CAPITALAND LIMITED

(Registration Number: 198900036N)

2019 FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT

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CAPITALAND LIMITED
2019 FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT

1(a)(i) Income Statement

		Group		
		1Q 2019	1Q 2018	Better/ (Worse)
	Note	S$'000	S$'000	%
Revenue	**A**	**1,048,315**	**1,375,510**	**(23.8)**
Cost of sales	**B**	(473,810)	(708,193)	33.1
Gross profit		574,505	667,317	(13.9)
Other operating income	**C**	231,997	38,371	504.6
Administrative expenses	**D**	(95,686)	(90,481)	(5.8)
Other operating expenses	**E**	(11,966)	(10,230)	(17.0)
Profit from operations		698,850	604,977	15.5
Finance costs		(182,090)	(148,513)	(22.6)
Share of results (net of tax) of:	**F**			
- associates		75,980	140,399	(45.9)
- joint ventures		27,317	38,805	(29.6)
		103,297	179,204	(42.4)
Profit before taxation		620,057	635,668	(2.5)
Taxation	**G**	(45,774)	(140,621)	67.4
Profit for the period		574,283	495,047	16.0
Attributable to:				
Owners of the Company ("PATMI")		**295,567**	**319,093**	**(7.4)**
Non-controlling interests ("NCI")		278,716	175,954	(58.4)
Profit for the period		574,283	495,047	16.0

1(a)(ii) Explanatory Notes to Income Statement – 1Q 2019 vs 1Q 2018

(A) Revenue

Revenue for 1Q 2019 decreased by 23.8% or $327.2 million mainly due to lower contributions from our residential projects in Singapore and China, partially mitigated by higher handover of residential units from Vietnam and higher rental revenue mainly from our portfolio of properties the United States of America (USA) and Europe acquired in 2018.

(B) Cost of Sales

In line with lower revenue, cost of sales also decreased but at a higher rate as the proportion of rental income which had higher gross profit margin as compared to the Group's development projects, were higher this quarter. During the quarter, the Group wrote back provision for foreseeable losses in respect of residential projects in Singapore amounting to $0.2 million (1Q 2018: $17.0 million) upon sales of units above previously written down value.

(C) Other Operating Income

		Group		
		1Q 2019 S$'000	1Q 2018 S$'000	Better/ (Worse) (%)
Other Operating Income		**231,997**	**38,371**	**504.6**
Investment income	(i)	2,671	3,125	(14.5)
Interest income	(ii)	21,164	17,171	23.3
Other income (including portfolio gains)	(iii)	17,879	9,059	97.4
Fair value gains of investment properties	(iv)	190,283	9,016	NM

(i) The decrease in investment income in 1Q 2019 was due to lower distributions received from MRCB-Quill REIT and investments in China.

(ii) Higher interest income in 1Q 2019 attributable to higher placement of surplus funds with financial institutions and higher amount of interest-bearing loans extended to associates and joint ventures.

(iii) The increase in other income relates mainly due to writeback of provisions relating to past divestments no longer required.

(iv) Fair value gains in 1Q 2019 arose mainly from the divestment of Ascott Raffles Place and a mall in China, as well as reclassification of an office tower in a development project in China, One iPark ("One iPark Office") from construction for sale to leasing as investment property. One iPark Office is located in Shenzhen and the Group has changed its business plan to hold the office tower for long-term use as investment property. The fair value gains from 1Q 2018 arose from divestments of malls in China.

(D) Administrative Expenses

	Group		
	1Q 2019 S$'000	1Q 2018 S$'000	Better/ (Worse) (%)
Administrative Expenses	**(95,686)**	**(90,481)**	**(5.8)**
<u>Included in Administrative Expenses:-</u>			
Depreciation and amortisation	(27,940)	(17,298)	(61.5)
(Allowance for)/ Write back of doubtful receivables and bad debts written off	(135)	49	N.M.

Administrative expenses comprised staff costs, depreciation and other miscellaneous expenses. The increase in administrative expenses in 1Q 2019 was mainly due to higher depreciation, amortisation and IT maintenance expenses, of which $5.6 million was attributable to depreciation of right-of-use

(ROU) assets arising from adoption of SFRS(I) 16 *Leases*. The increase was partially offset by lower staff costs and rental expenses.

(E) Other Operating Expenses

Included in other operating expenses was a forex loss of $4.5 million (1Q 2018: $7.8 million) mainly arising from revaluation of RMB payables as SGD depreciated against RMB during the quarter.

(F) Share of Results (net of tax) of Associates and Joint Ventures

Share of results from associates decreased in 1Q 2019 mainly due to absence of gains from divestments of 20 malls in China held through funds and an investment in Vietnam recognised in 1Q 2018.

The decrease in share of results from joint ventures arose from lower contributions from development projects in Singapore, China and Vietnam and pre-operating expenses incurred for projects in Singapore, partially mitigated by contribution from newly operational malls in China.

(G)Taxation expense and adjustments for over or under-provision of tax in respect of prior years

The taxation expense includes current and deferred tax expenses, as well as land appreciation tax (LAT) in China. The current tax expense is based on the statutory tax rates of the respective countries in which the Group operates and takes into account non-deductible expenses and temporary differences.

The lower tax expense during the quarter was mainly due to lower LAT expense of $11.8 million (1Q 2018: $64.4 million) in line with lower handover of residential projects in 1Q 2019, as well as writeback of tax provisions in respect of prior years of $28.2 million (1Q 2018: $0.9 million). The Group has recorded a higher writeback of tax in respect of prior years following the finalisation of tax with tax authorities during the quarter.

(H) Gain/(Loss) from the sale of investments

The net gains from the sale of investments in 1Q 2019 relate to portfolio gains of $19.0 million and realised revaluation gains of $61.7 million (1Q 2018: portfolio gains of $33.0 million and realised revaluation gains of $35.4 million) are as follow:

1Q 2019	**PATMI (S$M)**
Ascott Raffles Place, Singapore	60.4
20 malls in China (upon finalisation of accounts)	10.3
Share of Central China Real Estate Ltd's divestment gains	2.9
Others (include gain on liquidation of entities and writeback of provision relating to past divestment no longer required)	7.1
Total	**80.7**
1Q 2018	
20 malls in China	35.4
A property investment in Vietnam	24.3
Share of Central China Real Estate Ltd's divestment gains	8.5
Others	0.2
Total	**68.4**

1(a)(iii) Statement of Comprehensive Income

	Group		
	1Q 2019	**1Q 2018**	**Better/ (Worse)**
	S$'000	**S$'000**	**%**
Profit for the period	574,283	495,047	16.0
Other comprehensive income:			
Items that are/may be reclassified subsequently to profit or loss			
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations [(1)]	91,491	162,799	(43.8)
Effective portion of change in fair value of cash flow hedges [(2)]	28,305	39,762	(28.8)
Share of other comprehensive income of associates and joint ventures [(3)]	144,642	313,155	(53.8)
Item that will not be reclassified subsequently to profit or loss			
Change in fair value of equity investments at fair value through other comprehensive income	918	(7,095)	NM
Total other comprehensive income, net of tax	265,356	508,621	(47.8)
Total comprehensive income	839,639	1,003,668	(16.3)
Attributable to:			
Owners of the Company	**504,844**	**728,635**	**(30.7)**
Non-controlling interests	334,795	275,033	21.7
Total comprehensive income	839,639	1,003,668	(16.3)

Notes:

1. *1Q 2019's exchange differences arose mainly from the depreciation of SGD against RMB by 1.58%, partially mitigated by the appreciation of SGD against USD by 1.02% during the quarter.*

2. *The effective portion of change in fair value of cash flow hedges for 1Q 2019 arose mainly from the mark-to-market gains of the Group's interest rate swaps and cross currency swaps contracts which were entered into for hedging purposes.*

3. *The share of other comprehensive income of associates and joint ventures relates mainly to share of foreign currency translation reserve. 1Q 2019's share of exchange differences arose mainly from the depreciation of SGD against RMB by 1.58% and USD against RMB by 2.57%, partially mitigated by the appreciation of SGD against USD by 1.02% during the quarter.*

1(b)(i) Balance Sheet

	Group			Company		
	31/03/2019 S$'000	31/12/2018 S$'000	Change %	31/03/2019 S$'000	31/12/2018 S$'000	Change %
Non-current assets						
Property, plant & equipment	734,247	752,655	(2.4)	3,287	3,042	8.1
Right-of-use assets(1)	101,438	-	NM	52,483	-	NM
Intangible assets	627,055	634,715	(1.2)	508	405	*25.4*
Investment properties(1),(3)	39,947,151	39,445,960	1.3	-	-	-
Subsidiaries	-	-	-	12,059,251	12,060,311	-
Associates & joint ventures	10,259,847	10,179,618	0.8	-	-	-
Other non-current assets(4)	1,315,787	1,188,337	10.7	327,173	423	NM
	52,985,525	**52,201,285**	**1.5**	**12,442,702**	**12,064,181**	**3.1**
Current assets						
Development properties for sale and stock (2)	*5,769,100*	*5,128,551*	*12.5*	-	-	-
Trade & other receivables (2),(4)	*1,634,609*	*1,944,064*	*(15.9)*	*857,880*	*1,166,485*	*(26.5)*
Contract assets	*23,024*	*24,805*	*(7.2)*	-	-	-
Other current assets	*9,079*	*28,737*	*(68.4)*	-	-	-
Assets held for sale (3)	*787,050*	*260,276*	*202.4*	-	-	-
Cash & cash equivalents (5)	*5,274,605*	*5,059,839*	*4.2*	*13,199*	*15,156*	*(12.9)*
	13,497,467	**12,446,272**	**8.4**	**871,079**	**1,181,641**	**(26.3)**
Less: Current liabilities						
Trade & other payables	*3,650,680*	*3,841,906*	*(5.0)*	*207,031*	*261,531*	*(20.8)*
Contract liabilities	*1,094,877*	*908,487*	*20.5*	-	-	-
Short-term borrowings (1),(6)	*3,110,943*	*3,193,456*	*(2.6)*	*255,115*	*571,750*	*(55.4)*
Current tax payable	*1,408,594*	*1,451,474*	*(3.0)*	*3,527*	*3,526*	-
Liabilities held for sale (3)	*79,347*	-	*NM*	-	-	-
	9,344,441	**9,395,323**	**(0.5)**	**465,673**	**836,807**	**(44.4)**
Net current assets	**4,153,026**	**3,050,949**	**36.1**	**405,406**	**344,834**	**17.6**
Less: Non-current liabilities						
Long-term borrowings(1),(6)	21,769,160	20,440,489	6.5	1,808,987	1,479,690	22.3
Other non-current liabilities	1,493,268	1,504,806	(0.8)	658,310	617,461	6.6
	23,262,428	**21,945,295**	**6.0**	**2,467,297**	**2,097,151**	**17.6**
Net assets	**33,876,123**	**33,306,939**	**1.7**	**10,380,811**	**10,311,864**	**0.7**
Representing:						
Share capital	6,309,496	6,309,496	-	6,309,496	6,309,496	-
Revenue reserves	13,732,195	13,460,921	2.0	4,292,508	4,257,059	0.8
Other reserves(7)	(598,467)	(817,705)	(26.8)	(221,193)	(254,691)	(13.2)
Equity attributable to owners of the Company	19,443,224	18,952,712	2.6	10,380,811	10,311,864	0.7
Non-controlling interests	14,432,899	14,354,227	0.5	-	-	-
Total equity	**33,876,123**	**33,306,939**	**1.7**	**10,380,811**	**10,311,864**	**0.7**

Notes:

1. *The Group adopted SFRS(I) 16 Leases with effect from 1 January 2019 based on the modified retrospective approach. The cumulative effect of adopting SFRS(I) 16 is recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information (see note 4).*

2. *The increase was mainly due to the reclassification of prepayment for land to development properties for sale upon receipt of land title.*

3. *The increase was mainly due to the reclassification of two shopping malls in China and twelve self-storage properties in Singapore and China to assets held for sale following the announcements of their respective divestments. The assets and liabilities of these properties were accordingly reclassified to assets held for sale and liabilities held for sale respectively as at 31 March 2019.*

4. *The increase in the Company's other non-current asset and decrease in trade and other receivables is mainly due to the reclassification of loan receivables due from a subsidiary from trade and other receivables to other non-current assets in accordance with the repayment terms.*

5. *The cash balances as at 31 March 2019 included $2.2 billion held at CapitaLand Limited and its treasury vehicles (comprising CapitaLand Treasury Limited, CapitaMalls Asia Treasury Limited and The Ascott Capital Pte Ltd).*

6. *The increase in the Group's borrowings was mainly due to additional loans taken to fund the Group's investments and ongoing development expenditure for projects under construction as well as recognition of lease liabilities following the adoption of SFRS(I) 16.*

   The decrease in the Company's short-term borrowings and increase in the long-term borrowings was due to reclassification of the portion of convertible bonds to non-current borrowings following the non-exercise of put options by some of the convertible bond holders.

7. *The decrease in other reserves was mainly due to foreign currency translation differences arising from the depreciation of SGD against RMB during the quarter.*

1(b)(ii) Group's borrowings (including lease liabilities)

	Group	
	As at 31/03/2019 S$'000	**As at 31/12/2018 S$'000**
<u>Amount repayable in one year or less, or on demand:-</u>		
Secured	919,167	867,999
Unsecured	2,191,776	2,325,457
Sub-Total 1	**3,110,943**	**3,193,456**
<u>Amount repayable after one year:-</u>		
Secured	6,750,033	5,739,319
Unsecured	15,019,127	14,701,170
Sub-Total 2	**21,769,160**	**20,440,489**
Total Debt	**24,880,103**	**23,633,945**
Cash	**5,274,605**	**5,059,839**
Total Debt less Cash	**19,605,498**	**18,574,106**

As at 31 March 2019, CapitaLand Limited and its treasury vehicles collectively, have available undrawn facilities of approximately $4.8 billion.

Details of any collateral
Secured borrowings are generally secured by mortgages on the borrowing subsidiaries' investment properties (including those under development) or development properties for sale and assignment of all rights and benefits with respect to the properties mortgaged.

1(c) Consolidated Statement of Cash Flows

	1Q 2019 $'000	1Q 2018 $'000
Cash Flows from Operating Activities		
Profit after taxation	**574,283**	**495,047**
Adjustments for :		
Amortisation of intangible assets	7,520	2,116
Allowance/(Write back) for:		
- Foreseeable losses	(200)	(17,000)
- Impairment loss on receivables	205	(40)
- Impairment on property, plant and equipment	536	-
Share-based expenses	9,744	6,672
Net change in fair value of financial instruments	21	(1,250)
Depreciation of property, plant and equipment	20,426	15,187
Loss/ (Gain) on disposal and write-off of property, plant and equipment	21	(70)
Net fair value gain from investment properties and assets held for sale	(190,283)	(9,016)
(Gain)/ Loss on disposal/liquidation/dilution of equity investments and other financial assets	(7,025)	1,364
Share of results of associates and joint ventures	(103,297)	(179,204)
Interest expense	182,090	148,513
Interest income	(21,164)	(17,171)
Taxation	45,774	140,621
	(55,632)	**90,722**
Operating profit before working capital changes	**518,651**	**585,769**
Changes in working capital		
Development properties for sale	(225,394)	343,445
Trade and other receivables	(77,932)	(27,809)
Contract assets	1,781	(163,213)
Trade and other payables	(178,646)	37,732
Contract liabilities	174,684	(265,900)
Restricted bank deposits	(36,297)	(911)
	(341,804)	**(76,656)**
Cash generated from operations	**176,847**	**509,113**
Taxation paid	(92,250)	(52,238)
Net cash generated from Operating Activities	**84,597**	**456,875**
Cash Flows from Investing Activities		
Proceeds from disposal of property, plant and equipment	1,075	83
Purchase of intangible assets and property, plant and equipment	(9,157)	(11,865)
(Investment in)/ Return of investment from/ Loans from/ (to) associates and joint ventures	(102,873)	154,214
Deposits placed for acquisition of investment properties	(38,297)	(42,976)
Deposit received for disposal of investment property and subsidiaries	66,656	-
Acquisition/ Development expenditure of investment properties	(112,457)	(68,994)
Investment in other financial assets	220	(3,517)
Proceeds from disposal of assets held for sale	-	90,175
Dividends received from associates, joint ventures and other investments	39,117	50,939
Acquisition of subsidiaries, net of cash acquired	(61,757)	(424,963)
Disposal of subsidiaries, net of cash disposed of	11,960	10,168
Settlement of hedging instruments	6,745	(6,656)
Interest income received	17,935	13,270
Net cash used in Investing Activities	**(180,833)**	**(240,122)**

1(c) Consolidated Statement of Cash Flows (cont'd)

	1Q 2019 $'000	1Q 2018 $'000
Cash Flows from Financing Activities		
Purchase of treasury shares	-	(120,755)
Contributions from non-controlling interests	432	1,732
Repayment of shareholder loans from non-controlling interests	(3,389)	(14,802)
Proceeds from bank borrowings	2,207,242	2,601,875
Repayments of bank borrowings	(1,555,513)	(2,542,394)
Proceeds from issuance of debt securities	100,000	274,611
Repayments of debt securities and convertible bonds	-	(505,200)
Repayments of lease liabilities and finance lease payable	(11,860)	(852)
Dividends paid to non-controlling interests	(256,920)	(239,376)
Interest expense paid	(215,683)	(198,997)
Bank deposits withdrawn/ pledged for bank facilities	751	(7,615)
Net cash generated from/ (used in) Financing Activities	**265,060**	**(751,773)**
Net increase/ (decrease) in cash and cash equivalents	**168,824**	**(535,020)**
Cash and cash equivalents at beginning of the period	5,004,755	6,079,505
Effect of exchange rate changes on cash balances held in foreign currencies	29,622	46,177
Cash and cash equivalents reclassified to asset held for sale	(18,923)	-
Cash and cash equivalents at end of the period	**5,184,278**	**5,590,662**
Restricted cash deposits (1)	90,327	34,339
Cash and cash equivalents in the Balance Sheet (2)	**5,274,605**	**5,625,001**

1. *These are deposits placed in escrow account for the acquisition of a subsidiary and bank balances pledged for bankers' guarantees issued to the subsidiaries' contractors and banking facilities, as well as bank balances required to be maintained as security for outstanding CapitaVoucher.*

2. *This includes $56.4 million in project accounts whose withdrawals are restricted for development projects expenditure.*

Cash flows analysis
1Q 2019 vs 1Q 2018

In 1Q 2019, the Group generated net cash from operating activities of $84.6 million, $372.3 million lower as compared to 1Q 2018, mainly attributable to lower collections from development projects in Singapore and development expenditure incurred for Pearl Bank Apartment site, partially mitigated by higher collections from development projects in China.

The Group used a net cash of $180.8 million in investing activities during the period mainly for the development of investment properties in Singapore, an additional loan to a joint venture, payment for a subsidiary acquired in the prior year and deposits placed for acquisition of investment properties. The cash used was partially mitigated by dividends received from associates and joint ventures as well as deposits received from the disposal of an investment property and subsidiaries.

Net cash generated from financing activities for 1Q 2019 was $265.0 million, mainly attributable to net proceeds from bank borrowings, partially offset by the payment of interest expense and dividends paid to non-controlling interests.

1(d)(i) Statement of Changes in Equity

For the period ended 31/03/2019 vs 31/03/2018 – Group

	Share Capital S$'000	Revenue Reserves S$'000	Other Reserves* S$'000	**Total S$'000**	Non-controlling Interests S$'000	**Total Equity S$'000**
As previously reported at 31/12/2018	**6,309,496**	**13,460,921**	**(817,705)**	**18,952,712**	**14,354,227**	**33,306,939**
Adoption of SFRS(I) 16[#]		(22,597)		**(22,597)**	1,572	**(21,025)**
As adjusted at 01/01/2019	**6,309,496**	**13,438,324**	**(817,705)**	**18,930,115**	**14,355,799**	**33,285,914**
Total comprehensive income						
Profit for the period		295,567		**295,567**	278,716	**574,283**
Other comprehensive income						
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations			48,366	**48,366**	43,125	**91,491**
Change in fair value of equity investments at fair value through other comprehensive income			252	**252**	666	**918**
Effective portion of change in fair value of cash flow hedges			16,864	**16,864**	11,441	**28,305**
Share of other comprehensive income of associates and joint ventures			143,795	**143,795**	847	**144,642**
Total other comprehensive income, net of income tax	-	-	209,277	**209,277**	56,079	**265,356**
Total comprehensive income	**-**	**295,567**	**209,277**	**504,844**	**334,795**	**839,639**
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Contributions from non-controlling interests (net)				**-**	7,918	**7,918**
Dividends paid/payable				**-**	(260,528)	**(260,528)**
Distribution attributable to perpetual securities issued by a subsidiary		(2,117)		**(2,117)**	2,117	**-**
Reclassification of equity compensation reserve		1,245	(1,245)	**-**	-	**-**
Share-based payments			6,109	**6,109**	(713)	**5,396**
Total contributions by and distributions to owners	-	(872)	4,864	**3,992**	(251,206)	**(247,214)**
Changes in ownership interests in subsidiaries and other capital transactions						
Changes in ownership interests in subsidiaries with change in control			(2)	**(2)**	(32)	**(34)**
Changes in ownership interests in subsidiaries with no change in control		7,112	(546)	**6,566**	(4,976)	**1,590**
Share of reserves of associates and joint ventures		(3,938)	5,438	**1,500**	-	**1,500**
Others		(3,998)	207	**(3,791)**	(1,481)	**(5,272)**
Total changes in ownership interests in subsidiaries and other capital transactions	-	(824)	5,097	**4,273**	(6,489)	**(2,216)**
Total transactions with owners	**-**	**(1,696)**	**9,961**	**8,265**	**(257,695)**	**(249,430)**
Balance as at 31/03/2019	**6,309,496**	**13,732,195**	**(598,467)**	**19,443,224**	**14,432,899**	**33,876,123**

** Includes reserve for own shares, foreign currency translation reserve, capital reserves, fair value reserve, equity compensation reserve and hedging reserve.*

[#] Please refer to Note 4.

1(d)(i) Statement of Changes in Equity (cont'd)

For the period ended 31/03/2019 vs 31/03/2018 – Group (cont'd)

	Share Capital S$'000	Revenue Reserves S$'000	Other Reserves* S$'000	**Total S$'000**	Non-controlling Interests S$'000	**Total Equity S$'000**
Balance as at 01/01/2018	**6,309,496**	**12,178,999**	**(75,605)**	**18,412,890**	**13,704,934**	**32,117,824**
Total comprehensive income						
Profit for the period		319,093		**319,093**	175,954	**495,047**
Other comprehensive income						
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations			86,683	**86,683**	76,116	**162,799**
Change in fair value of equity investments at fair value through other comprehensive income			(1,889)	**(1,889)**	(5,206)	**(7,095)**
Effective portion of change in fair value of cash flow hedges			12,987	**12,987**	26,775	**39,762**
Share of other comprehensive income of associates and joint ventures			311,761	**311,761**	1,394	**313,155**
Total other comprehensive income, net of income tax	-	-	409,542	**409,542**	99,079	**508,621**
Total comprehensive income	**-**	**319,093**	**409,542**	**728,635**	**275,033**	**1,003,668**
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Purchase of treasury shares			(120,755)	**(120,755)**		**(120,755)**
Contributions from non-controlling interests (net)				**-**	2,680	**2,680**
Dividends paid/payable				**-**	(246,541)	**(246,541)**
Distribution attributable to perpetual securities issued by a subsidiary		(2,099)		**(2,099)**	2,099	**-**
Reclassification of equity compensation reserve		3,846	(3,846)	**-**	-	**-**
Share-based payments			4,887	**4,887**	(144)	**4,743**
Total contributions by and distributions to owners	-	1,747	(119,714)	**(117,967)**	(241,906)	**(359,873)**
Changes in ownership interests in subsidiaries and other capital transactions						
Changes in ownership interests in subsidiaries with no change in control		3,154	(19)	**3,135**	(2,767)	**368**
Share of reserves of associates and joint ventures		(17,379)	18,988	**1,609**	(3)	**1,606**
Others		(1,165)	1,158	**(7)**	(163)	**(170)**
Total changes in ownership interests in subsidiaries and other capital transactions	-	(15,390)	20,127	**4,737**	(2,933)	**1,804**
Total transactions with owners	**-**	**(13,643)**	**(99,587)**	**(113,230)**	**(244,839)**	**(358,069)**
Balance as at 31/03/2018	**6,309,496**	**12,484,449**	**234,350**	**19,028,295**	**13,735,128**	**32,763,423**

** Includes reserve for own shares, foreign currency translation reserve, capital reserves, fair value reserve, equity compensation reserve and hedging reserve.*

1(d)(i) Statement of Changes in Equity (cont'd)

For the period ended 31/03/2019 vs 31/03/2018 – Company

	Share Capital S$'000	Revenue Reserves S$'000	Reserve for Own Shares S$'000	Capital Reserve S$'000	Equity Comp Reserves S$'000	**Total Equity S$'000**
Balance as at 01/01/2019	**6,309,496**	**4,257,059**	**(385,078)**	**111,282**	**19,105**	**10,311,864**
Total comprehensive income						
Profit for the period		37,154				**37,154**
Transactions with equity holders, recorded directly in equity						
Contributions by and distributions to owners						
Issue of treasury shares			42,257		(14,422)	**27,835**
Share-based payments					3,958	**3,958**
Reclassification of equity compensation reserve		(1,705)			1,705	**-**
Total transactions with owners	**-**	**(1,705)**	**42,257**	**-**	**(8,759)**	**31,793**
Balance as at 31/03/2019	**6,309,496**	**4,292,508**	**(342,821)**	**111,282**	**10,346**	**10,380,811**
Balance as at 01/01/2018	**6,309,496**	**4,310,421**	**(78,514)**	**135,715**	**19,973**	**10,697,091**
Total comprehensive income						
Profit for the period		14,168				**14,168**
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Purchase of treasury shares			(120,755)			**(120,755)**
Issue of treasury shares			34,701		(8,904)	**25,797**
Share-based payments					1,213	**1,213**
Reclassification of equity compensation reserve		1,998			(1,998)	**-**
Total transactions with owners	**-**	**1,998**	**(86,054)**	**-**	**(9,689)**	**(93,745)**
Balance as at 31/03/2018	**6,309,496**	**4,326,587**	**(164,568)**	**135,715**	**10,284**	**10,617,514**

1(d)(ii) Changes in the Company's Issued Share Capital

Issued Share Capital

As at 31 March 2019, the Company's issued and fully paid-up capital (excluding treasury shares) comprises 4,175,057,129 (31 December 2018: 4,162,813,855) ordinary shares. Movements in the Company's issued and fully paid-up capital were as follows:

	No. of Shares
As at 01/01/2019	4,162,813,855
Treasury shares transferred pursuant to employee share plans	12,243,274
As at 31/03/2019	**4,175,057,129**

CapitaLand Share Plans

Performance Share Plan

As at 31 March 2019, the number of shares comprised in contingent awards granted under the performance share plan ("PSP") which has not been released was 5,906,939 (31 March 2018: 7,591,145).

Under the PSP, the final number of shares to be released will depend on the achievement of pre-determined targets over a three-year performance period. No shares will be released if the threshold targets are not met at the end of the performance period. Conversely, if superior targets are met, more shares than the baseline award could be released. For awards granted with effect from 2015, the maximum is 200 percent of the baseline award. There is no vesting period for shares released under the PSP.

Restricted Share Plan

As at 31 March 2019, the number of shares comprised in contingent awards granted under the restricted share plan ("RSP") in respect of which the final number of shares been determined but not released, was 14,121,726 (31 March 2018: 11,725,725), of which 2,938,973 (31 March 2018: 3,138,555) are to be cash-settled.

Under the RSP, the final number of shares to be released will depend on the achievement of pre-determined targets at the end of a one-year performance period and the release will be over a vesting period of three years. No shares will be released if the threshold targets are not met at the end of the performance period. Conversely, if superior targets are met, more shares than the baseline award could be released up to a maximum of 150 percent of the baseline award. An additional number of shares of a total value equals to the value of the accumulated dividends which are declared during each of the vesting periods and deemed forgone due to the vesting mechanism of the CapitaLand Restricted Share Plan 2010, will also be released on the final vesting.

Convertible Bonds

The Company has the following convertible bonds which remain outstanding as at 31 March 2019:

Principal Amount $ million	Final Maturity Year	Conversion price $	Convertible into new ordinary shares
650.00	2020	4.9782	130,569,282
650.00	2025	4.9697	130,792,603
571.75	2022	11.5218	49,623,322
199.25	2023	4.1936	47,512,876

There has been no conversion of any of the above convertible bonds since the date of their respective issue.

Assuming all the convertible bonds are fully converted based on their respective conversion price, the number of new ordinary shares to be issued would be 358,498,083 (31 December 2018: 358,498,083) representing a 8.6% increase over the total number of issued shares (excluding treasury shares) of the Company as at 31 March 2019.

1(d)(iii) Treasury Shares

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

	No of Shares
As at 01/01/2019	111,569,891
Treasury shares transferred pursuant to employee share plans	(12,243,274)
As at 31/03/2019	**99,326,617**

As at 31 March 2019, the Company held 99,326,617 treasury shares which represents 2.4% of the total number of issued shares (excluding treasury shares).

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 auditor's 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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the year ended 31 December 2018, except for the adoption of new/revised SFRS(I) applicable for the financial period beginning 1 January 2019 as follows:

SFRS(I) 16: *Leases*
SFRS(I) INT 23*: Uncertainty over Income Tax Treatments*
Amendments to SFRS(I) 9: *Financial Instruments- Prepayment Features with Negative Compensation*
Amendments to SFRS(I) 1-28: *Investments in Associates and Joint Ventures- Long-term Interests in Associates and Joint Ventures*
Amendments to SFRS(I)1-19: *Employee Benefits- Plan Amendment, Curtailment or Settlement*
Annual Improvements to SFRS(I)s 2015 -2017

<u>SFRS(I) 16: *Leases*</u>
SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. The adoption of SFRS(I) 16 results in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Exceptions to this standard are short-term and low-value leases. The accounting for lessors was not changed significantly.

Under the standard, an asset (ROU asset) and a financial liability to pay rentals are recognised in the balance sheet and depreciation charge on the ROU assets and interest expenses on the lease liabilities are recognised in the income statement. Leases that meet the definition of investment property are presented within "Investment property" while the remaining is presented as "Right-of-use" assets in the Balance Sheet.

Lease liabilities are included as part of net debt and are taken in consideration when deriving the net debt equity ratio.

The Group applied SFRS(I) 16 on 1 January 2019, using the modified retrospective approach. The cumulative effect of adopting SFRS(I) 16 is recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. The Group applied the practical expedient to grandfather the definition of a lease on transition. SFRS(I) 16 will be applied to lease contracts entered before 1 January 2019 and are identified as leases in accordance with SFRS(I) 1-17 and SFRS(I) INT 4.

The adoption of SFRS(I) 16 resulted in adjustments to the balance sheet of the Group as at 1 January 2019. The differences from the balance sheet as previously reported at 31 December 2018 are as follows:

Balance sheet as at 1 January 2019

	Group Increase/ (Decrease) $'000
Right-of-use assets	108,194
Right-of-use assets included in investment properties	436,175
Interests in joint ventures	(22,141)
Lease liabilities	(548,780)
Trade and other payables	5,527
Net assets	**(21,025)**
Revenue reserves	(22,597)
Non-controlling interests	1,572
Total equity	**(21,025)**

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

Please refer to Item 4 above.

6 Earnings per ordinary share (EPS) based on profit after tax & NCI attributable to the owners of the Company:

		Group	
		1Q 2019	**1Q 2018**
6(a)	EPS based on weighted average number of ordinary shares in issue (in cents)	7.1	7.5
	Weighted average number of ordinary shares (in million)	4,166.9	4,238.2
6(b)	EPS based on fully diluted basis (in cents)	6.8	6.8
	Weighted average number of ordinary shares (in million)	4,499.8	4,717.7

7 Net asset value and net tangible assets per ordinary share based on issued share capital (excluding treasury shares) as at the end of the period

	Group		Company	
	31/03/2019	**31/12/2018**	**31/03/2019**	**31/12/2018**
Net asset value per share	$4.66	$4.55	$2.49	$2.48
Net tangible assets per share	$4.51	$4.40	$2.49	$2.48

8 Review of the Group's performance

Group Overview

S$M	1Q 2019	1Q 2018	Better/ (Worse) (%)
Revenue	1,048.3	1,375.5	(23.8)
Earnings before Interest and Tax ("EBIT")	802.1	784.2	2.3
Finance costs	(182.1)	(148.5)	(22.6)
Profit Before Taxation	620.1	635.7	(2.5)
Total PATMI	295.6	319.1	(7.4)
Comprising:			
Operating PATMI(1)	181.9	228.7	(20.5)
Portfolio gains(2)	80.7	68.4	18.0
Revaluation gains and impairments	33.0	22.0	50.0

(1) Operating PATMI refers to profit from business operations excluding any gains or losses from divestments, revaluations and impairments.

(2) Portfolio gains/ losses comprise gains or losses arising from divestments, gains from bargain purchase or re-measurement on acquisitions and realised revaluation gains/losses arising from revaluation of investment properties to agreed selling prices of properties. Portfolio gains include realised revaluation gains of $61.7 million in 1Q 2019 (1Q 2018: $35.4 million) mainly in respect of Ascott Raffles Place in Singapore. Realised revaluation gains in 1Q 2018 related mainly to divestment of 20 malls in China.

1Q 2019 vs 1Q 2018

For the quarter under review, the Group achieved a revenue of $1,048.3 million and a PATMI of $295.6 million.

Revenue

Revenue for 1Q 2019 decreased by 23.8% to $1,048.3 million (1Q 2018: $1,375.5 million) mainly attributed to lower revenue contributions from residential projects in Singapore and China, partially mitigated by higher handover of units in Vietnam and higher rental revenue from our portfolio of properties in USA and Europe acquired in 2018. The residential projects which contributed to the revenue this quarter were Century Park East in Chengdu, Sky Habitat, The Interlace and Bedok Residences in Singapore, as well as D1MENSION and Mulberry Lane in Vietnam.

Collectively, the two core markets of Singapore and China accounted for 66.9% (1Q 2018: 80.6%) of the Group's revenue.

In terms of asset class, residential and commercial strata constituted 17.0% (1Q 2018: 41.5%) of the total revenue in 1Q 2019, while investment properties comprised commercial, retail and serviced residence properties which are recurring in nature, accounted for 83.0% or $870.2 million of total revenue (1Q 2018: 58.5% or $804.6 million).

EBIT

The Group recorded an EBIT of $802.1 million in 1Q 2019 (1Q 2018: $784.2 million), an increase of $17.9 million as compared to 1Q 2018 mainly due to higher portfolio and revaluation gains, as well as contributions from newly acquired properties in USA and Europe, offset by lower contributions from residential projects in Singapore and China.

At EBIT level, the portfolio gains in 1Q 2019 of $158.0 million (1Q 2018: $80.8 million) arose mainly from the divestment of Ascott Raffles Place in Singapore and write back of provisions for past divestments no longer required.

Revaluation gains in 1Q 2019 arose mainly from One iPark Office which was reclassified from development project for sale to leasing as an investment property. The Group has also written back a net provision for foreseeable losses in mainly respect of a development project in Singapore amounting to $0.1 million (1Q 2018: $13.7 million) upon sales of units.

In terms of asset class, residential and commercial strata accounted for a lower 16.3% (1Q 2018: 26.1%) of the total EBIT in 1Q 2019 in line with lower handover from China residential projects. The Group's investment properties portfolio accounted 83.7% (1Q 2018: 73.9%) of the total EBIT. The increase was mainly attributable to higher recurring rental income from newly acquired properties in USA and Europe and gains from assets recycling.

EBIT Contribution by Geography

Singapore and China markets remain the key contributors to EBIT, accounting for 86.3% of total EBIT (1Q 2018: 84.9%). Singapore EBIT was $419.6 million or 52.3% of total EBIT (1Q 2018: $318.0 million or 40.6%) while China EBIT was $272.3 million or 34.0% of total EBIT (1Q 2018: $347.7 million or 44.3%).

Singapore EBIT grew by 31.9% on the back of gains recognised on the divestment of Ascott Raffles Place partially offset by lower provision for foreseeable losses for residential projects this year.

China EBIT decreased mainly due to lower handover of units from residential projects and lower portfolio gains mainly arising from the divestments of 20 malls in China, partially mitigated by fair value gains from One iPark Office in 1Q 2019.

Finance Costs

Finance costs for 1Q 2019 were higher as compared to the corresponding quarter mainly due to increase in the Group's borrowings as well as the average cost of borrowings at 3.2% (1Q 2018: 3.1%).

PATMI

Overall, the Group achieved a PATMI of $295.6 million in 1Q 2019, 7.4% lower as compared to the previous quarter. The decrease was attributed to lower operating PATMI and writeback of impairments, partially mitigated by gains realised from assets recycling and revaluation of a property in China. Operating PATMI decreased by 20.5% mainly due to the lower contributions from residential projects in Singapore and China.

Segment Performance

With effect from 1 April 2019, the Group re-organised its reporting structure into strategic business units (SBUs) by geography and asset class to more accurately reflect the way we manage our businesses. Our geographical SBUs comprise the Group's integrated capabilities in the residential, retail and commercial asset classes, strategically deployed in each market. The geographical SBUs are CapitaLand Singapore, Malaysia and Indonesia, Vietnam and International (CL SMI, Vietnam and International), as well as CapitaLand China (CL China). Our asset class SBUs comprise CapitaLand Lodging (CL Lodging) and CapitaLand Financial (CL Financial). CL Lodging, with its global network and scale, focuses on growing fee income. CL Financial is the real estate fund management unit comprising the Group's REIT managers and Fund managers.

For financial reporting, the Group's primary segment is based on its SBUs. The Group's secondary segment is reported by geographical locations, namely Singapore, China, other emerging markets and other developed markets.

For the purposes of additional disclosure, the Group has also elected to disclose segment reporting by asset class.

CL SMI, Vietnam and International

S$M	1Q 2019	1Q 2018	Better/ (Worse) (%)
Revenue			
CL SMI	457.5	574.5	(20.4)
CL Vietnam	30.5	5.7	435.6
CL International	54.0	25.4	112.5
Total	**542.0**	**605.6**	**(10.5)**
EBIT			
CL SMI	295.0	312.9	(5.7)
CL Vietnam	2.0	31.2	(93.6)
CL International	30.4	15.8	92.2
Total	**327.4**	**359.9**	**(9.0)**

Revenue for residential projects in Singapore is recognised on a percentage of completion method while in Vietnam, the revenue for residential projects is recognised on a completion basis upon handover of units to home buyers.

Revenue for 1Q 2019 was lower as compared to the corresponding quarter mainly due to lower contributions from residential projects in Singapore, partially mitigated by contributions from the newly acquired multifamily portfolio in USA and higher handover of residential units to home buyers in Vietnam.

The decrease in revenue from development projects in Singapore was attributed to the absence of revenue contribution from Victoria Park Villas in Singapore as the project was fully sold in 1Q 2018, as well as lower revenue from Marine Blue and Sky Habitat. This was partially mitigated by higher recognition from The Interlace and Bedok Residences.

In 1Q 2019, a total of 118 residential units (1Q 2018: 259 units) were handed over to home buyers in Vietnam. The units handed over were mainly from Mulberry Lane and D1MENSION. This includes the Group's participation in joint ventures.

Lower EBIT for 1Q 2019 was mainly due to the lower write back of provision for foreseeable losses for residential projects in Singapore, the absence of gains arising from divestment of a property investment in Vietnam in 1Q 2018, partially mitigated by contributions from the multifamily portfolio in USA acquired in 4Q 2018.

In 1Q 2019, 26 units (1Q 2018: 135 units) with a sales value of $11.4 million (1Q 2018: $173.5 million) were sold in Singapore and Vietnam.

CL China

S$M	1Q 2019	1Q 2018	Better/ (Worse) (%)
Revenue	238.4	518.7	(54.0)
EBIT	257.0	328.6	(21.8)

Revenue for CL China is recognised on a completion basis upon handover of units to home buyers.

Revenue for 1Q 2019 was lower than previous corresponding quarter, mainly due to lower handover of residential units as 1Q 2018 had a significant completion of a phase from The Metropolis in Kunshan.

In 1Q 2019, CL China handed over 328 units to home buyers (1Q 2018: 1,328 units). The units handed over during the quarter were mainly from the completion of phases from Century Park (East) in Chengdu and Citta Di Mare in Guangzhou.

EBIT for 1Q 2019 decreased in line with lower revenue and lower portfolio gains as 1Q 2018's EBIT was boosted by the fair value gains arising from the divestment of 20 malls. This was partially mitigated by a fair value gain for One iPark's office component in Shenzhen.

In 1Q 2019, CL China sold 1,218 units with a sales value of RMB 2.6 billion (1Q 2018: 998 units; RMB 1.7 billion). This represents an increase of 22% and 53% in units and sales value respectively compared to the previous corresponding period. Projects launched in 1Q 2019 achieved a high sell-through rate of close to 90% on average. The Group sees an overall healthy sales rate of 91% based on launched residential units as at March 2019. The sales during the quarter were mainly from Century Park (East) in Chengdu, La Botanica in Xian, Vermont Hills in Beijing, Raffles City Residences in Chongqing and La Riva in Guangzhou.

CL Lodging

S$M	1Q 2019	1Q 2018	Better/ (Worse) (%)
Revenue	264.0	230.8	14.4
EBIT	193.2	45.1	328.0

Revenue for 1Q 2019 was higher mainly due to higher revenue from Synergy Global Housing and contribution from Tauzia, which was acquired in 3Q 2018.

EBIT for 1Q 2019 was higher mainly due to the fair value gains from divestment of Ascott Raffles Place and higher revenue.

As at 31 March 2019, there were approximately 58,000 operational units (1Q 2018: 43,700 units) within the CL Lodging Platform, and another 43,000 units (1Q 2018: 31,400 units) in the pipeline.

CL Financial

S$M	1Q 2019	1Q 2018	Better/ (Worse) (%)
Revenue	49.8	57.8	(13.7)
EBIT	26.5	46.3	(42.7)

1Q 2019 revenue was lower mainly due to absence of acquisition fees from CapitaLand Retail China Trust and divestment fee from CapitaLand Vietnam Commercial Fund I recognised in 1Q 2018.

EBIT for 1Q 2019 was lower mainly due to lower revenue and higher operating expenses incurred for the structuring of new funds, including the CREDO I China Fund, which announced its first closing in February 2019 of US$556 million.

Corporate and Others

S$M	1Q 2019	1Q 2018	Better/ (Worse) (%)
Revenue	(45.9)	(37.5)	(22.6)
EBIT	(1.9)	4.3	NM

Corporate and Others include Corporate office and group eliminations.

EBIT for 1Q 2019 was a loss as compared to a gain in 1Q 2018 mainly due to timing difference in recovery of corporate management fees.

9 Variance from Prospect Statement

The 1Q 2019 operating performance was broadly in line with the prospect statement made when the Full Year 2018 financial results were announced.

10 Commentary of the significant trends and the 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

Group Overall Prospects

CapitaLand Limited's proposed acquisition of Ascendas-Singbridge (ASB) was approved by its shareholders at an Extraordinary General Meeting held on 12 April 2019. Subject to obtaining regulatory approval, the acquisition is expected to complete by 30 June 2019. The Group believes that the combination of CapitaLand and ASB will place the Group in a stronger position for growth.

Going forward, arising from the ASB transaction, the Group will report CapitaLand India as a separate segment.

In terms of capital allocation priorities, CapitaLand will continue to focus on deploying capital to core markets in Asia where we have vertically-integrated capabilities. This will allow us to capture maximum value of CapitaLand's real estate value chain. The Group will continue to invest in developed markets via CapitaLand International, which will support our growth in the asset management business.

CapitaLand SMI

As at 1Q 2019, retail performance continued to be stable. According to Singapore's Department of Statistics, retail sales (excluding motor vehicles) for February 2019 were down by 10.7% after an increase of 5.3% in January 2019 on a year-on-year basis. Despite that, tenants' sales per square foot grew by 2.6% year-on-year in 1Q 2019 for CapitaLand's Singapore shopping malls. CapitaLand's malls in Singapore, being well-connected to public transport networks, with the majority providing mainly necessity shopping are expected to stay resilient.

In April 2019, Jewel Changi Airport (Jewel) successfully opened. Approximately 500,000 people signed up for the preview that was conducted over five days prior to its opening on the 17th of April. In addition to being an iconic development that integrates nature, play and retail experiences for both locals and travelers, Jewel will also deepen CapitaLand's retail network in the eastern part of Singapore. In addition, Funan is expected to open in mid- 2019. Both malls are expected to contribute to the Group's recurring income for 2019.

CapitaLand's Singapore office portfolio, mainly held through CapitaLand Commercial Trust (CCT), reported a high committed portfolio occupancy rate of 99.1% as at 31 March 2019. Based on CCT's office portfolio net lettable area, about 27% is due for renewal in 2019. As at 31 March 2019, more than half of the 27% has already been committed. Barring unforeseen events affecting the macro environment, the Singapore office market is expected to see continued rental growth in 2019.

As at 31 March 2019, the Group's launched residential projects in Singapore were substantially sold. The Group is scheduled to launch two well-located residential projects in Outram and Sengkang Central in 2H 2019. The Group is also launching Park Regent, a 505-unit residential development in Desa ParkCity, a township development in Kuala Lumpur, Malaysia. The Group will continue to evaluate and source for well-located sites with attractive attributes to replenish its residential pipeline.

With the upcoming completion of the ASB transaction, the Group expects to expand its presence across Singapore through ASB's portfolio of business parks, logistics and industrial space.

CapitaLand Vietnam

CapitaLand continues to see Vietnam as a core growth market, supported by a young and growing middle class.

As at 31 March 2019, 98% of the launched units in Vietnam have been sold and the Group expects take up rates to remain healthy. A total of 2,371 units have been sold, valued at approximately S$732 million, of which 31% of sales value is expected to be recognised for the remainder of 2019.

The Group also plans to expand its commercial footprint in both gateway cities, which are currently underserved in terms of Grade A offices for an increasing number of multinational companies setting up their businesses in Vietnam

The Group will continue to look out for good locations to build up its landbank in the gateway cities of Hanoi and Ho Chi Minh to step up its growth momentum in Vietnam.

CapitaLand International

CapitaLand's international presence comprises a portfolio of multifamily assets in the United States as well as offices and retail assets, primarily located in key gateway cities in developed markets.

The Group continues to be selective in expansion opportunities globally and will primarily focus on value-add and growth sectors.

CapitaLand China

CapitaLand's China retail performance remained healthy. In 1Q 2019, the Group's portfolio of shopping malls in China recorded same-mall tenant sales per square metre growth of 6.0%, as compared to the same period in 2018. In addition, the construction of Raffles City Chongqing has been progressing smoothly and is on track for opening in phases from 3Q 2019.

The Group saw healthy growth in office assets in China as new projects continued their leasing momentum with average committed occupancy improving to 75% as at March 2019. The average rental reversion rate in 1Q 2019 was at 5% for existing office portfolio. Demand for offices in Beijing and Shanghai remains healthy and rents are expected to continue to grow steadily through 2019 in these two cities, where 54% of CapitaLand's commercial space is located.

On the residential front, the Group expects to see gradual increases in both sales price and transaction volume as compared with last year. Take-up rates continue to be strong, with 91% of the Group's launched units already sold. In addition, the Group expects to launch over 5,000 units for the remainder of 2019. As at 31 March 2019, the Group had sold but not yet handed over approximately 7,800 units[1], with a value of RMB 17.2 billion[2]. About 60% of this value is expected to be handed over and recognised for the remainder of 2019.

The Group expects to see progressive policy relaxation in China as the government continues its support for the real estate sector. The Group will continue to be disciplined and look out for attractive opportunities to build on its China portfolio. The successful acquisitions of two residential sites in Zengcheng District and a prime mixed-used site in Guangzhou Science City in 2018, together with existing developments such as the Raffles City development in Shenzhen and the Datansha urban renewal project in Guangzhou, are strategically located alongside key infrastructural networks across the Greater Bay Area, which is seen as a significant growth area, and key component of China's plan to cultivate a science and technology hub. The completion of ASB's transaction in due course is also expected to add to CapitaLand's development pipeline in Guangzhou through the remaining plot in Phase I of Guangzhou Knowledge City.

CapitaLand Lodging

CapitaLand Lodging is the Group's global platform with a full value chain of capabilities for the lodging asset class. Lodging assets continue to be mainly owned by REITs and private funds, while the Group pursues opportunities to deploy capital globally, targeting key gateway cities with strong growth to build up a portfolio for trading and growing fee income in the process.

In January 2019, Ascott Residence Trust divested Ascott Raffles Place Singapore at a price of S$353.3 million (64% above book value), representing an exit yield of approximately 2%. It then redeployed its capital into a limited serviced business hotel in Sydney, Australia in March. The A$60.6 million acquisition, with an EBITDA yield of more than 6%, will be rebranded as Citadines Connect Sydney Airport.

During the quarter, CapitaLand secured 14 contracts to manage over 2,000 units across eight countries – China, Germany, India, Indonesia, Japan, Malaysia, Thailand and Saudi Arabia. These properties marked Ascott's first foray into Changchun, the second largest city in Northeast China and this is the first time that Ascott is bringing its premier Ascott The Residence brand to Germany.

CapitaLand Lodging is on course to scale up to 160,000 units worldwide by Year 2023. It will continue to stay focused and expand its footprint globally through management contracts, franchises, as well as strategic partnerships across the Group's various brands.

CapitaLand Financial

Fund management is central to the active capital management strategy of CapitaLand. In 1Q 2019, CapitaLand Financial derived S$49.9 million of fees from REIT and fund management, representing 4.8% of the Group's revenue.

In 1Q 2019 CapitaLand announced the first closing of CREDO I China – the Group's first discretionary real estate debt fund. The fund, with a target capital raise of US$750 million (about S$1 billion), will invest in offshore US dollar-denominated subordinated instruments for real estate in China's first- and second-tier cities. It will focus on loans and securities of high-quality real estate covering commercial, retail, residential, logistics and industrial properties. CapitaLand has raised over 70% of the capital or US$556 million for CREDO I China's first closing, with subsequent commitments from major institutional investors expected

[1] Units sold include options issued as at 31 March 2019. Above data is on a 100% basis, including strata units in integrated developments
[2] Refers to value of residential units sold including value added tax

later this year. CapitaLand will hold a 10% stake in the fund. It is set to be one of China's largest real estate debt funds. Subsequent to the quarter, CapitaLand also announced the first closing of its maiden discretionary equity fund, CapitaLand Asia Partners I (CAP I) to invest in commercial real estate in Asia's key gateway cities at S$528.3 million. The fund will target value-add and transitional office buildings specifically Singapore, Beijing, Guangzhou, Shanghai, Shenzhen, Osaka and Tokyo.

With the addition of CREDO I and CAP I and following recent shareholders' approval of CapitaLand's acquisition of ASB, CapitaLand is well-poised to become one of the top 10 largest real estate investment managers globally[3], with an enlarged fund management platform comprising 24 private funds and eight listed real estate investment trusts.

11(a) Any dividend declared for the present financial period? No. The company pays first and final dividend only.

11(b) Any dividend declared for the previous corresponding period? No.

11(c) Date payable : Not applicable.

11(d) Books closing date : Not applicable.

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

Not applicable.

13 Interested Person Transactions

The Company has not sought a general mandate from shareholders for Interested Person Transactions.

14 Confirmation pursuant to Rule 720(1) of the SGX-ST Listing Manual

The Company confirms that it has procured undertakings from all its Directors and executive officers in the form set out in Appendix 7.7 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "Listing Manual"), as required by Rule 720(1) of the Listing Manual.

15 Confirmation Pursuant to Rule 705(5) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial statements of the Group and the Company (comprising the balance sheet, consolidated income statement, statement of comprehensive income, statement of changes in equity and consolidated statement of cash flows, together with their accompanying notes) as at 31 March 2019 and for the three months ended on that date, to be false or misleading in any material aspect.

On behalf of the Board

Ng Kee Choe	**Lee Chee Koon**
Chairman	Director

[3] Based on IPE Real Estate Top 100 Investment Management Survey 2018

16 Segmental Revenue and Results

16(a)(i) By Strategic Business Units – 1Q 2019 vs 1Q 2018

	Revenue			Earnings before interest & tax		
	1Q 2019 S$'000	1Q 2018 S$'000	Better/ (Worse) (%)	1Q 2019 S$'000	1Q 2018 S$'000	Better/ (Worse) (%)
CL SMI, Vietnam and International						
- CL SMI	457,483	574,530	(20.4)	295,033	312,885	(5.7)
- CL Vietnam	30,541	5,702	435.6	1,984	31,170	(93.6)
- CL International	54,015	25,423	112.5	30,390	15,810	92.2
CL China	238,365	518,712	(54.0)	256,979	328,613	(21.8)
CL Lodging	264,016	230,843	14.4	193,181	45,135	328.0
CL Financial	49,834	57,762	(13.7)	26,503	46,286	(42.7)
Corporate and others[1]	(45,939)	(37,462)	(22.6)	(1,923)	4,282	NM
Total	**1,048,315**	**1,375,510**	**(23.8)**	**802,147**	**784,181**	**2.3**

16(a)(ii) By Geography – 1Q 2019 vs 1Q 2018

	Revenue			Earnings before interest & tax		
	1Q 2019 S$'000	1Q 2018 S$'000	Better/ (Worse) (%)	1Q 2019 S$'000	1Q 2018 S$'000	Better/ (Worse) (%)
Singapore	431,231	545,902	(21.0)	419,586	318,049	31.9
China [2]	269,717	563,445	(52.1)	272,340	347,716	(21.7)
Other emerging markets [3]	107,454	87,397	22.9	36,839	78,810	(53.3)
Other developed markets[4]	239,913	178,766	34.2	73,382	39,606	85.3
Total	**1,048,315**	**1,375,510**	**(23.8)**	**802,147**	**784,181**	**2.3**

16(a)(iii) By Assets Class – 1Q 2019 vs 1Q 2018

	Revenue			Earnings before interest & tax		
	1Q 2019 S$'000	1Q 2018 S$'000	Better/ (Worse) (%)	1Q 2019 S$'000	1Q 2018 S$'000	Better/ (Worse) (%)
Residential and Commercial Strata	178,099	570,940	(68.8)	131,069	204,542	(35.9)
Retail	413,185	397,195	4.0	331,980	365,900	(9.3)
Commercial	167,609	164,390	2.0	139,063	166,834	(16.6)
Lodging[5]	299,129	242,549	23.3	205,802	44,483	362.7
Corporate and Others[1]	(9,707)	436	NM	(5,767)	2,422	NM
Total	**1,048,315**	**1,375,510**	**(23.8)**	**802,147**	**784,181**	**2.3**

Notes:
(1) Includes intercompany eliminations.
(2) Includes Hong Kong.
(3) Excludes China.
(4) Excludes Singapore and Hong Kong.
(5) The results for Lodging asset class is different from CL Lodging SBU as it includes the results of lodging component in integrated developments as well as US multifamily portfolio presented under other SBUs.

17 In the review of performance, the factors leading to any material changes in contributions to revenue and earnings by the business or geographical segments

Please refer to item 8.

18 Breakdown of Group's revenue and profit after tax for first half year and second half year

Not applicable.

19 Breakdown of Total Annual Dividend (in dollar value) of the Company

Not applicable.

20 Subsequent Events

(i) On 12 April 2019, the Group announced that the proposed acquisition of ASB was approved by its shareholders at an Extraordinary General Meeting.

(ii) On 22 April 2019, the Group announced it has successfully set up its first discretionary real estate equity fund – CapitaLand Asia Partners I which will invest in value add and transitional office buildings in Asia's key gateway cities, specifically Singapore, Beijing, Guangzhou, Shanghai, Shenzhen, Osaka and Tokyo. CapitaLand has raised US$391.3 million (approximately S$528.3 million) for the first closing.

(ii) On 23 April 2019, the Group announced that it has, through its wholly owned subsidiary StorHub Group Pte. Ltd., divested 100% of its interests in a group of companies that own and manage eleven self-storage properties in Singapore and one self-storage property in Shanghai, People's Republic of China to an unrelated party for an agreed value of S$185 million.

BY ORDER OF THE BOARD

Michelle Koh
Company Secretary
30 April 2019