

CAPITALAND RETAIL CHINA TRUST
2018 FIRST QUARTER UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT

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Summary of CRCT Results

	1Q 2018¹	1Q 2017	Change %
	Actual S\$'000	Actual S\$'000	
Gross Revenue ²	55,367	60,101	(7.9)
Net Property Income ²	37,184	40,303	(7.7)
Distributable income contribution from joint venture ³	1,215	-	100.0
Distributable amount to Unitholders	26,699	24,355	9.6
Distribution Per Unit ("DPU") (cents)			
For the period ⁴	2.75	2.74	0.4
Annualised	11.15	11.11	0.4

	1Q 2018¹	1Q 2017	Change %
	Actual RMB'000	Actual RMB'000	
Gross Revenue	267,448	290,865	(8.1)
Net Property Income	179,617	194,896	(7.8)

Footnotes:

- 1. The financial results exclude CapitaMall Anzhen which was divested with effect from 1 July 2017.*
- 2. Average exchange rate for RMB/SGD.*

1Q 2018	1Q 2017	Change %
0.207	0.207	-

- 3. 51% interest in Rock Square in Guangzhou from 1 February 2018 to 31 March 2018.*
- 4. 1Q 2018 DPU was based on 969.9 million Units and 1Q 2017 DPU was based on 888.7 million Units.*

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INTRODUCTION

CapitaLand Retail China Trust (“CRCT”) was constituted as a private trust on 23 October 2006 under a trust deed entered into between CapitaLand Retail 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 31 March 2018, CRCT owns and invests in a portfolio of 11 shopping malls located in eight cities in China. The properties are CapitaMall Xizhimen, CapitaMall Wangjing, CapitaMall Grand Canyon and CapitaMall Shuangjing in Beijing; CapitaMall Xinnan in Chengdu; CapitaMall Qibao in Shanghai; CapitaMall Erqi in Zhengzhou; CapitaMall Saihan in Huhhot; CapitaMall Minzhongleyuan in Wuhan; 51% interest in CapitaMall Wuhu in Wuhu and 51% interest in Rock Square (“RS JV”) in Guangzhou.

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1(a)(i) Statement of total return for the Group (1Q 2018 vs 1Q 2017)

	Group		
	1Q 2018 ¹ S\$'000	1Q 2017 S\$'000	% Change
Gross rental income	52,834	56,473	(6.4)
Other income ²	2,533	3,628	(30.2)
Gross revenue	55,367	60,101	(7.9)
Land rental	(1,476)	(1,510)	(2.3)
Property related tax	(5,219)	(6,215)	(16.0)
Business tax	(312)	(344)	(9.3)
Property management fees ³	(3,604)	(3,654)	(1.4)
Other property operating expenses ⁴	(7,572)	(8,075)	(6.2)
Total property operating expenses	(18,183)	(19,798)	(8.2)
Net property income	37,184	40,303	(7.7)
Manager's management fees – Base fee	(1,900)	(1,871)	1.5
Manager's management fees – Performance fee	(1,577)	(1,572)	0.3
Trustee's fees	(113)	(106)	6.6
Audit fees	(122)	(110)	10.9
Valuation fees	(50)	(49)	2.0
Other trust operating expenses	(326)	(385)	(15.3)
Finance income ⁵	1,049	47	N.M.
Foreign exchange gain/(loss) – realised ⁶	71	(49)	N.M.
Finance costs	(5,771)	(6,013)	(4.0)
Net income before share of results of joint venture	28,445	30,195	(5.8)
Share of results (net of tax) of joint venture ⁷	487	-	N.M.
Net Income	28,932	30,195	(4.2)
Foreign exchange gain – unrealised	747	130	N.M.
Total return for the period before taxation	29,679	30,325	(2.1)
Taxation	(10,159)	(9,450)	7.5
Total return for the period after taxation	19,520	20,875	(6.5)
Attributable to:			
Unitholders	19,522	21,080	(7.4)
Non-controlling interest	(2)	(205)	(99.0)
Total return for the period after taxation	19,520	20,875	(6.5)

Footnotes:

1. Excludes contribution from CapitaMall Anzhen which was divested with effect from 1 July 2017.
2. Other income comprises mainly income earned from atrium space, trolley carts and advertisement panels.
3. Includes reimbursement of costs to property manager.
4. Includes items in the table below as part of the other property operating expenses.

	Group		
	1Q 2018 ¹ S\$'000	1Q 2017 S\$'000	% Change
Depreciation and amortisation	(345)	(490)	(29.6)
Impairment losses on trade receivables, net	(12)	-	N.M.
Plant and equipment written off	-	(2)	N.M.

5. Finance income relates mainly to interest from bank deposits placed with financial institutions and loan to joint venture.
6. Realised foreign exchange relates to the gain/(loss) on repayment of the USD denominated shareholder's loans interest.

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7. This relates to the share of results from the 51% interest in RS JV from 1 February 2018 to 31 March 2018. Details are as follows:

	For information only		
	1Q 2018 S\$'000	1Q 2017 S\$'000	% Change
Gross revenue	2,934	-	N.M.
Property operating expenses	(890)	-	N.M.
Net property income	2,044	-	N.M.
Finance costs	(779)	-	N.M.
Other operating expenses	(778)	-	N.M.
Share of results (net of tax) of joint venture	487	-	N.M.

1(a)(ii) Distribution statement for the Group (1Q 2018 vs 1Q 2017)

	Group		
	1Q 2018 ¹ S\$'000	1Q 2017 S\$'000	% Change
Total return for the period attributable to Unitholders before distribution	19,522	21,080	(7.4)
Distribution adjustments (Note A)	4,177	3,275	27.5
Income available for distribution to Unitholders	23,699	24,355	(2.7)
Capital distribution ²	3,000	-	N.M.
Distributable amount to Unitholders	26,699	24,355	9.6
Comprises:			
- from operations	(7,167)	(2,683)	N.M.
- from Unitholders' contribution	30,866	27,038	14.2
	23,699	24,355	(2.7)
- from capital distribution ²	3,000	-	N.M.
Distributable amount to Unitholders	26,699	24,355	9.6
Note A			
Distribution adjustments			
- Manager's management fees (performance component payable in units)	1,577	1,572	0.3
- Deferred taxation ³	3,587	2,957	21.3
- Transfer to general reserve	(1,561)	(1,613)	3.2
- Unrealised foreign exchange gain ³	(492)	(118)	N.M.
- Other adjustments ³	338	477	(29.1)
- Adjustments for share of results (net of tax) of joint venture	728	-	N.M.
Net effect of distribution adjustments	4,177	3,275	27.5

N.M. – not meaningful

Footnotes:

1. Excludes contribution from CapitaMall Anzhen which was divested with effect from 1 July 2017.
2. This relates to the partial distribution of gains from the disposal of CapitaMall Anzhen.
3. Excludes non-controlling interest's share.

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1(b)(i) Statement of financial position as at 31 Mar 2018 vs 31 Dec 2017

	Group			Trust		
	31 Mar 2018 S\$'000	31 Dec 2017 S\$'000	% Change	31 Mar 2018 S\$'000	31 Dec 2017 S\$'000	% Change
Assets						
Investment properties ¹	2,505,029	2,441,024	2.6	-	-	-
Plant and equipment	2,665	2,962	(10.0)	-	-	-
Interests in subsidiaries ²	-	-	-	1,569,939	1,326,045	18.4
Interest in joint venture ³	265,259	-	N.M.	-	-	-
Trade and other receivables ⁴	113,627	37,131	N.M.	815	25,562	(96.8)
Financial derivatives ⁵	2,219	436	N.M.	2,219	436	N.M.
Cash and cash equivalents	103,317	186,515	(44.6)	7,651	9,630	(20.6)
Total assets	2,992,116	2,668,068	12.1	1,580,624	1,361,673	16.1
Less						
Liabilities						
Trade and other payables	58,544	59,563	(1.7)	5,780	4,964	16.4
Security deposits	52,014	50,818	2.4	-	-	-
Interest-bearing borrowings ⁶	997,535	747,507	33.4	997,535	747,507	33.4
Deferred tax liabilities	236,935	227,734	4.0	-	-	-
Financial derivatives ⁵	835	7,803	(89.3)	835	7,803	(89.3)
Provision for taxation	6,728	6,555	2.6	7	7	-
Total liabilities	1,352,591	1,099,980	23.0	1,004,157	760,281	32.1
Net assets	1,639,525	1,568,088	4.6	576,467	601,392	(4.1)
Represented by:						
Unitholders' funds	1,619,041	1,548,771	4.5	576,467	601,392	(4.1)
Non-controlling interest	20,484	19,317	6.0	-	-	-
	1,639,525	1,568,088	4.6	576,467	601,392	(4.1)

Footnotes:

- The increase in investment properties as at 31 March 2018 was mainly due to strengthening of RMB against SGD.*
- The increase in interests in subsidiaries as at 31 March 2018 was mainly due to shareholder loan extended to subsidiary for the acquisition of RS JV.*
- This relates to CRCT's 51% interest in RS JV.*
- Trade and other receivables as at 31 March 2018 includes loan to joint venture.*
- The financial derivative assets and financial derivative liabilities mainly relate to the fair value of the non-deliverable forwards ("NDF") and IRS. The NDF are designated as hedges of the Group's net investment in China and the IRS are designated to hedge the variable rate borrowings.*
- The interest-bearing borrowings comprise unsecured term loans of \$750.0 million and a bridge loan of \$250.0 million (net of transaction costs of \$2.5 million) drawn down by the Trust to partially finance the acquisition of the properties in CRCT and to utilise as working capital.*

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

	Group		Trust	
	31 Mar 2018 S\$'000	31 Dec 2017 S\$'000	31 Mar 2018 S\$'000	31 Dec 2017 S\$'000
Unsecured borrowings				
- Amount repayable within one year	400,000	-	400,000	-
- Amount repayable after one year	600,000	750,000	600,000	750,000
	1,000,000	750,000	1,000,000	750,000
Less: Transaction costs in relation to the unsecured term loan facilities	(2,465)	(2,493)	(2,465)	(2,493)
	997,535	747,507	997,535	747,507

1(c)(i) 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

Net proceeds of \$101.7 million received from the private placement on 7 December 2017 were applied as follows.

Date	Use of proceeds	Amount used
		S\$'million
7-Dec-17	For payment of the initial deposit of CRCT's 51% interest in RS JV	25.5
31-Jan-18	For payment of the balance consideration of CRCT's 51% interest in RS JV	76.2
Total		101.7

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1(c)(ii) **Statement of Cash Flows (1Q 2018 vs 1Q 2017)**

	Group	
	1Q 2018 S\$'000	1Q 2017 S\$'000
Operating activities		
Total return after taxation	19,520	20,875
Adjustments for:		
Finance income	(1,049)	(47)
Finance costs	5,771	6,013
Depreciation and amortisation	345	490
Taxation	10,159	9,450
Manager's management fees payable in Units	1,577	1,572
Plant and equipment written off	-	2
Share of results (net of tax) of joint venture	(487)	-
Impairment losses on trade receivables, net	12	-
Operating income before working capital changes	35,848	38,355
Changes in working capital:		
Trade and other receivables	(3,850)	(3,211)
Trade and other payables	(9,380)	(11,055)
Cash generated from operating activities	22,618	24,089
Income tax paid	(9,926)	(3,830)
Net cash from operating activities	12,692	20,259
Investing activities		
Interest received	270	47
Capital expenditure on investment properties	(2,766)	(3,847)
Net cash outflow on acquisition of subsidiaries	-	(3,510)
Net cash outflow on acquisition of joint venture	(225,611)	-
Loan to joint venture	(98,128)	-
Purchase of plant and equipment	(7)	(653)
Net cash used in investing activities	(326,242)	(7,963)
Financing activities		
Distribution to Unitholders ¹	(8,020)	(20,542)
Payment of equity issue expenses	(82)	-
Payment of financing expenses	(200)	-
Proceeds from draw down of interest-bearing borrowings	256,800	29,800
Repayment of interest-bearing borrowings	(6,800)	(18,854)
Settlement of derivative contracts	(10,843)	-
Interest paid	(5,012)	(5,723)
Net cash from/(used in) financing activities	225,843	(15,319)
Decrease in cash and cash equivalents	(87,707)	(3,023)
Cash and cash equivalents at beginning of period	186,515	136,137
Effect on exchange rate changes on cash balances	4,509	(1,731)
Cash and cash equivalents at end of period	103,317	131,383

Footnote:

- Distribution to unitholders in 1Q 2018 was for the period from 7 December 2017 to 31 December 2017 which was paid in February 2018.
Distribution to unitholders in 1Q 2017 was for the period from 1 July 2016 to 31 December 2016 which was paid in March 2017.*

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1(d)(i) Statement of Movements in Unitholders' Funds (1Q 2018 vs 1Q 2017)

	Group		Trust	
	1Q 2018 S\$'000	1Q 2017 S\$'000	1Q 2018 S\$'000	1Q 2017 S\$'000
Unitholders' funds as at beginning of period	1,548,771	1,431,811	601,392	489,969
Operations				
Change in Unitholders' funds resulting from operations before distribution	19,522	21,080	(23,087)	(11,971)
Transfer to general reserve	(1,561)	(1,613)	-	-
Net increase/(decrease) in net assets resulting from operations	17,961	19,467	(23,087)	(11,971)
Movements in hedging reserve				
Effective portion of changes in fair value of cash flow hedges	4,605	(2,208)	4,605	(2,208)
Movement in foreign currency translation reserve				
Translation differences from financial statements of foreign operations	56,553	(11,812)	-	-
Exchange differences on monetary items forming part of net investment in foreign operations	2,730	(19,186)	-	-
Exchange differences on hedges of net investment in foreign operations	(6,697)	(45)	-	-
Net gain/(loss) recognised directly in Unitholders' funds	57,191	(33,251)	4,605	(2,208)
Movement in general reserve	1,561	1,613	-	-
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	1,577	1,572	1,577	1,572
Units issued in respect of the distribution reinvestment plan	-	20,594	-	20,594
Distribution to Unitholders ¹	(8,020)	(41,136)	(8,020)	(41,136)
Net decrease in net assets resulting from Unitholders' transactions	(6,443)	(18,970)	(6,443)	(18,970)
Unitholders' funds at end of period	1,619,041	1,400,670	576,467	456,820

Footnote:

1. Distribution to unitholders in 1Q 2018 was for the period from 7 December 2017 to 31 December 2017 which was paid in February 2018.

Distribution to unitholders in 1Q 2017 was for the period from 1 July 2016 to 31 December 2016 which was paid in March 2017.

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1(d)(ii) Details of any change in the issued and issuable Units (1Q 2018 vs 1Q 2017)

	Trust	
	1Q 2018 Units	1Q 2017 Units
Balance as at beginning of period	966,225,901	869,679,633
New Units issued:		
- As payment of manager's management fees ¹	3,720,617	4,177,316
- As payment of distribution through distribution reinvestment plan	-	14,888,722
Issued Units as at end of period	969,946,518	888,745,671
New Units to be issued:		
- As payment of manager's management fees ²	1,004,297	1,087,884
Total issued and issuable Units as at end of period	970,950,815	889,833,555

Footnotes:

1. *These were the performance component of the manager's management fees for FY 2017 and FY 2016 which were issued in March 2018 and March 2017 respectively.*
2. *These were the performance component of the manager's management fees for 1Q 2018 which will be issued in 1Q 2019 and for 1Q 2017 which was issued in March 2018.*

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.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period as that of the audited financial statements for the year ended 31 December 2017.

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

The Group has adopted new Financial Reporting Standards in Singapore ("FRSs") and interpretations effective for the financial period beginning 1 January 2018 as follows:

(i) FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

There was no significant impact to the financial statements of the Group. Accordingly, comparative financial information presented in this set of announcement has not been restated.

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(ii) FRS 109 Financial Instruments

FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39.

There was no change in measurement basis arising from the adoption of the new classification and measurement model. In assessing for impairment losses on financial assets, the Group has adopted the simplified approach and recorded lifetime expected losses on all trade receivables using the expected credit loss model.

There was no significant impact to the financial statements of the Group. Accordingly, the Group did not recognise any adjustments to the opening unitholders' funds on 1 January 2018.

The Group's existing hedges that are designated in effective hedging relationships continue to qualify for hedge accounting under FRS 109.

6 Earnings per Unit ("EPU") and distribution per Unit ("DPU") for the financial period

	Group	
	1Q 2018	1Q 2017
Earnings per Unit ("EPU")		
Basic EPU ¹	2.02¢	2.42¢
Weighted average number of Units in issue	967,466,107	872,349,099
Diluted EPU ²	2.02¢	2.41¢
Weighted average number of Units outstanding	968,470,405	873,436,983
Number of Units in issue at end of period	969,946,518	888,745,671
Distribution per Unit ("DPU")³		
Based on the number of Units in issue at end of period	2.75¢	2.74¢

Footnotes:

- EPU is calculated based on total return after tax and non-controlling interest, and weighted average number of Units as at the end of each period.*
- Diluted EPU is calculated based on total return after tax and non-controlling interest, and weighted average number of Units outstanding during the period, adjusted for the effects of all dilutive potential Units arising from issuance of estimated Units for performance component of manager's management fees.*
- DPU is calculated based on the number of Units as at the end of each period.*

7 Net asset value ("NAV") and net tangible asset ("NTA") backing per Unit based on issued Units at the end of the period

	Group		Trust	
	31 Mar 2018	31 Dec 2017	31 Mar 2018	31 Dec 2017
NAV/NTA per Unit	\$1.67	\$1.60	\$0.59	\$0.62
Adjusted NAV/NTA per Unit (excluding distributable income)	\$1.64	\$1.59	\$0.57	\$0.61

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8 Review of the performance

8(i) Breakdown of Gross Revenue – Actual

	1Q 2018 RMB'000	1Q 2017 RMB'000	% Change	1Q 2018 S\$'000	1Q 2017 S\$'000	% Change
<u>Multi-Tenanted Malls</u>						
CapitaMall Xizhimen	70,594	71,612	(1.4)	14,614	14,797	(1.2)
CapitaMall Wangjing	58,417	57,139	2.2	12,094	11,807	2.4
CapitaMall Grand Canyon	32,356	36,484	(11.3)	6,698	7,539	(11.2)
CapitaMall Xinnan	33,892	32,184	5.3	7,016	6,650	5.5
CapitaMall Qibao	24,179	24,829	(2.6)	5,006	5,129	(2.4)
CapitaMall Saihan	16,331	15,963	2.3	3,381	3,299	2.5
Subtotal	235,769	238,211	(1.0)	48,809	49,221	(0.8)
<u>Malls under Stabilisation</u>						
CapitaMall Minzhongleyuan ¹	5,842	6,999	(16.5)	1,209	1,446	(16.4)
CapitaMall Wuhu ²	1,859	2,080	(10.6)	385	430	(10.5)
Total multi-tenanted malls	243,470	247,290	(1.5)	50,403	51,097	(1.4)
<u>Master-Leased Malls</u>						
CapitaMall Anzhen ³	-	19,923	N.M.	-	4,117	N.M.
CapitaMall Erqi	12,529	12,326	1.6	2,594	2,547	1.8
CapitaMall Shuangjing	11,449	11,326	1.1	2,370	2,340	1.3
Total master-leased malls	23,978	43,575	(45.0)	4,964	9,004	(44.9)
Total Gross Revenue	267,448	290,865	(8.1)	55,367	60,101	(7.9)

8(ii) Breakdown of Net Property Income – Actual

	1Q 2018 RMB'000	1Q 2017 RMB'000	% Change	1Q 2018 S\$'000	1Q 2017 S\$'000	% Change
<u>Multi-Tenanted Malls</u>						
CapitaMall Xizhimen	50,765	49,576	2.4	10,509	10,258	2.4
CapitaMall Wangjing	42,549	40,656	4.7	8,809	8,410	4.7
CapitaMall Grand Canyon	22,679	24,352	(6.9)	4,695	5,042	(6.9)
CapitaMall Xinnan	23,677	23,393	1.2	4,901	4,834	1.4
CapitaMall Qibao	11,412	12,007	(5.0)	2,363	2,480	(4.7)
CapitaMall Saihan	9,834	9,551	3.0	2,036	1,974	3.1
Subtotal	160,916	159,535	0.9	33,313	32,998	1.0
<u>Malls under Stabilisation</u>						
CapitaMall Minzhongleyuan ¹	850	985	(13.7)	176	203	(13.3)
CapitaMall Wuhu ²	(2,046)	(1,615)	(26.7)	(424)	(335)	(26.6)
Total multi-tenanted malls	159,720	158,905	0.5	33,065	32,866	0.6
<u>Master-Leased Malls</u>						
CapitaMall Anzhen ³	-	16,405	N.M.	-	3,390	N.M.
CapitaMall Erqi	10,708	10,502	2.0	2,217	2,170	2.2
CapitaMall Shuangjing	9,189	9,084	1.2	1,902	1,877	1.3
Total master-leased malls	19,897	35,991	(44.7)	4,119	7,437	(44.6)
Total Net Property Income	179,617	194,896	(7.8)	37,184	40,303	(7.7)

N.M. – not meaningful

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Footnotes:

1. *Impacted by ongoing tenant mix adjustments.*
2. *As part of our continual review for our mall operations, CapitaMall Wuhu will be partially closed with effect from 1 April 2018 to reduce operating expenses while we evaluate options.*
3. *Excludes contribution from CapitaMall Anzhen which was divested with effect from 1 July 2017.*

1Q 2018 vs 1Q 2017

In RMB terms, gross revenue in 1Q 2018 decreased by RMB23.4 million, or 8.1% lower than 1Q 2017. The decrease was mainly due to loss of contribution from CapitaMall Anzhen which was divested with effect from 1 July 2017. Lower revenue at CapitaMall Grand Canyon was due to restriction to some trading activities at the atrium, and has been mitigated by the savings in operating expenses, while CapitaMall Minzhongleyuan was affected by lower occupancy as a result of ongoing tenant mix adjustments. In SGD terms, gross revenue in 1Q 2018 decreased by \$4.7 million, or 7.9%.

Property expenses for 1Q 2018 decreased by \$1.6 million, or 8.2% compared to 1Q 2017. Excluding CapitaMall Anzhen, the property expenses decreased by \$0.9 million compared to 1Q 2017. This was mainly due to lower property tax and maintenance expenses.

Management fees payable to the manager were 1.0% higher than 1Q 2017, due to higher deposited properties.

Finance income earned in 1Q 2018 was \$1.0 million higher than 1Q 2017 mainly due to interest earned from loan to joint venture.

Finance costs in 1Q 2018 was \$0.2 million lower than 1Q 2017 mainly due to repayment of RMB denominated interest borrowing in June 2017.

Share of results (net of tax) from joint venture relates to the contribution from Rock Square which was acquired on 31 January 2018.

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

In 1Q 2018, China's GDP grew 6.8%¹ year-on-year to RMB19.9 trillion. National retail sales increased 9.8% year-on-year to RMB9.0 trillion¹, while national urban disposable income and expenditure per capita grew 8.0% and 5.7% respectively¹.

At the annual National People's Congress and Chinese People's Political Consultative Conference meeting held in March 2018, the Chinese government signalled a steady growth target of 6.5% for the year. As the shift to development based on improving quality of life continues with a continued emphasis on infrastructure, key market-oriented objectives from the meeting included reining in financial risks and maintaining the exchange rate of the yuan at a reasonable level. The Chinese government further highlighted its support for opening up of markets and regional economic integration, which was also reiterated at the Boao Forum for Asia in April 2018.

Across China's major cities, upcoming retail supply in 2018 is expected to decline 16% year-on-year, and the decrease is expected to continue to at least 2020². Beijing, Shanghai, Guangzhou, Chengdu and Wuhan – where CRCT's properties are largely located – will continue to face new supply albeit backed by strong demand, particularly from domestic brands which are heavily invested in tier 1 and 2 cities where the retail landscape remains fundamentally strong.

¹ China National Bureau of Statistics

² CBRE, 2018 Asia Pacific Real Estate Market Outlook, Greater China

Beijing Retail Market Update

In 1Q 2018, Beijing's GDP grew at a steady pace of 6.7% year-on-year³. For the same period, urban disposable income and expenditure per capita increased 8.3% and 6.9% year-on-year, while retail sales grew 4.7% year-on-year³.

In 4Q 2017, four new projects launched on the market, contributing approximately 700,000 sq m of new retail GFA⁴. Two of the projects include the high-end WF Central at the prime Wangfujing and FC Plaza Holiday Life City, a large-scale mall in the suburban Daxing district. The other two projects, namely Hopson One and Xitieying Wanda Plaza are located in the Chaoyang and Fengtai districts, and are well-served by its surrounding catchment. During the quarter, leasing demand remained strong with active expansions by international and domestic fashion and F&B brands, while city-wide shopping mall first-floor rents continued to edge up 1.6% year-on-year⁴. F&B and children's brands should remain strong, with new retail supermarkets considering entering malls⁵. In 1Q 2018, three new mid-to-high-end projects are expected to debut, while new supply should shift its focus to the suburban market for the remaining of 2018⁴.

Shanghai Retail Market Update

In 2017, Shanghai's GDP grew 6.9% year-on-year, while urban disposable income per capita and expenditure per capita grew 8.5% and 6.1% year-on-year respectively⁶. Retail sales increased 6.7% year-on-year for the two months to February 2018⁶.

While new retail supply was down from 2016's 1.4 million sq m, 2017 had one of the largest years on record with almost half of the year's supply completed in 4Q 2017⁷. Leasing demand remained active particularly for F&B and leisure operators in 2017, with both categories expected to be the key focus for upcoming projects. At the end of 2017, F&B emerged as a key anchor and accounted for 30% of the total retail space⁷.

Guangzhou Retail Market Update

In 2017, Guangzhou's economy grew 7.0%, while urban disposable income per capita and expenditure per capita grew 8.8% and 9.0% year-on-year respectively⁸. For the two months to February 2018, retail sales rose 8.2% year-on-year⁸.

In 4Q 2017, three projects entered the prime retail markets of the Tianhe, Panyu and Pazhou areas, contributing a total of 232,000 sq m in GFA⁹, including the soft opening of a new mall within the Haizhu district. For 2017, the total supply was largely centred within the prime Tianhe and Yuexiu areas⁹. The leasing environment continued to expand and diversify with retail supply will be added to the market in 2018, of which the majority is in the emerging Baiyun and Panyu areas⁹.

Chengdu Retail Market Update

In 2017, Chengdu's GDP and urban disposable income per capita grew 8.1% and 8.4% year-on-year respectively¹⁰. Retail sales grew 11.8% year-on-year for the two months to February 2018¹⁰.

Five malls, which are all located in emerging areas, commenced operations in 4Q 2017 and added 407,589 sq m of GFA¹¹. With continued strong demand, city-wide vacancies decreased to 6.9% while first-floor shopping rents rose marginally¹¹. In 2018, the retail market will see a large supply of 790,000 sq m in non-prime areas to enhance the development of the city's multi-retail areas and serve the previously unserved catchments as new categories and brands will be added to the increasingly dynamic retail market¹¹.

³ Beijing Municipal Bureau of Statistics

⁴ Savills, Briefing, Retail Sector, Beijing, January 2018

⁵ Jones Lang LaSalle, Asia Pacific Property Digest, 4Q 2017

⁶ Shanghai Municipal Bureau of Statistics

⁷ Savills, Briefing, Retail Sector, Shanghai, February 2018

⁸ Guangzhou Municipal Bureau of Statistics

⁹ Savills, Briefing, Retail Sector, Guangzhou, February 2018

¹⁰ Chengdu Municipal Bureau of Statistics

¹¹ Savills, Briefing, Retail Sector, Chengdu, February 2018

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Wuhan Retail Market Update

In 2017, Wuhan's GDP and urban disposable income per capita grew 8.0% and 9.2% year-on-year respectively¹². For the two months to February 2018, retail sales increased 10.8% year-on-year¹².

In 4Q 2017, four retail projects registering 408,000 sq m added new supply to the market¹³, with steady leasing activity from retail and F&B brands. More than 600,000 sq m of new supply will be added to the market in 2018¹³.

11 Distribution

11(a) Current Financial Period

Any distribution declared for the current financial period? No.

11(b) Corresponding period of the preceding financial period

Any distributions declared for the corresponding period of the immediate preceding financial period? No.

11(c) Date payable : Not applicable

11(d) Book closure date : Not applicable

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

Not applicable.

13 If the Group has obtained a general mandate from Unitholders for Interested Person Transactions ("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 IPT.

14 Confirmation Pursuant to Rule 720(1) of the Listing Manual

The Manager confirms that It has procured undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 of the Listing Manual of the Singapore Exchange Securities Limited (the "Listing Manual"), as required by Rule 720(1) of the Listing Manual.

¹² Wuhan Municipal Bureau of Statistics

¹³ CBRE, China, MarketView, 4Q 2017

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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 31 March 2018, statement of total return and distribution statement, statement of cash flows 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 Lim Cho Pin Andrew Geoffrey
Director

Mr Tan Tze Wooi
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
CAPITALAND RETAIL CHINA TRUST MANAGEMENT LIMITED
(Company registration no. 200611176D)
(as Manager of Capitaland Retail China Trust)

Chuo Cher Shing
Company Secretary
26 April 2018