CAPITALAND LIMITED

(Registration Number: 198900036N)

2019 THIRD QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT

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CAPITALAND LIMITED
2019 THIRD QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT

1(a)(i) Income Statement

		Group					
	Note	3Q 2019 S$'000	3Q 2018 S$'000	Better/ (Worse) %	YTD Sep 2019 S$'000	YTD Sep 2018 S$'000	Better/ (Worse) %
Revenue	A	**1,727,770**	**1,260,019**	**37.1**	**3,858,843**	**3,977,971**	**(3.0)**
Cost of sales	B	(771,873)	(648,184)	(19.1)	(1,777,413)	(2,074,914)	14.3
Gross profit		955,897	611,835	56.2	2,081,430	1,903,057	9.4
Other operating income	C	144,130	188,741	(23.6)	823,377	757,433	8.7
Administrative expenses	D	(155,802)	(109,319)	(42.5)	(372,686)	(279,384)	(33.4)
Other operating expenses		(2,855)	(1,928)	(48.1)	(12,068)	(13,086)	7.8
Profit from operations		941,370	689,329	36.6	2,520,053	2,368,020	6.4
Finance costs		(234,371)	(163,144)	(43.7)	(606,046)	(468,289)	(29.4)
Share of results (net of tax) of:	E						
- associates		88,774	96,742	(8.2)	418,395	496,897	(15.8)
- joint ventures		43,195	38,366	12.6	195,859	147,888	32.4
		131,969	135,108	(2.3)	614,254	644,785	(4.7)
Profit before taxation		838,968	661,293	26.9	2,528,261	2,544,516	(0.6)
Taxation	F	(311,028)	(94,687)	(228.5)	(489,845)	(403,185)	(21.5)
Profit for the period		527,940	566,606	(6.8)	2,038,416	2,141,331	(4.8)
Attributable to:							
Owners of the Company ("PATMI")		**333,929**	**362,224**	**(7.8)**	**1,209,301**	**1,286,840**	**(6.0)**
Non-controlling interests ("NCI")		194,011	204,382	5.1	829,115	854,491	3.0
Profit for the period		527,940	566,606	(6.8)	2,038,416	2,141,331	(4.8)

1(a)(ii) Explanatory Notes to Income Statement – 3Q 2019 vs 3Q 2018

On 30 June 2019, the Group announced the completion of its acquisition of all the issued shares in each of Ascendas Pte Ltd and Singbridge Pte. Ltd. (collectively known as “ASB”). Following completion, ASB became wholly owned subsidiaries of the Group and started contributing to the Group’s profit or loss from this quarter onwards. With the acquisition of ASB, Raffles City Chongqing (RCCQ) also became a subsidiary of the Group and its results are also consolidated by the Group with effect from this quarter. The consolidation of ASB and RCCQ contributed to the Group’s revenue, EBIT and PATMI in 3Q 2019 by $205.3 million, $115.1 million and $35.2 million respectively.

(A) Revenue

Revenue for 3Q 2019 increased by 37% or $467.8 million mainly due to contributions from ASB, higher contribution from our residential project in China, as well as higher rental revenue mainly from our portfolio of properties in the United States of America (USA), partially offset by lower revenue from residential projects in Singapore.

(B) Cost of Sales

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

(C) Other Operating Income

		Group		
		3Q 2019	**3Q 2018**	**Better/ (Worse)**
		S$’000	**S$’000**	**(%)**
Other Operating Income		**144,130**	**188,741**	**(23.6)**
Investment income		2,877	2,031	41.7
Interest income		21,775	19,498	11.7
Other income (including portfolio gains)	(i)	91,965	23,751	287.2
Fair value gains of investment properties	(ii)	24,785	132,253	(81.3)
Foreign exchange gain	(iii)	2,728	11,208	(75.7)

(i) Other income in 3Q 2019 included portfolio gains from divestments of Central China Real Estate Ltd (CCRE), two offices and three malls in China, as well as one-off fee income from a project in Vietnam. Other income in 3Q 2018 arose from the divestment of four retail malls in China.

(ii) Fair value gains in 3Q 2019 comprised fair value uplift of a commercial property, Main Airport Center in Germany, following the announcement of its divestment during the quarter. Fair value gains in 3Q 2018 relate mainly to Westgate, Singapore.

(iii) Foreign exchange gain in 3Q 2019 arose from the settlement of USD and Euros balances, partially offset by unrealised foreign exchange losses on revaluation of USD payables as SGD depreciated against USD during the quarter. 3Q 2018 forex gains arose mainly from revaluation of Euro receivables and RMB payables as SGD has depreciated against Euros and appreciated against RMB in the corresponding quarter.

(D) Administrative Expenses

	Group		
	3Q 2019	**3Q 2018**	**Better/ (Worse)**
	S$'000	**S$'000**	**(%)**
Administrative Expenses	**(155,802)**	**(109,319)**	**(42.5)**
<u>Included in Administrative Expenses:-</u>			
Depreciation and amortisation	(38,446)	(17,559)	(119.0)
Allowance for doubtful receivables and bad debts written off	(1,223)	(529)	(131.2)

Administrative expenses comprised staff costs, depreciation, professional fees and other miscellaneous expenses. The increase in administrative expenses in 3Q 2019 was mainly due to the consolidation of expenses from ASB and RCCQ, higher depreciation expenses, of which $9.1 million was attributable to the depreciation of right-of-use (ROU) assets arising from the adoption of SFRS(I) 16 *Leases*.

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

The share of results from associates was lower in 3Q 2019 mainly due to the absence of contributions from CCRE and the malls in China which were divested in 3Q 2019 and 3Q 2018 respectively, partially mitigated by contributions mainly from Ascendas REIT and Ascendas India Trust, as well as the share of portfolio gains on finalisation of accounts of the divested malls.

The share of results from joint ventures was higher in 3Q 2019 mainly due to higher contribution from residential project in China and contributions from the joint ventures of ASB, partially offset by the share of pre-operating expenses incurred on a residential project in Singapore.

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

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

The increase in taxation was mainly due to higher taxable income and LAT in China, in line with higher handover of units for its residential projects. During the quarter, CL China recorded a higher LAT expense at $156.8 million (3Q 2018: $28.2 million). Included in 3Q 2019 tax expense was a tax provision $0.2M in respect of prior years (3Q 2018: writeback of tax provision of $3.2 million).

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

The net gains from the sale and acquisition of investments in 3Q 2019 are as follows:

	PATMI (S$M)
<u>3Q 2019</u>	
Main Airport Center	20.1
Innov Center, Pufa Tower and 3 malls in China (upon finalisation of accounts)	24.4
CCRE	7.1
Somerset Jiefangbei Chongqing	5.9
Others	(3.2)
Total	**54.3**
<u>3Q 2018</u>	
Westgate, Singapore	99.2
18 retail malls in China (upon finalisation of accounts)	26.4
Others	3.6
Total	**129.2**

1(a)(iii) Statement of Comprehensive Income

	Group					
	3Q 2019 S$'000	3Q 2018 S$'000	Better/ (Worse) %	YTD Sep 2019 S$'000	YTD Sep 2018 S$'000	Better/ (Worse) %
Profit for the period	527,940	566,606	(6.8)	2,038,416	2,141,331	(4.8)
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)	76,373	(304,345)	NM	151,217	(120,329)	NM
Effective portion of change in fair value of cash flow hedges (2)	(11,869)	(17,222)	31.1	(20,999)	58,922	NM
Share of other comprehensive income of associates and joint ventures (3)	(140,028)	(373,349)	62.5	(113,172)	(131,034)	13.6
Item that will not be reclassified subsequently to profit or loss						
Change in fair value of equity investments at fair value through other comprehensive income	(1,050)	(1,840)	42.9	(1,019)	(6,039)	83.1
Total other comprehensive income, net of tax	(76,574)	(696,756)	89.0	16,027	(198,480)	NM
Total comprehensive income	451,366	(130,150)	NM	2,054,443	1,942,851	5.7
Attributable to:						
Owners of the Company	**270,961**	**(203,644)**	**NM**	**1,217,386**	**1,122,539**	**8.4**
Non-controlling interests	180,405	73,494	145.5	837,057	820,312	2.0
Total comprehensive income	451,366	(130,150)	NM	2,054,443	1,942,851	5.7

Notes:

1. *3Q 2019's exchange differences arose mainly from the depreciation of SGD against USD by 1.49%, as well as realisation of foreign exchange translation reserve upon disposal of CCRE, partially offset by the appreciation of SGD against RMB by 0.81% during the quarter.*

   YTD September 2019's exchange differences arose mainly from the depreciation of SGD against USD and MYR by 1.34% and 1.15%, as well as realisation of foreign exchange translation reserve relating to Chongqing CapitaLand Guyu Xiongguan Real Estate to profit and loss, as the company become a subsidiary of the Group following the acquisition of remaining stake held by Singbridge Pte. Ltd. and the disposal of CCRE during the period.

2. *The effective portion of change in fair value of cash flow hedges for 3Q 2019 and YTD September 2019 arose mainly from the mark-to-market losses of the Group's interest rate swaps and cross currency swaps contracts which were entered into for hedging purposes.*

3. *The share of other comprehensive income of associates and joint ventures relates mainly to share of foreign currency translation reserve. 3Q 2019's share of exchange difference arose mainly from the appreciation of USD against RMB and SGD against RMB by 2.33% and 0.81% respectively, partially mitigated by the depreciation of SGD against USD by 1.49% during the quarter.*

   YTD September 2019's exchange differences arose mainly from the appreciation of USD against RMB by 1.35%, partially mitigated by the depreciation of SGD against USD and RMB by 1.34% and 0.02% respectively during the period.

1(b)(i) Balance Sheet

	Group			Company		
	30/09/2019	31/12/2018	Change	30/09/2019	31/12/2018	Change
	S$'000	S$'000	%	S$'000	S$'000	%
Non-current assets						
Property, plant & equipment[(2)]	1,347,712	752,655	79.1	2,975	3,042	(2.2)
Right-of-use assets[(1),(2)]	166,356	-	NM	46,981	-	NM
Intangible assets[(2)]	947,790	634,715	49.3	455	405	12.2
Investment properties[(1),(2),(3)]	48,136,601	39,445,960	22.0	-	-	-
Subsidiaries	-	-	-	16,627,044	12,060,311	37.9
Associates & joint ventures[(2)(5)]	12,815,218	10,179,618	25.9	-	-	-
Other non-current assets	1,592,783	1,188,337	34.0	423	423	-
	65,006,460	**52,201,285**	**24.5**	**16,677,878**	**12,064,181**	**38.2**
Current assets						
Development properties for sale and stock [(2),(4)]	*7,792,847*	*5,128,551*	*52.0*	-	-	-
Trade & other receivables [(2),(4)]	*2,609,973*	*1,944,064*	*34.3*	*934,307*	*1,166,485*	*(19.9)*
Contract assets	-	*24,805*	*(100.0)*	-	-	-
Other current assets	*45,505*	*28,737*	*58.3*	-	-	-
Assets held for sale [(5)]	*1,799,253*	*260,276*	*591.3*	-	-	-
Cash & cash equivalents [(6)]	*5,666,196*	*5,059,839*	*12.0*	*8,762*	*15,156*	*(42.2)*
	17,913,774	**12,446,272**	**43.9**	**943,069**	**1,181,641**	**(20.2)**
Less: Current liabilities						
Trade & other payables [(2)]	*4,548,052*	*3,841,906*	*18.4*	*86,884*	*261,531*	*(66.8)*
Contract liabilities [(2)]	*2,256,550*	*908,487*	*148.4*	-	-	-
Short-term borrowings [(1),(2),(7)]	*5,521,060*	*3,193,456*	*72.9*	*654,535*	*571,750*	*14.5*
Current tax payable	*1,677,563*	*1,451,474*	*15.6*	*4,230*	*3,526*	*20.0*
Liabilities held for sale [(5)]	*800,428*	-	*NM*	-	-	-
	14,803,653	**9,395,323**	**57.6**	**745,649**	**836,807**	**(10.9)**
Net current assets	**3,110,121**	**3,050,949**	**1.9**	**197,420**	**344,834**	**(42.7)**
Less: Non-current liabilities						
Long-term borrowings[(1),(2),(7)]	27,079,356	20,440,489	32.5	1,207,355	1,479,690	(18.4)
Other non-current liabilities[(2)]	2,027,303	1,504,806	34.7	2,427,007	617,461	293.1
	29,106,659	**21,945,295**	**32.6**	**3,634,362**	**2,097,151**	**73.3**
Net assets	**39,009,922**	**33,306,939**	**17.1**	**13,240,936**	**10,311,864**	**28.4**
Representing:						
Share capital[(8)]	9,327,422	6,309,496	47.8	9,327,422	6,309,496	47.8
Revenue reserves	14,095,676	13,460,921	4.7	4,146,867	4,257,059	(2.6)
Other reserves[(9)]	(798,286)	(817,705)	(2.4)	(233,353)	(254,691)	(8.4)
Equity attributable to owners of the Company	22,624,812	18,952,712	19.4	13,240,936	10,311,864	28.4
Non-controlling interests[(2)]	16,385,110	14,354,227	14.1	-	-	-
Total equity	**39,009,922**	**33,306,939**	**17.1**	**13,240,936**	**10,311,864**	**28.4**

Notes:

1. *The Group adopted SFRS(I) 16 Leases with effect from 1 January 2019 based on the modified retrospective approach. The cumulative effect of adopting SFRS(I) 16 is recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information (see note 4 on page 14).*

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

3. *The increase was also due to fair value gains for the period and CapitaLand Retail China Trust's acquisition of two shopping malls in China from China Retail Funds.*

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

5. *The assets and liabilities held for sale relate to the reclassifications of 30 business park properties in USA and Singapore, a commercial property in Korea, a lodging property in Vietnam, as well as a shopping mall in China following the signing of agreements of their respective divestments. The assets and liabilities of these properties were reclassified accordingly as at 30 September 2019.*

6. *The cash balances as at 30 September 2019 included $1.2 billion held at CapitaLand Limited and its treasury vehicles (comprising CapitaLand Treasury Limited, CapitaMalls Asia Treasury Limited, The Ascott Capital Pte Ltd and Ascendas Pte Ltd).*

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

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

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

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

	Group	
	As at 30/09/2019 S$'000	**As at 31/12/2018 S$'000**
Amount repayable in one year or less, or on demand:-		
Secured	1,402,775	867,999
Unsecured	4,118,285	2,325,457
Sub-Total 1	**5,521,060**	**3,193,456**
Amount repayable after one year:-		
Secured	9,438,178	5,739,319
Unsecured	17,641,178	14,701,170
Sub-Total 2	**27,079,356**	**20,440,489**
Total Debt	**32,600,416**	**23,633,945**
Cash	**5,666,196**	**5,059,839**
Total Debt less Cash	**26,934,220**	**18,574,106**

As at 30 September 2019, CapitaLand Limited and its treasury vehicles collectively, have available undrawn facilities of approximately $6.2 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

	3Q 2019 S$'000	3Q 2018 S$'000	YTD Sep 2019 $'000	YTD Sep 2018 $'000
Cash Flows from Operating Activities				
Profit after taxation	**527,940**	**566,606**	**2,038,416**	**2,141,331**
Adjustments for :				
Amortisation of intangible assets	4,667	1,996	12,519	6,196
Allowance/(Write back) for:				
- Foreseeable losses	(3,299)	-	(3,499)	(17,000)
- Impairment loss on receivables	2,410	531	4,323	824
- Impairment on property, plant and equipment	-	-	536	-
Share-based expenses	18,184	19,922	34,358	37,014
Net change in fair value of financial instruments	270	(1,255)	(3,838)	(236)
Depreciation of property, plant and equipment	33,902	15,600	76,603	47,101
Loss / (Gain) on disposal and write-off of property, plant and equipment	117	336	(408)	(4)
Loss / (Gain) on disposal of investment properties	-	63	-	(121,031)
Net fair value gain from investment properties and assets held for sale	(24,785)	(132,253)	(617,759)	(524,924)
Gain on disposal/liquidation/dilution of equity investments	(50,164)	(12,221)	(62,433)	(11,194)
Share of results of associates and joint ventures	(131,969)	(135,108)	(614,254)	(644,785)
Interest expense	234,371	163,144	606,046	468,289
Interest income	(21,775)	(19,498)	(65,746)	(60,073)
Taxation	311,028	94,687	489,845	403,185
	372,957	**(4,056)**	**(143,707)**	**(416,638)**
Operating profit before working capital changes	**900,897**	**562,550**	**1,894,709**	**1,724,693**
Changes in working capital				
Development properties for sale	(87,570)	138,350	(335,056)	964,128
Trade and other receivables	(162,667)	(379,273)	(274,987)	(370,541)
Contract assets	-	42,245	24,803	(276,643)
Trade and other payables	141,295	8,492	(147,504)	48,233
Contract liabilities	78,075	(80,461)	576,139	(543,835)
Restricted bank deposits	(9,066)	(484)	(50,472)	(911)
	(39,933)	**(271,131)**	**(207,077)**	**(179,569)**
Cash generated from operations	**860,964**	**291,419**	**1,687,632**	**1,545,124**
Taxation paid	(60,640)	(87,393)	(287,417)	(329,184)
Net cash generated from Operating Activities	**800,324**	**204,026**	**1,400,215**	**1,215,940**
Cash Flows from Investing Activities				
Proceeds from disposal of property, plant and equipment	69	187	7,378	681
Purchase of intangible assets and property, plant and equipment	(18,361)	(52,195)	(39,996)	(74,143)
Return of investment and loans from associates and joint ventures	283,225	538,090	32,366	672,766
Deposits placed for acquisition of investment properties	(20,007)	(22,838)	(52,433)	(65,814)
Deposit received for disposal of investment property and subsidiaries	(14,522)	-	4,134	
Acquisition/ Development expenditure of investment properties	(243,469)	(145,050)	(489,636)	(286,853)
Proceeds from disposal of investment properties	-	510,666	-	511,406
Investment in other financial assets	(10,449)	(43,993)	(21,682)	(50,180)
Proceeds from disposal of assets held for sale	145,430	150,181	531,698	489,734
Dividends received from associates, joint ventures and other investments	19,954	23,413	148,106	171,770
Acquisition of subsidiaries, net of cash acquired	(283,998)	(399,891)	(2,541,974)	(1,384,656)
Disposal of subsidiaries, net of cash disposed of	7,621	-	85,829	10,168
Settlement of hedging instruments	(17,963)	(7,641)	(9,850)	(5,286)
Interest income received	20,360	18,972	61,585	57,079
Restricted bank deposits	6,400	24,497	6,400	(17,237)
Net cash (used in) / generated from Investing Activities	**(125,710)**	**594,398**	**(2,278,075)**	**29,435**

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

	3Q 2019 S$'000	3Q 2018 S$'000	YTD Sep 2019 $'000	YTD Sep 2018 $'000
Cash Flows from Financing Activities				
Purchase of treasury shares	-	(30,265)	-	(341,825)
Contributions from non-controlling interests	447,133	(10,158)	563,481	203,368
Proceed from / (Repayment of) shareholder loans from non-controlling interests	2,677	(18,550)	(1,227)	(47,702)
Acquisition of ownership interests in a subsidiay with no change in control	(64,895)	-	(64,895)	-
Proceeds from issue of perpetual securities by a subsidairy	148,962	-	148,962	-
Proceeds from bank borrowings	2,416,499	537,072	7,654,839	3,913,424
Repayments of bank borrowings	(2,761,255)	(1,140,415)	(5,772,967)	(4,948,052)
Proceeds from issuance of debt securities	800,000	493,585	1,307,100	1,398,196
Repayments of debt securities and convertible bonds	(299,826)	(63,585)	(544,826)	(568,785)
Repayments of lease liabilities and finance lease payable	(14,852)	(680)	(37,123)	(2,355)
Dividends paid to non-controlling interests	(307,902)	(281,323)	(652,747)	(604,988)
Dividends paid to shareholders	-	-	(501,007)	(504,087)
Interest expense paid	(270,238)	(181,216)	(615,169)	(494,208)
Bank deposits withdrawn/ (pledged) for bank facilities	(1,700)	3,406	(943)	(163,712)
Net cash generated from/ (used in) Financing Activities	**94,603**	**(692,129)**	**1,483,478**	**(2,160,726)**
Net increase / (decrease) in cash and cash equivalents	**769,217**	**106,295**	**605,618**	**(915,351)**
Cash and cash equivalents at beginning of the period	4,844,921	5,102,937	5,004,755	6,079,505
Effect of exchange rate changes on cash balances held in foreign currencies	(4,251)	(64,005)	16,757	(24,601)
Cash and cash equivalents reclassified to assets held for sale	(43,880)	(5,674)	(61,123)	-
Cash and cash equivalents at end of the period	**5,566,007**	**5,139,553**	**5,566,007**	**5,139,553**
Restricted cash deposits (1)	100,189	207,050	100,189	207,050
Cash and cash equivalents in the Balance Sheet (2)	**5,666,196**	**5,346,603**	**5,666,196**	**5,346,603**

Notes :

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

2. *This includes $323.3 million in project accounts designated for development projects expenditure.*

<u>Cash flows analysis</u>

3Q 2019 vs 3Q 2018

In 3Q 2019, the Group generated net cash from operating activities of $800.3 million, $596.3 million higher as compared to 3Q 2018, mainly attributable to higher collections from development projects in China and operating cashflow from the ASB portfolio acquired.

The Group used net cash of $125.7 million in investing activities during the quarter mainly for the acquisition of investments and development of properties. The cash used was partially mitigated by the return of capital from associates in China and proceeds received from the disposal of investments.

Net cash generated from financing activities for 3Q 2019 was $94.6 million, mainly from the issuance of debt and perpetual securities, partially offset by net repayment of bank borrowings, redemption of debt securities and dividends to non-controlling interests.

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

For the period ended 30/09/2019 vs 30/09/2018 – Group

	Share Capital S$'000	Revenue Reserves S$'000	Other Reserves* S$'000	**Total S$'000**	Non-controlling Interests S$'000	**Total Equity S$'000**
Balance as at 01/07/2019	**9,327,422**	**13,827,981**	**(748,449)**	**22,406,954**	**15,889,862**	**38,296,816**
Total comprehensive income						
Profit for the period		333,929		**333,929**	194,011	**527,940**
Other comprehensive income						
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations			82,489	**82,489**	(6,116)	**76,373**
Change in fair value of equity investments at fair value through other comprehensive income			(265)	**(265)**	(785)	**(1,050)**
Effective portion of change in fair value of cash flow hedges			(5,609)	**(5,609)**	(6,260)	**(11,869)**
Share of other comprehensive income of associates and joint ventures			(139,583)	**(139,583)**	(445)	**(140,028)**
Total other comprehensive income, net of income tax	-	-	(62,968)	**(62,968)**	(13,606)	**(76,574)**
Total comprehensive income	**-**	**333,929**	**(62,968)**	**270,961**	**180,405**	**451,366**
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Contributions from non-controlling interests (net)				**-**	459,953	**459,953**
Issue of perpetual securities by a subsidiary				**-**	148,497	**148,497**
Dividends paid/payable		-		**-**	(321,591)	**(321,591)**
Distribution attributable to perpetual securities issued by a subsidiary		(2,357)		**(2,357)**	2,357	**-**
Share-based payments			14,239	**14,239**	1,147	**15,386**
Total contributions by and distributions to owners	-	(2,357)	14,239	**11,882**	290,363	**302,245**
Changes in ownership interests in subsidiaries and other capital transactions						
Changes in ownership interests in subsidiaries with change in control		-	740	**740**	(36,247)	**(35,507)**
Changes in ownership interests in subsidiaries with no change in control		(65,464)	(268)	**(65,732)**	58,995	**(6,737)**
Share of reserves of associates and joint ventures		2,116	2,885	**5,001**	-	**5,001**
Others		(529)	(4,465)	**(4,994)**	1,732	**(3,262)**
Total changes in ownership interests in subsidiaries and other capital transactions	-	(63,877)	(1,108)	**(64,985)**	24,480	**(40,505)**
Total transactions with owners	**-**	**(66,234)**	**13,131**	**(53,103)**	**314,843**	**261,740**
Balance as at 30/09/2019	**9,327,422**	**14,095,676**	**(798,286)**	**22,624,812**	**16,385,110**	**39,009,922**

* *Includes reserve for own shares, foreign currency translation reserve, capital reserves, fair value reserve, equity compensation reserve and hedging reserve.*

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

For the period ended 30/09/2019 vs 30/09/2018 – Group (cont'd)

	Share Capital S$'000	Revenue Reserves S$'000	Other Reserves* S$'000	**Total S$'000**	Non-controlling Interests S$'000	**Total Equity S$'000**
Balance as at 01/07/2018	**6,309,496**	**12,507,622**	**48,815**	**18,865,933**	**14,407,146**	**33,273,079**
Total comprehensive income						
Profit for the period		362,224		**362,224**	204,382	**566,606**
Other comprehensive income						
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations			(186,170)	**(186,170)**	(118,175)	**(304,345)**
Change in fair value of equity investments at fair value through other comprehensive income			(998)	**(998)**	(842)	**(1,840)**
Effective portion of change in fair value of cash flow hedges			(7,506)	**(7,506)**	(9,716)	**(17,222)**
Share of other comprehensive income of associates and joint ventures			(371,194)	**(371,194)**	(2,155)	**(373,349)**
Total other comprehensive income, net of income tax	-	-	(565,868)	**(565,868)**	(130,888)	**(696,756)**
Total comprehensive income	**-**	**362,224**	**(565,868)**	**(203,644)**	**73,494**	**(130,150)**
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Purchase of treasury shares			(30,265)	**(30,265)**	-	**(30,265)**
Contributions from non-controlling interests (net)				**-**	(9,758)	**(9,758)**
Dividends paid/payable		-		**-**	(271,239)	**(271,239)**
Distribution attributable to perpetual securities issued by a subsidiary		(2,145)		**(2,145)**	2,145	**-**
Share-based payments			15,758	**15,758**	681	**16,439**
Total contributions by and distributions to owners	-	(2,145)	(14,507)	**(16,652)**	(278,171)	**(294,823)**
Changes in ownership interests in subsidiaries and other capital transactions						
Changes in ownership interests in subsidiaries with change in control		7,513		**7,513**	(117,767)	**(110,254)**
Changes in ownership interests in subsidiaries with no change in control		4,041	(15)	**4,026**	(4,223)	**(197)**
Share of reserves of associates and joint ventures		4,140	9,698	**13,838**	-	**13,838**
Others		(688)	1,974	**1,286**	1,560	**2,846**
Total changes in ownership interests in subsidiaries and other capital transactions	-	15,006	11,657	**26,663**	(120,430)	**(93,767)**
Total transactions with owners	**-**	**12,861**	**(2,850)**	**10,011**	**(398,601)**	**(388,590)**
Balance as at 30/09/2018	**6,309,496**	**12,882,707**	**(519,903)**	**18,672,300**	**14,082,039**	**32,754,339**

* *Includes reserve for own shares, foreign currency translation reserve, capital reserves, fair value reserve, equity compensation reserve and hedging reserve.*

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

For the period ended 30/09/2019 vs 30/09/2018 – Company

	Share Capital S$'000	Revenue Reserves S$'000	Reserve For Own Shares S$'000	Capital Reserves S$'000	Equity Comp Reserves S$'000	**Total Equity S$'000**
Balance as at 01/07/2019	**9,327,422**	**4,116,172**	**(342,225)**	**92,799**	**11,981**	**13,206,149**
Total comprehensive income						
Profit for the period		30,695				**30,695**
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Share-based payments					4,092	**4,092**
Total transactions with owners	**-**	**-**	**-**	**-**	**4,092**	**4,092**
Balance as at 30/09/2019	**9,327,422**	**4,146,867**	**(342,225)**	**92,799**	**16,073**	**13,240,936**
Balance as at 01/07/2018	**6,309,496**	**4,029,655**	**(354,814)**	**135,715**	**13,060**	**10,133,112**
Total comprehensive income						
Profit for the period		223,326				**223,326**
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Purchase of treasury shares			(30,265)			**(30,265)**
Share-based payments					2,172	**2,172**
Total transactions with owners	**-**	**-**	**(30,265)**	**-**	**2,172**	**(28,093)**
Balance as at 30/09/2018	**6,309,496**	**4,252,981**	**(385,079)**	**135,715**	**15,232**	**10,328,345**

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

Issued Share Capital

During the quarter under review, there was no change in the Company's issued share capital. As at 30 September 2019, the Company's issued and fully paid-up capital (excluding treasury shares) comprises 5,037,494,396 (31 December 2018: 4,162,813,855) ordinary shares.

CapitaLand Share Plans

Performance Share Plan

As at 30 September 2019, the number of shares comprised in contingent awards granted under the performance share plan ("PSP") which has not been released was 9,326,722 (30 September 2018: 9,656,627).

Under the PSP, the final number of shares to be released will depend on the achievement of pre-determined targets over a three-year performance period. No shares will be released if the threshold targets are not met at the end of the performance period. Conversely, if superior targets are met, more shares than the baseline award could be released. For awards granted with effect from 2015, the maximum is 200 percent of the baseline award. There is no vesting period for shares released under the PSP.

CapitaLand Share Plans (cont'd)

Restricted Share Plan

As at 30 September 2019, the number of shares comprised in contingent awards granted under the RSP in respect of which (a) the final number of shares has not been determined, and (b) the final number of shares has been determined but not released, is 15,236,465 (30 September 2018: 10,041,071) and 13,374,223 (30 September 2018: 13,462,398) respectively, of which 2,751,397 (30 September 2018: 2,028,863) shares out of the former and 2,712,759 (30 September 2018: 2,844,735) shares out of the latter are to be cash-settled.

Under the RSP, the final number of shares to be released will depend on the achievement of pre-determined targets at the end of a one-year performance period and the release will be over a vesting period of three years. No shares will be released if the threshold targets are not met at the end of the performance period. Conversely, if superior targets are met, more shares than the baseline award could be released up to a maximum of 150 percent of the baseline award. An additional number of shares of a total value equals to the value of the accumulated dividends which are declared during each of the vesting periods and deemed forgone due to the vesting mechanism of the CapitaLand Restricted Share Plan 2010, will also be released on the final vesting.

Convertible Bonds

The Company has the following convertible bonds which remain outstanding as at 30 September 2019:

Principal Amount $ million	Final Maturity Year	Conversion price $	Convertible into new ordinary shares
650.00	2020	4.9782	130,569,282
650.00	2025	4.9697	130,792,603
326.75	2022	11.5218	28,359,284
199.25	2023	4.1936	47,512,876

There has been no conversion of any of the above convertible bonds since the date of their respective issue.

Assuming all the convertible bonds are fully converted based on their respective conversion price, the number of new ordinary shares to be issued would be 337,234,045 (30 September 2018: 501,752,089) representing a 8.1% increase over the total number of issued shares (excluding treasury shares) of the Company as at 30 September 2019.

1(d)(iii) Treasury Shares

There were no sales, transfers, disposal, cancellation and/or use of treasury shares in 3Q 2019. As at 30 September 2019, the Company held 99,154,064 treasury shares which represents 2.0% of the total number of issued shares (excluding treasury shares).

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have neither been audited nor reviewed by our auditors.

3 Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of a matter)

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the year ended 31 December 2018, except for the adoption of new/revised SFRS(I) applicable for the financial period beginning 1 January 2019 as follows:

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

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

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

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

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

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

Balance sheet as at 1 January 2019

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

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

Please refer to Item 4 above.

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

		Group			
		3Q 2019	3Q 2018	YTD Sep 2019	YTD Sep 2018
6(a)	EPS based on weighted average number of ordinary shares in issue (in cents)	6.6	8.7	27.1	30.6
	Weighted average number of ordinary shares (in million)	5,037.5	4,168.1	4,463.0	4,200.9
6(b)	EPS based on fully diluted basis (in cents)	6.4	8.1	25.7	28.3
	Weighted average number of ordinary shares (in million)	5,396.3	4,663.5	4,863.5	4,745.9

7 Net asset value and net tangible assets per ordinary share based on issued share capital (excluding treasury shares) as at the end of the period

	Group		Company	
	30/09/2019	31/12/2018	30/09/2019	31/12/2018
Net asset value per share	$4.49	$4.55	$2.63	$2.48
Net tangible assets per share	$4.30	$4.40	$2.63	$2.48

8 Review of the Group's performance

Group Overview

S$M	3Q 2019	3Q 2018	Better/ (Worse) (%)	YTD Sep 2019	YTD Sep 2018	Better/ (Worse) (%)
Revenue	1,727.8	1,260.0	37.1	3,858.8	3,978.0	(3.0)
Earnings before Interest and Tax ("EBIT")	1,073.3	824.4	30.2	3,134.3	3,012.8	4.0
Finance costs	(234.4)	(163.1)	(43.7)	(606.0)	(468.3)	(29.4)
Profit Before Taxation	839.0	661.3	26.9	2,528.3	2,544.5	(0.6)
Total PATMI	333.9	362.2	(7.8)	1,209.3	1,286.8	(6.0)
Comprising:						
Operating PATMI(1)	277.6	233.7	18.8	638.9	658.4	(3.0)
Portfolio gains(2)	54.3	129.2	(58.0)	189.0	288.7	(34.5)
Revaluation gains and impairments	2.0	(0.7)	NM	381.4	339.7	12.3

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

(2) Portfolio gains/losses comprise gains or losses arising from divestments, acquisitions, gains from bargain purchase or re-measurement on acquisitions and realised revaluation gains/losses arising from revaluation of investment properties to agreed selling prices of properties.

<u>3Q 2019 vs 3Q 2018</u>

For the quarter under review, the Group achieved a revenue of $1,727.8 million (3Q 2018: $1,260.0 million) and a PATMI of $333.9 million (3Q 2018: $362.2 million).

<u>Revenue</u>

Revenue for 3Q 2019 increased by 37.1% or $467.8 million mainly due to higher contribution from residential projects in China, contributions from newly acquired ASB and multifamily portfolio in USA. The residential projects which contributed to the revenue this quarter were The Metropolis, Kunshan in China, Sky Habitat, in Singapore, as well as Mulberry Lane in Vietnam.

Collectively, the two core markets of Singapore and China accounted for 67.3% (3Q 2018: 70.0%) of the Group's revenue.

In terms of asset class, residential, commercial strata and urban development constituted 32.1% or $555.1 million (3Q 2018: 29.7% or $374.7 million) of the total revenue in 3Q 2019, while investment properties comprised commercial, retail, business park, logistics and Industrial, as well as lodging properties which are recurring in nature, accounted for 67.9% or $1,172.7 million of total revenue (3Q 2018: 70.3% or $885.3 million).

<u>EBIT</u>

Group EBIT for 3Q 2019 increased by 30.2% to $1,073.3 million (3Q 2018: $824.2 million) mainly attributed to the contributions from ASB, higher contributions from residential projects in China, as well as one-off fee income from a project in Vietnam. The higher EBIT was partially offset by lower gains from asset recycling.

At EBIT level, the portfolio gains for 3Q 2019 of $83.1 million (3Q 2018: $165.3 million) arose from the divestment of a commercial property in Germany, two commercial properties, three malls and CCRE in China. Portfolio gains for 3Q 2018 mainly related to fair value uplift of Westgate, Singapore.

During the quarter, the Group also wrote back a provision for foreseeable losses amounting to $3.3 million (3Q 2018: nil) for a development project in Singapore upon sale of units.

In terms of asset class, residential, commercial strata and urban development accounted for 29.3% of the total EBIT in 3Q 2019 as compared to 18.4% in 3Q 2018 on account of higher contributions from China residential handover. The Group's investment properties portfolio accounted for 70.7% (3Q 2018: 81.6%) of the total EBIT. The decrease was mainly attributed lower asset recycling gains, partially mitigated by contributions from newly acquired ASB portfolio and USA multifamily portfolio.

EBIT Contribution by Geography
Singapore and China markets remain the key contributors to EBIT, accounting for 75.6% of total EBIT (3Q 2018: 83,7%). Singapore EBIT was $319.9 million or 29.8% of total EBIT (3Q 2018: 49.0% or $403.6 million) while China EBIT was $491.7 million or 45.8% of total EBIT (3Q 2018: 34.8% or $286.8 million).

Singapore EBIT for 3Q 2019 decreased by 20.7% mainly attributed to the absence of assets recycling gains from Westgate recorded in 3Q 2018, partially mitigated by contributions from ASB.

China EBIT for 3Q 2019 increased by 71.4% on account of higher contributions from residential projects and gains from asset recycling.

PATMI
Overall, the Group achieved a PATMI of $333.9 million in 3Q 2019, 7.8% lower than the corresponding quarter. The lower PATMI was mainly due to lower portfolio gains recorded during the quarter, partially mitigated by higher operating PATMI. The increase in operating PATMI by 18.8% arose mainly from the consolidation of ASB's results, higher contributions from residential projects in China and the one-off fee income from a project in Vietnam.

YTD September 2019 vs YTD September 2018

Revenue
Revenue for YTD September 2019 decreased marginally by 3.0% to $3,858.8 million (YTD September 2018: $3,978.0 million) mainly attributed to lower contributions from residential projects in Singapore and China, partially mitigated by contributions from ASB and higher rental revenue from our portfolio of properties in USA and Europe. The residential projects which contributed to the revenue in YTD September 2019 were The Metropolis, Century Park East and Lakeside in China, The Interlace, Sky Habitat and Bedok Residences in Singapore, as well as D1MENSION and Mulberry Lane in Vietnam.

Collectively, the two core markets of Singapore and China accounted for 65.9% (YTD September 2018: 75.6%) of the Group's revenue.

In terms of asset class, residential, commercial strata and urban development constituted 23.0% or $888.1 million (YTD September 2018: 36.2% or $1,440.3 million) of the total revenue in YTD September 2019, while investment properties comprised commercial, retail, business park, logistics and industrial, as well as lodging properties which are recurring in nature, accounted for 77.0% or $2,970.7 million of total revenue (YTD September 2018: 63.8.% or $2,537.7 million).

EBIT
In YTD September 2019, the Group recorded an EBIT of $3,134.3 million (YTD September 2018: $3,012.8 million), an increase of 4% as compared to YTD September 2018. The increase was largely due to contributions from ASB, higher contributions from our properties in USA and Europe, as well as higher fair value gains from revaluation of investment properties, partially offset by lower portfolio gains.

At EBIT level, the portfolio gains in YTD September 2019 of $333.5 million (YTD September 2018: $479.8 million) arose mainly from the divestments of a serviced residence in Singapore, two commercial properties and three retail malls in China and a commercial property in Germany, partially offset by the transaction costs incurred for ASB acquisition.

In terms of revaluation of investment properties, the Group recorded a net fair value gain of $618.0 million in YTD September 2019 (YTD September 2018: $527.7 million). The higher revaluation gain arose mainly from revaluations of our portfolio of properties in China, Japan, Australia and USA, partially offset by lower revaluation gains recorded in Singapore, Malaysia, Vietnam and Europe.

As projects are progressively fully sold in Singapore, there were lower writeback of provision for foreseeable losses upon sale of units in YTD September 2019 of $3.4 million as compared to $13.9 million in YTD September 2018.

In terms of asset class, EBIT from residential, commercial strata and urban development was 16.4% or $515.4 million (YTD September 2018: 16.5% or $497.0 million) of the total EBIT in YTD September 2019. The Group's investment properties portfolio accounted for 83.6% or $2,618.9 million (YTD September 2018: 83.5% or $2,515.8 million) of the total EBIT. The increase was mainly attributable to the ASB acquisition, higher gains from revaluation of investment properties and higher recurring income from our properties in USA and Europe.

EBIT Contribution by Geography

Singapore and China markets remain the key contributors to EBIT, accounting for 82.7% of total EBIT (YTD September 2018: 87.2%). Singapore EBIT was $1,187.1 million or 37.9% of total EBIT (YTD September 2018: $1,412.1 million or 46.9%) while China EBIT was $1,404.8 million or 44.8%% of total EBIT (YTD September 2018: $1,213.9 million or 40.3%).

Singapore EBIT fell by 15.9% mainly due to lower sales and writebacks from residential projects, as well as lower gains from revaluation of investment properties and asset recycling.

China EBIT increased by 15.7% mainly due to higher portfolio gains and fair value gains on revaluation of investment properties, partially offset by lower handover of units from residential projects.

Finance Costs

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

PATMI

Overall, the Group achieved a PATMI of $1,209.3 million in YTD September 2019, 6.0% lower as compared to the previous corresponding period. The decrease was mainly attributed to lower operating PATMI and recognition of the one-off transaction costs on the acquisition of ASB, partially mitigated by consolidation of ASB's results, higher fair value gains on revaluation of our portfolio of investment properties. The lower operating PATMI was mainly attributable to the lower contribution from residential projects in China and Singapore.

Segment Performance

In 2019, the Group re-organised its reporting structure into strategic business units (SBUs) by geography and asset class to more accurately reflect the way we manage our businesses. Our geographical SBUs comprise the Group's integrated capabilities in the residential, retail, commercial, industrial, logistics and business parks asset classes, strategically deployed in each market. The geographical SBUs are CapitaLand Singapore and International (comprising CL Singapore, Malaysia and Indonesia, CL Vietnam and CL International), CapitaLand China (CL China) and CapitaLand India (CL India). Our asset class SBUs comprise CapitaLand Lodging (CL Lodging) and CapitaLand Financial (CL Financial). CL Lodging, with its global network and scale, comprises the Group's lodging business. CL Financial is the real estate fund management unit comprising the Group's REIT managers and Fund managers.

For financial reporting, the Group's primary segment is based on its SBUs. The Group's secondary segment is reported by geographical locations, namely Singapore, China, other emerging markets and other developed markets.

For the purposes of additional disclosure, the Group has also elected to disclose segment reporting by asset class.

CL Singapore and International

S$M	3Q 2019	3Q 2018	Better/ (Worse) (%)	YTD Sep 2019	YTD Sep 2018	Better/ (Worse) (%)
Revenue						
CL SMI	478.8	496.7	(3.6)	1,369.3	1,534.5	(10.8)
CL Vietnam	11.6	15.5	(24.8)	56.5	31.9	77.2
CL International	88.6	31.0	185.9	191.1	82.6	131.3
Total	**579.0**	**543.2**	**6.6**	**1,616.9**	**1,649.0**	**(1.9)**
EBIT						
CL SMI	371.6	426.2	(12.8)	1,148.3	1,451.5	(20.9)
CL Vietnam	35.9	8.1	340.6	47.2	46.0	2.6
CL International	76.6	13.6	463.8	143.8	43.6	230.2
Total	**484.1**	**447.9**	**8.1**	**1,339.3**	**1,541.1**	**(13.1)**

Revenue for residential projects in Singapore and Malaysia is recognised on a percentage of completion method while in Vietnam, the revenue for residential projects is recognised on a completion basis upon handover of units to home buyers.

Revenue for 3Q 2019 increased mainly due to contributions from ASB and the USA multifamily portfolio acquired in 2Q 2019 and 4Q 2018 respectively. The increase was partially offset by lower contributions from development projects in Singapore and Vietnam.

Revenue for YTD September 2019 was lower as compared to the previous year mainly due to lower contributions from residential projects in Singapore, as the projects are progressively fully sold, partially mitigated by contributions from ASB, the newly acquired properties in USA and Germany, as well as higher handover of residential units to home buyers in Vietnam.

In 3Q 2019, Vietnam handed over 25 units (3Q 2018: 41 units) to home buyers bringing the total number of residential units from subsidiary projects handed over to 163 units (YTD September 2018: 79 units). Including units from joint venture projects, CL Vietnam handed over 76 units (3Q 2018: 482 units) in 3Q 2019 and 271 units (YTD September 2018: 1,206 units) in YTD September 2019.

The higher EBIT in 3Q 2019 was mainly due to contributions from ASB, fair value uplift from Main Airport Center in Germany and recognition of the one-off fee income from a project in Vietnam, partially offset by the absence of the gains from the divestment of Westgate in 3Q 2018.

EBIT for YTD September 2019 decreased by 13.1% mainly due to lower contributions from development projects in Singapore and Vietnam, lower gains on revaluation of investment properties, as well as the absence of gains from properties divested in YTD September 2018, namely Westgate, Sembawang Shopping

Centre, Twenty Anson and a property investment in Vietnam. The decrease was partially mitigated by contributions from newly acquired ASB and properties in USA, as well as the fair value uplift from Main Airport Center.

In 3Q 2019, 805 units (3Q 2018: 356 units) were sold in Singapore, Malaysia and Vietnam. This brings the total number of residential units sold to 940 units in YTD September 2019 (YTD September 2018: 1,893 units) with a realised sales value of $761 million (YTD September 2018: $862 million). The sales were mainly from One Pearl Bank in Singapore, Park Regent and genKL in Malaysia, as well as Feliz En Vista, Seasons Avenue and Vista Verde in Vietnam.

CL China

S$M	3Q 2019	3Q 2018	Better/ (Worse) (%)	YTD Sep 2019	YTD Sep 2018	Better/ (Worse) (%)
Revenue	695.7	408.0	70.5	1,192.5	1,494.3	(20.2)
EBIT	465.4	275.2	69.1	1,358.2	1,150.8	18.0

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

Revenue for 3Q 2019 was higher than the previous corresponding period on account of the completion and handover of another phase from The Metropolis in Kunshan. Revenue for YTD September 2019 was lower than previous corresponding periods, mainly due to lower contribution from handover of residential units from subsidiary projects.

In 3Q 2019, CL China handed over 1,069 units to home buyers mainly from The Metropolis (3Q 2018: 1,279 units). Including 2,599 units handed over in 1H 2019, CL China delivered a total of 3,668 units in YTD September 2019 (YTD September 2018: 4,093 units).

EBIT for 3Q 2019 increased in line with revenue. EBIT for YTD September 2019 was higher due to higher portfolio gains from the divestment of two offices and three shopping malls, and fair value gains from the revaluation of investment properties, partially offset by the lower revenue from residential handovers.

In 3Q 2019, CL China sold 669 units with a sales value of RMB 2.1 billion (3Q 2018: 826 units; RMB 2.6 billion). The Group achieved an overall sales rate of 92% based on launched residential units as at September 2019. For the nine months ended September 2019, 3,694 units were sold at a value of RMB 8.5 billion (YTD September 2018: 2,570 units; RMB 7.5 billion). The current year sales were mainly from Century Park (East) in Chengdu, La Botanica in Xian, La Riva in Guangzhou and Raffles City Residences in Chongqing.

CL India

S$M	3Q 2019	3Q 2018	Better/ (Worse) (%)	YTD Sep 2019	YTD Sep 2018	Better/ (Worse) (%)
Revenue	10.4	-	NM	10.4	0.1	NM
EBIT	3.9	(0.4)	NM	3.0	(0.8)	NM

Revenue for 3Q 2019 and YTD 3Q 2019 relate to the contribution from the ASB business park portfolio acquired in June 2019.

EBIT for 3Q 2019 and YTD 3Q 2019 was mainly from the Group’s share of results of Ascendas India Trust and business park portfolio.

CL Lodging

S$M	3Q 2019	3Q 2018	Better/ (Worse) (%)	YTD Sep 2019	YTD Sep 2018	Better/ (Worse) (%)
Revenue	428.1	307.4	39.3	1,025.4	831.7	23.3
EBIT	110.7	82.2	34.7	401.3	235.0	70.8

Revenue for 3Q and YTD September 2019 was higher mainly due to higher revenue from Synergy Global Housing, as well as the contribution from Ascendas Hospitality Trust and Tauzia.

EBIT for 3Q 2019 was higher mainly due to higher revenue and divestment gain from a property in China. EBIT for YTD September 2019 was higher mainly due to the gains from divestment of Ascott Raffles Place and higher revenue, partially offset by lower fair value gains from investment properties.

CL Financial

S$M	3Q 2019	3Q 2018	Better/ (Worse) (%)	YTD Sep 2019	YTD Sep 2018	Better/ (Worse) (%)
Revenue	87.9	54.0	62.7	189.0	175.0	8.0
EBIT	47.9	27.9	71.9	100.6	104.6	(3.8)

Revenue for 3Q 2019 and YTD September 2019 was higher against same period last year mainly due to revenue contribution from ASB's fund management business and newly established CAP1 fund investments (from July 2019 onwards), higher acquisition and divestment fees, partially offset by lower management fees from the Vietnam commercial fund and several of the Group's China retail funds following divestment of properties in 2018.

EBIT for 3Q 2019 was higher by $18.7 million mainly due to the contribution from ASB and higher acquisition and divestment fee income. YTD September 2019 EBIT decreased by $5.2 million, mainly due to lower management fee income from the Vietnam commercial fund and the China retail funds following divestment of properties in 2018, and set-up costs for new funds. This was partially mitigated by contribution from ASB and higher acquisition and divestment fees.

Corporate and Others

S$M	3Q 2019	3Q 2018	Better/ (Worse) (%)	YTD Sep 2019	YTD Sep 2018	Better/ (Worse) (%)
Revenue	(73.3)	(52.6)	(39.4)	(175.3)	(172.2)	(1.9)
EBIT	(38.7)	(8.4)	(362.1)	(68.2)	(17.8)	(282.1)

Corporate and Others include Corporate office and group eliminations.

The higher losses for 3Q 2019 and YTD September 2019 was due to the consolidation of ASB corporate costs and the timing difference in the recovery of management fees from the SBUs. YTD September 2019 EBIT also included the transaction costs incurred on the acquisition of ASB.

9 Variance from Prospect Statement

The 3Q 2019 operating performance was broadly in line with the prospect statement made when the 1H 2019 financial results were announced.

10 Commentary of the significant trends and the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Group Overall Prospects

According to the International Monetary Fund (IMF), the pace of global economic activity remained weak as at October 2019[1]. Uncertainties about the future of the global trading system and international cooperation due to rising trade and geopolitical tensions have taken a toll on business confidence, investment decisions and global trade. IMF's 2019 global growth forecast has been further cut to 3.0%, a 0.3 percentage point downgrade from the April 2019 projections. 2020 economic growth is projected to pick up to 3.4%, though that is 0.2 percentage points lower than the April 2019 forecast.

In light of this backdrop, CapitaLand continues to build on our strengths from our diversified portfolio in our core markets of Singapore, China, Vietnam and India, as well as our core asset classes. The Group will also continue to prioritise disciplined asset recycling, as well as proactive capital management to position the Group for continued growth through the cycle. To date, the Group has achieved gross value of more than S$5.2 billion in asset recycling[2]; Net debt-to-equity ratio has decreased to 0.69 times[3] as at 30 September 2019, from 0.73 times in the previous quarter. The Group's financial capacity remains healthy with cash balances and available undrawn facilities of approximately S$11.8 billion and a healthy debt maturity profile of 3.5 years.

As at 30 September 2019, approximately 53% of the Group's total PATMI was made up of Operating PATMI derived from recurring rentals from the Group's investment properties, as well as healthy trading income from the sales of residential units.

The Group's retail and office portfolios across Singapore and China continue to be resilient, registering healthy occupancy levels, as well as strong footfall and tenant sales for the retail assets. New business park, industrial and logistics assets added to the Group's portfolio through the acquisition of Ascendas-Singbridge have also started contributing positively to the Group's Operating PATMI in 3Q 2019.

The Group's residential trading segment remains a key component of the Group's operating income, complementing the stable, recurring rentals from the investment properties. The Group had two successful residential launches in Singapore in 2019. Residential sales and handovers in China have progressed according to plan and the Group is on track in terms of sales, as well as handovers of approximately 6,000 to 8,000 homes annually.

The Group will also look to growing its fee from fund management, as well as its Lodging platform. In 3Q 2019, fee income from the Group's REITs and funds totaled S$86.8 million, approximately 35% higher than the same period in 2018. With an expanded portfolio of REITs and funds post ASB acquisition, the Group is well-positioned to capitalise on both public and private markets to grow its portfolio. CapitaLand's Lodging unit has continued to progress towards its target of managing 160,000 keys by Year 2023, more than 10,600 new units secured year-to-date.

[1] Source: https://www.imf.org/en/Publications/WEO/Issues/2019/10/01/world-economic-outlook-october-2019
[2] Divestment / transfer values based on agreed property value (100% basis) or sales consideration
[3] Net debt as at 30 September 2019 excluded the borrowings associated with the 30 business park properties which were reclassified to liabilities held for sale following the announcement of their divestment on 1 November 2019 (see subsequent events in Page 26).

11(a) Any dividend declared for the present financial period? No. The company pays first and final dividend only.

11(b) Any dividend declared for the previous corresponding period? No. The company pays first and final dividend only.

11(c) Date payable : Not applicable.

11(d) Books closing date : Not applicable.

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

No dividend has been declared/recommended during the period.

13 Interested Person Transactions

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

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

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

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

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial statements of the Group and the Company (comprising the balance sheet, consolidated income statement, statement of comprehensive income, statement of changes in equity and consolidated statement of cash flows, together with their accompanying notes) as at 30 September 2019 and for the nine months ended on that date, to be false or misleading in any material aspect.

On behalf of the Board

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

16 Segmental Revenue and Results

16(a)(i) By Strategic Business Units – 3Q 2019 vs 3Q 2018

	Revenue			Earnings before interest & tax		
	3Q 2019 S$'000	3Q 2018 S$'000	Better/ (Worse) (%)	3Q 2019 S$'000	3Q 2018 S$'000	Better/ (Worse) (%)
CL Singapore and International						
- CL SMI	478,756	496,682	(3.6)	371,627	426,202	(12.8)
- CL Vietnam	11,624	15,459	(24.8)	35,901	8,149	340.6
- CL International	88,552	30,972	185.9	76,614	13,589	463.8
CL China	695,698	408,034	70.5	465,436	275,232	69.1
CL India	10,410	-	NM	3,878	(397)	NM
CL Lodging	428,108	307,404	39.3	110,726	82,189	34.7
CL Financial	87,888	54,030	62.7	47,885	27,853	71.9
Corporate and others(1)	(73,266)	(52,562)	(39.4)	(38,728)	(8,380)	(362.1)
Total	**1,727,770**	**1,260,019**	**37.1**	**1,073,339**	**824,437**	**30.2**

16(a)(ii) By Strategic Business Units – YTD September 2019 vs YTD September 2018

	Revenue			Earnings before interest & tax		
	YTD Sep 2019 S$'000	YTD Sep 2018 S$'000	Better/ (Worse) (%)	YTD Sep 2019 S$'000	YTD Sep 2018 S$'000	Better/ (Worse) (%)
CL Singapore and International						
- CL SMI	1,369,343	1,534,509	(10.8)	1,148,303	1,451,489	(20.9)
- CL Vietnam	56,502	31,881	77.2	47,246	46,033	2.6
- CL International	191,071	82,593	131.3	143,832	43,559	230.2
CL China	1,192,478	1,494,279	(20.2)	1,358,155	1,150,824	18.0
CL India	10,410	118	NM	3,027	(796)	NM
CL Lodging	1,025,353	831,748	23.3	401,288	234,974	70.8
CL Financial	189,034	174,994	8.0	100,622	104,561	(3.8)
Corporate and others(1)	(175,348)	(172,151)	(1.9)	(68,166)	(17,839)	(282.1)
Total	**3,858,843**	**3,977,971**	**(3.0)**	**3,134,307**	**3,012,805**	**4.0**

16(b)(i) By Geography – 3Q 2019 vs 3Q 2018

	Revenue			Earnings before interest & tax		
	3Q 2019 S$'000	3Q 2018 S$'000	Better/ (Worse) (%)	3Q 2019 S$'000	3Q 2018 S$'000	Better/ (Worse) (%)
Singapore	407,974	464,588	(12.2)	319,897	403,564	(20.7)
China (2)	754,486	417,127	80.9	491,660	286,834	71.4
Other developed markets(3)	434,651	263,102	65.2	184,643	84,611	118.2
Other emerging markets (4)	130,659	115,202	13.4	77,139	49,428	56.1
Total	**1,727,770**	**1,260,019**	**37.1**	**1,073,339**	**824,437**	**30.2**

16(b)(ii) By Geography – YTD September 2019 vs YTD September 2018

	Revenue			Earnings before interest & tax		
	YTD Sep 2019 S$'000	YTD Sep 2018 S$'000	Better/ (Worse) (%)	YTD Sep 2019 S$'000	YTD Sep 2018 S$'000	Better/ (Worse) (%)
Singapore	1,214,221	1,394,502	(12.9)	1,187,083	1,412,100	(15.9)
China (2)	1,329,539	1,613,940	(17.6)	1,404,827	1,213,891	15.7
Other developed markets(3)	984,150	685,089	43.7	399,098	211,992	88.3
Other emerging markets (4)	330,933	284,440	16.3	143,299	174,822	(18.0)
Total	**3,858,843**	**3,977,971**	**(3.0)**	**3,134,307**	**3,012,805**	**4.0**

16(c)(i) By Assets Class – 3Q 2019 vs 3Q 2018

	Revenue			Earnings before interest & tax		
	3Q 2019 S$'000	3Q 2018 S$'000	Better/ (Worse) (%)	3Q 2019 S$'000	3Q 2018 S$'000	Better/ (Worse) (%)
Residential and commercial strata and urban development	555,122	374,655	48.2	314,182	152,037	106.6
Retail	448,217	416,642	7.6	359,169	470,917	(23.7)
Commercial	225,391	190,613	18.2	221,951	124,518	78.2
Business park, industrial & logistics	102,376	-	NM	86,669	-	NM
Lodging(5)	462,930	320,691	44.4	121,620	80,001	52.0
Corporate and others(1)	(66,266)	(42,582)	(55.6)	(30,252)	(3,036)	(896.4)
Total	**1,727,770**	**1,260,019**	**37.1**	**1,073,339**	**824,437**	**30.2**

16(c)(ii) By Assets Class – YTD September 2019 vs YTD September 2018

	Revenue			Earnings before interest & tax		
	YTD Sep 2019 S$'000	YTD Sep 2018 S$'000	Better/ (Worse) (%)	YTD Sep 2019 S$'000	YTD Sep 2018 S$'000	Better/ (Worse) (%)
Residential and commercial strata and urban development	888,083	1,440,288	(38.3)	515,413	496,985	3.7
Retail	1,310,793	1,289,600	1.6	1,365,450	1,520,970	(10.2)
Commercial	581,987	519,419	12.0	758,190	782,914	(3.2)
Business park, industrial & logistics	102,376	-	NM	86,669	-	NM
Lodging(5)	1,132,398	870,879	30.0	457,235	222,265	105.7
Corporate and others(1)	(156,794)	(142,215)	(10.3)	(48,650)	(10,329)	(371.0)
Total	**3,858,843**	**3,977,971**	**(3.0)**	**3,134,307**	**3,012,805**	**4.0**

Notes:
(1) Includes intercompany eliminations.
(2) Includes Hong Kong.
(3) Excludes Singapore and Hong Kong.
(4) Excludes China.
(5) The results for Lodging asset class is different from CL Lodging SBU as it includes the results of lodging component in integrated developments as well as US multifamily portfolio presented under other SBUs.

17 In the review of performance, the factors leading to any material changes in contributions to revenue and earnings by the business or geographical segments

Please refer to item 8.

18 Breakdown of Group's revenue and profit after tax for first half year and second half year

Not applicable.

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

Not applicable.

20 Subsequent Events

(i) On 17 October 2019, CapitaLand Limited announced that its wholly owned subsidiary, CapitaLand Treasury Limited issued S$500,000,000 in aggregate principal amount of fixed rate subordinated perpetual notes (the "Perpetual Notes") at 3.65% per annum under the S$5,000,000,000 Euro Medium Term Note Programme established on 29 April 2019. The Perpetual Notes was listed on the SGX-ST on 18 October 2019.

(ii) On 1 November 2019, CapitaLand announced that it has, through its wholly owned entities, entered into agreements with HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Ascendas Real Estate Investment Trust (Ascendas Reit), to divest 30 business park properties in the United States of America and Singapore to Ascendas Reit for a total consideration of S$1,665.3 million. The associated assets and liabilities (including the bank borrowings) of these properties were accordingly reclassified to assets and liabilities held for sale on the Group's balance sheet as at 30 September 2019.

The proposed divestments, which are conditional upon the approval of Ascendas Reit's independent unitholders and the relevant authorities, are expected to be completed in 4Q 2019. Upon completion, CapitaLand is expected to recognise a net gain of approximately S$95.4 million.

BY ORDER OF THE BOARD

Michelle Koh
Company Secretary
5 November 2019