

**CAPITARETAIL CHINA TRUST**

**2007 SECOND QUARTER UNAUDITED FINANCIAL STATEMENT AND DISTRIBUTION ANNOUNCEMENT**

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In relation to the initial public offering of units in CRCT ("Units"), the Sole Financial Adviser was J.P. Morgan (S.E.A) Limited and the Underwriters and Bookrunners were J.P. Morgan (S.E.A) Limited, UBS, acting through its business group, UBS Investment Bank and China International Capital Corporation Limited.

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**Summary of CRCT Results**

	1 Apr to 30 Jun 2007			1 Jan to 30 Jun 2007			YTD 2007 <sup>1</sup>
	Actual S\$'000	Forecast <sup>2</sup> S\$'000	Change %	Actual S\$'000	Forecast <sup>2</sup> S\$'000	Change %	Actual S\$'000
Gross Revenue	17,857	19,233	(7.2)	34,922	37,464	(6.8)	41,262
Net Property Income	12,437	12,643	(1.6)	23,126	24,380	(5.1)	25,547
Distributable Income <sup>3</sup>	8,082	7,372	9.6	15,247	13,912	9.6	15,547
<b>Distribution Per Unit ("DPU") (cents)</b>							
For the period	1.70	1.55	9.6	3.21	2.93	9.6	3.27
Annualised	6.82	6.22	9.6	6.46	5.90	9.6	N.M.

*Footnotes:*

1. YTD 2007 includes private trust period from 23 October 2006 to 7 December 2006 ("Private Trust Period") and public trust period from the date of listing on 8 December 2006 ("Listing Date") to 30 June 2007.
2. The forecast is based on the forecast shown in CRCT Prospectus dated 29 November 2006 (the "Prospectus").
3. As disclosed in the Prospectus, the first distribution after the Listing Date will be for the period from the Listing Date to 30 June 2007 and will be paid by the manager on or before 30 September 2007.

N.M. – not meaningful

**For a meaningful analysis/comparison of the actual results against the forecast as stated in the Prospectus, please refer to paragraph 9 of this announcement.**

**DISTRIBUTION & BOOK CLOSURE DATE**

Distribution	For 23 October 2006 to 30 June 2007
Distribution type	Capital Distribution
Distribution rate	3.27 cents per Unit
Book closure date	12 September 2007
Payment date	24 September 2007

## **INTRODUCTION**

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

CRCT is a Singapore-based real estate investment trust ("REIT") established 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 2007, CRCT owns and invests in a portfolio of seven retail mall properties (the "Properties") located in five key cities of China. The Properties are Wangjing Mall, Jiulong Mall and Anzhen Mall in Beijing, Qibao Mall in Shanghai, Zhengzhou Mall in Zhengzhou, Jinyu Mall in Huhehaote, and 51% interest in Xinwu Mall in Wuhu.

### **Update on Jiulong Mall**

As at Listing Date, CRCT did not hold the legal title of Jiulong Mall and had only contractual rights to the mall's rental income. This was because the vendor of the mall was party to certain legal proceedings under which Levels 2 and 3 were subject to a court injunction under China laws, while the China real estate administrative authorities had not managed to effect the transfer of the strata titles for the mall's basement and Level 1 before the Listing Date.

On 13 July 2007, the Manager announced that the strata titles to the basement, Levels 1, 2 and 3 of Jiulong Mall were transferred to CapitaRetail Beijing Shuangjing Real Estate Co., Ltd (formerly known as CapitaRetail Beijing Jiulong Real Estate Co., Ltd), the special purpose company established to hold the mall and which is indirectly wholly-owned by CRCT.

## **COMPARATIVE STATEMENTS**

There are no comparative statements for the corresponding period of the immediately preceding financial year or as at the end of the immediately preceding financial year. As disclosed in the Prospectus, no pro forma consolidated statements of total return, consolidated statement of cash flows and consolidated balance sheet to show the pro forma historical financial performance of CRCT and its subsidiaries (the "Pro Forma Group") have been prepared as:-

1. Wangjing Mall and Xinwu Mall are newly developed and have very limited operating track records. Wangjing Mall was only recently completed while Xinwu Mall only commenced operations in December 2005. As such, the period of operations is too short for the Manager to practicably construct meaningful historical pro forma financial information;
2. Jiulong Mall and Jinyu Mall were acquired from independent third parties and indirectly held by CapitaLand Limited ("the Sponsor") for only a few months prior to the date of this Prospectus. The Sponsor indirectly acquired Anzhen Mall in July 2005 and took a master lease over Qibao Mall in May 2005. Accordingly, the historical financial information relating to these four properties are unavailable from the vendors or lessor (in the case of Qibao Mall) and the Sponsor's ownership period or possession period (in the case of Qibao Mall) of these properties is too short for the Manager to construct meaningful historical pro forma financial information;
3. Zhengzhou Mall, Jinyu Mall and Anzhen Mall were wholly-occupied by the vendors for their retail operations prior to their disposal to the Sponsor. Accordingly, even if the historical financial information relating to these properties were made available, the Manager would not be able to identify the property-related expenses of the vendors from the expenses incurred by the vendors in connection with their overall business operations. There would also not be any historical rental income for these properties as they were wholly-occupied by the vendors. Accordingly, the relevant information to prepare the historical pro forma financial information is unavailable to the Manager;
4. Anzhen Mall, Zhengzhou Mall and Jinyu Mall and the majority of the gross rentable area of Jiulong Mall have been under master lease agreements since the Sponsor acquired them from the vendors. The Sponsor has also implemented major asset enhancement initiatives at Qibao Mall (since the Sponsor took possession of the mall in May 2005) to reposition the mall as a "one-stop" retail destination. Accordingly, any attempt to construct historical pro forma financial information based on the historical financial statements of these five properties (in the unlikely event that they are made available to the Manager) may be misleading to investors and not meaningful for comparison purposes as there is an implicit assumption that the Pro Forma Group would achieve the same performance as those presented in the historical pro forma financial information; and
5. Should historical pro forma financial information be prepared based on the terms of the master lease agreements for Anzhen Mall, Zhengzhou Mall, Jinyu Mall and Jiulong Mall, such information will be in the nature of a forecast and will not reflect the historical financial results and position of the Pro Forma Group with respect to these properties. As such, the Manager believes that such historical pro forma financial information may be of little value to investors in deciding whether to acquire the Units and a forecast and projection based on, amongst other things, the terms of the master lease arrangements would be more meaningful to investors.

Accordingly, we have not presented a comparative statement for the announcement as there is no pro forma historical financial information for the corresponding period.

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1(a)(i) **Statement of total return (For the Group)**

	Group	
	2Q 2007 S\$'000	YTD 2007 <sup>1</sup> S\$'000
Gross rental income	16,858	39,917
Other income	999	1,345
<b>Gross revenue</b>	<b>17,857</b>	<b>41,262</b>
Land rental	(1,070)	(2,722)
Property related tax	(524)	(2,157)
Business tax	(894)	(2,029)
Property management fees	(681)	(1,515)
Other property operating expenses	(2,251)	(7,292)
<b>Total property operating expenses</b>	<b>(5,420)</b>	<b>(15,715)</b>
<b>Net property income</b>	<b>12,437</b>	<b>25,547</b>
Manager's management fees	(959)	(2,353)
Trustee fees	(16)	(119)
Other trust operating expenses	(304)	(1,119)
Interest Income	506	1,775
Foreign exchange loss - realised	(230)	(839)
Finance costs	(1,648)	(4,348)
<b>Net income before change in fair value of derivative financial instruments, investment properties and unrealised foreign exchange loss</b>	<b>9,786</b>	<b>18,544</b>
Change in fair value of derivative financial instruments	(448)	(605)
Change in fair value of investment properties	-	20,836
Foreign exchange loss - unrealised	(486)	(175)
<b>Net Income before taxation</b>	<b>8,852</b>	<b>38,600</b>
Taxation	(3,210)	(6,282)
<b>Total return for the period after taxation</b>	<b>5,642</b>	<b>32,318</b>
Minority interest	(24)	310
<b>Total return for the period attributable to Unitholders before distribution</b>	<b>5,618</b>	<b>32,628</b>

*Footnotes :*

1. YTD 2007 includes Private Trust Period and Public Trust Period from Listing Date to 30 June 2007.
2. Included as part of the other property operating expenses are the following:

	Group	
	2Q 2007 S\$'000	YTD 2007 S\$'000
<i>Assets written off</i>	-	(16)
<i>Depreciation and amortisation</i>	(86)	(223)
<i>Debts recovered / (written off)</i>	4	(226)

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1(a)(ii) **Distribution statement (For the Group)**

	Group	
	2Q 2007 S\$'000	YTD 2007 S\$'000
<b>Total return for the period attributable to Unitholders before distribution</b>	5,618	32,628
Distribution adjustments (Note A)	2,464	(17,081)
<b>Income for distribution to Unitholders</b>	<b>8,082</b>	<b>15,547</b>
Comprises :		
- from operations	4,458	10,002
- from unitholders' contribution	3,624	5,545
	<b>8,082</b>	<b>15,547</b>
<b>Note A</b>		
<b>Distribution adjustments</b>		
- Asset management fees (performance component payable in units)	497	1,025
- Change in fair value of derivative financial instruments	448	605
- Change in fair value of investment properties	-	(20,836)
- Deferred taxation	1,267	2,469
- Transfer to general reserve	(320)	(539)
- Unrealised foreign exchange loss	486	175
- Other adjustments	86	20
<b>Net effect of distribution adjustments</b>	<b>2,464</b>	<b>(17,081)</b>

Footnotes:

1. It was described in the Prospectus that CRCT will declare a distribution of an amount, if any, being the aggregate of the Manager's best estimate of the distribution income for the period from the date of acquisition of each special purpose vehicle by the Sponsor to the date immediately preceding the Listing Date to each of the Strategic Investors (as defined in the Prospectus) in proportion to their respective unitholdings as at the date immediately preceding the Listing Date (the "Private Trust Distribution").

It was stated in the Prospectus that the strategic investors have each agreed with the Trustee and the Manager that the Private Trust Distribution will constitute full and final settlement of their respective distribution entitlements for the period from 23 October 2006 to the date immediately preceding the Listing Date. Conversely, the Trustee and the Manager have agreed with each of the strategic investors that they will not seek reimbursement from the strategic investors if the actual distributable income of CRCT in relation to the private trust distribution is subsequently determined to be a lesser amount than that estimated by the Manager. Accordingly, CRCT will benefit from the surplus if CRCT's actual distributable income in relation to the private trust distribution is more than the amount estimated by the Manager, or bear the deficit if its distributable income in relation to the private trust distribution is less than the amount estimated by the Manager. There was no Private Trust Distribution to the strategic investors.

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1(b)(i) **Balance sheet**

	<b>Group</b>	<b>Trust</b>
	<b>30 June 2007</b>	<b>30 June 2007</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Non-current assets</b>		
Investment properties <sup>1</sup>	706,710	-
Plant and equipment	1,831	-
Interests in subsidiaries	-	246,284
Deferred tax assets	3,454	-
<b>Total non-current assets</b>	<b>711,995</b>	<b>246,284</b>
<b>Current assets</b>		
Trade and other receivables	17,868	350,702
Cash and cash equivalents	63,223	21,113
<b>Total current assets</b>	<b>81,091</b>	<b>371,815</b>
<b>Total Assets</b>	<b>793,086</b>	<b>618,099</b>
<b>Non-current liabilities</b>		
Interest-bearing borrowings <sup>2</sup>	230,009	160,174
Deferred tax liabilities	15,978	-
Derivative financial instruments	3,379	3,379
Non-current portion of security deposits	5,270	-
<b>Total non-current liabilities</b>	<b>254,636</b>	<b>163,553</b>
<b>Current liabilities</b>		
Trade and other payables <sup>3</sup>	38,935	3,575
Provision for taxation	1,428	-
<b>Total current liabilities</b>	<b>40,363</b>	<b>3,575</b>
<b>Total Liabilities</b>	<b>294,999</b>	<b>167,128</b>
<b>Minority Interest</b>	<b>13,414</b>	<b>-</b>
<b>Net assets attributable to Unitholders</b>	<b>484,673</b>	<b>450,971</b>

*Footnotes:*

1. *Based on valuations performed by CB Richard Ellis as at 30 September 2006 for CRCT's 100% interest in Anzhen Mall, Jiulong Mall and Wangjing Mall in Beijing, Qibao Mall in Shanghai, Jinyu Mall in Huhehaote, Zhengzhou Mall in Zhengzhou and 51% interest in Xinwu Mall in Wuhu .*
2. *Interest-bearing liabilities comprise a US\$105.0 million unsecured two-year term loan facility ("Trust Term Loan Facility") taken at the Trust level to partly finance the acquisition of the Properties and for which the balance will be utilised as working capital and a RMB350.0 million secured five-year term loan facility secured by a mortgage over Anzhen Mall.*
3. *Trade and other payables mainly pertain to amount in relation to acquisition of Wangjing and Jiulong Mall and accrual of asset enhancement works in Qibao Mall.*

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

	<b>Group</b>	<b>Trust</b>
	<b>30 June 2007</b>	<b>30 June 2007</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Unsecured borrowing</b>		
- Amount repayable after one year	160,356	160,356
<b>Secured borrowing</b>		
- Amount repayable after one year	69,835	-
Less: Transaction costs in relation to the Trust Term Loan Facility	(182)	(182)
	<b>230,009</b>	<b>160,174</b>

**Details of any collateral**

As security for the borrowings, CRCT has granted in favour of the lender the following:

- (i) a legal mortgage over Anzhen Mall;
- (ii) not to, without the prior written consent of the lender, create or have outstanding any mortgage, pledge, lien, hypothecation, assignment or any other encumbrance whatsoever on or over the Group's interest in any of the Properties, except for the Property secured under (i) above;
- (iii) in the event of a sale of any of the Properties, to repay an amount equal to the proportion of the market value of the property sold to the total market value of the Properties as determined by the lender based on the latest annual valuation reports of the Properties; and
- (iv) not to provide any guarantee for any other entities except for secured borrowings for new Properties acquired with existing mortgages.

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**1(c) Consolidated Cash flow statements**

	Group	
	2Q 2007 S\$'000	YTD 2007 <sup>1</sup> S\$'000
<b>Operating activities</b>		
Net income after taxation	5,642	32,318
Adjustments for:		
Interest income	(506)	(1,775)
Finance costs	1,648	4,348
Depreciation and amortisation	86	223
Taxation	3,210	6,282
Asset management fee payable in units	497	1,025
Change in fair value of derivative financial instruments	448	605
Change in fair value of investment properties	-	(20,836)
<b>Operating income before working capital changes</b>	<b>11,025</b>	<b>22,190</b>
<b>Changes in working capital:</b>		
Trade and other receivables	(8,888)	(16,690)
Trade and other payables	(90)	2,186
<b>Cash generated from operating activities</b>	<b>2,047</b>	<b>7,686</b>
Income tax paid	(852)	(903)
<b>Cash flows from operating activities</b>	<b>1,195</b>	<b>6,783</b>
<b>Investing activities</b>		
Interest received	488	1,759
Net cash outflow on purchase of investment properties	(10,823)	(127,974)
Net cash outflow on acquisition of subsidiary companies	-	(415,887)
Capital expenditure on investment properties	(8,001)	(11,652)
Purchase of plant and equipment	(310)	(843)
<b>Cash flows from investing activities</b>	<b>(18,646)</b>	<b>(554,597)</b>
<b>Financing activities</b>		
Proceeds from issuance of new units	-	466,594
Payment of issue and financing expenses	(2,446)	(12,418)
Proceeds from interest-bearing liabilities	-	160,356
Interest paid	(1,540)	(3,495)
<b>Cash flows from financing activities</b>	<b>(3,986)</b>	<b>611,037</b>
<b>(Decrease) / Increase in cash and cash equivalent</b>	<b>(21,437)</b>	<b>63,223</b>
<b>Cash and cash equivalent at beginning of period</b>	<b>84,338</b>	<b>-</b>
<b>Effect on exchange rate changes on cash balances</b>	<b>322</b>	<b>-</b>
<b>Cash and cash equivalent at end of period</b>	<b>63,223</b>	<b>63,223</b>

Footnote:

1. Include Private Trust Period and Public Trust Period from Listing Date to 30 June 2007.

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1(d)(i) **Statement of changes in Unitholders' funds**

	Group		Trust	
	2Q 2007 S\$'000	YTD 2007 S\$'000	2Q 2007 S\$'000	YTD 2007 S\$'000
<b>Balance as at beginning of period</b>	474,466	-	449,445	-
<b>Operations</b>				
Net income	5,618	32,628	(48)	(5,123)
<b>Net increase in net assets resulting from operations</b>	<b>5,618</b>	<b>32,628</b>	<b>(48)</b>	<b>(5,123)</b>
<b>Movement in hedging reserve</b>	<b>1,077</b>	<b>1,067</b>	<b>1,077</b>	<b>1,067</b>
<b>Movement in foreign currency translation reserve</b>	<b>3,015</b>	<b>(4,049)</b>	-	-
<b>Unitholders' transactions</b>				
Creation of units				
- Issue of new units <sup>1</sup>	-	466,594	-	466,594
- Units to be issued as satisfaction of the portion of asset management fees payable in units	497	1,025	497	1,025
Issue expenses <sup>2</sup>	-	(12,592)	-	(12,592)
<b>Net increase in net assets resulting from unitholders' transactions</b>	<b>497</b>	<b>455,027</b>	<b>497</b>	<b>455,027</b>
<b>Balance as at end of period</b>	<b>484,673</b>	<b>484,673</b>	<b>450,971</b>	<b>450,971</b>

*Footnotes:*

1. 475.6 million new units were issued to strategic investors.
2. Relating to expenses incurred for the Initial Public Offering exercise on 8 December 2006.

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**1(d)(ii) Details of any change in the issued and issuable units**

	Trust	
	2Q 2007 Units	YTD 2007 <sup>1</sup> Units
<b>Balance as at beginning of period</b>	475,630,513	-
New units issued :		
- Issue of new units	-	475,630,513
<b>Issued units as at end of period</b>	<b>475,630,513</b>	<b>475,630,513</b>
New units to be issued :		
- As payment of asset management fees <sup>1</sup>	341,177	341,177
<b>Total issued and issuable units as at end of period</b>	<b>475,971,690</b>	<b>475,971,690</b>

*Footnotes:*

1. These were the performance component of the asset management fees for YTD 2007 (which will be issued in 3Q 2007).

**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**

The accounting policies and method of computation applied in the financial statement for the current financial period are consistent with those described in the Prospectus.

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

Nil

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

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

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

Weighted average number of units in issue

**Earnings per unit (“EPU”) <sup>1</sup>**

Based on weighted average number of units in issue

Based on fully diluted basis

Number of units in issue at end of period

**Distribution per unit (“DPU”)**

Based on the number of units in issue at end of period

	<b>Group</b>	
	<b>2Q 2007</b>	<b>YTD 2007</b>
Weighted average number of units in issue	475,630,513	475,630,513
<b>Earnings per unit (“EPU”) <sup>1</sup></b>		
Based on weighted average number of units in issue	1.18¢	6.86¢
Based on fully diluted basis	1.18¢	6.86¢
Number of units in issue at end of period	475,630,513	475,630,513
<b>Distribution per unit (“DPU”)</b>		
Based on the number of units in issue at end of period	1.70¢	3.27¢

*Footnote:*

1. EPU is calculated based on net income after tax.

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

NAV per unit

Adjusted NAV per unit (excluding the distributable income)

	<b>Group</b>	<b>Trust</b>
	<b>30 June 07</b>	<b>30 June 07</b>
NAV per unit	\$1.02	\$0.95
Adjusted NAV per unit (excluding the distributable income)	\$0.99	\$0.92

**8 Review of the performance**

Please refer to para 9 for a review of actual performance against the forecast as shown in the Prospectus.

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

This para relates to the review of the Group results.

**9(i) Income statement (Actual vs Forecast)**

	<b>Actual 2Q 2007 S\$'000</b>	<b>Forecast <sup>1</sup> 2Q 2007 S\$'000</b>	<b>% Change</b>
Gross rental income	16,858	19,137	(11.9)
Other income	999	96	N.M.
<b>Gross revenue</b>	<b>(b) 17,857</b>	<b>19,233</b>	<b>(7.2)</b>
Land rental	(1,070)	(1,082)	1.1
Property related tax	(524)	(1,445)	63.7
Business tax	(894)	(977)	8.5
Property management fee	(681)	(719)	5.3
Other property operating expenses	(2,251)	(2,367)	4.9
<b>Total property operating expenses</b>	<b>(c) (5,420)</b>	<b>(6,590)</b>	<b>17.8</b>
<b>Net property income</b>	<b>12,437</b>	<b>12,643</b>	<b>(1.6)</b>
Manager's management fees	(959)	(947)	(1.3)
Trustee fees	(16)	(53)	69.8
Other trust operating expenses	(304)	(384)	20.8
Interest income	(d) 506	-	N.M.
Foreign exchange loss - realised	(e) (230)	-	N.M.
Finance costs	(f) (1,648)	(2,665)	38.2
<b>Net income before change in fair value of derivative financial instruments and unrealised foreign exchange loss</b>	<b>9,786</b>	<b>8,594</b>	<b>13.9</b>
Change in fair value of derivative financial instruments	(g) (448)	-	N.M.
Foreign exchange loss - unrealised	(h) (486)	-	N.M.
<b>Net income before taxation</b>	<b>8,852</b>	<b>8,594</b>	<b>3.0</b>
Taxation	(i) (3,210)	(1,513)	(112.2)
<b>Total return for the period after taxation</b>	<b>5,642</b>	<b>7,081</b>	<b>(20.3)</b>
Minority interest	(24)	(132)	81.8
<b>Total return for the period attributable to Unitholders before distribution</b>	<b>5,618</b>	<b>6,949</b>	<b>(19.2)</b>

Footnotes:

1. The forecast is based on the forecast shown in the Prospectus.

N.M. – not meaningful

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**9(ii) Distribution statement (Actual vs Forecast)**

	Actual 2Q 2007 S\$'000	Forecast 2Q 2007 S\$'000	% Change
<b>Total return for the period attributable to Unitholders before distribution</b>	<b>5,618</b>	<b>6,949</b>	<b>(19.2)</b>
Distribution adjustments (Note A)	2,464	423	N.M.
<b>Income for distribution to Unitholders</b>	<b>8,082</b>	<b>7,372</b>	<b>9.6</b>
Comprises :			
- from operations	4,458	1,850	N.M.
- from unitholders' contributions	3,624	5,522	N.M.
	<b>8,082</b>	<b>7,372</b>	<b>9.6</b>
Distribution per unit (in cents)			
For the period	1.70	1.55	9.6
Annualised	6.82	6.22	9.6
<b>Note A</b>			
<b>Distribution adjustments</b>			
- Asset management fees (performance component payable in units)	497	498	(0.2)
- Change in fair value of derivative financial instruments	448	-	N.M.
- Deferred taxation	1,267	-	N.M.
- Transfer to general reserve	(320)	(75)	(326.7)
- Unrealised foreign exchange loss	486	-	N.M.
- Other adjustments	86	-	N.M.
<b>Net effect of distribution adjustments</b>	<b>2,464</b>	<b>423</b>	<b>N.M.</b>

**9(iii) Breakdown of gross revenue**

	Actual 2Q 2007 RMB\$'000	Forecast 2Q 2007 RMB\$'000	% Change	Actual 2Q 2007 S\$'000	Forecast 2Q 2007 S\$'000	% Change
Wangjing Mall	28,976	29,077	(0.3)	5,722	5,805	(1.4)
Jiulong Mall	10,283	10,274	0.1	2,031	2,051	(1.0)
Anzhen Mall	18,938	18,938	-	3,740	3,780	(1.1)
Qibao Mall	9,928	15,509	(36.0)	1,961	3,096	(36.7)
Zhengzhou Mall	11,875	11,875	-	2,345	2,371	(1.1)
Jinyu Mall	6,750	6,250	8.0	1,333	1,248	6.8
Xinwu Mall	3,672	4,417	(16.9)	725	882	(17.8)
<b>Gross revenue</b>	<b>90,422</b>	<b>96,340</b>	<b>(6.1)</b>	<b>17,857</b>	<b>19,233</b>	<b>(7.2)</b>

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**9(iv) Breakdown of net property income**

	<b>Actual 2Q 2007 RMB\$'000</b>	<b>Forecast 2Q 2007 RMB\$'000</b>	<b>% Change</b>	<b>Actual 2Q 2007 S\$'000</b>	<b>Forecast 2Q 2007 S\$'000</b>	<b>% Change</b>
Wangjing Mall	24,745	19,764	25.2	4,886	3,946	23.8
Jiulong Mall	8,319	8,495	(2.1)	1,643	1,696	(3.1)
Anzhen Mall	15,643	15,648	-	3,089	3,124	(1.1)
Qibao Mall	(1,847)	3,790	N.M.	(364)	756	N.M.
Zhengzhou Mall	9,732	9,282	4.8	1,922	1,853	3.7
Jinyu Mall	5,592	4,963	12.7	1,104	991	11.4
Xinwu Mall	796	1,386	(42.6)	157	277	(43.3)
<b>Net property income</b>	<b>62,980</b>	<b>63,328</b>	<b>(0.5)</b>	<b>12,437</b>	<b>12,643</b>	<b>(1.6)</b>

*N.M. – not meaningful*

**9(v) Review of the performance**

- (a) Overall, income for distribution to Unitholders was \$8.1 million, which is \$0.7 million or 9.6% higher than the forecast for the same period.
- (b) Gross revenue for 2Q 2007 was \$17.9 million, which is \$1.4 million or 7.2% lower than the forecast for the same period. This was mainly due to lower revenue in Qibao and Xinwu Mall. There were some delays in commencement of leases in the upper floors of Qibao Mall. The management is currently in the process of leasing out these spaces, which are reserved for food and beverages and typically take a longer period to lease out. At Xinwu Mall, the lower revenue was mainly due to pre-termination of certain leases and downtime resulting from the asset enhancement works on level one.
- At Wangjing Mall, rental revenue was lower because of longer than expected time taken by the authorities to approve certain tenants' business operations, downtime from pre-terminations, as well as minor renovation works carried out to reconfigure units to draw in a stronger tenant mix. This was partially offset by the recovery of expenses from the previous property owner. At Jinyu Mall, rental revenue was higher than the forecast for the same period mainly due to delay in commencement of assets enhancement work which would only commence in 3Q 2007 instead of June 2007.
- (c) Property operating expenses for the period was \$5.4 million, which is \$1.2 million or 17.8% lower than the forecast for the same period. The main reasons were write-back of property tax for Wangjing Mall as the property title was not transferred as at 30 June 2007, lower property tax assessed for Zhengzhou and Jinyu Malls, utilities savings at Wangjing and Qibao Mall, and partially offset by higher marketing expenses in Qibao Mall due to intensive promotion activities carried out in April 2007.
- (d) An interest income of \$0.5 million was earned from surplus funds at the trust level.
- (e) Realised foreign exchange loss of \$0.2 million recognised in 2Q 2007 was mainly due to conversion of US\$ fixed deposit to S\$ to repay IPO and other trust operating expenses.
- (f) Finance cost for the period was \$1.6 million, which is \$1.0 million or 38.2% lower compared with the forecast for the same period. This was mainly due to interest savings arising from a two-year non-deliverable cross-currency interest rate swap ("NDS") that CRCT has entered into in respect of its US\$105.0 million unsecured two-year term loan facility.
- (g) The application of FRS39 on the NDS resulted in fair value loss of \$0.4M in 2Q 2007. In accordance to the distribution model detailed in the prospectus, distribution income will be adjusted for any change in fair value relating to financial instruments.
- (h) Unrealised foreign exchange loss recognised in 2Q 2007 of \$0.5 million was mainly due to unrealised revaluation loss on US\$ fixed deposit at the trust level.

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- (i) Taxation for the period was \$3.2 million, which is \$1.7 million or 112.2% higher than the forecast for the same period. This was mainly due to deferred tax liabilities of \$1.3 million which has no impact on the distribution of the trust. If such deferred tax liabilities were excluded, the taxation for the period would have been \$1.9 million, which is higher than the forecast by 28.4%. This was mainly due to unrealised revaluation gain on US\$ shareholder's loans recorded in the China subsidiaries' books, as a result of the weakening of US\$ against RMB, which was taxable in China.
- (j) Transfer to general reserve for the period was \$0.2 million higher than the forecast for the same period. This was mainly due to higher net profits after tax in the China subsidiaries' books and correspondingly resulted in higher general reserve required to be set aside under China company law.

**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**

Rising prices, fast-growing incomes and wealth created by a record stock market rally propelled Chinese retail sales growth to a three-year high in May 2007. According to the National Bureau of Statistics of China, the value of retail sales in May 2007 was RMB715.8 billion, 15.9% more than a year earlier and beating forecasts of a 15.3% gain. The increase was the biggest since May 2004 and sales for the first five months combined were up 15.2% from a year earlier, well above the 13.7% gain for calendar year 2006.

According to the report by China Economic Net dated 15 June 07, after stripping out inflation, sales growth in May 2007 came in at 12.9%, little changed from 13% in April 2007. The economists at Goldman Sachs said rising prices would continue to prop up the nominal value of sales in coming months and the underlying picture was also bright attributable to higher incomes and the wealth effect from a fast-rising stock market.

China Economic Net also reported a well-entrenched trend of rising spending which showed that the government was having some success in tilting the economy away from its dependence on exports and investment. Rising incomes, along with rapid urbanisation, are the main factor underpinning consumption. Disposable incomes in towns rose 16.6% from a year earlier in real terms in the first quarter of 2007, while rural cash incomes were up a real 12.1%.

The Chinese government has been steadily increasing spending on health and education, and working to expand pensions' coverage, so as to boost disposable income, and thus domestic spending and consumption.

**Outlook for 2007**

The Manager is confident of achieving the projected distribution of 6.13 cents as stated in the Prospectus.

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**11 Distributions**

11(a) Current financial period

Any distributions declared for the current financial period? Yes.

Name of distribution : Distribution for 23 Oct 2006 to 30 June 2007

Distribution type : Capital Distribution

Distribution rate : 3.27 cents per unit

Par value of units : Not meaningful

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

Remark : The distribution from 23 October 2006 to 30 June 2007 is expected to be funded from borrowing at the trust level as it is more beneficial for the Group to retain RMB in China for funding its asset enhancement work.

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 : 24 September 2007

11(d) Book closure date : 12 September 2007

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

N.A.

**13 Segmental Results**

Segment information has not been presented as all the Group's investment properties are used primarily for retail purposes and are located in China.

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

Please refer to para 9 for the review.

**15 A breakdown of sales as follows:-**

15(a) Gross revenue

15(b) Net income after tax

Group	
2Q 2007 S\$'000	YTD 2007 S\$'000
17,857	41,262
5,618	32,628

**16 A breakdown of the total annual distribution for the current full year and its previous full year :-**

N/a.

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**17      Confirmation Pursuant to Rule 705(4) of the Listing Manual**

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the manager of CapitaRetail China Trust (the "Manager") which may render the unaudited interim financial results of the Group and Trust (comprising the balance sheets and the result of business, statement of total return & distribution statement, consolidated cash flows statements, statement of changes in unitholders' funds, together with their accompanying notes) as at 30 June 2007, to be false or misleading in any material respect.

On behalf of the Board of the Manager

Kee Teck Koon  
Director

Lim Beng Chee  
Chief Executive Officer / Director

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.

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

Kannan Malini  
Company Secretary  
25 July 2007