



CAPITARETAIL CHINA TRUST
UNAUDITED FINANCIAL STATEMENT AND DISTRIBUTION ANNOUNCEMENT FOR THE PERIOD
ENDED 31 DECEMBER 2007

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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

	4Q 2007			FY 2007 ⁴			2H 2007	YTD 2007 ¹
	Actual S\$'000	Forecast S\$'000 ²	Change %	Actual S\$'000	Forecast S\$'000 ²	Change %	Actual S\$'000	Actual S\$'000
Gross Revenue	17,920	20,174	(11.2)	71,855	77,599	(7.4)	36,933	78,194
Net Property Income	11,648	13,480	(13.6)	46,514	50,719	(8.3)	23,388	48,933
Distributable Income ³	8,585	7,874	9.1	31,988	29,271	9.5	16,741	32,288
Distribution Per Unit ("DPU") (cents)								
For the period	1.80	1.65	9.1	6.72	6.13	9.5	3.51	6.78
Annualised	7.15	6.55	9.1	6.72	6.13	9.5	7.02	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 31 December 2007.
2. The forecast is based on the forecast shown in CRCT Prospectus dated 29 November 2006 (the "Prospectus").
3. After the first distribution payment which was paid on 24 September 2007 and as disclosed in the Prospectus, subsequent distribution will be paid on a semi-annual basis for the six month periods ending 30 June and 31 December of each year within 90 days after each of the said dates.
4. FY 2007 is defined as the financial period from 1 January 2007 to 31 December 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 1 July 2007 to 31 December 2007
Distribution type	Capital Distribution
Distribution rate	3.51 cents per unit
Book closure date	Notice of Book Closure and Distribution Payment Date to be announced shortly.
Payment date	

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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 approved by Unitholders at the Extraordinary General Meeting held on 4 December 2007, the acquisition of Xizhimen Mall will be through the acquisition of the entire issued share capital of CapitaRetail China Investments (B) Beta Pte Ltd. For the purpose of partly financing the acquisition, CRCT will issue new units so as to raise gross proceeds of up to approximately S\$280 million in the manner described in the Circular dated 14 November 2007. The Proposed Acquisition and Equity Fund Raising are expected to be completed no later than January 2008.

As at 31 December 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.

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 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 is also no 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		
	4Q 2007	FY 2007	YTD 2007 ¹
	S\$'000	S\$'000	S\$'000
Gross rental income	17,574	70,004	76,196
Other income	346	1,851	1,998
Gross revenue	17,920	71,855	78,194
Land rental	(1,063)	(4,274)	(4,875)
Property related tax	(1,117)	(3,894)	(4,273)
Business tax	(924)	(3,602)	(3,884)
Property management fees	(674)	(2,696)	(2,894)
Other property operating expenses ²	(2,494)	(10,875)	(13,335)
Total property operating expenses	(6,272)	(25,341)	(29,261)
Net property income	11,648	46,514	48,933
Manager's management fees	(935)	(3,826)	(4,309)
Trustee's fees	(45)	(164)	(209)
Other trust operating expenses	(397)	(1,296)	(1,783)
Interest income	536	2,110	2,732
Foreign exchange loss – realised	(223)	(525)	(1,091)
Finance costs	(1,860)	(7,074)	(8,002)
Net income before change in fair value of financial derivatives, investment properties and unrealised foreign exchange loss	8,724	35,739	36,271
Change in fair value of financial derivatives	898	(1,304)	(1,667)
Change in fair value of investment properties	989	28,416	49,251
Foreign exchange loss – unrealised	(217)	(735)	(429)
Net income before taxation	10,394	62,116	83,426
Taxation	(3,847)	(26,379)	(26,785)
Total return for the period after taxation	6,547	35,737	56,641
Minority interest	(150)	(59)	155
Total return for the period attributable to Unitholders before distribution	6,397	35,678	56,796

Footnotes:

1. YTD 2007 includes Private Trust Period and Public Trust Period from Listing Date to 31 December 2007.
2. Included as part of the other property operating expenses are the following:

	Group		
	4Q 2007	FY 2007	YTD 2007
	S\$'000	S\$'000	S\$'000
Assets written off	-	-	(16)
Depreciation and amortisation	(99)	(361)	(409)
Allowance for / written off doubtful receivables	(156)	(643)	(643)

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

	Group		
	4Q 2007	FY 2007	YTD 2007
	S\$'000	S\$'000	S\$'000
Total return for the period attributable to Unitholders before distribution	6,397	35,678	56,796
Distribution adjustments (Note A)	2,188	(3,690)	(24,508)
Income for distribution to Unitholders	8,585	31,988	32,288
Comprises :			
- from operations	4,582	18,239	19,088
- from Unitholders' contribution	4,003	13,749	13,200
	8,585	31,988	32,288
Note A			
Distribution adjustments			
- Asset management fees (performance component payable in units)	466	1,857	1,957
- Change in fair value of financial derivatives	(898)	1,304	1,667
- Change in fair value of investment properties	(989)	(28,416)	(49,251)
- Deferred taxation	3,054	20,889	20,712
- Transfer to general reserve	241	(205)	(232)
- Unrealised foreign exchange loss	217	735	429
- Other adjustments	97	146	210
Net effect of distribution adjustments	2,188	(3,690)	(24,508)

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1(b)(i) **Balance Sheet**

	Group	Trust
	31 Dec 2007	31 Dec 2007
	S\$'000	S\$'000
Assets		
Investment properties ¹	722,883	-
Plant and equipment	1,673	-
Interests in subsidiaries	-	590,799
Trade and other receivables	18,109	813
Cash and cash equivalents	67,170	18,656
Total assets	809,835	610,268
Less		
Liabilities		
Trade and other payables ²	42,168	1,910
Security deposits	8,284	-
Interest-bearing borrowings ³	231,811	171,104
Deferred tax liabilities	19,300	-
Financial derivatives ⁴	11,331	11,331
Provision for taxation	243	-
Total liabilities	313,137	184,345
Less		
Minority interest	13,543	-
Net assets attributable to Unitholders	483,155	425,923

Footnotes:

1. *Based on valuations performed by CB Richard Ellis as at 30 September 2007.*
2. *Trade and other payables comprises mainly of accrual of asset enhancement works in Qibao Mall and Jinyu Mall and amount due to the acquisition of Wangjing and Jiulong Mall.*
3. *Interest-bearing liabilities comprise (i) US\$105.0 million (S\$152.0 million) unsecured two-year term loan facility ("Trust Term Loan Facility") drawn down by the Trust to finance the acquisition of the Properties and for utilisation as working capital, (ii) S\$19.1 million unsecured short-term loan facility mainly to finance capital distribution; and (iii) RMB310.0 million (S\$60.7 million) five-year term loan facility secured by a mortgage over Anzhen Mall.*
4. *This is the result of adopting the hedging policy to protect the ongoing concern of CRCT through hedging of its RMB assets in the event of large adverse currency fluctuation. The fair value change on the two-year non-deliverable cross-currency interest rate swap has resulted in financial derivative liabilities of S\$11.3 million.*

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1(b)(ii) Aggregate Amount of Borrowings and Debt Securities

	Group	Trust
	31 Dec 2007	31 Dec 2007
	S\$'000	S\$'000
Unsecured borrowing		
- Amount repayable within one year	171,224	171,224
Secured borrowing		
- Amount repayable after one year	60,707	-
	231,931	171,224
Less: Transaction costs in relation to the Trust Term Loan Facility	(120)	(120)
	231,811	171,104

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		
	4Q 2007 S\$'000	FY 2007 S\$'000	YTD 2007 ¹ S\$'000
Operating activities			
Net income after taxation	6,547	35,737	56,641
Adjustments for:			
Interest income	(536)	(2,110)	(2,732)
Finance costs	1,860	7,074	8,002
Depreciation and amortisation	99	361	409
Taxation	3,847	26,379	26,785
Asset management fee payable in units	466	1,857	1,957
Change in fair value of financial derivatives	(898)	1,304	1,667
Change in fair value of investment properties	(989)	(28,416)	(49,251)
Operating income before working capital changes	10,396	42,186	43,478
Changes in working capital:			
Trade and other receivables	(389)	(14,152)	(16,951)
Trade and other payables	2,889	4,860	(231)
Cash generated from operating activities	12,896	32,894	26,296
Income tax paid	(2,191)	(3,094)	(3,094)
Cash flows from operating activities	10,705	29,800	23,202
Investing activities			
Interest received	536	2,100	2,734
Net cash outflow on purchase of investment properties	-	(37,027)	(127,974)
Capital expenditure on investment properties	(3,620)	(15,669)	(15,669)
Net cash outflow on acquisition of assets	-	-	(415,887)
Purchase of plant and equipment	(180)	(812)	(902)
Cash flows from investing activities	(3,264)	(51,408)	(557,698)
Financing activities			
Proceeds from issuance of new units	-	-	466,594
Distribution to Unitholders ²	-	(15,553)	(15,553)
Payment of issue and financing expenses	-	(4,124)	(12,627)
Proceeds from interest-bearing liabilities	-	19,100	179,456
Repayment of interest-bearing liabilities	(7,833)	(7,833)	(7,833)
Interest paid	(4,619)	(8,371)	(8,371)
Cash flows from financing activities	(12,452)	(16,781)	601,666
(Decrease)/Increase in cash and cash equivalent	(5,011)	(38,389)	67,170
Cash and cash equivalent at beginning of period	74,152	107,086	-
Effect on exchange rate changes on cash balances	(1,971)	(1,527)	-
Cash and cash equivalent at end of period	67,170	67,170	67,170

Footnote:

1. Include Private Trust Period and Public Trust Period from Listing Date to 31 December 2007.
2. Distribution for the period from 23 October 2006 to 30 June 2007 was paid in September 2007.

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1(d)(i) **Statement of Changes in Net Assets Attributable to Unitholders**

	Group		Trust	
	4Q 2007 S\$'000	YTD 2007 S\$'000	4Q 2007 S\$'000	YTD 2007 S\$'000
Balance as at beginning of period	491,923	-	435,063	-
Operations				
Change in net assets attributable to Unitholders resulting from operations before distribution	6,397	56,796	(8,834)	(13,694)
Transfer to general reserve	241	(232)	-	-
Net increase/(decrease) in net assets resulting from operations	6,638	56,564	(8,834)	(13,694)
Movement in hedging reserve				
Effective portion of changes in fair value of cash flow hedges	(772)	(788)	(772)	(788)
Movement in foreign currency translation reserve				
Translation differences from financial statements of foreign operations	(8,445)	(7,217)	-	-
Exchange differences on monetary items forming part of net investment in foreign operations	(2,681)	2,835	-	-
Exchange differences on hedges of net investment in foreign operations	(3,733)	(8,876)	-	-
Net loss recognised directly in net assets attributable to Unitholders	(15,631)	(14,046)	(772)	(788)
Movement in general reserve	(241)	232	-	-
Unitholders' transactions				
Issue of new units ¹	-	466,594	-	466,594
Units to be issued as satisfaction of the portion of asset management fees payable in units	466	1,957	466	1,957
Distribution to Unitholders	-	(15,553)	-	(15,553)
Issue expenses ²	-	(12,593)	-	(12,593)
Net increase in net assets resulting from Unitholders' transactions	466	440,405	466	440,405
Net assets attributable to Unitholders at end of period	483,155	483,155	425,923	425,923

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 Units

	Trust	
	4Q 2007 Units	YTD 2007 Units
Balance as at beginning of period	475,970,756	-
New units issued:		
- Issue of new units	-	475,630,513
- As payment of asset management fees	176,553	516,796
Issued units as at end of period	476,147,309	476,147,309
New units to be issued:		
- As payment of asset management fees ¹	223,824	223,824
Total issued and issuable units as at end of period	476,371,133	476,371,133

Footnotes:

1. *These were the performance component of the asset management fees for 4Q 2007 (which will be issued in 1Q 2008).*
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 had 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.

	Group		
	4Q 2007	FY 2007	YTD 2007
Weighted average number of units in issue	476,083,980	475,755,998	475,736,047
Earnings per unit (“EPU”) ¹			
Based on weighted average number of units in issue	1.35¢	7.50¢	11.94¢
Based on fully diluted basis	1.35¢	7.50¢	11.94¢
Number of units in issue at end of period	476,147,309	476,147,309	476,147,309
Distribution per unit (“DPU”)			
Based on the number of units in issue at end of period	1.80¢	6.72¢	6.78¢

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

	Group	Trust
	31 Dec 2007	31 Dec 2007
NAV per unit	\$1.01	\$0.89
Adjusted NAV per unit (excluding distributable income)	\$0.98	\$0.86

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)

	Actual 4Q 2007 S\$'000	Forecast ¹ 4Q 2007 S\$'000	Change
Gross rental income	17,574	19,976	(12.0)
Other income	346	198	74.7
Gross revenue	(b) 17,920	20,174	(11.2)
Land rental	(1,063)	(1,082)	(1.8)
Property related tax	(1,117)	(1,445)	(22.7)
Business tax	(924)	(1,028)	(10.1)
Property management fee	(674)	(759)	(11.2)
Other property operating expenses	(2,494)	(2,380)	4.8
Total property operating expenses	(c) (6,272)	(6,694)	(6.3)
Net property income	11,648	13,480	(13.6)
Manager's management fees	(935)	(977)	(4.3)
Trustee's fees	(45)	(53)	(15.1)
Other trust operating expenses	(397)	(380)	4.5
Interest income	(d) 536	-	N.M.
Foreign exchange loss – realised	(223)	-	N.M.
Finance costs	(e) (1,860)	(2,706)	(31.3)
Net income before change in fair value of financial derivative, investment properties and unrealized foreign exchange loss	8,724	9,364	(6.8)
Change in fair value of financial derivatives	(f) 898	-	N.M.
Change in fair value of investment properties	989	-	N.M.
Foreign exchange loss – unrealised	(217)	-	N.M.
Net income before taxation	10,394	9,364	11.0
Taxation	(g) (3,847)	(1,682)	128.7
Total return for the period after taxation	6,547	7,682	(14.8)
Minority interest	(150)	(223)	(32.7)
Total return for the period attributable to Unitholders before distribution	6,397	7,459	(14.2)

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 4Q 2007 S\$'000	Forecast ¹ 4Q 2007 S\$'000	% Change
Total return for the period attributable to Unitholders before distribution	6,397	7,459	(14.2)
Distribution adjustments (Note A)	2,188	415	N.M.
Income for distribution to Unitholders	(a) 8,585	7,874	9.1
Comprises :			
- from operations	4,582	2,309	N.M.
- from Unitholders' contributions	4,003	5,565	N.M.
	8,585	7,874	9.1
Distribution per unit (in cents)			
For the period	1.80	1.65	9.1
Annualised	7.15	6.55	9.1
Note A			
Distribution adjustments			
- Asset management fees (performance component payable in Units)	466	524	(11.1)
- Change in fair value of financial derivatives	(898)	-	N.M.
- Change in fair value of investment properties	(989)	-	N.M.
- Deferred taxation	3,054	-	N.M.
- Transfer to general reserve	241	(109)	N.M.
- Unrealised foreign exchange loss	217	-	N.M.
- Other adjustments	97	-	N.M.
Net effect of distribution adjustments	2,188	415	N.M.

N.M. – not meaningful

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9(iii) Breakdown of Gross Revenue

	Actual 4Q 2007 RMB'000	Forecast 4Q 2007 RMB'000	% Change	Actual 4Q 2007 S\$'000	Forecast 4Q 2007 S\$'000	% Change
Wangjing Mall	31,132	31,475	(1.1)	6,113	6,283	(2.7)
Anzhen Mall	19,127	19,127	-	3,753	3,818	(1.7)
Zhengzhou Mall	11,875	11,875	-	2,330	2,371	(1.7)
Jiulong Mall	10,148	10,230	(0.8)	1,991	2,043	(2.5)
Jinyu Mall	4,047	5,250	(22.9)	789	1,048	(24.7)
Xinwu Mall	4,212	5,466	(22.9)	827	1,091	(24.2)
Qibao Mall	10,792	17,629	(38.8)	2,117	3,520	(39.9)
Gross Revenue	91,333	101,052	(9.6)	17,920	20,174	(11.2)

9(iv) Breakdown of Net Property Income

	Actual 4Q 2007 RMB'000	Forecast 4Q 2007 RMB'000	% Change	Actual 4Q 2007 S\$'000	Forecast 4Q 2007 S\$'000	% Change
Wangjing Mall	22,401	21,931	2.1	4,397	4,378	0.4
Anzhen Mall	15,811	15,819	-	3,102	3,158	(1.8)
Zhengzhou Mall	9,678	9,282	4.3	1,898	1,853	2.4
Jiulong Mall	7,991	8,455	(5.5)	1,568	1,688	(7.1)
Jinyu Mall	2,614	4,057	(35.6)	508	810	(37.3)
Xinwu Mall	1,093	2,288	(52.2)	216	457	(52.7)
Qibao Mall	(227)	5,683	N.M.	(41)	1,136	N.M.
Net Property Income	59,361	67,515	(12.1)	11,648	13,480	(13.6)

N.M. – not meaningful

9(v) Review of the Performance for the quarter

- (a) Overall, income for distribution to Unitholders was \$8.6 million, which is \$0.7 million or 9.2% higher than the forecast for the same period.
- (b) Gross revenue for 4Q 2007 was \$17.9 million, which is \$2.3 million or 11.2% lower than the forecast for the same period. This was mainly due to lower revenue in Qibao Mall, Xinwu Mall and Jinyu Mall. At Qibao Mall, the lower revenue was due to delays in commencement of certain leases located in the upper floors of Qibao Mall. Management has taken a longer than expected time to sign on new leases so as to achieve a more optimal mix of tenancy and rental rate. The signing of these new leases will enable the mall to attain a differentiating positioning and achieve better performance in the longer term. Revenue is expected to improve within 3 to 6 months time. At Xinwu Mall, lower revenue contribution was mainly due to downtime resulting from reconfiguration works on level one.

At Jinyu Mall, the lower revenue was attributed to the accelerated space recovery from the master lessee for asset enhancement works instead of over a three-year period as earlier planned. This led to a revenue drop compared to the forecast. The shortfall is however temporary and unitholders stand to benefit from the quicker transformation of the mall into a first-of-its-kind one-stop modern shopping mall in Huhehaote to capture the city's fast growing consumerism.

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- (c) Property operating expenses for the period was \$6.3 million, which is \$0.4 million or 6.3% lower compared with the forecast for the same period. The main reasons were lower property-related taxes incurred for Wangjing Mall, Zhengzhou Mall and Jinyu Mall and utilities savings at Wangjing Mall and Qibao Mall, which were partially offset by unbudgeted depreciation expenses and higher marketing expenses at Wangjing Mall.
- (d) An interest income of \$0.5 million was earned mainly from surplus funds held by the trust.
- (e) Finance cost was \$1.9 million, which is \$0.8 million or 31.3% 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 the US\$105.0 million unsecured two-year term loan facility.
- (f) The fair value change on the NDS resulted in a fair value gain of \$0.9 million in 4Q 2007. In accordance to the distribution model detailed in the Prospectus, distribution income has been adjusted to exclude any change in fair value relating to financial instruments.
- (g) Taxation for the period was \$3.8 million, which is \$2.2 million higher than the forecast for the same period. This was mainly due to recognition of deferred tax liabilities of \$3.0 million which has no impact on the distributable income of the trust. If such deferred tax liabilities were excluded, the taxation for the period would have been \$0.8 million, which is lower than the forecast by 52.9%. The lower than forecasted tax was mainly due to over provision of taxation in the previous quarters.

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

Beijing retail property sector outlook

Beijing economy remained robust with the total aggregated retail sales of consumer goods and urban residents' per capita disposable income for the first eight months of the year reaching RMB245.2 billion and RMB14,771, an increase of 15.0% and 14.6% year-on-year, respectively. Growth in both of these key indicators demonstrates strong current and future consumption demand.

Demand for retail space was very strong, evidenced by strong pre-leasing activity, expansions and renewals from major retailers, both international and domestic. For example, ZARA announced its decision to build on their existing operation in The Place and expand into two other locations, New Sanlitun and Xidan Mall. Established properties such as China World Trade Centre continued to enjoy low vacancies and the mall will soon be redeveloped to add new retail spaces. Seasons Place's 100% pre-opening occupancy rate could indicate the confidence luxury brands have on the purchasing power of residents in Western Beijing.

As many properties aim to enter the market before the Olympic Games in 2008, demand for quality retail space will be relieved over the short term. Over 1.3 million sqm of new supply are expected for 2008. The new supply is generally of high quality and will command higher rentals. This will offset the potential impact of decreasing rental arising from increased competition.

Shanghai retail property sector outlook

Robust retail sector growth continued in Shanghai, driven by retail sales as stock market gains fuelled additional consumption. Fashion retailers continued aggressive expansion. In 2007, ZARA, H&M, C&A and NEXT opened 10 stores in large-sized Shanghai malls, absorbing a total of over 15,000 sqm of space.

Average rentals grew by 4.8% in Third Quarter 2007, with the largest growth occurring in Shanghai downtown as shortage of supply will continue for at least two more years. 2008 will see new supply at 601,000 sqm. Coupled with the continuous renovation of existing properties, vacancy rate is expected to increase to 5% to 6%. However, there is still potential increase in rentals, supported by a steady economic growth and faster increase in disposable income. On the whole, overall rentals in the market will increase by 10% to 12% in 2008, among which rental of shopping centres in traditional area will outpace that in emerging area.

Source:

1. Jones Lang LaSalle - Asia Pacific Property Digest Third Quarter 2007
2. Colliers International China - The Knowledge Report Third Quarter 2007

Outlook for 2008

The Manager is confident of achieving the projected distribution of 6.53 cents as stated in the Circular dated 14 November 2007.

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11 Distribution

11(a) Current Financial Period

- Any distribution declared for the current financial period? Yes.
- Name of distribution : Distribution for 1 July 2007 to 31 December 2007.
- Distribution type : Capital Distribution
- Distribution rate : 3.51 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 1 July 2007 to 31 December 2007 is expected to be funded from existing borrowing facilities in place at the trust level as it is more beneficial for the Group to retain surplus 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 : Notice of Book Closure and Distribution
- 11(d) Book closure date : Payment Date to be announced shortly.

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:-

		Group	
		FY 2007 S\$'000	YTD 2007 S\$'000
15(a)	Gross revenue reported for first half year	34,922	41,261
15(b)	Net income after tax for first half year	11,509	32,627
15(c)	Gross revenue reported for second half year	36,933	36,933
15(d)	Net income after tax for second half year	24,169	24,169

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16 A breakdown of the total annual distribution for the current period and its previous period:-

	23 Oct 2006 to 30 Jun 2007	1 Jul 2007 to 31 Dec 2007
Annual distribution to unitholders	3.27 cents	3.51 cents

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
16 January 2008