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

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Summary of CRCT Results

	2Q 2018 ¹	2Q 2017	Change %	1H 2018 ¹	1H 2017	Change %
	Actual S\$'000	Actual S\$'000		Actual S\$'000	Actual S\$'000	
Gross Revenue ²	56,278	58,993	(4.6)	111,645	119,094	(6.3)
Net Property Income ²	37,629	39,971	(5.9)	74,813	80,274	(6.8)
Distributable income contribution from joint venture ³	2,015	-	100.0	3,230	-	100.0
Distributable amount to Unitholders	25,661	23,337	10.0	52,360	47,692	9.8
Distribution Per Unit ("DPU") (cents)						
For the period ⁴	2.64	2.62	0.8	5.39	5.36	0.6
Annualised	10.59	10.51	0.8	10.87	10.81	0.6
For Information Only						
DPU (cents) (adjusted with the enlarged Units in issue) ⁵	2.64	2.44	8.2	5.39	5.00	7.8

	2Q 2018 ¹	2Q 2017	Change %	1H 2018 ¹	1H 2017	Change %
	Actual RMB'000	Actual RMB'000		Actual RMB'000	Actual RMB'000	
Gross Revenue	269,795	291,530	(7.5)	537,243	582,395	(7.8)
Net Property Income	180,405	197,660	(8.7)	360,022	392,556	(8.3)

Footnotes:

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

2Q 2018	2Q 2017	Change %	1H 2018	1H 2017	Change %
0.209	0.202	3.5	0.208	0.204	2.0

- This relates to 51% interest in Rock Square for 2Q 2018 and for period from 1 February 2018 to 30 June 2018.*
- 2018 DPU was based on 969.9 million Units and 2017 DPU was based on 888.7 million Units.*
- Adjusted DPU for 2Q 2017 of 2.44 cents and 1H 2017 of 5.00 cents were based on 953.1 million Units including the private placement Units issued in December 2017.*

DISTRIBUTION & BOOK CLOSURE DATE

Distribution	For 1 January 2018 to 30 June 2018
Distribution type	Tax exempt/Capital Distribution
Distribution rate	5.39 cents per Unit
Book closure date	6 August 2018
Payment date	20 September 2018

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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 30 June 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 (2Q 2018 vs 2Q 2017)**

	Group		
	2Q 2018¹	2Q 2017	%
	S\$'000	S\$'000	Change
Gross rental income	52,322	54,418	(3.9)
Other income ²	3,956	4,575	(13.5)
Gross revenue	56,278	58,993	(4.6)
Land rental	(1,476)	(1,480)	(0.3)
Property related tax	(5,191)	(6,207)	(16.4)
Business tax	(305)	(315)	(3.2)
Property management fees ³	(3,607)	(3,509)	2.8
Other property operating expenses ⁴	(8,070)	(7,511)	7.4
Total property operating expenses	(18,649)	(19,022)	(2.0)
Net property income	37,629	39,971	(5.9)
Manager's management fees – Base fee	(1,945)	(1,682)	15.6
Manager's management fees – Performance fee	(1,648)	(1,605)	2.7
Trustee's fees	(118)	(105)	12.4
Audit fees	(115)	(90)	27.8
Valuation fees	(50)	(47)	6.4
Other trust operating (expenses)/income ⁵	(418)	291	N.M.
Finance income ⁶	1,712	468	N.M.
Foreign exchange loss – realised ⁷	(22)	(180)	(87.8)
Finance costs	(6,610)	(5,885)	12.3
Net income before share of results of joint venture	28,415	31,136	(8.7)
Share of results (net of tax) of joint venture ⁸	3,664	-	100.0
Net Income	32,079	31,136	3.0
Change in fair value of investment properties	23,642	13,049	81.2
Foreign exchange (loss)/gain – unrealised	(70)	172	N.M.
Total return for the period before taxation	55,651	44,357	25.5
Taxation	(15,459)	(13,993)	10.5
Total return for the period after taxation	40,192	30,364	32.4
Attributable to:			
Unitholders	40,627	31,344	29.6
Non-controlling interest	(435)	(980)	(55.6)
Total return for the period after taxation	40,192	30,364	32.4

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

	Group		
	1H 2018¹	1H 2017	%
	S\$'000	S\$'000	Change
Gross rental income	105,156	110,891	(5.2)
Other income ²	6,489	8,203	(20.9)
Gross revenue	111,645	119,094	(6.3)
Land rental	(2,952)	(2,990)	(1.3)
Property related tax	(10,410)	(12,422)	(16.2)
Business tax	(617)	(659)	(6.4)
Property management fees ³	(7,211)	(7,163)	0.7
Other property operating expenses ⁴	(15,642)	(15,586)	0.4
Total property operating expenses	(36,832)	(38,820)	(5.1)
Net property income	74,813	80,274	(6.8)
Manager's management fees – Base fee	(3,845)	(3,553)	8.2
Manager's management fees – Performance fee	(3,225)	(3,177)	1.5
Trustee's fees	(231)	(211)	9.5
Audit fees	(237)	(200)	18.5
Valuation fees	(100)	(96)	4.2
Other trust operating expenses ⁵	(744)	(94)	N.M.
Finance income ⁶	2,761	515	N.M.
Foreign exchange gain/(loss) – realised ⁷	49	(229)	N.M.
Finance costs	(12,381)	(11,898)	4.1
Net income before share of results of joint venture	56,860	61,331	(7.3)
Share of results (net of tax) of joint venture ⁸	4,151	-	100.0
Net Income	61,011	61,331	(0.5)
Change in fair value of investment properties	23,642	13,049	81.2
Foreign exchange gain – unrealised	677	302	N.M.
Total return for the period before taxation	85,330	74,682	14.3
Taxation	(25,618)	(23,443)	9.3
Total return for the period after taxation	59,712	51,239	16.5
Attributable to:			
Unitholders	60,149	52,424	14.7
Non-controlling interest	(437)	(1,185)	(63.1)
Total return for the period after taxation	59,712	51,239	16.5

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, carpark, trolley carts and advertisement panels.
3. Includes reimbursement of costs to the property manager.
4. Includes items in the table below as part of the other property operating expenses.

	Group		
	2Q 2018¹	2Q 2017	%
	S\$'000	S\$'000	Change
Depreciation and amortisation	(329)	(459)	(28.3)
Write back/(Impairment losses) on trade receivables	4	(57)	N.M.

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	Group		
	1H 2018 ¹ S\$'000	1H 2017 S\$'000	% Change
Depreciation and amortisation	(674)	(949)	(29.0)
Impairment losses on trade receivables	(8)	(57)	(86.0)
Plant and equipment written off	-	(2)	N.M.

5. *Includes reversal of over provision of other trust operating expenses in 2Q 2017 and 1H 2017.*
6. *Finance income relates mainly to interest from bank deposits placed with financial institutions and loan to joint venture.*
7. *Realised foreign exchange relates to the gain/(loss) on the repayment of the USD denominated shareholder's loans interest.*
8. *This relates to the share of results from the 51% interest in RS JV for 2Q 2018 and for period from 1 February 2018 to 30 June 2018. Details are as follows:*

	For information only	
	2Q 2018 S\$'000	2Q 2017 S\$'000
Gross revenue	4,597	-
Property operating expenses	(1,343)	-
Net property income	3,254	-
Finance income	7	-
Finance costs	(1,171)	-
Other operating expenses	(1,686)	-
Change in value of investment properties	3,260	-
Share of results (net of tax) of joint venture	3,664	-

	For information only	
	1H 2018 S\$'000	1H 2017 S\$'000
Gross revenue	7,531	-
Property operating expenses	(2,233)	-
Net property income	5,298	-
Finance income	7	-
Finance costs	(1,950)	-
Other operating expenses	(2,464)	-
Change in value of investment properties	3,260	-
Share of results (net of tax) of joint venture	4,151	-

N.M. – not meaningful

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1(a)(ii) Distribution statement for the Group (2Q 2018 vs 2Q 2017)

	Group		
	2Q 2018 ¹ S\$'000	2Q 2017 S\$'000	% Change
Total return for the period attributable to Unitholders before distribution	40,627	31,344	29.6
Distribution adjustments (Note A)	(16,466)	(8,007)	N.M.
Income available for distribution to Unitholders	24,161	23,337	3.5
Capital distribution ²	1,500	-	100.0
Distributable amount to Unitholders	25,661	23,337	10.0
Comprises:			
- from operations	(4,082)	(2,120)	92.5
- from Unitholders' contribution	28,243	25,457	10.9
	24,161	23,337	3.5
- from capital distribution ²	1,500	-	100.0
Distributable amount to Unitholders	25,661	23,337	10.0
Note A			
Distribution adjustments			
- Manager's management fees (performance component payable in Units)	1,648	1,652	(0.2)
- Change in fair value of investment properties ³	(23,644)	(14,094)	67.8
- Deferred taxation ³	8,503	5,703	49.1
- Transfer to general reserve	(1,633)	(1,566)	4.3
- Unrealised foreign exchange gain ³	(13)	(149)	(91.3)
- Other adjustments ³	322	447	(28.0)
- Adjustments for share of results (net of tax) of joint venture	(1,649)	-	100.0
Net effect of distribution adjustments	(16,466)	(8,007)	N.M.

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

	Group		
	1H 2018¹	1H 2017	%
	S\$'000	S\$'000	Change
Total return for the period attributable to Unitholders before distribution	60,149	52,424	14.7
Distribution adjustments (Note A)	(12,289)	(4,732)	N.M.
Income available for distribution to Unitholders	47,860	47,692	0.4
Capital distribution ²	4,500	-	100.0
Distributable amount to Unitholders	52,360	47,692	9.8
Comprises:			
- from operations	(11,249)	(4,803)	N.M.
- from Unitholders' contribution	59,109	52,495	12.6
	47,860	47,692	0.4
- from capital distribution ²	4,500	-	100.0
Distributable amount to Unitholders	52,360	47,692	9.8
Note A			
Distribution adjustments			
- Manager's management fees (performance component payable in Units)	3,225	3,224	-
- Change in fair value of investment properties ³	(23,644)	(14,094)	67.8
- Deferred taxation ³	12,090	8,660	39.6
- Transfer to general reserve	(3,194)	(3,179)	0.5
- Unrealised foreign exchange gain ³	(505)	(267)	89.1
- Other adjustments ³	660	924	(28.6)
- Adjustments for share of results (net of tax) of joint venture	(921)	-	100.0
Net effect of distribution adjustments	(12,289)	(4,732)	N.M.

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 30 Jun 2018 vs 31 Dec 2017

	Group			Trust		
	30 Jun 2018 S\$'000	31 Dec 2017 S\$'000	% Change	30 Jun 2018 S\$'000	31 Dec 2017 S\$'000	% Change
Assets						
Investment properties ¹	2,524,367	2,441,024	3.4	-	-	-
Plant and equipment	2,637	2,962	(11.0)	-	-	-
Interests in subsidiaries ²	-	-	-	1,579,239	1,326,045	19.1
Interest in joint venture ³	268,392	-	100.0	-	-	-
Trade and other receivables ⁴	116,176	37,131	N.M.	1,029	25,562	(96.0)
Financial derivatives ⁵	3,336	436	N.M.	3,336	436	N.M.
Cash and cash equivalents ⁶	112,708	186,515	(39.6)	1,167	9,630	(87.9)
Total assets	3,027,616	2,668,068	13.5	1,584,771	1,361,673	16.4
Less						
Liabilities						
Trade and other payables	46,846	59,563	(21.4)	6,157	4,964	24.0
Security deposits	54,045	50,818	6.4	-	-	-
Interest-bearing borrowings ⁷	998,890	747,507	33.6	998,890	747,507	33.6
Deferred tax liabilities	244,980	227,734	7.6	-	-	-
Financial derivatives ⁵	162	7,803	(97.9)	162	7,803	(97.9)
Provision for taxation	4,285	6,555	(34.6)	7	7	-
Total liabilities	1,349,208	1,099,980	22.7	1,005,216	760,281	32.2
Net assets	1,678,408	1,568,088	7.0	579,555	601,392	(3.6)
Represented by:						
Unitholders' funds	1,658,410	1,548,771	7.1	579,555	601,392	(3.6)
Non-controlling interest	19,998	19,317	3.5	-	-	-
	1,678,408	1,568,088	7.0	579,555	601,392	(3.6)

Footnotes:

- The increase in investment properties as at 30 June 2018 was mainly due to increase of fair value in the investment properties and strengthening of RMB against SGD.*
- The increase in interests in subsidiaries as at 30 June 2018 was mainly due to shareholder loan extended to the subsidiary for the acquisition of RS JV.*
- This relates to CRCT's 51% interest in RS JV.*
- Trade and other receivables as at 30 June 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 as hedge of the variable rate borrowings.*
- The decrease was mainly due to payment of consideration of CRCT's investment in 51% interest in RS JV.*
- The interest-bearing borrowings comprise unsecured loans of \$751.8 million and a bridge loan of \$250.0 million (net of transaction costs of \$2.9 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	
	30 Jun 2018	31 Dec 2017	30 Jun 2018	31 Dec 2017
	S\$'000	S\$'000	S\$'000	S\$'000
Unsecured borrowings				
- Amount repayable within one year	251,800	-	251,800	-
- Amount repayable after one year	750,000	750,000	750,000	750,000
	1,001,800	750,000	1,001,800	750,000
Less: Transaction costs in relation to the unsecured term loan facilities	(2,910)	(2,493)	(2,910)	(2,493)
	998,890	747,507	998,890	747,507

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1(c)(i) **Statement of Cash Flows (2Q 2018 vs 2Q 2017)**

	Group	
	2Q 2018	2Q 2017
	S\$'000	S\$'000
Operating activities		
Total return after taxation	40,192	30,364
Adjustments for:		
Finance income	(1,712)	(468)
Finance costs	6,610	5,885
Depreciation and amortisation	329	459
Taxation	15,459	13,993
Manager's management fees payable in Units	1,648	1,652
Change in fair value of investment properties	(23,642)	(13,049)
Share of results (net of tax) of joint venture	(3,664)	-
(Write Back)/Impairment losses on trade receivables, net	(4)	57
Operating income before working capital changes	35,216	38,893
Changes in working capital:		
Trade and other receivables	(2,532)	1,108
Trade and other payables	(8,113)	(2,790)
Cash generated from operating activities	24,571	37,211
Income tax paid	(8,006)	(6,739)
Net cash from operating activities	16,565	30,472
Investing activities		
Interest received	478	468
Capital expenditure on investment properties	(2,116)	(4,688)
Purchase of plant and equipment	(359)	(136)
Net cash used in investing activities	(1,997)	(4,356)
Financing activities		
Payment of financing expenses	(800)	(150)
Proceeds from drawdown of interest-bearing borrowings	156,300	53,300
Repayment of interest-bearing borrowings	(154,500)	(91,915)
Settlement of derivative contracts	(190)	(889)
Interest paid	(5,582)	(5,680)
Net cash used in financing activities	(4,772)	(45,334)
Increase/(Decrease) in cash and cash equivalents	9,796	(19,218)
Cash and cash equivalents at beginning of period	103,317	131,383
Effect on exchange rate changes on cash balances	(405)	(1,371)
Reclassification of cash balances to assets held for sale	-	(2,676)
Cash and cash equivalents at end of period	112,708	108,118

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1(c)(i) **Statement of Cash Flow (1H 2018 vs 1H 2017)**

	Group	
	1H 2018 S\$'000	1H 2017 S\$'000
Operating activities		
Total return after taxation	59,712	51,239
Adjustments for:		
Finance income	(2,761)	(515)
Finance costs	12,381	11,898
Depreciation and amortisation	674	949
Taxation	25,618	23,443
Manager's management fees payable in Units	3,225	3,224
Plant and equipment written off	-	2
Change in fair value of investment properties	(23,642)	(13,049)
Share of results (net of tax) of joint venture	(4,151)	-
Impairment losses on trade receivables, net	8	57
Operating income before working capital changes	71,064	77,248
Changes in working capital:		
Trade and other receivables	(6,382)	(2,103)
Trade and other payables	(17,493)	(13,845)
Cash generated from operating activities	47,189	61,300
Income tax paid	(17,932)	(10,569)
Net cash from operating activities	29,257	50,731
Investing activities		
Interest received	748	515
Capital expenditure on investment properties	(4,882)	(8,535)
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	(366)	(789)
Net cash used in investing activities	(328,239)	(12,319)
Financing activities		
Distribution to Unitholders ¹	(8,020)	(20,542)
Payment of equity issue expenses	(82)	-
Payment of financing expenses	(1,000)	(150)
Proceeds from drawdown of interest-bearing borrowings	413,100	83,100
Repayment of interest-bearing borrowings	(161,300)	(110,769)
Settlement of derivative contracts	(11,033)	(889)
Interest paid	(10,594)	(11,403)
Net cash from/(used in) financing activities	221,071	(60,653)
Decrease in cash and cash equivalents	(77,911)	(22,241)
Cash and cash equivalents at beginning of period	186,515	136,137
Effect on exchange rate changes on cash balances	4,104	(3,102)
Reclassification of cash balances to assets held for sale	-	(2,676)
Cash and cash equivalents at end of period	112,708	108,118

Footnote:

1. *Distribution made to Unitholders in 1H 2018 was for the period from 7 December 2017 to 31 December 2017 which was paid in February 2018.*

Distribution made to Unitholders in 1H 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 (2Q 2018 vs 2Q 2017)**

	Group		Trust	
	2Q 2018 S\$'000	2Q 2017 S\$'000	2Q 2018 S\$'000	2Q 2017 S\$'000
Unitholders' funds as at beginning of period	1,619,041	1,400,670	576,467	456,820
Operations				
Change in Unitholders' funds resulting from operations before distribution	40,627	31,344	(178)	(14,462)
Transfer to general reserve	(1,633)	(1,566)	-	-
Net increase/(decrease) in net assets resulting from operations	38,994	29,778	(178)	(14,462)
Movements in hedging reserve				
Effective portion of changes in fair value of cash flow hedges	1,618	(2,640)	1,618	(2,640)
Movement in foreign currency translation reserve				
Translation differences from financial statements of foreign operations	(6,533)	(18,549)	-	-
Exchange differences on monetary items forming part of net investment in foreign operations	2,028	(6,286)	-	-
Exchange differences on hedges of net investment in foreign operations	(19)	(3,448)	-	-
Net (loss)/gain recognised directly in Unitholders' funds	(2,906)	(30,923)	1,618	(2,640)
Movement in general reserve	1,633	1,566	-	-
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	1,648	1,652	1,648	1,652
Net increase in net assets resulting from Unitholders' transactions	1,648	1,652	1,648	1,652
Unitholders' funds at end of period	1,658,410	1,402,743	579,555	441,370

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

	Group		Trust	
	1H 2018 S\$'000	1H 2017 S\$'000	1H 2018 S\$'000	1H 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	60,149	52,424	(23,265)	(26,433)
Transfer to general reserve	(3,194)	(3,179)	-	-
Net increase/(decrease) in net assets resulting from operations	56,955	49,245	(23,265)	(26,433)
Movements in hedging reserve				
Effective portion of changes in fair value of cash flow hedges	6,223	(4,848)	6,223	(4,848)
Movement in foreign currency translation reserve				
Translation differences from financial statements of foreign operations	50,020	(30,361)	-	-
Exchange differences on monetary items forming part of net investment in foreign operations	4,758	(25,472)	-	-
Exchange differences on hedges of net investment in foreign operations	(6,716)	(3,493)	-	-
Net gain/(loss) recognised directly in Unitholders' funds	54,285	(64,174)	6,223	(4,848)
Movement in general reserve	3,194	3,179	-	-
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	3,225	3,224	3,225	3,224
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	(4,795)	(17,318)	(4,795)	(17,318)
Unitholders' funds at end of period	1,658,410	1,402,743	579,555	441,370

Footnote:

- Distribution made to Unitholders in 1H 2018 was for the period from 7 December 2017 to 31 December 2017 which was paid in February 2018.
Distribution made to Unitholders in 1H 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 (2Q 2018 vs 2Q 2017)

	Trust	
	2Q 2018 Units	2Q 2017 Units
Balance as at beginning of period	969,946,518	888,745,671
New Units to be issued:		
- As payment of manager's management fees ¹	1,102,216	1,027,821
Total issued and issuable Units as at end of period	971,048,734	889,773,492

Footnote:

1. These were the estimated Units of the performance component for 2Q 2018 which will be issued in 1Q 2019 and for 2Q 2017 which was issued in March 2018.

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

	Trust	
	1H 2018 Units	1H 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	2,106,513	2,115,705
Total issued and issuable Units as at end of period	972,053,031	890,861,376

Footnotes:

1. These were the performance component for FY 2017 and FY 2016 which were issued in March 2018 and March 2017 respectively.

2. These were the estimated Units of the performance component for 1H 2018 which will be issued in 1Q 2019 and for 1H 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.

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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.

(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	
	2Q 2018	2Q 2017
Earnings per Unit (“EPU”)		
Basic EPU ¹	4.19¢	3.53¢
Weighted average number of Units in issue	969,946,518	888,745,671
Diluted EPU ²	4.18¢	3.52¢
Weighted average number of Units outstanding	972,053,031	890,861,376
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	2.64¢	2.62¢

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	Group	
	1H 2018	1H 2017
Earnings per Unit (“EPU”)		
Basic EPU ¹	6.21¢	5.95¢
Weighted average number of Units in issue	968,713,164	880,592,679
Diluted EPU ²	6.20¢	5.94¢
Weighted average number of Units outstanding	970,819,677	882,708,384
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	5.39¢	5.36¢

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	
	30 Jun 2018	31 Dec 2017	30 Jun 2018	31 Dec 2017
NAV/NTA per Unit	\$1.71	\$1.60	\$0.60	\$0.62
Adjusted NAV/NTA per Unit (excluding distributable income)	\$1.66	\$1.59	\$0.54	\$0.61

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8 Review of the Performance

8(i) Breakdown of Gross Revenue – Actual

	2Q 2018	2Q 2017	%	2Q 2018	2Q 2017	%
	RMB'000	RMB'000	Change	S\$'000	S\$'000	Change
<u>Multi-Tenanted Malls</u>						
CapitaMall Xizhimen	73,077	72,665	0.6	15,243	14,706	3.7
CapitaMall Wangjing	57,583	55,747	3.3	12,012	11,277	6.5
CapitaMall Grand Canyon	32,910	37,781	(12.9)	6,865	7,648	(10.2)
CapitaMall Xinnan	33,433	32,109	4.1	6,975	6,497	7.4
CapitaMall Qibao	25,255	24,133	4.6	5,267	4,883	7.9
CapitaMall Saihan	16,782	15,884	5.7	3,500	3,213	8.9
Subtotal	239,040	238,319	0.3	49,862	48,224	3.4
<u>Malls under Stabilisation</u>						
CapitaMall Minzhongleyuan ¹	5,559	7,415	(25.0)	1,160	1,502	(22.8)
CapitaMall Wuhu ²	1,072	2,014	(46.8)	224	407	(45.0)
Total	245,671	247,748	(0.8)	51,246	50,133	2.2
<u>Master Leased Malls</u>						
CapitaMall Anzhen ³	-	19,926	(100.0)	-	4,032	(100.0)
CapitaMall Erqi	12,566	12,377	1.5	2,621	2,505	4.6
CapitaMall Shuangjing	11,558	11,479	0.7	2,411	2,323	3.8
Total master-leased malls	24,124	43,782	(44.9)	5,032	8,860	(43.2)
Total Gross Revenue	269,795	291,530	(7.5)	56,278	58,993	(4.6)

8(ii) Breakdown of Net Property Income – Actual

	2Q 2018	2Q 2017	%	2Q 2018	2Q 2017	%
	RMB'000	RMB'000	Change	S\$'000	S\$'000	Change
<u>Multi-Tenanted Malls</u>						
CapitaMall Xizhimen	52,590	51,860	1.4	10,969	10,485	4.6
CapitaMall Wangjing	41,443	40,624	2.0	8,645	8,211	5.3
CapitaMall Grand Canyon	22,229	25,171	(11.7)	4,637	5,085	(8.8)
CapitaMall Xinnan	24,159	22,186	8.9	5,040	4,486	12.3
CapitaMall Qibao	12,421	11,255	10.4	2,589	2,277	13.7
CapitaMall Saihan	10,014	9,598	4.3	2,088	1,941	7.6
Subtotal	162,856	160,694	1.3	33,968	32,485	4.6
<u>Malls under Stabilisation</u>						
CapitaMall Minzhongleyuan ¹	596	2,466	(75.8)	123	503	(75.5)
CapitaMall Wuhu ²	(3,149)	(1,721)	(83.0)	(656)	(347)	(89.0)
Total	160,303	161,439	(0.7)	33,435	32,641	2.4
<u>Master Leased Malls</u>						
CapitaMall Anzhen ³	-	16,408	(100.0)	-	3,320	(100.0)
CapitaMall Erqi	10,780	10,564	2.0	2,248	2,138	5.1
CapitaMall Shuangjing	9,322	9,249	0.8	1,946	1,872	4.0
Total master-leased malls	20,102	36,221	(44.5)	4,194	7,330	(42.8)
Total Net Property Income	180,405	197,660	(8.7)	37,629	39,971	(5.9)

N.M. – not meaningful

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Footnotes:

- 1. Impacted by ongoing tenant mix adjustments.*
- 2. CapitaMall Wuhu is in transition for closure following the market exit of its anchor tenant.*
- 3. CapitaMall Anzhen was divested with effect from 1 July 2017.*

2Q 2018 vs 2Q 2017

In RMB terms, gross revenue in 2Q 2018 decreased by RMB21.7 million, or 7.5% lower than 2Q 2017. The decrease was mainly due to loss of contribution from CapitaMall Anzhen which was divested with effect from 1 July 2017. This loss will be offset by Rock Square contribution which is accounted for under the share of results (net of tax) from joint venture. Lower revenue at CapitaMall Grand Canyon was substantially due to a one-off government subsidy received in 2Q 2017 and restriction of some trading activities at the atrium, but was 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 2Q 2018 decreased by \$2.7 million, or 4.6%, due to the stronger RMB against SGD exchange rate.

Property expenses for 2Q 2018 was \$0.4 million, or 2.0% lower than 2Q 2017 mainly due to CapitaMall Anzhen which was divested with effect from 1 July 2017.

Management fees payable to the manager were \$0.3 million higher than 2Q 2017 mainly due to higher deposited properties, arising from stronger RMB against SGD and increase in fair value of the investment properties.

Finance income earned in 2Q 2018 was \$1.2 million higher than 2Q 2017 due to interest earned from loan to joint venture.

Finance costs in 2Q 2018 was \$0.7 million higher than 2Q 2017. This was mainly due to the additional loans drawn down to finance the acquisition of Rock Square on 31 January 2018, partially offset by the finance cost savings from the 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.

Taxation in 2Q 2018 increased by \$1.5 million as compared to 2Q 2017. The higher taxation arose mainly from deferred tax liabilities on higher fair value of the investment properties.

1H 2018 vs 1H 2017

In RMB terms, gross revenue in 1H 2018 decreased by RMB45.2 million, or 7.8% lower than 1H 2017. The decrease was mainly due to loss of contribution from CapitaMall Anzhen which was divested with effect from 1 July 2017. This loss will be offset by Rock Square contribution which is accounted for under the share of results (net of tax) from joint venture. Lower revenue at CapitaMall Grand Canyon was due to restriction of some trading activities at the atrium, but was 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 1H 2018 decreased by \$7.4 million, or 6.3% due to the stronger RMB against SGD exchange rate.

Property expenses for 1H 2018 was \$2.0 million, or 5.1% lower than 1H 2017 mainly due to CapitaMall Anzhen which was divested with effect from 1 July 2017.

Management fees payable to the manager were \$0.3 million higher than 1H 2017 mainly due to higher deposited properties, arising from stronger RMB against SGD and increase in fair value of the investment properties.

Finance income earned in 1H 2018 was \$2.2 million higher than 1H 2017 due to interest earned from loan to joint venture.

Finance costs in 1H 2018 was \$0.5 million higher than 1H 2017. This was mainly due to the additional loans drawn down to finance the acquisition of Rock Square on 31 January 2018, partially offset by the finance cost savings from the 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.

Taxation in 1H 2018 increased by \$2.2 million as compared to 1H 2017. The higher taxation arose mainly from deferred tax liabilities on higher fair value of the 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

In 2Q 2018, China's GDP registered a stable growth of 6.7%¹ year-on-year to RMB41.9 trillion, signifying a good momentum for 2018 as the national economy moves towards high-quality development. National retail sales increased 9.4% year-on-year to RMB18 trillion¹, while national urban disposable income and expenditure per capita grew 8.7% and 6.8% respectively¹.

China's retail landscape is decentralising as new retail zones are created to cater for developing residential areas. In 1Q 2018, new retail supply slowed with a total of 780,000 sqm of new stock added whereby more than 80% was located in submarkets or emerging areas².

Notwithstanding the short-term volatility arising from current political sentiments, CRCT's portfolio of family-oriented malls remains well-positioned to tap on continued urbanisation, China's transition towards a consumption-based economy, as well as the rising affluence of a growing middle-class segment and higher-spending millennials.

Beijing Retail Market Update

In 2Q 2018, Beijing's GDP grew at a steady pace of 6.8% year-on-year³. For the same period, urban disposable income and expenditure per capita increased 8.8% and 7.0% year-on-year, while retail sales grew 4.4% year-on-year³.

There was an addition of one new retail project in the Asia-Olympic area in 1Q 2018⁴. For the remainder of 2018, six new projects with a total GFA of 525,000 sqm is expected to enter the market⁵, including three mid-to-high-end projects in the CBD and Tongzhou areas in 2Q 2018⁵. For 2019 to 2022, the average annual supply will be less than half of the average annual supply over the previous five years⁶. High-footfall generators, namely fashion and F&B trades, were key leasing drivers and domestic retailers displayed strong appetite. The retail environment anticipates accelerating transformation and greater cooperation between e-commerce retailers with offline retailers and developers, to fuel the integration of retail channels and enhance the overall shopping experience⁵.

Shanghai Retail Market Update

In 1Q 2018, Shanghai's GDP grew 6.8% year-on-year, while urban disposable income per capita and expenditure per capita grew 9.0% and 9.0% year-on-year respectively⁶. Retail sales increased 7.3% year-on-year for the five months to May 2018⁶.

Retail stock remained unchanged in 1Q 2018⁷. Decentralised retail areas, which have received significant supply over the past two years, recorded high vacancy rates, and require time to develop and establish. Meanwhile, online retailers remained active in the expansion of their brick-and-mortar-stores³. Till 3Q 2018, approximately 700,000 sq m of new retail space is expected to be delivered, which may push up vacancy rates slightly while rents are expected to remain stable⁷.

Guangzhou Retail Market Update

In 1Q 2018, Guangzhou's economy grew 7.0%, while urban disposable income per capital and expenditure per capita grew 8.8% and 9.0% year-on-year respectively⁸. For the five months to May 2018, retail sales rose 8.2% year-on-year⁸.

¹ China National Bureau of Statistics

² CBRE, MarketView, China, Q1 2018

³ Beijing Municipal Bureau of Statistics

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

⁵ Colliers Quarterly, 1Q 2018, Beijing, Retail, 5 May 2018

⁶ Shanghai Municipal Bureau of Statistics

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

⁸ Guangzhou Municipal Bureau of Statistics

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In 1Q 2018, two prime shopping malls in prime sub-districts of Zhujiang New Town and Baiyun New Town areas were launched, adding 254,000 sq m to the city's supply⁹. New malls are increasingly launched in emerging areas with focus on the Baiyun and Panyu areas in the next few years⁹, with limited supply in the more established Haizhu district. Within the Haizhu district, lifestyle retail saw significant growth while the district registered the city's largest decline in vacancy rate of 14 percentage points from the previous quarter⁹. Amongst major Asia-Pacific cities, Guangzhou ranks high in terms of retail rental growth of 1.4% over the previous quarter in 1Q 2018¹⁰.

Chengdu Retail Market Update

In 1Q 2018, Chengdu's GDP and urban disposable income per capita grew 8.2% and 8.5% year-on-year respectively¹¹. Retail sales grew 11.4% year-on-year for the five months to May 2018¹¹.

Two shopping malls commenced operations in 1Q 2018¹². City-wide vacancy rates decline marginally following the completion of tenant-mix adjustments at several malls. Leasing demand stayed firm from international brands as well as the kids sector and lifestyle operators¹². The market also saw active demand from internet-celebrity brands, particularly in the F&B sector. For the remaining of 2018, six new malls located in non-prime areas are expected to open, and will help to enhance the development of multi-retail areas in the city¹².

Wuhan Retail Market Update

In 1Q 2018, Wuhan's GDP grew 8.0% year-on-year¹³. For the five months to May 2018, retail sales increased 10.6% year-on-year¹³.

In 1Q 2018, retail stock remained unchanged while the overall vacancy rate marginally slipped by 0.1 percentage points¹⁴. Light F&B concepts continued to expand and are anticipated to perform actively in the leasing market¹⁴.

11 Distribution

11(a) Current Financial Period

Any distribution declared for the current financial period? Yes.

Name of distribution : Distribution for 1 January 2018 to 30 June 2018

Distribution type : Tax exempt/Capital distribution

Distribution rate : 5.39 cents per Unit

Par value of Units : Not meaningful

Tax rate : Tax exempt income distribution is exempt from Singapore income tax in the hands of all Unitholders. No tax will be deducted from such distribution.

Capital distribution represents a return of capital to Unitholders for Singapore income tax purpose. The amount of capital distribution will reduce the cost of CRCT Units for Singapore income tax purposes. For Unitholders who are liable to Singapore income tax on profits from sale of CRCT Units, the reduced cost base of their CRCT Units will be used to calculate the taxable trading gains when the CRCT Units are disposed off.

Remark : The Tax exempt/capital distribution from 1 January 2018 to 30 June 2018 is expected to be funded from borrowing at the Trust level as well as internal cash flow from operations.

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

¹⁰ CBRE, MarketView, Asia Pacific, Q1 2018

¹¹ Chengdu Municipal Bureau of Statistics

¹² Savills, Briefing, Retail Sector, Chengdu, May 2018

¹³ Wuhan Municipal Bureau of Statistics

¹⁴ Savills, Briefing, Office and Retail Sector, Wuhan, June 2018

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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 2017 to 30 June 2017

Distribution type : Capital distribution

Distribution rate : 5.36 cents per Unit

Par value of Units : Not meaningful

11(c) Date payable : 20 September 2018

11(d) Book closure date : 6 August 2018

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 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.

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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 30 June 2018, statement of total return and distribution statement, statement of cash flow and statement of movements in Unitholders' funds for the six months 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 Woi
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
27 July 2018