

**CAPITALAND RETAIL CHINA TRUST
2019 SECOND QUARTER UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION
ANNOUNCEMENT**

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Summary of CRCT Results

	2Q 2019	2Q 2018	Change %	1H 2019	1H 2018	Change %
	Actual S\$'000	Actual S\$'000		Actual S\$'000	Actual S\$'000	
Gross Revenue ¹	55,183	56,278	(1.9)	111,138	111,645	(0.5)
Net Property Income ^{1,2}	40,364	37,629	7.3	80,167	74,813	7.2
Distributable income contribution from joint venture ³	2,490	2,015	23.6	5,113	3,230	58.3
Income available for distribution to Unitholders	25,365	24,161	5.0	50,231	47,860	5.0
Capital Distribution ⁴	-	1,500	(100.0)	1,000	4,500	(77.8)
Distributable amount to Unitholders	25,365	25,661	(1.2)	51,231	52,360	(2.2)
Distribution Per Unit ("DPU") (cents)						
DPU before Capital Distribution ⁴	2.54	2.49	2.0	5.03	4.93	2.0
DPU after Capital Distribution ⁴	2.54	2.64	(3.8)	5.13	5.39	(4.8)

	2Q 2019	2Q 2018	Change %	1H 2019	1H 2018	Change %
	Actual RMB'000	Actual RMB'000		Actual RMB'000	Actual RMB'000	
Gross Revenue	274,923	269,795	1.9	554,500	537,243	3.2
Net Property Income ²	201,099	180,405	11.5	399,973	360,022	11.1

Footnotes:

1. Average exchange rate for SGD/RMB.

2Q 2019	2Q 2018	Change %	1H 2019	1H 2018	Change %
4.982	4.794	3.9	4.989	4.812	3.7

2. Operating lease rental expenses associated with the lease contracts in CapitaMall Qibao and CapitaMall Minzhongleyuan have been replaced with net changes in fair value of investment properties and interest expense on lease liabilities under the principles of FRS 116 Leases with effect from 1 January 2019.

3. This relates to 51% interest in Rock Square for 2Q 2019, 1H 2019, 2Q 2018 and for the period from 1 February 2018 to 30 June 2018 for 1H 2018.

4. Capital distribution arising from the gain from the divestment of the equity interest in the company which held CapitaMall Anzhen.

DISTRIBUTION & BOOK CLOSURE DATE

Distribution	For 1 January 2019 to 30 June 2019
Distribution type	Tax exempt/Capital Distribution
Distribution rate	5.13 cents per Unit
Book closure date	Notice of book closure date and payment date for the semi-annual distribution for the period from 1 January 2019 to 30 June 2019 will be given in due course.
Payment date	

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INTRODUCTION

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

CRCT is a Singapore-based real estate investment trust (“REIT”) constituted with the investment objective of investing on a long term basis in real estate used primarily for retail purposes and located primarily in China, Hong Kong and Macau.

As at 30 June 2019, 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 Saihan¹ in Hohhot; CapitaMall Minzhongleyuan in Wuhan; 51% interest in CapitaMall Wuhu^{1,2} in Wuhu and 51% interest in Rock Square (“RS JV”) in Guangzhou.

Footnotes:

- 1. CapitaMall Saihan and CapitaMall Wuhu are classified under assets held for sale as at 30 June 2019 following the announcement of the divestments on 1 February 2019 and 29 March 2019 respectively.*
- 2. The completion of the divestment of 51% interest in CapitaMall Wuhu was announced on 10 July 2019.*

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1(a)(i) **Statement of total return for the Group (2Q 2019 vs 2Q 2018)**

	Group		
	2Q 2019	2Q 2018	%
	S\$'000	S\$'000	Change
Gross rental income	51,651	52,322	(1.3)
Other income ¹	3,532	3,956	(10.7)
Gross revenue	55,183	56,278	(1.9)
Land rental ²	-	(1,476)	(100.0)
Property related tax	(4,877)	(5,191)	(6.0)
Business tax	(309)	(305)	1.3
Property management fees ³	(3,313)	(3,607)	(8.2)
Other property operating expenses ⁴	(6,320)	(8,070)	(21.7)
Total property operating expenses	(14,819)	(18,649)	(20.5)
Net property income	40,364	37,629	7.3
Manager's management fees – Base fee	(1,998)	(1,945)	2.7
Manager's management fees – Performance fee	(1,699)	(1,648)	3.1
Trustee's fees	(120)	(118)	1.7
Audit fees	(102)	(115)	(11.3)
Valuation fees	(27)	(50)	(46.0)
Other trust operating income/(expenses) ⁵	841	(418)	N.M.
Finance income ⁶	1,510	1,712	(11.8)
Foreign exchange gain/(loss) – realised ⁷	876	(22)	N.M.
Finance costs ⁸	(8,520)	(6,610)	28.9
Net income before share of results of joint venture	31,125	28,415	9.5
Share of results (net of tax) of joint venture ⁹	1,844	3,664	(49.7)
Net Income	32,969	32,079	2.8
Change in fair value of investment properties ¹⁰	63,429	23,642	N.M.
Change in fair value of financial derivatives	784	-	100.0
Foreign exchange loss – unrealised ¹¹	(1,646)	(70)	N.M.
Total return for the period before taxation	95,536	55,651	71.7
Taxation ¹²	(27,987)	(15,459)	81.0
Total return for the period after taxation	67,549	40,192	68.1
Attributable to:			
Unitholders	68,080	40,627	67.6
Non-controlling interest	(531)	(435)	22.1
Total return for the period after taxation	67,549	40,192	68.1

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1(a)(i) Statement of total return for the Group (1H 2019 vs 1H 2018)

	Group		
	1H 2019	1H 2018	%
	S\$'000	S\$'000	Change
Gross rental income	103,881	105,156	(1.2)
Other income ¹	7,257	6,489	11.8
Gross revenue	111,138	111,645	(0.5)
Land rental ²	-	(2,952)	(100.0)
Property related tax	(10,098)	(10,410)	(3.0)
Business tax	(595)	(617)	(3.6)
Property management fees ³	(6,771)	(7,211)	(6.1)
Other property operating expenses ⁴	(13,507)	(15,642)	(13.6)
Total property operating expenses	(30,971)	(36,832)	15.9
Net property income	80,167	74,813	7.2
Manager's management fees – Base fee	(3,949)	(3,845)	2.7
Manager's management fees – Performance fee	(3,381)	(3,225)	4.8
Trustee's fees	(237)	(231)	2.6
Audit fees	(206)	(237)	(13.1)
Valuation fees	(60)	(100)	(40.0)
Other trust operating income/(expenses) ⁵	1,443	(744)	N.M.
Finance income ⁶	2,892	2,761	4.7
Foreign exchange gain – realised ⁷	720	49	N.M.
Finance costs ⁸	(16,607)	(12,381)	34.1
Net income before share of results of joint venture	60,782	56,860	6.9
Share of results (net of tax) of joint venture ⁹	3,680	4,151	(11.3)
Net Income	64,462	61,011	5.7
Change in fair value of investment properties ¹⁰	66,679	23,642	N.M.
Change in fair value of financial derivatives	1,881	-	100.0
Foreign exchange (loss)/gain – unrealised ¹¹	(853)	677	N.M.
Total return for the period before taxation	132,169	85,330	54.9
Taxation ¹²	(37,683)	(25,618)	47.1
Total return for the period after taxation	94,486	59,712	58.2
Attributable to:			
Unitholders	93,284	60,149	55.1
Non-controlling interest	1,202	(437)	N.M.
Total return for the period after taxation	94,486	59,712	58.2

Footnotes:

1. *Other income comprises mainly income earned from atrium space, carpark revenue, trolley carts and advertisement panels.*
2. *Operating lease rental expenses have been replaced with net changes in fair value of investment properties and interest expense on lease liabilities under the principles of FRS 116 Leases with effect from 1 January 2019.*
3. *Includes reimbursement of costs to property manager.*
4. *Includes items in the table below as part of the other property operating expenses.*

	Group		
	2Q 2019	2Q 2018	%
	S\$'000	S\$'000	Change
Depreciation and amortisation	(268)	(329)	(18.5)
Write back on trade receivables	-	4	(100.0)

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	Group		
	1H 2019 S\$'000	1H 2018 S\$'000	% Change
Depreciation and amortisation	(551)	(674)	(18.2)
Impairment losses on trade receivables, net	(1)	(8)	(87.5)
Plant and equipment written off	(3)	-	100.0

5. *Includes reversal of over provision in pre-acquisition related expenses in 2Q 2019 and 1H 2019.*
6. *Finance income relates mainly to interest from loan to joint venture and interest from bank deposits placed with financial institutions.*
7. *Realised foreign exchange relates to the gain/(loss) on repayment of the USD denominated shareholder's loan principals, interests and foreign currency forwards ("FXF") to hedge RMB cashflows.*
8. *Includes the interest expense on the lease liabilities under FRS 116.*
9. *This relates to the share of results from CRCT's 51% interest in RS JV for 2Q 2019, 1H 2019, 2Q 2018 and for the period from 1 February 2018 to 30 June 2019 for 1H 2018. Details are as follows:*

	For information only		
	2Q 2019 S\$'000	2Q 2018 S\$'000	% Change
Gross revenue	5,164	4,597	12.3
Property operating expenses	(1,631)	(1,343)	21.4
Net property income	3,533	3,254	8.6
Finance income	64	7	N.M.
Finance costs	(1,076)	(1,171)	(8.1)
Other operating expenses	(733)	(1,686)	(56.5)
Change in value of investment properties	56	3,260	(98.3)
Share of results (net of tax) of joint venture	1,844	3,664	(49.7)

	For information only		
	1H 2019 S\$'000	1H 2018 S\$'000	% Change
Gross revenue	10,331	7,531	37.2
Property operating expenses	(3,123)	(2,233)	(39.9)
Net property income	7,208	5,298	36.1
Finance income	117	7	N.M.
Finance costs	(2,147)	(1,950)	(10.1)
Other operating expenses	(1,554)	(2,464)	36.9
Change in value of investment properties	56	3,260	(98.3)
Share of results (net of tax) of joint venture	3,680	4,151	(11.3)

10. *Includes fair value changes of right-of-use (ROU) assets.*
11. *Arising from the reversal of unrealised foreign currency gain on USD denominated shareholder's loan from CapitaMall Wuhu, which was repaid during 2Q 2019.*
12. *Includes over provision of taxation from prior years of \$0.6 million in 1H 2019.*

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1(a)(ii) **Distribution statement for the Group (2Q 2019 vs 2Q 2018)**

	Group		
	2Q 2019 S\$'000	2Q 2018 S\$'000	% Change
Total return for the period attributable to Unitholders before distribution	68,080	40,627	67.6
Distribution adjustments (Note A)	(42,715)	(16,466)	N.M.
Income available for distribution to Unitholders	25,365	24,161	5.0
Capital distribution ¹	-	1,500	(100.0)
Distributable amount to Unitholders	25,365	25,661	(1.2)
Comprises:			
- from operations	(8,063)	(4,082)	97.5
- from Unitholders' contribution	33,428	28,243	18.4
	25,365	24,161	5.0
- from capital distribution ¹	-	1,500	(100.0)
Distributable amount to Unitholders	25,365	25,661	(1.2)
Note A			
Distribution adjustments			
- Manager's management fees (performance component payable in Units)	1,699	1,648	3.1
- Change in fair value of investment properties ^{2,3}	(63,426)	(23,644)	N.M.
- Change in fair value of financial derivatives	(784)	-	100.0
- Deferred taxation ²	19,664	8,503	N.M.
- Transfer to general reserve	(1,816)	(1,633)	11.2
- Realised foreign exchange loss ⁴	1,570	-	100.0
- Unrealised foreign exchange loss/(gain) ²	503	(13)	N.M.
- Other adjustments ^{2,5}	(771)	322	N.M.
- Adjustments for share of results (net of tax) of joint venture	646	(1,649)	N.M.
Net effect of distribution adjustments	(42,715)	(16,466)	N.M.

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1(a)(ii) Distribution statement for the Group (1H 2019 vs 1H 2018)

	Group		
	1H 2019 S\$'000	1H 2018 S\$'000	% Change
Total return for the period attributable to Unitholders before distribution	93,284	60,149	55.1
Distribution adjustments (Note A)	(43,053)	(12,289)	N.M.
Income available for distribution to Unitholders	50,231	47,860	5.0
Capital distribution ¹	1,000	4,500	(77.8)
Distributable amount to Unitholders	51,231	52,360	(2.2)
Comprises:			
- from operations	(13,510)	(11,249)	20.1
- from Unitholders' contribution	63,741	59,109	7.8
	50,231	47,860	5.0
- from capital distribution ¹	1,000	4,500	(77.8)
Distributable amount to Unitholders	51,231	52,360	(2.2)
Note A			
Distribution adjustments			
- Manager's management fees (performance component payable in Units)	3,381	3,225	4.8
- Change in fair value of investment properties ^{2,3}	(65,009)	(23,644)	N.M.
- Change in fair value of financial derivatives	(1,881)	-	100.0
- Deferred taxation ²	22,526	12,090	86.3
- Transfer to general reserve	(3,454)	(3,194)	8.1
- Realised foreign exchange loss ⁴	1,570	-	100.0
- Unrealised foreign exchange gain ²	(117)	(505)	(76.8)
- Other adjustments ^{2,5}	(1,502)	660	N.M.
- Adjustments for share of results (net of tax) of joint venture	1,433	(921)	N.M.
Net effect of distribution adjustments	(43,053)	(12,289)	N.M.

N.M. – not meaningful

Footnotes:

1. Capital distribution arising from the gain from the divestment of the equity interest in the company which held CapitaMall Anzhen.
2. Excludes non-controlling interest's share.
3. Includes fair value changes of ROU assets.
4. This relates to the repayment of the USD denominated shareholder's loan principal from CapitaMall Wuhu. Such foreign exchange loss form part of the gain/(loss) on disposal upon completion.
5. Includes lease payments for ROU assets, less interest expense on lease liabilities.

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1(b)(i) Statement of financial position as at 30 Jun 2019 vs 31 Dec 2018

	Group			Trust		
	30 Jun 2019 S\$'000	31 Dec 2018 S\$'000	% Change	30 Jun 2019 S\$'000	31 Dec 2018 S\$'000	% Change
Non-current assets						
Investment properties ^{1,2}	2,430,148	2,439,106	(0.4)	-	-	-
Plant and equipment	1,641	2,335	(29.7)	-	-	-
Subsidiaries	-	-	-	1,541,738	1,581,896	(2.5)
Interest in joint venture ³	263,122	257,679	2.1	-	-	-
Financial derivatives ⁴	556	1,048	(46.9)	556	1,048	(46.9)
Other receivables	1,393	1,457	(4.4)	-	-	-
	2,696,860	2,701,625	(0.2)	1,542,294	1,582,944	(2.6)
Current assets						
Non-trade amounts due from subsidiaries	-	-	-	4,851	5,777	(16.0)
Assets held for sale ⁵	151,352	-	100.0	-	-	-
Financial derivatives ⁴	195	124	57.3	195	124	57.3
Trade and other receivables ⁶	144,679	107,037	35.2	182	330	(44.8)
Cash and cash equivalents	155,884	173,904	(10.4)	380	879	(56.8)
	452,110	281,065	60.9	5,608	7,110	(21.1)
Total assets	3,148,970	2,982,690	5.6	1,547,902	1,590,054	(2.7)
Current liabilities						
Trade and other payables ⁷	69,711	60,670	14.9	10,287	8,525	20.7
Liabilities held for sale ⁵	27,652	-	100.0	-	-	-
Security deposits	26,835	25,320	6.0	-	-	-
Financial derivatives ⁴	-	71	(100.0)	-	71	(100.0)
Interest-bearing borrowings ⁸	88,200	161,244	(45.3)	88,200	161,244	(45.3)
Lease liabilities ²	4,314	-	100.0	-	-	-
Provision for taxation	3,071	3,850	(20.2)	15	15	-
	219,783	251,155	(12.5)	98,502	169,855	(42.0)
Non-current liabilities						
Financial derivatives ⁴	3,556	2,951	20.5	3,556	2,951	20.5
Other payables	245	313	(21.7)	-	-	-
Security deposits	27,333	29,279	(6.6)	-	-	-
Interest-bearing borrowings ⁸	947,278	876,778	8.0	947,278	876,778	8.0
Lease liabilities ²	29,409	-	100.0	-	-	-
Deferred tax liabilities	263,727	250,652	5.2	-	-	-
	1,271,548	1,159,973	9.6	950,834	879,729	8.1
Total liabilities	1,491,331	1,411,128	5.7	1,049,336	1,049,584	-
Net assets	1,657,639	1,571,562	5.5	498,566	540,470	(7.8)
Represented by:						
Unitholders' funds	1,637,911	1,553,220	5.5	498,566	540,470	(7.8)
Non-controlling interest	19,728	18,342	7.6	-	-	-
	1,657,639	1,571,562	5.5	498,566	540,470	(7.8)

N.M. – not meaningful

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Footnotes:

1. The decrease in investment properties as of 30 June 2019 was mainly due to the re-classification of the property held by Huaxin Saihan Huhhot Real Estate Co., Ltd. and CapitaMalls Wuhu Commercial Property Co., Ltd to assets held for sale, partially offset by increase of fair value in investment properties.
2. This includes ROU assets and lease liabilities of CapitaMall Qibao and CapitaMall Minzhongleyuan with the adoption of FRS 116 Leases from 1 January 2019.
3. This relates to CRCT's 51% interest in RS JV.
4. The financial derivative assets and financial derivative liabilities as at 30 June 2019 mainly relate to the fair value of the interest rate swaps ("IRS") and the foreign currency forwards ("FXF"). The IRS are designated to hedge the variable rate borrowings and FXF are used to hedge RMB cashflows.
5. The assets and liabilities held for sale as at 30 June 2019 relate to the announced divestment of the equity interest in Huaxin Saihan Huhhot Real Estate Co., Ltd. and CapitaMalls Wuhu Commercial Property Co., Ltd which hold CapitaMall Saihan and CapitaMall Wuhu respectively. CapitaMall Saihan and CapitaMall Wuhu were carried at fair value of RMB460.0 million (\$91.6 million) and RMB210.0 million (\$41.8 million) respectively as at 30 June 2019. CapitaMall Wuhu completion of divestment was announced on 10 July 2019.
6. The increase in trade and other receivables was mainly due to the deposit paid for acquisition of Building A of the Jinyu New World Plaza Project ("Yuquan Mall") pursuant to a framework agreement dated 31 January 2019.
7. The increase in trade and other payables was mainly due to the deposit received for divestment of interest in Huaxin Saihan Huhhot Real Estate Co., Ltd. pursuant to a framework agreement dated 31 January 2019.
8. The interest-bearing borrowings comprise unsecured term loans of \$908.2 million and fixed notes of S\$130.0 million issued through its S\$1 billion Multicurrency Debt Issuance Programme (net of transaction costs of \$2.7 million) drawn down by the Trust to partially finance the acquisition of the properties in CRCT and as working capital.

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

	Group		Trust	
	30 Jun 2019 S\$'000	31 Dec 2018 S\$'000	30 Jun 2019 S\$'000	31 Dec 2018 S\$'000
Unsecured borrowings				
- Amount repayable within one year	88,200	161,250	88,200	161,250
- Amount repayable after one year	950,000	880,000	950,000	880,000
	1,038,200	1,041,250	1,038,200	1,041,250
Less: Transaction costs in relation to the unsecured term loan facilities	(2,722)	(3,228)	(2,722)	(3,228)
	1,035,478	1,038,022	1,035,478	1,038,022

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 \$19.3 million was retained from Distribution Reinvestment Plan on 28 March 2019.

Date	Amount retained	Use of proceeds	Amount used
	S\$' million		S\$'million
28-Mar-19	19.3	For repayment of Trust's interest-bearing borrowings, general corporate and working capital purposes.	19.3

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1(c)(ii) Statement of Cash Flows (2Q 2019 vs 2Q 2018)

	Group	
	2Q 2019 S\$'000	2Q 2018 S\$'000
Operating activities		
Total return after taxation	67,549	40,192
Adjustments for:		
Finance income	(1,510)	(1,712)
Finance costs	8,520	6,610
Depreciation and amortisation	268	329
Taxation	27,987	15,459
Manager's management fees payable in Units	1,699	1,648
Change in fair value of investment properties	(63,429)	(23,642)
Change in fair value of financial derivatives	(784)	-
Share of results (net of tax) of joint venture	(1,844)	(3,664)
Write back on trade receivables, net	-	(4)
Operating income before working capital changes	38,456	35,216
Changes in working capital:		
Trade and other receivables	7,311	(2,532)
Trade and other payables	10,065	(4,412)
Cash generated from operating activities	55,832	28,272
Income tax paid	(9,605)	(8,006)
Net cash from operating activities	46,227	20,266
Investing activities		
Interest received	465	478
Capital expenditure on investment properties	(1,410)	(2,116)
Net cash outflow on acquisition of joint venture	-	(3,701)
Deposit received for divestment of subsidiary ²	2,063	-
Purchase of plant and equipment	(78)	(359)
Net cash used in investing activities	1,040	(5,698)
Financing activities		
Payment of financing expenses	-	(800)
Payment of lease liabilities ¹	(1,249)	-
Proceeds from drawdown of interest-bearing borrowings	54,500	156,300
Repayment of interest-bearing borrowings	(93,350)	(154,500)
Settlement of derivative contracts	(329)	(190)
Interest paid	(6,299)	(5,582)
Net cash used in financing activities	(46,727)	(4,772)
Increase in cash and cash equivalents	540	9,796
Cash and cash equivalents at beginning of period	159,300	103,317
Effect on exchange rate changes on cash balances	(1,342)	(405)
Reclassification of cash balances to assets held for sale	(2,614)	-
Cash and cash equivalents at end of period	155,884	112,708

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1(c)(ii) Statement of Cash Flow (1H 2019 vs 1H 2018)

	Group	
	1H 2019	1H 2018
	S\$'000	S\$'000
Operating activities		
Total return after taxation	94,486	59,712
Adjustments for:		
Finance income	(2,892)	(2,761)
Finance costs	16,607	12,381
Depreciation and amortisation	551	674
Taxation	37,683	25,618
Manager's management fees payable in Units	3,381	3,225
Plant and equipment written off	3	-
Change in fair value of investment properties	(66,679)	(23,642)
Change in fair value of financial derivatives	(1,881)	-
Share of results (net of tax) of joint venture	(3,680)	(4,151)
Impairment losses on trade receivables, net	1	8
Operating income before working capital changes	77,580	71,064
Changes in working capital:		
Trade and other receivables	(5,321)	(6,382)
Trade and other payables	4,103	(13,792)
Cash generated from operating activities	76,362	50,890
Income tax paid	(15,865)	(17,932)
Net cash from operating activities	60,497	32,958
Investing activities		
Interest received	816	748
Capital expenditure on investment properties	(3,645)	(4,882)
Net cash outflow on acquisition of joint venture	-	(229,312)
Deposit paid for acquisition of investment property ³	(32,426)	-
Deposit received for divestment of subsidiaries ^{2,4}	20,516	-
Loan to joint venture	-	(98,128)
Purchase of plant and equipment	(92)	(366)
Net cash used in investing activities	(14,831)	(331,940)
Financing activities		
Distribution to Unitholders ⁵	(28,064)	(8,020)
Payment of equity issue expenses	-	(82)
Payment of financing expenses	-	(1,000)
Payment of lease liabilities ¹	(1,249)	-
Proceeds from drawdown of interest-bearing borrowings	211,500	413,100
Repayment of interest-bearing borrowings	(214,550)	(161,300)
Settlement of derivative contracts	(540)	(11,033)
Interest paid	(14,954)	(10,594)
Net cash (used in)/from financing activities	(47,857)	221,071
Decrease in cash and cash equivalents	(2,191)	(77,911)
Cash and cash equivalents at beginning of period	173,904	186,515
Effect on exchange rate changes on cash balances	1,415	4,104
Reclassification of cash balances to assets held for sale	(17,244)	-
Cash and cash equivalents at end of period	155,884	112,708

Footnotes:

- This relates to the payment of the lease liabilities in accordance with the principles of FRS 116 Leases.*
- Deposit received for divestment of 51% interest in CapitaMalls Wuhu Commercial Property Co., Ltd which was completed and announced on 10 July 2019.*
- Deposit paid for acquisition of Yuquan Mall pursuant to the framework agreement dated 31 January 2019.*

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4. Deposit received for divestment of interest in Huaxin Saihan Huhhot Real Estate Co., Ltd. pursuant to the framework agreement dated 31 January 2019.
5. Distribution made to Unitholders in 1H 2019 was for the period from 1 July 2018 to 31 December 2018 which was paid in March 2019.
 Distribution made to Unitholders in 1H 2018 was for the period from 7 December 2017 to 31 December 2017 which was paid in February 2018.

1(d)(i) Statement of Movements in Unitholders' Funds (2Q 2019 vs 2Q 2018)

	Group		Trust	
	2Q 2019 S\$'000	2Q 2018 S\$'000	2Q 2019 S\$'000	2Q 2018 S\$'000
Unitholders' funds as at beginning of period	1,589,567	1,619,041	502,492	576,467
Operations				
Change in Unitholders' funds resulting from operations before distribution	68,080	40,627	(3,360)	(178)
Transfer to general reserve	(1,816)	(1,633)	-	-
Net increase/(decrease) in net assets resulting from operations	66,264	38,994	(3,360)	(178)
Movements in hedging reserve				
Effective portion of changes in fair value of cash flow hedges	(2,265)	1,618	(2,265)	1,618
Movement in foreign currency translation reserve				
Translation differences from financial statements of foreign operations	(18,959)	(6,533)	-	-
Exchange differences on monetary items forming part of net investment in foreign operations	(211)	2,028	-	-
Exchange differences on hedges of net investment in foreign operations	-	(19)	-	-
Net (loss)/gain recognised directly in Unitholders' funds	(21,435)	(2,906)	(2,265)	1,618
Movement in general reserve	1,816	1,633	-	-
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	1,699	1,648	1,699	1,648
Net increase in net assets resulting from Unitholders' transactions	1,699	1,648	1,699	1,648
Unitholders' funds at end of period	1,637,911	1,658,410	498,566	579,555

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1(d)(i) Statement of Movements in Unitholders' Funds (1H 2019 vs 1H 2018)

	Group		Trust	
	1H 2019 S\$'000	1H 2018 S\$'000	1H 2019 S\$'000	1H 2018 S\$'000
Unitholders' funds as at beginning of period	1,553,220	1,548,771	540,470	601,392
Operations				
Change in Unitholders' funds resulting from operations before distribution	93,284	60,149	(14,385)	(23,265)
Transfer to general reserve	(3,454)	(3,194)	-	-
Net increase/(decrease) in net assets resulting from operations	89,830	56,955	(14,385)	(23,265)
Movements in hedging reserve				
Effective portion of changes in fair value of cash flow hedges	(2,836)	6,223	(2,836)	6,223
Movement in foreign currency translation reserve				
Translation differences from financial statements of foreign operations	17,809	50,020	-	-
Exchange differences on monetary items forming part of net investment in foreign operations	1,117	4,758	-	-
Exchange differences on hedges of net investment in foreign operations	-	(6,716)	-	-
Net gain/(loss) recognised directly in Unitholders' funds	16,090	54,285	(2,836)	6,223
Movement in general reserve	3,454	3,194	-	-
Unitholders' transactions				
Creation of Units payable/paid to manager				
- Units issued and to be issued as satisfaction of the portion of Manager's management fees payable in Units	3,381	3,225	3,381	3,225
Units issued in respect of the distribution reinvestment plan	19,297	-	19,297	-
Distribution to Unitholders ¹	(47,361)	(8,020)	(47,361)	(8,020)
Net decrease in net assets resulting from Unitholders' transactions	(24,683)	(4,795)	(24,683)	(4,795)
Unitholders' funds at end of period	1,637,911	1,658,410	498,566	579,555

Footnote:

- Distribution made to Unitholders in 1H 2019 was for the period from 1 July 2018 to 31 December 2018 which was paid in March 2019.*
Distribution made to Unitholders in 1H 2018 was for the period from 7 December 2017 to 31 December 2017 which was paid in February 2018.

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1(d)(ii) Details of any change in the issued and issuable Units (2Q 2019 vs 2Q 2018)

	Trust	
	2Q 2019 Units	2Q 2018 Units
Balance as at beginning of period	998,517,317	969,946,518
New Units to be issued:		
- As payment of manager's management fees ¹	1,101,760	1,102,216
Total issued and issuable Units as at end of period	999,619,077	971,048,734

Footnote:

1. These were the estimated Units of the performance component for 2Q 2019 which will be issued in 1Q 2020 and for 2Q 2018 which was issued in March 2019.

1(d)(ii) Details of any change in the issued and issuable Units (1H 2019 vs 1H 2018)

	Trust	
	1H 2019 Units	1H 2018 Units
Balance as at beginning of period	980,549,136	966,225,901
New Units issued:		
- As payment of manager's management fees ¹	4,671,069	3,720,617
- As payment of distribution through distribution reinvestment plan	13,297,112	-
Issued Units as at end of period	998,517,317	969,946,518
New Units to be issued:		
- As payment of manager's management fees ²	2,190,295	2,106,513
Total issued and issuable Units as at end of period	1,000,707,612	972,053,031

Footnotes:

1. These were the performance component of the manager's management fees for FY 2018 and FY 2017 which were issued in March 2019 and March 2018 respectively.
2. These were the estimated Units of the performance component of the manager's management fees for 1H 2019 which will be issued in 1Q 2020 and for 1H 2018 which was issued in March 2019.

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 2018.

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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 and interpretations effective for the financial period beginning 1 January 2019 as follows:

(i) FRS 116 Leases

FRS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Group recognises its existing operating lease arrangements as ROU assets with corresponding lease liabilities and measures lease liabilities by applying a single discount rate to its land leases.

The Group applied the practical expedient to recognise amounts of ROU assets equal to its lease liabilities at 1 January 2019 and recognition exemptions for short-term leases and leases of low value items in accordance with the principles of FRS 116. Lease payments that are increased every three to five years to reflect market rentals are included in the measurement of lease liabilities as at date of initial application.

For ROU assets which meet the definition of investment properties under the principles of FRS 40, the Group presents these leased assets as part of investment properties. Investment properties are properties held either to earn rental income or for capital appreciation or both.

The nature of expenses related to those leases changed as the principles under FRS 116 replaces the straight-line operating lease expense with net change in fair value of investment properties and interest expense on lease liabilities.

The impact of the leases in CapitaMall Qibao and CapitaMall Minzhongleyuan on the Group's financial statements arising from the adoption of the principles of FRS 116 on 1 January 2019 is as follows:

	Group
	1 Jan 2019
	\$'000
Increase in investment properties	36,011
Increase in lease liabilities	36,011

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

	Group	
	2Q 2019	2Q 2018
Earnings per Unit (“EPU”)		
Basic EPU ¹	6.82¢	4.19¢
Weighted average number of Units in issue	998,517,317	969,946,518
Diluted EPU ²	6.80¢	4.18¢
Weighted average number of Units outstanding	1,000,707,612	972,053,031
Number of Units in issue at end of period	998,517,317	969,946,518
Distribution per Unit (“DPU”)³		
Based on the number of Units in issue at end of period	2.54¢	2.64¢

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	Group	
	1H 2019	1H 2018
Earnings per Unit (“EPU”)		
Basic EPU ¹	9.42¢	6.21¢
Weighted average number of Units in issue	990,672,782	968,713,164
Diluted EPU ²	9.40¢	6.20¢
Weighted average number of Units outstanding	992,863,077	970,819,677
Number of Units in issue at end of period	998,517,317	969,946,518
Distribution per Unit (“DPU”)³		
Based on the number of Units in issue at end of period	5.13¢	5.39¢

Footnotes:

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

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

	Group		Trust	
	30 Jun 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018
NAV/NTA per Unit	\$1.64	\$1.58	\$0.50	\$0.55
Adjusted NAV/NTA per Unit (excluding distributable income)	\$1.59	\$1.54	\$0.45	\$0.50

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8 Review of the Performance

8(i) Breakdown of Gross Revenue – Actual

	2Q 2019 RMB'000	2Q 2018 RMB'000	% Change	2Q 2019 S\$'000	2Q 2018 S\$'000	% Change
<u>Multi-Tenanted Malls</u>						
CapitaMall Xizhimen	76,769	73,077	5.1	15,409	15,243	1.1
CapitaMall Wangjing	61,036	57,583	6.0	12,252	12,012	2.0
CapitaMall Grand Canyon	31,740	32,910	(3.6)	6,372	6,865	(7.2)
CapitaMall Xinnan	34,637	33,433	3.6	6,952	6,975	(0.3)
CapitaMall Qibao	24,154	25,255	(4.4)	4,848	5,267	(8.0)
Total multi-tenanted malls	228,336	222,528	2.7	45,833	46,362	(1.1)
<u>Master-Leased Malls</u>						
CapitaMall Erqi	12,576	12,566	0.1	2,524	2,621	(3.7)
CapitaMall Shuangjing	11,635	11,558	0.7	2,335	2,411	(3.2)
Total master-leased malls	24,211	24,124	0.4	4,859	5,032	(3.4)
CapitaMall Minzhongleyuan ¹	4,895	5,559	(11.9)	983	1,160	(15.3)
CapitaMall Saihan ²	17,448	16,782	4.0	3,502	3,500	0.1
CapitaMall Wuhu ²	33	1,072	(96.9)	6	224	(97.3)
Total Gross Revenue	274,923	269,795	1.9	55,183	56,278	(1.9)

8(ii) Breakdown of Net Property Income – Actual

	2Q 2019 RMB'000	2Q 2018 RMB'000	% Change	2Q 2019 S\$'000	2Q 2018 S\$'000	% Change
<u>Multi-Tenanted Malls</u>						
CapitaMall Xizhimen	57,343	52,590	9.0	11,509	10,969	4.9
CapitaMall Wangjing	46,419	41,443	12.0	9,317	8,645	7.8
CapitaMall Grand Canyon	22,261	22,229	0.1	4,469	4,637	(3.6)
CapitaMall Xinnan	25,009	24,159	3.5	5,020	5,040	(0.4)
CapitaMall Qibao ³	17,483	12,421	40.8	3,509	2,589	35.5
Total multi-tenanted malls	168,515	152,842	10.3	33,824	31,880	6.1
<u>Master-Leased Malls</u>						
CapitaMall Erqi	10,748	10,780	(0.3)	2,157	2,248	(4.0)
CapitaMall Shuangjing	9,528	9,322	2.2	1,913	1,946	(1.7)
Total master-leased malls	20,276	20,102	0.9	4,070	4,194	(3.0)
CapitaMall Minzhongleyuan ^{1,3}	1,433	596	N.M.	288	123	N.M.
CapitaMall Saihan ²	11,554	10,014	15.4	2,318	2,088	11.0
CapitaMall Wuhu ²	(679)	(3,149)	78.4	(136)	(656)	79.3
Total Net Property Income	201,099	180,405	11.5	40,364	37,629	7.3

Footnotes:

- The mall is undergoing tenant mix adjustments.*
- The malls are classified under assets held for sale. CapitaMall Saihan is still in operation whilst CapitaMall Wuhu completion of divestment was announced on 10 July 2019.*
- Included the impact of FRS 116, where lease expenses associated with the operating leases have been replaced with net changes in fair value of investment properties and interest expense on lease liabilities.*

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2Q 2019 vs 2Q 2018

In RMB terms, gross revenue in 2Q 2019 increased by RMB5.1 million, or 1.9% higher than 2Q 2018. The increase was due to stronger rental growth from the multi-tenanted malls, offset mainly by lower revenue in CapitaMall Grand Canyon and CapitaMall Qibao. CapitaMall Grand Canyon's revenue was lower due to frictional vacancy in 2Q 2019 while in CapitaMall Qibao, there was a one-off forfeiture of security deposit from pre-termination of leases in 2Q 2018. In addition, CapitaMall Wuhu which is closed and completion of divestment was announced on 10 July 2019. In SGD terms, gross revenue in 2Q 2019 decreased by \$1.1 million, or 1.9% due to stronger SGD against RMB.

Property expenses for 2Q 2019 decreased by \$3.8 million, or 20.5% compared to 2Q 2018. This was mainly due to exclusion of land rental expenses in 2Q 2019 as a result of the application of the principles of *FRS 116 Leases* and lower operating expenses in CapitaMall Wuhu, following its closure.

Management fees payable to the manager were \$0.1 million higher than 2Q 2018, due to higher deposited properties and net property income.

Finance costs in 2Q 2019 was \$1.9 million higher than 2Q 2018. This was mainly due to higher interest cost arising from the Medium Term Notes and term loan used to finance the acquisition of Rock Square and additional interest bearing borrowings drawn down at Trust level for working capital purposes.

Share of results (net of tax) from joint venture relates to the contribution from Rock Square which was acquired on 31 January 2018. Share of results (net of tax) from joint venture decreased by \$1.8 million mainly due to recognition of lower fair value gain on the investment property in 2Q 2019 as compared to 2Q 2018.

Taxation in 2Q 2019 increased by \$12.5 million as compared to 2Q 2018. The higher taxation arose mainly from deferred tax liabilities on higher fair value gain on the portfolio investment properties.

1H 2019 vs 1H 2018

In RMB terms, gross revenue in 1H 2019 increased by RMB17.3 million, or 3.2% higher than 1H 2018. The increase was due to stronger rental growth from the core multi-tenanted malls, offset mainly by lower revenue in CapitaMall Qibao as a result of one-off forfeiture of security deposit from pre-termination of leases in 1H 2018. In addition, CapitaMall Wuhu which is closed and completion of divestment was announced on 10 July 2019. In SGD terms, gross revenue in 1H 2019 decreased by \$0.5 million, or 0.5% due to stronger SGD against RMB.

Property expenses for 1H 2019 decreased by \$5.9 million, or 15.9% compared to 1H 2018. This was mainly due to exclusion of land rental expenses in 1H 2019 as a result of the application of the principles of *FRS 116 Leases* and lower operating expenses in CapitaMall Wuhu, following its closure.

Management fees payable to the manager were \$0.3 million higher than 1H 2018, due to higher net property income.

Finance costs in 1H 2019 was \$4.2 million higher than 1H 2018. This was mainly due to higher interest cost arising from the Medium Term Notes and term loan used to finance the acquisition of Rock Square, additional interest bearing borrowings drawn down at Trust level for working capital purposes and inclusion of interest expense liabilities in 1H 2019 as a result of the application of the principles of *FRS 116 Leases*.

Share of results (net of tax) from joint venture relates to the contribution from Rock Square which was acquired on 31 January 2018. Share of results (net of tax) from joint venture decreased by \$0.5 million mainly due to recognition of lower fair value gain on the investment property in 1H 2019 as compared to 1H 2018.

Taxation in 1H 2019 increased by \$12.1 million as compared to 1H 2018. The higher taxation arose mainly from deferred tax liabilities on higher fair value gain on the portfolio investment properties.

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

CRCT has not disclosed any forecast to the market.

10 Commentary on the competitive conditions of the industry in which the Trust and its investees operates and any known factors or events that may affect the Trust and its investees in the next reporting period and the next 12 months

China's 2Q 2019 GDP came in at 6.2% year-on-year while the per capita disposable income of urban households grew 8.0% for the first half of 2019¹. There were bright spots in other data such as industrial production, which exceeded market expectations with a 6.3% increase for June 2019 while fixed asset investment rose 5.8% year-on-year for the first half of the year. Retail sales surprised on the upside with a 9.8% year-on-year increase for the month of June as compared to expectations for a cooling to 8.3% from the prior month's 8.6% figure².

To further boost and support its growth rate, the central government maintains a range of policy options at its disposal on the Chinese macro policy front. For instance, the Chinese government can provide monetary easing in the form of lower interest rates, bank Required Reserve Ratio cuts and expanded liquidity to boost credit stimulus and to ensure economic stability³.

The Chinese government has also announced various fiscal policies to-date to specifically invigorate targeted sectors and bolster consumption on the domestic front. The government has increased spending infrastructure projects and implemented tax cuts worth RMB2 trillion since April 2019⁴. In addition, in July 2019, the Chinese Government reported that it will stabilise trade by decreasing tariffs, enhancing export tax rebate policies and decreasing insurance fees for export companies⁵. On top of these tax and fee cuts implemented, other initiatives are also expected to be implemented. A draft proposal by the National Development and Reform Commission outlined several proposals including one for subsidies involving purchases of home appliances such as washing machines, refrigerators etc., as well as for a relaxation of controls over the issuances of car licenses in major cities to stabilise automotive demand in China⁶. The government has also granted 5G licenses to its major telecommunications providers for a full commercial deployment, which will drive demand for services and products by vendors in the telecommunications sector such as Huawei and ZTE Corp⁷.

Collectively, these policy flexibility and domestic initiatives should encourage greater growth in domestic consumption to offset external influences. With its portfolio of strategically located malls in China, CRCT is well placed to benefit from this focus on domestic consumption.

Beijing Retail Market Update

In 1H 2019, Beijing's GDP grew 6.3% year-on-year. Over the same period, urban disposable income and expenditure per capita increased 8.9% and 7.4% year-on-year respectively. Retail sales grew 5.4% year-on-year for the six months to June 2019⁸.

Retail sales in Beijing remained robust on the back of supportive supply dynamics and beneficial policies implemented by the local authorities to boost consumption. The absence of new retail supply in the first quarter helped push city-wide shopping mall first floor rents higher by 0.2% quarter-on-quarter and 2.4% on a year-on-year basis. Domestic retailers continued its strong appetite for expansion as compared to international retailers, contributing to 60% of total leasing demand in 1Q 2019. To promote consumer sales and improve Beijing's retail environment, the local authorities introduced several schemes consecutively. These schemes include upgrading shopping districts, implementing measures to improve the convenience for retail consumers through the development of new retail formats as well as encouraging companies to open their first stores in the city by awarding incentives of up to RMB5.0 million.

The market is expected to see some new launches in 2H 2019, with supply mainly located in suburban areas or non-prime areas⁹. Given the location of CRCT's malls within the city and our focus on developing an experiential shopping experience for consumers, CRCT malls remains well connected with the evolving lifestyles of shoppers to attract consumer footfall.

¹ China National Bureau of Statistics

² Reuters, China June industrial output up 6.3% y/y, beats forecasts, retail sales up 9.8%, 15 July 2019

³ J.P.Morgan, Early Look at the Market, 15 July 2019

⁴ The Straits Times, China's GDP growth seen slowing to 6.2% in second quarter: AFP poll, 12 July 2019

⁵ Reuters, China to reduce tariffs, improve export tax rebate policies, 10 July 2019

⁶ Caixin Global, China weighs new subsidies to spur home-appliances sales, 19 April 2019

⁷ Reuters, China issues 5G licenses in timely boost for Huawei, 6 June 2019

⁸ Beijing Bureau of Statistics

⁹ Savills, Retail Briefing, Beijing, April 2019

Shanghai Retail Market Update

For 1H 2019, Shanghai's GDP came in at 5.9% year-on-year. Urban disposable income per capita rose 8.2% year-on-year and urban expenditure per capita increased 5.3% year-on-year during the same period. For the six months to June 2019, retail sales rose 8.4% year-on-year¹⁰.

Similar to Beijing, new supply was restricted with only one new project launched in 1Q 2019, contributing 44,000 sq m. Consequently, first floor rents increased 0.3% quarter-on-quarter to an average of RMB27.7 per sq m per day. Vacancy rates revealed a trend favouring prime retail areas over non-prime retail areas with prime retail areas vacancy rate increasing 0.2 percentage points quarter-on-quarter to 6.8% and 1.1 percentage points quarter-on-quarter to 7.9% in non-prime areas.

The overhaul of the Shanghai retail environment continues as traditional department stores (particularly in the prime areas) implement renovations to enhance retail experiences and stimulate consumer spending. Demand for experiential retail continue to increase as landlords look to offer differentiated experiences to drive footfall, increase time spent and enhance consumer engagement. Tenants including family entertainment centres, indoor theme parks and diversified niche sports are examples of different techniques used to draw shoppers into the malls¹¹.

Guangzhou Retail Market Update

For 1H 2019, Guangzhou's GDP came in at 7.1%. Urban disposable income per capita and expenditure per capita grew 8.3% and 4.3% year-on-year for 1Q 2019 respectively. For the six months to June 2019, retail sales rose 8.2% year-on-year¹².

Retail space demand remained resilient in Guangzhou during the first quarter with city-wide vacancy rates declining 0.5 percentage points to 8.4% on a quarter-on-quarter basis even as one new project came online that contributed a retail GFA of 37,000 sq m. Correspondingly, city-wide average rents edged higher by 1.9% quarter-on-quarter to RMB744.4 per sq m per month. More online retailers are shifting their focus to brick-and-mortar experiential stores to enhance the customers' shopping experience and expand their outreach to obtain a bigger market share.

On the supply front, 11 new shopping centres with a combined GFA of approximately 1.3 million sq m are expected to be launched in 2019. This might lead to an increase in average vacancy rate and moderate rental growth in 2019. The continued investors' interest through the growing volume of enquiries for income-producing assets showcased the potential strong fundamental growth in Guangzhou. A supportive factor is the initiatives introduced by the local government to increase disposable income of the Guangzhou residents and working population to encourage consumption and support the development of the retail property market¹³.

Chengdu Retail Market Update

In 1H 2019, Chengdu's GDP rose 8.2% while urban disposable income increased 8.7%. Retail sales for the city increased 10.0% year-on-year over the same period¹⁴.

¹⁰ Shanghai Bureau of Statistics

¹¹ Savills, Retail Briefing, Shanghai, April 2019

¹² Guangzhou Bureau of Statistics

¹³ Savills, Retail Briefing, Guangzhou, May 2019

¹⁴ Chengdu Bureau of Statistics

Retail space demand continued to be stable in 1Q 2019, with a net absorption of 60,848 sq m. During the quarter, one new shopping mall opened, contributing 80,000 sq m to the retail stock in Chengdu. City-wide vacancy rates increased 0.1 percentage points quarter-on-quarter to 4.6% while city-wide average first floor mall rents rose 0.2% quarter-on-quarter to RMB436.5 per sq m per month. Aimed at livening up the retail scene, the Chengdu government announced plans to support brands to establish their first store within the city. This policy led the introduction of several international brands in 1Q 2019. Even though upcoming supply in 2019 will come in at an estimated 400,000 sq m and likely cause an uptick in overall vacancy rates, retail consumption is expected to remain resilient with positive developments for city-wide rents¹⁵.

Wuhan Retail Market Update

Wuhan's 1H 2019 GDP grew 8.1% year-on-year and urban disposable income came in at 9.1%. Retail sales increased 9.0% for the first six months of the year¹⁶.

With no new projects launched during the first quarter of the year, overall supply was flat, which enabled city-wide vacancy rates to edge lower by 0.3 percentage points on a quarter-on-quarter basis to 5.6%. Although city-wide average first floor rents fell by 0.7% quarter-on-quarter to RMB482.6 per sq m per month, the weakness was concentrated in non-prime areas as rents in prime area malls held firm for the three-month period. Additional retail supply is expected to be focused in the second half the year, hence the retail landscape in Wuhan could potentially see an uptick in overall vacancy rates with an estimated 600,000 sq m coming on, adding to the existing 5.1 million sq m GFA. In spite of the supply increase, the local retail market is anticipated to stay active with traditional retail brands (domestic and international) and e-commerce brands opening up interactive spaces in the city to attract consumers¹⁷.

11 Distribution

11(a) Current Financial Period

Any distribution declared for the current financial period? Yes.

Name of distribution : Distribution for 1 January 2019 to 30 June 2019

Distribution type : Tax exempt/Capital distribution

Distribution rate : 5.13 cents per Unit

Par value of Units : Not meaningful

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

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

Remark : The Tax exempt/capital distribution from 1 January 2019 to 30 June 2019 is expected to be funded from borrowing at the Trust level as well as internal cash flow from operations.

¹⁵ Savills, Retail Briefing, Chengdu, April 2019

¹⁶ Wuhan Bureau of Statistics

¹⁷ Savills, Retail Briefing, Wuhan, April 2019

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11(b) **Corresponding period of the preceding financial period**

Any distributions declared for the corresponding period of the immediate preceding financial period? Yes

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

Distribution type : Tax exempt/Capital distribution

Distribution rate : 5.39 cents per Unit

Par value of Units : Not meaningful

11(c) Date payable : Notice of book closure date and payment date for the semi-annual distribution for the period from 1 January 2019 to 30 June 2019

11(d) Book closure date : will be given in due course.

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

Not applicable.

13 **If the Group has obtained a general mandate from Unitholders for Interested Person Transactions ("IPT"), the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect**

The Group has not obtained a general mandate from Unitholders for IPT.

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

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

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15 Confirmation Pursuant to Rule 705(5) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Manager which may render the unaudited interim financial results of the Group and Trust (comprising the statement of financial position as at 30 June 2019, statement of total return and distribution statement, statement of cash flow and statement of movements in Unitholders' funds for the six months ended on that date), together with their accompanying notes, to be false or misleading, in any material respect.

On behalf of the Board of the Manager

Mr Lim Cho Pin Andrew Geoffrey
Director

Mr Tan Tze Woi
Chief Executive Officer / Director

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

BY ORDER OF THE BOARD
CAPITALAND RETAIL CHINA TRUST MANAGEMENT LIMITED
(Company registration no. 200611176D)
(as Manager of Capitaland Retail China Trust)

Chuo Cher Shing
Company Secretary
31 July 2019