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

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Summary of CRCT Results

	3Q 2018	3Q 2017	Change %	YTD 2018	YTD 2017 ¹	Change %
	Actual S\$'000	Actual S\$'000		Actual S\$'000	Actual S\$'000	
Gross Revenue ²	55,352	55,989	(1.1)	166,997	175,083	(4.6)
Net Property Income ²	36,732	35,951	2.2	111,545	116,225	(4.0)
Distributable income contribution from joint venture ³	1,847	-	100.0	5,077	-	100.0
Distributable amount to Unitholders	23,647	21,409	10.5	76,007	69,101	10.0
Distribution Per Unit ("DPU") (cents)						
For the period ⁴	2.41	2.37	1.7	7.80	7.73	0.9
Annualised	9.56	9.40	1.7	10.43	10.33	1.0
For Information Only						
DPU (cents) (adjusted with the enlarged Units in issue) ⁵	2.41	2.22	8.6	7.80	7.22	8.0

	3Q 2018	3Q 2017	Change %	YTD 2018	YTD 2017 ¹	Change %
	Actual RMB'000	Actual RMB'000		Actual RMB'000	Actual RMB'000	
Gross Revenue	274,013	274,959	(0.3)	811,256	857,354	(5.4)
Net Property Income	181,856	176,570	3.0	541,878	569,126	(4.8)

Footnotes:

1. The financial results include CapitaMall Anzhen for period from 1 January 2017 to 30 June 2017. The mall was divested in July 2017.
2. Average exchange rate for SGD/RMB.

3Q 2018	3Q 2017	Change %	YTD 2018	YTD 2017	Change %
4.950	4.911	(0.8)	4.858	4.897	0.8

3. This relates to 51% interest in Rock Square for 3Q 2018 and for period from 1 February 2018 to 30 September 2018.
4. 3Q 2018 DPU was based on 980.5 million Units. YTD 2018 DPU was based on 969.9 million Units from 1 January 2018 to 30 June 2018 and 980.5 million Units from 1 July 2018 to 30 September 2018.
3Q 2017 DPU was based on 901.8 million Units. YTD 2017 DPU was based on 888.7 million Units from 1 January 2017 to 30 June 2017 and 901.8 million Units from 1 July 2017 to 30 September 2017.
5. Adjusted DPU for 3Q 2017 of 2.22 cents was based on 966.2 million Units and YTD 2017 of 7.22 cents was based on 953.1 million Units from 1 January 2017 to 30 June 2017 and 966.2 million Units from 1 July 2017 to 30 September 2017.

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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 September 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 (3Q 2018 vs 3Q 2017)**

	Group		
	3Q 2018 S\$'000	3Q 2017 S\$'000	% Change
Gross rental income	51,258	51,395	(0.3)
Other income ²	4,094	4,594	(10.9)
Gross revenue	55,352	55,989	(1.1)
Land rental	(1,411)	(1,479)	(4.6)
Property related tax	(5,056)	(5,776)	(12.5)
Business tax	(305)	(294)	3.7
Property management fees ³	(3,574)	(3,409)	4.8
Other property operating expenses ⁴	(8,274)	(9,080)	(8.9)
Total property operating expenses	(18,620)	(20,038)	(7.1)
Net property income	36,732	35,951	2.2
Manager's management fees – Base fee	(1,909)	(1,751)	9.0
Manager's management fees – Performance fee	(1,603)	(1,445)	10.9
Trustee's fees	(117)	(108)	8.3
Audit fees	(112)	(107)	4.7
Valuation fees	(55)	(56)	(1.8)
Other trust operating (expenses)/income ⁵	(318)	279	N.M.
Finance income ⁶	1,755	597	N.M.
Foreign exchange loss – realised ⁷	(235)	(32)	N.M.
Finance costs	(7,166)	(5,772)	24.2
Net income before share of results of joint venture	26,972	27,556	(2.1)
Share of results (net of tax) of joint venture ⁸	1,414	-	100.0
Net Income	28,386	27,556	3.0
Gain on disposal of subsidiary ⁹	-	52,227	(100.0)
Change in fair value of financial derivatives	166	-	100.0
Foreign exchange (loss)/gain – unrealised	(1,326)	1,273	N.M.
Total return for the period before taxation	27,226	81,056	(66.4)
Taxation ¹⁰	(8,408)	(24,879)	(66.2)
Total return for the period after taxation	18,818	56,177	(66.5)
Attributable to:			
Unitholders	19,555	56,162	(65.2)
Non-controlling interest	(737)	15	N.M.
Total return for the period after taxation	18,818	56,177	(66.5)

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

	Group		
	YTD 2018 S\$'000	YTD 2017 ¹ S\$'000	% Change
Gross rental income	156,414	162,286	(3.6)
Other income ²	10,583	12,797	(17.3)
Gross revenue	166,997	175,083	(4.6)
Land rental	(4,363)	(4,469)	(2.4)
Property related tax	(15,466)	(18,198)	(15.0)
Business tax	(922)	(953)	(3.3)
Property management fees ³	(10,785)	(10,572)	2.0
Other property operating expenses ⁴	(23,916)	(24,666)	(3.0)
Total property operating expenses	(55,452)	(58,858)	(5.8)
Net property income	111,545	116,225	(4.0)
Manager's management fees – Base fee	(5,754)	(5,304)	8.5
Manager's management fees – Performance fee	(4,828)	(4,622)	4.5
Trustee's fees	(348)	(319)	9.1
Audit fees	(349)	(307)	13.7
Valuation fees	(155)	(152)	2.0
Other trust operating (expenses)/income ⁵	(1,062)	185	N.M.
Finance income ⁶	4,516	1,112	N.M.
Foreign exchange loss – realised ⁷	(186)	(261)	(28.7)
Finance costs	(19,547)	(17,670)	10.6
Net income before share of results of joint venture	83,832	88,887	(5.7)
Share of results (net of tax) of joint venture ⁸	5,565	-	100.0
Net Income	89,397	88,887	0.6
Gain on disposal of subsidiary ⁹	-	52,227	(100.0)
Change in fair value of investment properties	23,642	13,049	81.2
Change in fair value of financial derivatives	166	-	100.0
Foreign exchange (loss)/gain – unrealised	(649)	1,575	N.M.
Total return for the period before taxation	112,556	155,738	(27.7)
Taxation ¹⁰	(34,026)	(48,322)	(29.6)
Total return for the period after taxation	78,530	107,416	(26.9)
Attributable to:			
Unitholders	79,704	108,586	(26.6)
Non-controlling interest	(1,174)	(1,170)	0.3
Total return for the period after taxation	78,530	107,416	(26.9)

Footnotes:

- Includes contribution from CapitaMall Anzhen for period from 1 January 2017 to 30 June 2017. The mall was divested in July 2017.*
- Other income comprises mainly income earned from atrium space, carpark, trolley carts and advertisement panels.*
- Includes reimbursement of costs to the property manager.*
- Includes items in the table below as part of the other property operating expenses.*

	Group		
	3Q 2018 S\$'000	3Q 2017 S\$'000	% Change
Depreciation and amortisation	(312)	(396)	(21.2)
Write back on impairment losses on trade receivables, net	54	3	N.M.

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	Group		
	YTD 2018 S\$'000	YTD 2017¹ S\$'000	% Change
Depreciation and amortisation	(986)	(1,345)	(26.7)
Impairment losses on trade receivables, net	46	(54)	N.M.
Plant and equipment written off	-	(2)	100.0

5. *Includes reversal of over provision of other trust operating expenses in 3Q 2017 and YTD 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 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 3Q 2018 and for period from 1 February 2018 to 30 September 2018. Details are as follows:*

	For information only	
	3Q 2018 S\$'000	3Q 2017 S\$'000
Gross revenue	4,735	-
Property operating expenses	(1,677)	-
Net property income	3,058	-
Finance income	41	-
Finance costs	(1,182)	-
Other operating expenses	(503)	-
Share of results (net of tax) of joint venture	1,414	-

	For information only	
	YTD 2018 S\$'000	YTD 2017 S\$'000
Gross revenue	12,266	-
Property operating expenses	(3,910)	-
Net property income	8,356	-
Finance income	48	-
Finance costs	(3,132)	-
Other operating expenses	(2,967)	-
Change in value of investment property	3,260	-
Share of results (net of tax) of joint venture	5,565	-

9. *This relates to gain arising from the disposal of CapitaMall Anzhen in July 2017.*
10. *3Q 2017 and YTD 2017 include withholding tax payment of \$14.9 million upon disposal of CapitaMall Anzhen. Includes under provision of taxation from prior years of \$0.4 million in 3Q 2017 and \$1.3 million in YTD 2017.*

N.M. – not meaningful

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1(a)(ii) Distribution statement for the Group (3Q 2018 vs 3Q 2017)

	Group		
	3Q 2018	3Q 2017	%
	S\$'000	S\$'000	Change
Total return for the period attributable to Unitholders before distribution	19,555	56,162	(65.2)
Distribution adjustments (Note A)	3,342	(34,753)	N.M.
Income available for distribution to Unitholders	22,897	21,409	7.0
Capital distribution ²	750	-	100.0
Distributable amount to Unitholders	23,647	21,409	10.5
Comprises:			
- from operations	(4,608)	(11,208)	(58.9)
- from Unitholders' contribution	27,505	32,617	(15.7)
	22,897	21,409	7.0
- from capital distribution ²	750	-	100.0
Distributable amount to Unitholders	23,647	21,409	10.5
Note A			
Distribution adjustments			
- Gain on disposal of subsidiary, net of tax	-	(37,314)	100.0
- Manager's management fees (performance component payable in Units)	1,603	1,445	10.9
- Change in fair value of financial derivatives	(166)	-	100.0
- Deferred taxation ³	1,804	3,225	(44.1)
- Transfer to general reserve	(1,552)	(1,454)	6.7
- Unrealised foreign exchange loss/(gain) ³	914	(1,041)	N.M.
- Other adjustments ³	306	386	(20.7)
- Adjustments for share of results (net of tax) of joint venture	433	-	100.0
Net effect of distribution adjustments	3,342	(34,753)	N.M.

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

	Group		
	YTD 2018 S\$'000	YTD 2017 ¹ S\$'000	% Change
Total return for the period attributable to Unitholders before distribution	79,704	108,586	(26.6)
Distribution adjustments (Note A)	(8,947)	(39,485)	(77.3)
Income available for distribution to Unitholders	70,757	69,101	2.4
Capital distribution ²	5,250	-	100.0
Distributable amount to Unitholders	76,007	69,101	10.0
Comprises:			
- from operations	(15,857)	(16,011)	(1.0)
- from Unitholders' contribution	86,614	85,112	1.8
	70,757	69,101	2.4
- from capital distribution ²	5,250	-	100.0
Distributable amount to Unitholders	76,007	69,101	10.0
Note A			
Distribution adjustments			
- Gain on disposal of subsidiary, net of tax	-	(37,314)	100.0
- Manager's management fees (performance component payable in Units)	4,828	4,669	3.4
- Change in fair value of investment properties ³	(23,644)	(14,094)	67.8
- Change in fair value of financial derivatives	(166)	-	100.0
- Deferred taxation ³	13,894	11,885	16.9
- Transfer to general reserve	(4,746)	(4,633)	2.4
- Unrealised foreign exchange loss/(gain) ³	409	(1,308)	N.M.
- Other adjustments ³	966	1,310	(26.3)
- Adjustments for share of results (net of tax) of joint venture	(488)	-	100.0
Net effect of distribution adjustments	(8,947)	(39,485)	(77.3)

N.M. – not meaningful

Footnotes:

- 1. Includes contribution from CapitaMall Anzhen for period from 1 January 2017 to 30 June 2017. The mall was divested in 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 Sep 2018 vs 31 Dec 2017

	Group			Trust		
	30 Sep 2018 S\$'000	31 Dec 2017 S\$'000	% Change	30 Sep 2018 S\$'000	31 Dec 2017 S\$'000	% Change
Assets						
Investment properties ¹	2,421,418	2,441,024	(0.8)	-	-	-
Plant and equipment	2,425	2,962	(18.1)	-	-	-
Interests in subsidiaries ²	-	-	-	1,590,159	1,326,045	19.9
Interest in joint venture ³	260,330	-	100.0	-	-	-
Trade and other receivables ⁴	112,026	37,131	N.M.	234	25,562	(98.4)
Financial derivatives ⁵	3,219	436	N.M.	3,219	436	N.M.
Cash and cash equivalents ⁶	142,385	186,515	(23.7)	208	9,630	(97.8)
Total assets	2,941,803	2,668,068	10.3	1,593,820	1,361,673	17.0
Less						
Liabilities						
Trade and other payables	53,036	59,563	(11.0)	6,336	4,964	27.6
Security deposits	52,888	50,818	4.1	-	-	-
Interest-bearing borrowings ⁷	1,038,546	747,507	38.9	1,038,546	747,507	38.9
Deferred tax liabilities	237,056	227,734	4.1	-	-	-
Financial derivatives ⁵	122	7,803	(98.4)	122	7,803	(98.4)
Provision for taxation	2,679	6,555	(59.1)	7	7	-
Total liabilities	1,384,327	1,099,980	25.9	1,045,011	760,281	37.5
Net assets	1,557,476	1,568,088	(0.7)	548,809	601,392	(8.7)
Represented by:						
Unitholders' funds	1,539,002	1,548,771	(0.6)	548,809	601,392	(8.7)
Non-controlling interest	18,474	19,317	(4.4)	-	-	-
	1,557,476	1,568,088	(0.7)	548,809	601,392	(8.7)

Footnotes:

- The decrease in investment properties as at 30 September 2018 was mainly due to an increase of fair value in investment properties but offset by weaker RMB against SGD.*
- The increase in interests in subsidiaries as at 30 September 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 September 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 interest rate swaps ("IRS") as at 30 September 2018. The NDF are designated to hedge RMB cashflows and the IRS are designated to hedge the variable rate borrowings.*
- The decrease was mainly due to consideration payment of CRCT's investment in 51% interest in RS JV.*
- The interest-bearing borrowings comprise unsecured loans of \$792.1 million, a bridge loan of \$120.0 million and fixed notes of S\$130.0 million issued through its S\$1 billion Multicurrency Debt Issuance Programme (net of transaction costs of \$3.5 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	
	30 Sep 2018 S\$'000	31 Dec 2017 S\$'000	30 Sep 2018 S\$'000	31 Dec 2017 S\$'000
Unsecured borrowings				
- Amount repayable within one year	162,050	-	162,050	-
- Amount repayable after one year	880,000	750,000	880,000	750,000
	1,042,050	750,000	1,042,050	750,000
Less: Unamortised transaction costs	(3,504)	(2,493)	(3,504)	(2,493)
	1,038,546	747,507	1,038,546	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

Cash of \$16.0 million was retained from Distribution Reinvestment Plan on 20 September 2018.

Date	Amount retained	Use of proceeds	Amount used
	S\$'million		S\$'million
20-Sep-18	16.0	For repayment of Trust's interest-bearing borrowings, general corporate and working capital purposes	16.0

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1(c)(ii) Statement of Cash Flows (3Q 2018 vs 3Q 2017)

	Group	
	3Q 2018 S\$'000	3Q 2017 S\$'000
Operating activities		
Total return after taxation	18,818	56,177
Adjustments for:		
Finance income	(1,755)	(597)
Finance costs	7,166	5,772
Depreciation and amortisation	312	396
Taxation	8,408	24,879
Manager's management fees payable in Units	1,603	1,445
Change in fair value of financial derivative	(166)	-
Share of results (net of tax) of joint venture	(1,414)	-
Gain on disposal of subsidiary	-	(52,227)
Write back on impairment losses on trade receivables, net	(54)	(3)
Operating income before working capital changes	32,918	35,842
Changes in working capital:		
Trade and other receivables	1,144	(354)
Trade and other payables	11,038	7,447
Cash generated from operating activities	45,100	42,935
Income tax paid	(2,858)	(8,013)
Net cash from operating activities	42,242	34,922
Investing activities		
Interest received	599	597
Proceeds from disposal of subsidiary, net of tax	-	216,754
Capital expenditure on investment properties	(1,855)	(2,436)
Purchase of plant and equipment	(78)	(101)
Net cash (used in)/from investing activities	(1,334)	214,814
Financing activities		
Distribution to Unitholders ¹	(36,289)	(26,812)
Payment of financing expenses	(850)	(1,855)
Proceeds from drawdown of interest-bearing borrowings	173,150	434,800
Repayment of interest-bearing borrowings	(132,900)	(405,000)
Settlement of derivative contracts	-	(5,275)
Interest paid	(6,768)	(5,167)
Net cash used in financing activities	(3,657)	(9,309)
Increase in cash and cash equivalents	37,251	240,427
Cash and cash equivalents at beginning of period	112,708	110,794
Effect on exchange rate changes on cash balances	(7,574)	2,124
Cash and cash equivalents at end of period	142,385	353,345

Footnote:

1. Distribution made to Unitholders in 3Q 2018 was for the period from 1 January 2018 to 30 June 2018 which was paid in September 2018.
Distribution made to Unitholders in 3Q 2017 was for the period from 1 January 2017 to 30 June 2017 which was paid in September 2017.

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

	Group	
	YTD 2018 S\$'000	YTD 2017 S\$'000
Operating activities		
Total return after taxation	78,530	107,416
Adjustments for:		
Finance income	(4,516)	(1,112)
Finance costs	19,547	17,670
Depreciation and amortisation	986	1,345
Taxation	34,026	48,322
Manager's management fees payable in Units	4,828	4,669
Plant and equipment written off	-	2
Change in fair value of investment properties	(23,642)	(13,049)
Change in fair value of financial derivative	(166)	-
Share of results (net of tax) of joint venture	(5,565)	-
Gain on disposal of subsidiary	-	(52,227)
Impairment losses on trade receivables, net	(46)	54
Operating income before working capital changes	103,982	113,090
Changes in working capital:		
Trade and other receivables	(5,238)	(2,457)
Trade and other payables	(6,455)	(6,398)
Cash generated from operating activities	92,289	104,235
Income tax paid	(20,790)	(18,582)
Net cash from operating activities	71,499	85,653
Investing activities		
Interest received	1,347	1,112
Proceeds from disposal of subsidiary, net of tax	-	216,754
Capital expenditure on investment properties	(6,737)	(10,971)
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	(444)	(890)
Net cash (used in)/from investing activities	(329,573)	202,495
Financing activities		
Distributions to Unitholders ¹	(44,309)	(47,354)
Payment of equity issue expenses	(82)	-
Payment of financing expenses	(1,850)	(2,005)
Proceeds from drawdown of interest-bearing borrowings	586,250	517,900
Repayment of interest-bearing borrowings	(294,200)	(515,769)
Settlement of derivative contracts	(11,033)	(6,164)
Interest paid	(17,362)	(16,570)
Net cash from/(used in) financing activities	217,414	(69,962)
(Decrease)/Increase in cash and cash equivalents	(40,660)	218,186
Cash and cash equivalents at beginning of period	186,515	136,137
Effect on exchange rate changes on cash balances	(3,470)	(978)
Cash and cash equivalents at end of period	142,385	353,345

Footnote:

- Distributions made to Unitholders in YTD 2018 were for the periods from 7 December 2017 to 31 December 2017 and 1 January 2018 to 30 June 2018 which were paid in February 2018 and September 2018 respectively. Distributions made to Unitholders in YTD 2017 were for the periods from 1 July 2016 to 31 December 2016 and 1 January 2017 to 30 June 2017 which were paid in March 2017 and September 2017 respectively.*

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1(d)(i) Statement of Movements in Unitholders' Funds (3Q 2018 vs 3Q 2017)

	Group		Trust	
	3Q 2018 S\$'000	3Q 2017 S\$'000	3Q 2018 S\$'000	3Q 2017 S\$'000
Unitholders' funds as at beginning of period	1,658,410	1,402,743	579,555	441,370
Operations				
Change in Unitholders' funds resulting from operations before distribution	19,555	56,162	4,183	(23,291)
Transfer to general reserve	(1,552)	(1,454)	-	-
Net increase/(decrease) in net assets resulting from operations	18,003	54,708	4,183	(23,291)
Movements in hedging reserve				
Effective portion of changes in fair value of cash flow hedges	(243)	1,291	(243)	1,291
Movement in foreign currency translation reserve				
Translation differences from financial statements of foreign operations	(97,841)	36,414	-	-
Exchange differences on monetary items forming part of net investment in foreign operations	(6,193)	348	-	-
Exchange differences on hedges of net investment in foreign operations	-	(2,003)	-	-
Net (loss)/gain recognised directly in Unitholders' funds	(104,277)	36,050	(243)	1,291
Movement in general reserve	1,552	1,454	-	-
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	1,603	1,445	1,603	1,445
Units issued in respect of distribution reinvestment plan	15,991	20,825	15,991	20,825
Distribution to Unitholders ¹	(52,280)	(47,637)	(52,280)	(47,637)
Net decrease in net assets resulting from Unitholders' transactions	(34,686)	(25,367)	(34,686)	(25,367)
Unitholders' funds as at end of period	1,539,002	1,469,588	548,809	394,003

Footnote:

- Distribution made to Unitholders in 3Q 2018 was for the period from 1 January 2018 to 30 June 2018 which was paid in September 2018.
Distribution made to Unitholders in 3Q 2017 was for the period from 1 January 2017 to 30 June 2017 which was paid in September 2017.*

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

	Group		Trust	
	YTD 2018 S\$'000	YTD 2017 S\$'000	YTD 2018 S\$'000	YTD 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	79,704	108,586	(19,082)	(49,724)
Transfer to general reserve	(4,746)	(4,633)	-	-
Net increase/(decrease) in net assets resulting from operations	74,958	103,953	(19,082)	(49,724)
Movements in hedging reserve				
Effective portion of changes in fair value of cash flow hedges	5,980	(3,557)	5,980	(3,557)
Movement in foreign currency translation reserve				
Translation differences from financial statements of foreign operations	(47,821)	6,053	-	-
Exchange differences on monetary items forming part of net investment in foreign operations	(1,435)	(25,124)	-	-
Exchange differences on hedges of net investment in foreign operations	(6,716)	(5,496)	-	-
Net (loss)/gain recognised directly in Unitholders' funds	(49,992)	(28,124)	5,980	(3,557)
Movement in general reserve	4,746	4,633	-	-
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	4,828	4,669	4,828	4,669
Units issued in respect of distribution reinvestment plan	15,991	41,419	15,991	41,419
Distribution to Unitholders ¹	(60,300)	(88,773)	(60,300)	(88,773)
Net decrease in net assets resulting from Unitholders' Transactions	(39,481)	(42,685)	(39,481)	(42,685)
Unitholders' funds at end of period	1,539,002	1,469,588	548,809	394,003

Footnote:

- Distributions made to Unitholders in YTD 2018 were for the periods from 7 December 2017 to 31 December 2017 and 1 January 2018 to 30 June 2018 which were paid in February 2018 and September 2018 respectively. Distributions made to Unitholders in YTD 2017 were for the periods from 1 July 2016 to 31 December 2016 and 1 January 2017 to 30 June 2017 which were paid in March 2017 and September 2017 respectively.*

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1(d)(ii) Details of any change in the issued and issuable Units (3Q 2018 vs 3Q 2017)

	Trust	
	3Q 2018 Units	3Q 2017 Units
Balance as at beginning of period	969,946,518	888,745,671
New Units issued:		
- As payment of distribution through distribution reinvestment plan	10,602,618	13,088,230
Issued Units as at end of period	980,549,136	901,833,901
New Units to be issued:		
- As payment of manager's management fees ¹	1,123,806	899,594
Total issued and issuable Units as at end of period	981,672,942	902,733,495

Footnote:

1. These were the estimated Units of the performance component 3Q 2018 which will be issued in 1Q 2019 and for 3Q 2017 which was issued in March 2018.

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

	Trust	
	YTD 2018 Units	YTD 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	10,602,618	27,976,952
Issued Units as at end of period	980,549,136	901,833,901
New Units to be issued:		
- As payment of manager's management fees ²	3,230,319	3,015,299
Total issued and issuable Units as at end of period	983,779,455	904,849,200

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 estimated units of the performance component for YTD 2018 which will be issued in 1Q 2019 and for YTD 2017 which was issued in March 2018.

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

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	
	3Q 2018	3Q 2017
Earnings per Unit (“EPU”)		
Basic EPU ¹	2.01¢	6.31¢
Weighted average number of Units in issue	971,214,222	890,310,568
Diluted EPU ²	2.01¢	6.29¢
Weighted average number of Units outstanding	974,444,541	893,325,867
Number of Units in issue at end of period	980,549,136	901,833,901
Distribution per unit (“DPU”)³		
Based on the number of Units in issue at end of period	2.41¢	2.37¢

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	Group	
	YTD 2018	YTD 2017
Earnings per Unit (“EPU”)		
Basic EPU ¹	8.22¢	12.28¢
Weighted average number of Units in issue	969,556,012	883,937,411
Diluted EPU ²	8.19¢	12.24¢
Weighted average number of Units outstanding	972,786,331	886,952,710
Number of Units in issue at end of period	980,549,136	901,833,901
Distribution per Unit (“DPU”)³		
Based on the number of Units in issue at end of period	7.80¢	7.73¢

Footnotes:

1. *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.*
2. *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.*
3. *DPU is calculated based on the number of Units in issue 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 Sep 2018	31 Dec 2017	30 Sep 2018	31 Dec 2017
NAV/NTA per Unit	\$1.57	\$1.60	\$0.56	\$0.62
Adjusted NAV/NTA per Unit (excluding distributable income)	\$1.55	\$1.59	\$0.54	\$0.61

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8 Review of the performance

8(i) Breakdown of Gross Revenue – Actual

	3Q 2018 RMB'000	3Q 2017 RMB'000	% Change	3Q 2018 S\$'000	3Q 2017 S\$'000	% Change
<u>Multi-Tenanted Malls</u>						
CapitaMall Xizhimen	75,065	73,292	2.4	15,170	14,925	1.6
CapitaMall Wangjing	59,244	56,274	5.3	11,968	11,458	4.5
CapitaMall Grand Canyon	33,047	37,797	(12.6)	6,675	7,696	(13.3)
CapitaMall Xinnan	33,917	33,857	0.2	6,850	6,895	(0.7)
CapitaMall Qibao	25,650	25,121	2.1	5,183	5,116	1.3
CapitaMall Saihan	17,034	16,173	5.3	3,442	3,294	4.5
Subtotal	243,957	242,514	0.6	49,288	49,384	(0.2)
<u>Malls under Stabilisation</u>						
CapitaMall Minzhongleyuan ¹	5,587	6,147	(9.1)	1,128	1,251	(9.8)
CapitaMall Wuhu ²	502	2,461	(79.6)	97	501	(80.6)
Total	250,046	251,122	(0.4)	50,513	51,136	(1.2)
<u>Master-Leased Malls</u>						
CapitaMall Erqi	12,438	12,326	0.9	2,511	2,509	0.1
CapitaMall Shuangjing	11,529	11,511	0.2	2,328	2,344	(0.7)
Total master-leased malls	23,967	23,837	0.5	4,839	4,853	(0.3)
Total Gross Revenue	274,013	274,959	(0.3)	55,352	55,989	(1.1)

8(ii) Breakdown of Net Property Income – Actual

	3Q 2018 RMB'000	3Q 2017 RMB'000	% Change	3Q 2018 S\$'000	3Q 2017 S\$'000	% Change
<u>Multi-Tenanted Malls</u>						
CapitaMall Xizhimen	53,423	50,604	5.6	10,795	10,304	4.8
CapitaMall Wangjing	42,462	39,238	8.2	8,577	7,989	7.4
CapitaMall Grand Canyon	21,958	24,341	(9.8)	4,432	4,956	(10.6)
CapitaMall Xinnan	24,151	22,602	6.9	4,878	4,603	6.0
CapitaMall Qibao	12,469	11,689	6.7	2,521	2,380	5.9
CapitaMall Saihan	9,744	9,749	(0.1)	1,967	1,986	(1.0)
Subtotal	164,207	158,223	3.8	33,170	32,218	3.0
<u>Malls under Stabilisation</u>						
CapitaMall Minzhongleyuan ¹	438	270	62.2	89	54	64.8
CapitaMall Wuhu ²	(2,753)	(1,702)	61.8	(557)	(347)	60.5
Total	161,892	156,791	3.3	32,702	31,925	2.4
<u>Master Leased Malls</u>						
CapitaMall Erqi	10,639	10,529	1.0	2,148	2,143	0.2
CapitaMall Shuangjing	9,325	9,250	0.8	1,882	1,883	(0.1)
Total master-leased malls	19,964	19,779	0.9	4,030	4,026	0.1
Total Net Property Income	181,856	176,570	3.0	36,732	35,951	2.2

N.M. – not meaningful

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Footnotes:

1. Impacted by ongoing tenant mix adjustments.
2. CapitaMall Wuhu is closed, following the exit of its anchor tenant.

3Q 2018 vs 3Q 2017

In RMB terms, gross revenue in 3Q 2018 decreased by RMB1.0 million, or 0.3% lower than 3Q 2017. The decrease was mainly due to CapitaMall Wuhu which was closed, following the exit of its anchor tenant and CapitaMall Grand Canyon's revenue impact arising from the restriction of trading activities at the atrium. These were partially offset by the higher revenue from CapitaMall Xizhimen and CapitaMall Wangjing. In SGD terms, gross revenue in 3Q 2018 decreased by \$0.6 million, or 1.1%, due to the stronger SGD against RMB.

Property expenses in 3Q 2018 was \$1.4 million, or 7.1% lower than 3Q 2017 mainly due to overall reduction of operating expenses across most malls.

Management fees payable to the manager were \$0.3 million higher than 3Q 2017 mainly due to higher deposited properties and net property income arising from the acquisition of the 51% interest in RS JV in January 2018.

Finance income earned in 3Q 2018 was \$1.2 million higher than 3Q 2017 mainly due to interest earned from loan to joint venture.

Finance costs in 3Q 2018 was \$1.4 million higher than 3Q 2017. This was mainly due to the additional loans drawn down to finance the acquisition of RS JV in January 2018.

Share of results (net of tax) from joint venture relates to the contribution from RS JV which was acquired in January 2018.

Taxation in 3Q 2018 decreased by \$16.5 million as compared to 3Q 2017. The higher taxation in 3Q 2017 was mainly due to withholding tax paid on the gain on disposal of CapitaMall Anzhen in July 2017.

YTD 2018 vs YTD 2017

In RMB terms, gross revenue for YTD 2018 decreased by RMB46.1 million, or 5.4% lower than YTD 2017. The decrease was mainly due to no contribution from CapitaMall Anzhen which was divested in July 2017. CapitaMall Grand Canyon and CapitaMall Wuhu revenue were also impacted as explained above. In addition, there was a one-off government subsidy received in prior year in CapitaMall Grand Canyon. These were partially offset by the growth in revenue from the rest of the multi-tenanted malls. In SGD terms, gross revenue for YTD 2018 decreased by \$8.1 million, or 4.6% due to the stronger RMB against SGD.

Property expenses for YTD 2018 was \$3.4 million, or 5.8% lower than YTD 2017 mainly due to CapitaMall Anzhen which was divested in July 2017.

Management fees payable to the manager were \$0.7 million higher than YTD 2017 mainly due to higher deposited properties and net property income arising from the acquisition of the 51% interest in RS JV in January 2018.

Finance income earned in YTD 2018 was \$3.4 million higher than YTD 2017 mainly due to interest earned from loan to joint venture.

Finance costs in YTD 2018 was \$1.9 million higher than YTD 2017. This was mainly due to the additional loans drawn down to finance the acquisition of RS JV 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 RS JV which was acquired on 31 January 2018.

Taxation in YTD 2018 decreased by \$14.3 million as compared to YTD 2017. The higher taxation in YTD 2017 was mainly due to withholding tax paid on the gain on disposal of CapitaMall Anzhen in July 2017.

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 3Q 2018, China's GDP came in at 6.5% year-on-year under the backdrop of ongoing volatility and uncertainty brought about by the US and China trade dispute. The Chinese economy remains on track to achieve the government's full year growth target of 6.5%. National retail sales increased 9.3% year-on-year to RMB 27.4 trillion, while national urban disposable income and expenditure per capita grew 7.9% and 6.5% respectively in the first nine months of 2018¹.

There was an increase in retail space of 1.9 million sqm in 2Q 2018 as international fashion brands and domestic mid-tier apparel and F&B outlets continued to expand strongly. Even with the increase in retail space, overall vacancy rates in 17 cities measured by CBRE tracked lower by 0.3 percentage points quarter-on-quarter to 6.8%².

On 1 July 2018, China reduced import tariffs for daily consumer goods such as shoes, apparel, clothes, sporting equipment, from an average of 15.7% to 6.9%. Import tariff for health and cosmetics items was also reduced from an average of 8.4% to 2.9%. The decline in import tariffs has made daily consumer goods more affordable and allowed the Chinese consumers to purchase more quality products³. A second round of import tariff cuts was announced for machinery, paper, textiles and construction materials and will be implemented across 1,585 products from 1 November 2018, decreasing duties for these products to an average of 7.5% from 9.8% in 2017. This move will further lower the tax burden on consumers and companies with the aim of boosting imports and opening China's consumer market.⁴

Geopolitical tensions aside, developers remain confident in the domestic retail market with six million sqm of retail space slated to be completed in 2H 2018. Retail space demand continued to recover on the back of the rise of domestic brands, the demand for experiential stores and the increased investments pumped in by venture capitalists.⁵ With this robust set of retail sales expectations, CRCT is well-poised to benefit through its portfolio of strategically located malls.

Beijing Retail Market Update

In the first nine months of 2018, Beijing's GDP maintained its upward trend with a 6.7% year-on-year growth rate. Over the same period, urban disposable income and expenditure per capita increased 8.9% and 6.7% year-on-year respectively, while retail sales grew 4.1% year-on-year⁶.

The overall retail landscape in Beijing remained favourable. By the end of 2Q 2018, city-wide first-floor rental improved slightly at 0.6% quarter-on-quarter to an average of RMB932.2 psm per month while average occupancy levels increased 0.1 percentage points quarter-on-quarter to 93.1%. Mall & More in Daxing opened in 2Q 2018, contributing 65,000 sqm. Three new mid-to-high end shopping mall projects are targeted to be launched in 2H 2018 – including CapitaMall Tiangongyuan, adding a total GFA of 426,000 sqm³. The continued trend of ecommerce companies enhancing their offerings through physical consumer experience stores will provide further growth catalysts for the sector⁶.

Shanghai Retail Market Update

For 1H 2018, Shanghai's GDP grew 6.9% year-on-year, while urban disposable income per capita rose to 9.0% year-on-year. Expenditure per capita inched higher in 1H 2018 to 9.1% year-on-year, while retail sales grew 7.7% year-on-year⁷.

The positive pace of consumer spending growth continues to attract new supply to the highly competitive market. High-footfall generators such as F&B, fashion and lifestyle sectors were key leasing drivers. In 2Q 2018, Greenland Being Fun Plaza, Century Link and Jing'an IMix Park opened, introducing 314,380 sqm to the market.⁸ Experiential consumption continued to be the retail trend with gymnasiums, fitness centers and bookstore brands expanding during the period. 14 projects totaling 1.12 million sqm of retail GFA is scheduled to be added in 2H 2018, which would naturally push up the average vacancy rate in the intermediacy from 9.5% to 14.7% by the end of the year. To remain competitive, retailers tap on innovative technology to introduce new retail, new brands and new business formats to stand out from the crowd⁹.

¹ China National Bureau of Statistics

² CBRE, Marketview, China, 2Q 2018

³ Savills, Briefing, Retail Sector, Beijing, July 2018

⁴ Bloomberg, China to Cut Tariffs on Imports Including Machinery, Textiles, 26 September 2018

⁵ Beijing Bureau of Statistics

⁶ Colliers Quarterly, 1Q 2018, Beijing, Retail, 5 May 2018

⁷ Shanghai Bureau of Statistics

⁸ Savills, Briefing, Retail Sector, Shanghai, July 2018

⁹ Colliers Semi-Annual 1H 2018 Shanghai – Hangzhou – Nanjing Retail

Guangzhou Retail Market Update

In 1H 2018, Guangzhou's economy grew 6.2%, while urban disposable income per capita and expenditure per capita grew 8.4% and 9.0% year-on-year respectively. For the five months to May 2018, retail sales rose 8.0% year-on-year¹⁰.

No new supply came on board in 2Q 2018, which helped bring vacancy rates lower by 0.5 percentage points year-on-year to 5.2%. The decrease in vacancy rates was driven by a decline in non-prime vacancy rates that helped to offset a slight uptick in prime area vacancy rates. For 2H 2018, overall vacancy rates are projected to increase due mainly to new supply of 500,000 sqm (mainly in the Baiyun district) coming onstream. In terms of rental rates, both prime and non-prime areas saw moderate low-single digit increases both on a quarter-on-quarter and year-on-year basis, and this trend is likely to persist given the favourable proportion of F&B tenants (44%) within the city, which tends to experience higher rents as compared to other tenant types¹¹.

Chengdu Retail Market Update

In 1H 2018, Chengdu's GDP sustained its 8.2% pace from the first quarter. Urban disposable income and expenditure per capita grew 8.4% and 9.5% year-on-year respectively. Retail sales for the city remained at the double-digit growth band with a 11.1% year-on-year pace for the first six months of 2018¹².

Two shopping malls commenced operations in 2Q 2018, adding 240,000 sqm of shopping space to the retail market. Retail space demand stayed robust with a net absorption of 144,373 sqm during the same period (led by non-prime shopping malls), which resulted in an improvement in the city-wide vacancy to 5.4% (-0.5 percentage points). Given Chengdu's attractiveness as a tech start-up city and supportive entrepreneurship culture, international names, home and lifestyle brands continue to see value propositions and open in the city. With five malls slated to open in the city in the second half of the year, adding 710,000 sqm in retail space, retail demand is expected to remain resilient in light of the enhanced diversity in tenant mix¹³.

Wuhan Retail Market Update

In 1H 2018, Wuhan's GDP grew at 8.2% year-on-year while retail sales remained stable at 10.5% year-on-year. Urban disposable income for the period grew 9.0%¹⁴.

Although vacancy rates inched higher by 0.1 percentage points in 2Q 2018 to 3.3%, average rental increased slightly by 0.2% year-on-year. Overall, for the six month period, Wuhan's retail scene fundamentals remained stable with no net additions. Popular F&B brands expanded in 1H 2018 with new brand experience stores leading the way.¹⁵ A number of projects are expected to open in the second half of the year, including Desman International Centre on Zhongnan Zhongbei Road.

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 distribution 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/recommended, a statement to that effect

Not applicable.

¹⁰ Guangzhou Bureau of Statistics

¹¹ Savillis, Briefing, Retail Sector, Guangzhou, August 2018

¹² Chengdu Bureau of Statistics

¹³ Savillis, Briefing, Retail Sector, Chengdu, July 2018

¹⁴ Wuhan Bureau of Statistics

¹⁵ CBRE Marketview, China 2Q 2018

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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.

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 September 2018, statement of total return and distribution statement, statement of cash flow and statement of movements in Unitholders’ funds for the nine 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
30 October 2018