CAPITALAND LIMITED

(Registration Number: 198900036N)

2018 SECOND QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT

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CAPITALAND LIMITED
2018 SECOND QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT

1(a)(i) Income Statement

		Group					
	Note	2Q 2018 S$'000	2Q 2017 (Restated) S$'000	Better/ (Worse) %	1H 2018 S$'000	1H 2017 (Restated) S$'000	Better/ (Worse) %
Revenue	A	**1,342,441**	**992,408**	**35.3**	**2,717,952**	**1,889,942**	**43.8**
Cost of sales	B	(770,905)	(612,624)	(25.8)	(1,543,492)	(1,173,057)	(31.6)
Gross profit		571,536	379,784	50.5	1,174,460	716,885	63.8
Other operating income	C	542,784	369,402	46.9	581,155	576,715	0.8
Administrative expenses	D	(79,584)	(92,349)	13.8	(170,065)	(181,575)	6.3
Other operating expenses	E	(13,392)	(5,519)	(142.7)	(23,621)	(7,661)	(208.3)
Profit from operations		1,021,344	651,318	56.8	1,561,929	1,104,364	41.4
Finance costs		(156,632)	(104,472)	(49.9)	(305,145)	(208,367)	(46.4)
Share of results (net of tax) of:	F						
- associates		259,756	241,266	7.7	400,155	318,714	25.6
- joint ventures		70,717	96,837	(27.0)	109,522	191,695	(42.9)
		330,473	338,103	(2.3)	509,677	510,409	(0.1)
Profit before taxation		1,195,185	884,949	35.1	1,766,461	1,406,406	25.6
Taxation	G	(115,508)	(72,567)	(59.2)	(191,736)	(128,207)	(49.6)
Profit for the period		1,079,677	812,382	32.9	1,574,725	1,278,199	23.2
Attributable to:							
Owners of the Company ("PATMI")		**605,522**	**580,144**	**4.4**	**924,616**	**972,943**	**(5.0)**
Non-controlling interests ("NCI")		474,155	232,238	(104.2)	650,109	305,256	(113.0)
Profit for the period		1,079,677	812,382	32.9	1,574,725	1,278,199	23.2

Note:
2Q 2017 and 1H 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 – 2Q 2018 vs 2Q 2017(Restated)

(A) Revenue

The increase in revenue in 2Q 2018 by $350.0 million or 35.3% was mainly attributable to higher contributions from development projects in China, 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. The increase was partially offset by lower contributions from development projects in Singapore.

(B) Cost of Sales

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

(C) Other Operating Income

		Group		
		2Q 2018 S$'000	2Q 2017 S$'000	Better/ (Worse) (%)
Other Operating Income		**542,784**	**369,402**	**46.9**
Investment income	(i)	1,232	829	48.6
Interest income	(ii)	23,404	13,406	74.6
Other income (including portfolio gains)	(iii)	134,493	130,556	3.0
Fair value gains of investment properties	(iv)	383,655	176,430	117.5
Foreign exchange gain	(v)	-	21,716	(100.0)
Gain from bargain purchase	(vi)	-	26,465	(100.0)

(i) Investment income was higher in 2Q 2018 mainly due to distribution received from an investment in Japan.

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

(iii) Other income in 2Q 2018 comprised mainly the gains from divestment of Sembawang Shopping Centre in Singapore. Other income for 2Q 2017 included portfolio gains from divestments of Innov Tower and Zenith Residences.

(iv) Net fair value gains in respect of the Group's portfolio of investment properties held through subsidiaries increased in 2Q 2018 due to higher gains recorded for properties in Singapore, China and Europe; and the impact of the consolidation of the three trusts from August 2017.

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)).

(v) In 2Q 2018, the Group recorded a net foreign exchange loss of $8.0 million presented under Other Operating expenses (See note (E)). The foreign exchange gain for 2Q 2017 arose mainly from settlement of GBP bank loans, as well as revaluation of EUR receivables as SGD depreciated against EUR during that quarter.

(vi) Gain from bargain purchase in 2Q 2017 arose from acquisition of two serviced residences in China.

(D) Administrative Expenses

	Group		
	2Q 2018	2Q 2017	Better/ (Worse)
	S$'000	S$'000	(%)
Administrative Expenses	**(79,584)**	**(92,349)**	**13.8**
Included in Administrative Expenses:-			
Depreciation and amortisation	(18,451)	(17,715)	(4.2)
Allowance for doubtful receivables and bad debts written off	(186)	(744)	75.0

Administrative expenses comprised staff costs, depreciation, operating lease expenses and other miscellaneous expenses. The decrease in administrative expenses this quarter was mainly due to lower staff and related costs attributable to lower share-based expenses as well as lower rental expenses.

(E) Other Operating Expenses

The increase in other operating expenses in 2Q 2018 was mainly attributed to forex losses arising from the revaluation of EUR receivables as SGD appreciated against EUR during the quarter.

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

Share of results from associates increased in 2Q 2018 mainly due to higher fair value gains from revaluation of investment properties held through Raffles City and China Retail funds, as well as portfolio gains arising from divestment of Somerset International Building, Tianjin recorded by Ascott China Fund in 2Q 2018. The increase was partially offset by absence of share of results from CMT and CRCT as both REITs were consolidated by the Group with effect from 3Q 2017.

The decrease in share of results from joint ventures in 2Q 2018 was a result of lower handover of residential units mainly from Dolce Vita, as well as absence of share of results from RCST as it was consolidated by the Group with effect from 3Q 2017.

(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 higher tax expense during the quarter was mainly due to higher taxable income from China. Included in 2Q 2018 tax expense was a tax provision of $6.9 million in respect of prior years (2Q 2017: writeback of tax provision of $2.9 million in respect of prior years).

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

The net gains from the sale of investments in 2Q 2018 of $72.0 million, comprising portfolio gains of $49.3 million (2Q 2017: portfolio gains of $97.6 million) and realised revaluation gains of $22.7 million (2Q 2017: realised revaluation gains of $60.3 million) are as follow:

2Q 2018	**PATMI (S$M)**	**2Q 2017**	**PATMI (S$M)**
Sembawang Shopping Centre, Singapore	36.5	Innov Tower, China	83.8
Twenty Anson, Singapore	23.7	One George Street, Singapore	53.9
Somerset International Building,Tianjin	11.8	Zenith Residences, Japan	8.3
		Others	11.9
Total	**72.0**	**Total**	**157.9**

1(a)(iii) Statement of Comprehensive Income

	Group					
	2Q 2018 S$'000	2Q 2017 (Restated) S$'000	Change %	1H 2018 S$'000	1H 2017 (Restated) S$'000	Change %
Profit for the period	1,079,677	812,382	32.9	1,574,725	1,278,199	23.2
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]	21,217	(130,610)	NM	184,016	(323,303)	NM
Change in fair value of available-for-sale investments	2,896	1,488	94.6	(4,199)	4,463	NM
Effective portion of change in fair value of cash flow hedges [2]	36,382	(26,895)	NM	76,144	(81,112)	NM
Share of other comprehensive income of associates and joint ventures [3]	(70,840)	(26,933)	163.0	242,315	(125,829)	NM
Total other comprehensive income, net of tax	(10,345)	(182,950)	(94.3)	498,276	(525,781)	NM
Total comprehensive income	1,069,332	629,432	69.9	2,073,001	752,418	175.5
Attributable to:						
Owners of the Company	**597,547**	**416,374**	**43.5**	**1,326,183**	**501,512**	**164.4**
Non-controlling interests	471,785	213,058	121.4	746,818	250,906	197.6
Total comprehensive income	1,069,332	629,432	69.9	2,073,001	752,418	175.5

Notes:

1. *2Q 2018's exchange differences arose mainly from the depreciation of SGD against USD by 1.11%, partially offset by the appreciation of SGD against RMB by 0.23% during the quarter.*

   1H 2018's exchange differences arose mainly from the depreciation of SGD against RMB by 2.27%, partially offset by the appreciation of SGD against USD by 0.50% during the period.

2. *The effective portion of change in fair value of cash flow hedges for 2Q 2018 and 1H 2018 arose mainly from the mark-to-market gains of the Group's interest rate swaps and cross currency swaps contracts which were entered into for hedging purposes.*

3. *The share of other comprehensive income of associates and joint ventures relates mainly to share of foreign currency translation reserve. 2Q 2018's share of exchange difference arose mainly from the appreciation of SGD against RMB and USD against RMB by 0.23% and 1.35% respectively during the quarter.*

   1H 2018's exchange differences arose mainly from the depreciation of SGD against RMB and USD against RMB by 2.27% and 2.76% respectively during the period.

1(b)(i) Balance Sheet

	Group			Company		
	30/06/2018	31/12/2017 (Restated)[1]	Change	30/06/2018	31/12/2017	Change
	S$'000	S$'000	%	S$'000	S$'000	%
Non-current assets						
Property, plant & equipment	840,642	840,021	0.1	17,893	19,044	(6.0)
Intangible assets	570,510	563,295	1.3	429	20,315	*(97.9)*
Investment properties[2]	38,196,711	36,479,434	4.7	-	-	-
Subsidiaries	-	-	-	13,551,236	12,208,267	11.0
Associates & joint ventures[3]	10,712,328	10,205,449	5.0	-	-	-
Other non-current assets[4]	821,388	1,138,851	(27.9)	423	423	-
	51,141,579	**49,227,050**	**3.9**	**13,569,981**	**12,248,049**	**10.8**
Current assets						
Development properties for sale and stock[5]	*3,704,578*	*4,158,953*	*(10.9)*	-	-	-
Trade & other receivables	*1,424,293*	*1,470,573*	*(3.1)*	*2,180,659*	*1,974,786*	*10.4*
Other current assets	*13,253*	*34,499*	*(61.6)*	-	-	-
Assets held for sale[6]	*917,025*	*542,786*	*68.9*	-	-	-
Cash & cash equivalents[7]	*5,336,257*	*6,105,318*	*(12.6)*	*24,482*	*7,247*	*237.8*
	11,395,406	**12,312,129**	**(7.4)**	**2,205,141**	**1,982,033**	**11.3**
Less: Current liabilities						
Trade & other payables	*5,179,401*	*5,500,559*	*(5.8)*	*471,807*	*886,418*	*(46.8)*
Short-term borrowings[8]	*3,195,722*	*2,738,995*	*16.7*	*1,369,431*	*793,796*	*72.5*
Current tax payable	*497,495*	*527,162*	*(5.6)*	*2,582*	*2,599*	*(0.7)*
Liabilities held for sale[6]	*84,016*	*94,625*	*(11.2)*	-	-	-
	8,956,634	**8,861,341**	**1.1**	**1,843,820**	**1,682,813**	**9.6**
Net current assets	**2,438,772**	**3,450,788**	**(29.3)**	**361,321**	**299,220**	**20.8**
Less: Non-current liabilities						
Long-term borrowings[8]	18,732,034	18,955,934	(1.2)	1,275,234	1,841,863	(30.8)
Other non-current liabilities[9]	1,575,238	1,604,080	(1.8)	2,522,956	8,315	NM
	20,307,272	**20,560,014**	**(1.2)**	**3,798,190**	**1,850,178**	**105.3**
Net assets	**33,273,079**	**32,117,824**	**3.6**	**10,133,112**	**10,697,091**	**(5.3)**
Representing:						
Share capital	6,309,496	6,309,496	-	6,309,496	6,309,496	-
Revenue reserves	12,507,622	12,178,999	2.7	4,029,655	4,310,421	(6.5)
Other reserves[9]	48,815	(75,605)	*NM*	(206,039)	77,174	NM
Equity attributable to owners of the Company	18,865,933	18,412,890	2.5	10,133,112	10,697,091	(5.3)
Non-controlling interests	14,407,146	13,704,934	5.1	-	-	-
Total equity	**33,273,079**	**32,117,824**	**3.6**	**10,133,112**	**10,697,091**	**(5.3)**

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 increase was mainly due to the share of results from associates and joint ventures for the period.*
4. *The decrease was mainly due to reclassification of deposits to investment properties upon receipt of land titles.*

5. *The decrease was mainly due to handover from residential projects in Singapore and China.*

6. *The increase was mainly due to the reclassification of two properties in Singapore to assets held for sale following the receipt of termination notice from the lessor for Bugis Village on 28 March 2018 and the announcement of the divestment of Twenty Anson on 29 June 2018. The increase was offset by the completion of divestment of Group's interest in two serviced residences in China, namely Citadines Biyun Shanghai and Citadines Gaoxin Xi'an.*

7. *The cash balances as at 30 June 2018 included $1.9 billion held at CapitaLand Limited and its treasury vehicles (comprising CapitaLand Treasury Limited, CapitaMalls Asia Treasury Limited and The Ascott Capital Pte Ltd).*

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

9. *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.*

10. *The increase in other reserves was mainly due to foreign currency translation differences arising from the depreciation of SGD against RMB during the year.*

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

	Group	
	As at 30/06/2018 S$'000	**As at 31/12/2017 S$'000**
Amount repayable in one year or less, or on demand:-		
Secured	430,824	424,731
Unsecured	2,764,898	2,314,264
Sub-Total 1	**3,195,722**	**2,738,995**
Amount repayable after one year:-		
Secured	5,161,564	5,349,919
Unsecured	13,570,470	13,606,015
Sub-Total 2	**18,732,034**	**18,955,934**
Total Debt	**21,927,756**	**21,694,929**
Cash	**5,336,257**	**6,105,318**
Total Debt less Cash	**16,591,499**	**15,589,611**

As at 30 June 2018, CapitaLand Limited and its treasury vehicles collectively, have available undrawn facilities of approximately $2.3 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

	2Q 2018 S$'000	2Q 2017 (Restated) S$'000	1H 2018 $'000	1H 2017 (Restated) $'000
Cash Flows from Operating Activities				
Profit after taxation	**1,079,677**	**812,382**	**1,574,725**	**1,278,199**
Adjustments for :				
Amortisation of intangible assets	2,084	1,268	4,200	1,886
Allowance/(Write back) for:				
- Foreseeable losses	-	-	(17,000)	-
- Doubtful receivables	333	2,728	293	2,819
Gain from bargain purchase	-	(26,465)	-	(26,465)
Share-based expenses	10,420	12,197	17,092	17,793
Net change in fair value of financial instruments	2,269	(220)	1,019	(440)
Depreciation of property, plant and equipment	16,314	16,462	31,501	33,598
Gain on disposal and write-off of property, plant and equipment	(270)	(481)	(340)	(439)
Gain on disposal of investment properties	(121,094)	(17,983)	(121,094)	(17,983)
Net fair value (gain) / loss from assets held for sale	-	26	(9,016)	(119)
Net fair value gain from investment properties	(383,655)	(176,456)	(383,655)	(208,981)
(Gain)/ Loss on disposal/liquidation/dilution of equity investments and other financial assets	(337)	(104,308)	1,027	(263,419)
Share of results of associates and joint ventures	(330,473)	(338,103)	(509,677)	(510,409)
Interest expense	156,632	104,472	305,145	208,367
Interest income	(23,404)	(13,406)	(40,575)	(23,007)
Taxation	115,508	72,567	191,736	128,207
	(555,673)	**(467,702)**	**(529,344)**	**(658,592)**
Operating profit before working capital changes	**524,004**	**344,680**	**1,045,381**	**619,607**
Changes in working capital				
Trade and other receivables	131,720	(1,883)	(59,301)	(172,014)
Development properties for sale	231,478	223,696	574,923	294,827
Trade and other payables	(190,109)	154,055	(353,884)	8,561
Restricted bank deposits	484	(2,322)	(427)	(12,069)
	173,573	**373,546**	**161,311**	**119,305**
Cash generated from operations	**697,577**	**718,226**	**1,206,692**	**738,912**
Income tax paid	(142,540)	(132,669)	(194,778)	(247,382)
Net cash generated from Operating Activities	**555,037**	**585,557**	**1,011,914**	**491,530**
Cash Flows from Investing Activities				
Proceeds from disposal of property, plant and equipment	411	273	494	322
Purchase of property, plant and equipment	(10,083)	(92,315)	(21,948)	(102,713)
Return of investment/ Repayment of loans by associates and joint ventures	26,628	(123,629)	134,676	(87,914)
Deposits placed for investments	-	(12,341)	(42,976)	(19,143)
Deposit received for disposal of subsidiaries	-	9,901	-	9,901
Acquisition/ Development expenditure of investment properties	(72,809)	(47,096)	(141,803)	(717,664)
Proceeds from disposal of investment properties	740	1,028,706	740	1,035,499
Investment in other financial assets	(2,670)	(769)	(6,187)	(769)
Proceeds from disposal of assets held for sale	249,378	1,484	339,553	400,720
Dividends received from associates, joint ventures and other investments	97,418	105,375	148,357	171,548
Acquisition of subsidiaries, net of cash acquired	(559,802)	(381,490)	(984,765)	(389,079)
Disposal of subsidiaries, net of cash disposed of	-	354,233	10,168	312,266
Settlement of hedging instruments	9,011	(1,285)	2,355	(374)
Interest income received	24,837	9,562	38,107	16,181
Restricted bank deposits	(41,734)	-	(41,734)	-
Net cash (used in)/ generated from Investing Activities	**(278,675)**	**850,609**	**(564,963)**	**628,781**

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

	2Q 2018 S$'000	2Q 2017 (Restated) S$'000	1H 2018 $'000	1H 2017 (Restated) $'000
Cash Flows from Financing Activities				
Purchase of treasury shares	(190,806)	-	(311,560)	-
Contributions from non-controlling interests	211,794	242,460	213,526	242,460
Repayment of shareholder loans from non-controlling interests	(14,350)	(953)	(29,152)	(2,949)
Payment for acquisition of ownership interests in subsidiaries with no change in control	-	(7,379)	-	(5,758)
Proceeds from bank borrowings	1,274,477	861,758	3,876,352	2,079,152
Repayments of bank borrowings	(1,265,243)	(1,367,833)	(3,807,637)	(2,019,963)
Proceeds from issue of debt securities	130,000	-	404,611	-
Repayments of debt securities	-	(114,500)	(505,200)	(514,500)
Repayments of finance lease payables	(823)	(807)	(1,675)	(1,519)
Dividends paid to non-controlling interests	(84,289)	(19,855)	(323,665)	(175,576)
Dividends paid to shareholders	(504,087)	(424,714)	(504,087)	(424,714)
Interest expense paid	(160,161)	(116,570)	(312,992)	(227,869)
Bank deposits pledged/withdrawn for bank facilities	(159,503)	(22)	(167,118)	(815)
Net cash used in Financing Activities	**(762,991)**	**(948,415)**	**(1,468,597)**	**(1,052,051)**
Net (decrease)/ increase in cash and cash equivalents	**(486,629)**	**487,751**	**(1,021,646)**	**68,260**
Cash and cash equivalents at beginning of the period	5,590,662	4,329,184	6,079,505	4,777,752
Effect of exchange rate changes on cash balances held in foreign currencies	(6,770)	(22,329)	39,404	(51,406)
Changes to cash and cash equivalents reclassified to asset held for sale	5,674	-	5,674	-
Cash and cash equivalents at end of the period	**5,102,937**	**4,794,606**	**5,102,937**	**4,794,606**
Restricted cash deposits	233,320	27,761	233,320	27,761
Cash and cash equivalents in the Balance Sheet	**5,336,257**	**4,822,367**	**5,336,257**	**4,822,367**

<u>Cash and cash equivalents at end of the period</u>

The cash and cash equivalents of about $5,336.3 million as at 30 June 2018 included $100.6 million in project accounts whose withdrawals are restricted to the payment of development projects expenditure.

Cash flows analysis
2Q 2018 vs 2Q 2017 (Restated)

In 2Q 2018, the Group generated a net cash from operating activities of $555.0 million, $30.5 million lower as compared to 2Q 2017 mainly attributable to lower collections from development projects in China partially mitigated by higher collections from Singapore development projects.

The Group utilised a net cash of $278.7 million in investing activities during the period mainly for the acquisition of a commercial property in Germany and pledging of deposits in respect of an acquisition of a subsidiary, partially mitigated by proceed from divestment of Sembawang Shopping Centre.

Net cash used in financing activities for 2Q 2018 was $763.0 million. This was mainly attributable to dividends paid to shareholders, purchase of treasury shares, interest expense paid and pledging of deposit in respect of re-assignment of loans pursuant to proposed divestments, partially mitigated by contributions from non-controlling interests arising from private placement of new units by CapitaLand Commercial Trust.

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

For the period ended 30/06/2018 vs 30/06/2017 (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 01/04/2018 as previously reported	**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 available-for-sale investments			(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, available-for-sale reserve, equity compensation reserve and hedging reserve.*

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

For the period ended 30/06/2018 vs 30/06/2017 (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 01/04/2017 as previously reported	**6,309,496**	**11,424,804**	**(45,662)**	**17,688,638**	**6,579,895**	**24,268,533**
Effects of changes in accounting policies#		18,031	(457)	**17,574**	3,182	**20,756**
Balance as at 01/04/2017, as restated	**6,309,496**	**11,442,835**	**(46,119)**	**17,706,212**	**6,583,077**	**24,289,289**
Total comprehensive income						
Profit for the period		580,144		**580,144**	232,238	**812,382**
Other comprehensive income						
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations			(125,671)	**(125,671)**	(4,939)	**(130,610)**
Change in fair value of available-for-sale investments			489	**489**	999	**1,488**
Effective portion of change in fair value of cash flow hedges			(11,752)	**(11,752)**	(15,143)	**(26,895)**
Share of other comprehensive income of associates and joint ventures			(26,836)	**(26,836)**	(97)	**(26,933)**
Total other comprehensive income, net of income tax	-	-	(163,770)	**(163,770)**	(19,180)	**(182,950)**
Total comprehensive income	**-**	**580,144**	**(163,770)**	**416,374**	**213,058**	**629,432**
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Issue of treasury shares			453	**453**	-	**453**
Contributions from non-controlling interests (net)				**-**	297,586	**297,586**
Equity portion of convertible bonds issued			(693)	**(693)**	(1,480)	**(2,173)**
Redemption of convertible bonds		8,638	(8,638)	**-**		**-**
Dividends paid/payable		(424,714)		**(424,714)**	(10,282)	**(434,996)**
Distribution attributable to perpetual securities issued by a subsidiary		(2,112)		**(2,112)**	(7,462)	**(9,574)**
Share-based payments			9,939	**9,939**	218	**10,157**
Total contributions by and distributions to owners	-	(418,188)	1,061	**(417,127)**	278,580	**(138,547)**
Changes in ownership interests in subsidiaries and other capital transactions						
Changes in ownership interests in subsidiaries with change in control				**-**	(1,650)	**(1,650)**
Changes in ownership interests in subsidiaries with no change in control		(7,361)	900	**(6,461)**	6,525	**64**
Share of reserves of associates and joint ventures			8	**8**	-	**8**
Others		11,337	(16,010)	**(4,673)**	(172)	**(4,845)**
Total changes in ownership interests in subsidiaries and other capital transactions	-	3,976	(15,102)	**(11,126)**	4,703	**(6,423)**
Total transactions with owners	**-**	**(414,212)**	**(14,041)**	**(428,253)**	**283,283**	**(144,970)**
Balance as at 30/06/2017	**6,309,496**	**11,608,767**	**(223,930)**	**17,694,333**	**7,079,418**	**24,773,751**

** 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

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

For the period ended 30/06/2018 vs 30/06/2017 – 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 01/04/2018	**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**
Balance as at 01/04/2017	**6,309,496**	**4,190,941**	**(78,967)**	**144,353**	**7,364**	**10,573,187**
Total comprehensive income						
Profit for the period		204,127				**204,127**
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Issue of treasury shares			453		(24)	**429**
Dividends paid		(424,714)				**(424,714)**
Redemption of convertible bonds		8,638		(8,638)		**-**
Share-based payments					2,961	**2,961**
Total transactions with owners	**-**	**(416,076)**	**453**	**(8,638)**	**2,937**	**(421,324)**
Balance as at 30/06/2017	**6,309,496**	**3,978,992**	**(78,514)**	**135,715**	**10,301**	**10,355,990**

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

Issued Share Capital

As at 30 June 2018, the Company's issued and fully paid-up capital (excluding treasury shares) comprises 4,171,812,955 (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 01/04/2018	4,219,904,498
Treasury shares transferred pursuant to payment of directors' fees	162,457
Purchase of treasury shares	(48,254,000)
As at 30/06/2018	**4,171,812,955**

CapitaLand Share Plans

Performance Share Plan

As at 30 June 2018, the number of shares comprised in contingent awards granted under the performance share plan ("PSP") which has not been released was 9,997,008 (30 June 2017: 10,991,900).

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 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, is 10,434,165 (30 June 2017: 11,346,740) and 14,102,230 (30 June 2017: 12,447,468) respectively, of which 2,105,481 (30 June 2017: 2,645,327) shares out of the former and 2,959,163 (30 June 2017: 2,007,084) 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 June 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 June 2017: 501,146,563) representing a 12.0% increase over the total number of issued shares (excluding treasury shares) of the Company as at 30 June 2018.

1(d)(iii) Treasury Shares

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

	No of Shares
As at 01/04/2018	54,479,248
Treasury shares transferred pursuant to payment of directors' fees	(162,457)
Purchase of treasury shares	48,254,000
As at 30/06/2018	**102,570,791**

As at 30 June 2018, the Company held 102,570,791 treasury shares which represents 2.5% 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 June	
Cost of sales	6,341
Share of results of associates (net of tax)	(641)
Share of results of joint ventures (net of tax)	2,619
Non-controlling interests	(1,442)
Profit attributable to owners of the Company	**6,877**

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 2018	**2Q 2017 (restated)**	**1H 2018**	**1H 2017 (restated)**
6(a)	EPS based on weighted average number of ordinary shares in issue (in cents)	14.4	13.7	21.9	22.9
	Weighted average number of ordinary shares (in million)	4,193.6	4,247.2	4,217.6	4,243.9
6(b)	EPS based on fully diluted basis (in cents)	13.2	12.5	20.2	21.2
	Weighted average number of ordinary shares (in million)	4,740.2	4,804.2	4,764.2	4,742.5

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	
	30/06/2018	**31/12/2017 (Restated)**	**30/06/2018**	**31/12/2017**
Net asset value per share	$4.52	$4.34	$2.43	$2.52
Net tangible assets per share	$4.39	$4.20	$2.43	$2.52

8 Review of the Group's performance

Group Overview

S$M	2Q 2018[1]	2Q 2017 (Restated)	Better/ (Worse) (%)	1H 2018[1]	1H 2017 (Restated)	Better/ (Worse) (%)
Revenue	1,342.4	992.4	35.3	2,718.0	1,889.9	43.8
Earnings before Interest and Tax ("EBIT")	1,351.8	989.4	36.6	2,071.6	1,614.8	28.3
Finance costs	(156.6)	(104.5)	(49.9)	(305.1)	(208.4)	(46.4)
Profit Before Taxation	1,195.2	884.9	35.1	1,766.5	1,406.4	25.6
Total PATMI	605.5	580.1	4.4	924.6	972.9	(5.0)
Comprising:						
Operating PATMI[2]	196.0	207.6	(5.6)	424.7	551.4	(23.0)
Portfolio gains[3]	49.3	97.6	(49.5)	82.3	115.3	(28.6)
Revaluation gains and impairments	360.2	274.9	31.0	417.6	306.2	36.4

(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 $259.4 million and $280.5 million for 2Q 2018 respectively and $524.2 million and $414.7 million for 1H 2018 respectively, but no change to profit attributable to owners.

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

2Q 2018 vs 2Q 2017 (Restated)

For the quarter under review, the Group achieved a revenue of $1,342.4 million and a PATMI of $605.5 million.

Revenue

The Group's revenue for the quarter increased by 35.3% to $1,342.4 million on the back of higher handover of residential units in China, 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 3Q 2017. The increase was partially offset by lower contributions from development projects in Singapore. The development projects which contributed to the revenue this quarter were Century Park West in Chengdu, New Horizon in Shanghai, as well as Sky Habitat in Singapore.

Collectively, the two core markets of Singapore and China accounted for 74.8% (2Q 2017: 74.5%) of the Group's revenue.

EBIT

The Group achieved an EBIT of $1,351.8 million in 2Q 2018 (2Q 2017: $989.4 million), an increase of $362.4 million or 36.6% largely attributable to higher contributions from newly acquired/opened properties and consolidation of the three REITS with effect from August 2017, as well as higher fair value gains from revaluation of investment properties.

In terms of revaluation of investment properties, the Group recorded a net fair value gain of $620.1 million in 2Q 2018 (2Q 2017: $422.9 million). The gain comprised $383.7 million (2Q 2017: $176.4 million) recorded by our subsidiary projects and was recognised in other operating income while $236.4 million (2Q 2017: $246.5 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 Singapore, China and Europe.

At EBIT level, the portfolio gains in 2Q 2018 of $133.8 million (2Q 2017: $127.8 million) arose mainly from divestments of Sembawang Shopping Centre in Singapore and Somerset International Building, Tianjin in China.

Singapore and China markets remain the key contributors to EBIT, accounting for 89.8% of total EBIT (2Q 2017: 87.9%).

EBIT Contribution by Asset Class

For 2Q 2018, contribution from residential and commercial strata business constituted 7.1% (2Q 2017:13.1%) of the total EBIT, while investment properties comprising commercial, retail and serviced residence businesses which is recurring in nature, accounted for 92.9% of total EBIT (2Q 2017: 86.9%).

EBIT from residential and commercial strata business was lower mainly due to lower contribution from development projects in China and Singapore, partially mitigated by higher handover of units from Vietnam.

EBIT from investment properties was higher in 2Q 2018, underpinned by contributions from newly acquired/opened properties in Singapore, China and Germany, consolidation of the three trusts from August 2017, higher fair value gains from revaluation of investment properties as well as higher portfolio gains.

PATMI

Overall, the Group achieved a PATMI of $605.5 million in 2Q 2018, 4.4% higher as compared to 2Q 2017 mainly due higher revaluation gains registered by our portfolio of investment properties and contributions from newly acquired/opened investment properties in Singapore, China and Germany, partially offset by lower portfolio gains and contribution from residential business.

1H 2018 vs 1H 2017 (Restated)

Revenue

Revenue for 1H 2018 increased by 43.8% to $2,718.0 million on account of higher contribution from development projects in China, rental revenue from newly acquired/opened properties, as well as the consolidation of revenue from CMT, CRCT and RCST with effect from 3Q 2017. The increase was partially offset by lower contribution from developments in Singapore. The development projects which contributed to the revenue this year were Century Park West in Chengdu, New Horizon in Shanghai, The Metropolis in Kunshan, Victoria Park Villas and Sky Habitat in Singapore.

Collectively, the two core markets of Singapore and China accounted for 77.7% (2Q 2017: 75.3%) of the Group's revenue.

EBIT

The Group achieved an EBIT of $2,071.6 million in 1H 2018 (1H 2017: $1,614.8 million), an increase of 28.3% or $456.8 million over the corresponding period. The increase was largely attributable to higher operating contributions from retail and commercial businesses, higher revaluation and portfolio gains, as well as writeback of provision for foreseeable losses. The increase was partially offset by lower contributions from our development projects in Singapore and China, as well as absence of the gain from the sale of The Nassim.

In terms of revaluation of investment properties, the Group recorded a net fair value gain of $669.4 million in 1H 2018 (1H 2017: $460.0 million). The higher revaluation gain 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 in 1H 2018 of $173.6 million (1H 2017: $145.5 million) arose mainly from divestments of Sembawang Shopping Centre in Singapore, Somerset International Building, Tianjin in China and a property investment in Vietnam.

During the year, the Group has also assessed and written back provision for foreseeable losses 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 87.7% of total EBIT (1H 2017: 86.5%).

EBIT Contribution by Asset Class

For 1H 2018, contribution from residential and commercial strata business constituted 11.4% (1H 2017: 26.2%) of the total EBIT while investment properties comprising commercial, retail and serviced residence businesses which is recurring in nature, accounted for 88.6% of total EBIT (1H 2017: 73.8%).

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 1H 2017 and lower contributions from development projects in China, partially mitigated by write back of provision for foreseeable losses in 1H 2018.

EBIT from investment properties was higher mainly due to higher fair value gains from revaluation of investment properties and portfolio gains from divestments of investments in Singapore, China and Vietnam. In addition, EBIT from commercial and retail businesses was boosted by contributions from newly acquired/opened properties in Singapore, China and Germany, as well as consolidation of the three retail trusts with effect from August 2017.

Finance Costs

Finance costs for 1H 2018 were higher compared to the corresponding period last year mainly due to the consolidation of the finance costs for the three trusts amounting to $75.6 million in 1H 2018. However, the Group's average cost of borrowings for 1H 2018 was lower at 3.1% (1H 2017: 3.2%).

PATMI

Overall, the Group achieved a PATMI of $924.6 million in 1H 2018, 5.0% lower as compared to 1H 2017 mainly due to absence of the gain from the sale of The Nassim recorded in 1H 2017 and lower portfolio gains, partially mitigated by higher revaluation gains, as well as a net writeback of provision for foreseeable losses during the year.

Excluding the gain from the sale of The Nassim, operating PATMI for 1H 2018 increased by 8.8% or $34.2 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 Serviced Residences.

CL SMI

S$M	2Q 2018	2Q 2017 (Restated)	Better/ (Worse) (%)	1H 2018	1H 2017 (Restated)	Better/ (Worse) (%)
Revenue	486.8	381.5	27.6	1,088.8	667.8	63.0
EBIT	722.2	456.9	58.0	1,061.1	811.3	30.8

Revenue for 2Q 2018 and 1H 2018 were higher than the same period last year mainly attributable to the consolidation of CMT and RCST with effect from August 2017. Excluding the effect of this, revenue would have been lower against the same period last year due to lower residential revenue as projects are progressively fully sold.

EBIT for 2Q 2018 and 1H 2018 were higher against last year due to gain from sale of Sembawang Shopping Centre and higher fair value gain from revaluation of investment properties, as well as the effect of consolidation of CMT and RCST. The increase was partly offset by lower contribution from Singapore residential projects and absence of a gain from sale of The Nassim in January 2017.

In 2Q 2018, CL Singapore sold 37 residential units (2Q 2017: 103 units), bringing the total number of residential units sold in 1H 2018 to 77 units (1H 2017: 187 units) with a sales value of $286 million (1H 2017: $793 million).

CL China

S$M	2Q 2018	2Q 2017 (Restated)	Better/ (Worse) (%)	1H 2018	1H 2017 (Restated)	Better/ (Worse) (%)
Revenue	588.0	419.5	40.2	1,151.5	867.6	32.7
EBIT	526.6	443.0	18.9	809.9	637.8	27.0

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

Revenue for 2Q 2018 and 1H 2018 was higher than previous corresponding period, mainly due to higher contribution from subsidiary projects and consolidation of CRCT from August 2017.

In 2Q 2018, CL China handed over 1,486 units to home buyers (2Q 2017: 1,108 units). The units handed over during the quarter were mainly from the completion of a phase from Century Park West in Chengdu, New Horizon in Shanghai and Citta Di Mare in Guangzhou. Including 1,328 units handed over in 1Q 2018, CL China delivered a total of 2,814 units in 1H 2018 (1H 2017: 2,323 units).

EBIT for 2Q 2018 and 1H 2018 increased mainly due to higher fair value gains from the revaluation of investment properties and consolidation of CRCT, partially offset by lower portfolio gains as CL China recognised a net gain of $84 million from the divestment of Innov Tower in June 2017.

In 2Q 2018, CL China sold 746 units with a sales value of RMB 3.2 billion or approximately $0.7 billion (2Q 2017: 3,159 units; RMB 4.7 billion). Launches of projects were deferred this year in view of the tighter government measures which has resulted in lower sales. For the six months ended June 2018, 1,744 units were sold at a value of RMB 4.9 billion or approximately $1.0 billion (1H 2017: 5,308 units; RMB 8.7 billion). The current year sales were mainly from Raffles City Residences in Chongqing, La Botanica in Xian, The Metropolis in Kunshan, Vermont Hills in Beijing and Citta Di Mare in Guangzhou.

During the quarter, CL China also entered into an agreement to acquire entity interest in Chongqing Zhonghua Real Estate Co., Ltd. ("CQZRE") for a cash consideration of RMB 2.2 billion (approximately $459 million). CQZRE owns a prime mixed-use site located in Xinpaifang in Liangjiang New Area of Chongqing, China, which comprises two greenfield sites for residential and retail development, as well as brownfield sites with residential units, office and retail space that are completed or would soon be completed. The acquisition will add 2,100 units to our residential pipeline.

CL Vietnam

S$M	2Q 2018	2Q 2017 (Restated)	Better/ (Worse) (%)	1H 2018	1H 2017 (Restated)	Better/ (Worse) (%)
Revenue	21.7	21.9	(1.1)	42.2	44.7	(5.6)
EBIT	24.6	5.6	339.5	71.0	13.9	408.9

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

Revenue for 2Q 2018 and 1H 2018 was lower than corresponding periods due to fewer units from subsidiaries' projects handed over this year. (1H 2018: 38 units vs 1H 2017: 55 units).

In 1H 2018, CL Vietnam handed over 724 units to home buyers (1H 2017: 472 units), comprising 259 units in 1Q 2018 (1Q 2017: 116 units) and 465 units in 2Q 2018 (2Q 2017: 356 units). The units handed over were mainly from joint venture projects, namely Vista Verde and Season Avenue.

EBIT for 2Q 2018 and 1H 2018 was higher mainly due to higher contributions from joint venture projects and higher fair value gains from revaluation of investment properties. In addition, EBIT for 1H 2018 was further boosted by gain arising from the divestment of a property investment in Vietnam.

In 2Q 2018, CL Vietnam sold 524 residential units with a sales value of S$185.6 million (2Q 2017: 340 units; $83.6 million). For first six month ended 30 Jun 2018, 619 residential units were sold with a sales value of $208.6 million (1H 2017: 656 units; $202.3 million). The sales were mainly from D2eight, De La Sol and Mulberry Lane.

CL International

S$M	2Q 2018	2Q 2017 (Restated)	Better/ (Worse) (%)	1H 2018	1H 2017 (Restated)	Better/ (Worse) (%)
Revenue	269.5	184.5	46.1	467.7	327.7	42.7
EBIT	84.8	87.3	(2.9)	129.2	153.7	(15.9)

Revenue for 2Q 2018 and 1H 2018 was higher mainly due to contribution from Synergy Global Housing acquired in July 2017, two newly acquired office properties in Germany, as well as higher rental income from office and retail properties in Japan.

EBIT for 2Q 2018 was lower mainly due to foreign exchange loss recognised in 2Q 2018 in contrast to a foreign exchange gain in 2Q 2017 and absence of portfolio gains from the divestment of 18 rental housing properties in Japan in 2Q 2017, partially mitigated by higher contributions from newly acquired properties.

EBIT for 1H 2018 was lower mainly due to absence of fair value gains arising from divestment of two serviced residence properties in Germany as well as a foreign exchange loss recognised in 1H 2018 in contrast to a foreign exchange gain in 1H 2017. Excluding the above mentioned, operating performance for 1H 2018 improved on account of contribution from newly acquired properties in 2017 and 2018.

Corporate and Others

S$M	2Q 2018	2Q 2017 (Restated)	Better/ (Worse) (%)	1H 2018	1H 2017 (Restated)	Better/ (Worse) (%)
Revenue	(23.5)	(15.0)	(57.1)	(32.2)	(17.8)	(81.0)
EBIT	(6.3)	(3.4)	(85.5)	0.5	(1.9)	NM

Corporate and Others include Corporate office and group eliminations.

EBIT for 2Q 2018 was lower as compared to the corresponding period mainly due to timing difference in corporate costs recovery. EBIT for 1H 2018 was higher mainly due to higher interest income from the placement of surplus funds with financial institutions.

9 Variance from Prospect Statement

The 2Q 2018 operating performance was broadly in line with the prospect statement made when the first 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

Singapore

Singapore's residential market saw a price recovery for the first half of 2018. On 6 July 2018, the Singapore government announced new property cooling measures. Buyers of residential properties are affected by increased Additional Buyers' Stamp Duty rates and tightened loan-to-value limits. Consequently, the Group expects residential sales to moderate in the second half of this year. The Group will continue to take a disciplined approach towards building its residential pipeline in Singapore.

According to CBRE, Singapore's office market saw core Central Business District occupancy of 94.1% in 2Q 2018, unchanged from 1Q 2018. Monthly Grade A office market rent rose by 4.1% quarter-on-quarter and CBRE expects sustained growth in the office market rents through 2019. This is mainly attributed to limited new supply in Singapore's CBD.

Singapore's retail conditions remained stable. According to Singapore's Department of Statistics, retail sales (excluding motor vehicles) for May 2018 were up by 2.2% on a year-on-year basis. 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 continues to be cautiously optimistic about its retail performance.

The Group will stay proactive in enhancing our existing retail and commercial portfolio in Singapore through portfolio reconstitution as well as asset enhancement initiatives to ensure our properties stay well-maintained and relevant.

China

Escalating trade tensions between the US and China in 2Q 2018 sent jitters across the global economy. To mitigate against the prospect of a further escalation in trade tensions, China has begun to adjust its domestic policies, such as by injecting funds and relaxing loan conditions to support businesses. Domestic consumption and growth in the non-manufacturing sector will likely stay robust, as the Chinese government remains committed to rebalancing its economy.

The property cooling measures implemented by the Chinese government in Tier 1 and Tier 2 cities are expected to restrict growth in home prices. The Group expects to have over 4,000 launch-ready units for the rest of 2018. As at 30 June 2018, the Group had approximately 8,000 units valued at RMB 16.2 billion which had been sold but not yet handed over. More than half of the units are expected to be handed over in the second half of the year. The Group has invested in a 32-hectare prime mixed-use site in Chongqing in June 2018, which would yield over 2,100 units when completed. This will further build up our residential pipeline in China.

The Group's portfolio of shopping malls in China recorded moderate growth in same-mall sales during the second quarter of 2018. To further enhance its retail scale and network, the Group will focus on selective acquisitions of dominant integrated developments and malls in core city clusters. In the second half of 2018, the Group expects to open CapitaMall LuOne shopping mall in Shanghai and CapitaMall Tiangongyuan in Beijing.

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. As at 30 June 2018, 93% of the launched units in Vietnam have been sold and the Group expects the take up rate for units to remain healthy. Of the 2,680 yet-to-be-completed units (approximately S$811 million in total value) that have been sold, more than 30% of the units are expected to be handed over and recognised in 2018.

The Group will continue to strengthen its presence in Vietnam via the gateway cities of Hanoi and Ho Chi Minh City, primarily through investment in its residential business. At the same time, the Group also plans to expand its commercial footprint in both gateway cities, which are currently underserved in terms of Grade A offices 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 through its lodging platform.

International

In addition to CapitaLand's core markets of SMI, China and Vietnam, the Group seeks to deploy capital to developed markets to diversify its portfolio and achieve higher risk-adjusted returns.

The Group will focus on value-add and growth sectors, management platforms as well as portfolio opportunities in key gateway cities such as Germany, United Kingdom, United States, Japan and Australia. For example, the Group invested in Gallileo, a Grade-A office building in Frankfurt CBD in May 2018. This marks the Group's second office acquisition in Germany within six months. The Group will continue its disciplined approach to identify attractive investments.

Operating Platforms

The Group will continue to scale its operating platforms across the retail, commercial and lodging sectors to optimise the value of its investment portfolio, as well as to grow the Group's fee income.

The Group's expansion strategy for our retail operating platform continued to gather momentum during the second quarter of 2018. Two new management contracts were secured with third-parties in Guangzhou and Chengdu during 2Q 2018, bringing the total number of third-party management contracts to ten. The growth momentum attests to the scalability and the value of CapitaLand's best-in-class retail operating platform. The Group will proactively seek opportunities to expand our retail operating platform, strengthen our leasing synergies, and increase our reach in selected high-growth retail markets.

The Group's lodging platform is on course to scale up to 160,000 units worldwide by Year 2023 and anticipates to surpass its 2020 target of managing 80,000 units this year. In 2Q 2018, Ascott entered into a joint venture with one of China's leading hotel operators, Huazhu Hotels Group and its affiliates, to accelerate its expansion of the Citadines brand in China, which will focus on the first-tier Chinese cities of Shanghai, Beijing and Shenzhen for the initial years. Post second quarter, Ascott also entered into a strategic alliance with a leading Philippine real estate developer, Cebu Landmasters Inc. to manage 1,600 units in the country by 2022. In total, Ascott has added 5,384 units to the lodging portfolio in the first half of 2018. The lodging platform will continue to stay focused and expand its footprint globally through management contracts, franchises, as well as strategic partnerships across the Group's various brands.

11 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.

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

Not applicable.

13 Interested Person Transactions

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

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

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

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

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial statements of the Group and the Company (comprising the balance sheet, consolidated income statement, statement of comprehensive income, statement of changes in equity and consolidated statement of cash flows, together with their accompanying notes) as at 30 June 2018 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	**Lim Ming Yan**
Chairman	Director

16 Segmental Revenue and Results

16(a)(i) By Geography – 2Q 2018 vs 2Q 2017(Restated)

	Revenue			Earnings before interest & tax		
	2Q 2018 S$'000	2Q 2017 S$'000	Better/ (Worse) (%)	2Q 2018 S$'000	2Q 2017 (Restated)(1) S$'000	Better/ (Worse) (%)
CL SMI	486,760	381,502	27.6	722,181	456,936	58.0
CL China	588,021	419,451	40.2	526,568	442,991	18.9
CL Vietnam	21,669	21,913	(1.1)	24,561	5,588	339.5
CL International	269,538	184,526	46.1	84,784	87,290	(2.9)
Corporate and Others (2)	(23,547)	(14,984)	(57.1)	(6,277)	(3,384)	(85.5)
Total	**1,342,441**	**992,408**	**35.3**	**1,351,817**	**989,421**	**36.6**

16(a)(ii) By Geography – 1H 2018 vs 1H 2017(Restated)

	Revenue			Earnings before interest & tax		
	1H 2018 S$'000	1H 2017 S$'000	Better/ (Worse) (%)	1H 2018 S$'000	1H 2017 (Restated)(1) S$'000	Better/ (Worse) (%)
CL SMI	1,088,819	667,803	63.0	1,061,084	811,306	30.8
CL China	1,151,466	867,581	32.7	809,889	637,779	27.0
CL Vietnam	42,188	44,671	(5.6)	70,968	13,945	408.9
CL International	467,673	327,677	42.7	129,173	153,656	(15.9)
Corporate and Others(2)	(32,194)	(17,790)	(81.0)	492	(1,913)	NM
Total	**2,717,952**	**1,889,942**	**43.8**	**2,071,606**	**1,614,773**	**28.3**

16(b)(i) By Assets Class – 2Q 2018 vs 2Q 2017(Restated)

	Revenue			Earnings before interest & tax		
	2Q 2018 S$'000	2Q 2017 S$'000	Better/ (Worse) (%)	2Q 2018 S$'000	2Q 2017 (Restated)(1) S$'000	Better/ (Worse) (%)
Residential and Commercial Strata	487,008	508,080	(4.1)	95,514	129,369	(26.2)
Retail	424,570	155,402	173.2	675,618	235,038	187.5
Commercial	147,726	107,055	38.0	496,440	528,355	(6.0)
Serviced Residences	309,531	233,169	32.7	97,429	100,481	(3.0)
Corporate and Others(3)	(26,394)	(11,298)	(133.6)	(13,184)	(3,822)	(244.9)
Total	**1,342,441**	**992,408**	**35.3**	**1,351,817**	**989,421**	**36.6**

Notes:
(1) 1H 2017 and 2Q 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 – 1H 2018 vs 1H 2017(Restated)

	Revenue			Earnings before interest & tax		
	1H 2018 S$'000	**1H 2017 S$'000**	**Better/ (Worse) (%)**	**1H 2018 S$'000**	**1H 2017 (Restated)[1] S$'000**	**Better/ (Worse) (%)**
Residential and Commercial Strata	1,057,948	948,860	11.5	235,661	422,477	(44.2)
Retail	821,765	301,915	172.2	1,041,519	394,142	164.2
Commercial	312,116	221,092	41.2	663,274	628,802	5.5
Serviced Residences	552,079	426,595	29.4	141,912	171,328	(17.2)
Corporate and Others[2]	(25,956)	(8,520)	(204.6)	(10,760)	(1,976)	(444.5)
Total	**2,717,952**	**1,889,942**	**43.8**	**2,071,606**	**1,614,773**	**28.3**

Notes:
(1) 1H 2017 and 2Q 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.

BY ORDER OF THE BOARD

Michelle Koh
Company Secretary
8 August 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.