CAPITALAND LIMITED

(Registration Number: 198900036N)

2019 SECOND QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT

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1(a)(i) Income Statement

		Group					
		2Q 2019	2Q 2018	Better/ (Worse)	1H 2019	1H 2018	Better/ (Worse)
	Note	S$'000	S$'000	%	S$'000	S$'000	%
Revenue	**A**	**1,082,758**	**1,342,441**	**(19.3)**	**2,131,073**	**2,717,952**	**(21.6)**
Cost of sales	**B**	(531,730)	(718,536)	26.0	(1,005,540)	(1,426,729)	29.5
Gross profit		551,028	623,905	(11.7)	1,125,533	1,291,223	(12.8)
Other operating income	**C**	450,888	542,784	(16.9)	681,974	581,155	17.3
Administrative expenses	**D**	(121,198)	(79,584)	(52.3)	(216,884)	(170,065)	(27.5)
Other operating expenses	**E**	(885)	(13,392)	93.4	(11,940)	(23,621)	49.5
Profit from operations		879,833	1,073,713	(18.1)	1,578,683	1,678,692	(6.0)
Finance costs		(189,585)	(156,632)	(21.0)	(371,675)	(305,145)	(21.8)
Share of results (net of tax) of:	**F**						
- associates		253,641	259,756	(2.4)	329,621	400,155	(17.6)
- joint ventures		125,347	70,717	77.3	152,664	109,522	39.4
		378,988	330,473	14.7	482,285	509,677	(5.4)
Profit before taxation		1,069,236	1,247,554	(14.3)	1,689,293	1,883,224	(10.3)
Taxation	**G**	(133,043)	(167,877)	20.7	(178,817)	(308,499)	42.0
Profit for the period		936,193	1,079,677	(13.3)	1,510,476	1,574,725	(4.1)
Attributable to:							
Owners of the Company ("PATMI")		**579,805**	**605,522**	**(4.2)**	**875,371**	**924,616**	**(5.3)**
Non-controlling interests ("NCI")		356,388	474,155	24.8	635,105	650,109	2.3
Profit for the period		936,193	1,079,677	(13.3)	1,510,476	1,574,725	(4.1)

1(a)(ii) Explanatory Notes to Income Statement – 2Q 2019 vs 2Q 2018

On 30 June 2019, the Group announced the completion of its acquisition of all the issued shares in each of Ascendas Pte Ltd and Singbridge Pte. Ltd. (collectively known as "ASB"). Following completion, ASB became wholly owned subsidiaries of the Group and their balance sheets have been consolidated by the Group as at 30 June 2019. The Group expects ASB to start contributing to the Group's profit or loss from 3Q 2019 onwards.

(A) Revenue

Revenue for 2Q 2019 decreased by 19% to $1,082.8 million mainly attributed to lower contributions from our residential projects in Singapore and China, partially mitigated by higher rental revenue mainly from our portfolio of properties the United States of America (USA) and Europe acquired in 2018.

(B) Cost of Sales

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

(C) Other Operating Income

		Group		
		2Q 2019 S$'000	2Q 2018 S$'000	Better/ (Worse) (%)
Other Operating Income		**450,888**	**542,784**	**(16.9)**
Investment income		1,164	1,232	(5.5)
Interest income		22,806	23,404	(2.6)
Other income (including portfolio gains)	(i)	24,227	134,493	(82.0)
Fair value gains of investment properties	(ii)	402,691	383,655	5.0

(i) The decrease in other income was mainly due to absence of portfolio gains from divestment of Sembawang Shopping Center in 2Q 2018.

(ii) Fair value gains in 2Q 2019 comprised realised fair value gains of $98.4 million (2Q 2018: $75.7 million) mainly arose from the divestments of Innov Center and CapitaMall Yuhuating in China and unrealised gains of $307.0 million (2Q 2018: $308.0 million) from revaluation of investment properties.

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

(D) Administrative Expenses

	Group		
	2Q 2019 S$'000	2Q 2018 S$'000	Better/ (Worse) (%)
Administrative Expenses	**(121,198)**	**(79,584)**	**(52.3)**
<u>Included in Administrative Expenses:-</u>			
Depreciation and amortisation	(21,922)	(18,451)	(18.8)
Allowance for doubtful receivables and bad debts written off	(975)	(186)	(424.2)

Administrative expenses comprised staff costs, depreciation, professional fees and other miscellaneous expenses. The increase in administrative expenses in 2Q 2019 was mainly due to transaction costs incurred on the acquisition of ASB, higher IT maintenance and depreciation expenses, of which $7.5 million was attributable to depreciation of right-of-use (ROU) assets arising from adoption of SFRS(I) 16 *Leases*. The increase was partially offset by lower rental expenses.

(E) Other Operating Expenses

The decrease in other operating expenses was mainly due to absence of forex loss incurred in 2Q 2018 which arose from the revaluation of EUR receivables as SGD appreciated against EUR in 2Q 2018.

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

Share of results from associates decreased marginally in 2Q 2019 mainly due to absence of contributions from the malls in China divested in 2018 and gains recognised from divestment of Somerset International Building in Tianjin in 2Q 2018, partially mitigated by fair value gains from Vietnam and divestments of the three retail malls in China during the quarter

The share of results from joint ventures was higher in 2Q 2019 on account of higher handover of residential units and fair gains from revaluation of investment properties in China, partially offset by lower revaluation gains registered for an investment property in Singapore.

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

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

The decrease in taxation was mainly due to lower LAT expense of $6.5 million (2Q 2018: $52.4 million), in line with lower handover of residential projects in 2Q 2019, partially offset by higher tax expenses provided on fair value gains on revaluation of properties in China, Europe and USA. Included in 2Q 2019 tax expense was a tax provision $1.3M in respect of prior years (2Q 2018: $6.9 million).

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

The net gains from the sale and acquisition of investments in 2Q 2019 are as follow:

	PATMI (S$M)
2Q 2019	
Innov Center	55.9
CapitaMall Yuhuating, CapitaMall Xuefu and CapitaMall Aidemengdun	26.9
Pufa Tower	6.6
Transaction costs on acquisition of ASB	(36.1)
Others	0.5
Total	**53.8**
2Q 2018	
Sembawang Shopping Centre, Singapore	36.5
Twenty Anson, Singapore	23.7
Somerset International Building, Tianjin	11.8
Total	**72.0**

1(a)(iii) Statement of Comprehensive Income

	Group					
	2Q 2019 S$'000	2Q 2018 S$'000	Better/ (Worse) %	1H 2019 S$'000	1H 2018 S$'000	Better/ (Worse) %
Profit for the period	936,193	1,079,677	(13.3)	1,510,476	1,574,725	(4.1)
Other comprehensive income:						
<u>Items that are/may be reclassified subsequently to profit or loss</u>						
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations (1)	(16,647)	21,217	NM	74,844	184,016	(59.3)
Effective portion of change in fair value of cash flow hedges (2)	(37,435)	36,382	NM	(9,130)	76,144	NM
Share of other comprehensive income of associates and joint ventures (3)	(117,786)	(70,840)	(66.3)	26,856	242,315	(88.9)
<u>Item that will not be reclassified subsequently to profit or loss</u>						
Change in fair value of equity investments at fair value through other comprehensive income	(887)	2,896	NM	31	(4,199)	NM
Total other comprehensive income, net of tax	(172,755)	(10,345)	NM	92,601	498,276	(81.4)
Total comprehensive income	763,438	1,069,332	(28.6)	1,603,077	2,073,001	(22.7)
Attributable to:						
Owners of the Company	**441,581**	**597,547**	**(26.1)**	**946,425**	**1,326,183**	**(28.6)**
Non-controlling interests	321,857	471,785	(31.8)	656,652	746,818	(12.1)
Total comprehensive income	763,438	1,069,332	(28.6)	1,603,077	2,073,001	(22.7)

Notes:

1. *2Q 2019's exchange differences arose mainly from the appreciation of SGD against RMB and MYR by 0.77% and 1.62% respectively, partially mitigated by the depreciation of SGD against USD by 0.86%, as well as realisation of foreign exchange translation reserve relating to Chongqing CapitaLand Guyu Xiongguan Real Estate Co., Ltd (CCGXRE) to profit and loss during the quarter, as the company became a subsidiary of the Group following the acquisition of remaining stake held by Singbridge Pte. Ltd..*

   1H 2019's exchange differences arose mainly from the depreciation of SGD against RMB by 0.81%, as well as realisation of foreign exchange translation reserve relating to CCGXRE, partially offset the appreciation of SGD against USD by 0.15% during the period.

2. *The effective portion of change in fair value of cash flow hedges for 2Q 2019 and 1H 2019 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 reserve. 2Q 2019's share of exchange difference arose mainly from the appreciation of SGD against RMB and USD against RMB by 0.77% and 1.65% respectively during the quarter.*

   1H 2019's exchange differences arose mainly from the depreciation of SGD against RMB and USD against RMB by 0.81% and 0.96% respectively during the period.

1(b)(i) Balance Sheet

	Group			Company		
	30/06/2019	31/12/2018	Change	30/06/2019	31/12/2018	Change
	S$'000	S$'000	%	S$'000	S$'000	%
Non-current assets						
Property, plant & equipment(2)	1,368,064	752,655	81.8	3,120	3,042	2.6
Right-of-use assets(1),(2)	171,705	-	*NM*	49,726	-	NM
Intangible assets(2)	944,354	634,715	48.8	482	405	*19.0*
Investment properties(1),(2),(3)	48,957,103	39,445,960	24.1	-	-	-
Subsidiaries	-	-	-	16,902,923	12,060,311	*40.2*
Associates & joint ventures(2)(5)	13,016,760	10,179,618	27.9	-	-	-
Other non-current assets	1,558,016	1,188,337	31.1	(322,827)	423	NM
	66,016,002	**52,201,285**	**26.5**	**16,633,424**	**12,064,181**	**37.9**
Current assets						
Development properties for sale and stock (2),(4)	*7,754,882*	*5,128,551*	*51.2*	-	-	-
Trade & other receivables (2),(4)	*2,108,058*	*1,944,064*	*8.4*	*939,188*	*1,166,485*	*(19.5)*
Contract assets	*2*	*24,805*	*(100.0)*	-	-	-
Other current assets	*55,768*	*28,737*	*94.1*	-	-	-
Assets held for sale (5)	*602,784*	*260,276*	*131.6*	-	-	-
Cash & cash equivalents (6)	*4,934,254*	*5,059,839*	*(2.5)*	*8,465*	*15,156*	*(44.1)*
	15,455,748	**12,446,272**	**24.2**	**947,653**	**1,181,641**	**(19.8)**
Less: Current liabilities						
Trade & other payables (2)	*4,408,597*	*3,841,906*	*14.8*	*82,204*	*261,531*	*(68.6)*
Contract liabilities (2)	*2,198,038*	*908,487*	*141.9*	-	-	-
Short-term borrowings (1),(2),(7)	*4,862,456*	*3,193,456*	*52.3*	*652,382*	*571,750*	*14.1*
Current tax payable	*1,449,289*	*1,451,474*	*(0.2)*	*3,495*	*3,526*	*(0.9)*
Liabilities held for sale (5)	*49,159*	-	*NM*	-	-	-
	12,967,539	**9,395,323**	**38.0**	**738,081**	**836,807**	**(11.8)**
Net current assets	**2,488,209**	**3,050,949**	**(18.4)**	**209,572**	**344,834**	**(39.2)**
Less: Non-current liabilities						
Long-term borrowings(1),(2),(7)	28,121,642	20,440,489	37.6	1,209,403	1,479,690	(18.3)
Other non-current liabilities(2)	2,085,753	1,504,806	38.6	2,427,444	617,461	293.1
	30,207,395	**21,945,295**	**37.6**	**3,636,847**	**2,097,151**	**73.4**
Net assets	**38,296,816**	**33,306,939**	**15.0**	**13,206,149**	**10,311,864**	**28.1**
Representing:						
Share capital(8)	9,327,422	6,309,496	47.8	9,327,422	6,309,496	47.8
Revenue reserves	13,827,981	13,460,921	2.7	4,116,172	4,257,059	(3.3)
Other reserves(9)	(748,449)	(817,705)	(8.5)	(237,445)	(254,691)	(6.8)
Equity attributable to owners of the Company	22,406,954	18,952,712	18.2	13,206,149	10,311,864	28.1
Non-controlling interests(2)	15,889,862	14,354,227	10.7	-	-	-
Total equity	**38,296,816**	**33,306,939**	**15.0**	**13,206,149**	**10,311,864**	**28.1**

Notes:

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

2. *The Group consolidated ASB with effect from 30 June 2019 (see note 1(a)(ii)). The consolidation of ASB increased the Group's property, plant & equipment, right-of-use assets, intangible assets, investment properties, associates & joint ventures, trade & other receivables, trade & other payables, contract liabilities, total borrowings, other non-current liabilities and non-controlling interest. The details on assets acquired, liabilities assumed and cash flow effects of acquisition are presented in note 1(c).*

3. *The increase was also due to fair value gains for the period.*

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

5. *The increase was mainly due to the reclassification of two shopping malls in China and an associate company, Central China Real Estate Limited, in China to assets held for sale following the announcements of their respective divestments. The increase was offset by the completion of divestment Group's interest in Ascott Raffles Place and return of Bugis Village to lessor. The assets and liabilities of these properties/investment were accordingly reclassified to assets held for sale and liabilities held for sale respectively as at 30 June 2019.*

6. *The cash balances as at 30 June 2019 included $0.6 billion held at CapitaLand Limited and its treasury vehicles (comprising CapitaLand Treasury Limited, CapitaMalls Asia Treasury Limited, The Ascott Capital Pte Ltd and Ascendas Pte Ltd).*

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

8. *The increase was due to the issuance of 862,264,714 shares at an issue price of S$3.50 per share for settlement of 50% of consideration for the acquisition of ASB.*

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

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

	Group	
	As at 30/06/2019 S$'000	**As at 31/12/2018 S$'000**
Amount repayable in one year or less, or on demand:-		
Secured	1,491,000	867,999
Unsecured	3,371,456	2,325,457
Sub-Total 1	**4,862,456**	**3,193,456**
Amount repayable after one year:-		
Secured	10,329,068	5,739,319
Unsecured	17,792,574	14,701,170
Sub-Total 2	**28,121,642**	**20,440,489**
Total Debt	**32,984,098**	**23,633,945**
Cash	**4,934,254**	**5,059,839**
Total Debt less Cash	**28,049,844**	**18,574,106**

As at 30 June 2019, CapitaLand Limited and its treasury vehicles collectively, have available undrawn facilities of approximately $5.0 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.

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1(c) Consolidated Statement of Cash Flows

	2Q 2019 S$'000	2Q 2018 S$'000	1H 2019 $'000	1H 2018 $'000
Cash Flows from Operating Activities				
Profit after taxation	**936,193**	**1,079,677**	**1,510,476**	**1,574,725**
Adjustments for :				
Amortisation of intangible assets	332	2,084	7,852	4,200
Allowance/(Write back) for:				
- Foreseeable losses	-	-	(200)	(17,000)
- Impairment loss on receivables	1,708	333	1,913	293
- Impairment on property, plant and equipment	-	-	536	-
Share-based expenses	6,430	10,420	16,174	17,092
Net change in fair value of financial instruments	(4,129)	2,269	(4,108)	1,019
Depreciation of property, plant and equipment	22,275	16,314	42,701	31,501
Gain on disposal and write-off of property, plant and equipment	(546)	(270)	(525)	(340)
Gain on disposal of investment properties	-	(121,094)	-	(121,094)
Net fair value gain from investment properties and assets held for sale	(402,691)	(383,655)	(592,974)	(392,671)
(Gain) / Loss on disposal/liquidation/dilution of equity investments	(5,244)	(337)	(12,269)	1,027
Share of results of associates and joint ventures	(378,988)	(330,473)	(482,285)	(509,677)
Interest expense	189,585	156,632	371,675	305,145
Interest income	(22,806)	(23,404)	(43,971)	(40,575)
Taxation	133,043	167,877	178,817	308,499
	(461,031)	**(503,304)**	**(516,664)**	**(412,581)**
Operating profit before working capital changes	**475,162**	**576,373**	**993,812**	**1,162,144**
Changes in working capital				
Development properties for sale	(22,092)	231,478	(247,486)	825,778
Trade and other receivables	(34,390)	36,540	(112,321)	8,732
Contract assets	23,022	95,180	24,803	(318,888)
Trade and other payables	(110,155)	2,009	(288,800)	39,740
Contract liabilities	323,380	(197,474)	498,064	(463,374)
Restricted bank deposits	(5,860)	484	(41,406)	(427)
	173,905	**168,217**	**(167,146)**	**91,561**
Cash generated from operations	**649,067**	**744,590**	**826,666**	**1,253,705**
Taxation paid	(134,527)	(189,553)	(226,777)	(241,791)
Net cash generated from Operating Activities	**514,540**	**555,037**	**599,889**	**1,011,914**
Cash Flows from Investing Activities				
Proceeds from disposal of property, plant and equipment	6,234	411	7,309	494
Purchase of intangible assets and property, plant and equipment	(12,478)	(10,083)	(21,635)	(21,948)
(Investment in)/ Return of investment from/ Loans from/ (to) associates and joint ventures	(147,986)	26,628	(250,859)	134,676
Deposits placed for acquisition of investment properties	5,871	-	(32,426)	(42,976)
Deposit received for disposal of investment property and subsidiaries	(48,000)	-	18,656	-
Acquisition/ Development expenditure of investment properties	(133,710)	(72,809)	(246,167)	(141,803)
Proceeds from disposal of investment properties	-	740	-	740
Investment in other financial assets	(11,453)	(2,670)	(11,233)	(6,187)
Proceeds from disposal of assets held for sale	386,268	249,378	386,268	339,553
Dividends received from associates, joint ventures and other investments	89,035	97,418	128,152	148,357
Acquisition of subsidiaries, net of cash acquired	(2,196,219)	(559,802)	(2,257,976)	(984,765)
Disposal of subsidiaries, net of cash disposed of	66,248	-	78,208	10,168
Settlement of hedging instruments	1,368	9,011	8,113	2,355
Interest income received	23,290	24,837	41,225	38,107
Restricted bank deposits	-	(41,734)	-	(41,734)
Net cash used in Investing Activities	**(1,971,532)**	**(278,675)**	**(2,152,365)**	**(564,963)**

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

	2Q 2019 S$'000	2Q 2018 S$'000	1H 2019 $'000	1H 2018 $'000
Cash Flows from Financing Activities				
Purchase of treasury shares	-	(190,806)	-	(311,560)
Contributions from non-controlling interests	115,916	211,794	116,348	213,526
Repayment of shareholder loans from non-controlling interests	(515)	(14,350)	(3,904)	(29,152)
Proceeds from bank borrowings	3,031,098	1,274,477	5,238,340	3,876,352
Repayments of bank borrowings	(1,456,199)	(1,265,243)	(3,011,712)	(3,807,637)
Proceeds from issuance of debt securities	407,100	130,000	507,100	404,611
Repayments of debt securities and convertible bonds	(245,000)	-	(245,000)	(505,200)
Repayments of lease liabilities and finance lease payable	(10,411)	(823)	(22,271)	(1,675)
Dividends paid to non-controlling interests	(87,925)	(84,289)	(344,845)	(323,665)
Dividends paid to shareholders	(501,007)	(504,087)	(501,007)	(504,087)
Interest expense paid	(129,248)	(160,161)	(344,931)	(312,992)
Bank deposits withdrawn/ pledged for bank facilities	757	(159,503)	757	(167,118)
Net cash generated from/ (used in) Financing Activities	**1,124,566**	**(762,991)**	**1,388,875**	**(1,468,597)**
Net decrease in cash and cash equivalents	**(332,426)**	**(486,629)**	**(163,601)**	**(1,021,646)**
Cash and cash equivalents at beginning of the period	5,184,278	5,590,662	5,004,755	6,079,505
Effect of exchange rate changes on cash balances held in foreign currencies	(8,613)	(6,770)	21,009	39,404
Changes in cash and cash equivalents reclassified to assets held for sale	1,682	5,674	(17,242)	5,674
Cash and cash equivalents at end of the period	**4,844,921**	**5,102,937**	**4,844,921**	**5,102,937**
Restricted cash deposits [1]	89,333	233,320	89,333	233,320
Cash and cash equivalents in the Balance Sheet [2]	**4,934,254**	**5,336,257**	**4,934,254**	**5,336,257**

Notes :

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

2. *This includes $180.8 million in project accounts designated for development projects expenditure.*

<u>Cash flows analysis</u>

2Q 2019 vs 2Q 2018

In 2Q 2019, the Group generated net cash from operating activities of $514.5 million, $40.5 million lower as compared to 2Q 2018, mainly attributable to lower collections from development projects in Singapore, partially mitigated by higher collections in China.

The Group used a net cash of $1,971.5 million in investing activities during the quarter mainly for the acquisition of ASB ($2,511.0 million), development expenditure and acquisition of investment properties as well as loan to a joint venture. The cash used was partially mitigated by dividends received from associates and joint ventures as well as proceeds received from disposal of investments.

Net cash generated from financing activities for 2Q 2019 was $1,124.6 million, mainly attributable to net proceed from bank borrowings to fund the acquisition of ASB, partially offset by the payment of interest expense and dividends paid to shareholders and non-controlling interests.

Cash outflow from acquisition of subsidiaries, net of cash acquired of $2,196.2 million in 2Q 2019 comprised cash outflow from acquisition of ASB of $2,511.0 million and cash inflow from acquisition other subsidiaries of $314.8 million.

The Group completed the acquisition of ASB as of 30 June 2019. The details of the cashflows arising from the acquisition of ASB are shown below.

	$'000
Property, plant & equipment	634,804
Right-of-use assets	76,380
Intangible assets	316,148
Investment properties	7,060,518
Associates & joint ventures	4,008,241
Other non-current assets	99,051
Development properties for sale and stock	37,731
Trade & other receivables	256,636
Other current assets	32,647
Cash & cash equivalents	534,127
Trade & other payables	(672,141)
Short-term borrowings	(437,388)
Current tax payable	(138,787)
Long-term borrowings	(4,251,256)
Other non-current liabilities	(419,509)
Non-controlling interests	(1,101,349)
Net assets acquired / Total purchase consideration	**6,035,853**
Settlement by way of issuance of new shares	(3,017,926)
Cash of subsidiaries acquired	(534,127)
Transaction costs paid	27,178
Cash outflow on acquisition of ASB	**2,510,978**

The above is based on provisional purchase price allocation, subject to finalisation

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

For the period ended 30/06/2019 vs 30/06/2018 – Group

	Share Capital S$'000	Revenue Reserves S$'000	Other Reserves* S$'000	**Total S$'000**	Non-controlling Interests S$'000	**Total Equity S$'000**
Balance as at 01/04/2019	**6,309,496**	**13,732,195**	**(598,467)**	**19,443,224**	**14,432,899**	**33,876,123**
Total comprehensive income						
Profit for the period		579,805		**579,805**	356,388	**936,193**
Other comprehensive income						
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations			14,929	**14,929**	(31,576)	**(16,647)**
Change in fair value of equity investments at fair value through other comprehensive income			(255)	**(255)**	(632)	**(887)**
Effective portion of change in fair value of cash flow hedges			(35,641)	**(35,641)**	(1,794)	**(37,435)**
Share of other comprehensive income of associates and joint ventures			(117,257)	**(117,257)**	(529)	**(117,786)**
Total other comprehensive income, net of income tax	-	-	(138,224)	**(138,224)**	(34,531)	**(172,755)**
Total comprehensive income	**-**	**579,805**	**(138,224)**	**441,581**	**321,857**	**763,438**
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)				**-**	116,670	**116,670**
Redemption of convertible bonds		18,483	(18,483)	**-**	-	**-**
Dividends paid/payable		(501,007)		**(501,007)**	(82,386)	**(583,393)**
Distribution attributable to perpetual securities issued by a subsidiary		(2,141)		**(2,141)**	(7,433)	**(9,574)**
Share-based payments			5,347	**5,347**	(555)	**4,792**
Total contributions by and distributions to owners	3,017,926	(484,665)	(12,540)	**2,520,721**	26,296	**2,547,017**
Changes in ownership interests in subsidiaries and other capital transactions						
Changes in ownership interests in subsidiaries with change in control				**-**	1,100,366	**1,100,366**
Changes in ownership interests in subsidiaries with no change in control		(2,917)		**(2,917)**	3,305	**388**
Share of reserves of associates and joint ventures		391	(3)	**388**	-	**388**
Others		3,172	785	**3,957**	5,139	**9,096**
Total changes in ownership interests in subsidiaries and other capital transactions	-	646	782	**1,428**	1,108,810	**1,110,238**
Total transactions with owners	**3,017,926**	**(484,019)**	**(11,758)**	**2,522,149**	**1,135,106**	**3,657,255**
Balance as at 30/06/2019	**9,327,422**	**13,827,981**	**(748,449)**	**22,406,954**	**15,889,862**	**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 30/06/2019 vs 30/06/2018 – Group (cont'd)

	Share Capital S$'000	Revenue Reserves S$'000	Other Reserves* S$'000	**Total S$'000**	Non-controlling Interests S$'000	**Total Equity S$'000**
Balance as at 01/04/2018	**6,309,496**	**12,484,449**	**234,350**	**19,028,295**	**13,735,128**	**32,763,423**
Total comprehensive income						
Profit for the period		605,522		**605,522**	474,155	**1,079,677**
Other comprehensive income						
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations			43,549	**43,549**	(22,332)	**21,217**
Change in fair value of equity investments at fair value through other comprehensive income			(124)	**(124)**	3,020	**2,896**
Effective portion of change in fair value of cash flow hedges			18,997	**18,997**	17,385	**36,382**
Share of other comprehensive income of associates and joint ventures			(70,397)	**(70,397)**	(443)	**(70,840)**
Total other comprehensive income, net of income tax	-	-	(7,975)	**(7,975)**	(2,370)	**(10,345)**
Total comprehensive income	**-**	**605,522**	**(7,975)**	**597,547**	**471,785**	**1,069,332**
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Purchase of treasury shares			(190,806)	**(190,806)**	-	**(190,806)**
Contributions from non-controlling interests (net)				**-**	215,523	**215,523**
Dividends paid/payable		(504,087)		**(504,087)**	(75,651)	**(579,738)**
Distribution attributable to perpetual securities issued by a subsidiary		(2,123)		**(2,123)**	(7,451)	**(9,574)**
Reclassification of equity compensation reserve		191	(191)	**-**	-	**-**
Share-based payments			9,225	**9,225**	419	**9,644**
Total contributions by and distributions to owners	-	(506,019)	(181,772)	**(687,791)**	132,840	**(554,951)**
Changes in ownership interests in subsidiaries and other capital transactions						
Changes in ownership interests in subsidiaries with no change in control		(70,683)	328	**(70,355)**	70,188	**(167)**
Share of reserves of associates and joint ventures		(1,111)	277	**(834)**	3	**(831)**
Others		(4,536)	3,607	**(929)**	(2,798)	**(3,727)**
Total changes in ownership interests in subsidiaries and other capital transactions	-	(76,330)	4,212	**(72,118)**	67,393	**(4,725)**
Total transactions with owners	**-**	**(582,349)**	**(177,560)**	**(759,909)**	**200,233**	**(559,676)**
Balance as at 30/06/2018	**6,309,496**	**12,507,622**	**48,815**	**18,865,933**	**14,407,146**	**33,273,079**

* *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 30/06/2019 vs 30/06/2018 – 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 01/04/2019	**6,309,496**	**4,292,508**	**(342,821)**	**111,282**	**10,346**	**10,380,811**
Total comprehensive income						
Profit for the period		306,188				**306,188**
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			596			**596**
Share-based payments					1,635	**1,635**
Dividends paid		(501,007)				**(501,007)**
Redemption of convertible bonds		18,483		(18,483)		**-**
Total transactions with owners	**3,017,926**	**(482,524)**	**596**	**(18,483)**	**1,635**	**2,519,150**
Balance as at 30/06/2019	**9,327,422**	**4,116,172**	**(342,225)**	**92,799**	**11,981**	**13,206,149**
Balance as at 01/04/2018	**6,309,496**	**4,326,587**	**(164,568)**	**135,715**	**10,284**	**10,617,514**
Total comprehensive income						
Profit for the period		206,966				**206,966**
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Purchase of treasury shares			(190,806)			**(190,806)**
Issue of treasury shares			560			**560**
Share-based payments					2,965	**2,965**
Dividends paid		(504,087)				**(504,087)**
Reclassification of equity compensation reserve		189			(189)	**-**
Total transactions with owners	**-**	**(503,898)**	**(190,246)**	**-**	**2,776**	**(691,368)**
Balance as at 30/06/2018	**6,309,496**	**4,029,655**	**(354,814)**	**135,715**	**13,060**	**10,133,112**

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

Issued Share Capital

As at 30 June 2019, the Company's issued and fully paid-up capital (excluding treasury shares) comprises 5,037,494,396 (31 December 2018: 4,162,813,855) ordinary shares. Movements in the Company's issued and fully paid-up capital were as follows:

	No. of Shares
As at 01/04/2019	4,175,057,129
Treasury shares transferred pursuant to payment of directors' fees	172,553
Issue of shares	862,264,714
As at 30/06/2019	**5,037,494,396**

CapitaLand Share Plans

Performance Share Plan

As at 30 June 2019, the number of shares comprised in contingent awards granted under the performance share plan ("PSP") which has not been released was 5,906,939 (30 June 2018: 9,997,008). As at 30 June 2019, contingent awards of 2019 PSP 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 2019, contingent awards of 2019 restricted share plan ("RSP") has not been granted, thus the number of shares comprised in contingent awards granted under the 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, is nil (30 June 2018: 10,434,165) and 13,674,865 (30 June 2018: 14,102,230) respectively, of which nil (30 June 2018: 2,105,481) shares out of the former and 2,807,613 (30 June 2018: 2,959,163) 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 2019:

Principal Amount $ million	Final Maturity Year	Conversion price $	Convertible into new ordinary shares
650.00	2020	4.9782	130,569,282
650.00	2025	4.9697	130,792,603
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 $245.0 million of the 2.95% convertible bonds due 20 June 2022 in June 2019.

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 337,234,045 (30 June 2018: 501,752,089) representing a 8.1% increase over the total number of issued shares (excluding treasury shares) of the Company as at 30 June 2019.

1(d)(iii) Treasury Shares

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

	No of Shares
As at 01/04/2019	99,326,617
Treasury shares transferred pursuant to payment of directors' fees	(172,553)
As at 30/06/2019	**99,154,064**

As at 30 June 2019, the Company held 99,154,064 treasury shares which represents 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 2018, except for the adoption of new/revised SFRS(I) applicable for the financial period beginning 1 January 2019 as follows:

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

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

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

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

The Group applied SFRS(I) 16 on 1 January 2019, using the modified retrospective approach. The cumulative effect of adopting SFRS(I) 16 is recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. The Group applied the practical expedient to grandfather the definition of the leases on transition and accordingly SFRS(I) 16 will be applied to these lease contracts.

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

Balance sheet as at 1 January 2019

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

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Please refer to Item 4 above.

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

		Group			
		2Q 2019	**2Q 2018**	**1H 2019**	**1H 2018**
6(a)	EPS based on weighted average number of ordinary shares in issue (in cents)	13.9	14.4	21.0	21.9
	Weighted average number of ordinary shares (in million)	4,175.1	4,193.6	4,171.0	4,217.6
6(b)	EPS based on fully diluted basis (in cents)	13.1	13.2	19.9	20.2
	Weighted average number of ordinary shares (in million)	4,555.0	4,740.2	4,552.0	4,764.2

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	
	30/06/2019	**31/12/2018**	**30/06/2019**	**31/12/2018**
Net asset value per share	$4.45	$4.55	$2.62	$2.48
Net tangible assets per share	$4.26	$4.40	$2.62	$2.48

8 Review of the Group's performance

Group Overview

S$M	2Q 2019	2Q 2018	Better/ (Worse) (%)	1H 2019	1H 2018	Better/ (Worse) (%)
Revenue	1,082.8	1,342.4	(19.3)	2,131.1	2,718.0	(21.6)
Earnings before Interest and Tax ("EBIT")	1,258.8	1,404.2	(10.4)	2,061.0	2,188.4	(5.8)
Finance costs	(189.6)	(156.6)	(21.0)	(371.7)	(305.1)	(21.8)
Profit Before Taxation	1,069.2	1,247.6	(14.3)	1,689.3	1,883.2	(10.3)
Total PATMI	579.8	605.5	(4.2)	875.4	924.6	(5.3)
Comprising:						
Operating PATMI[(1)]	179.5	196.0	(8.4)	361.3	424.7	(14.9)
Portfolio gains[(2)]	53.8	72.0	(25.3)	134.7	140.4	(4.1)
Revaluation gains and impairments	346.5	337.5	2.7	379.4	359.5	5.5

(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, acquisitions, 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.

2Q 2019 vs 2Q 2018

For the quarter under review, the Group achieved a revenue of $1,082.8 million (2Q 2018: $1,342.4 million) and a PATMI of $579.8 million (2Q 2018: $605.5 million).

Revenue

Revenue for 2Q 2019 decreased by $259.6 million mainly due to lower residential sales in Singapore and lower handover from residential projects held through subsidiaries in China, partially mitigated by higher rental revenue from our portfolio of properties in USA and Europe acquired in 2018. The residential projects which contributed to the revenue this quarter were Lakeside in China, The Interlace, Sky Habitat, and Marine Blue in Singapore, as well as D1MENSION and Mulberry Lane in Vietnam.

Collectively, the two core markets of Singapore and China accounted for 62.8% (2Q 2018: 75.8%) of the Group's revenue.

In terms of asset class, residential and commercial strata constituted 14.3% (2Q 2018: 36.9%) of the total revenue in 2Q 2019, while investment properties comprised commercial, retail and serviced residence properties which are recurring in nature, accounted for 85.7% or $927.9 million of total revenue (2Q 2018: 63.1% or $847.7 million).

EBIT

Group EBIT for 2Q 2019 decreased by 10.4% to $1,258.8 million (2Q 2018: $1,404.2 million), mainly due to lower revenue and gains from assets recycling, as well as the expensing of transaction costs in relation to the acquisition of ASB.

At EBIT level, the portfolio gains for 2Q 2019 of $92.2 million (2Q 2018: $209.4 million) included gains from fair value uplift of two commercial properties (Innov Center and Pufa Tower) and three retail malls in China (CapitaMall Yuhuating, CapitaMall Xuefu and CapitaMall Aidemengdun), following announcements of their divestments, offset by transaction costs incurred for ASB acquisition.

In terms of revaluation of investment properties, the Group recorded a net fair value gain of $562.0 million in 2Q 2019 (2Q 2018: $544.5 million). The gain comprised $307.0 million (2Q 2018: $308.0 million) recorded by our subsidiary projects and was recognised in other operating income while $255.0 million (2Q 2018: $236.5 million) was recorded through share of results of associates and joint ventures. The higher revaluation gain arose mainly from revaluations of our portfolio of properties in China, Japan, Australia and USA, partially offset by lower revaluation gains recorded for properties in Singapore, Malaysia, Vietnam and Europe.

In terms of asset class, residential and commercial strata accounted for 5.6% of the total EBIT in 2Q 2019 as compared to 10.0% in 2Q 2018 due to lower sales from Singapore and lower handover of units from China residential projects. The Group's investment properties portfolio accounted 94.4% (2Q 2018: 90.0%) of the total EBIT. The increase was mainly attributable to higher gains from revaluation of investment properties, as well as higher recurring rental income from properties in USA and Europe, partially offset by lower portfolio gains from asset recycling.

EBIT Contribution by Geography

Singapore and China markets remain the key contributors to EBIT, accounting for 86.5% of total EBIT (2Q 2018: 90.4%). Singapore EBIT was $447.6 million or 35.6% of total EBIT (2Q 2018: $690.5 million or 49.2%) while China EBIT was $640.8 million or 50.9% of total EBIT (2Q 2018: $579.3 million or 41.3%).

Singapore EBIT for 2Q 2019 decreased by 35.2% mainly attributed to absence of gains from divestments of Twenty Anson and Sembawang Shopping Centre in 2Q 2018, as well as transaction costs incurred on the acquisition of ASB.

The increase in China EBIT by 10.6% was underpinned by fair value uplift from assets recycling and revaluation of investment properties. The increase was partially offset by lower contributions from residential projects.

PATMI

Overall, the Group achieved a PATMI of $579.8 million in 2Q 2019, 4.2% lower as compared to the same quarter last year. Excluding the one-off transaction costs incurred on the acquisition of ASB, the Group's PATMI for the quarter would have increased by 1.7% as compared to 2Q 2018. The increase was attributed to higher gains realised from assets recycling and revaluation gains on the Group's investment properties, offset by lower operating PATMI mainly due to lower contributions from residential projects.

1H 2019 vs 1H 2018

Revenue

Revenue for 1H 2019 decreased by 21.6% to $2,131.1 million (1H 2018: $2,718.0 million) mainly attributed to lower contributions from residential projects in Singapore and China, partially mitigated by higher handover of units in Vietnam and higher rental revenue from our portfolio of properties in USA and Europe. The residential projects which contributed to the revenue in 1H 2019 were Century Park East and Lakeside in China, The Interlace, Sky Habitat and Bedok Residences in Singapore, as well as D1MENSION and Mulberry Lane in Vietnam.

Collectively, the two core markets of Singapore and China accounted for 64.8% (1H 2018: 78.2%) of the Group's revenue.

In terms of asset class, residential and commercial strata constituted 15.6% or $333.0 million (1H 2018: 39.2% or $1,065.6 million) of the total revenue in 1H 2019, while investment properties comprised commercial, retail and serviced residence properties which are recurring in nature, accounted for 84.4% or $1,798.1 million of total revenue (1H 2018: 60.8.% or $1,652.3 million).

EBIT

In 1H 2019, the Group recorded an EBIT of $2,061.0 million (1H 2018: $2,188.4 million), 5.8% or $127.4 million lower than 1H 2018 mainly due to lower contributions from residential projects and lower portfolio gains from assets recycling, partially mitigated by higher contributions from our properties in USA and Europe and higher fair value gains from revaluation of investment properties.

At EBIT level, the portfolio gains in 1H 2019 of $250.4 million (1H 2018: $290.2 million) arose mainly from the divestment of a serviced residence in Singapore, two commercial properties and three retail malls in China, offset by the transaction costs incurred for ASB acquisition.

In terms of revaluation of investment properties, the Group recorded a net fair value gain of $618.2 million in 1H 2019 (1H 2018: $552.8 million). The higher revaluation gain arose mainly from revaluations of our portfolio of properties in China, Japan, Australia and USA, partially offset by lower revaluation gains recorded in Singapore, Malaysia, Vietnam and Europe.

As projects are progressively fully sold in Singapore, there were lower writeback of provision for foreseeable losses upon sale of units in 1H 2019 ($0.1 million) as compared to $13.7 million in 1H 2018.

In terms of asset class, residential and commercial strata accounted for 9.8% (1H 2018: 15.8%) of the total EBIT in 1H 2019. The decrease was in line with lower sales from Singapore and lower contributions from residential projects in China. The Group's investment properties portfolio accounted for 90.2% (1H 2018: 84.2%) of the total EBIT. The increase was mainly attributable to higher gains from revaluation of investment properties and assets recycling, as well as higher recurring rental income from our properties in USA and Europe.

EBIT Contribution by Geography

Singapore and China markets remain the key contributors to EBIT, accounting for 86.4% of total EBIT (1H 2018: 88.4%). Singapore EBIT was $867.2 million or 42.1% of total EBIT (1H 2018: $1,008.5 million or 46.1%) while China EBIT was $913.2 million or 44.3%% of total EBIT (1H 2018: $927.1 million or 42.4%).

Singapore EBIT fell by 14.0% mainly due to lower sales and writeback from residential projects, as well as lower gains from revaluation of investment properties and assets recycling.

China EBIT decreased slightly mainly due to lower handover of units from residential projects, mitigated by higher portfolio gains and fair value gains on revaluation of properties.

Finance Costs

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

PATMI

Overall, the Group achieved a PATMI of $875.4 million in 1H 2019, 5.3% lower as compared to the previous corresponding period. The decrease was mainly attributed to lower operating PATMI and recognition of the one-off transaction costs on the acquisition of ASB, partially mitigated by higher fair value gains on revaluation of our portfolio of investment properties. The lower operating PATMI was mainly attributable to the lower contribution from residential projects in China and Singapore.

Segment Performance

In 2019, the Group re-organised its reporting structure into strategic business units (SBUs) by geography and asset class to more accurately reflect the way we manage our businesses. Our geographical SBUs comprise the Group's integrated capabilities in the residential, retail, commercial, industrial, logistics and business parks asset classes, strategically deployed in each market. The geographical SBUs are CapitaLand Singapore, Malaysia and Indonesia, Vietnam and International (CL SMI, Vietnam and International), as well as CapitaLand China (CL China). Our asset class SBUs comprise CapitaLand Lodging (CL Lodging) and CapitaLand Financial (CL Financial). CL Lodging, with its global network and scale, focuses on growing fee income. CL Financial is the real estate fund management unit comprising the Group's REIT managers and Fund managers. Following the completion of ASB acquisition, the Group will report CapitaLand India as a separate segment with effect from 3Q 2019.

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	2Q 2019	2Q 2018	Better/ (Worse) (%)	1H 2019	1H 2018	Better/ (Worse) (%)
Revenue						
CL SMI	428.1	457.4	(6.4)	885.6	1,031.9	(14.2)
CL Vietnam	14.3	10.7	33.7	44.9	16.4	173.3
CL International	48.5	26.2	85.1	102.5	51.6	98.6
Total	**490.9**	**494.3**	**(0.7)**	**1,033.0**	**1,099.9**	**(6.1)**
EBIT						
CL SMI	480.9	710.5	(32.3)	775.9	1,023.4	(24.2)
CL Vietnam	9.4	6.7	39.4	11.3	37.9	(70.1)
CL International	36.8	14.2	160.1	67.2	30.0	124.3
Total	**527.1**	**731.4**	**(27.9)**	**854.4**	**1,091.3**	**(21.7)**

Revenue for residential projects in Singapore and Malaysia 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.

The decrease in revenue for 2Q 2019 and 1H 2019 was mainly due to lower contributions from residential projects and commercial properties in Singapore, partially mitigated by contributions from the newly acquired properties in USA and Germany, as well as higher handover of residential units to home buyers in Vietnam.

The lower revenue from Singapore was mainly due to lower residential sales as projects are progressively fully sold and absence of rental revenue from properties divested in 2018, namely, Sembawang Shopping Centre and Twenty Anson.

In 2Q 2019, Vietnam handed over 40 units (2Q 2018: 26 units) to home buyers bringing the total number of residential units from subsidiary projects handed over to 138 units (1H 2018: 38 units). Including units from joint venture projects, CL Vietnam handed over 77 units (2Q 2018: 465 units) in 2Q 2019 and 195 units (1H 2018: 724 units) in 1H 2019.

The lower EBIT for 2Q 2019 and 1H 2019 were due to lower revenue, absence of divestment gains from Sembawang Shopping Centre, Twenty Anson and a property investment in Vietnam, as well as lower revaluation gains from investment properties. The decrease was partially mitigated by contributions from newly acquired properties in USA and Germany.

In 2Q 2019, 82 units (2Q 2018: 583 units) were sold in Singapore, Malaysia and Vietnam. This brings the total number of residential units sold in Singapore, Malaysia and Vietnam to 108 units (1H 2018: 733 units) with a sale value of $59.6 million (1H 2018: $507.3 million). The sales were mainly from Sky Habitat and Marine Blue in Singapore, genKL in Malaysia, as well as Seasons Avenue and D1MENSION in Vietnam.

CL China

S$M	2Q 2019	2Q 2018	Better/ (Worse) (%)	1H 2019	1H 2018	Better/ (Worse) (%)
Revenue	258.4	567.5	(54.5)	496.8	1,086.2	(54.3)
EBIT	635.7	547.0	16.2	892.7	875.6	2.0

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

Revenue for 2Q 2019 and 1H 2019 was lower than previous corresponding periods, mainly due to lower contribution from handover of residential units from subsidiary projects as last year had significant completion of phases from The Metropolis in Kunshan, New Horizon in Shanghai and Century Park West in Chengdu.

In 2Q 2019, CL China handed over 2,271 units to home buyers (2Q 2018: 1,486 units). The units handed over during the quarter were mainly from the completion of phases from La Botanica in Xian - a joint venture project where its revenue is not consolidated and Lakeside in Wuhan. Including 328 units handed over in 1Q 2019, CL China delivered a total of 2,599 units in 1H 2019 (1H 2018: 2,814 units).

EBIT for 2Q 2019 and 1H 2019 increased due to higher portfolio gains and fair value gains from revaluation of investment properties, partially offset by the impact of lower revenue from residential handover. In 2Q 2019, CL China has recognised $125.1 million from the divestments of 2 commercial properties and 3 shopping malls.

In 2Q 2019, CL China sold 1,807 units with a sales value of RMB 3.8 billion (2Q 2018: 746 units; RMB 3.2 billion). This represents an increase of 142% and 19% in units and sales value respectively compared to the previous corresponding period. Projects launched in 2Q 2019 achieved a high sell-through rate of over 80% on average. The Group sees an overall healthy sales rate of 93% based on launched residential units as at June 2019. For the six months ended June 2019, 3,025 units were sold at a value of RMB 6.4 billion (1H 2018: 1,744 units; RMB 4.9 billion). The current year sales were mainly from Century Park (East) in Chengdu, La Botanica in Xian, La Riva in Guangzhou and Raffles City Residences in Chongqing.

CL Lodging

S$M	2Q 2019	2Q 2018	Better/ (Worse) (%)	1H 2019	1H 2018	Better/ (Worse) (%)
Revenue	333.2	293.5	13.5	597.2	524.3	13.9
EBIT	97.4	107.6	(9.5)	290.6	152.8	90.2

Revenue for 2Q and 1H 2019 were higher mainly due to higher revenue from Synergy Global Housing and contribution from Tauzia, which was acquired in 3Q 2018.

EBIT for 2Q 2019 was lower mainly due to lower fair value gains from investment properties and absence of portfolio gains from divestment of Somerset International Building, Tianjin in 2Q 2018 partially mitigated by higher revenue.

EBIT for 1H 2019 was higher mainly due to the gains from divestment of Ascott Raffles Place and higher revenue, partially offset by the lower fair value gains from investment properties.

CL Financial

S$M	2Q 2019	2Q 2018	Better/ (Worse) (%)	1H 2019	1H 2018	Better/ (Worse) (%)
Revenue	51.3	63.2	(18.8)	101.1	121.0	(16.4)
EBIT	26.2	30.4	(13.8)	52.7	76.7	(31.2)

The lower revenue for 2Q 2019 and 1H 2019 was mainly to lower one-off fees from our REITs and funds, as well as lower fund management fee from the China retail funds following the divestment of properties in 2018.

EBIT for 2Q 2019 and 1H 2019 decreased due to lower fee income and higher operating expenses incurred for structuring of new funds.

Corporate and Others

S$M	2Q 2019	2Q 2018	Better/ (Worse) (%)	1H 2019	1H 2018	Better/ (Worse) (%)
Revenue	(51.1)	(76.1)	32.8	(97.1)	(113.5)	14.5
EBIT	(27.6)	(12.2)	(125.8)	(29.5)	(7.9)	(271.9)

Corporate and Others include Corporate office and group eliminations.

The higher losses for 2Q 2019 and 1H 2019 EBIT was mainly due to the transaction costs incurred on acquisition of ASB, partially offset by timing difference in recovery of corporate management fees.

9 Variance from Prospect Statement

The 2Q 2019 operating performance was broadly in line with the prospect statement made when the 1Q 2019 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

The global economic outlook remains cautious. In July, the International Monetary Fund (IMF) cut its global growth forecast to the lowest since the 2008 financial crisis.[1] The IMF is expecting the world economy to expand by 3.2% in 2019 and 3.5% in 2020, both down 0.1 percentage point from April 2019 projections. The IMF also reduced expectations for growth in the global volume of trade in goods and services, and suggested that policy "missteps" on trade and Brexit could derail an earlier-projected rebound.

CapitaLand started operating as a unified Group with Ascendas-Singbridge (ASB) on 28 June 2019.

With a larger asset base[2] incorporating a new asset class in "Business Park, Logistics & Industrials", and a new core market in India, the Group is in a better position to weather economic uncertainties and seize growth opportunities across its core business segments. The Group continues to focus on completing the integration of ASB and we will remain disciplined in asset recycling and capital deployment.

Through the Group's newly-acquired business parks, logistics and industrial assets, the Group is expected to benefit from new economy trends such as the growth in e-commerce, urbanisation and knowledge economies. The rapid growth in e-commerce-driven consumption is also expected to result in greater demand for space in logistics properties. The Group is reviewing the Business Park, Logistics & Industrial portfolio for value-add opportunities that can rejuvenate and reposition older assets and create revenue synergies and contribute to network effect across CapitaLand's properties.

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[1] Bloomberg, "IMF Cuts Global Growth Forecast Again as 'Missteps' Fuel Concern", https://www.bloomberg.com/news/articles/2019-07-23/imf-cuts-global-growth-forecast-again-as-missteps-fuel-concern

[2] Assets under management (AUM) on 30 June 2019 increased by 25% to $129.1 billion, compared to $103.5 billion in 31 March 2019

The Group's retail and commercial assets across Singapore and China remain resilient in the face of economic headwinds. The Group will be proactive in ensuring the portfolio offerings stay relevant and competitive. Jewel Changi Airport and Funan shopping malls, which recently turned operational, have received strong reception from the public. Raffles City Chongqing has achieved 95% committed occupancy as at July 2019 and will open the retail mall in September 2019. Separately, CapitaLand Commercial Trust, which holds most of the Group's office assets in Singapore, has also announced plans to refurbish and reposition 21 Collyer Quay and Six Battery Road in 2020.

Continued residential markets cooling policy in Singapore and China is expected to impact demand in the near term. Notwithstanding this, the Group's launches across its core residential markets have achieved high sell-through rate. In July, CapitaLand launched 200 (of the 774) units of One Pearl Bank in Singapore, of which 160 units were taken up on the first weekend of sales. The Group plans to launch an integrated development in Sengkang Central, Singapore in 2H 2019. In China, the Group expects to launch over 3,000 units for the second half of 2019. As at 30 June 2019, the Group had sold but not yet handed over approximately 7,300 units[3], with a value of RMB 18.3 billion[4]. About 50% of this value is expected to be handed over and recognised over the second half of the year. The Group expects to see stabilisation in China's property market with the current policy measures as the government continues its support for the real estate sector. In Vietnam, the Group had sold but not yet handed over 2,318 units, with a total value of approximately S$726 million as at 30 June 2019. About 27% of the value is expected to be handed over and recognised over the second half of the year.

As at 30 June 2019, ASB added approximately S$2.8 billion of business parks, logistics and industrial assets in India to the Group. Growth in CapitaLand's logistics and business park space in India is expected to stay robust. In July 2019, Ascendas India Trust, the Group's listed India focused trust, expanded its logistics portfolio through the forward purchase of a warehouse at the Arshiya Free Trade Warehousing Zone at Panvel, Navi Mumbai, India, bringing the total operating warehouses in the same location to seven.

CapitaLand Lodging is the Group's dedicated lodging business unit, comprising an operating platform of 13 brands, two listed trusts, and a private equity fund. In scaling up globally, it will focus on management and franchise contracts, strategic alliances and investments as well as new brands and product offerings to grow its fee income. In July 2019, CapitaLand Lodging announced that it has secured 26 contracts to manage more than 6,000 units across 11 countries. At the same time, the Group made inroads into six new cities across Asia Pacific, Central Asia and Africa. CapitaLand Lodging is on course to scale up to 160,000 units worldwide by Year 2023. It currently has approximately 59,000 operational units and 47,000 pipeline units. The Group expects its fee income to strengthen as more pipeline units turn operational.

On 3 July 2019, the Group announced that it would combine Ascott Residence Trust and Ascendas Hospitality Trust. The proposed combination resolves the issue of overlapping mandates for both trusts, and creates Asia's largest listed lodging trust. The proposed combination is subject to the approval of minority unitholders of both trusts to be sought at extraordinary general meetings of both trusts which are scheduled to take place in 2H 2019.

With an enlarged listed REITs and private funds platform, CapitaLand Financial has greater access to investors and capital partners to further grow its AUM and fee income. The Group will focus on scaling up its two discretionary private funds, namely CREDO I China and CapitaLand Asia Partners I, which made their first closing in 1H 2019 and are expected to generate fees accordingly. The Group is targeting up to 20% of the total capital commitments to align its interests with the capital partners. As at 30 June 2019, CapitaLand Financial derives approximately S$101 million in fund management fee[5].

CapitaLand maintains a robust balance sheet due to its disciplined approach of active recycling and prudent capital management. Having met its annual asset recycling target of S$3 billion in gross value in July 2019, the Group will remain disciplined in looking for redeployment opportunities. The Group will also be focused on bringing down its net debt to equity which has increased from 0.56x as at 31 March 2019 to 0.73x post completion of the ASB transaction. That said, the Group's financial capacity remains healthy with cash balances and available undrawn facilities of approximately S$10 billion and a healthy debt maturity profile of 3.4 years. The Group continues to look for innovative and prudent ways to diversify its funding sources going forward.

[3] Units sold include options issued as at 30 Jun 2019. Above data is on a 100% basis, including strata units in integrated developments
[4] Refers to value of residential units sold including value added tax
[5] Excluding fees derived from ASB listed trusts and private funds.

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. The company pays first and final dividend only.

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

No dividend has been declared/recommended during the period.

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 2019 and for the six months ended on that date, to be false or misleading in any material aspect.

On behalf of the Board

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

16 Segmental Revenue and Results

16(a)(i) By Strategic Business Units – 2Q 2019 vs 2Q 2018

	Revenue			Earnings before interest & tax		
	2Q 2019 S$'000	2Q 2018 S$'000	Better/ (Worse) (%)	2Q 2019 S$'000	2Q 2018 S$'000	Better/ (Worse) (%)
CL SMI, Vietnam and International						
- CL SMI	428,080	457,364	(6.4)	480,867	710,481	(32.3)
- CL Vietnam	14,336	10,720	33.7	9,361	6,714	39.4
- CL International	48,504	26,198	85.1	36,829	14,159	160.1
CL China	258,415	567,533	(54.5)	635,740	546,979	16.2
CL Lodging	333,229	293,501	13.5	97,382	107,650	(9.5)
CL Financial	51,312	63,202	(18.8)	26,234	30,422	(13.8)
Corporate and others[1]	(51,118)	(76,077)	32.8	(27,592)	(12,219)	(125.8)
Total	**1,082,758**	**1,342,441**	**(19.3)**	**1,258,821**	**1,404,186**	**(10.4)**

16(a)(ii) By Strategic Business Units – 1H 2019 vs 1H 2018

	Revenue			Earnings before interest & tax		
	1H 2019 S$'000	1H 2018 S$'000	Better/ (Worse) (%)	1H 2019 S$'000	1H 2018 S$'000	Better/ (Worse) (%)
CL SMI, Vietnam and International						
- CL SMI	885,563	1,031,894	(14.2)	775,900	1,023,366	(24.2)
- CL Vietnam	44,878	16,422	173.3	11,345	37,884	(70.1)
- CL International	102,519	51,621	98.6	67,218	29,969	124.3
CL China	496,780	1,086,245	(54.3)	892,719	875,592	2.0
CL Lodging	597,245	524,344	13.9	290,562	152,785	90.2
CL Financial	101,146	120,964	(16.4)	52,737	76,708	(31.2)
Corporate and others[1]	(97,058)	(113,538)	14.5	(29,513)	(7,935)	(271.9)
Total	**2,131,073**	**2,717,952**	**(21.6)**	**2,060,968**	**2,188,369**	**(5.8)**

16(b)(i) By Geography – 2Q 2019 vs 2Q 2018

	Revenue			Earnings before interest & tax		
	2Q 2019 S$'000	2Q 2018 S$'000	Better/ (Worse) (%)	2Q 2019 S$'000	2Q 2018 S$'000	Better/ (Worse) (%)
Singapore	375,016	384,012	(2.3)	447,600	690,487	(35.2)
China [2]	305,335	633,368	(51.8)	640,826	579,341	10.6
Other developed markets[3]	309,589	243,220	27.3	141,073	87,774	60.7
Other emerging markets [4]	92,818	81,841	13.4	29,322	46,584	(37.1)
Total	**1,082,758**	**1,342,441**	**(19.3)**	**1,258,821**	**1,404,186**	**(10.4)**

16(b)(ii) By Geography – 1H 2019 vs 1H 2018

	Revenue			Earnings before interest & tax		
	1H 2019 S$'000	1H 2018 S$'000	Better/ (Worse) (%)	1H 2019 S$'000	1H 2018 S$'000	Better/ (Worse) (%)
Singapore	806,247	929,914	(13.3)	867,186	1,008,536	(14.0)
China [2]	575,053	1,196,813	(52.0)	913,166	927,057	(1.5)
Other developed markets[3]	549,500	421,987	30.2	214,455	127,381	68.4
Other emerging markets [4]	200,273	169,238	18.3	66,161	125,395	(47.2)
Total	**2,131,073**	**2,717,952**	**(21.6)**	**2,060,968**	**2,188,369**	**(5.8)**

16(c)(i) By Assets Class – 2Q 2019 vs 2Q 2018

	Revenue			Earnings before interest & tax		
	2Q 2019 S$'000	2Q 2018 S$'000	Better/ (Worse) (%)	2Q 2019 S$'000	2Q 2018 S$'000	Better/ (Worse) (%)
Residential and Commercial Strata	154,863	494,693	(68.7)	70,162	140,405	(50.0)
Retail	429,945	459,392	(6.4)	674,301	684,154	(1.4)
Commercial	181,315	157,075	15.4	397,176	491,562	(19.2)
Lodging[5]	370,339	301,267	22.9	129,813	97,781	32.8
Corporate and Others[1]	(53,704)	(69,986)	23.3	(12,631)	(9,716)	(30.0)
Total	**1,082,758**	**1,342,441**	**(19.3)**	**1,258,821**	**1,404,186**	**(10.4)**

16(c)(ii) By Assets Class – 1H 2019 vs 1H 2018

	Revenue			Earnings before interest & tax		
	1H 2019 S$'000	1H 2018 S$'000	Better/ (Worse) (%)	1H 2019 S$'000	1H 2018 S$'000	Better/ (Worse) (%)
Residential and Commercial Strata	332,961	1,065,633	(68.8)	201,231	344,947	(41.7)
Retail	862,577	872,958	(1.2)	1,006,281	1,050,054	(4.2)
Commercial	356,596	328,806	8.5	536,240	658,396	(18.6)
Lodging[5]	669,468	550,188	21.7	335,615	142,264	135.9
Corporate and Others[1]	(90,529)	(99,633)	9.1	(18,399)	(7,292)	(152.3)
Total	**2,131,073**	**2,717,952**	**(21.6)**	**2,060,968**	**2,188,369**	**(5.8)**

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 1 July 2019, CapitaLand announced that it has entered into a conditional agreement to divest its investment in Central China Real Estate Limited comprising 658,116,228 issued and paid up shares in the company to an external party for a cash consideration of approximately HK$2,831 million (approximately S$496.0 million). The transaction is expected to be completed in 3Q 2019.

(ii) On 3 July 2019, Ascott Residence Trust (Ascott Reit) and Ascendas Hospitality Trust (A-HTRUST) jointly announced a proposed combination to be effected by way of a trust scheme of arrangement with Ascott Reit acquiring all the A-HTRUST Stapled Units for a total consideration of S$1,235.4 million, comprising S$61.8 million in cash and 902.8 million new Ascott Reit-BT Stapled Units issued at a price of $1.30. The proposed combination is subject to the approval of the respective unitholders of Ascott Reit and A-HTRUST.

(iii) On 17 July 2019, CapitaLand announced the divestment of 89.8% out of the 94.9% interests it holds in each MAC Property Company B.V. and MAC Car Park Company which holds an office building known as "Main Airport Center" located at Frankfurt, Germany to CapitaLand Commercial Trust for a total consideration of EUR142.8 million (approximately S$219.8 million). The transaction is expected to complete in 3Q 2019.

BY ORDER OF THE BOARD

Michelle Koh
Company Secretary
7 August 2019