CAPITALAND LIMITED

(Registration Number : 198900036N)

2017 FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT

TABLE OF CONTENTS

Item No.	Description	Page No.
1 (a)(i)	Income Statement	2
1 (a)(ii)	Explanatory Notes to Income Statement	3 – 4
1 (a)(iii)	Statement of Comprehensive Income	5
1 (b)(i)	Balance Sheet	6 – 7
1 (b)(ii)	Group's Borrowings	7
1 (c)	Consolidated Statement of Cash Flows	8 – 9
1 (d)(i)	Statement of Changes in Equity	10 – 12
1 (d)(ii)	Changes in Company's Issued Share Capital	12 – 13
1 (d)(iii)	Treasury Shares	14
2 & 3	Audit Statement	14
4 & 5	Accounting Policies	14
6	Earnings per Share	15
7	Net Assets Value and Net Tangible Assets per Share	15
8 & 17	Review of Performance	16 – 20
9	Variance from Prospect Statement	20
10	Outlook & Prospect	20 – 21
11, 12 & 19	Dividend	22 & 24
13	Interested Person Transactions	22
14	Confirmation Pursuant to Rule 720(1) of the SGX-ST Listing Manual	22
15	Confirmation Pursuant to Rule 705(5) of the Listing Manual	22
16	Segmental Information	23
18	Breakdown of the Group's revenue and profit after tax for first half year and second half year	24
20	Subsequent Event	24

CapitaLand

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2017 FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT

1(a)(i) Income Statement

		Group		
	Note	1Q 2017	1Q 2016	Better/ (Worse)
		S$'000	S$'000	%
Revenue	A	**897,534**	**894,175**	**0.4**
Cost of sales	B	(563,748)	(614,789)	8.3
Gross profit		333,786	279,386	19.5
Other operating income	C	209,125	111,562	87.5
Administrative expenses	D	(89,226)	(92,079)	3.1
Other operating expenses	E	(3,954)	(5,761)	31.4
Profit from operations		449,731	293,108	53.4
Finance costs		(103,895)	(118,799)	12.5
Share of results (net of tax) of:	F			
- associates		77,527	122,595	(36.8)
- joint ventures		91,361	42,532	114.8
		168,888	165,127	2.3
Profit before taxation		514,724	339,436	51.6
Taxation	G	(55,640)	(51,586)	(7.9)
Profit for the period		459,084	287,850	59.5
Attributable to:				
Owners of the Company ("PATMI")		**386,765**	**218,265**	**77.2**
Non-controlling interests ("NCI")		72,319	69,585	(3.9)
Profit for the period		459,084	287,850	59.5

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

(A) Revenue

The increase in revenue was mainly attributable to higher contribution from development projects in China and rental revenue from newly acquired properties, partially offset by lower contribution from development projects in Singapore. (Please see item 8 for details).

(B) Cost of Sales

Despite higher revenue in 1Q 2017, cost of sales decreased due to relatively lower project costs for the development projects in China this quarter.

(C) Other Operating Income

		Group		
		1Q 2017 S$'000	1Q 2016 S$'000	Better/ (Worse) (%)
Other Operating Income		**209,125**	**111,562**	**87.5**
Investment income	(i)	968	2,574	(62.4)
Interest income	(ii)	9,602	11,025	(12.9)
Other income (including portfolio gains)	(iii)	165,355	5,392	NM
Fair value gains of investment properties	(iv)	32,670	78,677	(58.5)
Foreign exchange gain	(v)	530	13,894	(96.2)

(i) Investment income decreased mainly due to timing differences which resulted in the absence of distribution income from MRCB-Quill REIT.

(ii) Interest income decreased mainly due to the lower amount of interest bearing loans extended to associates and joint ventures.

(iii) Other income in 1Q 2017 was significantly higher mainly due to a gain of $160.9 million recognised from the sale of 45 units of The Nassim, following completion of the sale during the quarter.

(iv) The fair value gains of investment properties in 1Q 2017 arose from the revaluation of two serviced residence properties in Germany, namely Citadines Michel Hamburg and Citadines City Centre Frankfurt, to be divested to Ascott Residence Trust.

The fair value gains of investment properties in 1Q 2016 arose from the divestment of a property in China.

(v) The foreign exchange gain in 1Q 2017 arose mainly from the revaluation of RMB payables as the SGD appreciated against the RMB during the quarter.

The foreign exchange gain in 1Q 2016 arose mainly from the repayment of GBP bank loan and revaluation of RMB payables as the SGD appreciated against the RMB during the quarter. In addition, the Group's subsidiaries in China also recorded foreign exchange gain from the revaluation of USD receivables as RMB depreciated against the USD in 1Q 2016.

(D) Administrative Expenses

	Group		
	1Q 2017	**1Q 2016**	**Better/ (Worse)**
	S$'000	**S$'000**	**(%)**
Administrative Expenses	**(89,226)**	**(92,079)**	**3.1**
<u>Included in Administrative Expenses:-</u>			
Depreciation and amortisation	(17,738)	(16,599)	(6.9)
Allowance for doubtful receivables and bad debts written off	(91)	(227)	59.9

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

(E) Other Operating Expenses

Other operating expenses were lower in 1Q 2017 due to the absence of a portfolio loss arising from the liquidation of a subsidiary in Japan.

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

The decrease in share of results from associates in 1Q 2017 was mainly due to the absence of a fair value gain of $30.5 million which arose from the change in use of Raffles City Changning Tower 2 from construction for sale to leasing as investment property in 1Q 2016, as well as lower share of divestment gain from Central China Real Estate ("CCRE").

The higher share of results from joint ventures in 1Q 2017 was mainly due to the share of divestment gain of a township project in 1Q 2017 as well as higher handover of residential units from Dolce Vita project in China.

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

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

The increase in taxation during the quarter was mainly due to higher taxable income from China. Included in 1Q 2017's tax expense was a writeback of tax provision of $2.7 million in respect of prior years (1Q 2016: writeback of tax provision of $4.9 million in respect of prior years).

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

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

1Q 2017	**PATMI (S$M)**
Share of divestment gain of Central Park City, Wuxi	15.7
Others	2.0
Total Group's share of gain after tax & NCI for 1Q 2017	**17.7**

1Q 2016	
Share of CCRE divestment gain	11.1
Mall in Graphite, India (accounted for in share of associate's results)	(8.4)
Others	0.2
Total Group's share of gain after tax & NCI for 1Q 2016	**2.9**

1(a)(iii) Statement of Comprehensive Income

	1Q 2017 S$'000	1Q 2016 S$'000	Change %
Profit for the period	459,084	287,850	59.5
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)	(192,236)	(263,743)	(27.1)
Change in fair value of available-for-sale investments	2,975	3,292	(9.6)
Effective portion of change in fair value of cash flow hedges (2)	(54,217)	(96,206)	(43.6)
Share of other comprehensive income of associates and joint ventures (3)	(98,896)	(252,287)	(60.8)
Total other comprehensive income, net of tax	(342,374)	(608,944)	(43.8)
Total comprehensive income	116,710	(321,094)	NM
Attributable to:			
Owners of the Company	**79,560**	**(305,682)**	**NM**
Non-controlling interests	37,150	(15,412)	NM
Total comprehensive income	116,710	(321,094)	NM

NM: Not meaningful

Notes:

1. *1Q 2017's exchange differences arose mainly from the appreciation of SGD against USD and RMB by 1.5% and 1.3% respectively during the quarter.*
2. *1Q 2017's effective portion of change in fair value of cash flow hedges 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. 1Q 2017's share of exchange difference arose mainly from the appreciation of SGD against RMB by 1.3%.*

1(b)(i) Balance Sheet

	Group			Company		
	31/03/2017 S$'000	**31/12/2016 S$'000**	**Change %**	**31/03/2017 S$'000**	**31/12/2016 S$'000**	**Change %**
Non-current assets						
Property, plant & equipment	767,279	781,431	(1.8)	28,517	29,146	(2.2)
Intangible assets	440,619	441,835	(0.3)	147	147	-
Investment properties[(1)]	19,472,712	18,998,389	2.5	-	-	-
Subsidiaries	-	-	-	12,248,900	12,246,583	0.0
Associates & joint ventures	12,559,947	12,617,257	(0.5)	-	-	-
Other non-current assets	1,103,946	1,136,604	(2.9)	397	397	-
	34,344,503	**33,975,516**	**1.1**	**12,277,961**	**12,276,273**	**0.0**
Current assets						
Development properties for sale and stocks	*5,016,799*	*4,837,081*	*3.7*	-	-	-
Trade & other receivables [(2)]	*1,656,935*	*1,858,809*	*(10.9)*	*1,126,565*	*1,113,211*	*1.2*
Other current assets	*3,866*	*2,134*	*81.1*	-	-	-
Assets held for sale [(3)]	*130,260*	*274,602*	*(52.6)*	-	-	-
Cash & cash equivalents [(4)]	*4,354,601*	*4,792,629*	*(9.1)*	*10,191*	*7,791*	*30.8*
	11,162,461	**11,765,255**	**(5.1)**	**1,136,756**	**1,121,002**	**1.4**
Less: Current liabilities						
Trade & other payables	*4,452,215*	*4,685,037*	*(5.0)*	*90,920*	*127,793*	*(28.9)*
Short-term borrowings [(5)]	*1,919,623*	*2,373,428*	*(19.1)*	*684,867*	*683,312*	*0.2*
Current tax payable	*542,376*	*650,669*	*(16.6)*	*2,602*	*2,602*	-
Liabilities held for sale [(3)]	-	*19,263*	*(100.0)*	-	-	-
	6,914,214	**7,728,397**	**(10.5)**	**778,389**	**813,707**	**(4.3)**
Net current assets	**4,248,247**	**4,036,858**	**5.2**	**358,367**	**307,295**	**16.6**
Less: Non-current liabilities						
Long-term borrowings[(5)]	13,089,531	12,478,948	4.9	2,050,225	2,045,746	0.2
Other non-current liabilities	1,234,686	1,232,951	0.1	12,916	13,964	(7.5)
	14,324,217	**13,711,899**	**4.5**	**2,063,141**	**2,059,710**	**0.2**
Net assets	**24,268,533**	**24,300,475**	**(0.1)**	**10,573,187**	**10,523,858**	**0.5**
Representing:						
Share capital	6,309,496	6,309,496	-	6,309,496	6,309,496	-
Revenue reserves	11,424,804	11,029,084	3.6	4,190,941	4,159,919	0.7
Other reserves[(6)]	(45,662)	266,265	NM	72,750	54,443	33.6
Equity attributable to owners of the Company	17,688,638	17,604,845	0.5	10,573,187	10,523,858	0.5
Non-controlling interests	6,579,895	6,695,630	(1.7)	-	-	-
Total equity	**24,268,533**	**24,300,475**	**(0.1)**	**10,573,187**	**10,523,858**	**0.5**

Notes:

1. *The increase was mainly due to the acquisition of a portfolio of four properties in Japan, partially offset by the reclassification of the 18 rental housing properties in Japan from investment properties to assets held for sale following the announcement of the divestment on 13 April 2017.*
2. *The decrease was mainly due to reclassification of deposits to development properties for sale upon receipt of the land titles.*
3. *The decrease was mainly due to divestment of Group's interest in a residential project in Singapore, The Nassim, partially offset by the reclassification of the 18 rental housing properties in Japan from investment properties to assets held for sale following the announcement of the divestment on 13 April 2017.*
4. *The cash balances as at 31 March 2017 included $1.31 billion held at CapitaLand Limited and its treasury vehicles (comprising CapitaLand Treasury Limited, CapitaMalls Asia Treasury Limited and The Ascott Capital Pte Ltd).*

5. *The decrease was mainly due to settlement of short term borrowings in accordance with the repayment terms. The overall increase in borrowings was mainly due to additional loans taken to fund the Group's investments and ongoing development expenditure for projects under construction.*
6. *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 31/03/2017 S$'000	**As at 31/12/2016 S$'000**
<u>Amount repayable in one year or less, or on demand:-</u>		
Secured	305,032	382,640
Unsecured	1,614,591	1,990,788
Sub-Total 1	**1,919,623**	**2,373,428**
<u>Amount repayable after one year:-</u>		
Secured	4,487,231	4,539,781
Unsecured	8,602,300	7,939,167
Sub-Total 2	**13,089,531**	**12,478,948**
Total Debt	**15,009,154**	**14,852,376**
Cash	**4,354,601**	**4,792,629**
Total Debt less Cash	**10,654,553**	**10,059,747**

As at 31 March 2017, CapitaLand Limited and its treasury vehicles collectively, have available undrawn facilities of approximately $3.1 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

	1Q 2017 $'000	1Q 2016 $'000
Cash Flows from Operating Activities		
Profit after taxation	**459,084**	**287,850**
Adjustments for :		
Amortisation of intangible assets	619	473
Allowance/(Write back) for:		
- Foreseeable losses	-	(11)
- Doubtful receivables	91	227
- Impairment on property, plant and equipment	-	10
Share-based expenses	5,596	4,634
Net change in fair value of financial instruments	(220)	105
Depreciation of property, plant and equipment	17,136	16,312
Loss/(Gain) on disposal and write-off of property, plant and equipment	42	(13)
Net fair value (gain)/loss from assets held for sale	(145)	180
Net fair value gain from investment properties	(32,525)	(78,857)
(Gain)/Loss on disposal/liquidation/dilution of equity investments and other financial assets	(159,111)	5,163
Share of results of associates and joint ventures	(168,888)	(165,127)
Interest expense	103,895	118,799
Interest income	(9,602)	(11,025)
Taxation	55,640	51,586
	(187,472)	**(57,544)**
Operating profit before working capital changes	**271,612**	**230,306**
Changes in working capital		
Trade and other receivables	(170,131)	(23,502)
Development properties for sale	74,446	24,211
Trade and other payables	(145,494)	188,951
Restricted bank deposits	(9,747)	4,145
	(250,926)	**193,805**
Cash generated from operations	**20,686**	**424,111**
Income tax paid	(114,713)	(31,591)
Net cash (used in)/ generated from Operating Activities	**(94,027)**	**392,520**
Cash Flows from Investing Activities		
Proceeds from disposal of property, plant and equipment	49	300
Purchase of property, plant and equipment	(10,398)	(22,084)
Advances from/ Repayment of loans by/ (to) associates and joint ventures	35,715	357,638
Deposits placed for investments	(6,802)	(22,247)
Deposit received for disposal of a subsidiary	-	31,544
Acquisition/ Development expenditure of investment properties	(670,568)	(134,776)
Proceeds from disposal of investment properties	6,793	-
Proceed from disposal of other financial assets	-	253
Proceeds from disposal of assets held for sale	399,236	5,325
Dividends received from associates and joint ventures	66,173	81,385
Acquisition of subsidiaries, net of cash acquired	(7,589)	(7,759)
Disposal of subsidiaries, net of cash disposed of	(41,967)	-
Settlement of hedging instruments	911	1,140
Interest income received	6,619	8,338
Net cash (used in)/ generated from Investing Activities	**(221,828)**	**299,057**

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

	1Q 2017 $'000	1Q 2016 $'000
Cash Flows from Financing Activities		
Proceeds from issue of shares under share option plan	-	105
Contributions from non-controlling interests	-	99,589
Repayment of shareholder loans from non-controlling interests	(1,996)	(5,105)
Proceeds from disposal/(Payment for acquisition) of ownership interests in subsidiaries	1,621	(4,599)
Proceeds from bank borrowings	1,217,394	691,607
Repayments of bank borrowings	(652,130)	(1,665,950)
Proceeds from issue of debt securities	-	222,450
Repayments of debt securities	(400,000)	-
Repayments of finance lease payables	(712)	(731)
Dividends paid to non-controlling interests	(155,721)	(143,048)
Interest expense paid	(111,299)	(106,727)
Bank deposits withdrawn for bank facility	(793)	(2,972)
Net cash used in Financing Activities	**(103,636)**	**(915,381)**
Net decrease in cash and cash equivalents	**(419,491)**	**(223,804)**
Cash and cash equivalents at beginning of the period	4,777,752	4,153,302
Effect of exchange rate changes on cash balances held in foreign currencies	(29,077)	(49,920)
Cash and cash equivalents reclassified to asset held for sale	-	(2,836)
Cash and cash equivalents at end of the period	**4,329,184**	**3,876,742**
Restricted cash deposits	25,417	18,806
Cash and cash equivalents in the Balance Sheet	**4,354,601**	**3,895,548**

Cash and cash equivalents at end of the period

The cash and cash equivalents of about $4,354.6 million as at 31 March 2017 included $2,785.8 million in fixed deposits and $228.5 million in project accounts whose withdrawals are restricted to the payment of development projects expenditure.

Cash flows analysis
1Q 2017 vs 1Q 2016

In 1Q 2017, the Group recorded a net cash used in operating activities of $94.0 million for the quarter as compared to a net cash generated of $392.5 million for the corresponding quarter last year. The decrease was mainly due to higher development expenditure in China as well as higher tax paid during the period.

Net cash used in investing activities for the quarter was $221.8 million. This comprised mainly acquisition of four office and retail assets in Japan, partially mitigated by proceeds from the sale of The Nassim.

Net cash used in financing activities for 1Q 2017 was $103.6 million. This was due mainly to dividends paid to non-controlling interests and interest expense paid, mitigated by net proceeds from borrowings.

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

For the period ended 31/03/2017 vs 31/03/2016 – 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 01/01/2017	**6,309,496**	**11,029,084**	**266,265**	**17,604,845**	**6,695,630**	**24,300,475**
Total comprehensive income						
Profit for the period		386,765		**386,765**	72,319	**459,084**
Other comprehensive income						
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations			(174,413)	**(174,413)**	(17,823)	**(192,236)**
Change in fair value of available-for-sale investments			1,244	**1,244**	1,731	**2,975**
Effective portion of change in fair value of cash flow hedges			(35,391)	**(35,391)**	(18,826)	**(54,217)**
Share of other comprehensive income of associates and joint ventures			(98,645)	**(98,645)**	(251)	**(98,896)**
Total other comprehensive income, net of income tax	-	-	(307,205)	**(307,205)**	(35,169)	**(342,374)**
Total comprehensive income	**-**	**386,765**	**(307,205)**	**79,560**	**37,150**	**116,710**
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Dividends paid/payable	-			**-**	(155,721)	**(155,721)**
Distribution attributable to perpetual securities issued by a subsidiary		(2,069)		**(2,069)**	2,069	**-**
Reclassification of equity compensation reserve		10,660	(10,660)	**-**	-	**-**
Share-based payments			3,622	**3,622**	24	**3,646**
Total contributions by and distributions to owners	-	8,591	(7,038)	**1,553**	(153,628)	**(152,075)**
Changes in ownership interests in subsidiaries and other capital transactions						
Changes in ownership interests in subsidiaries with no change in control		1,138	18	**1,156**	609	**1,765**
Share of reserves of associates and joint ventures		(7,365)	6,050	**(1,315)**	-	**(1,315)**
Others		6,591	(3,752)	**2,839**	134	**2,973**
Total changes in ownership interests in subsidiaries and other capital transactions	-	364	2,316	**2,680**	743	**3,423**
Total transactions with owners	**-**	**8,955**	**(4,722)**	**4,233**	**(152,885)**	**(148,652)**
Balance as at 31/03/2017	**6,309,496**	**11,424,804**	**(45,662)**	**17,688,638**	**6,579,895**	**24,268,533**

** 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 31/03/2017 vs 31/03/2016 – 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 01/01/2016	**6,309,289**	**10,305,191**	**1,290,826**	**17,905,306**	**7,032,356**	**24,937,662**
Total comprehensive income						
Profit for the period		218,265		**218,265**	69,585	**287,850**
Other comprehensive income						
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations			(209,526)	**(209,526)**	(54,217)	**(263,743)**
Change in fair value of available-for-sale investments			1,544	**1,544**	1,748	**3,292**
Effective portion of change in fair value of cash flow hedges			(63,678)	**(63,678)**	(32,528)	**(96,206)**
Share of other comprehensive income of associates and joint ventures			(252,287)	**(252,287)**		**(252,287)**
Total other comprehensive income, net of income tax	-	-	(523,947)	**(523,947)**	(84,997)	**(608,944)**
Total comprehensive income	**-**	**218,265**	**(523,947)**	**(305,682)**	**(15,412)**	**(321,094)**
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Issue of shares under the share plans of the Company	207			**207**	-	**207**
Contributions from non-controlling interests (net)				**-**	99,229	**99,229**
Dividends paid/payable				**-**	(149,508)	**(149,508)**
Distribution attributable to perpetual securities issued by a subsidiary		(2,092)		**(2,092)**	2,092	**-**
Reclassification of equity compensation reserve		11,225	(11,225)	**-**	-	**-**
Share-based payments			4,548	**4,548**	34	**4,582**
Total contributions by and distributions to owners	207	9,133	(6,677)	**2,663**	(48,153)	**(45,490)**
Changes in ownership interests in subsidiaries and other capital transactions						
Changes in ownership interests in subsidiaries with no change in control		(13,787)	1,685	**(12,102)**	12,102	**-**
Share of reserves of associates and joint ventures		(12,733)	12,475	**(258)**	-	**(258)**
Others		5,189	(5,926)	**(737)**	399	**(338)**
Total changes in ownership interests in subsidiaries and other capital transactions	-	(21,331)	8,234	**(13,097)**	12,501	**(596)**
Total transactions with owners	**207**	**(12,198)**	**1,557**	**(10,434)**	**(35,652)**	**(46,086)**
Balance as at 31/03/2016	**6,309,496**	**10,511,258**	**768,436**	**17,589,190**	**6,981,292**	**24,570,482**

** 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 31/03/2017 vs 31/03/2016 – Company

	Share Capital S$'000	Revenue Reserves S$'000	Reserve for Own Shares S$'000	Capital Reserve S$'000	Equity Comp Reserves S$'000	**Total Equity S$'000**
Balance as at 01/01/2017	**6,309,496**	**4,159,919**	**(107,220)**	**144,353**	**17,310**	**10,523,858**
Total comprehensive income						
Profit for the period		27,215				**27,215**
Transactions with equity holders, recorded directly in equity						
Contributions by and distributions to owners						
Issue of treasury shares			28,253		(6,443)	**21,810**
Share-based payments					304	**304**
Reclassification of equity compensation reserve		3,807			(3,807)	**-**
Total transactions with owners	**-**	**3,807**	**28,253**	**-**	**(9,946)**	**22,114**
Balance as at 31/03/2017	**6,309,496**	**4,190,941**	**(78,967)**	**144,353**	**7,364**	**10,573,187**
Balance as at 01/01/2016	**6,309,289**	**3,817,479**	**(72,720)**	**162,277**	**37,372**	**10,253,697**
Total comprehensive income						
Profit for the period		40,807				**40,807**
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Issue of shares under the share plans of the Company	207					**207**
Issue of treasury shares			21,786		(2,933)	**18,853**
Share-based payments					1,722	**1,722**
Reclassification of equity compensation reserve		5,971			(5,971)	**-**
Total transactions with owners	**207**	**5,971**	**21,786**	**-**	**(7,182)**	**20,782**
Balance as at 31/03/2016	**6,309,496**	**3,864,257**	**(50,934)**	**162,277**	**30,190**	**10,315,286**

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

Issued Share Capital

As at 31 March 2017, the Company's issued and fully paid-up capital (excluding treasury shares) comprises 4,247,136,131 (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 01/01/2017	4,237,387,475
Treasury shares transferred pursuant to employee share plans	9,748,656
As at 31/03/2017	**4,247,136,131**

CapitaLand Share Plans

Performance Share Plan

As at 31 March 2017, the number of shares comprised in contingent awards granted under the performance share plan (“PSP”) which has not been released was 7,052,074 (31 March 2016: 7,002,722).

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 31 March 2017, the number of shares comprised in contingent awards granted under the restricted share plan (“RSP”) in respect of which the final number of shares has been determined but not released, is 12,819,380 (31 March 2016: 9,819,609), of which 2,117,634 (31 March 2016: 1,048,996) shares 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 31 March 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
686.25	2022	11.5218	59,561,006
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 511,084,247 (31 March 2016: 541,741,484) representing a 12.0% increase over the total number of issued shares (excluding treasury shares) of the Company as at 31 March 2017.

1(d)(iii) Treasury Shares

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

	No of Shares
As at 01/01/2017	36,996,271
Treasury shares transferred pursuant to employee share plans	(9,748,656)
As at 31/03/2017	**27,247,615**

As at 31 March 2017, the Company held 27,247,615 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	
		1Q 2017	1Q 2016
6(a)	EPS based on weighted average number of ordinary shares in issue (in cents)	9.1	5.1
	Weighted average number of ordinary shares (in million)	4,240.6	4,250.6
6(b)	EPS based on fully diluted basis (in cents)	8.5	4.9
	Weighted average number of ordinary shares (in million)	4,717.9	4,755.3

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	
	31/03/2017	31/12/2016	31/03/2017	31/12/2016
NAV per ordinary share	$4.16	$4.15	$2.49	$2.48
NTA per ordinary share	$4.06	$4.05	$2.49	$2.48

8 Review of the Group's performance

Group Overview

S$M	1Q 2017	1Q 2016	Better/ (Worse) (%)
Revenue	897.5	894.2	0.4
Earnings before Interest and Tax ("EBIT")	618.6	458.2	35.0
Finance costs	(103.9)	(118.8)	12.5
Profit Before Taxation	514.7	339.4	51.6
Total PATMI	386.8	218.3	77.2
Comprising:			
Operating PATMI[1]	337.8	152.8	121.1
Portfolio gains	17.7	2.9	510.3
Revaluation gains and impairments	31.3	62.6	(50.0)

[1] Operating PATMI refers to profit from business operations excluding any gains or losses from divestment, revaluation and impairment.
Operating PATMI for 1Q 2017 included a gain of $160.9 million from the sale of 45 units of The Nassim. Operating PATMI for 1Q 2016 included fair value gains of $30.5 million which arose from the change in use of a development project in China, Raffles City Changning Tower 2. 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.

1Q 2017 vs 1Q 2016

For the quarter under review, the Group achieved a revenue of $897.5 million and a PATMI of $386.8 million.

<u>Revenue</u>

Group revenue for 1Q 2017 of $897.5 million was marginally higher than 1Q 2016 as the higher handovers from development projects in China and rental contribution from newly acquired properties were offset by lower revenue from development projects in Singapore. The development projects which contributed to higher revenue in China this quarter included One iPark in Shenzhen, Riverfront in Hangzhou, Vista Garden in Guangzhou and Summit Era in Ningbo.

Collectively, the two core markets of Singapore and China accounted for 76.1% (1Q 2016: 77.4%) of the Group's revenue.

<u>EBIT</u>

The Group achieved an EBIT of $618.6 million in 1Q 2017 (1Q 2016: $458.2 million), 35.0% higher than 1Q 2016. The increase in 1Q 2017 EBIT was mainly attributable to the gain from the sale of The Nassim and higher handover for our development projects in China as well as higher portfolio gains. This was partially offset by lower revaluation gains from investment properties as well as the absence of a fair value gain from the change in use of Raffles City Changning Tower 2 in 1Q 2016.

At EBIT level, the portfolio gain in 1Q 2017 of $17.7 million (1Q 2016: portfolio loss of $1.6 million) arose mainly from the divestment of a township project in China.

The Group's revaluation gain of investment properties amounted to $37.1 million in 1Q 2017 (1Q 2016: $83.6 million). This relates mainly to the revaluation of two serviced residences in Germany, namely Citadines Michel Hamburg and Citadines City Centre Frankfurt to be divested to Ascott Residence Trust.

EBIT Contribution by Geography

Singapore and China markets remain the key contributors to EBIT, accounting for 84.8% of total EBIT (1Q 2016: 86.1%). Singapore EBIT was $327.7 million or 53.0% of total EBIT (1Q 2016: $167.4 million or 36.5%) while China EBIT was $196.6 million or 31.8% of total EBIT (1Q 2016: $227.3 million or 49.6%).

Singapore EBIT was higher mainly due to gain from the sale of The Nassim. China EBIT decreased due to the absence of fair value gain from change in use of Raffles City Changning Tower 2 and fair value gain arising from the divestment of Somerset ZhongGuanCun Beijing in 1Q 2016; partially mitigated by higher handovers to home buyers this quarter and higher portfolio gains.

Finance Costs

Finance costs for 1Q 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% (1Q 2016: 3.5%).

PATMI

Overall, the Group achieved a PATMI of $386.8 million in 1Q 2017, 77.2% higher than 1Q 2016 driven by improved operating performance and higher portfolio gains, partially offset by lower revaluation gains arising from divestments as well as the absence of a fair value gain from the change in use of Raffles City Changning Tower 2.

Operating PATMI for 1Q 2017 more than doubled to $337.8 million on account of higher contribution from our development projects in Singapore and China.

Segment Performance

CL Singapore

S$M	1Q 2017	1Q 2016	Better/ (Worse) (%)
Revenue	155.0	281.3	(44.9)
EBIT	253.0	98.1	157.8

In 1Q 2017, CL Singapore sold 83 residential units (1Q 2016: 222 units) with a total sales value of $497 million (1Q 2016: $506 million).

The lower revenue for 1Q 2017 was mainly due to lower contribution from Sky Vue and Cairnhill Nine as both projects obtained temporary occupation permits (TOP) in 3Q 2016 and 4Q 2016 respectively. The drop is mitigated by higher contribution from CapitaGreen.

EBIT for 1Q 2017 however was higher year-on-year mainly due to gain from the sale of The Nassim and higher office rental income.

CL China

S$M	1Q 2017	1Q 2016	Better/ (Worse) (%)
Revenue	374.5	195.9	91.2
EBIT	147.3	88.4	66.6

In 1Q 2017, CL China sold 2,062 units with a total value of RMB 3.8 billion or approximately $0.8 billion (1Q 2016: 3,377 units; RMB 4.5 billion). The decrease in the number of units sold was primarily due to fewer units available for sale, with over 3,000 available units in 1Q 2017, as compared to over 7,000 available units in the previous corresponding period. The units sold during the quarter were mainly from Citta Di Mare in Guangzhou, a newly launched project in March 2017, as well as sales from La Botanica in Xian, Summit Era in Ningbo, Vermont Hills in Beijing, Century Park in Chengdu and Raffles City Residences in Chongqing.

Revenue for CL China is recognised on completion basis upon handover of units to home buyers. Revenue for 1Q 2017 was higher than the previous corresponding period, mainly due to higher handover of residential units. In 1Q 2017, CL China handed over 1,191 units to home buyers (1Q 2016: 773 units). The increase was due to more completions during the quarter, namely Dolce Vita (1 block) and Vista Garden (2 blocks) in Guangzhou, Riverfront (1 block) and Raffles City Hangzhou’s office tower 1 in Hangzhou, as well as handover of completed units from One iPark in Shenzhen and Summit Era in Ningbo.

EBIT for 1Q 2017 was higher in line with revenue, and was further boosted by higher divestment gains. The increase was partially offset by the absence of its proportionate share of fair value gain from the change in use of Raffles City Changning Tower 2.

CMA

S$M	1Q 2017	1Q 2016	Better/ (Worse) (%)
Revenue	145.8	147.2	(1.0)
EBIT	147.1	145.2	1.3

Revenue for 1Q 2017 was marginally lower due to lower rental revenue in SGD terms from malls in Malaysia arising from the weaker MYR against SGD and lower project management fees in China. This was partially mitigated by new contribution from the portfolio of four office and retail assets in Japan that were acquired in February 2017.

Despite lower revenue and the absence of CMA's proportionate share of fair value gain from the change in use of Raffles City Changning Tower 2, EBIT was higher mainly due to contribution from the newly acquired office and retail assets in Japan as mentioned above, improved performance from the malls in China and absence of portfolio loss arising from the divestment of a property under India Fund.

Ascott

S$M	1Q 2017	1Q 2016	Better/ (Worse) (%)
Revenue	209.6	256.8	(18.4)
EBIT	70.8	127.7	(44.5)

In 1Q 2017, Ascott entrenches its presence in China by securing contracts to manage 6 properties in various cities including 2 new cities, Handan and Xuzhou. To date, 2 properties have also opened in Saudi Arabia and Japan.

In April 2017, Ascott breaks into South America with franchise agreements for its first 2 serviced residences in Sao Paulo, Brazil and also expanded its network in South Korea with its first property on Jeju Island.

Revenue for 1Q 2017 was lower mainly due to lower contribution from Cairnhill Nine project in Singapore, which Ascott owns 50% stake, as it obtained TOP in 4Q 2016. This is partially mitigated by contribution from properties acquired in 2016.

EBIT for 1Q 2017 was lower mainly due to lower fair value gains arising from divestments as well as a foreign exchange loss in 1Q 2017 compared to a foreign exchange gain in 1Q 2016, partially mitigated by the contribution from properties acquired in 2016.

Corporate and Others

S$M	1Q 2017	1Q 2016	Better/ (Worse) (%)
Revenue	12.7	13.0	(2.2)
EBIT	0.4	(1.2)	NM

Corporate and Others include Corporate Office, Storhub and other businesses in Vietnam, Japan and GCC.

In 1Q 2017, CapitaLand Vietnam sold 316 residential units (1Q 2016: 240 units) with a total value of $118.7 million (1Q 2016: $36.0 million). The units sold were mainly from Feliz En Vista, Vista Verde and Season Avenue.

Revenue for CapitaLand Vietnam is recognised on completion basis upon handover of units to home buyers. In 1Q 2017, CapitaLand Vietnam handed over 116 residential units to home buyers (1Q 2016: 28 units). The units handed over were mainly from Krista, a joint venture project.

1Q 2017 revenue was comparable to 1Q 2016. The improvement in EBIT was mainly due to higher share of results from joint ventures.

9 Variance from Prospect Statement

The current results are broadly in line with the prospect statement made when the fourth quarter 2016 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

The Group's portfolio of Singapore malls are 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 outlook for office occupancy and rental is expected to remain muted. CCT continues to proactively engage in tenant retention and forward lease renewals. As at 31 March 2017, CCT's portfolio occupancy rate of 97.8% 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 selectively source for new sites to stock 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 have some impact on the residential market and land prices. Given that the Group principally markets our residential properties to first-time buyers and up-graders, we expect the policy measures to have a limited impact on our sales. For the rest of 2017, the Group will have approximately 7,000 launch-ready units.

The Group's four operating Raffles City developments are expected to continue to generate steady leasing income. The retail components of the Raffles City Changning, Raffles City Hangzhou and Raffles City Shenzhen will be opening in 2Q 2017, while the remaining components will open in phases. Raffles City Chongqing is also on-track for completion in phases starting from 2018.

For the other shopping malls in China, the Group will focus on ensuring the smooth opening of several 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 platform, built on a well-diversified global presence, is positioned to weather a challenging operating environment going forward. By 2020, the Group is on track to reach its target of 80,000 units. Ascott remains focused on growing its fee-based income through securing more management contracts and franchises and 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 31 March 2017 and for the three 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) By Strategic Business Units (SBUs) – 1Q 2017 vs 1Q 2016

	Revenue			Earnings before interest & tax		
	1Q 2017 S$'000	1Q 2016 S$'000	Better/ (Worse) (%)	1Q 2017 S$'000	1Q 2016 S$'000	Better/ (Worse) (%)
CapitaLand Singapore [1]	154,965	281,315	(44.9)	252,991	98,122	157.8
CapitaLand China	374,462	195,870	91.2	147,274	88,389	66.6
CapitaLand Mall Asia	145,809	147,228	(1.0)	147,130	145,245	1.3
Ascott	209,609	256,783	(18.4)	70,828	127,727	(44.5)
Corporate and Others [2]	12,689	12,979	(2.2)	396	(1,248)	NM
Total	**897,534**	**894,175**	**0.4**	**618,619**	**458,235**	**35.0**

Note : [1] *Includes residential business in Malaysia.*
[2] *Includes Storhub and other businesses in Vietnam, Indonesia, Japan and GCC.*

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

	Revenue			Earnings before interest & tax		
	1Q 2017 S$'000	1Q 2016 S$'000	Better/ (Worse) (%)	1Q 2017 S$'000	1Q 2016 S$'000	Better/ (Worse) (%)
Singapore	238,826	424,180	(43.7)	327,710	167,391	95.8
China [1]	444,115	268,103	65.7	196,629	227,343	(13.5)
Other Asia [2]	118,894	116,155	2.4	49,856	48,013	3.8
Europe & Others[3]	95,699	85,737	11.6	44,424	15,488	186.8
Total	**897,534**	**894,175**	**0.4**	**618,619**	**458,235**	**35.0**

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 Event

On 13 April 2017, the Group's subsidiary, Ascott Residence Trust entered into conditional sale and purchase agreements with unrelated third parties to divest 18 rental housing properties in Tokyo, Japan for a consideration of JPY12.0 billion (approximately S$153.6 million).

BY ORDER OF THE BOARD

Michelle Koh
Company Secretary
26 April 2017

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.