Huang Huayuan, CDL China's other prime project which is also located in the highly sought-after Yuzhong district, has commenced a final review of the overall project's mix to capitalise on current market demand. This mixed-used riverside development comprises three high-rise residential towers and a mall.

With a supply glut across China, the government has taken a raft of measures to support reasonable housing consumption and reduce inventory, such as lowering interest rates and down payment restrictions, which have helped China's housing market recover in first tier cities particularly. The Group remains positive about its growth potential in China over the medium to long-term and will continue to strengthen its presence.

UK

In 2013, the Group began establishing its plans for property development in UK, deliberately allocating only about £300 million initially, to invest in a series of smaller scale projects, mindful of the property cycle and seeking to better understand the market. Only £157 million was used to acquire six freehold properties, mostly small sites, with the exception of 28 Pavilion Road at Knightsbridge. Since then, having gained more in-depth knowledge of the real estate sector in UK, the experience has enabled the Group to expand its portfolio with larger acquisitions. Today, the Group has invested about £450 million. Three sites in the portfolio namely 28 Pavilion Road, Teddington Studios and Stag Brewery – both in the London Borough of Richmond, are major assets to the Group. Given their scale, the income from these three projects can contribute meaningfully to the bottom line.

There are signs that the UK property market may be stabilising following the June 23 referendum, in which the UK elected to leave the European Union (EU) (i.e. Brexit"). The rapid appointment of a new Prime Minister and Cabinet calmed currency markets with the pound appearing to have somewhat stabilised. However, Brexit is highly complex, cutting across multiple sectors with an array of different issues and interests to be negotiated and meted out with the other 27 EU member states. Each member state has their interest to protect. This process will be highly intricate and Brexit's impact remains unpredictable. The slowdown in UK's property market is expected as some may adopt a wait-and-see approach. Others may wish to take advantage of this period of consolidation as an opportunity to invest in the UK – which has been viewed as a safe haven. However, the Group believes that the market dislocation particularly for the high-end property segment is likely to be short-term, and is confident in the long-term fundamentals of the UK economy. Additionally, the Group's focus on the "local" market, with its major acquisitions since 2014 all occurring outside central London, has insulated the majority of its assets from short-term volatility.

The Group's existing UK investments are progressing well.

At Hanover House, the 82-unit project in Reading is fully sold. 36 buyers have completed their purchases and the remainder are expected to complete by Q3 2016. The units were sold at an average selling price of about £610 psf (approximately $1,199 psf).

The Group's smaller-scale projects located at Chesham Street in Belgravia, Hans Road in Knightsbridge and Sydney Street in Chelsea are expected to attract buyers when the schemes are completed. Completion is expected by Q1 2017 for the Belgravia and Hans Road properties and in 2018 for the Chelsea property.

The Group is pleased to have obtained planning consent for a first-ever luxury care home development in central London. Strategically located at its highly coveted Knightsbridge carpark site at 28 Pavilion Road, just two minutes' walk from Harrods Department Store, the six-and seven-storey scheme will comprise 34 two-bedroom apartments for sale, ranging in size from 1,250 sq ft to 2,110 sq ft. With a potential value of up to £200 million (approximately $356 million), the planned assisted living facilities within the development include a luxury spa, swimming pool, library, private doctor's surgery, 24-hour concierge service, dedicated nurse care rooms and car parking spaces. The site is also connected to Harrods by an underground tunnel now disused. The project caters to an affluent demographic group in retirement whose needs are insufficiently provided for by the current housing stock. While this community style living concept appears to have generated considerable initial interest, the Group will monitor market conditions closely and launch this unique offering at the most appropriate time.

The Teddington Studios site in the London Borough of Richmond has received its Section 73 planning consent, and work on the basement will start in September 2016. The new development could potentially be developed into 217 apartments, six houses, 16 affordable units and 287 secure car parking spaces. The launch of the sales centre is expected in Q4 2016 and response has been very positive. The Group plans to develop this site in phases.

Also in the Borough of Richmond, the Group's 22-acre Stag Brewery site, which offers tremendous redevelopment potential for a mixed-use scheme, has commenced its master planning process. The scheme has initially been very well received by both local residents and planning officers and is on course for the formal planning application to be submitted in Q1 2017. This sizeable site will likely take about two years before planning approval is obtained.

The consultant team for Development House at 56-64 Leonard Street in Shoreditch, which the Group purchased in May 2016, is undergoing a selection process with a view to progressing a planning application to redevelop the site for a 90,000 sq ft office scheme. In the meantime, this asset is being leased out as part of the short-term leaseback arrangement with the seller for at least 21 months.

Japan

Based on final figures released by the government, the Japanese economy expanded 0.5% quarter-on-quarter in Q1 2016 as compared to a 0.3% contraction in the previous quarter.

The Bank of Japan announced on 29 July that it would review its current policy measures and slightly expand deflation-fighting stimulus. On 2 August, Japan's cabinet approved a JPY 13.5 trillion fiscal package that forms part of the planned government and private sector spending initiatives with a total headline value of JPY 28 trillion over the next several years. The stimulus spending is part of a renewed government effort to boost the economy with cash payouts to low-income earners and infrastructure spending, including the first leg of a new maglev train line from Tokyo to Nagoya. The package is expected to be approved by parliament in September.

The government has also postponed the consumption tax hike, which was meant to increase from 8% to 10% in April 2016. This was initially delayed till April 2017 and is now scheduled to be effective only in October 2019.

Stable returns and wider yield spreads in Japan's real estate should continue to attract investors going forward. For the first time in eight years, Tokyo's prime office vacancy rate fell below 2% and assumed achievable rents rose by 1.4% quarter-on-quarter. With the Bank of Japan's negative interest rates policy, an influx of capital into the real estate market could further compress overall cap rates, particularly in the case of central Tokyo offices which are now at historical lows.

The Ministry of Land, Infrastructure, Transport and Tourism data indicated that the Japan Residential Property Price Index for Condominiums in Tokyo increased by 14.5% over the past two years. There was a total of 53,267 condominium transactions in Tokyo in the past 12 months, an increase of 8.1% compared to the previous corresponding period.

The Group's prime freehold site located in the prestigious residential enclave of Shirokane district in Tokyo's Minato ward is set amidst lush greenery and rich history. The proposed development is targeted at the luxury segment and will include the provision of a public park and open space to support the local community. The development process is extremely lengthy but has gone smoothly so far.

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

Australia

The Group's JV residential development, named Ivy and Eve, located at Merivale Street in the heart of the South Bank precinct (in Brisbane Queensland) continues to benefit from a vibrant residential market. The two 30-storey towers, with 472 apartments, is now approximately 90% sold. Average selling prices range from about A$9,000 to A$10,000 per sqm. Construction works have commenced and the Group expects to realise profits from this project in early 2018.

Both Queensland and New South Wales (NSW) recently introduced new foreign investor levies, similar to those announced by the Victorian government in 2015. The levies apply to foreign purchasers of residential properties in Queensland, NSW and Victoria, at rates of 3%, 4% and 7% respectively of the purchase price. While the levies have already come into effect in NSW and Victoria, the levies for Queensland would only be applicable from 1 October 2016, and hence have not adversely affected sales.

Nonetheless, the Group will observe carefully the impact of these regulatory changes prior to investing further in this sector. The Group believes that the outlook for the Australian market remains attractive and will continue to explore opportunities.

Hotel

M&C, in which the Group holds a 64.9% interest, reported PATMI of £24 million for Q2 2016 (Q2 2015: £28 million) and £30 million for 1H 2016 (1H 2015: £36 million).

Revenue increased by 5.1% to £226 million for Q2 2016, (Q2 2015: £215 million) and by 3.5% to £418 million in 1H 2016 (1H 2015: £404 million), as a result of higher property revenue, increased contribution from M&C's REIT subsidiary, CDL Hospitality Trusts (CDLHT), and a weaker pound sterling versus other currencies, compared to the same period last year.

Hotel revenue fell by 1.4% to £360 million in 1H 2016 (1H 2015: £365 million), mainly due to weaker performance in the key gateway cities of New York, London and Singapore, partially offset by foreign currency gains.

Property revenue for 1H 2016 increased by 70.6% to £29 million (1H 2015: £17 million), largely due to increased land sales in New Zealand and an increased contribution from Millennium Mitsui Garden Hotel Tokyo, while revenue from CDLHT increased by 31.8% to £29 million (1H 2015: £22 million) due primarily to the contribution from its first UK hotel, Hilton Cambridge City Centre, which was acquired in October 2015. The Millennium Mitsui Garden Hotel Tokyo has been a strong performer since it opened in end 2014. With operations now stabilised, M&C expects this hotel to continue to contribute meaningfully to its earnings, though at a measured pace when compared to previous years.

In 1H 2016, global revenue per available room (RevPAR) in constant currency fell by 4.2% to £67.91 (1H 2015: £70.88), due to declines in both occupancy and average room rates.

Hotel operating performance in two of M&C's focus areas, New York and Singapore, was disappointing. In New York, RevPAR fell by 15.8%. In addition to the influx of new inventory, the strengthening US dollar dampened leisure travel demand, especially from the UK and Europe.

Singapore's RevPAR was 10.2% lower due to continued weak demand in the corporate travel segment, coupled with increases in room inventory. For the rest of Asia, RevPAR grew by 3.1% in 1H 2016, driven by an increase in both occupancy and average room rate. Millennium Seoul Hilton increased RevPAR by 18.1% for the six months compared to last year, having recently completed its guest room refurbishment programme.

On the property development front, M&C expects to commence construction for two projects by the end of 2016, once relevant approvals are received. The first is a proposed mixed-use development at Sunnyvale, California, in the heart of Silicon Valley, which comprises a 263-room hotel and a 250-unit residential apartment block in the initial phase. The second development is a proposed hotel and serviced apartments in Seoul, South Korea. Both projects are currently undergoing a value engineering exercise.

M&C's phased hotel refurbishment works in ONE UN New York, Grand Copthorne Waterfront in Singapore, Grand Millennium Kuala Lumpur and M Hotel Singapore are ongoing and on track to meet their completion timelines.

Copthorne Hotel Auckland Harbour City in New Zealand (NZ), which was closed for a major NZ$40 million (£21 million) refurbishment programme in Q3 2015, is now in the construction stage. The hotel will be rebranded under M&C's M Social brand and is expected to re-open at the end of Q1 2017.

In June 2016, it was announced that M&C would assume the lease of Rendezvous Grand Hotel Auckland from September this year. The 452-room hotel, the largest in NZ, is owned by CDLHT. This would mark M&C's first Grand Millennium hotel in Australasia.

The Group debuted its latest hotel, M Social Singapore, in June 2016. This hip and vibrant 293-room lifestyle hotel, designed by Philippe Starck is located along the Singapore River, nestled in the heart of the Robertson Quay district. Managed by M&C, the unique hotel provides guests with a digital-led, experience-rich hotel environment that aims to appeal to global travellers with a millennial mindset. The newly opened hotel is still in its infancy stage of operations.

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 2016.

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

URA statistics indicate that residential property prices in Singapore have continued to decline across most market segments. On a positive note, there is an increase in sales volume in prime residential districts as developers offer various creative financial schemes to make buying easier.

The interest rate environment is expected to be stable with the US Federal Reserve indicating that at most only one rate hike can be expected for 2H 2016. Monetary Authority of Singapore (MAS) estimates that the Singapore economy will grow within a 1.0% to 3.0% range this year.

The Group will continue to monitor the market closely to capitalise on available opportunities, while maintaining discipline in its investment analysis.

On 5 July 2016, the Group announced that its wholly-owned subsidiary, Sunmaster Holdings Pte Ltd., had increased its shareholding interest from 50% to 100% in Summervale Properties Pte. Ltd., for $410.96 million. Summervale is the owner and developer of Nouvel 18, a completed, 156-unit prime freehold residential development along Anderson Road. The two JV partners of Summervale agreed that the consolidation of equity interests under one party would provide flexibility for future plans for the project. The Group is cognisant of the Qualifying Certificate (QC) penalty charges to be imposed on this project in end November this year. Given the difficulty in securing prime land of this premium nature and the recent premium transacted prices in the vicinity, the Group is exploring ways to optimise and create value for the project. Many options are being contemplated. They include sales of individual units, bulk sales, or a capital markets transaction. Potentially, a combination of all three or other approaches could be deployed.

The Group plans to launch a new project named Forest Woods in the next several months. Located at the Upper Serangoon / Paya Lebar Road junction, this 519-unit condominium will comprise seven 12-storey high residential blocks with an array of unit types, including one-bedroom plus study, two-bedroom, two-bedroom plus study, three-bedroom, four-bedroom and penthouses. The development is less than five minutes' walk to the Serangoon MRT and Bus Interchanges, as well as the popular nex megamall. Residents at Forest Woods will have access to over 60 luxurious facilities, with their homes equipped with smart home automation features. Concierge services will also be provided.

In Q2 2016, vacancy rates for offices remained stable due to the limited short-term new supply. However, in the next six months, vacancy rates are expected to increase as two new office projects are completing soon. Given the new supply, rental rates are expected to face some headwinds. Office rental is expected to be affected and will probably stabilise in late 2017 or early 2018. However, the Group remains well insulated as a number of the Group's major leases are only up for renewal from 2017 onwards.

Several prominent sectors such as banking, oil & gas, and shipping are expected to face challenging times ahead. However, there are a few bright spots in the technology, software and e-commerce sectors. The influx of tenants in these sectors has created more demand in areas across the region. Tech firms which are in the start-up phase prefer to be located in core CBD locations as the increased convenience helps to attract both staff and customers.

Divestment

The Group announced on 26 July 2016 that its wholly-owned subsidiaries, eMpire Investments Limited, Citydev Investments Pte. Ltd. and Educado Company Limited have completed the sale of their 52.52% stake in City e-Solutions Limited (CES) for a total consideration for the Sale Shares of HK$566.4 million (approximately $98.2 million). CES was previously known as CDL Hotels International Limited. Shareholders may recall that this company was formed and listed on The Stock Exchange of Hong Kong Limited in 1989 to spearhead the Group's international expansion into the hospitality business. Following the successful migration of its assets to M&C, M&C was subsequently listed on the London Stock Exchange in 1996. With the market interest in healthy listed companies in Hong Kong, the Group took advantage of the demand and decided to divest its stake in CES.

Hotel

Uncertainty over the global economy intensified following recent events such as Brexit and ongoing terrorist incidents.

Although M&C's 1H 2016 performance was in consequence somewhat disappointing, its strong balance sheet and experience navigating prior difficult economic and political environments succesfully, coupled with its broad geographic exposure with a wide range of hotels that cater to the needs of different types of customers, indicate that the impact of current market turbulence is likely to be short-term. M&C is adopting a prudent strategy to protect its strong financial position, including an ongoing review of all capital expenditure, with a focus on cost management and revenue generation. It is monitoring closely its operational performance particularly in its key markets like New York and Singapore, and will take positive action to strengthen areas of operating weakness.

For the first three weeks of Q3 2016, global RevPAR increased by 2.4% in constant currency terms, with London up by 9.1%, Singapore increased by 1.3% and New York down by 12.0%.

Group Prospects

Global markets remain vulnerable and highly sensitive in the midst of multiple uncertainties. Domestically, the prevailing property cooling measures and a subdued economy also continue to weigh on market sentiment.

These challenges have forced the Group to recalibrate and evaluate its asset portfolio more intensively. The Group is constantly reviewing ways to optimise and unlock the value of its rich asset portfolio through instruments such as the Profit Participation Securities (PPS) investment platform. The Group remains focused on building its overseas platforms, developing its funds management business, fortifying its recurring income stream, while generating alpha from its development projects.

The Group's philosophy remains value-driven and growth focused, yet disciplined in its investment approach. It has a robust balance sheet, high liquidity and conservative accounting practices. This provides the Group with the firepower to continue investing overseas, given prevailing headwinds in the Singapore property market. Moreover, there is increased competition from local and overseas developers as well as contractors undertaking a dual role as developers, who have been submitting high bids for land in Singapore. There is also difficulty in land banking in Singapore especially for listed companies. The Group's prudent capital management of the past will provide the basis for quickly capturing opportunities whenever they arise.

The Group expects to remain profitable for the current year.

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 2016 declared a tax-exempt (one-tier) non-cumulative preference dividend to holders of City Developments Limited Preference Shares of 1.94 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 2015 to 29 June 2016. The said preference dividend was paid on 30 June 2016.

On 10 August 2016, 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	10 September 2015	30 June 2015
Dividend type	Cash	Cash
Dividend amount (in cents)	4.0 cents per Ordinary Share	1.93 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 2014 to 29 June 2015 (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 9 September 2016.

(d) Books Closure Date

5pm on 23 August 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 the second quarter ended 30 June 2016 under the IPT Mandate pursuant to Rule 920 (excluding transactions less than $100,000)	
Hong Leong Investment Holdings Pte. Ltd. group of companies	<u>Property-related</u> Provision to interested persons of: (i) project management services; (ii) marketing services; and (iii) property management and maintenance and customer services	$8,518,999.00
	<u>Management and Support Services</u> Provision to interested persons of: (i) accounting and administrative services; and (ii) financial services	$629,167.00
	Total:	**$9,148,166.00**
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	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Revenue				
Property Development	551,529	268,849	774,793	567,415
Hotel Operations*	406,586	421,670	766,000	797,645
Rental Properties	92,830	100,016	186,202	199,204
Others	41,427	34,400	88,683	75,610
	1,092,372	**824,935**	**1,815,678**	**1,639,874**
Profit before tax**				
Property Development	105,828	78,139	182,341	175,898
Hotel Operations	58,935	68,888	69,748	102,626
Rental Properties	31,930	34,288	73,259	71,212
Others	8,378	9,567	18,119	9,810
	205,071	**190,882**	**343,467**	**359,546**

***** *Revenue from hotel operations includes room revenue of $502.6 million (1H 2015: $517.9 million) for 1H 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 increased by $282.7 million to $551.5 million (Q2 2015: $268.8 million) for Q2 2016 and $207.4 million to $774.8 million (1H 2015: $567.4 million) for 1H 2016.

Pre-tax profits increased by $27.7 million to $105.8 million (Q2 2015: $78.1 million) for Q2 2016 and $6.4 million to $182.3 million (1H 2015: $175.9 million) for 1H 2016.

Projects that contributed to both revenue and profit in 1H 2016 include Coco Palms, D'Nest, Jewel@ Buangkok, The Venue Residences and Shoppes, UP@Robertson Quay and Lush Acres. 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 significant increase in revenue for Q2 2016 and 1H 2016 were largely due to the full revenue recognition from an executive condominium (EC), Lush Acres, which obtained Temporary Occupation Permit (TOP) in June 2016, coupled with higher contribution from D'Nest, Coco Palms and The Venue Residences and Shoppes. Under prevailing accounting standards, both revenue and profit for EC are recognised in entirety upon TOP. The increases were however partially offset by absence of contribution from The Palette and H_2O Residences which obtained TOP in 2015 and reduced contribution from Jewel@Buangkok, UP@Robertson Quay and HAUS@SERANGOON GARDEN.

The increases in pre-tax profits for Q2 2016 and 1H 2016 were in tandem with the increase in revenue. The increase in 1H 2016 was however partially offset by the absence of share of profit contribution from a joint venture EC, The Rainforest, being recognised in entirety in Q1 2015 and lower contribution from The Inflora following its completion in April 2016.

Hotel Operations

Revenue for this segment decreased by $15.1 million to $406.6 million (Q2 2015: $421.7 million) for Q2 2016 and $31.6 million to $766.0 million (1H 2015: $797.6 million) for 1H 2016.

Pre-tax profits decreased by $10.0 million to $58.9 million (Q2 2015: $68.9 million) for Q2 2016 and $32.9 million to $69.7 million (1H 2015: $102.6 million) for 1H 2016.

The decreases in revenue and pre-tax profits for Q2 2016 and 1H 2016 were due to the deterioration of trading conditions in the Group's key gateway cities such as New York, London and Singapore, resulting in lower occupancy and average room rates. The strengthening of the USD dampened leisure travel demand to US, particularly from UK and Europe and closure of ONE UN New York for refurbishment greatly affecting US performance. In addition, a myriad of factors including improvement works at the main lobby and F&B outlets at the main entrance level of the Grand Copthorne Waterfront in Singapore, influx of new room inventories in Singapore and New York, continued effects from recent terrorist attacks in Europe, pre-operating expense incurred by The South Beach and newly opened M Social also negatively impacted the hotel performance in these key gateway cities. The decreases were partially mitigated by the contribution from new hotels such as Hard Days Night Hotel Liverpool and Hilton Cambridge City Centre which were acquired in 2015.

Rental Properties

Revenue for this segment decreased by $7.2 million to $92.8 million (Q2 2015: $100.0 million) for Q2 2016 and $13.0 million to $186.2 million (1H 2015: $199.2 million) for 1H 2016 respectively.

The decreases in revenue for Q2 2016 and 1H 2016 were largely due to the absence of rental income following the 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 the decline in revenue, pre-tax profits for this segment remained relatively steady at $31.9 million (Q2 2015: $34.3 million) for Q2 2016 and $73.3 million (1H 2015: $71.2 million) for 1H 2016. This was attributable to the higher contribution from FSGL, underpinned by the full quarter contribution from its investment in Zuiderhof I and Arena Towers located in Netherlands, acquired in February 2015 and June 2015 respectively. In addition, there was share of rental contribution from the almost fully occupied, South Beach Office Tower, which is part of the Group's mixed-used joint venture development and was completed in Q1 2015. These contributions had offset the negative effect of loss of income resulted from the aforesaid disposed investment properties.

Others

Revenue, comprising mainly income from building maintenance contracts, project management, club operations, laundry services and dividend income, increased by $7.0 million to $41.4 million (Q2 2015: $34.4 million) for Q2 2016 and $13.1 million to $88.7 million (1H 2015: $75.6 million) for 1H 2016 due to increased income from building maintenance contracts and project management.

Pre-tax profits decreased by $1.2 million to $8.4 million (Q2 2015: $9.6 million) for Q2 2016 but increased by $8.3 million to $18.1 million (1H 2015: $9.8 million) for 1H 2016. Despite higher revenue achieved, pre-tax profit for Q2 2016 was impacted by much 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. Pre-tax profit for 1H 2016, though affected by the decrease contribution from FSGL, was better than the corresponding period of last year due to higher gains recognised on realisation of investments in a private real estate fund.

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 August 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 second quarter and the half year ended 30 June 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 August 2016