# CAPITALAND LIMITED

**(Registration Number: 198900036N)**

## 2018 FULL YEAR FINANCIAL STATEMENTS ANNOUNCEMENT

## TABLE OF CONTENTS

## CAPITALAND LIMITED
## 2018 FULL YEAR FINANCIAL STATEMENTS ANNOUNCEMENT

### 1(a)(i) Income Statement

| | Group | | | | | | |
|---|---|---|---|---|---|---|---|
| | Note | 4Q 2018<br>S$'000 | 4Q 2017 (Restated)[1]<br>S$'000 | Better/ (Worse)<br>% | FY 2018<br>S$'000 | FY 2017 (Restated)[1]<br>S$'000 | Better/ (Worse)<br>% |
| **Revenue** | A | **1,624,452** | **1,212,602** | **34.0** | **5,602,423** | **4,618,200** | **21.3** |
| Cost of sales[2] | B | (838,067) | (560,724) | (49.5) | (2,912,981) | (2,594,087) | (12.3) |
| Gross profit | | 786,385 | 651,878 | 20.6 | 2,689,442 | 2,024,113 | 32.9 |
| Other operating income | C | 234,476 | 60,116 | 290.0 | 990,028 | 850,668 | 16.4 |
| Administrative expenses | D | (171,308) | (142,382) | (20.3) | (450,692) | (422,998) | (6.5) |
| Other operating expenses | E | (31,983) | (59,881) | 46.6 | (43,187) | (31,872) | (35.5) |
| **Profit from operations** | | 817,570 | 509,731 | 60.4 | 3,185,591 | 2,419,911 | 31.6 |
| Finance costs | | (168,206) | (149,312) | (12.7) | (636,495) | (486,669) | (30.8) |
| Share of results (net of tax) of: | F | | | | | | |
| - associates | | 128,124 | 159,823 | (19.8) | 625,021 | 553,659 | 12.9 |
| - joint ventures | | 186,499 | 73,832 | 152.6 | 334,386 | 328,629 | 1.8 |
| | | 314,623 | 233,655 | 34.7 | 959,407 | 882,288 | 8.7 |
| Profit before taxation | | 963,987 | 594,074 | 62.3 | 3,508,503 | 2,815,530 | 24.6 |
| Taxation[2] | G | (255,508) | (104,242) | (145.1) | (658,691) | (468,950) | (40.5) |
| Profit for the period/ year | | 708,479 | 489,832 | 44.6 | 2,849,812 | 2,346,580 | 21.4 |
| Attributable to: | | | | | | | |
| **Owners of the Company ("PATMI")** | | **475,651** | **277,815** | **71.2** | **1,762,493** | **1,569,560** | **12.3** |
| Non-controlling interests ("NCI") | | 232,828 | 212,017 | (9.8) | 1,087,319 | 777,020 | (39.9) |
| Profit for the period/ year | | 708,479 | 489,832 | 44.6 | 2,849,812 | 2,346,580 | 21.4 |

*Notes:*

1. *4Q 2017 and FY 2017 results have been restated to take into account the retrospective adjustments relating to SFRS(I) 15 Revenue from Contracts with Customers (please refer to item 4.).*

2. *During the quarter, the Group reclassified the land appreciation tax in China from cost of sales to taxation. The comparative figures have been restated to be in line with the current year representation.*

## 1(a)(ii) Explanatory Notes to Income Statement – 4Q 2018 vs 4Q 2017(Restated)

### (A) Revenue

Revenue for 4Q 2018 increased by 34.0% or $411.9 million mainly due to higher handover of units from residential projects in China and Vietnam and rental revenue from newly acquired and operational properties in China, Germany and the United States of America (USA).

### (B) Cost of Sales

In line with higher revenue, cost of sales also increased but at a higher rate as the proportion of revenue recognised from development projects, which had lower gross profit margin relative to rental income from investment properties, were higher this quarter. In addition, the Group has also written back provision for foreseeable losses mainly in respect of residential properties in Singapore amounting to $26.5 million (4Q 2017: $31.9M) upon the sale of units.

### (C) Other Operating Income

| | | Group | | |
|---|---|---|---|---|
| | | 4Q 2018<br>S$'000 | 4Q 2017<br>S$'000 | Better/<br>(Worse)<br>(%) |
| **Other Operating Income** | | **234,476** | **60,116** | **290.0** |
| Investment income | (i) | 2,953 | 1,212 | 143.6 |
| Interest income | (ii) | 27,932 | 22,938 | 21.8 |
| Other income (including portfolio gains) | (iii) | 51,497 | 35,966 | 43.2 |
| Fair value gains of investment properties | (iv) | 152,094 | - | NM |

(i) Investment income in 4Q 2018 increased due to distributions received from investments in Japan and China.

(ii) Interest income increased mainly due to higher placement of surplus funds with financial institutions.

(iii) Other income in 4Q 2018 mainly relate to portfolio gains from divestment of a serviced residence in Hong Kong. Other income for 4Q 2017 mainly relate to writeback of provision in relation to past divestments.

(iv) The Group registered a net fair value gain of $152.1 million in 4Q 2018 in respect of its portfolio of investment properties held through subsidiaries in Singapore, China, Japan and Europe. In 4Q 2017, the Group recorded a net fair value loss of $36.1 million presented under Other Operating Expenses (see note (E)).

The impact of valuation of investment properties held through associates and joint ventures is included in the Share of results of Associates and Joint Ventures (see Note (F)).

### (D) Administrative Expenses

| | Group | | |
|---|---|---|---|
| | 4Q 2018<br>S$'000 | 4Q 2017<br>S$'000 | Better/<br>(Worse)<br>(%) |
| **Administrative Expenses** | **(171,308)** | **(142,382)** | **(20.3)** |
| **Included in Administrative Expenses:-** | | | |
| Depreciation and amortisation | (21,448) | (23,180) | 7.5 |
| Allowance for doubtful receivables and bad debts written off | (4,311) | (3,196) | (34.9) |

Administrative expenses comprised staff costs, depreciation, operating lease expenses and other miscellaneous expenses. The increase in administrative expenses in 4Q 2018 was mainly due higher staff costs, IT maintenance fees and professional fees. The higher professional fees was mainly attributable to the proposed acquisition of Ascendas Pte Ltd and Singbridge Pte. Ltd. (see note 21(iii)).

### (E) Other Operating Expenses

The decrease in other operating expenses in 4Q 2018 was mainly due to the absence of fair value loss on revaluation of investment properties recorded in 4Q 2017, partially offset by provision for impairment for an associate in India. Included in 4Q 2018 Other operating expenses was a foreign exchange loss of $5.0 million (4Q 2017: $1.6 million).

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

The lower share of results from associates in 4Q 2018 was mainly due to lower revaluation gains from the Raffles City portfolio in China and revaluation loss for a property in Abu Dhabi, the United Arab Emirates, partially mitigated by absence of share of losses from divestment of six malls in India in 4Q 2017.

Share of results from joint ventures increased in 4Q 2018 on account of higher revaluation gains and improved contributions from joint venture malls in China, as well as higher contribution from a development project, Dolce Vita 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. LAT refers to tax on gains arising from the transfer of land use right and building that are constructed on the land in China. 4Q 2018 taxation expense included LAT of $108.4 million (4Q 2017: $21.8 million).

The higher tax expense during the quarter was mainly due to higher taxable income from China due to higher operating profits and fair value gains from revaluation of properties, as well as higher LAT in line with higher handover of residential projects in 4Q 2018. Included in 4Q 2018 tax expense was a write back of tax provision of $26.1 million in respect of prior years (4Q 2017: tax writeback of $16.1 million in respect of prior years).

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

The net gains from the sale of investments in 4Q 2018 relate to portfolio gains of $60.1 million (4Q 2017: portfolio gains of $13.2 million and realised revaluation losses of $13.7 million) are as follow:

| | PATMI (S$M) |
|---|---|
| **4Q 2018** | |
| Citadines Harbourview, Hong Kong | 57.9 |
| Two malls in China | 16.9 |
| Others (mainly realisation of FCTR, writeback of tax and other provisions relating to past divestments) | (14.7) |
| **Total** | **60.1** |
| | |
| **4Q 2017** | |
| Six malls in India | (29.4) |
| Writeback of tax and other provision relating to past divestments | 23.3 |
| Others (mainly realisation of FCTR on liquidation of subsidiaries) | 5.6 |
| **Total** | **(0.5)** |

## 1(a)(iii) Statement of Comprehensive Income

| | Group | | | | | |
|---|---|---|---|---|---|---|
| | **4Q 2018** **S$'000** | **4Q 2017 (Restated) S$'000** | **Better/ (Worse) %** | **FY 2018 S$'000** | **FY 2017 (Restated) S$'000** | **Better/ (Worse) %** |
| Profit for the period / year | 708,479 | 489,832 | 44.6 | 2,849,812 | 2,346,580 | 21.4 |
| 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) | (117,410) | (103,553) | (13.4) | (237,739) | (419,291) | 43.3 |
| Change in fair value of available-for-sale investments | - | 448 | (100.0) | - | 3,456 | (100.0) |
| Effective portion of change in fair value of cash flow hedges (2) | (41,090) | (29,042) | (41.5) | 17,832 | (93,218) | NM |
| Share of other comprehensive income of associates and joint ventures (3) | (196,499) | 16,931 | NM | (327,533) | 99,309 | NM |
| 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 | 1,992 | - | NM | (4,047) | - | NM |
| Total other comprehensive income, net of tax | (353,007) | (115,216) | (206.4) | (551,487) | (409,744) | (34.6) |
| Total comprehensive income | 355,472 | 374,616 | (5.1) | 2,298,325 | 1,936,836 | 18.7 |
| Attributable to: | | | | | | |
| **Owners of the Company** | **179,617** | **188,319** | **(4.6)** | **1,302,156** | **1,213,945** | **7.3** |
| Non-controlling interests | 175,855 | 186,297 | (5.6) | 996,169 | 722,891 | 37.8 |
| Total comprehensive income | 355,472 | 374,616 | (5.1) | 2,298,325 | 1,936,836 | 18.7 |

*Notes:*

1. *4Q 2018's exchange differences arose mainly from the appreciation of SGD against RMB by 1.27%, partially mitigated by the depreciation of SGD against USD by 0.21% during the quarter.*

   *FY 2018's exchange differences arose mainly from the appreciation of SGD against RMB by 3.30%, partially mitigated by the depreciation of SGD against USD by 1.79%.*

2. *The effective portion of change in fair value of cash flow hedges for 4Q 2018 and FY 2018 arose mainly from the mark-to-market losses/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. 4Q 2018's share of exchange differences arose mainly from the appreciation of SGD against RMB by 1.27% and USD against RMB by 1.48%, partially mitigated by the depreciation of SGD against USD by 0.21% during the quarter.*

   *FY 2018's share of exchange differences arose mainly from the appreciation of SGD against RMB by 3.30% and USD against RMB by 5.18%, partially mitigated by the depreciation of SGD against USD by 1.79%.*

## 1(b)(i) Balance Sheet

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 31/12/2018 S$'000 | 31/12/2017 (Restated)[1] S$'000 | Change % | 31/12/2018 S$'000 | 31/12/2017 S$'000 | Change % |
| **Non-current assets** | | | | | | |
| Property, plant & equipment | 752,655 | 840,021 | (10.4) | 3,042 | 19,044 | (84.0) |
| Intangible assets | 634,715 | 563,295 | 12.7 | 405 | 20,315 | *(98.0)* |
| Investment properties[(2)] | 39,445,960 | 36,479,434 | 8.1 | - | - | - |
| Subsidiaries | - | - | - | 12,060,311 | 12,208,267 | (1.2) |
| Associates & joint ventures | 10,179,618 | 10,205,449 | (0.3) | - | - | - |
| Other non-current assets | 1,188,337 | 1,138,851 | 4.3 | 423 | 423 | - |
| | **52,201,285** | **49,227,050** | **6.0** | **12,064,181** | **12,248,049** | **(1.5)** |
| **Current assets** | | | | | | |
| *Development properties for sale and stock*[(3)] | *5,128,551* | *3,977,006* | *29.0* | - | - | - |
| *Trade & other receivables*[(4)] | *1,944,064* | *1,461,637* | *33.0* | *1,166,485* | *1,974,786* | *(40.9)* |
| *Contract assets*[(5)] | *24,805* | *166,017* | *(85.1)* | - | - | - |
| *Other current assets* | *28,737* | *59,365* | *(51.6)* | - | - | - |
| *Assets held for sale*[(6)] | *260,276* | *542,786* | *(52.0)* | - | - | - |
| *Cash & cash equivalents*[(7)] | *5,059,839* | *6,105,318* | *(17.1)* | *15,156* | *7,247* | *109.1* |
| | **12,446,272** | **12,312,129** | **1.1** | **1,181,641** | **1,982,033** | **(40.4)** |
| **Less: Current liabilities** | | | | | | |
| *Trade & other payables*[(8)] | *3,841,906* | *3,067,237* | *25.3* | *261,531* | *886,418* | *(70.5)* |
| *Contract liabilities*[(9)] | *908,487* | *1,680,597* | *(45.9)* | - | - | - |
| *Short-term borrowings*[(10)] | *3,193,456* | *2,738,995* | *16.6* | *571,750* | *793,796* | *(28.0)* |
| *Current tax payable* | *1,451,474* | *1,279,887* | *13.4* | *3,526* | *2,599* | *35.7* |
| *Liabilities held for sale*[(6)] | - | *94,625* | *(100.0)* | - | - | - |
| | **9,395,323** | **8,861,341** | **6.0** | **836,807** | **1,682,813** | **(50.3)** |
| **Net current assets** | **3,050,949** | **3,450,788** | **(11.6)** | **344,834** | **299,220** | **15.2** |
| **Less: Non-current liabilities** | | | | | | |
| Long-term borrowings[(10)] | 20,440,489 | 18,955,934 | 7.8 | 1,479,690 | 1,841,863 | (19.7) |
| Other non-current liabilities | 1,504,806 | 1,604,080 | (6.2) | 617,461 | 8,315 | NM |
| | **21,945,295** | **20,560,014** | **6.7** | **2,097,151** | **1,850,178** | **13.3** |
| **Net assets** | **33,306,939** | **32,117,824** | **3.7** | **10,311,864** | **10,697,091** | **(3.6)** |
| **Representing:** | | | | | | |
| Share capital | 6,309,496 | 6,309,496 | - | 6,309,496 | 6,309,496 | - |
| Revenue reserves | 13,460,921 | 12,178,999 | 10.5 | 4,257,059 | 4,310,421 | (1.2) |
| Other reserves[(11)] | (817,705) | (75,605) | *981.5* | (254,691) | 77,174 | NM |
| Equity attributable to owners of the Company | 18,952,712 | 18,412,890 | 2.9 | 10,311,864 | 10,697,091 | (3.6) |
| Non-controlling interests | 14,354,227 | 13,704,934 | 4.7 | - | - | - |
| **Total equity** | **33,306,939** | **32,117,824** | **3.7** | **10,311,864** | **10,697,091** | **(3.6)** |

*Notes:*

1. *The Group's comparative balance sheet as at 31 December 2017 had been restated to take into account the retrospective adjustments relating to SFRS(I) 15 Revenue from Contracts with Customers (Please refer to item 4).*

2. *The increase was mainly due to fair value gains for the year as well as acquisition of a retail mall in China, a commercial property in Germany and 16 multi-family properties in the USA. The increase was offset by the divestment of a serviced residence in Hong Kong.*

3. *The increase was mainly due to acquisitions of Chongqing Zhonghua Real Estate Co., Ltd. in August 2018 and Pearl Bank Apartment site in November 2018.*

4. *The increase was mainly due to prepayment of land for new investments in China, as well as acquisition of Chongqing Zhonghua Real Estate Co, Ltd. The decrease in the Company's trade & other receivables was mainly due to settlement of loans by subsidiary.*

5. *The decrease was mainly due to lower progress billings for development projects in Singapore as most of the projects were completed and progressively fully sold during the year.*

6. *The decrease was mainly due to the completion of divestments of Group's interest in two serviced residences, namely Citadines Biyun Shanghai and Citadines Gaoxin Xi'an, and four retail malls in China, namely CapitaMall Guicheng, CapitaMall Jiulongpo, CapitaMall Maoming and CapitaMall Zhangzhou. The decrease was mitigated by the reclassification of two Singapore properties, Bugis Village and Ascott Raffles Place to assets held for sale following the receipt of termination notice from the lessor on 28 March 2018 and the announcement of the divestment on 9 January 2019 respectively.*

7. *The cash balances as at 31 December 2018 included $1.9 billion held at CapitaLand Limited and its treasury vehicles (comprising CapitaLand Treasury Limited, CapitaMalls Asia Treasury Limited and The Ascott Capital Pte Ltd).*

8. *The increase was mainly due to acquisition of Chongqing Zhonghua Real Estate Co, Ltd.*

9. *The decrease in contract liabilities was mainly due to lower advance consideration received from customers for development projects in China.*

10. *The increase in borrowings was mainly due to additional loans taken to fund the Group's investments and ongoing development expenditure for projects under construction.*

11. *The decrease in other reserves was mainly due to foreign currency translation differences arising from the appreciation of SGD against RMB during the year.*

## 1(b)(ii) Group's borrowings (including finance leases)

| | Group | |
|---|---|---|
| | **As at 31/12/2018 S$'000** | **As at 31/12/2017 S$'000** |
| **Amount repayable in one year or less, or on demand:-** | | |
| Secured | 867,999 | 424,731 |
| Unsecured | 2,325,457 | 2,314,264 |
| **Sub-Total 1** | **3,193,456** | **2,738,995** |
| **Amount repayable after one year:-** | | |
| Secured | 5,739,319 | 5,349,919 |
| Unsecured | 14,701,170 | 13,606,015 |
| **Sub-Total 2** | **20,440,489** | **18,955,934** |
| **Total Debt** | **23,633,945** | **21,694,929** |
| **Cash** | **5,059,839** | **6,105,318** |
| **Total Debt less Cash** | **18,574,106** | **15,589,611** |

As at 31 December 2018, CapitaLand Limited and its treasury vehicles collectively, have available undrawn facilities of approximately $2.9 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

| | 4Q 2018 S$'000 | 4Q 2017 (Restated) S$'000 | FY 2018 $'000 | FY 2017 (Restated) $'000 |
|---|---|---|---|---|
| **Cash Flows from Operating Activities** | | | | |
| **Profit after taxation** | **708,479** | **489,832** | **2,849,812** | **2,346,580** |
| **Adjustments for :** | | | | |
| Amortisation of intangible assets | 4,969 | 4,793 | 11,165 | 7,022 |
| Allowance/(Write back) for: | | | | |
| - Foreseeable losses | (26,462) | (31,876) | (43,462) | (27,676) |
| - Impairment on receivables | 9,177 | 5,157 | 10,001 | 7,835 |
| - Impairment on investment in joint venture | 12,454 | (1,790) | 12,454 | (53) |
| - Impairment of intangible assets | - | 3,226 | - | 3,226 |
| Gain from bargain purchase | - | - | - | (26,941) |
| Share-based expenses | 13,407 | 17,810 | 50,421 | 55,333 |
| Net change in fair value of financial instruments | 1,882 | 861 | 1,646 | (121) |
| Depreciation of property, plant and equipment | 16,238 | 18,776 | 63,338 | 69,270 |
| Loss/ (Gain) on disposal and write-off of property, plant and equipment | 752 | (23) | 749 | 137 |
| Loss/ (Gain) on disposal of investment properties | 288 | 2 | (120,743) | (95,842) |
| Net fair value gain from assets held for sale | - | (1,500) | (9,016) | (74,855) |
| Net fair value gain from investment properties | (152,094) | 37,626 | (668,002) | (214,038) |
| Gain disposal/liquidation/dilution of equity investments and other financial assets | (38,113) | (21,039) | (49,307) | (325,466) |
| Share of results of associates and joint ventures | (314,623) | (233,655) | (959,407) | (882,288) |
| Interest expense | 168,206 | 149,312 | 636,495 | 486,669 |
| Interest income | (27,932) | (22,938) | (88,006) | (62,047) |
| Taxation | 255,508 | 104,242 | 658,691 | 468,950 |
| | **(76,343)** | **28,984** | **(492,983)** | **(610,885)** |
| **Operating profit before working capital changes** | **632,136** | **518,816** | **2,356,829** | **1,735,695** |
| **Changes in working capital** | | | | |
| Trade and other receivables | (110,490) | 88,875 | (511,770) | (121,996) |
| Development properties for sale | (617,808) | 65,118 | 95,465 | 752,595 |
| Trade and other payables | (494,964) | 265,804 | (990,564) | 188,592 |
| Restricted bank deposits | (5,959) | 2,879 | (6,870) | (9,802) |
| | **(1,229,221)** | **422,676** | **(1,413,739)** | **809,389** |
| **Cash (used in)/generated from operations** | **(597,085)** | **941,492** | **943,090** | **2,545,084** |
| Taxation paid | (60,512) | (51,938) | (389,696) | (378,751) |
| **Net (cash used in)/generated from Operating Activities** | **(657,597)** | **889,554** | **553,394** | **2,166,333** |
| **Cash Flows from Investing Activities** | | | | |
| Proceeds from disposal of property, plant and equipment | 411 | 6,638 | 1,092 | 6,893 |
| Purchase of intangible assets and property, plant and equipment | (15,205) | (30,532) | (89,348) | (149,276) |
| (Investment in)/ Return of investment from/ Loans from/ (to) associates and joint ventures | (371,907) | 186,708 | 261,301 | (224,516) |
| Deposits placed for acquistion of investment properties | (42,207) | (126,716) | (65,045) | (231,671) |
| Deposit received for disposal of investment property / subsidiaries | 5,000 | 3,962 | 5,000 | 104,909 |
| Acquisition/ Development expenditure of investment properties | (1,325,796) | (1,115,321) | (1,655,625) | (2,077,767) |
| Proceeds from disposal of investment properties and assets held for sale | 18,128 | 99,855 | 1,014,598 | 1,818,950 |
| (Investment in)/ Proceed from disposal of other financial assets | (845) | 4,907 | (51,025) | (3,807) |
| Dividends received from associates, joint ventures and other investments | 329,335 | 30,087 | 540,662 | 262,326 |
| Acquisition of subsidiaries, net of cash acquired | (115,063) | (2,470,216) | (1,494,442) | (2,233,387) |
| Disposal of subsidiaries, net of cash disposed of | 96,648 | 40,086 | 106,816 | 898,995 |
| Settlement of hedging instruments | 9,689 | 13,580 | 4,403 | 8,368 |
| Interest income received | 26,608 | 21,680 | 83,687 | 49,931 |
| Restricted bank deposits | (441) | - | (17,678) | - |
| **Net cash used in Investing Activities** | **(1,385,645)** | **(3,335,282)** | **(1,355,604)** | **(1,770,052)** |

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

| | 4Q 2018<br>S$'000 | 4Q 2017 (Restated)<br>S$'000 | FY 2018<br>$'000 | FY 2017 (Restated)<br>$'000 |
|---|---|---|---|---|
| **Cash Flows from Financing Activities** | | | | |
| Purchase of treasury shares | - | - | (341,825) | - |
| Contributions from non-controlling interests | 295,010 | 581,845 | 498,378 | 844,007 |
| Repayment of shareholder loans from non-controlling interests | (2,074) | (10,200) | (49,776) | (15,344) |
| Proceed from disposal/(Payment for acquisition) of ownership interests in subsidiaries with no change in control | 9,497 | - | 9,497 | (5,758) |
| Proceeds from bank borrowings | 4,691,741 | 2,895,633 | 8,605,165 | 6,360,718 |
| Repayments of bank borrowings | (2,377,214) | (1,204,983) | (7,325,266) | (4,187,849) |
| Proceeds from issuance of debt securities | 262,476 | 599,779 | 1,660,672 | 599,779 |
| Repayments of debt securities and convertible bonds | (715,246) | (86) | (1,284,031) | (1,064,586) |
| Repayments of finance lease payables | (576) | (825) | (2,931) | (3,165) |
| Dividends paid to non-controlling interests | (138,608) | (165,713) | (743,596) | (597,563) |
| Dividends paid to shareholders | - | - | (504,087) | (424,714) |
| Interest expense paid | (237,483) | (191,226) | (731,691) | (525,088) |
| Bank deposits withdrawn/ (pledged) for bank facilities | 156,097 | 811 | (7,615) | (1,134) |
| **Net cash generated from/ (used in) Financing Activities** | **1,943,620** | **2,505,035** | **(217,106)** | **979,303** |
| | | | | |
| **Net (decrease)/ increase in cash and cash equivalents** | **(99,622)** | **59,307** | **(1,019,316)** | **1,375,584** |
| Cash and cash equivalents at beginning of the period/ year | 5,139,553 | 6,067,694 | 6,079,505 | 4,777,752 |
| Effect of exchange rate changes on cash balances held in foreign currencies | (35,176) | (20,327) | (59,779) | (46,662) |
| Changes to cash and cash equivalents reclassified to asset held for sale | - | (27,169) | 4,345 | (27,169) |
| **Cash and cash equivalents at end of the period/ year** | **5,004,755** | **6,079,505** | **5,004,755** | **6,079,505** |
| Restricted cash deposits | 55,084 | 25,813 | 55,084 | 25,813 |
| **Cash and cash equivalents in the Balance Sheet** | **5,059,839** | **6,105,318** | **5,059,839** | **6,105,318** |

**Cash and cash equivalents at end of the period**

The cash and cash equivalents of about $5,059.8 million as at 31 December 2018 included $59.5 million in project accounts whose withdrawals are restricted to the payment of development projects expenditure.

**Cash flows analysis**
**4Q 2018 vs 4Q 2017 (Restated)**

In 4Q 2018, the Group recorded a net cash outflow from operating activities of $657.6 million primarily due to the acquisition of Pearl Bank Apartment site of $677.4 million in Singapore and deposits placed for acquisition of residential sites in China, mitigated by collections from development properties in China. The net cash generated for 4Q 2017 of $889.6 million was mainly attributed to collections from development projects in China and Singapore.

The Group used a net cash of $1,385.6 million in investing activities during the period mainly for the acquisition of 16 multi-family properties in the USA, subsidiaries in China and Indonesia as well as additional investments in associate and joint venture in China and Singapore respectively. The cash used was partially mitigated by dividends received from associates and joint ventures.

Net cash generated from financing activities for 4Q 2018 was $1,943.6 million. This was mainly attributable to contribution from non-controlling interests and net proceeds from bank borrowings, partially offset by payment of interest expense and redemption of an aggregate principal amount of $600.8 million of the 1.95 percent convertible bonds due 2023.

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

### For the period ended 31/12/2018 vs 31/12/2017 (Restated) – 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** |
|---|---|---|---|---|---|---|
| **Balance as at 01/01/2018 as previously reported** | **6,309,496** | **12,148,192** | **(75,314)** | **18,382,374** | **13,700,699** | **32,083,073** |
| Effects of changes in accounting policies# | | 30,807 | (291) | **30,516** | 4,235 | **34,751** |
| **Balance as at 01/01/2018, as restated** | **6,309,496** | **12,178,999** | **(75,605)** | **18,412,890** | **13,704,934** | **32,117,824** |
| **Total comprehensive income** | | | | | | |
| Profit for the year | | 1,762,493 | | **1,762,493** | 1,087,319 | **2,849,812** |
| Other comprehensive income | | | | | | |
| Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations | | | (125,062) | **(125,062)** | (112,677) | **(237,739)** |
| Change in fair value of equity investments at fair value through other comprehensive income | | | 780 | **780** | (4,827) | **(4,047)** |
| Effective portion of change in fair value of cash flow hedges | | | (10,176) | **(10,176)** | 28,008 | **17,832** |
| Share of other comprehensive income of associates and joint ventures | | | (325,879) | **(325,879)** | (1,654) | **(327,533)** |
| Total other comprehensive income, net of income tax | - | - | (460,337) | **(460,337)** | (91,150) | **(551,487)** |
| **Total comprehensive income** | **-** | **1,762,493** | **(460,337)** | **1,302,156** | **996,169** | **2,298,325** |
| **Transactions with owners, recorded directly in equity** | | | | | | |
| Contributions by and distributions to owners | | | | | | |
| Issue of treasury shares | | | 559 | **559** | - | **559** |
| Purchase of treasury shares | | | (341,825) | **(341,825)** | - | **(341,825)** |
| Contributions from non-controlling interests (net) | | | | **-** | 506,404 | **506,404** |
| Redemption of convertible bonds | | 24,433 | (24,433) | **-** | - | **-** |
| Dividends paid/payable | | (504,087) | | **(504,087)** | (730,159) | **(1,234,246)** |
| Distribution attributable to perpetual securities issued by a subsidiary | | (8,586) | | **(8,586)** | (10,614) | **(19,200)** |
| Reclassification of equity compensation reserve | | 4,034 | (4,034) | **-** | - | **-** |
| Share-based payments | | | 41,937 | **41,937** | 2,510 | **44,447** |
| Total contributions by and distributions to owners | - | (484,206) | (327,796) | **(812,002)** | (231,859) | **(1,043,861)** |
| Changes in ownership interests in subsidiaries and other capital transactions | | | | | | |
| Changes in ownership interests in subsidiaries with change in control | | - | - | **-** | (104,652) | **(104,652)** |
| Changes in ownership interests in subsidiaries with no change in control | | 5,486 | 218 | **5,704** | (1,825) | **3,879** |
| Share of reserves of associates and joint ventures | | (18,468) | 37,487 | **19,019** | - | **19,019** |
| Others | | 16,617 | 8,328 | **24,945** | (8,540) | **16,405** |
| Total changes in ownership interests in subsidiaries and other capital transactions | - | 3,635 | 46,033 | **49,668** | (115,017) | **(65,349)** |
| **Total transactions with owners** | **-** | **(480,571)** | **(281,763)** | **(762,334)** | **(346,876)** | **(1,109,210)** |
| **Balance as at 31/12/2018** | **6,309,496** | **13,460,921** | **(817,705)** | **18,952,712** | **14,354,227** | **33,306,939** |

** 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 31/12/2018 vs 31/12/2017 (Restated) – 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 01/01/2017 as previously reported** | **6,309,496** | **11,029,084** | **266,265** | **17,604,845** | **6,695,630** | **24,300,475** |
| Effects of changes in accounting policies# | | 11,997 | | **11,997** | 2,482 | **14,479** |
| **Balance as at 01/01/2017, as restated** | **6,309,496** | **11,041,081** | **266,265** | **17,616,842** | **6,698,112** | **24,314,954** |
| **Total comprehensive income** | | | | | | |
| Profit for the year | | 1,569,560 | | **1,569,560** | 777,020 | **2,346,580** |
| Other comprehensive income | | | | | | |
| Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations | | | (399,136) | **(399,136)** | (20,155) | **(419,291)** |
| Change in fair value of available-for-sale investments | | | 1,594 | **1,594** | 1,862 | **3,456** |
| Effective portion of change in fair value of cash flow hedges | | | (55,904) | **(55,904)** | (37,314) | **(93,218)** |
| Share of other comprehensive income of associates and joint ventures | | | 97,831 | **97,831** | 1,478 | **99,309** |
| Total other comprehensive income, net of income tax | - | - | (355,615) | **(355,615)** | (54,129) | **(409,744)** |
| **Total comprehensive income** | **-** | **1,569,560** | **(355,615)** | **1,213,945** | **722,891** | **1,936,836** |
| **Transactions with owners, recorded directly in equity** | | | | | | |
| Contributions by and distributions to owners | | | | | | |
| Issue of treasury shares | | | 453 | **453** | | **453** |
| Contributions from non-controlling interests (net) | | | | **-** | 1,021,625 | **1,021,625** |
| Equity portion of convertible bonds issued | | | (2,278) | **(2,278)** | (5,071) | **(7,349)** |
| Redemption of convertible bonds | | 7,493 | (7,493) | **-** | - | **-** |
| Dividends paid/payable | | (424,714) | - | **(424,714)** | (578,387) | **(1,003,101)** |
| Distribution attributable to perpetual securities issued by a subsidiary | | (8,513) | | **(8,513)** | (10,687) | **(19,200)** |
| Reclassification of equity compensation reserve | | 10,660 | (10,660) | **-** | - | **-** |
| Share-based payments | | | 44,042 | **44,042** | 892 | **44,934** |
| Total contributions by and distributions to owners | - | (415,074) | 24,064 | **(391,010)** | 428,372 | **37,362** |
| Changes in ownership interests in subsidiaries and other capital transactions | | | | | | |
| Changes in ownership interests in subsidiaries with change in control | | 1,374 | (1,374) | **-** | 5,831,696 | **5,831,696** |
| Changes in ownership interests in subsidiaries with no change in control | | (23,066) | (863) | **(23,929)** | 23,897 | **(32)** |
| Share of reserves of associates and joint ventures | | (8,440) | 7,041 | **(1,399)** | | **(1,399)** |
| Others | | 13,564 | (15,123) | **(1,559)** | (34) | **(1,593)** |
| Total changes in ownership interests in subsidiaries and other capital transactions | - | (16,568) | (10,319) | **(26,887)** | 5,855,559 | **5,828,672** |
| **Total transactions with owners** | **-** | **(431,642)** | **13,745** | **(417,897)** | **6,283,931** | **5,866,034** |
| **Balance as at 31/12/2017** | **6,309,496** | **12,178,999** | **(75,605)** | **18,412,890** | **13,704,934** | **32,117,824** |

** Includes reserve for own shares, foreign currency translation reserve, capital reserves, available-for-sale reserve, equity compensation reserve and hedging reserve.*

*# Please refer to Note 4*

*^ Mainly relates to the non-controlling interests of CMT and CRCT following the consolidation of these two trusts in 3Q 2017.*

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

### For the period ended 31/12/2018 vs 31/12/2017 – 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 01/01/2018** | **6,309,496** | **4,310,421** | **(78,514)** | **135,715** | **19,973** | **10,697,091** |
| **Total comprehensive income** | | | | | | |
| Profit for the year | | 424,105 | | | | **424,105** |
| **Transactions with equity holders, recorded directly in equity** | | | | | | |
| Contributions by and distributions to owners | | | | | | |
| Purchase of treasury shares | | | (341,825) | | | **(341,825)** |
| Issue of treasury shares | | | 35,261 | | (8,904) | **26,357** |
| Share-based payments | | | | | 10,223 | **10,223** |
| Dividends paid | | (504,087) | | | | **(504,087)** |
| Redemption of convertible bonds | | 24,433 | | (24,433) | | **-** |
| Reclassification of equity compensation reserve | | 2,187 | | | (2,187) | **-** |
| **Total transactions with owners** | **-** | **(477,467)** | **(306,564)** | **(24,433)** | **(868)** | **(809,332)** |
| **Balance as at 31/12/2018** | **6,309,496** | **4,257,059** | **(385,078)** | **111,282** | **19,105** | **10,311,864** |
| **Balance as at 01/01/2017** | **6,309,496** | **4,159,919** | **(107,220)** | **144,353** | **17,310** | **10,523,858** |
| **Total comprehensive income** | | | | | | |
| Profit for the year | | 562,771 | | | | **562,771** |
| **Transactions with owners, recorded directly in equity** | | | | | | |
| Contributions by and distributions to owners | | | | | | |
| Issue of treasury shares | | | 28,706 | | (6,467) | **22,239** |
| Dividends paid | | (424,714) | | | | **(424,714)** |
| Redemption of convertible bonds | | 8,638 | | (8,638) | | **-** |
| Share-based payments | | | | | 12,937 | **12,937** |
| Reclassification of equity compensation reserve | | 3,807 | | | (3,807) | **-** |
| **Total transactions with owners** | **-** | **(412,269)** | **28,706** | **(8,638)** | **2,663** | **(389,538)** |
| **Balance as at 31/12/2017** | **6,309,496** | **4,310,421** | **(78,514)** | **135,715** | **19,973** | **10,697,091** |

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

### Issued Share Capital

As at 31 December 2018, the Company's issued and fully paid-up capital (excluding treasury shares) comprises 4,162,813,855 (31 December 2017: 4,247,292,358) ordinary shares. Movements in the Company's issued and fully paid-up capital were as follows:

| | **No. of Shares** |
|---|---|
| As at 01/01/2018 | 4,247,292,358 |
| Treasury shares transferred pursuant to employee share plans and payment of directors' fees | 11,198,297 |
| Purchase of treasury shares | (95,676,800) |
| **As at 31/12/2018** | **4,162,813,855** |

### CapitaLand Share Plans

### Performance Share Plan

As at 31 December 2018, the number of shares comprised in contingent awards granted under the performance share plan ("PSP") which has not been released was 9,503,007 (31 December 2017: 10,593,441).

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 December 2018, the number of shares comprised in contingent awards granted under the restricted share plan ("RSP") in respect of which (a) the final number of shares has not been determined, and (b) the final number of shares has been determined but not released, was 9,816,496 (31 December 2017: 10,718,463) and 13,154,654 (31 December 2017: 11,713,324) respectively, of which 1,977,024 (31 December 2017: 2,438,435) shares out of the former and 2,769,330 (31 December 2017: 1,817,476) shares out of the latter 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 December 2018:

| 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 2017: 501,146,563) representing a 8.6% increase over the total number of issued shares (excluding treasury shares) of the Company as at 31 December 2018.

### 1(d)(iii) Treasury Shares

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

| | No of Shares |
|---|---|
| As at 01/01/2018 | 27,091,388 |
| Treasury shares transferred pursuant to employee share plans and payment of directors' fees | (11,198,297) |
| Purchase of treasury shares | 95,676,800 |
| **As at 31/12/2018** | **111,569,891** |

As at 31 December 2018, the Company held 111,569,891 treasury shares which represents 2.7% 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

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

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

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

<u>SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*</u>
SFRS(I) requires that the Group applies SFRS(I) on a retrospective basis and restatement of comparatives may be required because SFRS(I) 1 requires both the opening balance sheet and comparative information to be prepared using the most current accounting policies. SFRS(I) 1 provides mandatory exceptions and optional exemptions from retrospective application, but these are often different from those specific transition provisions in individual FRSs applied to FRS financial statements. The application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 does not have any significant impact on the Group's financial statements.

SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Overall, there was no significant change to the measurement basis arising from adopting the new classification and measurement model under SFRS(I) 9. The Group's existing hedges that are designated as effective hedging relationship continue to qualify for hedge accounting under SFRS(I) 9.

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

SFRS(I) 15 *Revenue from Contracts with Customers*

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

The Group has adopted SFRS(I) 15 using the retrospective approach and applies all of the requirements of SFRS(I) 15 retrospectively, except for the practical expedients used for completed contracts. Under these practical expedients, completed contracts that began and ended in the same comparative reporting period, as well as completed contracts at the beginning of the earliest period presented, are not restated.

Following the presentation requirements in SFRS(I) 15, the Group has presented contract assets separately from development properties for sale and contract liabilities separately from trade and other payables.

Under SFRS(I) 15, the Group capitalises sales commission paid to property agents on the sale of property which were previously recognised as expenses if these costs are recoverable and presented as contract costs. Sales commission will be amortised to profit or loss as the Group recognises the related revenue. In addition, the Group also recognises finance income or finance expenses, depending on the arrangement, for payments received from customers for the sale of residential projects when the difference between the timing of receipt of payments and the transfer of control of the property to the buyer is 12 months or more.

The impact on the Group's financial statements arising from the adoption of SFRS(I) 15 is as follows:

| | **Group** | |
|---|---|---|
| | **2018 $'000 Increase/ (Decrease)** | **2017 $'000 Increase/ (Decrease)** |
| *Balance sheet as at 1 January* | | |
| Revenue reserves | 30,807 | 11,997 |
| Other reserves | (291) | - |
| Non-controlling interests | 4,235 | 2,482 |
| **Total equity** | **34,751** | **14,479** |
| | | |
| *Balance sheet as at 31 December* | | |
| Interest in associates and joint ventures | - | 8,265 |
| Development properties for sale and stocks | - | (96,702) |
| Contract assets | - | 166,017 |
| Trade and other receivables | - | (8,936) |
| Other current assets- contract costs | - | 24,866 |
| Total assets | - | 93,510 |
| | | |
| Trade and other payables | - | (1,621,838) |
| Contract liabilities | - | 1,680,597 |
| Total liabilities | - | 58,759 |
| **Net assets** | **-** | **34,751** |

| | 2017 $'000 Better/ (Worse) |
|---|---|
| *Income statement for the year ended 31 December* | |
| Revenue | 8,424 |
| Cost of sales | 6,465 |
| Share of results of associates (net of tax) | 1,035 |
| Share of results of joint ventures (net of tax) | 4,640 |
| Non-controlling interests | (1,754) |
| **Profit attributable to owners of the Company** | **18,810** |

## 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 | | | |
|---|---|---|---|---|---|
| | | **4Q 2018** | **4Q 2017 (Restated)** | **FY 2018** | **FY 2017 (Restated)** |
| **6(a)** | EPS based on weighted average number of ordinary shares in issue (in cents) | 11.4 | 6.5 | 42.1 | 37.0 |
| | Weighted average number of ordinary shares (in million) | 4,162.8 | 4,247.3 | 4,191.3 | 4,245.6 |
| **6(b)** | EPS based on fully diluted basis (in cents) | 10.7 | 6.2 | 39.0 | 34.4 |
| | Weighted average number of ordinary shares (in million) | 4,588.8 | 4,743.8 | 4,705.6 | 4,742.1 |

## 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 | |
|---|---|---|---|---|
| | **31/12/2018** | **31/12/2017 (Restated)** | **31/12/2018** | **31/12/2017** |
| Net asset value per share | $4.55 | $4.34 | $2.48 | $2.52 |
| Net tangible assets per share | $4.40 | $4.20 | $2.48 | $2.52 |

## 8 Review of the Group's performance

### Group Overview

| S$M | 4Q 2018[(1)] | 4Q 2017 (Restated) | Better/ (Worse) (%) | FY 2018[(1)] | FY 2017 (Restated) | Better/ (Worse) (%) |
|---|---|---|---|---|---|---|
| **Revenue** | 1,624.5 | 1,212.6 | 34.0 | 5,602.4 | 4,618.2 | 21.3 |
| **Earnings before Interest and Tax ("EBIT")** | 1,132.2 | 743.4 | 52.3 | 4,145.0 | 3,302.2 | 25.5 |
| **Finance costs** | (168.2) | (149.3) | (12.7) | (636.5) | (486.7) | (30.8) |
| **Profit Before Taxation** | 964.0 | 594.1 | 62.3 | 3,508.5 | 2,815.5 | 24.6 |
| **Total PATMI** | 475.7 | 277.8 | 71.2 | 1,762.5 | 1,569.6 | 12.3 |
| **Comprising:** | | | | | | |
| **Operating PATMI**[(2)] | 213.8 | 169.5 | 26.1 | 872.2 | 927.2 | (5.9) |
| **Portfolio gains**[(3)] | 60.1 | (0.5) | NM | 348.8 | 318.4 | 9.5 |
| **Revaluation gains and impairments** | 201.8 | 108.8 | 85.5 | 541.5 | 324.0 | 67.1 |

(1) The Group consolidated CapitaLand Mall Trust (CMT), CapitaLand Retail China Trust (CRCT) and RCS Trust (RCST) into the Group's results with effect from August 2017. The consolidation of three trusts increased the Group's revenue and EBIT by $611.1 million and $446.9 million respectively for FY 2018, offset by the absence of a re-measurement gain of $12.0 million in FY 2017.

(2) Operating PATMI refers to profit from business operations excluding any gains or losses from divestments, revaluations and impairments. Operating PATMI for FY 2017 included a gain of $160.9 million from the sale of 45 units of The Nassim.

(3) 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 $179.0 million in FY 2018 (4Q 2017: realised revaluation loss of $10.9 million; FY 2017: realised revaluation gain of $110.1 million) in respect of Westgate, Bugis Village and Twenty Anson in Singapore, as well as 20 retail malls in China in YTD September 2018. Realised fair value gains in FY 2017 relate to divestments of six malls in India in 4Q 2017, Golden Shoe Carpark, serviced residence component of Funan and One George Street in Singapore, Citadines Biyun, Shanghai and Citadines Gaoxin, Xi'an, as well as two serviced residences in Germany in YTD September 2017.

**4Q 2018 vs 4Q 2017 (Restated)**

For the quarter under review, the Group achieved a revenue of $1,624.5 million and a PATMI of $475.7 million.

**Revenue**

Revenue for 4Q 2018 rose by 34.0% to $1,624.5 million (4Q 2017: $1,212.6 million) mainly attributed to higher handover of units from residential projects in China and Vietnam, as well as rental revenue from newly acquired/operational properties in Singapore and China, Germany and USA. The residential projects which contributed to the revenue this quarter were Vermont Hills in Beijing, New Horizon in Shanghai and Century Park East in Chengdu, Sky Habitat and The Interlace in Singapore.

Collectively, the two core markets of Singapore and China accounted for 75.9% (4Q 2017: 74.5%) of the Group's revenue.

**EBIT**

The Group recorded an EBIT of $1,132.2 million in 4Q 2018 (4Q 2017: $743.4 million), $388.8 million higher than the corresponding period last year. The increase in EBIT was largely driven by higher contributions from residential projects in China, contributions from newly acquired/operational properties, as well as higher portfolio and fair value gains, partially offset by loss of contributions from properties divested this year and lower writebacks of provision for foreseeable losses as compared to 4Q 2017.

In terms of revaluation of investment properties, the Group recorded a net fair value gain of $305.0 million in 4Q 2018 (4Q 2017: $93.5 million). The gain comprised $152.1 million (4Q 2017: fair value loss of $41.0 million) recorded by our subsidiary projects and was recognised in other operating income while $152.9 million (4Q 2017: $134.5 million) was recorded through share of results of associates and joint ventures. The higher revaluation gain arose mainly from our portfolio of properties in Singapore and China.

At EBIT level, the portfolio gains in 4Q 2018 of $57.7 million (4Q 2017: portfolio loss of $4.2 million) arose mainly from the divestment of Citadines Harbourview in Hong Kong.

In 4Q 2018, the Group assessed and written back a net impairment allowance of $5.0 million (4Q 2017: $36.0 million) in respect of development projects in Singapore, partially offset by impairments made for a development project in China and investment in India.

Singapore and China markets remain the key contributors to EBIT, accounting for 94.2% of total EBIT (4Q 2017: 93.2%).

**EBIT Contribution by Asset Class**

For 4Q 2018, contribution from residential and commercial strata business constituted 33.9% (4Q 2017:25.8%) of the total EBIT, while investment properties comprising commercial, retail and lodging businesses which is recurring in nature, accounted for 66.1% of total EBIT (4Q 2017: 74.2%).

EBIT from residential and commercial strata business was higher as compared to 4Q 2017 mainly due to higher handover of units from our residential projects in China.

The increase in EBIT from investment properties in 4Q 2018 was mainly due to contributions from newly acquired/operational properties, higher portfolio gains and fair value gains from revaluation of investment properties.

**PATMI**

Overall, the Group achieved a PATMI of $475.7 million in 4Q 2018, an increase of 71.2% as compared to 4Q 2017. The increase was underpinned by better operating performance, higher gains from assets recycling and fair value gains from revaluations of our investment properties portfolio. Operating PATMI improved by 26.1% to $213.8 million was mainly attributed to higher contributions from residential projects in China, as well as newly acquired/operational properties.

**FY 2018 vs FY 2017 (Restated)**

**Revenue**

Revenue for FY 2018 increased by 21.3% to $5,602.4 million on account of contributions from newly acquired/operational properties in Singapore, China, Germany and USA, higher handover of units from residential projects in China and Vietnam, as well as consolidation of revenue from CMT, CRCT and RCST with effect from 3Q 2017. The higher revenue was partially offset by lower contributions from residential projects in Singapore. The development projects which contributed to the revenue this year were The Metropolis in Kunshan, New Horizon in Shanghai, Vermont Hills in Beijing, Century Park West and Century Park East in Chengdu, Victoria Park Villas, Sky Habitat and The Interlace in Singapore and Mulberry Lane in Vietnam.

Collectively, the two core markets of Singapore and China accounted for 75.7% (FY 2017: 76.7%) of the Group's revenue.

**EBIT**

The Group achieved an EBIT of $4,145.0 million (FY 2017: $3,302.2 million), 25.5% or $842.8 million higher as compared to the previous year largely attributable to higher operating contributions from retail, commercial and lodging businesses, higher contributions from residential projects in China, as well as higher revaluation gains on investment properties recorded during the year. The higher EBIT was partially offset by lower contributions from our residential projects in Singapore and absence of the gain from the sale of The Nassim.

In terms of revaluation of investment properties, the Group recorded a net fair value gain of $832.6 million for FY 2018 (FY 2017: $360.8 million). The higher revaluation gains arose mainly from revaluations of our portfolio of properties mainly in Singapore, China and Japan.

At EBIT level, the portfolio gains for FY 2018 of $537.6 million (FY 2017: $592.1 million) arose mainly from divestments of Westgate, Twenty Anson and Sembawang Shopping Centre in Singapore, Somerset International Building, Tianjin and 20 retail malls in China and Citadines Harbourview in Hong Kong.

During the year, the Group has also assessed and written back a net impairment allowance of $18.9 million (FY 2017: $21.4 million) comprising writeback of provision for foreseeable losses in respect of residential projects in Singapore upon sale of units, partially offset by impairment made for an investment in India and development projects in China.

Singapore and China markets remain the key contributors to EBIT, accounting for 89.2% of total EBIT (FY 2017: 87.9%).

**EBIT Contribution by Asset Class**

For FY 2018, contribution from residential and commercial strata business constituted 21.2% (FY 2017: 26.8%) of the total EBIT while investment properties comprising commercial, retail and lodging businesses which is recurring in nature, accounted for 78.8% of total EBIT (FY 2017: 73.2%).

EBIT from residential and commercial strata business was slightly lower mainly due to the absence of the gain from the sale of The Nassim recorded in FY 2017 and the projects in Singapore were progressively fully sold, partially mitigated by higher handover of units from projects in China and Vietnam, as well as higher write back of provision for foreseeable losses in FY 2018.

EBIT from investment properties was higher on account of contributions from newly acquired/operational properties, consolidation of the three trusts with effect from August 2017, as well as higher fair value gains from revaluation of investment properties in China and Japan.

**Finance Costs**

Finance costs for FY 2018 were higher as compared to last year mainly due to the consolidation of the finance costs for the three trusts with effect from August 2017 which accounted for $88.3 million of the increase, as well as higher borrowings. However, the Group's average cost of borrowings for FY 2018 remained at 3.2% (FY 2017: 3.2%).

**PATMI**

Overall, the Group's PATMI for FY 2018 improved by 12.3% to $1,762.5 million mainly due to higher gains realised from assets recycling and revaluation of investment properties offset by lower operating PATMI and writeback of impairments. Operating PATMI for FY 2018 was lower mainly due to the absence of the gain from the sale of The Nassim recognised in FY 2017.

Excluding the gain from the sale of The Nassim, operating PATMI for FY 2018 increased by 13.8% or $105.9 million on the back of higher recurring income from investment properties, as well as higher contributions from residential projects in China and Vietnam.

## Segment Performance

With effect from 1 January 2018, the Group has reorganised its structure into the real estate investment and operating platforms to allow the Group to harness the competitive advantages and core competences across various asset classes as well as enable it to allocate capital more efficiently.

For financial reporting, the primary segment is by geography and it comprises CapitaLand Singapore, Malaysia and Indonesia (CL SMI), CapitaLand China (CL China), CapitaLand Vietnam (CL Vietnam) and CapitaLand International (CL International). In terms of secondary segment, the Group presents its businesses based on asset classes of Residential and Commercial Strata, Retail, Commercial and Lodging.

### CL SMI

| S$M | 4Q 2018 | 4Q 2017 (Restated) | Better/ (Worse) (%) | FY 2018 | FY 2017 (Restated) | Better/ (Worse) (%) |
|---|---|---|---|---|---|---|
| **Revenue** | 551.9 | 586.0 | (5.8) | 2,159.6 | 1,990.8 | 8.5 |
| **EBIT** | 342.0 | 319.1 | 7.2 | 1,846.2 | 1,559.5 | 18.4 |

The lower revenue in 4Q 2018 was mainly due to absence of revenue recognition for Victoria Park Villas since the project was fully sold in 1Q 2018 and lower sales from Marine Blue. This was partially mitigated by higher sales from Sky Habitat.

The higher revenue for FY 2018 was mainly attributable to the consolidation of CMT and RCST with effect from August 2017 and higher sales from Sky Habitat. This was partially offset by absence of revenue recognition from Cairnhill Nine (fully sold in 3Q 2017), as well as lower sales from Victoria Park Villas, The Interlace and Marine Blue.

EBIT for 4Q 2018 was higher than last year mainly due to higher writeback of impairment for residential projects upon sale of units.

EBIT for FY 2018 was higher as compared to last year due to higher impairment writeback for residential projects, gains from the divestments of Westgate, Sembawang Shopping Centre and Twenty Anson, higher revaluation gains and effects of consolidation of CMT and RCST. This was partially offset by absence of gains from sale of The Nassim, lower contribution from Singapore residential projects and investment properties divested in 2017.

Excluding the effect of consolidation, revenue and EBIT for FY 2018 was lower than FY 2017 mainly due to lower residential sales as projects are progressively fully sold.

In 4Q 2018, CL Singapore sold 8 residential units (4Q 2017: 114 units), bringing the total number of residential units sold in FY 2018 to 99 units (FY 2017: 409 units) with a sales value of $371 million (FY 2017: $1,494 million).

### CL China

| S$M | 4Q 2018 | 4Q 2017 (Restated) | Better/ (Worse) (%) | FY 2018 | FY 2017 (Restated) | Better/ (Worse) (%) |
|---|---|---|---|---|---|---|
| **Revenue** | 759.6 | 369.6 | 105.5 | 2,351.7 | 1,787.0 | 31.6 |
| **EBIT** | 774.1 | 438.5 | 76.6 | 1,987.6 | 1,499.8 | 32.5 |

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

Revenue for 4Q 2018 and FY 2018 was higher than previous corresponding periods, mainly due to higher handover from subsidiary projects. Revenue for FY 2018 was further boosted by consolidation of CRCT with effect from August 2017.

In 4Q 2018, CL China handed over 2,764 units to home buyers (4Q 2017: 2,156 units). The units handed over during the quarter were mainly from completion of phases from La Botanica in Xian, Vermont Hills in Beijing, New Horizon in Shanghai and Citta Di Mare in Guangzhou. With 4,093 units handed over in YTD September 2018, CL China delivered a total of 6,857 units in FY 2018 (FY 2017: 6,125 units).

EBIT for 4Q 2018 was higher due to higher handover of residential units, higher fair value gains from revaluation of investment properties, as well as higher portfolio gains mainly from the divestment of Citadines Habourview Hong Kong.

EBIT for FY 2018 was higher due to higher handover of residential units, contributions from newly operational retail malls, higher fair value gains from investment properties, as well as effects of consolidation of CRCT. The higher EBIT was partially offset by lower portfolio gains.

In 4Q 2018, CL China sold 2,368 units with a sales value of RMB 5.0 billion or approximately $1 billion (4Q 2017: 1,298 units; RMB 2.7 billion). Projects launched in 4Q 2018 achieved a high sell-through rate of close to 80% on average. For FY 2018, 4,938 units were sold at a value of RMB 12.5 billion or approximately $2.5 billion (FY 2017: 8,769 units; RMB 15.8 billion). Lower sales in 2018 was due to lower inventories available for sales (relative to previous year) and the deferment of project launches in view of the price cap set by the government. Despite lower sales, the Group still sees an overall healthy sales rate of 92% based on launched residential units as at December 2018. Current year sales were mainly from La Botanica in Xi'an, Raffles City Residences in Chongqing, The Metropolis in Kunshan, La Riva and Citta Di Mare in Guangzhou, Vermont Hills in Beijing, Century Park (East) in Chengdu and the en-bloc sales of Skyline in Raffles City Chengdu. Going forward, the Group will pace and launch from its supply pipeline of mainly uncompleted residential units according to market conditions.

## CL Vietnam

| S$M | 4Q 2018 | 4Q 2017 (Restated) | Better/ (Worse) (%) | FY 2018 | FY 2017 (Restated) | Better/ (Worse) (%) |
|---|---|---|---|---|---|---|
| **Revenue** | 52.2 | 23.3 | 124.1 | 122.1 | 93.1 | 31.1 |
| **EBIT** | (12.9) | 34.4 | NM | 71.8 | 66.2 | 8.3 |

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

Revenue for 4Q 2018 and FY 2018 was higher than previous corresponding periods, mainly due to higher handover of units from subsidiaries' projects.

In FY 2018, CL Vietnam handed over 1,422 units to home buyers (FY 2017: 1,404 units), comprising 1,206 units in first 9 months 2018 (YTD September 2017: 870 units) and 216 units in 4Q 2018 (4Q 2017: 534 units). The units handed over were mainly from Mulberry Lane and joint venture projects, namely Vista Verde and Seasons Avenue.

EBIT for 4Q 2018 was lower than 4Q 2017 mainly due to realisation of foreign currency translation reserves upon divestment of project. EBIT for FY 2018 was higher than the corresponding period largely due to higher contributions from subsidiaries and joint venture projects, partially offset by lower divestment gain.

In 4Q 2018, CL Vietnam sold 312 residential units with a sales value of $84 million (4Q 2017: 212 units; $47 million). For FY 2018, 1,102 residential units were sold with a sales value of $346 million (FY 2017: 1,409 units; S$460 million). The sales were mainly from De La Sol, Seasons Avenue and Vista Verde.

### CL International

| S$M | 4Q 2018 | 4Q 2017 (Restated) | Better/ (Worse) (%) | FY 2018 | FY 2017 (Restated) | Better/ (Worse) (%) |
|---|---|---|---|---|---|---|
| **Revenue** | 289.5 | 237.0 | 22.1 | 1,043.4 | 791.6 | 31.8 |
| **EBIT** | 68.7 | (14.6) | NM | 285.3 | 219.1 | 30.2 |

Revenue for 4Q 2018 and FY 2018 were higher mainly due to contributions from 16 multi-family properties in USA acquired in October 2018, two office properties in Germany acquired in December 2017 and June 2018, as well as full year contribution from Synergy Global Housing acquired in July 2017.

EBIT for 4Q 2018 and FY 2018 was higher mainly due to the contribution from newly acquired properties, absence of portfolio loss arising from the divestment of malls in India and higher fair value gains from investment properties.

### Corporate and Others

| S$M | 4Q 2018 | 4Q 2017 (Restated) | Better/ (Worse) (%) | FY 2018 | FY 2017 (Restated) | Better/ (Worse) (%) |
|---|---|---|---|---|---|---|
| **Revenue** | (28.8) | (3.3) | (761.0) | (74.4) | (44.3) | (68.1) |
| **EBIT** | (39.8) | (33.9) | (17.3) | (45.8) | (42.4) | (8.0) |

Corporate and Others include Corporate office and group eliminations.

EBIT for 4Q 2018 and FY 2018 decreased mainly due to professional fees accrued for the proposed acquisition of Ascendas Pte Ltd and Singbridge Pte. Ltd., partially mitigated by higher interest income from the placement of surplus funds with financial institutions.

## 9 Variance from Prospect Statement

The 4Q 2018 operating performance was broadly in line with the prospect statement made when the third quarter 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

Having a diversified asset base with strong operating expertise has allowed CapitaLand to navigate macroeconomic uncertainties that affected market and business sentiments in financial year 2018. CapitaLand achieved a return of equity of 9.3%, which was 0.7% stronger than 8.6% achieved in FY2017. This was largely attributed to portfolio gains from recycling assets of about S$4 billion gross value, stronger recurring income contributed by newly acquired/operational properties as well as revaluation gains. This is in line with the Group’s performance target of having a return that is above its cost of equity. The Group expects to maintain its disciplined pace of asset recycling and build on the portfolio’s diversity and asset strengths by re-investing in higher yielding, complementary opportunities to grow its recurring income streams.

### Singapore

CapitaLand’s Singapore retail performance continued to exhibit improvement for the second consecutive quarter in 4Q 2018. During the last quarter of the year, tenants’ sales per square foot grew by 1.3% y-o-y, compared with 1.2% year-on-year for YTD September 2018. This compares positively to national retail sales which decreased by 0.2% in November 2018, after improving by 0.6% in October 2018 on a year-on-year basis[1]. Given that CapitaLand's shopping malls are well-connected to public transport networks and located in large population catchments or within popular shopping and tourist destinations, the Group expects its retail portfolio to remain resilient amidst a sluggish retail environment. In addition, Funan and Jewel Changi are on track to open in the first half of 2019, which will then begin to contribute to the Group's recurring income.

CapitaLand's Singapore offices are mainly held through CapitaLand Commercial Trust (CCT) which saw its portfolio committed occupancy improved to 99.3% as at 31 December 2018, compared to 97.3% a year ago. Half of CCT's office leases expiring in 2019 has already been proactively committed in 2018. The balance expiring leases, comprising about 15% of total office portfolio gross rental income, is well-positioned to ride the office market upcycle as property consultants expect Grade A office market rents to continue trending upwards in 2019, although at a lower rate of 8% to 10% compared to the 11% to 15% growth in 2018. CapitaSpring, an integrated office and serviced residences in the heart of the CBD which broke ground in early 2018 is on track for completion in 2021. Marketing efforts for this property will intensify with the launch of a marketing show suite in 1H 2019.

For Singapore residential, home prices dipped by 0.1% quarter-on-quarter in the final three months of 2018, reversing from a 0.5% increase in the third quarter. New home sales in 2018 declined to 8,795 units compared to 2017's high of 10,566 units. The Group expects new home sales volumes and private home prices to further moderate in 2019, although property launches are expected to pick up in 2019. Residential projects in good locations, with good site attributes are expected to enjoy healthy take up rates. CapitaLand has acquired two residential sites which the Group expects to launch in 2019. The Group will continue to evaluate and source for well-located sites with quality attributes to replenish its pipeline of homes.

### China

CapitaLand's China retail performance remained healthy. In 4Q 2018, the Group's portfolio of shopping malls in China recorded same-mall tenant sales growth of 4.0% compared to the same period in 2017. In 2018, CapitaLand successfully opened CapitaMall LuOne in Shanghai, CapitaMall ONE in Changsha and CapitaMall Tiangongyuan in Beijing. The construction of Raffles City Chongqing has been progressing smoothly and is on track for opening in phases from 3Q 2019.

On the residential front, property cooling measures implemented by the Chinese government in first- and second-tier cities are expected to cool the property market and restrict growth in home prices. Nonetheless, take-up rates continue to be strong, with 92% of the Group's launched units already sold. In addition, the Group expects to launch close to 7,000 units in FY 2019. As at 31 December 2018, the Group had sold but not yet handed over approximately 7,000 units[2], with a value of RMB 15.6 billion[3]. About 70% of this value is expected to be handed over in 2019.

In 2018, CapitaLand stepped up its pace of new investments in China, successfully acquiring both residential and commercial sites in Tier 1 and 2 cities. In the last quarter of 2018, CapitaLand clinched a prime mixed-use site in Guangzhou Science City for RMB882 million and through Raffles City China Investment Partners III, formed a 50:50 joint venture with GIC to acquire Shanghai's tallest twin towers for RMB12.8 billion, adding to our signature Raffles City portfolio. In January 2019, CapitaLand formed a 50:50 joint venture with an unrelated third party to acquire approximately 70% of Pufa Tower in Shanghai, China, for RMB 2.75 billion. This marks the Group's first office property investment in Shanghai's core Lujiazui central business district in Pudong New Area. The Group remains disciplined and continues to be on the lookout for attractive opportunities to build its China portfolio.

1. *Singapore Department of Statistics*
2. *Units sold include options issued as at 31 December 2018. Above data is on a 100% basis, including strata units in integrated developments.*
3. *Refers to value of residential units sold including value added tax.*

### Vietnam

The Group expects to step up its growth momentum in Vietnam, which has been identified as one of CapitaLand's key growth markets. The residential market in Vietnam continues to be robust, supported by a young and growing middle class. As at 31 December 2018, 98% of the launched units in Vietnam were sold and the Group expects take up rates to remain healthy. Of the 2,465[1] yet-to-be-completed units, approximately S$745 million in total value will be handed over from 1Q 2019 onwards. About 45% of sales value is expected to be handed over in 2019.

The Group will continue to strengthen its presence in Vietnam via the gateway cities of Hanoi and Ho Chi Minh City, primarily through investment in its residential business. At the same time, the Group also plans to expand its commercial footprint in both gateway cities, which are currently underserved in terms of Grade A offices with an increasing number of multinational companies setting up their businesses in Vietnam. Outside of Hanoi and Ho Chi Minh City, the Group will continue to look for expansion opportunities, primarily through its lodging platform.

### International

CapitaLand's international presence comprises largely the serviced residence asset class, with a lesser exposure to offices and retail, primarily located in key gateway cities in developed markets outside of Singapore.

In 2018, significant acquisitions in developed markets outside of Singapore include the Galileo office property in Frankfurt, Germany, through CCT, as well as a portfolio of 16 freehold multifamily properties for US$835 million (S$1.14 billion) in the USA. The Group continues to be selective in expansion opportunities globally and will primarily focus on value-add and growth sectors.

### Operating Platforms

The Group's operating platforms across the retail, commercial and lodging sectors, is an asset-light strategy to optimise the value of its investment portfolio, as well as to grow the Group's fee income.

During the year, the Group launched a number of operating platform initiatives such as "Office of the Future", which involves integrating a building's conventional office space and flexible space, as well as Nomadx, a 11,000-square-foot retail space incorporating tech-enabled retail infrastructure. The Group remains proactive in ensuring operational excellence by continually nurturing new innovative concepts and incorporating the use of digital technology.

CapitaLand's lodging platform has surpassed its 2020 target of 80,000 keys. As at 31 December 2018, the lodging portfolio has already secured over 100,000 keys in 172 cities across 33 countries and is well on track to meet its revised target of 160,000 keys by Year 2023.

### Ascendas Singbridge Transaction

CapitaLand announced the proposed acquisition of all the issued shares of Ascendas Pte Ltd and Singbridge Pte. Ltd., respectively, at an enterprise value of S$10.9 billion in January 2019. The proposed transaction is subject to approval by CapitaLand's independent shareholders at an Extraordinary General Meeting (EGM). The proposed transaction, if approved, will create the largest diversified real estate group in Asia, with combined total assets under management exceeding S$116 billion and will include new economy asset classes such as logistics/business parks and industrial in the Group's portfolio, and expand the Group's presence in markets such as India, US and Europe. CapitaLand will also be amongst the top ten real estate investment managers globally[2]; as well as the manager of the three largest real estate investment trusts listed on the Singapore Exchange, namely Ascendas Real Estate Investment Trust, CMT and CCT.

*1. Units sold include options issued as at 31 December 2018. Above data is on a 100% basis.*
*2. Source: IPE Real Estate Top 100 Investment Management Survey 2018 (as of 30 Jun 2018). https://realassets.ipe.com/top-100-and-surveys/top-100-real-estate-investment-managers-2018/realassets.ipe.com/top-100-and-surveys/top-100-real-estate-investment-managers-2018/10027996.fullarticle.*

## Dividend

**11(a) Any dividend declared for the present financial period?** Yes. Please refer to note 19.

**11(b) Any dividend declared for the previous corresponding period?** Yes.

**11(c) Date payable :** To be announced at a later date.

**11(d) Books closing date :** To be announced at a later date.

### 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

Not applicable.

## 16 Segmental Revenue and Results

### 16(a)(i) By Geography – 4Q 2018 vs 4Q 2017(Restated)

| | Revenue | | | Earnings before interest & tax | | |
|---|---|---|---|---|---|---|
| | 4Q 2018 S$'000 | 4Q 2017 (Restated)[1] S$'000 | Better/ (Worse) (%) | 4Q 2018 S$'000 | 4Q 2017 (Restated)[1] S$'000 | Better/ (Worse) (%) |
| CL SMI | 551,892 | 586,000 | (5.8) | 341,995 | 319,064 | 7.2 |
| CL China | 759,636 | 369,646 | 105.5 | 774,147 | 438,483 | 76.6 |
| CL Vietnam | 52,189 | 23,287 | 124.1 | (12,855) | 34,389 | NM |
| CL International | 289,496 | 237,009 | 22.1 | 68,705 | (14,630) | NM |
| Corporate and Others [2] | (28,761) | (3,340) | (761.0) | (39,799) | (33,920) | (17.3) |
| **Total** | **1,624,452** | **1,212,602** | **34.0** | **1,132,193** | **743,386** | **52.3** |

### 16(a)(ii) By Geography – FY 2018 vs FY 2017(Restated)

| | Revenue | | | Earnings before interest & tax | | |
|---|---|---|---|---|---|---|
| | FY 2018 S$'000 | FY 2017 (Restated)[1] S$'000 | Better/ (Worse) (%) | FY 2018 S$'000 | FY 2017 (Restated)[1] S$'000 | Better/ (Worse) (%) |
| CL SMI | 2,159,616 | 1,990,826 | 8.5 | 1,846,182 | 1,559,523 | 18.4 |
| CL China | 2,351,695 | 1,786,955 | 31.6 | 1,987,561 | 1,499,780 | 32.5 |
| CL Vietnam | 122,114 | 93,133 | 31.1 | 71,779 | 66,248 | 8.3 |
| CL International | 1,043,444 | 791,569 | 31.8 | 285,289 | 219,071 | 30.2 |
| Corporate and Others[2] | (74,446) | (44,283) | (68.1) | (45,813) | (42,423) | (8.0) |
| **Total** | **5,602,423** | **4,618,200** | **21.3** | **4,144,998** | **3,302,199** | **25.5** |

### 16(b)(i) By Assets Class – 4Q 2018 vs 4Q 2017(Restated)

| | Revenue | | | Earnings before interest & tax | | |
|---|---|---|---|---|---|---|
| | 4Q 2018 S$'000 | 4Q 2017 (Restated)[1] S$'000 | Better/ (Worse) (%) | 4Q 2018 S$'000 | 4Q 2017 (Restated)[1] S$'000 | Better/ (Worse) (%) |
| Residential and Commercial Strata | 739,892 | 354,429 | 108.8 | 384,357 | 191,902 | 100.3 |
| Retail | 382,156 | 405,161 | (5.7) | 540,597 | 397,893 | 35.9 |
| Commercial | 170,414 | 172,705 | (1.3) | 172,433 | 204,413 | (15.6) |
| Lodging | 327,078 | 280,168 | 16.7 | 98,934 | (15,974) | NM |
| Corporate and Others[3] | 4,912 | 139 | NM | (64,128) | (34,848) | (84.0) |
| **Total** | **1,624,452** | **1,212,602** | **34.0** | **1,132,193** | **743,386** | **52.3** |

Notes:
(1) FY 2017 and 4Q 2017 results have been restated to take into account the retrospective adjustments relating to SFRS(I) 15 *Revenue from Contracts with Customers* (please refer to item 4).
(2) Includes intercompany eliminations.
(3) Includes intercompany eliminations and expenses at SBU Corporate.

## 16(b)(ii) By Assets Class – FY 2018 vs FY 2017(Restated)

| | Revenue | | | Earnings before interest & tax | | |
|---|---|---|---|---|---|---|
| | FY 2018 S$'000 | FY 2017 (Restated)[1] S$'000 | Better/ (Worse) (%) | FY 2018 S$'000 | FY 2017 (Restated)[1] S$'000 | Better/ (Worse) (%) |
| Residential and Commercial Strata | 2,168,642 | 2,131,425 | 1.7 | 880,542 | 885,174 | (0.5) |
| Retail | 1,613,818 | 1,019,683 | 58.3 | 2,062,055 | 1,072,637 | 92.2 |
| Commercial | 646,465 | 505,140 | 28.0 | 959,848 | 1,039,677 | (7.7) |
| Lodging | 1,200,731 | 990,516 | 21.2 | 319,740 | 351,536 | (9.0) |
| Corporate and Others[2] | (27,233) | (28,564) | 4.7 | (77,187) | (46,825) | (64.8) |
| **Total** | **5,602,423** | **4,618,200** | **21.3** | **4,144,998** | **3,302,199** | **25.5** |

Notes:
(1) FY 2017 and 4Q 2017 results have been restated to take into account the retrospective adjustments relating to SFRS(I)15 *Revenue from Contracts with Customers* (please refer to item 4).
(2) Includes intercompany eliminations and expenses at SBU Corporate.

## 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

| | 2018 S$'000 | 2017 (Restated) S$'000 | Better/ (Worse) % |
|---|---|---|---|
| (a) Revenue | | | |
| - first half | 2,717,952 | 1,889,942 | 43.8 |
| - second half | 2,884,471 | 2,728,258 | 5.7 |
| **Full year revenue** | **5,602,423** | **4,618,200** | **21.3** |
| (b) Profit after tax before deducting minority interests ("PAT") | | | |
| - first half | 1,574,725 | 1,278,199 | 23.2 |
| - second half | 1,275,087 | 1,068,381 | 19.3 |
| **Full year PAT** | **2,849,812** | **2,346,580** | **21.4** |

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

Barring unforeseen circumstances, the Company's policy is to declare a dividend of at least 30% of the annual cash PATMI, defined as sum of operating PATMI, portfolio gains/losses and realised revaluation gains/losses.

The directors are pleased to propose a tax-exempt ordinary dividends of 12 cents for the financial year ended 31 December 2018, subject to shareholders' approval.

| | Current financial year ended 31/12/2018 | | |
|---|---|---|---|
| Name of Dividend | **Ordinary** | **Special** | **Total** |
| Type of Dividend | Cash | - | Cash |
| Dividend Per share | 12 cents | - | 12 cents |
| **Annual Dividend (S$'000)** | 499,538 | - | 499,538 |

The above dividend amounts are estimated based on the number of issued shares (excluding treasury shares) as at 31 December 2018. The actual dividend payment can only be determined on books closure date.

| | Previous financial year ended 31/12/2017 | | |
|---|---|---|---|
| Name of Dividend | **Ordinary** | **Special** | **Total** |
| Type of Dividend | Cash | - | Cash |
| Dividend Per share | 12.0 cents | - | 12.0 cents |
| **Annual Dividend (S$'000)** | 504,087 | - | 504,087 |

## 20 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, CapitaLand Limited (the "Company") confirms that there is no person occupying a managerial position in the Company or in any of its principal subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company.

## 21 Subsequent Events

(i) On 7 January 2019, CapitaLand announced that it had formed a 50:50 joint venture with an unrelated third party to acquire approximately 70% of Pufa Tower in Shanghai, China, a 34-storey office property in Shanghai's core Lujiazui central business district in Pudong New Area, for RMB2,752 million (about $546.3 million).

(ii) On 9 January 2019, Ascott Residence Trust announced that it had entered into a sale and purchase agreement with an unrelated third party to divest Ascott Raffles Place in Singapore for an aggregate consideration of $353.3 million.

(iii) On 14 January 2019, CapitaLand announced that it had entered into a sale and purchase agreement with Ascendas-Singbridge Pte. Ltd. to acquire all the issued and paid-up ordinary shares of Ascendas Pte Ltd and Singbridge Pte.Ltd., respectively, for a total consideration of $6,035.9 million. 50% of the total consideration amounting to $3,017.93 million, to be financed by debt, will be paid in cash and the balance of the 50% amounting to $3,017.93 million will be paid via the allotment and issuance of 862,264,714 CapitaLand Shares.

**BY ORDER OF THE BOARD**

Michelle Koh
Company Secretary
20 February 2019

This announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, availability of real estate properties, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on the current view of management on future events.