CAPITALAND LIMITED

(Registration Number: 198900036N)

2018 THIRD QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT

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CAPITALAND LIMITED
2018 THIRD QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT

1(a)(i) Income Statement

	Group						
		3Q 2018	3Q 2017 (Restated)	Better/ (Worse)	YTD Sep 2018	YTD Sep 2017 (Restated)	Better/ (Worse)
	Note	S$'000	S$'000	%	S$'000	S$'000	%
Revenue	A	**1,260,019**	**1,515,656**	**(16.9)**	**3,977,971**	**3,405,598**	**16.8**
Cost of sales	B	(676,364)	(1,009,623)	33.0	(2,219,856)	(2,182,680)	(1.7)
Gross profit		583,655	506,033	15.3	1,758,115	1,222,918	43.8
Other operating income	C	188,741	264,503	(28.6)	757,433	828,535	(8.6)
Administrative expenses	D	(109,319)	(99,041)	(10.4)	(279,384)	(280,616)	0.4
Other operating expenses	E	(1,928)	(14,997)	87.1	(13,086)	(9,975)	(31.2)
Profit from operations		661,149	656,498	0.7	2,223,078	1,760,862	26.2
Finance costs		(163,144)	(128,990)	(26.5)	(468,289)	(337,357)	(38.8)
Share of results (net of tax) of:	F						
- associates		96,742	75,122	28.8	496,897	393,836	26.2
- joint ventures		38,366	63,103	(39.2)	147,888	254,798	(42.0)
		135,108	138,225	(2.3)	644,785	648,634	(0.6)
Profit before taxation		633,113	665,733	(4.9)	2,399,574	2,072,139	15.8
Taxation	G	(66,507)	(87,185)	23.7	(258,243)	(215,392)	(19.9)
Profit for the period		566,606	578,548	(2.1)	2,141,331	1,856,747	15.3
Attributable to:							
Owners of the Company ("PATMI")		**362,224**	**318,801**	**13.6**	**1,286,840**	**1,291,744**	**(0.4)**
Non-controlling interests ("NCI")		204,382	259,747	21.3	854,491	565,003	(51.2)
Profit for the period		566,606	578,548	(2.1)	2,141,331	1,856,747	15.3

Note:
3Q 2017 and YTD September 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.)

1(a)(ii) Explanatory Notes to Income Statement – 3Q 2018 vs 3Q 2017(Restated)

(A) Revenue

Revenue for 3Q 2018 decreased by 16.9% or $255.6 million mainly attributable to lower contributions from development projects in Singapore and China, partially mitigated by higher rental income from newly acquired and opened properties, as well as contributions from CapitaLand Mall Trust (CMT), CapitaLand Retail China Trust (CRCT) and RCS Trust (RCST) which were consolidated from August 2017 (see item 8 for details).

(B) Cost of Sales

In line with lower revenue, cost of sales also decreased but at a higher rate as the proportion of rental revenue, which contributed a higher gross margin as compared to the Group's development projects, was higher this quarter.

(C) Other Operating Income

		Group		
		3Q 2018 S$'000	3Q 2017 S$'000	Better/ (Worse) (%)
Other Operating Income		**188,741**	**264,503**	**(28.6)**
Investment income	(i)	2,031	2,951	(31.2)
Interest income	(ii)	19,498	16,101	21.1
Other income (including portfolio gains)	(iii)	23,751	129,533	(81.7)
Fair value gains of investment properties	(iv)	132,253	115,918	14.1
Foreign exchange gain	(v)	11,208	-	NM

(i) The decrease in investment income in 3Q 2018 was due to lower distribution received from an investment in Japan as compared to 3Q 2017.

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

(iii) Other income in 3Q 2018 mainly relate to portfolio gains from divestment of four malls in China. Other income for 3Q 2017 comprised portfolio gains from divestments of Wilkie Edge in Singapore, setting up of a commercial fund in Vietnam, as well as a re-measurement gain from the consolidation of CapitaLand Mall Trust (CMT) and CapitaLand Retail China Trust (CRCT).

(iv) Fair value gains of investment properties during the quarter arose mainly from Westgate in Singapore, following the announcement of its divestment in August 2018. Fair value gains in 3Q 2017 relate to Golden Shoe Car Park and the serviced residence component of Funan in Singapore, as well as the divestment of two serviced residence properties in China.

(v) Foreign exchange gains of $11.2 million arose from revaluation of Euro receivables and RMB payables as SGD has depreciated against Euros and appreciated against RMB during the quarter. In 3Q 2017, the Group recorded a net foreign exchange loss presented under Other Operating expenses (See note (E)).

(D) Administrative Expenses

	Group		
	3Q 2018 S$'000	3Q 2017 S$'000	Better/ (Worse) (%)
Administrative Expenses	**(109,319)**	**(99,041)**	**(10.4)**
<u>Included in Administrative Expenses:-</u>			
Depreciation and amortisation	(17,559)	(17,010)	(3.2)
Allowance for doubtful receivables and bad debts written off	(529)	(188)	(181.2)

Administrative expenses comprised staff costs, depreciation, operating lease expenses and other miscellaneous expenses. The increase in administrative expenses this quarter was mainly due to higher IT maintenance and professional fees.

(E) Other Operating Expenses

The decrease in other operating expenses in 3Q 2018 was due to the absence of forex losses. In 3Q 2017, forex losses of $12.7 million was mainly due to the revaluation of RMB payables as SGD depreciated against RMB.

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

Share of results from associates increased in 3Q 2018 mainly due to portfolio gains arising from divestment of malls in China and higher contributions from malls and development projects in China. The increase was partially offset by the absence of share of results from CMT and CRCT as these REITs were consolidated by the Group with effect from August 2017.

The decrease in share of results from joint ventures in 3Q 2018 was a result of lower handover of residential units mainly from Dolce Vita, as well as the absence of share of results from RCST as it was consolidated by the Group with effect from August 2017, partially mitigated by higher contributions from malls in China.

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

The current tax expense is based on the statutory tax rates of the respective countries in which the Group operates and takes into account non-deductible expenses and temporary differences.

The lower tax expense during the quarter was mainly due to lower taxable income from China. Included in 3Q 2018 tax expense was a write back of tax provision of $3.2 million in respect of prior years (3Q 2017: tax provision of $4.7 million in respect of prior years).

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

The net gains from the sale of investments in 3Q 2018 of $129.2 million, comprising portfolio gains of $27.4 million (3Q 2017: portfolio gains of $79.7 million) and realised revaluation gains of $101.8 million (3Q 2017: realised revaluation gains of $33.4 million) are as follow:

3Q 2018	**PATMI (S$M)**
Westgate, Singapore	99.2
18 retail malls in China	26.4
Others	3.6
Total	**129.2**
3Q 2017	
Wilkie Edge, Singapore	24.2
Citadines Biyun Shanghai and Citadines Gaoxin Xi'an	21.2
60% stake in CapitaLand Vietnam Commercial Fund 1, Vietnam	16.4
Re-measurement gain from the consolidation of CMT and CRCT	12.0
CapitaMall Anzhen, Beijing	11.0
Golden Shoe Carpark, Singapore	6.2
Funan - serviced residence component	6.0
Somerset Whitefield, India	5.8
Others (includes realisation of FCTR on liquidation of subsidiaries)	10.3
Total	**113.1**

1(a)(iii) Statement of Comprehensive Income

	Group					
	3Q 2018	**3Q 2017 (Restated)**	**Change**	**YTD Sep 2018**	**YTD Sep 2017 (Restated)**	**Change**
	S$'000	**S$'000**	**%**	**S$'000**	**S$'000**	**%**
Profit for the period	566,606	578,548	(2.1)	2,141,331	1,856,747	15.3
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)	(304,345)	7,563	NM	(120,329)	(315,738)	(61.9)
Change in fair value of available-for-sale investments	(1,840)	(1,455)	26.5	(6,039)	3,008	NM
Effective portion of change in fair value of cash flow hedges (2)	(17,222)	16,936	NM	58,922	(64,176)	NM
Share of other comprehensive income of associates and joint ventures (3)	(373,349)	208,207	NM	(131,034)	82,378	NM
Total other comprehensive income, net of tax	(696,756)	231,251	NM	(198,480)	(294,528)	(32.6)
Total comprehensive income	(130,150)	809,799	NM	1,942,851	1,562,219	24.4
Attributable to:						
Owners of the Company	**(203,644)**	**524,111**	**NM**	**1,122,539**	**1,025,624**	**9.4**
Non-controlling interests	73,494	285,688	(74.3)	820,312	536,595	52.9
Total comprehensive income	(130,150)	809,799	NM	1,942,851	1,562,219	24.4

Notes:

1. *3Q 2018's exchange differences arose mainly from the appreciation of SGD against RMB by 4.38%, partially mitigated by the depreciation of SGD against USD by 2.07% during the quarter.*

   YTD September 2018's exchange differences arose mainly from the appreciation of SGD against RMB by 2.01%, partially mitigated by the depreciation of SGD against USD by 1.59% during the period.

2. *The effective portion of change in fair value of cash flow hedges for 3Q 2018 and YTD September 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. 3Q 2018's share of exchange differences arose mainly from the appreciation of SGD against RMB by 4.38% and USD against RMB by 6.59%, partially mitigated by the depreciation of SGD against USD by 2.07% during the quarter.*

   YTD September 2018's exchange differences arose mainly from the appreciation of SGD against RMB by 2.01% and USD against RMB by 3.65%, partially mitigated by the depreciation of SGD against USD by 1.59% during the period.

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1(b)(i) Balance Sheet

	Group			Company		
	30/09/2018	31/12/2017 (Restated)[1]	Change	30/09/2018	31/12/2017	Change
	S$'000	S$'000	%	S$'000	S$'000	%
Non-current assets						
Property, plant & equipment	853,476	840,021	1.6	17,686	19,044	(7.1)
Intangible assets	608,756	563,295	8.1	418	20,315	*(97.9)*
Investment properties[2]	38,337,668	36,479,434	5.1	-	-	-
Subsidiaries	-	-	-	13,750,775	12,208,267	12.6
Associates & joint ventures	10,237,790	10,205,449	0.3	-	-	-
Other non-current assets[3]	902,779	1,138,851	(20.7)	423	423	-
	50,940,469	**49,227,050**	**3.5**	**13,769,302**	**12,248,049**	**12.4**
Current assets						
Development properties for sale and stock [4],[5]	*4,596,918*	*4,158,953*	*10.5*	-	-	-
Trade & other receivables [4],[6]	*2,133,931*	*1,470,573*	*45.1*	*1,962,190*	*1,974,786*	*(0.6)*
Other current assets	*6,499*	*34,499*	*(81.2)*	-	-	-
Assets held for sale [7]	*40,746*	*542,786*	*(92.5)*	-	-	-
Cash & cash equivalents [8]	*5,346,603*	*6,105,318*	*(12.4)*	*27,820*	*7,247*	*283.9*
	12,124,697	**12,312,129**	**(1.5)**	**1,990,010**	**1,982,033**	**0.4**
Less: Current liabilities						
Trade & other payables [4]	*6,298,744*	*5,500,559*	*14.5*	*255,644*	*886,418*	*(71.2)*
Short-term borrowings [9]	*3,271,266*	*2,738,995*	*19.4*	*1,172,242*	*793,796*	*47.7*
Current tax payable	*504,382*	*527,162*	*(4.3)*	*2,582*	*2,599*	*(0.7)*
Liabilities held for sale [7]	-	*94,625*	*(100.0)*	-	-	-
	10,074,392	**8,861,341**	**13.7**	**1,430,468**	**1,682,813**	**(15.0)**
Net current assets	**2,050,305**	**3,450,788**	**(40.6)**	**559,542**	**299,220**	**87.0**
Less: Non-current liabilities						
Long-term borrowings[9]	18,625,102	18,955,934	(1.7)	1,477,002	1,841,863	(19.8)
Other non-current liabilities[10]	1,611,333	1,604,080	0.5	2,523,497	8,315	NM
	20,236,435	**20,560,014**	**(1.6)**	**4,000,499**	**1,850,178**	**116.2**
Net assets	**32,754,339**	**32,117,824**	**2.0**	**10,328,345**	**10,697,091**	**(3.4)**
Representing:						
Share capital	6,309,496	6,309,496	-	6,309,496	6,309,496	-
Revenue reserves	12,882,707	12,178,999	5.8	4,252,981	4,310,421	(1.3)
Other reserves[11]	(519,903)	(75,605)	*587.7*	(234,132)	77,174	NM
Equity attributable to owners of the Company	18,672,300	18,412,890	1.4	10,328,345	10,697,091	(3.4)
Non-controlling interests	14,082,039	13,704,934	2.8	-	-	-
Total equity	**32,754,339**	**32,117,824**	**2.0**	**10,328,345**	**10,697,091**	**(3.4)**

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 period as well as acquisition of a retail mall in China and a commercial property in Germany.*

3. *The decrease was mainly due to reclassification of deposits to investment properties upon receipt of land titles.*

4. *The Group completed its acquisition of Chongqing Zhonghua Real Estate Co., Ltd. in August 2018. The acquisition increased the Group's development properties for sale, trade & other receivables and trade & other payables.*

5. *The increase was offset by the handover from residential projects in Singapore and China.*

6. *The increase was mainly due to deposits placed for new investments in China, Singapore and the United States of America (U.S.).*

7. *The decrease was mainly due to the completion of divestment 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 a property, Bugis Village, in Singapore to assets held for sale following the receipt of termination notice from the lessor on 28 March 2018.*

8. *The cash balances as at 30 September 2018 included $2.4 billion held at CapitaLand Limited and its treasury vehicles (comprising CapitaLand Treasury Limited, CapitaMalls Asia Treasury Limited and The Ascott Capital Pte Ltd).*

9. *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.*

10. *The increase in the Company's other non-current liabilities was mainly due to amount owing to subsidiaries for the settlement of transfer of investment in subsidiaries in connection with the internal restructuring exercise.*

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

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

	Group	
	As at 30/09/2018 S$'000	**As at 31/12/2017 S$'000**
Amount repayable in one year or less, or on demand:-		
Secured	568,525	424,731
Unsecured	2,702,741	2,314,264
Sub-Total 1	**3,271,266**	**2,738,995**
Amount repayable after one year:-		
Secured	4,807,663	5,349,919
Unsecured	13,817,439	13,606,015
Sub-Total 2	**18,625,102**	**18,955,934**
Total Debt	**21,896,368**	**21,694,929**
Cash	**5,346,603**	**6,105,318**
Total Debt less Cash	**16,549,765**	**15,589,611**

As at 30 September 2018, CapitaLand Limited and its treasury vehicles collectively, have available undrawn facilities of approximately $2.7 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

	3Q 2018 S$'000	3Q 2017 (Restated) S$'000	YTD Sep 2018 $'000	YTD Sep 2017 (Restated) $'000
Cash Flows from Operating Activities				
Profit after taxation	**566,606**	**578,548**	**2,141,331**	**1,856,747**
Adjustments for :				
Amortisation of intangible assets	1,996	342	6,196	2,229
Allowance/(Write back) for:				
- Foreseeable losses	-	4,200	(17,000)	4,200
- Doubtful receivables	531	(141)	824	2,678
- Impairment on investment in joint venture	-	1,737	-	1,737
Gain from bargain purchase	-	(476)	-	(26,941)
Share-based expenses	19,922	19,730	37,014	37,523
Net change in fair value of financial instruments	(1,255)	(542)	(236)	(982)
Depreciation of property, plant and equipment	15,601	16,896	47,101	50,494
Loss/ (Gain) on disposal and write-off of property, plant and equipment	335	599	(4)	160
Loss/ (Gain) on disposal of investment properties	63	(77,861)	(121,031)	(95,844)
Net fair value (gain) / loss from assets held for sale	-	8	(9,016)	(111)
Net fair value gain from investment properties	(132,253)	(115,926)	(515,908)	(324,907)
Gain disposal/liquidation/dilution of equity investments and other financial assets	(12,221)	(41,008)	(11,194)	(304,427)
Share of results of associates and joint ventures	(135,108)	(138,225)	(644,785)	(648,634)
Interest expense	163,144	128,990	468,289	337,357
Interest income	(19,498)	(16,101)	(60,073)	(39,109)
Taxation	66,507	87,185	258,243	215,392
	(32,236)	**(130,593)**	**(561,580)**	**(789,185)**
Operating profit before working capital changes	**534,370**	**447,955**	**1,579,751**	**1,067,562**
Changes in working capital				
Trade and other receivables	(337,028)	(38,857)	(396,329)	(210,871)
Development properties for sale	138,350	392,650	713,273	687,477
Trade and other payables	(66,483)	35,420	(420,367)	43,981
Restricted bank deposits	(484)	(612)	(911)	(12,681)
	(265,645)	**388,601**	**(104,334)**	**507,906**
Cash generated from operations	**268,725**	**836,556**	**1,475,417**	**1,575,468**
Income tax paid	(64,699)	(51,307)	(259,477)	(298,689)
Net cash generated from Operating Activities	**204,026**	**785,249**	**1,215,940**	**1,276,779**
Cash Flows from Investing Activities				
Proceeds from disposal of property, plant and equipment	187	-	681	255
Purchase of property, plant and equipment	(52,195)	(16,098)	(74,143)	(118,744)
Return of investment from/ (Investment in)/ Loans from/ (to) associates and joint ventures	538,090	(323,310)	672,766	(411,224)
Deposits placed for investments	(22,838)	(85,812)	(65,814)	(104,955)
Deposit received for disposal of subsidiaries	-	91,046	-	100,947
Acquisition/ Development expenditure of investment properties	(145,050)	(244,782)	(286,853)	(962,446)
Proceeds from disposal of investment properties	510,666	282,876	511,406	1,318,375
Investment in other financial assets	(43,993)	(7,945)	(50,180)	(8,714)
Proceeds from disposal of assets held for sale	150,181	-	489,734	400,720
Dividends received from associates, joint ventures and other investments	23,413	60,691	171,770	232,239
Acquisition of subsidiaries, net of cash acquired	(399,891)	625,908	(1,384,656)	236,829
Disposal of subsidiaries, net of cash disposed of	-	546,643	10,168	858,909
Settlement of hedging instruments	(7,641)	(4,838)	(5,286)	(5,212)
Interest income received	18,972	12,070	57,079	28,251
Restricted bank deposits	24,497	-	(17,237)	-
Net cash generated from Investing Activities	**594,398**	**936,449**	**29,435**	**1,565,230**

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

	3Q 2018 S$'000	3Q 2017 (Restated) S$'000	YTD Sep 2018 $'000	YTD Sep 2017 (Restated) $'000
Cash Flows from Financing Activities				
Purchase of treasury shares	(30,265)	-	(341,825)	-
Contributions from non-controlling interests	(10,158)	19,702	203,368	262,162
Repayment of shareholder loans from non-controlling interests	(18,550)	(2,195)	(47,702)	(5,144)
Payment for acquisition of ownership interests in subsidiaries with no change in control	-	-	-	(5,758)
Proceeds from bank borrowings	537,072	1,385,933	3,913,424	3,465,085
Repayments of bank borrowings	(1,140,415)	(962,903)	(4,948,052)	(2,982,866)
Proceeds from issue of debt securities	493,585	-	1,398,196	-
Repayments of debt securities	(63,585)	(550,000)	(568,785)	(1,064,500)
Repayments of finance lease payables	(680)	(821)	(2,355)	(2,340)
Dividends paid to non-controlling interests	(281,323)	(256,274)	(604,988)	(431,850)
Dividends paid to shareholders	-	-	(504,087)	(424,714)
Interest expense paid	(181,216)	(105,993)	(494,208)	(333,862)
Bank deposits pledged/withdrawn for bank facilities	3,406	(1,130)	(163,712)	(1,945)
Net cash used in Financing Activities	**(692,129)**	**(473,681)**	**(2,160,726)**	**(1,525,732)**
Net increase/ (decrease) in cash and cash equivalents	**106,295**	**1,248,017**	**(915,351)**	**1,316,277**
Cash and cash equivalents at beginning of the period	5,102,937	4,794,606	6,079,505	4,777,752
Effect of exchange rate changes on cash balances held in foreign currencies	(64,005)	25,071	(24,601)	(26,335)
Changes to cash and cash equivalents reclassified to asset held for sale	(5,674)	-	-	-
Cash and cash equivalents at end of the period	**5,139,553**	**6,067,694**	**5,139,553**	**6,067,694**
Restricted cash deposits	207,050	29,503	207,050	29,503
Cash and cash equivalents in the Balance Sheet	**5,346,603**	**6,097,197**	**5,346,603**	**6,097,197**

Cash and cash equivalents at end of the period

The cash and cash equivalents of about $5,346.6 million as at 30 September 2018 included $69.0 million in project accounts whose withdrawals are restricted to the payment of development projects expenditure.

Cash flows analysis
3Q 2018 vs 3Q 2017 (Restated)

In 3Q 2018, the Group generated a net cash from operating activities of $204.0 million, $581.2 million lower as compared to 3Q 2017 mainly attributable to deposits placed for acquisition of residential sites in China and Singapore and lower sales from development projects in Singapore.

The Group generated a net cash of $594.4 million in investing activities during the period mainly from proceeds received upon the completion of divestment of the 18 retail malls in China and Twenty Anson, partially offset by acquisition of subsidiaries in China and Vietnam and payment of development expenditure for Innov Centre in China as well as Golden Shoe Carpark and Funan redevelopment in Singapore.

Net cash used in financing activities for 3Q 2018 was $692.1 million. This was mainly attributable to dividends paid to non-controlling interests, purchase of treasury shares, interest expense paid and net repayment of bank borrowings and debt securities.

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

For the period ended 30/09/2018 vs 30/09/2017 (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 01/07/2018 as previously reported	**6,309,496**	**12,507,622**	**48,815**	**18,865,933**	**14,407,146**	**33,273,079**
Total comprehensive income						
Profit for the period		362,224		**362,224**	204,382	**566,606**
Other comprehensive income						
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations			(186,170)	**(186,170)**	(118,175)	**(304,345)**
Change in fair value of available-for-sale investments			(998)	**(998)**	(842)	**(1,840)**
Effective portion of change in fair value of cash flow hedges			(7,506)	**(7,506)**	(9,716)	**(17,222)**
Share of other comprehensive income of associates and joint ventures			(371,194)	**(371,194)**	(2,155)	**(373,349)**
Total other comprehensive income, net of income tax	-	-	(565,868)	**(565,868)**	(130,888)	**(696,756)**
Total comprehensive income	**-**	**362,224**	**(565,868)**	**(203,644)**	**73,494**	**(130,150)**
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Purchase of treasury shares			(30,265)	**(30,265)**	-	**(30,265)**
Return of capital to non-controlling interests (net)				**-**	(9,758)	**(9,758)**
Dividends paid/payable		-		**-**	(271,239)	**(271,239)**
Distribution attributable to perpetual securities issued by a subsidiary		(2,145)		**(2,145)**	2,145	**-**
Share-based payments			15,758	**15,758**	681	**16,439**
Total contributions by and distributions to owners	-	(2,145)	(14,507)	**(16,652)**	(278,171)	**(294,823)**
Changes in ownership interests in subsidiaries and other capital transactions						
Changes in ownership interests in subsidiaries with change in control		7,513	-	**7,513**	(117,767)	**(110,254)**
Changes in ownership interests in subsidiaries with no change in control		4,041	(15)	**4,026**	(4,223)	**(197)**
Share of reserves of associates and joint ventures		4,140	9,698	**13,838**	-	**13,838**
Others		(688)	1,974	**1,286**	1,560	**2,846**
Total changes in ownership interests in subsidiaries and other capital transactions	-	15,006	11,657	**26,663**	(120,430)	**(93,767)**
Total transactions with owners	**-**	**12,861**	**(2,850)**	**10,011**	**(398,601)**	**(388,590)**
Balance as at 30/09/2018	**6,309,496**	**12,882,707**	**(519,903)**	**18,672,300**	**14,082,039**	**32,754,339**

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

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

For the period ended 30/09/2018 vs 30/09/2017 (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 01/07/2017 as previously reported	**6,309,496**	**11,589,894**	**(223,498)**	**17,675,892**	**7,075,493**	**24,751,385**
Effects of changes in accounting policies#		18,874	(432)	**18,442**	3,924	**22,366**
Balance as at 01/07/2017, as restated	**6,309,496**	**11,608,768**	**(223,930)**	**17,694,334**	**7,079,417**	**24,773,751**
Total comprehensive income						
Profit for the period		318,801		**318,801**	259,747	**578,548**
Other comprehensive income						
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations			(7,637)	**(7,637)**	15,200	**7,563**
Change in fair value of available-for-sale investments			(672)	**(672)**	(783)	**(1,455)**
Effective portion of change in fair value of cash flow hedges			7,349	**7,349**	9,587	**16,936**
Share of other comprehensive income of associates and joint ventures			206,270	**206,270**	1,937	**208,207**
Total other comprehensive income, net of income tax	-	-	205,310	**205,310**	25,941	**231,251**
Total comprehensive income	**-**	**318,801**	**205,310**	**524,111**	**285,688**	**809,799**
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Contributions from non-controlling interests (net)				**-**	142,968	**142,968**
Equity portion of convertible bonds issued			(1,585)	**(1,585)**	(3,591)	**(5,176)**
Redemption of convertible bonds		(1,145)	1,145	**-**		**-**
Dividends paid/payable		-		**-**	(264,385)	**(264,385)**
Distribution attributable to perpetual securities issued by a subsidiary		(2,125)		**(2,125)**	2,125	**-**
Share-based payments			15,595	**15,595**	304	**15,899**
Total contributions by and distributions to owners	-	(3,270)	15,155	**11,885**	(122,579)	**(110,694)**
Changes in ownership interests in subsidiaries and other capital transactions						
Changes in ownership interests in subsidiaries with change in control ^		-	-	**-**	5,798,971	**5,798,971**
Changes in ownership interests in subsidiaries with no change in control		(6,431)	(211)	**(6,642)**	6,642	**-**
Share of reserves of associates and joint ventures		(1,472)	3,801	**2,329**	-	**2,329**
Others		589	404	**993**	(564)	**429**
Total changes in ownership interests in subsidiaries and other capital transactions	-	(7,314)	3,994	**(3,320)**	5,805,049	**5,801,729**
Total transactions with owners	**-**	**(10,584)**	**19,149**	**8,565**	**5,682,470**	**5,691,035**
Balance as at 30/09/2017	**6,309,496**	**11,916,985**	**529**	**18,227,010**	**13,047,575**	**31,274,585**

** 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 30/09/2018 vs 30/09/2017 – Company

	Share Capital S$'000	Revenue Reserves S$'000	Reserve For Own Shares S$'000	Capital Reserves S$'000	Equity Comp Reserves S$'000	**Total Equity S$'000**
Balance as at 01/07/2018	**6,309,496**	**4,029,655**	**(354,814)**	**135,715**	**13,060**	**10,133,112**
Total comprehensive income						
Profit for the period		223,326				**223,326**
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Purchase of treasury shares			(30,265)			**(30,265)**
Share-based payments					2,172	**2,172**
Total transactions with owners	**-**	**-**	**(30,265)**	**-**	**2,172**	**(28,093)**
Balance as at 30/09/2018	**6,309,496**	**4,252,981**	**(385,079)**	**135,715**	**15,232**	**10,328,345**
Balance as at 01/07/2017	**6,309,496**	**3,978,992**	**(78,514)**	**135,715**	**10,301**	**10,355,990**
Total comprehensive income						
Profit for the period		14,736				**14,736**
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Share-based payments					3,485	**3,485**
Total transactions with owners	**-**	**-**	**-**	**-**	**3,485**	**3,485**
Balance as at 30/09/2017	**6,309,496**	**3,993,728**	**(78,514)**	**135,715**	**13,786**	**10,374,211**

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

Issued Share Capital

As at 30 September 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 01/07/2018	4,171,812,955
Purchase of treasury shares	(8,999,100)
As at 30/09/2018	**4,162,813,855**

CapitaLand Share Plans

Performance Share Plan

As at 30 September 2018, the number of shares comprised in contingent awards granted under the performance share plan ("PSP") which has not been released was 9,656,627 (30 September 2017: 10,704,405).

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 September 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 10,041,071 (30 September 2017: 10,910,810) and 13,462,398 (30 September 2017: 11,914,410) respectively, of which 2,028,863 (30 September 2017: 2,502,221) shares out of the former and 2,844,735 (30 September 2017: 1,865,802) 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. From 2014, 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 September 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
800.00	2023	4.1936	190,766,882

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 prices, the number of new ordinary shares to be issued would be 501,752,089 (30 September 2017: 501,146,563) representing a 12.1% increase over the total number of issued shares (excluding treasury shares) of the Company as at 30 September 2018.

1(d)(iii) Treasury Shares

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

	No of Shares
As at 01/07/2018	102,570,791
Purchase of treasury shares	8,999,100
As at 30/09/2018	**111,569,891**

As at 30 September 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 ending 31 December 2018 will be 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, the Group does not expect a 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.

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. 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	-	85,245
Total assets	-	93,510
Trade and other payables	-	58,759
Total liabilities	-	58,759
Net assets	**-**	**34,751**

	Group 2017 $'000 Better/ (Worse)
Income statement for the period ended 30 September	
Revenue	8,423
Cost of sales	(2,846)
Share of results of associates (net of tax)	(297)
Share of results of joint ventures (net of tax)	4,305
Non-controlling interests	(859)
Profit attributable to owners of the Company	**8,726**

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			
		3Q 2018	3Q 2017 (Restated)	YTD Sep 2018	YTD Sep 2017 (Restated)
6(a)	EPS based on weighted average number of ordinary shares in issue (in cents)	8.7	7.5	30.6	30.4
	Weighted average number of ordinary shares (in million)	4,168.1	4,247.3	4,200.9	4,245.1
6(b)	EPS based on fully diluted basis (in cents)	8.1	7.1	28.3	28.2
	Weighted average number of ordinary shares (in million)	4,663.5	4,744.4	4,745.9	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	
	30/09/2018	31/12/2017 (Restated)	30/09/2018	31/12/2017
Net asset value per share	$4.49	$4.34	$2.48	$2.52
Net tangible assets per share	$4.34	$4.20	$2.48	$2.52

8 Review of the Group's performance

Group Overview

S$M	3Q 2018[1]	3Q 2017 (Restated)	Better/ (Worse) (%)	YTD Sep 2018[1]	YTD Sep 2017 (Restated)	Better/ (Worse) (%)
Revenue	1,260.0	1,515.7	(16.9)	3,978.0	3,405.6	16.8
Earnings before Interest and Tax ("EBIT")	796.3	794.7	0.2	2,867.9	2,409.5	19.0
Finance costs	(163.1)	(129.0)	(26.5)	(468.3)	(337.4)	(38.8)
Profit Before Taxation	633.1	665.7	(4.9)	2,399.6	2,072.1	15.8
Total PATMI	362.2	318.8	13.6	1,286.8	1,291.7	(0.4)
Comprising:						
Operating PATMI[2]	233.7	206.3	13.3	658.4	757.6	(13.1)
Portfolio gains[3]	27.4	79.7	(65.6)	109.7	195.0	(43.7)
Revaluation gains[4] **and impairments**	101.1	32.8	208.2	518.7	339.1	53.0

(1) The Group consolidated CMT, CRCT and RCST into the Group's results with effect from August 2017. The consolidation of three trusts increased the Group's revenue and EBIT by $86.9 million and $32.2 million respectively for 3Q 2018 and $611.1 million and $446.9 million respectively for YTD September 2018. However, PATMI for 3Q 2018 and YTD September 2018 were lower by $12.0 million due to absence of the re-measurement gain arising from consolidation of the three trusts in 3Q 2017.

(2) Operating PATMI refers to profit from business operations excluding any gains or losses from divestments, revaluations and impairments. Operating PATMI for YTD September 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 and gains from bargain purchase or re-measurement on acquisitions.

(4) Includes realised revaluation gains amounting to $101.8 million in 3Q 2018 (3Q 2017: $33.3 million) and $179.0 million in YTD September 2018 (YTD September 2017: $121.0 million). The divestments are in respect of Westgate, Singapore recognised in 3Q 2018, as well as Bugis Village and Twenty Anson in Singapore and 20 retail malls in China in 1H 2018. Realised fair value gains for YTD September 2017 relate to divestments of Golden Shoe Carpark, serviced residence component of Funan, Citadines Biyun, Shanghai and Citadines Gaoxin, Xi'an recognised in 3Q 2017, as well as 2 serviced residences in Germany and One George Street in Singapore in 1H 2017.

<u>3Q 2018 vs 3Q 2017 (Restated)</u>

For the quarter under review, the Group achieved a revenue of $1,260.0 million and a PATMI of $362.2 million.

<u>Revenue</u>

Group's revenue for 3Q 2018 decreased by 16.9% to $1,260.0 million mainly due to lower contributions from development projects in Singapore and China. The lower revenue was partially mitigated by higher rental revenue from newly acquired/opened properties in Singapore, China and Germany, as well as the consolidation of revenue from CMT, CRCT and RCST with effect from August 2017. The development projects which contributed to the revenue this quarter were The Metropolis in Kunshan, Westgate (SOHO) in Wuhan, as well as The Interlace and Sky Habitat in Singapore.

Collectively, the two core markets of Singapore and China accounted for 71.3% (3Q 2017: 80.2%) of the Group's revenue.

<u>EBIT</u>

The Group achieved an EBIT of $796.3 million in 3Q 2018 which was comparable to 3Q 2017 EBIT of $794.7 million. The higher contributions from newly acquired/opened properties, the consolidation of the three trusts with effect from August 2017 and fair value uplift from the divestment of Westgate in Singapore were offset by lower contributions from development projects in Singapore, as well as lower portfolio gains as compared to 3Q 2017.

At EBIT level, the portfolio gains in 3Q 2018 of $33.1 million (3Q 2017: $132.6 million) arose mainly from the completion of divestment of 18 retail malls in China. The Group also recorded fair value gains of $131.5 million in 3Q 2018 (3Q 2017: $125.4 million) mainly relate to the divestment of Westgate in Singapore.

Singapore and China markets remain the key contributors to EBIT, accounting for 84.2% of total EBIT (3Q 2017: 83.5%).

EBIT Contribution by Asset Class
For 3Q 2018, contribution from residential and commercial strata business constituted 14.5% (3Q 2017:15.3%) of the total EBIT, while investment properties comprising commercial, retail and lodging businesses which is recurring in nature, accounted for 85.5% of total EBIT (3Q 2017: 84.7%).

Lower EBIT from residential and commercial strata business was due to lower contribution from development projects in Singapore which have been progressively fully sold, partially mitigated by higher handover of units in Vietnam.

EBIT from investment properties increased in 3Q 2018 due to contributions from newly acquired/opened properties in Singapore, China and Germany and consolidation of the three trusts from August 2017, offset by lower gains from divestment of investments.

PATMI
Overall, the Group achieved a PATMI of $362.2 million in 3Q 2018, 13.6% higher than 3Q 2017 on account of higher operating PATMI and gains from asset recycling. Operating PATMI improved by 13.3% to $233.7 million mainly attributed to contributions from newly acquired/opened investment properties in Singapore, China and Germany.

YTD September 2018 vs YTD September 2017 (Restated)

Revenue
Revenue for YTD September 2018 increased by 16.8% to $3,978.0 million, underpinned by contributions from newly acquired/opened properties in Singapore, China and Germany, 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 developments projects in Singapore and China. The development projects which contributed to the revenue this year were The Metropolis in Kunshan, New Horizon in Shanghai, Century Park West in Chengdu, Victoria Park Villas, Sky Habitat and The Interlace in Singapore.

Collectively, the two core markets of Singapore and China accounted for 75.7% (YTD September 2017: 77.5%) of the Group's revenue.

EBIT
The Group achieved an EBIT of $2,867.9 million (YTD September 2017: $2,409.5 million), 19.0% or $458.4 million higher as compared YTD September 2017. The increase was largely attributable to higher operating contributions from retail and commercial businesses, higher revaluation gains, as well as writeback of provision for foreseeable losses during the year. The higher EBIT was partially offset by lower contributions from our development projects in Singapore and China, absence of the gain from the sale of The Nassim and lower portfolio gains.

In terms of revaluation of investment properties, the Group recorded a net fair value gain of $800.8 million for YTD September 2018 (YTD September 2017: $585.4 million). The higher revaluation gains arose mainly from revaluations of our portfolio of properties in Singapore and China, partially offset by lower revaluation gains recorded in Europe.

At EBIT level, the portfolio gains for YTD September 2018 of $206.7 million (YTD September 2017: $278.1 million) arose mainly from divestments of Sembawang Shopping Centre in Singapore, Somerset International Building, Tianjin and 18 retail malls in China, as well as a property investment in Vietnam.

During the year, the Group has also assessed and written back provision for foreseeable losses mainly in respect of development projects in Singapore amounting to $17.0 million upon sale of units.

Singapore and China markets remain the key contributors to EBIT, accounting for 86.7% of total EBIT (YTD September 2017: 85.5%).

EBIT Contribution by Asset Class

For YTD September 2018, contribution from residential and commercial strata business constituted 12.2% (YTD September 2017: 22.6%) of the total EBIT while investment properties comprising commercial, retail and lodging businesses which is recurring in nature, accounted for 87.8% of total EBIT (YTD September 2017: 77.4%).

EBIT from residential and commercial strata business was lower mainly due to the absence of the gain from the sale of The Nassim recorded in YTD September 2017 and lower contributions from development projects in Singapore and China, partially mitigated by higher handover of units from projects in Vietnam and write back of provision for foreseeable losses in YTD September 2018.

EBIT from investment properties was higher on account of contributions from newly acquired/opened properties, consolidation of the three trusts with effect from August 2017, as well as higher fair value gains from revaluation of investment properties in Singapore and China. The increase was partially offset by lower portfolio gains from divestment of investments in China.

Finance Costs

Finance costs for YTD September 2018 were higher compared to the corresponding period 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. However, the Group's average cost of borrowings for YTD September 2018 was lower at 3.1% (YTD September 2017: 3.2%).

PATMI

Overall, the Group's PATMI for YTD September 2018 was marginally lower at $1,286.8 million. This is mainly due to the absence of the gain from the sale of The Nassim recorded in YTD September 2017 and lower portfolio gains, mitigated by higher revaluation gains and a net writeback of provision for foreseeable losses during the year.

Excluding the gain from the sale of The Nassim, operating PATMI for YTD September 2018 increased by 10.3% or $61.7 million on the back of higher recurring income from retail and commercial businesses, partially offset by lower contributions from development projects in Singapore and China.

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	3Q 2018	3Q 2017 (Restated)	Better/ (Worse) (%)	YTD Sep 2018	YTD Sep 2017 (Restated)	Better/ (Worse) (%)
Revenue	518.9	737.0	(29.6)	1,607.7	1,404.8	14.4
EBIT	443.1	429.2	3.3	1,504.2	1,240.5	21.3

The lower revenue in 3Q 2018 was mainly due to the absence of revenue recognition for Cairnhill Nine and Victoria Park Villas since both projects were fully sold in 3Q 2017 and 1Q 2018 respectively as well as lower sales from The Interlace. This was partially offset by higher sales from Sky Habitat.

Higher revenue for YTD September 2018 as compared to YTD September 2017, was mainly attributable to the consolidation of CMT and RCST with effect from August 2017, partially offset by lower revenue for development projects as mentioned above. Excluding the effect of consolidation, revenue would have been lower against the same period last year due to lower residential sales as projects are progressively fully sold.

EBIT for 3Q 2018 was higher than last year due to gain from sale of Westgate partly offset by the absence of gains from divestment of Wilkie Edge, Funan's serviced residence component and Golden Shoe Car Park in 2017.

EBIT for YTD September 2018 was higher as compared to the same period last year due to gains from sale of Westgate, Sembawang Shopping Centre and Twenty Anson during the year, higher gains from revaluations of investment properties and the effects of consolidation of CMT and RCST. This is offset by lower contribution from Singapore residential projects and the absence of gain from sale of The Nassim.

In 3Q 2018, CL Singapore sold 14 residential units (3Q 2017: 108 units), bringing the total number of residential units sold in YTD September 2018 to 91 units (YTD September 2017: 295 units) with a sales value of $338 million (YTD September 2017: $1,166 million).

CL China

S$M	3Q 2018	3Q 2017 (Restated)	Better/ (Worse) (%)	YTD Sep 2018	YTD Sep 2017 (Restated)	Better/ (Worse) (%)
Revenue	440.6	549.7	(19.9)	1,592.1	1,417.3	12.3
EBIT	258.6	274.2	(5.7)	1,068.5	912.0	17.2

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

Revenue for 3Q 2018 was lower than previous corresponding period mainly due to lower units handed over. However, revenue for YTD September 2018 was higher on account of higher contributions from existing and newly opened/acquired properties, and consolidation of CRCT with effect from August 2017.

In 3Q 2018, CL China handed over 1,279 units to home buyers (3Q 2017: 1,646 units). The units handed over during the quarter were mainly from the phases of Citta Di Mare in Guangzhou, The Metropolis in Kunshan, as well as the strata apartments of CapitaMall Westgate in Wuhan and Skyview in Raffles City Hangzhou. Including 2,814 units handed over in 1H 2018, CL China delivered a total of 4,093 units in YTD September 2018 (YTD September 2017: 3,969 units).

EBIT for 3Q 2018 was lower due to the absence of fair value uplift from divestment of two serviced residence properties in 3Q 2017. This was partially mitigated by higher contribution from newly opened retail malls, foreign exchange gains from the revaluation of RMB payables as SGD appreciated against RMB during the quarter, as well as portfolio gains recognised upon the completion of divestment of 18 retail malls. The completion of the divestment of the remaining two retail malls took place in October 2018.

EBIT for YTD September 2018 increased in line with revenue, higher fair value gains from revaluation of investment properties and the consolidation of CRCT. The increase was offset by lower portfolio gains mainly due to the absence of a gain of $84 million from the divestment of Innov Tower recognised in June 2017.

In 3Q 2018, CL China sold 826 units with a sales value of RMB 2.6 billion or approximately $0.5 billion (3Q 2017: 2,163 units; RMB 4.4 billion). For the nine months ended September 2018, 2,570 units were sold at a value of RMB 7.5 billion or approximately $1.5 billion (YTD September 2017: 7,471 units; RMB 13.1 billion). Lower sales in 2018 was due to the deferment of project launches in view of the price cap set by the government. Current year's sales were mainly from Raffles City Residences in Chongqing, La Botanica in Xi'an, The Metropolis in Kunshan, Citta Di Mare in Guangzhou, Vermont Hills in Beijing and the en-bloc sales of Skyline in Raffles City Chengdu.

CL Vietnam

S$M	3Q 2018	3Q 2017 (Restated)	Better/ (Worse) (%)	YTD Sep 2018	YTD Sep 2017 (Restated)	Better/ (Worse) (%)
Revenue	27.7	25.2	10.2	69.9	69.8	0.1
EBIT	13.7	17.9	(23.7)	84.6	31.9	165.7

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

Revenue for 3Q 2018 was higher than 3Q 2017 mainly due to higher handover of units from subsidiaries' projects. For YTD September 2018, despite lower units from subsidiaries projects handed over during the year, revenue was marginally higher than YTD September 2017 as the units handed over were from projects that have higher average selling prices.

In 3Q 2018, CL Vietnam handed over 482 units to home buyers (3Q 2017: 398 units). Including the 724 units handed over in 1H 2018, CL Vietnam handed over 1,206 units to home buyers in YTD September 2018 (YTD September 2017: 870 units). The units handed over were mainly from joint venture projects, namely Vista Verde and Seasons Avenue.

EBIT for 3Q 2018 was lower than 3Q 2017 mainly due to the absence of divestment gain of 60% interest of subsidiaries in 3Q 2017. EBIT for YTD September 2018 was higher than corresponding period largely due to contributions from joint venture projects and gain arising from the divestment of a property investment as well as higher gain from revaluation of investment properties.

In 3Q 2018, CL Vietnam sold 171 residential units with a sales value of $53 million (3Q 2017: 541 units; $211 million). For YTD September 2018, 790 residential units were sold with a sales value of $262 million (YTD September 2017: 1,197 units; $413 million). The sales were mainly from De La Sol, Seasons Avenue and Vista Verde.

CL International

S$M	3Q 2018	3Q 2017 (Restated)	Better/ (Worse) (%)	YTD Sep 2018	YTD Sep 2017 (Restated)	Better/ (Worse) (%)
Revenue	286.3	226.9	26.2	753.9	554.6	36.0
EBIT	87.4	80.0	9.2	216.6	233.7	(7.3)

Revenue for 3Q 2018 and YTD September 2018 were higher mainly due to contributions from Synergy Global Housing acquired in July 2017 and office properties in Germany acquired in December 2017 and June 2018.

EBIT for 3Q 2018 was higher mainly due to the contributions from newly acquired properties.

EBIT for YTD September 2018 was lower mainly due to the absence of portfolio and fair value gains arising from divestment of 18 rental housing properties and 2 serviced residence properties in Germany as well as foreign exchange loss recognised in YTD September 2018 vis-à-vis a gain in YTD September 2017. Excluding the above mentioned, operating performance improved for YTD September 2018 due to contributions from newly acquired properties.

Corporate and Others

S$M	3Q 2018	3Q 2017 (Restated)	Better/ (Worse) (%)	YTD Sep 2018	YTD Sep 2017 (Restated)	Better/ (Worse) (%)
Revenue	(13.5)	(23.2)	41.7	(45.7)	(40.9)	(11.6)
EBIT	(6.5)	(6.6)	1.3	(6.0)	(8.5)	29.3

Corporate and Others include Corporate office and group eliminations.

EBIT for 3Q 2018 and YTD September 2018 improved mainly due to higher interest income from the placement of surplus funds with financial institutions.

9 Variance from Prospect Statement

The 3Q 2018 operating performance was broadly in line with the prospect statement made when the second 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

Geopolitical issues continued to create uncertainty in the outlook of the global economy and the major stock markets during the third quarter of 2018. Making headlines during the quarter were U.S.-China trade tensions, higher U.S. and Singapore interest rates, and more volatile currencies, especially in the emerging markets. In the real estate sector, China and Singapore residential markets were subject to continued policy tightening.

The Group remains confident that its diversified portfolio, across both developed and emerging markets, and underpinned by investment properties contributing recurring operating earnings, will allow CapitaLand to weather the current macroeconomic uncertainties.

Singapore

CapitaLand Singapore's retail performance continued to strengthen during the third quarter of 2018. Tenants' sales per square foot grew by 1.2% y-o-y for YTD September 2018 compared with 0.4% growth for YTD June 2018. This is in line with Singapore's August 2018 retail sales figures, which were up by 2.4% on a y-o-y basis, excluding motor vehicles[(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's retail portfolio remains resilient. In addition, Funan and Jewel Changi are on track to open in the first half of 2019.

For CapitaLand's office assets, the continued rise in market rents is expected to close the gap between committed and expiring rents for leases due in 2019. According to CBRE Research, Singapore's monthly Grade A office rent kept its growth trajectory and rose by 3.5% q-o-q to S$10.45 per square feet in 3Q 2018. Market rents are expected to continue trending upwards through 2019, given limited new supply in the CBD. Moreover, CapitaLand's office assets continue to enjoy high occupancy compared to the market. For example, CapitaLand's office assets in Singapore, which are mainly held through CapitaLand Commercial Trust, achieved 99.1% occupancy in the third quarter of 2018, stronger than the Central Business District (CBD) average market occupancy rate of 94.6%.

CapitaLand expects to launch two residential projects acquired in 2018, namely Pearl Bank in Chinatown and an integrated residential site in Sengkang Central (a 50:50 joint venture with City Developments) in 2019. Both sites will add approximately 1,500 units to CapitaLand's residential pipeline. While the recent property cooling measures, through an increase in Additional Buyer's Stamp Duty rates and the tightening of loan-to-value limits on residential property purchases, have noticeably moderated market sentiment[(2)], CapitaLand remains positive about our upcoming launches in view of their excellent locational attributes and the Group's disciplined and prudent pricing considerations. CapitaLand will continue to take a measured approach and will be on the lookout for suitable opportunities to build our residential pipeline in Singapore.

China

In 3Q 2018, the Group's portfolio of shopping malls in China recorded healthy same-mall tenant sales growth of 4.5% compared to the same period in 2017. Committed occupancy remained high, at close to 98%. In September, CapitaMall LuOne in Shanghai also opened successfully with 95% occupancy. CapitaMall Tiangongyuan in Beijing is targeted to open in 4Q 2018 and Raffles City Chongqing is on track to be completed in 3Q 2019. To further enhance its retail scale and network, the Group will also look out for acquisitions of dominant integrated developments and malls in our core city clusters.

The Group saw healthy occupancy and average rental reversion increasing by up to 4% in 3Q 2018 for stabilised office space in China. According to JLL Research, the demand of office space in Shanghai and Beijing remain strong. With reducing new supply, rents are expected to continue to grow steadily through 2019 in these two cities, where 52% of CapitaLand's commercial space are located.

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 further for the remainder of 2018 and restrict growth in home prices. Nonetheless, take-up rates continue to be strong, with approximately 96% of the Group's launched units already sold. In addition, the Group expects to launch over 3,000 units in the last quarter of 2018. As at 30 September 2018, the Group had over 7,000 units valued at RMB 15.9 billion which had been sold, of which about 40% is expected to be recognised in the last quarter of 2018.

During the quarter, the Group was awarded two prime residential sites in Zengcheng District, Guangzhou, at a price of RMB 2.05 billion (approximately S$409.3 million), measuring about 150,000 square metres in total. Together with the Group's acquisition of a landsite in Chongqing in June 2018, this marked CapitaLand's second acquisition in China in less than three months, with the units in Guangzhou and Chongqing adding approximately 3,400 units to our residential pipeline.

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[1] Statistics Singapore, August 2018, "Retail Sales Index, Food and Beverage Services Index".

[2] Urban Redevelopment Authority, 1 October 2018, "*URA releases flash estimate of 3rd Quarter 2018 private residential property price index.*"

Vietnam

The Group expects to step up its growth momentum in Vietnam. The residential market in Vietnam continues to be robust, supported by a young and growing middle class. During the third quarter of 2018, the Group sold 171 residential units, bringing the number of units sold to 96% of those launched. A total of 2,369 units have been sold, valued at approximately S$712 million, of which more than 10% is expected to be recognised in the fourth quarter of 2018.

The Group will continue to strengthen its presence in Vietnam in the gateway cities of Hanoi and Ho Chi Minh City, primarily through 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 for 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 largely comprises of its serviced residence portfolio, with a lesser exposure to offices and retail, primarily located in key gateway cities in developed markets outside of Singapore.

In September, the Group broadened its lodging platform by acquiring a portfolio of 16 freehold multifamily properties for US$835 million (S$1.14 billion) in U.S., to ride on the growing demand for long-term rental housing. This latest acquisition in the U.S. expands CapitaLand's global investment portfolio and allows us to enter a new asset class in developed markets. The Group intends to grow the value of this portfolio through asset enhancement initiatives. In addition, capitalising on a global trend towards home rentals, we will be looking out for opportunities to scale up our platform and strengthen our expertise in this asset class.

Operating Platforms

During the quarter, CapitaLand initiated its 'Office of the Future', which involves integrating a building's conventional office space and flexible space – which includes coworking– into an ecosystem of innovative workplace solutions that are community-driven, tech-enabled and provide value-add for all tenants. To tap on the growing pool of coworking tenants, CapitaLand acquired a 50% stake in coworking operator The Work Project.

In 3Q 2018, the Group strengthened its lodging platform by investing US$26 million for a 70% stake in TAUZIA Hotel Management in Indonesia. With this investment, CapitaLand manages more than 94,000 lodging units globally, surpassing its 2020 target of 80,000 units well ahead of time, and is on track to scale up to 160,000 units worldwide by 2023.

Dividend

11(a) Any dividend declared for the present financial period? No.

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

11(c) Date payable : Not applicable.

11(d) Books closing date : Not applicable.

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

Not applicable.

12 Interested Person Transactions

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

13 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.

14 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 September 2018 and for the nine months ended on that date, to be false or misleading in any material aspect.

On behalf of the Board

Ng Kee Choe
Chairman

Lim Ming Yan
Director

16 Segmental Revenue and Results

16(a)(i) By Geography – 3Q 2018 vs 3Q 2017(Restated)

	Revenue			Earnings before interest & tax		
	3Q 2018 S$'000	3Q 2017 (Restated)[1] S$'000	Better/ (Worse) (%)	3Q 2018 S$'000	3Q 2017 (Restated)[1] S$'000	Better/ (Worse) (%)
CL SMI	518,905	737,023	(29.6)	443,102	429,153	3.3
CL China	440,593	549,728	(19.9)	258,582	274,202	(5.7)
CL Vietnam	27,737	25,174	10.2	13,666	17,914	(23.7)
CL International	286,275	226,883	26.2	87,411	80,045	9.2
Corporate and Others [2]	(13,491)	(23,152)	41.7	(6,504)	(6,591)	1.3
Total	**1,260,019**	**1,515,656**	**(16.9)**	**796,257**	**794,723**	**0.2**

16(a)(ii) By Geography – YTD September 2018 vs YTD September 2017(Restated)

	Revenue			Earnings before interest & tax		
	YTD Sep 2018 S$'000	YTD Sep 2017 (Restated)[1] S$'000	Better/ (Worse) (%)	YTD Sep 2018 S$'000	YTD Sep 2017 (Restated)[1] S$'000	Better/ (Worse) (%)
CL SMI	1,607,724	1,404,825	14.4	1,504,186	1,240,459	21.3
CL China	1,592,059	1,417,309	12.3	1,068,472	911,981	17.2
CL Vietnam	69,925	69,846	0.1	84,634	31,858	165.7
CL International	753,948	554,560	36.0	216,584	233,701	(7.3)
Corporate and Others[2]	(45,685)	(40,942)	(11.6)	(6,013)	(8,503)	29.3
Total	**3,977,971**	**3,405,598**	**16.8**	**2,867,863**	**2,409,496**	**19.0**

16(b)(i) By Assets Class – 3Q 2018 vs 3Q 2017(Restated)

	Revenue			Earnings before interest & tax		
	3Q 2018 S$'000	3Q 2017 (Restated)[1] S$'000	Better/ (Worse) (%)	3Q 2018 S$'000	3Q 2017 (Restated)[1] S$'000	Better/ (Worse) (%)
Residential and Commercial Strata	370,802	828,137	(55.2)	115,581	121,479	(4.9)
Retail	409,897	312,606	31.1	479,939	303,734	58.0
Commercial	163,935	111,344	47.2	124,141	183,330	(32.3)
Lodging	321,574	283,753	13.3	78,894	196,181	(59.8)
Corporate and Others[3]	(6,189)	(20,184)	69.3	(2,298)	(10,001)	77.0
Total	**1,260,019**	**1,515,656**	**(16.9)**	**796,257**	**794,723**	**0.2**

Notes:
(1) YTD September 2017 and 3Q 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 – YTD September 2018 vs YTD September 2017(Restated)

	Revenue			Earnings before interest & tax		
	YTD Sep 2018 S$'000	YTD Sep 2017 (Restated)(1) S$'000	Better/ (Worse) (%)	YTD Sep 2018 S$'000	YTD Sep 2017 (Restated)(1) S$'000	Better/ (Worse) (%)
Residential and Commercial Strata	1,428,750	1,776,996	(19.6)	351,242	543,955	(35.4)
Retail	1,231,662	614,521	100.4	1,521,458	674,744	125.5
Commercial	476,051	332,436	43.2	787,416	835,265	(5.7)
Lodging	873,654	710,348	23.0	220,806	367,509	(39.9)
Corporate and Others(2)	(32,146)	(28,703)	(12.0)	(13,059)	(11,977)	(9.0)
Total	**3,977,971**	**3,405,598**	**16.8**	**2,867,863**	**2,409,496**	**19.0**

Notes:
(1) YTD September 2017 and 3Q 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

Not applicable.

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

Not applicable.

20 Subsequent Events

(i) On 10 October 2018, CapitaLand announced that certain holders of S$800,000,000 principal amount of 1.93 per cent convertible bonds due 2023 issued by the Company, have given irrevocable Put Exercise Notice(s) for CapitaLand to redeem an aggregate principal amount of S$600,750,000, together with accrued interest of S$5,873,364.54, on 17 October 2013. Upon redemption, the aggregate outstanding principal amount of the convertible bonds is S$199,250,000.

(ii) On 1 November 2018, CapitaLand announced that it has completed the divestment of 100% of the issued shares of Super Plus Limited, which owns a serviced residence property known as "Citadines Harbourview Hong Kong" located in Sai Ying Pun, Hong Kong, to a party unrelated to CapitaLand for a consideration of HKD559 million (approximately S$98 million).

(iii) On 12 November 2018, CapitaLand announced that it has successfully clinched a prime mixed-use site in Guangzhou, China for RMB882 million (approximately S$175.2 million). The 4.7-hectare greenfield site in Huangpu District will be developed into an integrated development comprising office, retail space, serviced residence and low-density strata office. The development is targeted for completion by 2022.

(iv) On 13 November 2018, CapitaLand announced that it has formed a 50:50 joint venture, through its 41.7% owned private investment vehicle in China, Raffles City China Investment Partners III, with Singapore's sovereign wealth fund GIC to acquire Shanghai's tallest twin towers for an aggregate consideration of RMB12.8 billion (about S$2.54 billion). The integrated development comprises two 50-storey premium Grade A office towers linked at the base by a seven-storey shopping mall and directly linked to two major metro lines with the highest number of interchange stations in the city. The development has achieved structural completion and is expected to open in phases from 2H 2019.

BY ORDER OF THE BOARD

Michelle Koh
Company Secretary
14 November 2018

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.