



CAPITARETAIL CHINA TRUST
2014 SECOND QUARTER UNAUDITED FINANCIAL STATEMENT AND DISTRIBUTION ANNOUNCEMENT

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Summary of CRCT Results

	2Q 2014 ¹	2Q 2013	Change %	1H 2014 ¹	1H 2013	Change %
	Actual S\$'000	Actual S\$'000		Actual S\$'000	Actual S\$'000	
Gross Revenue	51,014	40,000	27.5	99,158	79,330	25.0
Net Property Income	34,214	26,413	29.5	66,553	52,281	27.3
Income available for distribution	21,253	17,902	18.7	40,889	35,242	16.0
Distribution Per Unit ("DPU") (cents)						
For the period	2.59	2.38	8.8	4.99	4.69	6.4
Annualised	10.39	9.55	8.8	10.06	9.46	6.3

	2Q 2014 ¹	2Q 2013	Change %	1H 2014 ¹	1H 2013	Change %
	Actual RMB'000	Actual RMB'000		Actual RMB'000	Actual RMB'000	
Gross Revenue	249,888	200,036	24.9	481,584	400,697	20.2
Net Property Income	167,595	132,096	26.9	323,230	264,074	22.4

Footnote:

1. Includes CapitaMall Grand Canyon which was acquired on 30 December 2013.

DISTRIBUTION & BOOK CLOSURE DATE

Distribution	For 1 January 2014 to 30 June 2014
Distribution type	Capital distribution
Distribution rate	4.99 cents per unit
Book closure date	8 August 2014
Payment date	25 September 2014

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INTRODUCTION

CapitaRetail China Trust (“CRCT”) was constituted as a private trust on 23 October 2006 under a trust deed entered into between CapitaRetail China Trust Management Limited (as manager of CRCT) (the “Manager”) and HSBC Institutional Trust Services (Singapore) Limited (as trustee of CRCT) (the “Trustee”), and listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 8 December 2006.

CRCT is a Singapore-based real estate investment trust (“REIT”) constituted with the investment objective of investing on a long term basis in real estate used primarily for retail purposes and located primarily in China, Hong Kong and Macau.

As at 30 June 2014, CRCT owns and invests in a portfolio of ten shopping malls located in six of China’s cities. The properties are CapitaMall Xizhimen, CapitaMall Wangjing, CapitaMall Grand Canyon, CapitaMall Shuangjing and CapitaMall Anzhen in Beijing; CapitaMall Qibao in Shanghai; CapitaMall Erqi in Zhengzhou; CapitaMall Saihan in Huhhot; CapitaMall Minzhongleyuan in Wuhan; and CapitaMall Wuhu in Wuhu in which CRCT has a 51% interest.

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1(a)(i) **Statement of total return for the Group (2Q 2014 vs 2Q 2013)**

	Group		
	2Q 2014 ¹ S\$'000	2Q 2013 S\$'000	% Change
Gross rental income	47,701	37,075	28.7
Other income ²	3,313	2,925	13.3
Gross revenue	51,014	40,000	27.5
Land rental	(1,435)	(1,405)	2.1
Property related tax	(2,759)	(2,233)	23.6
Business tax	(2,859)	(2,248)	27.2
Property management fees ³	(2,529)	(2,016)	25.4
Other property operating expenses ⁴	(7,218)	(5,685)	27.0
Total property operating expenses	(16,800)	(13,587)	23.6
Net property income	34,214	26,413	29.5
Manager's management fees – Base fee	(1,358)	(1,067)	27.3
Manager's management fees – Performance fee	(1,368)	(1,056)	29.5
Trustee's fees	(87)	(76)	14.5
Audit fees	(145)	(108)	34.3
Valuation fees	(25)	(50)	(50.0)
Other trust operating expenses	(433)	(239)	81.2
Finance income	239	191	25.1
Foreign exchange (loss)/gain – realised	(10)	355	(102.8)
Finance costs	(5,734)	(2,722)	110.7
Total return before changes in fair value of financial derivatives, investment properties and unrealised foreign exchange (loss)/gain	25,293	21,641	16.9
Change in fair value of financial derivatives	-	1,423	N.M.
Change in fair value of investment properties	68,222	63,646	7.2
Foreign exchange (loss)/gain – unrealised	(61)	97	(162.9)
Total return before taxation	93,454	86,807	7.7
Taxation	(25,059)	(20,180)	24.2
Total return for the period after taxation	68,395	66,627	2.7
Attributable to:			
Unitholders	67,591	66,211	2.1
Non-controlling interest	804	416	93.3
Total return for the period after taxation	68,395	66,627	2.7

Footnotes:

1. Includes CapitaMall Grand Canyon which was acquired on 30 December 2013.
2. Other income comprises mainly income earned from atrium space, trolley carts and advertisement panels.
3. Includes reimbursement of costs to property manager for centralised services provided.
4. Includes as part of the other property operating expenses were items in the table below.

	Group		
	2Q 2014 ¹ S\$'000	2Q 2013 S\$'000	% Change
Depreciation and amortisation ⁴	(938)	(524)	79.0
Doubtful trade receivables recovered ⁴	-	1	(100.0)
Plant and equipment written off ⁴	(15)	(49)	(69.4)
Over/(under) provision of tax in prior years, net	47	(284)	(116.5)

N.M. – not meaningful

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1(a)(i) **Statement of total return for the Group (1H 2014 vs 1H 2013)**

	Group		
	1H 2014 ¹ S\$'000	1H 2013 S\$'000	% Change
Gross rental income	93,125	73,896	26.0
Other income ²	6,033	5,434	11.0
Gross revenue	99,158	79,330	25.0
Land rental	(2,708)	(2,785)	(2.8)
Property related tax	(5,427)	(4,452)	21.9
Business tax	(5,413)	(4,464)	21.3
Property management fees ³	(4,966)	(3,993)	24.4
Other property operating expenses ⁴	(14,091)	(11,355)	24.1
Total property operating expenses	(32,605)	(27,049)	20.5
Net property income	66,553	52,281	27.3
Manager's management fees – Base fee	(2,681)	(2,042)	31.3
Manager's management fees – Performance fee	(2,662)	(2,091)	27.3
Trustee's fees	(185)	(146)	26.7
Audit fees	(250)	(216)	15.7
Valuation fees	(85)	(121)	(29.8)
Other trust operating expenses	(731)	(392)	86.5
Finance income	264	341	(22.6)
Foreign exchange (loss)/gain – realised	(2)	457	(100.4)
Finance costs	(11,336)	(5,586)	102.9
Total return before changes in fair value of financial derivatives, investment properties and unrealised foreign exchange (loss)/gain	48,885	42,485	15.1
Change in fair value of financial derivatives	-	1,423	N.M.
Change in fair value of investment properties	68,222	63,646	7.2
Foreign exchange (loss)/gain – unrealised	(46)	100	(146.0)
Total return before taxation	117,061	107,654	8.7
Taxation	(31,634)	(25,417)	24.5
Total return for the period after taxation	85,427	82,237	3.9
Attributable to:			
Unitholders	84,113	81,478	3.2
Non-controlling interest	1,314	759	73.1
Total return for the period after taxation	85,427	82,237	3.9

Footnotes:

1. Includes CapitaMall Grand Canyon which was acquired on 30 December 2013.
2. Other income comprises mainly income earned from atrium space, trolley carts and advertisement panels.
3. Includes reimbursement of costs to property manager for centralised services provided.
4. Includes as part of the other property operating expenses were items in the table below.

	Group		
	1H 2014 ¹ S\$'000	1H 2013 S\$'000	% Change
Depreciation and amortisation ⁴	(1,517)	(1,010)	50.2
Doubtful trade receivables recovered ⁴	79	74	6.8
Impairment losses on trade receivables ⁴	-	(1)	(100.0)
Plant and equipment written off ⁴	(15)	(58)	(74.1)
Over/(under) provision of tax in prior years, net	282	(289)	(197.6)

N.M. – not meaningful

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1(a)(ii) **Distribution statement for the Group (2Q 2014 vs 2Q 2013)**

	Group		
	2Q 2014¹ S\$'000	2Q 2013 S\$'000	% Change
Total return for the period attributable to Unitholders before distribution	67,591	66,211	2.1
Distribution adjustments (Note A)	(46,338)	(48,309)	(4.1)
Income available for distribution to Unitholders	21,253	17,902	18.7
Comprises :			
- from operations	1,521	2,413	(37.0)
- from Unitholders' contribution	19,732	15,489	27.4
	21,253	17,902	18.7
Note A			
Distribution adjustments			
- Manager's management fees (performance component payable in units)	1,368	1,056	29.5
- Change in fair value of derivative instruments	-	(1,423)	N.M.
- Change in fair value of investment properties ²	(67,536)	(63,646)	6.1
- Deferred taxation ²	19,992	15,879	25.9
- Transfer to general reserve	(1,119)	(730)	53.3
- Unrealised foreign exchange loss/(gain) ²	4	(18)	(122.2)
- Other adjustments	953	573	66.3
Net effect of distribution adjustments	(46,338)	(48,309)	(4.1)

N.M. – not meaningful

Footnotes:

1. *Includes CapitaMall Grand Canyon which was acquired on 30 December 2013.*
2. *Excludes non-controlling interest's share.*

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1(a)(ii) **Distribution statement for the Group (1H 2014 vs 1H 2013)**

	Group		
	1H 2014¹ S\$'000	1H 2013 S\$'000	% Change
Total return for the period attributable to Unitholders before distribution	84,113	81,478	3.2
Distribution adjustments (Note A)	(43,224)	(46,236)	(6.5)
Income available for distribution to Unitholders	40,889	35,242	16.0
Comprises :			
- from operations	3,091	4,732	(34.7)
- from Unitholders' contribution	37,798	30,510	23.9
	40,889	35,242	16.0
Note A			
Distribution adjustments			
- Manager's management fees (performance component payable in units)	2,662	2,091	27.3
- Change in fair value of derivative instruments	-	(1,423)	N.M.
- Change in fair value of investment properties ²	(67,536)	(63,646)	6.1
- Deferred taxation ²	22,219	17,207	29.1
- Transfer to general reserve	(2,104)	(1,513)	39.1
- Unrealised foreign exchange loss/(gain) ²	3	(20)	(115.0)
- Other adjustments	1,532	1,068	43.4
Net effect of distribution adjustments	(43,224)	(46,236)	(6.5)

N.M. – not meaningful

Footnotes:

1. *Includes CapitaMall Grand Canyon which was acquired on 30 December 2013.*

2. *Excludes non-controlling interest's share.*

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1(b)(i) Statement of financial position as at 30 Jun 2014 vs 31 Dec 2013

	Group			Trust		
	30 Jun 2014 S\$'000	31 Dec 2013 S\$'000	% Change	30 Jun 2014 S\$'000	31 Dec 2013 S\$'000	% Change
Assets						
Investment properties ¹	2,120,109	2,058,094	3.0	-	-	-
Plant and equipment	6,852	7,325	(6.5)	-	-	-
Interests in subsidiaries	-	-	-	1,038,135	1,028,567	0.9
Trade and other receivables	12,217	11,371	7.4	208	224	(7.1)
Financial derivatives ²	5,922	2,044	189.7	5,922	2,044	189.7
Cash and cash equivalents ³	60,977	105,457	(42.2)	225	249	(9.6)
Total assets	2,206,077	2,184,291	1.0	1,044,490	1,031,084	1.3
Less						
Liabilities						
Trade and other payables	45,291	57,719	(21.5)	5,168	9,060	(43.0)
Security deposits	39,692	34,980	13.5	-	-	-
Interest-bearing borrowings ⁴	658,918	712,338	(7.5)	501,830	474,383	5.8
Deferred tax liabilities ⁵	180,192	159,620	12.9	-	-	-
Financial derivatives ²	1,411	5,208	(72.9)	1,411	5,208	(72.9)
Provision for taxation	392	561	(30.1)	15	20	(25.0)
Total liabilities	925,896	970,426	(4.6)	508,424	488,671	4.0
Net assets	1,280,181	1,213,865	5.5	536,066	542,413	(1.2)
Represented by:						
Unitholders' funds	1,253,451	1,186,951	5.6	536,066	542,413	(1.2)
Non-controlling interest	26,730	26,914	(0.7)	-	-	-
	1,280,181	1,213,865	5.5	536,066	542,413	(1.2)

Footnotes:

- The increase in investment properties was mainly due to increase in fair value of the investment properties.*
- As at 30 June 2014, the financial derivative assets of \$5.9 million were mainly due to fair value change in the non-deliverable forwards ("NDF") to hedge the currency exposure on the \$100.0 million, \$88.0 million, \$50.0 million and part of the \$50.0 million term loans.*

As at 31 December 2013, the financial derivative assets of \$2.0 million were mainly due to fair value change in the NDF to hedge the currency exposure on the \$100.0 million term loan and fair value change in interest rate swap ("IRS") to hedge the variable rate borrowings of \$47.0 million and \$50.5 million term loans.

As at 30 June 2014, the financial derivative liabilities of \$1.4 million were mainly due to fair value change in the NDF to hedge the currency exposure on the \$50.0 million term loan and fair value change on IRS to hedge the variable rate borrowings of \$50.0 million, \$88.0 million, \$100.0 million, \$35.5 million, \$50.5 million and \$75.0 million term loans.

As at 31 December 2013, the financial derivative liabilities of \$5.2 million were mainly due to fair value change in the NDF to hedge the currency exposure on the two \$50.0 million term loans and the \$88.0 million term loan and fair value change in IRS to hedge the variable rate borrowings of \$50.0 million, \$88.0 million and \$100.0 million term loans.

- The decrease in cash and cash equivalents as at 30 June 2014 was mainly due to repayment of interest-bearing borrowings.*
- Interest-bearing borrowings comprises (i) unsecured term loan facilities of \$503.0 million drawn down by the Trust to partially finance the acquisition of the properties in CRCT and utilise as working capital and (ii) RMB secured term loan facility of RMB772.5 million (\$157.1 million) to finance CapitaMall Grand Canyon.*

The decrease was mainly due to repayment of CapitaMall Grand Canyon and CapitaMall Anzhen RMB denominated interest-bearing borrowings which was partially offset by additional loan drawn down at Trust level for distribution payment to Unitholders.

- The increase was mainly due to higher provision for deferred tax liabilities as a result of the increase in fair value of the investment properties.*

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1(b)(ii) Aggregate amount of borrowings and debt securities

	Group		Trust	
	30 Jun 2014	31 Dec 2013	30 Jun 2014	31 Dec 2013
	S\$'000	S\$'000	S\$'000	S\$'000
Unsecured borrowings				
- Amount repayable within one year	192,000	160,963	192,000	140,000
- Amount repayable after one year	311,003	335,503	311,003	335,503
Secured borrowings				
- Amount repayable within one year	58,972	115,661	-	-
- Amount repayable after one year	98,116	101,331	-	-
	660,091	713,458	503,003	475,503
Less: Transaction costs in relation to the unsecured term loan facilities	(1,173)	(1,120)	(1,173)	(1,120)
	658,918	712,338	501,830	474,383

Details of any collateral

CapitaMall Grand Canyon was acquired with a legal mortgage in favour of the lender over the property.

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1(c) **Statement of Cash Flow (2Q 2014 vs 2Q 2013)**

	Group	
	2Q 2014 S\$'000	2Q 2013 S\$'000
Operating activities		
Total return after taxation	68,395	66,627
Adjustments for:		
Finance income	(239)	(191)
Finance costs	5,734	2,722
Depreciation and amortisation	938	524
Taxation	25,059	20,180
Manager's management fees payable in units	1,368	1,056
Plant and equipment written off	15	49
Change in fair value of derivative instruments	-	(1,423)
Change in fair value of investment properties	(68,222)	(63,646)
Write-back on trade receivables, net	-	(1)
Operating income before working capital changes	33,048	25,897
Changes in working capital:		
Trade and other receivables	120	6,616
Trade and other payables	3,980	(6,656)
Cash generated from operating activities	37,148	25,857
Income tax paid	(4,223)	(4,740)
Net cash from operating activities	32,925	21,117
Investing activities		
Interest received	239	191
Capital expenditure on investment properties	(6,312)	(778)
Proceed from disposal of plant and equipment	1	-
Purchase of plant and equipment	(603)	(288)
Net cash used in investing activities	(6,675)	(875)
Financing activities		
Payment of equity issue expenses	(285)	-
Payment of financing expenses	(40)	(602)
Proceeds from bank loans	4,000	150,503
Repayment of bank loans	(32,999)	(151,805)
Settlement of derivative contracts	-	(2,824)
Interest paid	(9,042)	(3,073)
Net cash used in financing activities	(38,366)	(7,801)
(Decrease)/increase in cash and cash equivalents	(12,116)	12,441
Cash and cash equivalents at beginning of period	74,689	82,510
Effect on exchange rate changes on cash balances	(1,596)	3,277
Cash and cash equivalents at end of period	60,977	98,228

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1(c) **Statement of Cash Flow (1H 2014 vs 1H 2013)**

	Group	
	1H 2014 S\$'000	1H 2013 S\$'000
Operating activities		
Total return after taxation	85,427	82,237
Adjustments for:		
Finance income	(264)	(341)
Finance costs	11,336	5,586
Depreciation and amortisation	1,517	1,010
Taxation	31,634	25,417
Manager's management fees payable in units	2,662	2,091
Plant and equipment written off	15	58
Change in fair value of derivative instruments	-	(1,423)
Change in fair value of investment properties	(68,222)	(63,646)
Write-back on trade receivables, net	(79)	(73)
Operating income before working capital changes	64,026	50,916
Changes in working capital:		
Trade and other receivables	(796)	12,818
Trade and other payables	(1,256)	(20,148)
Cash generated from operating activities	61,974	43,586
Income tax paid	(8,787)	(10,516)
Net cash from operating activities	53,187	33,070
Investing activities		
Interest received	264	341
Net cash outflow on purchase of investment properties	-	(43)
Capital expenditure on investment properties	(10,755)	(2,011)
Proceed from disposal of plant and equipment	1	-
Purchase of plant and equipment	(1,007)	(1,176)
Net cash used in investing activities	(11,497)	(2,889)
Financing activities		
Distribution to Unitholders ¹	(20,212)	(11,234)
Payment of equity issue expenses	(322)	(55)
Payment of financing expenses	(377)	(602)
Proceeds from bank loans	69,000	150,503
Repayment of bank loans	(121,519)	(206,805)
Settlement of derivative contracts	-	(2,824)
Interest paid	(12,045)	(5,768)
Net cash used in financing activities	(85,475)	(76,785)
Decrease in cash and cash equivalents	(43,785)	(46,604)
Cash and cash equivalents at beginning of period	105,457	140,476
Effect on exchange rate changes on cash balances	(695)	4,356
Cash and cash equivalents at end of period	60,977	98,228

Footnote:

- Distribution for the period from 1 July 2013 to 31 December 2013 was paid in March 2014.
Distribution for the period from 2 November 2012 to 31 December 2012 was paid in March 2013.*

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1(d)(i) **Statement of Movements in Unitholders' Funds (2Q 2014 vs 2Q 2013)**

	Group		Trust	
	2Q 2014 S\$'000	2Q 2013 S\$'000	2Q 2014 S\$'000	2Q 2013 S\$'000
Unitholders' funds as at beginning of period	1,208,041	997,519	536,818	496,585
Operations				
Change in Unitholders' funds resulting from operations before distribution	67,591	66,211	(1,311)	3,041
Transfer to general reserve	(1,119)	(730)	-	-
Net increase/(decrease) in net assets resulting from operations	66,472	65,481	(1,311)	3,041
Movements in hedging reserve				
Effective portion of changes in fair value of cash flow hedges	(809)	(54)	(809)	(54)
Movement in foreign currency translation reserve				
Translation differences from financial statements of foreign operations	(19,095)	33,430	-	-
Exchange differences on monetary items forming part of net investment in foreign operations	(5,774)	12,251	-	-
Exchange differences on hedges of net investment in foreign operations	2,129	(7,666)	-	-
Net (loss)/gain recognised directly in Unitholders' funds	(23,549)	37,961	(809)	(54)
Movement in general reserve	1,119	730	-	-
Unitholders' transactions				
Creation of units paid/payable to manager				
- Units issued and to be issued as satisfaction of the portion of Manager's management fees payable in units	1,368	1,056	1,368	1,056
Net increase in net assets resulting from Unitholders' transactions	1,368	1,056	1,368	1,056
Unitholders' funds as at end of period	1,253,451	1,102,747	536,066	500,628

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1(d)(i) **Statement of Movements in Unitholders' Funds (1H 2014 vs 1H 2013)**

	Group		Trust	
	1H 2014 S\$'000	1H 2013 S\$'000	1H 2014 S\$'000	1H 2013 S\$'000
Unitholders' funds as at beginning of period	1,186,951	978,742	542,413	504,541
Operations				
Change in Unitholders' funds resulting from operations before distribution	84,113	81,478	8,044	4,787
Transfer to general reserve	(2,104)	(1,513)	-	-
Net increase in net assets resulting from operations	82,009	79,965	8,044	4,787
Movements in hedging reserve				
Effective portion of changes in fair value of cash flow hedges	(403)	443	(403)	443
Movement in foreign currency translation reserve				
Translation differences from financial statements of foreign operations	(9,205)	45,813	-	-
Exchange differences on monetary items forming part of net investment in foreign operations	(2,095)	19,369	-	-
Exchange differences on hedges of net investment in foreign operations	8,078	(13,955)	-	-
Net (loss)/gain recognised directly in Unitholders' funds	(3,625)	51,670	(403)	443
Movement in general reserve	2,104	1,513	-	-
Unitholders' transactions				
Creation of units payable/paid to manager				
- Units issued and to be issued as satisfaction of the portion of Manager's management fees payable in units	2,662	2,091	2,662	2,091
- Units issued in respect of acquisition fee for CapitaMall Grand Canyon	3,562	-	3,562	-
Units issued in respect of distribution reinvestment plan	14,559	-	14,559	-
Distribution to Unitholders ¹	(34,771)	(11,234)	(34,771)	(11,234)
Net decrease in net assets resulting from Unitholders' transactions	(13,988)	(9,143)	(13,988)	(9,143)
Unitholders' funds at end of period	1,253,451	1,102,747	536,066	500,628

Footnote:

1. Distribution for the period from 1 July 2013 to 31 December 2013 was paid in March 2014.
Distribution for the period from 2 November 2012 to 31 December 2012 was paid in March 2013.

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1(d)(ii) Details of any change in the issued and issuable units (2Q 2014 vs 2Q 2013)

	Trust	
	2Q 2014 Units	2Q 2013 Units
Balance as at beginning of period	817,956,774	749,504,576
New units issued:		
- As payment of manager's management fees ¹	933,248	601,471
Issued units as at end of period	818,890,022	750,106,047
New units to be issued:		
- As payment of manager's management fees ²	930,416	755,049
Total issued and issuable units as at end of period	819,820,438	750,861,096

Footnotes:

- These were the performance component of the manager's management fees for 1Q 2014 and 1Q 2013 which were issued in June 2014 and June 2013 respectively.*
- These were the performance component of the manager's management fees for 2Q 2014 (which will be issued in 3Q 2014) and 2Q 2013 which was issued in September 2013.*

1(d)(ii) Details of any change in the issued and issuable units (1H 2014 vs 1H 2013)

	Trust	
	1H 2014 Units	1H 2013 Units
Balance as at beginning of period	803,026,588	748,909,649
New units issued:		
- As payment of acquisition fee of CapitaMall Grand Canyon	2,735,125	-
- As payment of manager's management fees ¹	1,719,720	1,196,398
- As payment of distribution through distribution reinvestment plan	11,408,589	-
Issued units as at end of period	818,890,022	750,106,047
New units to be issued:		
- As payment of manager's management fees ²	930,416	755,049
Total issued and issuable units as at end of period	819,820,438	750,861,096

Footnotes:

- These were the performance component of the manager's management fees for 4Q 2013 and 1Q 2014 which were issued in March 2014 and June 2014 respectively. The manager's management fee for 4Q 2012 and 1Q 2013 were issued in March 2013 and June 2013 respectively.*
- These were the performance component of the manager's management fees for 2Q 2014 (which will be issued in 3Q 2014) and 2Q 2013 which was issued in September 2013.*

2 Whether the figures have been audited, or reviewed and in accordance with which standard (eg. the Singapore Standard on Auditing 910 (Engagement to Review Financial Statements), or an equivalent standard)

The figures have not 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 matter)

Not applicable.

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4 Whether the same accounting policies and methods of computation as in the issuer’s most recent audited annual financial statements have been complied

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 2013, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 January 2014.

Financial Reporting Standards (“FRS”) which became effective for the Group’s financial period beginning 1 January 2014 are:

- FRS 27 Separate Financial Statements
- FRS 28 Investments in Associates and Joint Ventures
- FRS 32 Financial Instruments: Presentation
- FRS 36 Impairment of Assets
- FRS 110 Consolidated Financial Statements
- FRS 111 Joint Arrangements
- FRS 112 Disclosures of Interests in Other Entities

The Group does not expect any significant financial impact on its financial position or performance from the adoption of these amendments to FRS.

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

Please refer to item 4 above.

6 Earnings per unit (“EPU”) and distribution per unit (“DPU”) for the financial period

In computing the EPU, the weighted average number of units as at the end of each period is used for the computation. The diluted EPU is the same as the basic EPU as there are no dilutive instruments in issue during the period.

In computing the DPU, the number of units as at as at the end of each period is used.

	Group	
	2Q 2014	2Q 2013
Weighted average number of units in issue	818,223,385	749,671,503
Earnings per unit (“EPU”)¹		
Based on weighted average number of units in issue	8.26¢	8.83¢
Based on fully diluted basis	8.26¢	8.83¢
Number of units in issue at end of period	818,890,022	750,106,047
Distribution per unit (“DPU”)		
Based on the number of units in issue at end of period	2.59¢	2.38¢

	Group	
	1H 2014	1H 2013
Weighted average number of units in issue	811,663,884	749,302,541
Earnings per unit (“EPU”)¹		
Based on weighted average number of units in issue	10.36¢	10.87¢
Based on fully diluted basis	10.36¢	10.87¢
Number of units in issue at end of period	818,890,022	750,106,047
Distribution per unit (“DPU”)		
Based on the number of units in issue at end of period	4.99¢	4.69¢

Footnote:

1. EPU is calculated based on total return after tax and non-controlling interest.

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7 **Net asset value (“NAV”) backing per unit based on issued units at the end of the period**

	Group		Trust	
	30 Jun 2014	31 Dec 2013	30 Jun 2014	31 Dec 2013
NAV per unit	\$1.53	\$1.48	\$0.65	\$0.68
Adjusted NAV per unit (excluding distributable income)	\$1.48	\$1.43	\$0.60	\$0.63

8 **Review of the performance**

8(i) **Breakdown of Gross Revenue – Actual**

	2Q 2014 RMB'000	2Q 2013 RMB'000	% Change	2Q 2014 S\$'000	2Q 2013 S\$'000	% Change
<u>Multi-Tenanted Malls</u>						
CapitaMall Xizhimen	65,626	60,637	8.2	13,394	12,119	10.5
CapitaMall Wangjing	48,357	43,525	11.1	9,868	8,705	13.4
CapitaMall Grand Canyon ¹	33,731	-	N.M.	6,886	-	N.M.
CapitaMall Minzhongleyuan ²	11,384	10,069	13.1	2,344	2,017	16.2
CapitaMall Qibao	23,544	21,540	9.3	4,803	4,308	11.5
CapitaMall Saihan	14,077	12,133	16.0	2,873	2,425	18.5
CapitaMall Wuhu	8,922	8,603	3.7	1,820	1,721	5.8
	205,641	156,507	31.4	41,988	31,295	34.2
<u>Master-Leased Malls</u>						
CapitaMall Anzhen	20,303	20,103	1.0	4,142	4,020	3.0
CapitaMall Erqi	12,605	12,479	1.0	2,571	2,496	3.0
CapitaMall Shuangjing	11,339	10,947	3.6	2,313	2,189	5.7
	44,247	43,529	1.6	9,026	8,705	3.7
Total Gross Revenue	249,888	200,036	24.9	51,014	40,000	27.5

Footnotes:

1. CapitaMall Grand Canyon was acquired on 30 December 2013.
2. CapitaMall Minzhongleyuan was reopened on 1 May 2014 after completion of the asset enhancement works.

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8(ii) Breakdown of Net Property Income – Actual

	2Q 2014	2Q 2013	%	2Q 2014	2Q 2013	%
	RMB'000	RMB'000	Change	S\$'000	S\$'000	Change
<u>Multi-Tenanted Malls</u>						
CapitaMall Xizhimen	47,805	43,110	10.9	9,760	8,613	13.3
CapitaMall Wangjing	35,823	31,196	14.8	7,311	6,241	17.1
CapitaMall Grand Canyon ¹	21,260	-	N.M.	4,340	-	N.M.
CapitaMall Minzhongleyuan ²	4,016	2,603	54.3	830	524	58.4
CapitaMall Qibao	10,619	9,453	12.3	2,165	1,892	14.4
CapitaMall Saihan	8,534	6,969	22.5	1,744	1,391	25.4
CapitaMall Wuhu	3,803	3,640	4.5	775	728	6.5
	131,860	96,971	36.0	26,925	19,389	38.9
<u>Master-Leased Malls</u>						
CapitaMall Anzhen	16,639	16,463	1.1	3,394	3,292	3.1
CapitaMall Erqi	9,976	9,860	1.2	2,034	1,973	3.1
CapitaMall Shuangjing	9,120	8,802	3.6	1,861	1,759	5.8
	35,735	35,125	1.7	7,289	7,024	3.8
Total Net Property Income	167,595	132,096	26.9	34,214	26,413	29.5

N.M. – not meaningful

Footnotes:

- CapitaMall Grand Canyon was acquired on 30 December 2013.*
- CapitaMall Minzhongleyuan was reopened on 1 May 2014 after completion of the asset enhancement works.*

2Q 2014 vs 2Q 2013

In RMB terms, gross revenue increased by RMB49.9 million, or 24.9% higher than 2Q 2013. This was mainly due to the new contribution from CapitaMall Grand Canyon which contributed 16.9% of the growth in total gross revenue, higher revenue from CapitaMall Minzhongleyuan which was reopened in May 2014 after completion of the asset enhancement works and rental growth from the other multi-tenanted malls. With the stronger RMB against SGD contributing 2.6% more to the growth in gross revenue, in SGD terms, gross revenue for 2Q 2014 increased by \$11.0 million, or 27.5% compared to 2Q 2013.

Property expenses for 2Q 2014 increased by \$3.2 million, or 23.6% over 2Q 2013. This was mainly due to the inclusion of property expenses from CapitaMall Grand Canyon.

Management fees payable to the manager were 28.4% higher than 2Q 2013. This was due to higher net property income and deposited properties, as a result of the inclusion of CapitaMall Grand Canyon.

Finance income earned in 2Q 2014 was 25.1% higher than 2Q 2013 mainly due to higher fixed deposit balances placed with financial institutions.

Finance costs in 2Q 2014 increased by \$3.0 million over 2Q 2013. This was mainly due to the RMB denominated loans at CapitaMall Grand Canyon.

Taxation in 2Q 2014 increased by \$4.9 million, or 24.2% over 2Q 2013. This was mainly due to higher deferred tax liabilities recognised in 2Q 2014 compared to 2Q 2013 as a result of the higher gain in fair value of investment properties.

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1H 2014 vs 1H 2013

In RMB terms, gross revenue for 1H 2014 increased by RMB80.9 million, or 20.2% over 1H 2013. This was mainly due to new contribution from CapitaMall Grand Canyon of RMB65.0 million in 1H 2014 and rental growth at the multi-tenanted malls, partially offset by lower revenue at CapitaMall Minzhongleyuan as the mall was undergoing asset enhancement works from 1 July 2013 to 30 April 2014. With the stronger RMB against SGD contributing 4.8% more to the growth in gross revenue, in SGD terms, gross revenue increased by \$19.8 million, or 25.0% compared to 1H 2013.

Property expenses for 1H 2014 increased by \$5.6 million, or 20.5% over 1H 2013. This was mainly due to the new inclusion of property expenses from CapitaMall Grand Canyon.

Management fees payable to the manager were 29.3% higher than 1H 2013 mainly due to higher net property income and deposited properties, as a result of the inclusion of CapitaMall Grand Canyon.

Finance income earned in 1H 2014 decreased by \$0.1 million over 1H 2013 mainly due to deposits placed with financial institutions at a lower interest rates.

Finance costs in 1H 2014 increased by \$5.7 million over 1H 2013. This was mainly due to the RMB denominated loans at CapitaMall Grand Canyon.

Taxation in 1H 2014 increased by \$6.2 million or 24.5% over 1H 2013. This was mainly due to higher deferred tax liabilities recognised in 1H 2014 compared to 1H 2013 as a result of a higher gain in fair value of investment properties.

9 Variance between the forecast or prospectus statement (if disclosed previously) and the actual results

CRCT has not disclosed any forecast to the market.

10 Commentary on the competitive conditions of the industry in which the Trust and its investees operates and any known factors or events that may affect the Trust and its investees in the next reporting period and the next 12 months

China's economy expanded 7.5% year-on-year in the second quarter of 2014 and 7.4% year-on-year in the first half of 2014. Retail sales for the first half of 2014 grew 12.1% year-on-year to RMB12.4 trillion. Purchasing Managers' Index (PMI) also showed signs of a rebound and trended up in the first half of 2014, registering 51.0 in June 2014 as compared to 50.5 in January 2014.

The Chinese government has been introducing a series of economic stimulus to boost growth. These include accelerating government spending, investing in infrastructure projects and reducing reserve requirement ratio for rural commercial and cooperative banks. These policy changes are showing encouraging signs of stabilisation of the economy.

Further strengthening of the economic fundamentals can be expected as the Chinese government works towards creating sustainable growth. With the Chinese government's commitment to focus on quality long-term growth and stimulating domestic consumption, CRCT remains upbeat on China's future prospects.

Beijing Retail Market Update

In 1Q 2014, Beijing economy and retail sales grew 7.1% and 5.1% year-on-year respectively. Leasing demand from fast fashion, food and beverage and electronic retailers remained strong. Additional demand was also noted from retailers specialising in the cosmetics, electronics and personal care sectors. No new supply entered the market in 1Q 2014 and average ground floor rent in mid to high-end shopping malls increased marginally by 0.8% quarter-on-quarter.

Four projects totalling a combined GFA of around 388,000 sq m are expected to complete before the end of 2014. Except for the Inter IKEA Beijing Shopping Centre located in the up-and-coming Daxing District, the remaining three properties are located in Wangfujing shopping belt and Central Business District. Demand from luxury sector is expected to be muted and mass market retailers are becoming more cautious in selecting the right location. (Source: Colliers International and Jones Lang LaSalle)

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Shanghai Retail Market Update

Demand for prime locations remained strong in 1Q 2014. Fashion retailers remained the most active, accounting for 34.6% of the total new openings in prime locations. Food and beverage retailers came in second at 25.2%. In decentralised region, 45.0% of the demand came from fashion retailers and 29.5% from food and beverage retailers. The overall vacancy rates for prime locations and decentralised region dropped slightly to 6.5% and 5.4% respectively.

A total of 236,029 sq m and 416,476 sq m are expected to be completed in 2014 for the prime locations and decentralised region respectively. Retailers are still looking to expand in Shanghai with an increasing focus on selecting good locations. Hence, well managed properties are likely to maintain strong bargaining power. (Source: Colliers International and Jones Lang LaSalle)

Wuhan Retail Market Update

The Chinese government's policy of accelerating the development of central China has resulted in strong growth in Wuhan for the past 10 years. In FY 2013, GDP grew 10.0% to RMB905.1 billion. In 1Q 2014, GDP increased 9.2% to RMB209.0 billion. Retail sales grew robustly by 12.1% to RMB172.6 billion in the first five months of 2014.

In 1Q 2014, World City Plaza, positioned as a mid/high-end mall was opened and added 90,000 sq m of retail space to Luxiang District. Average retail vacancy rate for Wuhan was up 0.4 percentage point quarter-on-quarter to 9.3%. (Source: DTZ and Jones Lang LaSalle)

11 Distribution

11(a) Current Financial Period

Any distribution declared for the current financial period? Yes.

Name of distribution : Distribution for 1 January 2014 to 30 June 2014

Distribution type : Capital distribution

Distribution rate : 4.99 cents per unit

Par value of units : Not meaningful

Tax rate : Capital distribution represents a return of capital to Unitholders for Singapore income tax purposes and is therefore not subject to Singapore income tax. For Unitholders who are liable to Singapore income tax on profits from sale of CRCT units, the amount of capital distribution will be applied to reduce the cost base of their CRCT units for Singapore income tax purposes.

Remark : The capital distribution from 1 January 2014 to 30 June 2014 is expected to be funded from borrowing at the Trust level as well as internal cash flow from operations.

11(b) Corresponding period of the preceding financial period

Any distributions declared for the corresponding period of the immediate preceding financial period? Yes

Name of distribution : Distribution for 1 January 2013 to 30 June 2013

Distribution type : Tax exempt income/Capital distribution

Distribution rate : 4.69 cents per unit

Par value of units : Not meaningful

11(c) Date payable : 25 September 2013

11(d) Book closure date : 12 August 2013

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

Not applicable.

13 If the Group has obtained a general mandate from Unitholders for IPT, the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect

The Group has not obtained a general mandate from Unitholders for Interested Person Transactions ("IPT").

14 Status on the use of proceeds raised from any offerings pursuant to Chapter 8 and whether the use of proceeds is in accordance with the stated use

Cash of \$14.6 million was retained from Distribution Reinvestment Plan on 27 March 2014

Use of proceeds	Amount used	Balance
	S\$'million	S\$'million
For general corporate and working capital purposes	14.6	-

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 of the Manager which may render the unaudited interim financial results of the Group and Trust (comprising the statement of financial position as at 30 June 2014, statement of total return and distribution statement, statement of cash flow and statement of movements in Unitholders' funds for the quarter ended on that date), together with their accompanying notes, to be false or misleading, in any material respect.

On behalf of the Board of the Manager

Mr Ng Kok Siong
Director

Mr Tan Tee Hieong
Chief Executive Officer / Director

This release 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, 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 current view of management on future events.

BY ORDER OF THE BOARD
CAPITARETAIL CHINA TRUST MANAGEMENT LIMITED
(Company registration no. 200611176D)
(as Manager of CapitaRetail China Trust)

Goh Mei Lan
Company Secretary
24 July 2014