CAPITALAND LIMITED

(Registration Number: 198900036N)

2020 FIRST HALF FINANCIAL STATEMENTS ANNOUNCEMENT

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CAPITALAND LIMITED
2020 FIRST HALF FINANCIAL STATEMENTS ANNOUNCEMENT

1(a)(i) Income Statement

		Group		
	Note	1H 2020 S$'000	1H 2019 S$'000	Better/ (Worse) %
Revenue	A	**2,027,398**	**2,131,073**	**(4.9)**
Cost of sales	B	(988,622)	(1,005,540)	1.7
Gross profit		1,038,776	1,125,533	(7.7)
Other operating income	C	350,096	681,974	(48.7)
Administrative expenses	D	(282,962)	(216,884)	(30.5)
Other operating expenses	E	(665,551)	(11,940)	NM
Profit from operations		440,359	1,578,683	(72.1)
Finance costs		(457,201)	(371,675)	(23.0)
Share of results (net of tax) of:	F			
- associates		103,602	329,621	(68.6)
- joint ventures		52,864	152,664	(65.4)
		156,466	482,285	(67.6)
Profit before taxation		139,624	1,689,293	(91.7)
Taxation	G	(126,354)	(178,817)	29.3
Profit for the period		13,270	1,510,476	(99.1)
Attributable to:				
Owners of the Company ("PATMI")		**96,607**	**875,371**	**(89.0)**
Non-controlling interests ("NCI")		(83,337)	635,105	NM
Profit for the period		13,270	1,510,476	(99.1)

1(a)(ii) Explanatory Notes to Income Statement – 1H 2020 vs 1H 2019

The Group's operations and financial results for 1H 2020 were adversely impacted by the ongoing COVID-19 pandemic. The impact to the Group is primarily concentrated within our residential, retail and lodging businesses, where residential sales offices were forced to close, non-essential retail trades were unable to operate, and the occupancy of our lodging assets fell due to travel restrictions. Tenant support measures in various markets, including government-mandated landlord obligations, and the Group's own initiatives, have also adversely impacted on the Group's financial performance for 1H 2020.

(A) Revenue

Revenue for 1H 2020 decreased by 4.9% or $103.7 million mainly due to rental rebates of approximately $158.6 million granted by landlords to our tenants in Singapore, China and Malaysia, lower contributions from our shopping malls, residential projects as well as lodging businesses amid the COVID-19 pandemic. The decrease was partially mitigated by consolidation of Raffles City Chongqing (RCCQ) project and contributions from the Ascendas Pte Ltd and Singbridge Pte. Ltd.'s (collectively known as "ASB") portfolio acquired in June 2019.

In 1H 2020, ASB and RCCQ contributed to the Group's revenue, EBIT and PATMI by $341.5 million, $223.6 million and $64.9 million.

(B) Cost of Sales

The decrease in cost of sales was in line with the lower revenue reported for 1H 2020. During the period, the Group wrote back provision for foreseeable losses in respect of residential projects in Singapore amounting to $4.6 million (1H 2019: $0.2 million) upon sales of units above previously written down value.

(C) Other Operating Income

		Group		
		1H 2020 S$'000	1H 2019 S$'000	Better/ (Worse) (%)
Other Operating Income		**350,096**	**681,974**	**(48.7)**
Investment income	(i)	5,038	3,835	31.4
Interest income	(ii)	50,196	43,971	14.2
Other income (including portfolio gains)	(iii)	284,748	41,194	591.2
Foreign exchange gain	(iv)	10,114	-	NM
Fair value gains of investment properties	(v)	-	592,974	(100.0)

(i) The increase in investment income in 1H 2020 was due to higher distributions received from an investment in Japan.

(ii) Higher interest income in 1H 2020 was attributable to higher placement of surplus funds with financial institutions and higher interest-bearing loans extended to associates and joint ventures.

(iii) Other income for 1H 2020 included government grants comprising mainly rental relief and job support scheme (JSS) in Singapore amounting to $133.4 million, gain from the sale of a residential project investment and a shopping mall in China.

(iv) Forex gain in 1H 2020 arose mainly from revaluation of EURO, JPY and RMB receivables as SGD depreciated against these currencies during the period.

(v) The Group announced on 26th February 2020 that it will conduct external valuation of its investment properties on an annual basis in December with effect from 2020. However, in light of the proposed merger between CapitaLand Mall Trust (CMT) and CapitaLand Commercial Trust (CCT), both REITs commissioned independent property valuations in June 2020, as part of the process to update certain information required for the purposes of the merger. The Group reported the fair value losses from CMT and CCT for 1H 2020 under "Other Operating Expenses (see note E).

(D) Administrative Expenses

	Group		
	1H 2020 S$'000	1H 2019 S$'000	Better/ (Worse) (%)
Administrative Expenses	**(282,962)**	**(216,884)**	**(30.5)**
Included in Administrative Expenses:-			
Depreciation and amortisation	(84,356)	(49,862)	(69.2)
Writeback of /(Allowance) for doubtful receivables and bad debts written off	982	(1,110)	NM

Administrative expenses comprised staff costs, depreciation and other miscellaneous expenses. The increase in administrative expenses in 1H 2020 was mainly due to consolidation of administrative expenses from ASB and RCCQ, higher depreciation on new leased properties in Singapore and Europe, amortisation and IT maintenance expenses and lower writeback of provision for bonus in respect of prior years, partially offset by the absence of transaction costs incurred in the acquisition of ASB in 2019.

(E) Other Operating Expenses

The increase in operating expenses in 1H 2020 was due to fair value losses on revaluation of investment properties mainly held through CMT and CCT totaling $555.2 million and recognition of expenses of $100.8 million in relation to the government's rental relief passed down to tenants in Singapore.

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

The decrease in share of results from associates in 1H 2020 was mainly attributed to lower operating performance from our China funds due to the recognition of rental rebates granted by landlords to tenants amid the COVID-19 pandemic, absence of revaluation gains on investment properties recognised in 1H 2019 and lower gains from assets recycling. The decrease was partially mitigated by new contributions from Ascendas REIT and Ascendas India Trust; both acquired in June 2019.

The decrease in share of results from joint ventures was mainly attributed to lower contributions from shopping malls in Singapore and China which were impacted by the COVID-19, lower handover of residential units in China and revaluations losses on investment properties as compared to gains recognised in 1H 2019. The decrease was partially mitigated by contributions from residential projects in China held through the joint ventures of ASB.

(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, non-taxable income and temporary differences.

The lower tax expense in the first half of the year was due to lower taxable income and absence of deferred tax expenses provided on gains from revaluation of investment properties recorded in 1H 2019, partially offset by tax provisions in respect of prior years of $7.0 million (1H 2019: writeback of tax provision of $26.9 million).

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

The net gains/ (losses) from the sale of investments in 1H 2020 were as follow:

	PATMI (S$M)
1H 2020	
Erqi mall, China	6.7
Land in Kazakhstan	1.2
Share of Lai Fung's divestment gains	1.5
Others	(0.1)
Total	**9.3**
1H 2019	
Ascott Raffles Place, Singapore	60.4
Innov Center, China	55.9
CapitaMall Yuhuating, CapitaMall Xuefu and CapitaMall Aidemengdun	26.9
20 malls in China (upon finalisation of accounts)	10.3
Pufa Tower, China	6.6
Share of Central China Real Estate Ltd's divestment gains	2.9
Tansaction costs on acquisition of ASB	(36.1)
Others (include gain on liquidation of entities and writeback of provision relating to past divestment no longer required)	7.6
Total	**134.5**

1(a)(iii) Statement of Comprehensive Income

	Group		
	1H 2020 S$'000	1H 2019 S$'000	Better/ (Worse) %
Profit for the period	13,270	1,510,476	(99.1)
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]	807,021	74,844	978.3
Effective portion of change in fair value of cash flow hedges [2]	(126,130)	(9,130)	NM
Share of other comprehensive income of associates and joint ventures [3]	(109,121)	26,856	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	(12,382)	31	NM
Total other comprehensive income, net of tax	559,388	92,601	504.1
Total comprehensive income	572,658	1,603,077	(64.3)
Attributable to:			
Owners of the Company	**541,890**	**946,425**	**(42.7)**
Non-controlling interests	30,768	656,652	(95.3)
Total comprehensive income	572,658	1,603,077	(64.3)

Notes:

1. 1H 2020's exchange differences arose mainly from the depreciation of SGD against RMB and USD by 3.39% and 4.65% respectively during the first half of the year.

2. The effective portion of change in fair value of cash flow hedges for 1H 2020 arose mainly from the mark-to-market losses 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 and hedging reserves. 1H 2020's share of exchange differences arose mainly from the appreciation of USD against RMB by 1.31%, partially offset by depreciation of SGD against RMB and USD by 3.39% and 4.65% respectively. The Group's share of effective portion of change in fair value of cash flow hedges for 1H 2020 arose mainly from the mark-to-market losses of the interest rate swaps contracts which were entered into by associates and joint ventures.

1(b)(i) Balance Sheet

	Group			Company		
	30/06/2020	31/12/2019	Change	30/06/2020	31/12/2019	Change
	S$'000	S$'000	%	S$'000	S$'000	%
Non-current assets						
Property, plant & equipment	1,227,613	1,268,517	(3.2)	41,528	47,128	(11.9)
Intangible assets	1,003,008	988,081	1.5	379	436	(13.1)
Investment properties (1)	49,474,308	48,731,897	1.5	-	-	-
Subsidiaries	-	-	-	15,413,186	15,511,154	*(0.6)*
Associates & joint ventures	13,280,120	12,996,175	2.2	-	-	-
Other non-current assets	1,868,217	1,736,263	7.6	423	423	-
	66,853,266	**65,720,933**	**1.7**	**15,455,516**	**15,559,141**	**(0.7)**
Current assets						
Development properties for sale and stock (2)	*8,140,805*	*7,725,059*	*5.4*	-	-	-
Trade & other receivables	*2,388,638*	*2,301,597*	*3.8*	*389,046*	*889,759*	*(56.3)*
Other current assets	*49,254*	*45,611*	*8.0*	-	-	-
Assets held for sale (3)	*398,748*	*385,111*	*3.5*	-	-	-
Cash & cash equivalents (4)	*7,067,833*	*6,167,606*	*14.6*	*37,669*	*18,098*	*108.1*
	18,045,278	**16,624,984**	**8.5**	**426,715**	**907,857**	**(53.0)**
Less: Current liabilities						
Trade & other payables	*4,935,695*	*5,047,568*	*(2.2)*	*77,712*	*112,429*	*(30.9)*
Contract liabilities (5)	*2,084,805*	*1,501,306*	*38.9*	-	-	-
Short-term borrowings (6)	*5,262,577*	*3,950,053*	*33.2*	*10,665*	*656,689*	*(98.4)*
Current tax payable	*1,808,227*	*1,900,452*	*(4.9)*	*4,559*	*3,998*	*14.0*
Liabilities held for sale (3)	*27,740*	*27,797*	*(0.2)*	-	-	-
	14,119,044	**12,427,176**	**13.6**	**92,936**	**773,116**	**(88.0)**
Net current assets	**3,926,234**	**4,197,808**	**(6.5)**	**333,779**	**134,741**	**147.7**
Less: Non-current liabilities						
Long-term borrowings (6)	27,947,050	27,461,010	1.8	1,201,023	1,205,308	(0.4)
Other non-current liabilities	2,231,454	2,174,856	2.6	600,856	1,284,177	(53.2)
	30,178,504	**29,635,866**	**1.8**	**1,801,879**	**2,489,485**	**(27.6)**
Net assets	**40,600,996**	**40,282,875**	**0.8**	**13,987,416**	**13,204,397**	**5.9**
Representing:						
Share capital	9,327,422	9,327,422	-	9,327,422	9,327,422	-
Revenue reserves	15,216,241	15,074,009	0.9	4,897,500	4,103,135	19.4
Other reserves (7)	(639,225)	(1,041,961)	(38.7)	(237,506)	(226,160)	5.0
Equity attributable to owners of the Company	23,904,438	23,359,470	2.3	13,987,416	13,204,397	5.9
Perpetual securities	896,986	897,047	(0.0)	-	-	-
Non-controlling interests	15,799,572	16,026,358	(1.4)	-	-	-
Total equity	**40,600,996**	**40,282,875**	**0.8**	**13,987,416**	**13,204,397**	**5.9**

Explanatory Notes to Balance Sheet:

1. The increase was mainly due to the acquisitions of a business park in United Kingdom and a serviced residence in Australia, development expenditure incurred for projects under construction and higher carrying value of properties mainly located in China, Japan and United States due to the appreciation of RMB, JPY and USD against SGD for 1H 2020. The increase was offset by fair value losses for the properties held through CMT and CCT as well as the divestment of mall in China.

   The Group would like to highlight that there is uncertainty relating to the carrying amounts of its investment properties as at 30 June 2020, due to the impact of COVID-19. The outbreak of the COVID-19, declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has severely impacted global markets. There are recent signs of increased market activity as countries begin easing their restrictions, but the pace of recovery remains highly uncertain. As such, the COVID-19 situation is fluid and evolving, and has resulted in significant market uncertainty, particularly in the short term. This has resulted in a lack of visibility regarding future cash flows, and insufficient market transactions available for benchmarking to adopt meaningful capitalisation rates, and has led to challenges in obtaining appropriate property valuations.

   The Group is of the view that under these circumstances, at this time, it may be difficult to accurately quantify any impact on the carrying amounts of the investment properties as some of the key assumptions used to derive valuations currently would be very subjective and arbitrary. The carrying amount of investment properties as at 30 June 2020 is based on the independent valuations as at 31 December 2019[1].

For illustrative purposes, the impact arising from a decline of every 1% in the valuation of the Group's total portfolio of investment properties, including those held through our REITs, associates and joint venture, is as follows:

	30 June 2020	Pro-forma assuming 1% decline in property valuation
PATMI ($'million)	96.6	(249.5)
Net Asset Value per Share ($)	4.73	4.66
Net Tangible Asset per Share ($)	4.53	4.46
Net Debt-to-Equity Ratio (times)	0.64	0.65

The above illustration (i) assumes that all other variables are constant and (ii) is a sensitivity analysis for illustrative purposes on the impact of a decline in valuation of the properties, and does not represent the Group' views on where the valuations might end up. The Group will continue to closely monitor the evolving situation and perform property valuation (i) for material assets, when there is an indication of a material change or objective, and an appropriate valuation can be reliably obtained or (ii) by the end of the financial year, whichever is the earlier.

2. The increase was mainly due to development expenditure incurred for China's residential projects and higher carrying value of China's development properties for sale due to appreciation of RMB against SGD for 1H 2020.

3. The assets and liabilities held for sale relate mainly to four lodging properties in Singapore, China and Europe, as well as a shopping mall in China following the signing of agreements for their respective divestments.

4. The cash balances as at 30 June 2020 included $2.7 billion held at CapitaLand Limited and its treasury vehicles (comprising CapitaLand Treasury Limited (CTL), CapitaMalls Asia Treasury Limited, The Ascott Capital Pte Ltd and Ascendas Pte Ltd).

5. The increase was mainly due to receipt of advance payment from customers for development projects in China.

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.

7. The change in other reserves was mainly due to foreign currency translation differences arising from the depreciation of SGD against RMB and USD during the period.

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

	Group	
	As at 30/06/2020 S$'000	**As at 31/12/2019 S$'000**
Amount repayable in one year or less, or on demand:-		
Secured	1,283,787	1,754,803
Unsecured	3,978,790	2,195,250
Sub-Total 1	**5,262,577**	**3,950,053**
Amount repayable after one year:-		
Secured	9,945,619	8,967,674
Unsecured	18,001,431	18,493,336
Sub-Total 2	**27,947,050**	**27,461,010**
Total Debt	**33,209,627**	**31,411,063**
Cash	**7,067,833**	**6,167,606**
Total Debt less Cash	**26,141,794**	**25,243,457**

As at 30 June 2020, CapitaLand Limited and its treasury vehicles collectively, have available undrawn facilities of approximately $7.0 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] With the exception of investment properties held through CMT and CCT, which were revalued in 1H 2020 as part of the process to update certain information required for the purposes of the proposed merger.

1(c) Consolidated Statement of Cash Flows

	1H 2020 $'000	1H 2019 $'000
Cash Flows from Operating Activities		
Profit after taxation	**13,270**	**1,510,476**
Adjustments for :		
Amortisation of intangible assets	11,282	7,852
Allowance/(Write back) for:		
- Foreseeable losses	(4,576)	(200)
- Impairment loss on receivables	(757)	1,913
- Impairment on interest in joint venture	75	-
- Impairment on property, plant and equipment	-	536
Share-based expenses	8,562	16,174
Net change in fair value of financial instruments	1,463	(4,108)
Depreciation of property, plant and equipment and right-of-use assets	73,465	42,701
Gain on disposal and write-off of property, plant and equipment	(3)	(525)
Gain on disposal of investment property	(1,517)	-
Net fair value loss/(gain) from investment properties	555,173	(592,974)
Gain on disposal/liquidation/dilution of equity investments	(112,277)	(12,269)
Share of results of associates and joint ventures	(156,466)	(482,285)
Interest expense	457,201	371,675
Interest income	(50,196)	(43,971)
Taxation	126,354	178,817
	907,783	**(516,664)**
Operating profit before working capital changes	**921,053**	**993,812**
Changes in working capital		
Development properties for sale	(124,370)	(247,486)
Trade and other receivables	(223,022)	(112,321)
Contract assets	-	24,803
Trade and other payables	(548,578)	(288,800)
Contract liabilities	533,213	498,064
Restricted bank deposits	10,760	(41,406)
	(351,997)	**(167,146)**
Cash generated from operations	**569,056**	**826,666**
Taxation paid	(269,669)	(226,777)
Net cash generated from Operating Activities	**299,387**	**599,889**
Cash Flows from Investing Activities		
Proceeds from disposal of property, plant and equipment	81	7,309
Purchase of intangible assets and property, plant and equipment	(40,536)	(21,635)
Return of investment from/(Investments in)/Repayment of loans to/(Loans to) associates and joint ventures	278,347	(250,859)
Deposits placed for acquisition of investment property	-	(32,426)
Deposits received for disposal of investment properties and subsidiaries	22,601	18,656
Acquisition/ Development expenditure of investment properties	(432,516)	(246,167)
Investment in other financial assets	(1,676)	(11,233)
Proceeds from disposal of assets held for sale	-	386,268
Dividends received from associates, joint ventures and other investments	65,785	128,152
Acquisition of subsidiaries, net of cash acquired	(221,962)	(2,257,976)
Disposal of subsidiaries, net of cash disposed of	185,319	78,208
Settlement of hedging instruments	(14,739)	8,113
Interest income received	38,547	41,225
Net cash used in Investing Activities	**(120,749)**	**(2,152,365)**

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

	1H 2020 $'000	1H 2019 $'000
Cash Flows from Financing Activities		
Contributions from non-controlling interests	41,219	116,348
Loans from/(Repayment of loans to) non-controlling interests	44	(3,904)
Loans from associates and joint ventures	269,870	-
Change in ownership interest in a subsidiary with no change in control	(19,878)	-
Proceeds from bank borrowings	3,041,121	5,238,340
Repayments of bank borrowings	(1,202,187)	(3,011,712)
Proceeds from issuance of debt securities	-	507,100
Repayments of debt securities and convertible bonds	(725,000)	(245,000)
Repayments of lease liabilities	(29,637)	(22,271)
Dividends paid to non-controlling interests	(320,646)	(335,271)
Distributions to perpetual securities holders	(17,918)	(9,574)
Dividends paid to shareholders	-	(501,007)
Interest expense paid	(448,166)	(344,931)
Receipt of bank deposits pledged for bank facilities	1,805	757
Net cash generated from in Financing Activities	**590,627**	**1,388,875**
Net increase / (decrease) in cash and cash equivalents	**769,265**	**(163,601)**
Cash and cash equivalents at beginning of the period	6,061,398	5,004,755
Effect of exchange rate changes on cash balances held in foreign currencies	128,848	21,009
Changes to cash and cash equivalents reclassified to assets held for sale	14,245	(17,242)
Cash and cash equivalents at end of the period	**6,973,756**	**4,844,921**
Restricted cash deposits [1]	94,077	89,333
Cash and cash equivalents in the Balance Sheet [2]	**7,067,833**	**4,934,254**

Notes:

1. These are deposits placed in escrow account 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 $266.7 million in project accounts whose withdrawals are restricted for development projects expenditure.

<u>Cash flows analysis</u>
1H 2020 vs 1H 2019

In 1H 2020, the Group generated net cash from operating activities of $299.4 million, $300.5 million lower as compared to 1H 2019, as the Group's business operations were adversely impacted by COVID-19 pandemic and the granting of rental rebates to tenants as well as lower collections from development projects in Singapore.

The Group used net cash of $120.7 million in investing activities in 1H 2020 mainly for the acquisition of investments, as well as payment for on-going development expenditure. The cash used was partially mitigated by proceeds from divestments, repayment of loans by associates and dividends received from associates and joint ventures.

Net cash generated from financing activities for 1H 2020 was $590.6 million, mainly attributable to net proceeds from borrowings and loans from associates and joint ventures, partially offset by the payment of interest expense and dividends paid to non-controlling interests.

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

For the period ended 30/06/2020 vs 30/06/2019 – Group

	Share Capital S$'000	Revenue Reserves S$'000	Other Reserves* S$'000	**Total S$'000**	Perpetual Securities S$'000	Non-controlling Interests S$'000	**Total Equity S$'000**
Balance as at 01/01/2020	**9,327,422**	**15,074,009**	**(1,041,961)**	**23,359,470**	**897,047**	**16,026,358**	**40,282,875**
Total comprehensive income							
Profit for the period		96,607		**96,607**		(83,337)	**13,270**
Other comprehensive income							
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations			651,109	**651,109**		155,912	**807,021**
Change in fair value of equity investments at fair value through other comprehensive income			(3,502)	**(3,502)**		(8,880)	**(12,382)**
Effective portion of change in fair value of cash flow hedges			(95,322)	**(95,322)**		(30,808)	**(126,130)**
Share of other comprehensive income of associates and joint ventures			(107,002)	**(107,002)**		(2,119)	**(109,121)**
Total other comprehensive income, net of income tax	-	-	445,283	**445,283**	-	114,105	**559,388**
Total comprehensive income	**-**	**96,607**	**445,283**	**541,890**	**-**	**30,768**	**572,658**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Contributions from non-controlling interests (net)		-		**-**		44,295	**44,295**
Redemption of convertible bonds		46,990	(46,990)	**-**		-	**-**
Dividends paid/payable		-		**-**		(323,846)	**(323,846)**
Issue expenses relating to perpetual securities				**-**	21		**21**
Distribution attributable to perpetual securities		(12,603)		**(12,603)**	17,836	(5,233)	**-**
Distribution paid to perpetual securities				**-**	(17,918)		**(17,918)**
Reclassification of equity compensation reserve		1,864	(4,654)	**(2,790)**		-	**(2,790)**
Share-based payments			8,510	**8,510**		2,322	**10,832**
Total contributions by and distributions to owners	-	36,251	(43,134)	**(6,883)**	(61)	(282,462)	**(289,406)**
Changes in ownership interests in subsidiaries and other capital transactions							
Changes in ownership interests in subsidiaries with change in control		2,825	(1,903)	**922**		32,284	**33,206**
Changes in ownership interests in subsidiaries with no change in control		6,798	(851)	**5,947**		(6,390)	**(443)**
Share of reserves of associates and joint ventures		(722)	677	**(45)**		-	**(45)**
Others		473	2,664	**3,137**		(986)	**2,151**
Total changes in ownership interests in subsidiaries and other capital transactions	-	9,374	587	**9,961**	-	24,908	**34,869**
Total transactions with owners	**-**	**45,625**	**(42,547)**	**3,078**	**(61)**	**(257,554)**	**(254,537)**
Balance as at 30/06/2020	**9,327,422**	**15,216,241**	**(639,225)**	**23,904,438**	**896,986**	**15,799,572**	**40,600,996**

** 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 30/06/2020 vs 30/06/2019 – Group (cont'd)

	Share Capital S$'000	Revenue Reserves S$'000	Other Reserves* S$'000	**Total S$'000**	Perpetual Securities S$'000	Non-controlling Interests S$'000	**Total Equity S$'000**
Balance as at 01/01/2019	**6,309,496**	**13,438,324**	**(817,705)**	**18,930,115**	**397,127**	**13,958,672**	**33,285,914**
Total comprehensive income							
Profit for the period		875,371		**875,371**		635,105	**1,510,476**
Other comprehensive income							
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations			63,295	**63,295**		11,549	**74,844**
Change in fair value of equity investments at fair value through other comprehensive income			(3)	**(3)**		34	**31**
Effective portion of change in fair value of cash flow hedges			(18,777)	**(18,777)**		9,647	**(9,130)**
Share of other comprehensive income of associates and joint ventures			26,538	**26,538**		318	**26,856**
Total other comprehensive income, net of income tax	-	-	71,053	**71,053**	-	21,548	**92,601**
Total comprehensive income	**-**	**875,371**	**71,053**	**946,424**	**-**	**656,653**	**1,603,077**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Issue of treasury shares			596	**596**			**596**
Issue of new shares	3,017,926			**3,017,926**			**3,017,926**
Contributions from non-controlling interests (net)				**-**		124,588	**124,588**
Redemption of convertible bonds		18,483	(18,483)	**-**		-	**-**
Dividends paid/payable		(501,007)		**(501,007)**		(342,914)	**(843,921)**
Reclassification of equity compensation reserve		1,245	(1,245)	**-**			**-**
issued by a subsidiary		(4,258)		**(4,258)**	9,521	(5,263)	**-**
Distribution paid to perpetual securities				**-**	(9,574)		**(9,574)**
Share-based payments			11,456	**11,456**		(1,268)	**10,188**
Total contributions by and distributions to owners	3,017,926	(485,537)	(7,676)	**2,524,713**	(53)	(224,857)	**2,299,803**
Changes in ownership interests in subsidiaries and other capital transactions							
Changes in ownership interests in subsidiaries with change in control			(2)	**(2)**		1,100,334	**1,100,332**
Changes in ownership interests in subsidiaries with no change in control		4,195	(546)	**3,649**		(1,671)	**1,978**
Share of reserves of associates and joint ventures		(3,547)	5,435	**1,888**		-	**1,888**
Others		(825)	992	**167**		3,657	**3,824**
Total changes in ownership interests in subsidiaries and other capital transactions	-	(177)	5,879	**5,702**	-	1,102,320	**1,108,022**
Total transactions with owners	**3,017,926**	**(485,714)**	**(1,797)**	**2,530,415**	**(53)**	**877,463**	**3,407,825**
Balance as at 30/06/2019	**9,327,422**	**13,827,981**	**(748,449)**	**22,406,954**	**397,074**	**15,492,788**	**38,296,816**

** 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 30/06/2020 vs 30/06/2019 – 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 01/01/2020	**9,327,422**	**4,103,135**	**(342,225)**	**92,799**	**23,266**	**13,204,397**
Total comprehensive income						
Profit for the period		745,510				**745,510**
Transactions with equity holders, recorded directly in equity						
Contributions by and distributions to owners						
Issue of treasury shares			51,189		(15,643)	**35,546**
Share-based payments					3,732	**3,732**
Reclassification of equity compensation reserve		1,865			(3,634)	**(1,769)**
Redemption of convertible bonds		46,990		(46,990)		**-**
Total transactions with owners	**-**	**48,855**	**51,189**	**(46,990)**	**(15,545)**	**37,509**
Balance as at 30/06/2020	**9,327,422**	**4,897,500**	**(291,036)**	**45,809**	**7,721**	**13,987,416**
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		343,342				**343,342**
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Issue of new shares	3,017,926					**3,017,926**
Issue of treasury shares			42,853		(14,422)	**28,431**
Dividends paid		(501,007)				**(501,007)**
Share-based payments					5,593	**5,593**
Reclassification of equity compensation reserve		(1,705)			1,705	**-**
Redemption of convertible bonds		18,483		(18,483)		**-**
Total transactions with owners	**3,017,926**	**(484,229)**	**42,853**	**(18,483)**	**(7,124)**	**2,550,943**
Balance as at 30/06/2019	**9,327,422**	**4,116,172**	**(342,225)**	**92,799**	**11,981**	**13,206,149**

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

Issued Share Capital

As at 30 June 2020, the Company's issued and fully paid-up capital (excluding treasury shares) comprises 5,052,325,406 (31 December 2019: 5,037,494,396) ordinary shares. Movements in the Company's issued and fully paid-up capital were as follows:

	No. of Shares
As at 01/01/2020	5,037,494,396
Treasury shares transferred pursuant to employee share plans	14,831,010
As at 30/06/2020	**5,052,325,406**

CapitaLand Share Plans

Performance Share Plan

As at 30 June 2020, the number of shares comprised in contingent awards granted under the CapitaLand Performance Share Plan 2010 ("PSP 2010") which has not been released was 5,670,750 (30 June 2019: 5,906,939). As at 30 June 2020, contingent awards under the CapitaLand Performance Share Plan 2020 has not been granted.

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 30 June 2020, contingent awards under CapitaLand Restricted Share Plan 2020 ("RSP 2020") has not been granted, thus the number of shares comprised in contingent awards in respect of which (a) the final number of shares has not been determined under RSP 2020, and (b) the final number of shares has been determined but not released granted under the CapitaLand Restricted Share Plan 2010 ("RSP 2010"), is nil (30 June 2019: nil) and 14,208,418 (30 June 2019: 13,674,865) respectively, of which nil (30 June 2019: nil) shares out of the former and 3,799,639 (30 June 2019: 2,807,613) 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 30 June 2020:

Principal Amount $ million	Final Maturity Year	Conversion price $	Convertible into new ordinary shares
650.00	2025	4.9697	130,792,603
326.75	2022	11.5218	28,359,284
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.

The Company redeemed an aggregate principal amount of $650.0 million of the 1.85% convertible bonds due 19 June 2020 in June 2020 upon its maturity.

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 206,664,763 (30 June 2019: 501,752,089) representing a 4.1% increase over the total number of issued shares (excluding treasury shares) of the Company as at 30 June 2020.

Perpetual Securities

The Group's perpetual securities comprise perpetual securities and perpetual notes issued by its subsidiaries, Ascott Residence Trust ("ART") and CTL (collectively the "Issuers"). The perpetual securities comprise:

Perpetual Securities or Notes	Issue Date	Principal Amount $ million
ART		
- Fixed rate perpetual securities with an initial distribution rate of 4.68% per annum	30 June 2015	250
- Fixed rate perpetual securities with an initial distribution rate of 3.88% per annum	4 September 2019	150
Issued under CTL's S$5,000,000,000 Euro Medium Term Note Programme:		
- Fixed rate subordinated perpetual notes with an initial distribution rate of 3.65% per annum	17 October 2019	500

As the perpetual securities have no fixed maturity date and the payment of distributions is at the discretion of the Issuers, the Issuers are considered to have no contractual obligations to repay the principal or to pay any distributions, and the perpetual securities do not meet the definition for classification as a financial liability under SFRS(I) 1-32 *Financial Instruments: Disclosure and Presentation.* The whole instrument is presented within equity, and distributions are treated as dividends.

1(d)(iii) Treasury Shares

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

	No of Shares
As at 01/01/2020	99,154,064
Treasury shares transferred pursuant to employee share plans	(14,831,010)
As at 30/06/2020	**84,323,054**

As at 30 June 2020, the Company held 84,323,054 (June 2019: 99,154,064) treasury shares which represents 1.7% (June 2019: 2.0%) 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 2019, except for the adoption of new/revised SFRS(I) applicable for the financial period beginning 1 January 2020 as follows:

Amendments to SFRS(I) 3: *Definition of a Business*
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: *Definition of Materiality*
Various SFRS(I): *Amendments to references to the Conceptual Framework in SFRS(I) standards, illustrative examples, implementation guidance and SFRS(I) practice statements.*
Revised Conceptual Framework

The Group has elected to early adopt Amendment to SFRS(I) 16: Covid-19 Related Rent Concessions which is effective from 1 June 2020. Under SFRS(I) 16, the Group may apply the practical expedients and elect to account for any change in lease payments resulting from the rent concession as if the changes were not a lease modification.

The adoption of the above amendments to SFRS(I) did not have any significant financial impact on the financial position or performance of the Group

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	
		1H 2020	**1H 2019**
6(a)	EPS based on weighted average number of ordinary shares in issue (in cents)	1.9	21.0
	Weighted average number of ordinary shares (in million)	5,047.3	4,171.0
6(b)	EPS based on fully diluted basis (in cents)	1.9	19.9
	Weighted average number of ordinary shares (in million)	5,070.2	4,552.0

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	
	30/06/2020	**31/12/2019**	**30/06/2020**	**31/12/2019**
Net asset value per share	$4.73	$4.64	$2.77	$2.62
Net tangible assets per share	$4.53	$4.44	$2.77	$2.62

8 Review of the Group's performance

Group Overview

S$M	1H 2020	1H 2019	Better/ (Worse) (%)
Revenue	2,027.4	2,131.1	(4.9)
Earnings before Interest and Tax ("EBIT")	596.8	2,061.0	(71.0)
Finance costs	(457.2)	(371.7)	(23.0)
Profit Before Taxation	139.6	1,689.3	(91.7)
Total PATMI	96.6	875.4	(89.0)
Comprising:			
Operating PATMI(1)	261.2	361.3	(27.7)
Portfolio gains(2)	9.3	134.7	(93.1)
Revaluation gains and impairments	(173.9)	379.4	NM

Notes:

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.

1H 2020 vs 1H 2019

For the half year under review, the Group achieved a revenue of $2,027.4 million and a PATMI of $96.6 million.

Revenue

Revenue for 1H 2020 decreased by 4.9% or $103.7 million mainly due to the recognition of rental rebates of approximately $158.6 million granted to our tenants in Singapore, China and Malaysia, lower contributions from our shopping malls, residential projects in Singapore and China, as well as lodging business amid the COVID-19 pandemic. The decrease was partially mitigated by higher handover of residential units from Vietnam, consolidation of RCCQ project and contributions from the ASB portfolio acquired in June 2019. The residential projects which contributed to the revenue in 1H 2020 were mainly One Pearl Bank in Singapore, The Metropolis, Kunshan, Parc Botanica, Chengdu and Spring, Chongqing in China, as well as Feliz en Vista in Vietnam.

Collectively, the two core markets of Singapore and China accounted for 65.1% (1H 2019: 64.8%) of the Group's revenue.

In terms of asset class, residential and commercial strata and urban development constituted 15.9% or $322.8 million (1H 2019: 15.6% or $333.0 million) of the total revenue in 1H 2020, while investment properties comprised commercial, retail, business park, logistics and industrial, as well as serviced residence properties which are recurring in nature, accounted for 84.1% or $1,704.6 million of total revenue (1H 2019: 84.4% or $1,798.1 million).

EBIT

The Group recorded EBIT of $596.8 million (1H 2019: $2,061.0 million) for 1H 2020. The lower EBIT was mainly attributable to fair value losses of investment properties in 1H 2020 as compared to a gain in 1H 2019, lower portfolio gains from assets recycling, as well as lower contribution from retail and lodging operations. The Group's EBIT from operation saw a 5.3% decrease due to the impact from the COVID-19 outbreak on our retail, lodging and residential handover. This was partially mitigated by contributions from the newly acquired business park, logistics and industrial portfolio, higher handover of units from residential projects in Vietnam and a gain from sale of a residential investment in China.

At EBIT level, the portfolio gains in 1H 2020 of $37.9 million (1H 2019: $250.4 million) arose mainly from the divestment of a shopping mall in China.

In terms of revaluation of investment properties, the Group recorded a fair value loss of $574.4 million in 1H 2020 (1H 2019: gain of $618.2 million) on revaluation of its investment properties primarily in CMT and CCT.

The Group also wrote back provision for foreseeable losses of $4.5 million (1H 2019: $0.1 million) during the half year upon sale of its residential units in Singapore.

In terms of asset class, residential and commercial strata accounted for 31.3% (1H 2019: 9.8%) of the total EBIT in 1H 2020 while the Group's investment properties portfolio accounted for 68.7% (1H 2019: 90.2%) of the total EBIT. The decrease in contribution from investment properties portfolio was attributed to rental rebates granted to tenants and lower operating performance from retail and lodging businesses impacted by the COVID-19 outbreak, revaluation losses on investment properties held through CMT and CCT in 1H 2020, as well as lower gains from assets recycling. The decrease was partially mitigated by contributions from our newly acquired business park, logistics and industrial portfolio.

EBIT Contribution by Geography

The Group's two core markets, Singapore and China collectively accounting for 74.1% of Group's total EBIT (1H 2019: 86.4%). Singapore EBIT was $30.5 million or 5.1% of total EBIT (1H 2019: $867.2 million or 42.1%) while China EBIT was $411.9 million or 69.0% of total EBIT (1H 2019: $913.2 million or 44.3%).

Singapore EBIT fell by 96.5% mainly due to fair value losses from revaluation of investment properties held through CMT and CCT in 1H 2020 as compared to a gain in 1H 2019, lower operating contributions from residential projects and investment properties including the rental rebates extended mainly to mall tenants, and lower gains from assets recycling. The lower EBIT was partially mitigated by JSS grants received from the government and contributions from the business park acquired in June 2019.

China EBIT declined by 54.9% mainly due to lower handover of units from residential projects, closure of malls and lodging properties in January and February 2020 during the lockdown period, rental rebates given to malls tenants, as well as lower portfolio gains. The decrease was partially mitigated by sale of a residential investment in Shenyang and contributions from the ASB China portfolio.

Finance Costs

Finance costs for 1H 2020 were higher as compared to the 1H 2019 mainly due to increase in the Group's borrowings. However, the average cost of borrowings was lower at 3.0% (1H 2019: 3.2%).

PATMI

The adverse market conditions resulting from the COVID-19 pandemic has severely impacted the Group's financial performance in 2020. As a result, the Group's PATMI for 1H 2020 of $96.9 million was 89.0% lower as compared to 1H 2019 on account of lower operating PATMI and portfolio gains, as well as revaluation losses on investment properties. The operating PATMI decreased by 27.7% as the lower contributions from our retail and lodging businesses were partially mitigated by new contribution from ASB portfolio acquired in June 2019.

Segment Performance

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	1H 2020	1H 2019	Better/ (Worse) (%)
Revenue			
CL SMI	804.8	885.6	(9.1)
CL Vietnam	129.7	44.9	188.9
CL International	114.0	102.5	11.2
Total	**1,048.5**	**1,033.0**	**1.5**
EBIT			
CL SMI	1.4	775.9	(99.8)
CL Vietnam	20.6	11.3	81.9
CL International	67.6	67.2	0.5
Total	**89.6**	**854.4**	**(89.5)**

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 1H 2020 was marginally higher than 1H 2019 on the back of higher handover of units from residential projects in Vietnam and contributions from the newly acquired business park properties in Singapore, offset by lower contributions from residential projects in Singapore and rental rebates granted to tenants in Singapore and Malaysia.

In 1H 2020, a total of 627 residential units (1H 2019: 138 units) were handed over to home buyers in Vietnam. The units handed over were mainly from Feliz en Vista. This includes the Group's participation in joint ventures.

EBIT for 1H 2020 fell by 89.5% attributed to fair value losses on revaluation of investment properties as compared to gains recognised in 1H 2019 and rental rebates granted to tenants, partially mitigated by higher handover of residential units in Vietnam and contribution from business park portfolio acquired in June 2019.

In 1H 2020, 72 units (1H 2019: 108 units) with a sales value of $80.5 million (1H 2019: $59.6 million) were sold in Singapore, Malaysia and Vietnam. During 1H 2020, around 100 residential units in Vietnam were returned. The returns were due to delays in securing permits for units sold previously and will be progressively released for sale.

CL China

S$M	1H 2020	1H 2019	Better/ (Worse) (%)
Revenue	482.9	496.8	(2.8)
EBIT	391.1	892.7	(56.2)

Revenue for 1H 2020 was slightly lower as compared to the previous corresponding period mainly due to rental rebates granted to tenants and lower handover of residential units. This was mitigated by new revenue streams from acquired business parks and RCCQ.

In 1H 2020, CL China handed over 652 units to home buyers mainly from Lake Botanica in Shenyang and Parc Botanica in Chengdu (1H 2019: 2,599 units). The units handed over last year were mainly from La Botanica in Xian – a joint venture project.

EBIT for 1H 2020 decreased due to absence of fair value gains from revaluation of investment properties, as well as lower portfolio gains, partially mitigated by the gain from the sale of a residential investment. In 1H 2019, CL China recognised contribution from the divestments of two commercial properties and three shopping malls.

Sales of residential units represent future revenue to be recognised as the units are progressively completed and handed over. In 1H 2020, CL China sold 1,769 units with a sales value of RMB 5.6 billion* (1H 2019: 3,025 units; RMB 6.4 billion). The Group achieved an overall sales rate of 92% based on launched residential units as at June 2020. The current year sales were mainly from La Botanica in Xian, Jing'an One in Shanghai, Citta Di Mare in Guangzhou and Vermont Hills in Beijing.

* 1H 2020 handover and sales include 179 units with a value of RMB 0.7 billion arising from the divestment of a residential investment.

CL India

S$M	1H 2020	1H 2019	Better/ (Worse) (%)
Revenue	22.5	-	NM
EBIT	14.0	(0.9)	NM

Revenue for 1H 2020 was contributed by the business park and logistics portfolios acquired in late June 2019.

The higher EBIT for 1H 2020 was due to higher revenue as mentioned above as well as the share of results from 21.2% stake in Ascendas India Trust.

CL Lodging

S$M	1H 2020	1H 2019	Better/ (Worse) (%)
Revenue	433.0	597.2	(27.5)
EBIT	4.2	290.6	(98.6)

Revenue for 1H 2020 was lower mainly due to the unprecedented disruption brought about by the COVID-19 pandemic. With travel restrictions imposed almost globally, travel and hospitality are amongst the most affected sectors. This has led to a marked reduction in the demand for accommodation globally. While properties with a longer length of stay performed better, properties with a shorter length of stay (mainly in the USA, Europe, Japan and Australia) suffered a more significant drop in occupancy with some properties being temporarily closed.

EBIT for 1H 2020 was lower mainly due to lower revenue and absence of gains arising from the divestment of Ascott Raffles Place in 1H 2019.

CL Financial

S$M	1H 2020	1H 2019	Better/ (Worse) (%)
Revenue	158.4	101.1	56.6
EBIT	91.8	52.7	74.1

Revenue and EBIT for 1H 2020 increased against same period last year by 56.6% and 74.1% respectively. This was mainly due to revenue contribution from ASB's fund management business and CAP I from July 2019 onwards, as well as higher assets base for REITs following their property acquisitions in 2H 2019.

Corporate and Others

S$M	1H 2020	1H 2019	Better/ (Worse) (%)
Revenue	(117.9)	(97.1)	(21.5)
EBIT	6.1	(29.5)	NM

Corporate and Others include Corporate office and group eliminations.

EBIT for 1H 2020 was a gain as compared to a loss in 1H 2019 mainly due to absence of transaction fees incurred on acquisition of ASB in 1H 2019.

9 Variance from Prospect Statement

CapitaLand Limited has released the following announcements which contains information relating to the Group's outlook for 2020:
1, First Quarter Business Update dated 4 May 2020;
2. News release dated 8 June 2020;
3. AGM presentation slides dated 29 June 2020; and
4. Profit guidance dated 6 July 2020 and 27 July 2020.

The 1H 2020 operating performance was broadly in line with the above prospect statements made.

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

In the second quarter of 2020, economies across the globe began to reopen with varying degrees of physical distancing restrictions still in place. Notwithstanding the gradual improvement in general business optimism, the potential for further adverse developments due to COVID-19 remains. In addition, geopolitical tensions between China and the U.S. remain high and the global economic outlook remains uncertain.

The pandemic has affected the Group's operating and financial performance. Additionally, should weaker economic prospects materialise, this may further adversely impact CapitaLand's financial performance for the remainder of the year, due to but not limited to an increase in rental deferrals or arrears, lower operating income, lower property valuations and a slowdown in capital recycling, resulting in lower portfolio gains.

Against this backdrop, CapitaLand's large and diversified portfolio remains integral to our resilience and agility. As the impact from COVID-19 has differed across geographies and asset classes, our focus on building a diversified portfolio, underpinned by significant recurring income, lowers the concentration of risks from any one segment. Importantly, CapitaLand's balance sheet remains strong, and the Group is on the lookout for attractive opportunities that will further strengthen our scale and enhance our balance. We will also continue to look for opportunities to divest non-core assets and businesses to reposition the Group. As at 30 June 2020, CapitaLand's consolidated net debt-to-equity ratio was at 0.64x and total cash and available undrawn facilities amounted to approximately S$14.0 billion, of which S$4.8 billion was raised in the first six months of 2020.

The details of the outlook for respective business segments are as follows:

Development Business

Trading Properties

In the first half of 2020, the Group sold 1,769 residential units in China, corresponding to approximately RMB5.6 billion in sales value[1]. We are planning to launch over 4,000 units by the end of the year. In terms of handovers for the rest of the year, CL China is expected to recognise approximately 70% of RMB18.2 billion derived from the existing sales of 7,800 residential units[1]. In Vietnam, sales remain muted due to a lull in our launch window, while our residential inventory remains thin. Our handovers are expected to be on track with approximately 40% of S$584 million[2] of total sales value derived from 1,472 units sold[1], scheduled to be handed over by end of 2020. In Singapore, the Group has three residential projects with strong locational advantages. The Group will look to launch the remaining 806 units of One Pearl Bank and Sengkang Grand Residences as the show galleries resume operations under the Safe Re-opening in Phase 2 starting from 19 June 2020. The Group also expects to launch its new residential project at Liang Court site in 2021.

Investment Properties

Beginning in 2Q 2020, retail footfall and retail sales have shown gradual improvement across CapitaLand's four retail markets of Singapore, China, Japan and Malaysia. Heading into the second half of 2020, we expect shoppers to continue to exercise caution in visiting our malls and in their discretionary spending. Whilst CapitaLand remains committed to providing our tenants with the necessary support, we expect leasing and rental reversion to experience short term pressure until there is greater certainty over the control of COVID-19 spread.

CapitaLand's workspace assets include offices, business parks, industrial and logistics properties. Occupancy levels have remained stable in the first half of the year and are expected to continue to be resilient. In China, approximately 95% of our tenants' workforce in offices and close to 90% in business parks have returned to their workplace as at 30 June 2020. In Singapore, India, and our other markets with workspace presence, most businesses have resumed operations, and the Group is seeing a gradual return of tenants to our properties. As business sentiment remains cautious, the Group expects leasing activities and rental reversions to remain muted in the near term.

Fund Management

The Group continues to grow fee income through our fund management business, with a target to achieve S$100 billion in fund assets under management by Year 2024. This will be through growing our existing real estate investment trusts (REITs), business trusts and private equity funds, as well as setting up new funds of interest to co-investors. However, while we continue to keep our eyes on potential growth opportunities, the Group expects transaction volumes across REITs, business trusts and private equity funds to be lower until there is greater clarity on the COVID-19 situation. This will impact performance and transaction-related fees. Base REIT and fund management fees, on the other hand, are expected to remain stable.

[1] On 100% basis.
[2] Value excludes value added tax and impact due to significant financing component for certain payment schemes under accounting principles IFRS 15.

Lodging

International travel restrictions remain largely in place even as economies gradually re-open. This will continue to place operating pressure on the Group's lodging business in the short term, and in particular, on our existing lease contracts, which provide less financial flexibility than our management contracts. However, as approximately 80% of our lodging portfolio is made up of serviced residences, which are configured to be self-contained, we have been more successful in capturing longer stay demand than most other hospitality segments. In addition, we have actively pursued alternative domestic demand such as local residential leasing, corporate demand for work from home apartments, government buyouts and student accommodation for our properties. The average occupancy across our portfolio in 1H 2020 stands at 46%. We expect our portfolio to remain resilient.

Going forward, we will continue to grow recurring income via our asset-light strategy, which includes securing management contracts, franchises, leases and strategic alliances. In the first six months of 2020, CapitaLand Lodging secured contracts for 25 new properties with over 5,400 units across nineteen cities globally. This is the largest number of new properties Ascott has clinched in the first six months of any year and brings the total number of units on our lodging platform to 117,000. The ability to secure management contracts in the midst of COVID-19 pandemic is a testament to our partners' confidence in the resilience of our business model.

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 30 June 2020 and for the six months ended on that date, to be false or misleading in any material aspect.

Please refer to Note 1 in the Explanatory Notes to Balance Sheet for the disclosures pertaining to uncertainty in the carrying value of the Group's investment properties, due to the impact of COVID-19.

On behalf of the Board

Ng Kee Choe
Chairman

Lee Chee Koon
Director

16 Segmental Revenue and Results

16(a)(i) By Strategic Business Units – 1H 2020 vs 1H 2019

	Revenue			Earnings before interest & tax		
	1H 2020 S$'000	1H 2019 S$'000	Better/ (Worse) (%)	1H 2020 S$'000	1H 2019 S$'000	Better/ (Worse) (%)
CL Singapore and International						
- CL SMI	804,786	885,563	(9.1)	1,376	775,900	(99.8)
- CL Vietnam	129,698	44,878	189.0	20,640	11,345	81.9
- CL International	113,983	102,519	11.2	67,561	67,218	0.5
CL China	482,942	496,780	(2.8)	391,085	892,719	(56.2)
CL India	22,487	-	NM	14,046	(851)	NM
CL Lodging	433,037	597,245	(27.5)	4,204	290,562	(98.6)
CL Financial	158,398	101,146	56.6	91,839	52,737	74.1
Corporate and others[(1)]	(117,933)	(97,058)	(21.5)	6,074	(28,662)	NM
Total	**2,027,398**	**2,131,073**	**(4.9)**	**596,825**	**2,060,968**	**(71.0)**

16(a)(ii) By Geography – 1H 2020 vs 1H 2019

	Revenue			Earnings before interest & tax		
	1H 2020 S$'000	1H 2019 S$'000	Better/ (Worse) (%)	1H 2020 S$'000	1H 2019 S$'000	Better/ (Worse) (%)
Singapore	790,785	806,247	(1.9)	30,474	867,186	(96.5)
China [(2)]	528,128	575,053	(8.2)	411,862	913,166	(54.9)
Other developed markets[(3)]	445,733	549,500	(18.9)	85,327	214,455	(60.2)
Other emerging markets [(4)]	262,752	200,273	31.2	69,162	66,161	4.5
Total	**2,027,398**	**2,131,073**	**(4.9)**	**596,825**	**2,060,968**	**(71.0)**

16(a)(iii) By Assets Class – 1H 2020 vs 1H 2019

	Revenue			Earnings before interest & tax		
	1H 2020 S$'000	1H 2019 S$'000	(Worse) (%)	1H 2020 S$'000	1H 2019 S$'000	(Worse) (%)
Residential, commercial strata and urban development	322,781	332,961	(3.1)	186,798	201,231	(7.2)
Retail	729,366	862,577	(15.4)	151,392	1,006,281	(85.0)
Commercial	366,191	356,596	2.7	51,725	536,240	(90.4)
Business park, industrial & logistics	214,181	-	NM	166,376	-	NM
Lodging[(5)]	511,512	669,468	(23.6)	24,072	335,615	(92.8)
Corporate and others[(1)]	(116,633)	(90,529)	(28.8)	16,462	(18,399)	NM
Total	**2,027,398**	**2,131,073**	**(4.9)**	**596,825**	**2,060,968**	**(71.0)**

Notes:
(1) Includes intercompany eliminations.
(2) Includes Hong Kong.
(3) Excludes Singapore and Hong Kong.
(4) Excludes China.
(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 27 July 2020, Ascott Residence Trust (ART) announced it has entered into two conditional agreements to divest Ascott Guangzhou in China and Citadines Didot Montparnasse Paris in France to two unrelated third parties respectively, for a total consideration of about S$191.4 million. ART is expected to realise total estimated net gains of about S$23.2 million upon the completion of both transactions.

ii) On 3 August 2020, CapitaLand announced a change of its interest in Guangzhou Kai Ke Xing Mao Real Estate Development Co., Ltd (GKK), where it has together with other shareholder of GKK divested an aggregate of 40% equity interest in the company for a total consideration of RMB 395.7 million (approximately S$78.6 million). Following the completion of the transaction, CapitaLand's interest in GKK has decreased to 45%.

GKK owns a mixed-use site located in Huangpu District, Guangzhou, China which is to be developed into an integrated development comprising office, retail, apartments, serviced residence and low-density strata office components.

BY ORDER OF THE BOARD

Michelle Koh
Company Secretary
7 August 2020