CAPITALAND LIMITED

(Registration Number : 198900036N)

2017 SECOND QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT

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CapitaLand

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2017 SECOND QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT

1(a)(i) Income Statement

		Group					
		2Q 2017	2Q 2016	Better/ (Worse)	1H 2017	1H 2016	Better/ (Worse)
	Note	S$'000	S$'000	%	S$'000	S$'000	%
Revenue	A	**992,408**	**1,131,652**	**(12.3)**	**1,889,942**	**2,025,827**	**(6.7)**
Cost of sales	B	(615,650)	(827,986)	25.6	(1,179,398)	(1,442,775)	18.3
Gross profit		376,758	303,666	24.1	710,544	583,052	21.9
Other operating income	C	369,402	188,150	96.3	576,715	294,089	96.1
Administrative expenses	D	(92,349)	(92,772)	0.5	(181,575)	(184,851)	1.8
Other operating expenses		(5,519)	(6,083)	9.3	(7,661)	(6,221)	(23.1)
Profit from operations		648,292	392,961	65.0	1,098,023	686,069	60.0
Finance costs		(104,472)	(113,713)	8.1	(208,367)	(232,512)	10.4
Share of results (net of tax) of:	E						
- associates		241,828	121,494	99.0	319,355	244,089	30.8
- joint ventures		97,715	76,646	27.5	189,076	119,178	58.7
		339,543	198,140	71.4	508,431	363,267	40.0
Profit before taxation		883,363	477,388	85.0	1,398,087	816,824	71.2
Taxation	F	(72,566)	(82,063)	11.6	(128,207)	(133,648)	4.1
Profit for the period		810,797	395,325	105.1	1,269,880	683,176	85.9
Attributable to:							
Owners of the Company ("PATMI")		**579,302**	**294,049**	**97.0**	**966,066**	**512,315**	**88.6**
Non-controlling interests ("NCI")		231,495	101,276	(128.6)	303,814	170,861	(77.8)
Profit for the period		810,797	395,325	105.1	1,269,880	683,176	85.9

1(a)(ii) Explanatory Notes to Income Statement – 2Q 2017 vs 2Q 2016

(A) Revenue

The lower revenue in 2Q 2017 was mainly attributable to lower contribution from development projects in Singapore, partially mitigated by higher contribution from development projects in China as well as rental revenue from newly acquired/opened properties. (Please see item 8 for details).

(B) Cost of Sales

The cost of sales decreased in line with lower revenue from development projects in Singapore and absence of provision for foreseeable losses of $18.6 million in 2Q 2016.

(C) Other Operating Income

		Group		
		2Q 2017 S$'000	2Q 2016 S$'000	Better/ (Worse) (%)
Other Operating Income		**369,402**	**188,150**	**96.3**
Investment income		829	790	4.9
Interest income	(i)	13,406	11,368	17.9
Other income (including portfolio gains)	(ii)	130,556	31,859	309.8
Fair value gains of investment properties	(iii)	176,430	132,712	32.9
Foreign exchange gain	(iv)	21,716	11,421	90.1
Gain from bargain purchase	(v)	26,465	-	NM

NM: Not meaningful

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

(ii) Other income in 2Q 2017 included portfolio gains of $123.1 million which arose mainly from the divestments of Innov Tower in China and 18 rental housing properties in Japan (Zenith Residences).

Other income for 2Q 2016 included portfolio gains of $19.3 million mainly from the divestment of Somerset ZhongGuanCun Beijing.

(iii) The net fair value gains in respect of the Group's portfolio of investment properties held through subsidiaries increased in 2Q 2017 due to higher gains recorded for properties in Singapore, partially offset by lower gains registered for properties in China, Europe and Malaysia.

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 (E)).

(iv) The foreign exchange gain in 2Q 2017 arose mainly from the settlement of GBP bank loans as well as revaluation of EUR receivables as SGD depreciated against EUR during the quarter.

The foreign exchange gain in 2Q 2016 arose mainly from the revaluation of RMB and USD payables as the SGD has appreciated against both RMB and USD in 2Q 2016.

(v) Gain from bargain purchase in 2Q 2017 arose from the acquisitions of two serviced residences in China.

(D) Administrative Expenses

	Group		
	2Q 2017	2Q 2016	Better/ (Worse)
	S$'000	S$'000	(%)
Administrative Expenses	**(92,349)**	**(92,772)**	**0.5**
Included in Administrative Expenses:-			
Depreciation and amortisation	(17,715)	(16,384)	(8.1)
Allowance for doubtful receivables and bad debts written off	(744)	(262)	(184.0)

Administrative expenses comprised staff costs, depreciation, operating lease expenses and other miscellaneous expenses. The expenses were lower this quarter mainly due to lower staff and related costs, partially offset by higher depreciation and amortisation expenses.

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

The increase in share of results from associates in 2Q 2017 was mainly due to higher net fair value gains from revaluation of investment properties in Singapore and China, partially offset by share of divestment loss from Ascott China Fund as well as absence of project cost savings from d'Leedon in 2Q 2016.

The higher share of results from joint ventures in 2Q 2017 was mainly due to higher net fair value gains from revaluation of investment properties in Singapore.

(F) 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 decrease in tax expense during the quarter was mainly due to lower taxes being provided as the revaluation gains of investment properties in China and Europe were lower this quarter. Included in 2Q 2017's tax expense was a writeback of tax provision of $2.9 million in respect of prior years (2Q 2016: writeback of tax provision of $3.9 million in respect of prior years).

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

The gains/(losses) from the sale of investments are as follows:

2Q 2017	**PATMI (S$M)**
Innov Tower, China	83.8
Zenith Residences, Japan	8.3
Others	5.5
Total Group's share of gain after tax & NCI for 2Q 2017	**97.6**

2Q 2016	
Somerset ZhongGuanCun Beijing	10.0
Citadines Hitec City Aparthotel Private Limited, India	(4.3)
Others	0.3
Total Group's share of gain after tax & NCI for 2Q 2016	**6.0**

1(a)(iii) Statement of Comprehensive Income

	Group					
	2Q 2017 S$'000	2Q 2016 S$'000	Change %	1H 2017 S$'000	1H 2016 S$'000	Change %
Profit for the period	810,797	395,325	105.1	1,269,880	683,176	85.9
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]	(130,635)	(514,722)	(74.6)	(322,871)	(778,465)	(58.5)
Change in fair value of available-for-sale investments	1,488	10,590	(85.9)	4,463	13,882	(67.9)
Effective portion of change in fair value of cash flow hedges [2]	(26,895)	12,726	NM	(81,112)	(83,480)	(2.8)
Share of other comprehensive income of associates and joint ventures [3]	(26,933)	(295,287)	(90.9)	(125,829)	(547,574)	(77.0)
Total other comprehensive income, net of tax	(182,975)	(786,693)	(76.7)	(525,349)	(1,395,637)	(62.4)
Total comprehensive income	627,822	(391,368)	NM	744,531	(712,461)	NM
Attributable to:						
Owners of the Company	**415,507**	**(415,508)**	**NM**	**495,066**	**(721,189)**	**NM**
Non-controlling interests	212,315	24,140	779.5	249,465	8,728	NM
Total comprehensive income	627,822	(391,368)	NM	744,531	(712,461)	NM

Notes:

1. *2Q 2017's exchange differences arose mainly from the appreciation of SGD against RMB and USD by 1.0% and 1.4% respectively.*

   1H 2017's exchange differences arose mainly from the appreciation of SGD against RMB and USD by 2.4% and 2.9% respectively.

2. *The effective portion of change in fair value of cash flow hedges for 2Q 2017 and 1H 2017 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 purpose.*

3. *The share of other comprehensive income of associates and joint ventures relate mainly to share of foreign currency translation reserve. 2Q 2017's share of exchange difference arose mainly from the appreciation of SGD against RMB by 1.0%, partially mitigated by the depreciation of USD against RMB by 0.4%.*

   1H 2017's share of exchange difference arose mainly from the appreciation of SGD against RMB by 2.4%, partially mitigated by the depreciation of USD against RMB by 0.6%.

1(b)(i) Balance Sheet

	Group			Company		
	30/06/2017 S$'000	31/12/2016 S$'000	Change %	30/06/2017 S$'000	31/12/2016 S$'000	Change %
Non-current assets						
Property, plant & equipment	853,902	781,431	9.3	32,127	29,146	10.2
Intangible assets	439,904	441,835	(0.4)	147	147	-
Investment properties(1)	18,639,669	18,998,389	(1.9)	-	-	-
Subsidiaries	-	-	-	12,833,543	12,246,583	4.8
Associates & joint ventures (2)	13,114,340	12,617,257	3.9	-	-	-
Other non-current assets	1,088,251	1,136,604	(4.3)	397	397	-
	34,136,066	**33,975,516**	**0.5**	**12,866,214**	**12,276,273**	**4.8**
Current assets						
Development properties for sale and stocks	*4,759,542*	*4,837,081*	*(1.6)*	-	-	-
Trade & other receivables (3)	*1,543,559*	*1,858,809*	*(17.0)*	*356,470*	*1,113,211*	*(68.0)*
Other current assets	*2,075*	*2,134*	*(2.8)*	-	-	-
Assets held for sale (4)	*327,943*	*274,602*	*19.4*	-	-	-
Cash & cash equivalents (5)	*4,822,367*	*4,792,629*	*0.6*	*15,507*	*7,791*	*99.0*
	11,455,486	**11,765,255**	**(2.6)**	**371,977**	**1,121,002**	**(66.8)**
Less: Current liabilities						
Trade & other payables	*4,674,650*	*4,685,037*	*(0.2)*	*242,684*	*127,793*	*89.9*
Short-term borrowings (6)	*1,267,617*	*2,373,428*	*(46.6)*	-	*683,312*	*(100.0)*
Current tax payable	*488,873*	*650,669*	*(24.9)*	*2,599*	*2,602*	*(0.1)*
Liabilities held for sale (4)	*29,611*	*19,263*	*53.7*	-	-	-
	6,460,751	**7,728,397**	**(16.4)**	**245,283**	**813,707**	**(69.9)**
Net current assets	**4,994,735**	**4,036,858**	**23.7**	**126,694**	**307,295**	**(58.8)**
Less: Non-current liabilities						
Long-term borrowings(6)	13,171,725	12,478,948	5.6	2,626,503	2,045,746	28.4
Other non-current liabilities	1,207,691	1,232,951	(2.0)	10,415	13,964	(25.4)
	14,379,416	**13,711,899**	**4.9**	**2,636,918**	**2,059,710**	**28.0**
Net assets	**24,751,385**	**24,300,475**	**1.9**	**10,355,990**	**10,523,858**	**(1.6)**
Representing:						
Share capital	6,309,496	6,309,496	-	6,309,496	6,309,496	-
Revenue reserves	11,589,894	11,029,084	5.1	3,978,992	4,159,919	(4.3)
Other reserves(7)	(223,498)	266,265	NM	67,502	54,443	24.0
Equity attributable to owners of the Company	17,675,892	17,604,845	0.4	10,355,990	10,523,858	(1.6)
Non-controlling interests	7,075,493	6,695,630	5.7	-	-	-
Total equity	**24,751,385**	**24,300,475**	**1.9**	**10,355,990**	**10,523,858**	**(1.6)**

Notes:

1. *The decrease was mainly due to the divestment of two office buildings, namely One George Street in Singapore and Innov Tower in China, as well as the reclassification of three investment properties to assets held for sale (see note 4), partially mitigated by the acquisitions of a portfolio of four properties in Japan, an office building in China and fair value gains for the period.*

2. *The increase was mainly due to share of results during the year and the investment in a 50% joint venture, One George Street LLP.*

3. *The decrease was mainly due to reclassification of deposits to development properties for sale upon receipt of the land titles.*

4. *The increase was mainly due to the reclassification of an integrated development property in Singapore, Wilkie Edge and the Group's interests in two serviced residences in China, namely Citadines Biyun Shanghai and Citadines Gaoxin*

Xi'an to assets held for sale following the announcement of the divestments on 3 July 2017. The assets and liabilities of these properties were accordingly reclassified to assets held for sale and liabilities held for sale respectively as at 30 June 2017. The increase was partly offset by the completion of divestment of Group's interest in a residential project in Singapore, The Nassim.

5. *The cash balances as at 30 June 2017 included $1.57 billion held at CapitaLand Limited and its treasury vehicles (comprising CapitaLand Treasury Limited, CapitaMalls Asia Treasury Limited and The Ascott Capital Pte Ltd).*

6. *The decrease was mainly due to settlement of short-term borrowings in accordance with the repayment terms. The increase in long-term borrowings was mainly due to additional loans taken to fund the Group's investments and ongoing development expenditure for projects under construction.*

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

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

	Group	
	As at 30/06/2017 S$'000	**As at 31/12/2016 S$'000**
Amount repayable in one year or less, or on demand:-		
Secured	501,848	382,640
Unsecured	765,769	1,990,788
Sub-Total 1	**1,267,617**	**2,373,428**
Amount repayable after one year:-		
Secured	4,589,658	4,539,781
Unsecured	8,582,067	7,939,167
Sub-Total 2	**13,171,725**	**12,478,948**
Total Debt	**14,439,342**	**14,852,376**
Cash	**4,822,367**	**4,792,629**
Total Debt less Cash	**9,616,975**	**10,059,747**

As at 30 June 2017, CapitaLand Limited and its treasury vehicles collectively, have available undrawn facilities of approximately $3.2 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 2017 S$'000	2Q 2016 S$'000	1H 2017 $'000	1H 2016 $'000
Cash Flows from Operating Activities				
Profit after taxation	**810,797**	**395,325**	**1,269,880**	**683,176**
Adjustments for :				
Amortisation of intangible assets	1,268	733	1,886	1,206
Allowance/(Write back) for:				
- Foreseeable losses	-	18,623	-	18,612
- Doubtful receivables	2,728	(603)	2,819	(376)
- Impairment loss on financial assets	-	6,891	-	6,891
- Impairment on investment in associate and joint ventures	-	(17)	-	(7)
Gain from bargain purchase	(26,465)	-	(26,465)	-
Share-based expenses	12,197	11,311	17,793	15,945
Net change in fair value of financial instruments	(220)	(2,945)	(440)	(2,840)
Depreciation of property, plant and equipment	16,462	15,853	33,598	32,165
Gain on disposal and write-off of property, plant and equipment	(481)	(131)	(439)	(144)
Gain on disposal of investment properties	(17,983)	-	(17,983)	-
Net fair value loss/ (gain) from assets held for sale	26	2,060	(119)	2,240
Net fair value gain from investment properties	(176,456)	(134,772)	(208,981)	(213,629)
Gain on disposal/liquidation/dilution of equity investments and other financial assets	(104,308)	(18,897)	(263,419)	(13,734)
Share of results of associates and joint ventures	(339,543)	(198,140)	(508,431)	(363,267)
Interest expense	104,472	113,713	208,367	232,512
Interest income	(13,406)	(11,368)	(23,007)	(22,394)
Taxation	72,566	82,063	128,207	133,648
	(469,143)	**(115,626)**	**(656,614)**	**(173,172)**
Operating profit before working capital changes	**341,654**	**279,699**	**613,266**	**510,004**
Changes in working capital				
Trade and other receivables	(1,883)	40,152	(172,014)	16,649
Development properties for sale	226,722	108,674	301,168	132,885
Trade and other payables	154,055	400,970	8,561	589,923
Restricted bank deposits	(2,322)	70	(12,069)	4,215
	376,572	**549,866**	**125,646**	**743,672**
Cash generated from operations	**718,226**	**829,565**	**738,912**	**1,253,676**
Income tax paid	(132,669)	(228,644)	(247,382)	(260,235)
Net cash generated from Operating Activities	**585,557**	**600,921**	**491,530**	**993,441**
Cash Flows from Investing Activities				
Proceeds from disposal of property, plant and equipment	273	142	322	442
Purchase of property, plant and equipment	(92,315)	(21,678)	(102,713)	(43,762)
Advances from/ Repayment of loans by/ (to) associates and joint ventures	(123,629)	46,862	(87,914)	404,500
Repayment from investee companies and other receivables	-	22,194	-	22,194
Deposits placed for investments	(12,341)	(68,231)	(19,143)	(90,478)
Deposit received for disposal of a subsidiary	9,901	-	9,901	-
Acquisition/ Development expenditure of investment properties	(47,096)	(311,327)	(717,664)	(446,103)
Proceeds from disposal of investment properties	1,028,706	-	1,035,499	-
(Investment in)/ Proceed from disposal of other financial assets	(769)	1,618	(769)	1,871
Proceeds from disposal of assets held for sale	1,484	23,633	400,720	28,958
Dividends received from associates, joint ventures and other investments	105,375	144,265	171,548	225,650
Acquisition of subsidiaries, net of cash acquired	(381,490)	(7,512)	(389,079)	(15,271)
Disposal of subsidiaries, net of cash disposed of	354,233	99,072	312,266	127,780
Settlement of hedging instruments	(1,285)	8,202	(374)	9,342
Interest income received	9,562	9,368	16,181	17,706
Net cash generated/ (used in) from Investing Activities	**850,609**	**(53,392)**	**628,781**	**242,829**

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

	2Q 2017 S$'000	2Q 2016 S$'000	1H 2017 $'000	1H 2016 $'000
Cash Flows from Financing Activities				
Proceeds from issue of shares under share option plan	-	-	-	105
Purchase of treasury shares	-	(56,839)	-	(56,839)
Contributions from non-controlling interests	242,460	999	242,460	100,588
Repayment of shareholder loans from non-controlling interests	(953)	(9,149)	(2,949)	(14,254)
Payment for acquisition of ownership interests in subsidiaries with no change in control	(7,379)	(9,888)	(5,758)	(14,487)
Proceeds from bank borrowings	861,758	1,097,817	2,079,152	1,789,424
Repayments of bank borrowings	(1,367,833)	(905,180)	(2,019,963)	(2,571,130)
Proceeds from issue of debt securities	-	-	-	222,450
Repayments of debt securities	(114,500)	-	(514,500)	-
Repayments of finance lease payables	(807)	(738)	(1,519)	(1,469)
Dividends paid to non-controlling interests	(19,855)	(38,638)	(175,576)	(181,686)
Dividends paid to shareholders	(424,714)	(383,034)	(424,714)	(383,034)
Interest expense paid	(116,570)	(120,215)	(227,869)	(226,942)
Bank deposits (withdrawn)/deposited for bank facility	(22)	2,352	(815)	(620)
Net cash used in Financing Activities	**(948,415)**	**(422,513)**	**(1,052,051)**	**(1,337,894)**
Net increase/ (decrease) in cash and cash equivalents	**487,751**	**125,016**	**68,260**	**(101,624)**
Cash and cash equivalents at beginning of the period	4,329,184	3,876,742	4,777,752	4,153,302
Effect of exchange rate changes on cash balances held in foreign currencies	(22,329)	(97,217)	(51,406)	(147,137)
Cash and cash equivalents at end of the period	**4,794,606**	**3,904,541**	**4,794,606**	**3,904,541**
Restricted cash deposits	27,761	16,384	27,761	16,384
Cash and cash equivalents in the Balance Sheet	**4,822,367**	**3,920,925**	**4,822,367**	**3,920,925**

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

The cash and cash equivalents of about $4,822.4 million as at 30 June 2017 included $1,884.7 million in fixed deposits and $221.6 million in project accounts whose withdrawals are restricted to the payment of development projects expenditure.

<u>Cash flows analysis</u>
2Q 2017 vs 2Q 2016

In 2Q 2017, the Group generated a net cash from operating activities of $585.6 million as compared to $600.9 million for the corresponding quarter last year. The decrease was mainly due to lower collections from development projects in China, partially mitigated by lower tax paid during the period.

Net cash generated from investing activities for the quarter was $850.6 million. This comprised mainly proceeds from the sale of 50% stake in One George Street by CapitaLand Commercial Trust (CCT).

Net cash used in financing activities for 2Q 2017 was $948.4 million. This was due mainly to dividends paid to shareholders, interest expense paid and net repayment of borrowings, partially mitigated by contributions from non-controlling interests arising from the rights issue by Ascott Residence Trust.

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

For the period ended 30/06/2017 vs 30/06/2016 – 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 01/04/2017	**6,309,496**	**11,424,804**	**(45,662)**	**17,688,638**	**6,579,895**	**24,268,533**
Total comprehensive income						
Profit for the period		579,302		**579,302**	231,495	**810,797**
Other comprehensive income						
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations			(125,696)	**(125,696)**	(4,939)	**(130,635)**
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	-	-	(163,795)	**(163,795)**	(19,180)	**(182,975)**
Total comprehensive income	**-**	**579,302**	**(163,795)**	**415,507**	**212,315**	**627,822**
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**
Conversion of convertible bonds			(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**	**11,589,894**	**(223,498)**	**17,675,892**	**7,075,493**	**24,751,385**

** 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 30/06/2017 vs 30/06/2016 – 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 01/04/2016	**6,309,496**	**10,511,258**	**768,436**	**17,589,190**	**6,981,292**	**24,570,482**
Total comprehensive income						
Profit for the period		294,049		**294,049**	101,276	**395,325**
Other comprehensive income						
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations			(432,751)	**(432,751)**	(81,971)	**(514,722)**
Change in fair value of available-for-sale investments			3,842	**3,842**	6,748	**10,590**
Effective portion of change in fair value of cash flow hedges			11,281	**11,281**	1,445	**12,726**
Share of other comprehensive income of associates and joint ventures			(291,929)	**(291,929)**	(3,358)	**(295,287)**
Total other comprehensive income, net of income tax	-	-	(709,557)	**(709,557)**	(77,136)	**(786,693)**
Total comprehensive income	**-**	**294,049**	**(709,557)**	**(415,508)**	**24,140**	**(391,368)**
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Purchase of treasury shares			(56,839)	**(56,839)**	-	**(56,839)**
Issue of treasury shares			613	**613**	-	**613**
Contributions from non-controlling interests (net)				**-**	1,510	**1,510**
Dividends paid/payable		(383,034)		**(383,034)**	(23,143)	**(406,177)**
Distribution attributable to perpetual securities issued by a subsidiary		(2,093)		**(2,093)**	(7,534)	**(9,627)**
Share-based payments			10,424	**10,424**	76	**10,500**
Total contributions by and distributions to owners	-	(385,127)	(45,802)	**(430,929)**	(29,091)	**(460,020)**
Changes in ownership interests in subsidiaries and other capital transactions						
Changes in ownership interests in subsidiaries with change in control		14	(14)	**-**	-	**-**
Changes in ownership interests in subsidiaries with no change in control		(2,683)	561	**(2,122)**	(9,911)	**(12,033)**
Share of reserves of associates and joint ventures		1,429	(1,422)	**7**	-	**7**
Others		2,445	(1,996)	**449**	97	**546**
Total changes in ownership interests in subsidiaries and other capital transactions	-	1,205	(2,871)	**(1,666)**	(9,814)	**(11,480)**
Total transactions with owners	**-**	**(383,922)**	**(48,673)**	**(432,595)**	**(38,905)**	**(471,500)**
Balance as at 30/06/2016	**6,309,496**	**10,421,385**	**10,206**	**16,741,087**	**6,966,527**	**23,707,614**

** 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 30/06/2017 vs 30/06/2016 – 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 01/04/2017	**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**
Balance as at 01/04/2016	**6,309,496**	**3,864,257**	**(50,934)**	**162,277**	**30,190**	**10,315,286**
Total comprehensive income						
Profit for the period		453,369				**453,369**
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Purchase of treasury shares			(56,839)			**(56,839)**
Issue of treasury shares			613			**613**
Dividends paid		(383,034)				**(383,034)**
Share-based payments					2,977	**2,977**
Total transactions with owners	**-**	**(383,034)**	**(56,226)**	**-**	**2,977**	**(436,283)**
Balance as at 30/06/2016	**6,309,496**	**3,934,592**	**(107,160)**	**162,277**	**33,167**	**10,332,372**

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

Issued Share Capital

As at 30 June 2017, the Company's issued and fully paid-up capital (excluding treasury shares) comprises 4,247,292,358 (31 December 2016: 4,237,387,475) ordinary shares. Movements in the Company's issued and fully paid-up capital were as follows:

	No. of Shares
As at 01/04/2017	4,247,136,131
Treasury shares transferred pursuant to payment of directors' fees	156,227
As at 30/06/2017	**4,247,292,358**

CapitaLand Share Plans

Performance Share Plan

As at 30 June 2017, the number of shares comprised in contingent awards granted under the performance share plan ("PSP") which has not been released was 10,991,900 (30 June 2016: 11,198,342).

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 in 2014, the maximum is 170 percent of the baseline award. 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 2017, 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 11,346,740 (30 June 2016: 11,778,628) and 12,447,468 (30 June 2016: 9,612,461) respectively, of which 2,645,327 (30 June 2016: 2,184,768) shares out of the former and 2,007,084 (30 June 2016: 1,011,036) 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 2017:

Principal Amount $ million	Final Maturity Year	Conversion price $	Convertible into new ordinary shares
650.00	2020	4.9875	130,325,814
650.00	2025	4.9700	130,784,708
571.75	2022	11.5218	49,623,322
800.00	2023	4.2014	190,412,719

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 501,146,563 (30 June 2016: 541,741,484) representing a 11.8% increase over the total number of issued shares (excluding treasury shares) of the Company as at 30 June 2017.

1(d)(iii) Treasury Shares

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

	No of Shares
As at 01/04/2017	27,247,615
Treasury shares transferred pursuant to payment of directors' fees	(156,227)
As at 30/06/2017	27,091,388

As at 30 June 2017, the Company held 27,091,388 treasury shares which represents 0.6% 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 2016, except for the adoption of new/revised financial reporting standards (FRS) applicable for the financial period beginning 1 January 2017 as follows:

Amendments to FRS 7 *Statement of Cash Flows*
Amendments to FRS 12 *Income Taxes*
Amendments to FRS 112 *Disclosure of Interests in Other Entities*

The adoption of the above amendments to FRS did not have any significant financial impact on the financial position or performance of the Group.

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

Please refer to Item 4 above.

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

		Group			
		2Q 2017	**2Q 2016**	**1H 2017**	**1H 2016**
6(a)	EPS based on weighted average number of ordinary shares in issue (in cents)	13.6	6.9	22.8	12.1
	Weighted average number of ordinary shares (in million)	4,247.2	4,251.2	4,243.9	4,250.9
6(b)	EPS based on fully diluted basis (in cents)	12.5	6.5	21.0	11.4
	Weighted average number of ordinary shares (in million)	4,804.2	4,777.7	4,742.5	4,777.4

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	
	30/06/2017	**31/12/2016**	**30/06/2017**	**31/12/2016**
Net asset value per share	$4.16	$4.15	$2.44	$2.48
Net tangible assets per share	$4.06	$4.05	$2.44	$2.48

8 Review of the Group's performance

Group Overview

S$M	2Q 2017	2Q 2016	Better/ (Worse) (%)	1H 2017	1H 2016	Better/ (Worse) (%)
Revenue	992.4	1,131.7	(12.3)	1,889.9	2,025.8	(6.7)
Earnings before Interest and Tax ("EBIT")	987.8	591.1	67.1	1,606.5	1,049.3	53.1
Finance costs	(104.5)	(113.7)	8.1	(208.4)	(232.5)	10.4
Profit Before Taxation	883.4	477.4	85.0	1,398.1	816.8	71.2
Total PATMI	579.3	294.0	97.0	966.1	512.3	88.6
Comprising:						
Operating PATMI[1]	206.8	171.6	20.5	544.6	324.4	67.9
Portfolio gains[2]	97.6	6.0	NM	115.3	8.8	NM
Revaluation gains and impairments	274.9	116.4	136.2	306.2	179.1	71.0

(1) 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 in 1Q 2017. Operating PATMI for 1H 2016 included a fair value gain of $30.5 million which arose from the change in use of a development project in China, Raffles City Changning Tower 2 in 1Q 2016. The change in use of the development was due to a reclassification of the project from construction for sale to leasing as an investment property.

(2) Portfolio gains comprise gains or losses arising from divestments and gains from bargain purchase on acquisitions.

2Q 2017 vs 2Q 2016

For the quarter under review, the Group achieved a revenue of $992.4 million and a PATMI of $579.3 million.

Revenue

Group revenue for 2Q 2017 of $992.4 million was 12.3% lower than 2Q 2016 mainly due to lower contribution from development projects in Singapore, partially mitigated by higher contribution from development projects in China and higher rental income from newly acquired/opened properties. The development projects that contributed to the revenue this quarter include Victoria Park Villas in Singapore as well as Beaufort in Beijing, and Summit Era in Ningbo, China.

Collectively, the two core markets of Singapore and China accounted for 75.6% (2Q 2016: 79.4%) of the Group's revenue.

EBIT

The Group achieved an EBIT of $987.8 million in 2Q 2017 (2Q 2016: $591.1 million), 67.1% higher than the corresponding period. The increase in 2Q 2017 EBIT was mainly attributable to better operating performance by development projects in China, higher revaluation gains from investment properties in Singapore and China, higher portfolio gains as well as absence of provision for foreseeable losses for development projects in China.

In terms of revaluation of investment properties, the Group recorded a net fair value gain of $422.9 million in 2Q 2017 (2Q 2016: $199.7 million). The gain comprised $176.4 million (2Q 2016: $132.7 million) recorded by our subsidiary projects and was recognised in other operating income while $246.5 million (2Q 2016: $67.0 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 and China.

At EBIT level, the portfolio gains in 2Q 2017 of $127.8 million (2Q 2016: $18.9 million) arose mainly from divestments of Innov Tower in China and Zenith Residences in Japan.

EBIT Contribution by Geography

Singapore and China markets remain the key contributors to EBIT, accounting for 88.0% of total EBIT (2Q 2016: 78.1%). Singapore EBIT was $420.9 million or 42.6% of total EBIT (2Q 2016: $255.3 million or 43.2%) while China EBIT was $448.6 million or 45.4% of total EBIT (2Q 2016: $206.1 million or 34.9%).

Singapore EBIT was higher mainly due to higher fair value gains from revaluation of investment properties, partially offset by lower contribution from development projects.

China EBIT doubled in 2Q 2017, underpinned by higher contributions from development projects and shopping mall business, higher fair value gains from revaluation of investment properties and higher portfolio gains mainly arising from the divestment of Innov Tower.

PATMI

Overall, the Group achieved a PATMI of $579.3 million in 2Q 2017, a 97% increase as compared with 2Q 2016. The growth was driven by improved operating performance as well as higher portfolio and revaluation gains from investment properties portfolio.

Operating PATMI for 2Q 2017 increased by 20.5% to $206.8 million, mainly due to higher contributions from development projects in China and newly acquired properties in Japan and the United States of America (USA).

1H 2017 vs 1H 2016

The Group achieved a revenue of $1,889.9 million and a PATMI of $966.1 million in 1H 2017.

Revenue

Revenue for 1H 2017 of $1,889.9 million was 6.7% lower than 1H 2016 mainly due to lower revenue recognition from development projects in Singapore, partially mitigated by higher contribution from development projects in China and rental contribution from newly acquired properties. The development projects which contributed to the higher revenue in China for 1H 2017 included One iPark in Shenzhen, Vermont Hills and Beaufort in Beijing, Riverfront in Hangzhou, Vista Garden in Guangzhou and Summit Era in Ningbo.

Singapore accounted for 30.4% (1H 2016: 49.0%) of the Group's revenue while China operations accounted for 45.5% (1H 2016: 29.5%). Together, the two core markets of Singapore and China accounted for 75.9% (1H 2016: 78.5%) of the Group's revenue.

EBIT

The Group achieved an EBIT of $1,606.5 million in 1H 2017 (1H 2016: $1,049.3 million), 53.1% higher than 1H 2016. The increase was mainly attributable to the gain from the sale of The Nassim, higher contribution from our development projects in China, higher revaluation and portfolio gains as well as lower impairment losses, partially offset by absence of fair value gain from change in use of Raffles City Changning Tower 2 recognised in 1H 2016.

In terms of revaluation of investment properties, the Group recorded a net fair value gain of $460.0 million in 1H 2017 (1H 2016: $283.4 million). The increase in revaluation gains came mainly from investment properties in Singapore and Europe, partially offset by lower gains recorded by investment properties in Malaysia and Japan.

At EBIT level, the portfolio gains in 1H 2017 of $145.5 million (1H 2016: $17.3 million) arose mainly from the divestments of Innov Tower and a township project in China, as well as Zenith Residences in Japan.

EBIT Contribution by Geography

Singapore and China markets remain the key contributors to EBIT, accounting for 86.8% of total EBIT (1H 2016: 81.6%). Singapore EBIT was $748.7 million or 46.6% of total EBIT (1H 2016: $422.7 million or 40.3%) while China EBIT was $645.2 million or 40.2% of total EBIT (1H 2016: $433.4 million or 41.3%).

Singapore EBIT was higher on account of the gain from the sale of The Nassim and higher revaluation gains from office portfolio under CCT. China EBIT increased due to higher contribution from development projects and portfolio gains, partially offset by absence of fair value gain from change in use in 1H 2016.

Finance Costs

Finance costs for 1H 2017 were lower compared to the corresponding period last year due to the decrease in borrowings and lower average cost of borrowings at 3.2% (1H 2016: 3.4%).

PATMI

Overall, the Group achieved a PATMI of $966.1 million in 1H 2017, 88.6% higher than 1H 2016 on the back of improved operating performance, higher fair value gains from revaluation of investment properties and portfolio gains. The increase was partially offset by the absence of a fair value gain from the change in use of Raffles City Changning Tower 2.

Operating PATMI for 1H 2017 increased by 67.9% to $544.6 million on account of higher contributions from our development projects in Singapore and China, shopping mall and serviced residence businesses.

Segment Performance

CL Singapore

S$M	2Q 2017	2Q 2016	Better/ (Worse) (%)	1H 2017	1H 2016	Better/ (Worse) (%)
Revenue	246.3	377.9	(34.8)	401.2	659.2	(39.1)
EBIT	332.8	155.4	114.1	585.5	253.6	130.9

In 2Q 2017, CL Singapore sold 102 residential units (2Q 2016: 82 units), bringing the total number of residential units sold in 1H 2017 to 185 units (1H 2016: 304 units) with a sales value of $778 million (1H 2016: $716 million).

Revenue for 2Q 2017 and 1H 2017 has declined mainly due to lower revenue contribution from Sky Vue and Cairnhill Nine since both projects obtained TOP in 3Q 2016 and 4Q 2016 respectively. The decline was partially mitigated by revenue recognition for Victoria Park Villas.

EBIT for 2Q 2017 and 1H 2017 was however higher compared to the same periods last year mainly due to higher net revaluation gain on investment properties. In addition, 1H 2017 EBIT was also boosted by a gain from the sale of The Nassim.

CL China

S$M	2Q 2017	2Q 2016	Better/ (Worse) (%)	1H 2017	1H 2016	Better/ (Worse) (%)
Revenue	338.1	261.8	29.1	712.6	457.7	55.7
EBIT	325.1	79.1	311.1	472.4	167.5	182.1

In 2Q 2017, CL China sold 3,084 residential units with a sales value of RMB 4.6 billion or approximately $0.9 billion (2Q 2016: 2,896 units; RMB 4.4 billion). For the six months ended June 2017, 5,146 units were sold at a value of RMB 8.4 billion or approximately $1.7 billion (1H 2016: 6,273 units; RMB 9.0 billion). The decrease in sales was primarily due to fewer units available for sale, with over 6,000 available units in 1H 2017, as compared to over 9,000 available units in the previous corresponding period. The sales were mainly from La Botanica in Xian, Citta Di Mare in Guangzhou, Summit Era in Ningbo, Raffles City Residences in Chongqing, New Horizon in Shanghai, Vermont Hills in Beijing and Sky Habitat, the SOHO units of Raffles City Hangzhou.

During the quarter, the retail components of three Raffles City developments in Shenzhen, Changning District in Shanghai and Hangzhou commenced operations and have achieved committed occupancy rates close to 100% as at June 2017.

Revenue for CL China is recognised on completion basis upon handover of units to home buyers. In 2Q 2017, CL China handed over 1,088 units to home buyers (2Q 2016: 1,657 units). The units handed over during the quarter were mainly from completion of projects/phases from Beaufort in Beijing, Dolce Vita in Guangzhou, Summit Era and Sky Habitat. Including 1,191 units handed over in 1Q 2017, CL China delivered a total of 2,279 units in 1H 2017 (1H 2016: 2,430 units).

Revenue for 2Q 2017 and 1H 2017 was higher than previous corresponding periods as the units handed over this year were from projects that have higher average selling prices.

EBIT for 2Q 2017 and 1H 2017 was higher in line with higher revenue, and was further boosted by higher divestment gains and fair value gains recognised from investment properties. In June 2017, CL China recorded a net gain of $84M from the divestment of Innov Tower.

CMA

S$M	2Q 2017	2Q 2016	Better/ (Worse) (%)	1H 2017	1H 2016	Better/ (Worse) (%)
Revenue	161.5	148.7	8.7	312.9	295.9	5.7
EBIT	233.1	246.8	(5.6)	382.6	392.1	(2.4)

Since embarking on CMA mall network expansion strategy in August 2016, CMA have secured six management contracts in Singapore and China to date, growing the portfolio by close to 300,000 square metres within a year. The positive momentum affirms the value of CapitaLand's retail platform to property owners, and the scalability of CMA management contract model.

The higher revenue for 2Q 2017 and 1H 2017 was largely due to new contribution from the portfolio of four office and retail properties in Japan that was acquired in February 2017 as well as newly opened malls in China.

EBIT for 2Q 2017 and 1H 2017 were lower than the corresponding periods mainly due to lower revaluation gains from the investment properties. Excluding portfolio and revaluation gains, EBIT for 2Q 2017 improved by 2.4% mainly due to contribution from the newly acquired office and retail properties in Japan as mentioned above, while EBIT for 1H 2017 was marginally lower by 1.1% due to the absence of CMA's proportionate share of fair value gain from change in use of Raffles City Changning Tower 2 recognised in 1H 2016.

Ascott

S$M	2Q 2017	2Q 2016	Better/ (Worse) (%)	1H 2017	1H 2016	Better/ (Worse) (%)
Revenue	240.2	330.3	(27.3)	449.8	587.1	(23.4)
EBIT	106.6	117.8	(9.5)	179.0	245.5	(27.1)

Year to date 2017, Ascott has added a total of 35 properties to its portfolio through investments, management contracts and franchise agreements.

Of the 35 properties, 32 properties comprising close to 6,000 units was secured through management contracts and franchise agreements across China, Southeast Asia, Gulf Region, Europe and South America including three properties under the latest brand, lyf, in Singapore and China. In addition, Ascott has acquired a property in New York, USA and a property in Brisbane, Australia. Ascott Reit has also announced the acquisition of its third property in New York, USA which is expected to be completed in 3Q 2017.

Revenue for 2Q and 1H 2017 was lower mainly due to lower contribution from Cairnhill Nine project in Singapore, which Ascott owns a 50% stake. This is partially mitigated by contribution from newly acquired and opened properties.

EBIT for 2Q 2017 and 1H 2017 was lower mainly due to lower fair value gains from revaluations of investment properties, partially mitigated by the contribution from newly acquired and opened properties.

Corporate and Others

S$M	2Q 2017	2Q 2016	Better/ (Worse) (%)	1H 2017	1H 2016	Better/ (Worse) (%)
Revenue	6.3	12.9	(51.5)	13.4	25.9	(48.3)
EBIT	(9.8)	(8.0)	(21.7)	(13.0)	(9.3)	40.7

For 2016, Corporate and Others include Corporate Office, StorHub and other businesses in Vietnam, Japan and GCC.

With effect from 2017, the StorHub and Japan businesses are reported under CMA, and businesses under Indonesia and GCC are reported under CL Singapore and Ascott respectively. The comparative figures in 2016 have not been restated as the changes are not material.

In 2Q 2017, CL Vietnam sold 340 residential units (2Q 2016: 230 units) with a sales value of $83.6 million (2Q 2016: $43.5 million). For six month ended 30 June 2017, 656 residential units (1H 2016: 470 units) were sold with a sales value of $202.3 million (1H 2016: $79.5 million). The sales were mainly from Feliz en Vista, Seasons Avenue, Vista Verde and Mulberry Lane.

Revenue for CL Vietnam is recognised on completion basis upon handover of units to home buyers. In 1H 2017, CL Vietnam handed over 472 residential units (1H 2016: 61 units), comprising 116 units in 1Q 2017 (1Q 2016: 28 units) and 356 units in 2Q 2017 (2Q 2016: 33 units), to home buyers. The higher units handed over were mainly from joint venture projects, namely Vista Verde and The Krista.

Revenue for 2Q 2017 and 1H 2017 was lower due to lower handover of units from subsidiary projects in Vietnam.

EBIT for 2Q 2017 and 1H 2017 was consequently lower due to lower revenue. This was partially mitigated by CL Vietnam's share of higher results from its joint ventures, Vista Verde and The Krista.

9 Variance from Prospect Statement

The 2Q 2017 operating performance was broadly in line with the prospect statement made when the first quarter 2017 financial results were announced. Overall, 2Q 2017 results were positively impacted by portfolio and revaluation gains recognised during the quarter.

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

The Group's portfolio of Singapore malls is well-connected to the public transportation networks and their locations are in either large population catchments, or within popular shopping and tourist destinations. Therefore, these malls are expected to continue to provide a steady stream of income. At the same time, the Group will continue to enhance its existing portfolio either through third party management contracts, capital reconstitution or asset enhancement initiatives.

The CBD and Grade A office occupancy rate registered a slight decline in 2Q 2017, whilst the average monthly rental rate for Grade A office remained flat. CCT continues to proactively engage in tenant retention and forward lease renewals. As at 30 June 2017, CCT's portfolio occupancy rate of 97.6% remains higher than the market occupancy rate.

CapitaLand expects the property cooling measures to continue to weigh on the residential market. Nonetheless, the Group will continue to source for well-located sites to build its residential pipeline.

China

The Chinese government remains committed to rebalance its economy by increasing domestic consumption and growth in the non-manufacturing sector, which bodes well for the real estate industry. The property cooling measures implemented by the Chinese government are starting to impact average residential prices and transacted volumes. As the Group principally markets our residential properties to first-time buyers and up-graders, the policy measures are likely to have a limited impact on our sales. For second half of 2017, the Group has over 3,000 launch-ready units.

The successful opening of Raffles City Changning, Raffles City Hangzhou and Raffles City Shenzhen in the second quarter of 2017, together with four operating Raffles City developments, is expected to further enhance the Group's recurring income base. Raffles City Chongqing is also on-track to open by phases starting from the second half of 2018.

For shopping malls in China, the Group will focus on ensuring the smooth opening of new malls and improving on its existing malls' performance. The Group will also continue to enhance our retail scale and network through acquisitions and management contracts. We will look to achieve an optimal asset mix, which will provide us with stability and a strong recurring income stream going forward.

Serviced Residence

Ascott's diversified global platform is well on its way to surpass its target of 80,000 units ahead of 2020. Ascott also remains focused on growing its fee-based income through securing more management contracts and franchises, as well as establishing strategic partnerships. Through this expansion of Ascott's network, the management fees that we receive over time will increasingly contribute to the Group's return on equity.

Other Geographical Platforms

Singapore and China continue to be CapitaLand's core markets, while it scales up presence in markets such as Vietnam.

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

No interim dividend has been declared or recommended in the current reporting 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 2017 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
Chairman

Lim Ming Yan
Director

16 Segmental Revenue and Results

16(a)(i) By Strategic Business Units (SBUs) – 2Q 2017 vs 2Q 2016

	Revenue			Earnings before interest & tax		
	2Q 2017 S$'000	2Q 2016 S$'000	Better/ (Worse) (%)	2Q 2017 S$'000	2Q 2016 S$'000	Better/ (Worse) (%)
CapitaLand Singapore [(1)]	246,280	377,909	(34.8)	332,813	155,443	114.1
CapitaLand China	338,117	261,821	29.1	325,087	79,069	311.1
CapitaLand Mall Asia	161,532	148,655	8.7	233,074	246,819	(5.6)
Ascott	240,210	330,332	(27.3)	106,613	117,781	(9.5)
Corporate and Others [(2)]	6,269	12,935	(51.5)	(9,752)	(8,011)	(21.7)
Total	**992,408**	**1,131,652**	**(12.3)**	**987,835**	**591,101**	**67.1**

16(a)(ii) By Strategic Business Units (SBUs) – 1H 2017 vs 1H 2016

	Revenue			Earnings before interest & tax		
	1H 2017 S$'000	1H 2016 S$'000	Better/ (Worse) (%)	1H 2017 S$'000	1H 2016 S$'000	Better/ (Worse) (%)
CapitaLand Singapore [(1)]	401,245	659,224	(39.1)	585,465	253,565	130.9
CapitaLand China	712,579	457,691	55.7	472,361	167,458	182.1
CapitaLand Mall Asia	312,892	295,883	5.7	382,617	392,064	(2.4)
Ascott	449,819	587,115	(23.4)	179,037	245,508	(27.1)
Corporate and Others [(2)]	13,407	25,914	(48.3)	(13,026)	(9,259)	(40.7)
Total	**1,889,942**	**2,025,827**	**(6.7)**	**1,606,454**	**1,049,336**	**53.1**

Note : [(1)] *Includes residential business in Malaysia and Indonesia.*
[(2)] *Includes business in Vietnam for 2017. Others for 2Q and 1H 2016 included StorHub and other businesses in Vietnam, Indonesia, Japan and GCC.*

16(b)(i) By Geographical Location – 2Q 2017 vs 2Q 2016

	Revenue			Earnings before interest & tax		
	2Q 2017 S$'000	2Q 2016 S$'000	Better/ (Worse) (%)	2Q 2017 S$'000	2Q 2016 S$'000	Better/ (Worse) (%)
Singapore	334,992	569,281	(41.2)	420,947	255,294	64.9
China [(1)]	415,616	329,079	26.3	448,558	206,064	117.7
Other Asia [(2)]	123,365	118,795	3.8	76,587	65,485	17.0
Europe & Others[(3)]	118,435	114,497	3.4	41,743	64,258	(35.0)
Total	**992,408**	**1,131,652**	**(12.3)**	**987,835**	**591,101**	**67.1**

Note: [(1)] *China including Hong Kong.*
[(2)] *Excludes Singapore and China and includes projects in GCC.*
[(3)] *Includes Australia and USA.*

16(b)(ii) By Geographical Location – 1H 2017 vs 1H 2016

	Revenue			Earnings before interest & tax		
	1H 2017 S$'000	1H 2016 S$'000	Better/ (Worse) (%)	1H 2017 S$'000	1H 2016 S$'000	Better/ (Worse) (%)
Singapore	573,818	993,461	(42.2)	748,657	422,686	77.1
China [(1)]	859,731	597,182	44.0	645,187	433,407	48.9
Other Asia [(2)]	242,259	234,950	3.1	126,432	113,498	11.4
Europe & Others[(3)]	214,134	200,234	6.9	86,178	79,745	8.1
Total	**1,889,942**	**2,025,827**	**(6.7)**	**1,606,454**	**1,049,336**	**53.1**

Note: [(1)] *China including Hong Kong.*
[(2)] *Excludes Singapore and China and includes projects in GCC.*
[(3)] *Includes Australia and USA.*

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 3 July 2017, the Group entered into sale and purchase agreements to dispose an integrated development in Singapore, Wilkie Edge and its interests in two serviced residences in China, Citadines Biyun Shanghai and Citadines Gaoxin Xi'an for a cash consideration of $280 million and $174.5 million respectively, to unrelated third parties.

(ii) On 13 July 2017, the Group formed a joint venture which involves CLS, CCT and Mitsubishi Estate Co., Ltd (MEC) to invest in the redevelopment of Golden Shoe Car Park into an integrated development comprising Grade A office, ancillary retail, serviced residence and food centre. Under the agreement, CLS and CCT will each hold a 45% interest, and MEC will hold a 10% interest in two unlisted special purpose sub-trusts, namely Glory Office Trust and Glory SR Trust which own the office and serviced residence components of the development respectively. The estimated total development cost of the project is $1.82 billion and is expected to complete in 1H 2021.

(iii) On 5 July 2017, Ascott announced the acquisition of an additional 60% stake in Quest Apartment Hotels (Quest), increasing its stake in Quest to 80%, propelling Ascott to become the leading serviced residence provider in Australasia. The highly scalable Quest franchise platform provides another engine of growth for Ascott.

On 24 July 2017, Ascott announced the acquisition of 80% stake in Synergy Global Housing (Synergy), a leading accommodation provider in USA, which will expand Ascott's footprint in USA. Ascott will be able to leverage on Synergy's platform for significant cross selling opportunities and synergies through complementary geographical reach, target segments and strengths.

These two acquisitions will add over 13,000 units to Ascott's portfolio, bringing it to close to 70,000 units globally.

BY ORDER OF THE BOARD

Michelle Koh
Company Secretary
3 August 2017