

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

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**Summary of CRCT Results**

	<b>1Q 2019</b>	<b>1Q 2018</b>	<b>Change %</b>
	<b>Actual S\$'000</b>	<b>Actual S\$'000</b>	
Gross Revenue <sup>1</sup>	55,955	55,367	1.1
Net Property Income <sup>1,2</sup>	39,803	37,184	7.0
Distributable income contribution from joint venture <sup>3</sup>	2,623	1,215	115.9
Income available for distribution to Unitholders	24,866	23,699	4.9
Capital distribution <sup>4</sup>	1,000	3,000	(66.7)
Distributable amount to Unitholders	25,866	26,699	(3.1)
<b>Distribution Per Unit ("DPU") (cents)</b>			
DPU before capital distribution	2.49	2.44	2.0
DPU after capital distribution	2.59	2.75	(5.8)
DPU after capital distribution (annualised)	10.50	10.22 <sup>5</sup>	2.7

	<b>1Q 2019</b>	<b>1Q 2018</b>	<b>Change %</b>
	<b>Actual RMB'000</b>	<b>Actual RMB'000</b>	
Gross Revenue	279,577	267,448	4.5
Net Property Income <sup>2</sup>	198,874	179,617	10.7

*Footnotes:*

1. Average exchange rate for SGD/RMB.

<b>1Q 2019</b>	<b>1Q 2018</b>	<b>Change %</b>
4.996	4.830	3.4

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 FRS 116 Leases with effect from 1 January 2019.

3. This relates to 51% interest in Rock Square for 1Q 2019 and for the period from 1 February 2018 to 31 March 2018 for 1Q 2018.

4. This relates to the partial distribution of gains from the disposal of CapitaMall Anzhen.

5. FY 2018 actual DPU.

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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 31 March 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 Saihan<sup>1</sup> in Hohhot; CapitaMall Minzhongleyuan in Wuhan; 51% interest in CapitaMall Wuhu<sup>1</sup> in Wuhu and 51% interest in Rock Square (“RS JV”) in Guangzhou.

*Footnote:*

1. *CapitaMall Saihan and CapitaMall Wuhu are classified under assets held for sale as at 31 March 2019 following the announcement of the divestments on 1 February 2019 and 29 March 2019 respectively.*

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

	Group		
	1Q 2019 S\$'000	1Q 2018 S\$'000	% Change
Gross rental income	52,230	52,834	(1.1)
Other income <sup>1</sup>	3,725	2,533	47.1
<b>Gross revenue</b>	<b>55,955</b>	<b>55,367</b>	<b>1.1</b>
Land rental <sup>2</sup>	-	(1,476)	(100.0)
Property related tax	(5,221)	(5,219)	-
Business tax	(286)	(312)	(8.3)
Property management fees <sup>3</sup>	(3,458)	(3,604)	(4.1)
Other property operating expenses <sup>4</sup>	(7,187)	(7,572)	(5.1)
<b>Total property operating expenses</b>	<b>(16,152)</b>	<b>(18,183)</b>	<b>(11.2)</b>
<b>Net property income</b>	<b>39,803</b>	<b>37,184</b>	<b>7.0</b>
Manager's management fees – Base fee	(1,951)	(1,900)	2.7
Manager's management fees – Performance fee	(1,682)	(1,577)	6.7
Trustee's fees	(117)	(113)	3.5
Audit fees	(104)	(122)	(14.8)
Valuation fees	(33)	(50)	(34.0)
Other trust operating income/(expenses) <sup>5</sup>	602	(326)	N.M.
Finance income <sup>6</sup>	1,382	1,049	31.7
Foreign exchange (loss)/gain – realised <sup>7</sup>	(156)	71	N.M.
Finance costs <sup>8</sup>	(8,087)	(5,771)	40.1
<b>Net income before share of results of joint venture</b>	<b>29,657</b>	<b>28,445</b>	<b>4.3</b>
Share of results (net of tax) of joint venture <sup>9</sup>	1,836	487	N.M.
<b>Net Income</b>	<b>31,493</b>	<b>28,932</b>	<b>8.9</b>
Change in fair value of investment properties <sup>10</sup>	3,250	-	100.0
Change in fair value of financial derivatives	1,097	-	100.0
Foreign exchange gain – unrealised	793	747	6.2
<b>Total return for the period before taxation</b>	<b>36,633</b>	<b>29,679</b>	<b>23.4</b>
Taxation	(9,696)	(10,159)	(4.6)
<b>Total return for the period after taxation</b>	<b>26,937</b>	<b>19,520</b>	<b>38.0</b>
<b>Attributable to:</b>			
Unitholders	25,204	19,522	29.1
Non-controlling interest	1,733	(2)	N.M.
<b>Total return for the period after taxation</b>	<b>26,937</b>	<b>19,520</b>	<b>38.0</b>

*Footnotes:*

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

	Group		
	1Q 2019 S\$'000	1Q 2018 S\$'000	% Change
Depreciation and amortisation	(283)	(345)	(18.0)
Impairment losses on trade receivables, net	(1)	(12)	(91.7)
Plant and equipment written off	(3)	-	100.0

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5. Includes reversal of over provision in pre-acquisition related expenses in 1Q 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 (loss)/gain on repayment of the USD denominated shareholder's loans interest 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 1Q 2019 and for the period from 1 February 2018 to 31 March 2018 for 1Q 2018. Details are as follows:

	For information only		
	1Q 2019 S\$'000	1Q 2018 S\$'000	% Change
Gross revenue	5,167	2,934	76.1
Property operating expenses	(1,492)	(890)	67.6
<b>Net property income</b>	<b>3,675</b>	<b>2,044</b>	79.8
Finance income	53	-	100.0
Finance costs	(1,071)	(779)	37.5
Other operating expenses	(821)	(778)	5.5
<b>Share of results (net of tax) of joint venture</b>	<b>1,836</b>	<b>487</b>	N.M.

10. Includes the recognition of fair value of CapitaMall Wuhu at RMB 210.0 million, following the announcement on 29 March 2019 on its divestment. Such gain will form part of the gain/(loss) on disposal upon completion.

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

	<b>Group</b>		
	<b>1Q 2019</b> <b>S\$'000</b>	<b>1Q 2018</b> <b>S\$'000</b>	<b>%</b> <b>Change</b>
<b>Total return for the period attributable to Unitholders before distribution</b>	<b>25,204</b>	<b>19,522</b>	<b>29.1</b>
Distribution adjustments (Note A)	(338)	4,177	N.M.
<b>Income available for distribution to Unitholders</b>	<b>24,866</b>	<b>23,699</b>	<b>4.9</b>
Capital distribution <sup>1</sup>	1,000	3,000	(66.7)
<b>Distributable amount to Unitholders</b>	<b>25,866</b>	<b>26,699</b>	<b>(3.1)</b>
Comprises:			
- from operations	(5,447)	(7,167)	(24.0)
- from Unitholders' contribution	30,313	30,866	(1.8)
	<b>24,866</b>	<b>23,699</b>	<b>4.9</b>
- from capital distribution <sup>1</sup>	1,000	3,000	(66.7)
<b>Distributable amount to Unitholders</b>	<b>25,866</b>	<b>26,699</b>	<b>(3.1)</b>
<b>Note A</b>			
<b>Distribution adjustments</b>			
- Manager's management fees (performance component payable in units)	1,682	1,577	6.7
- Change in fair value of investment properties <sup>2</sup>	(1,583)	-	100.0
- Change in fair value of financial derivatives	(1,097)	-	100.0
- Deferred taxation <sup>2</sup>	2,862	3,587	(20.2)
- Transfer to general reserve	(1,638)	(1,561)	4.9
- Unrealised foreign exchange gain <sup>2</sup>	(620)	(492)	26.0
- Other adjustments <sup>2,3</sup>	(731)	338	N.M.
- Adjustments for share of results (net of tax) of joint venture	787	728	8.1
<b>Net effect of distribution adjustments</b>	<b>(338)</b>	<b>4,177</b>	<b>N.M.</b>

*N.M. – not meaningful*

*Footnotes:*

1. *This relates to the partial distribution of the gains from the disposal of CapitaMall Anzhen.*
2. *Excludes non-controlling interest's share.*
3. *Includes excess of land rental payments made, against interest expense on lease liabilities and fair value changes of ROU assets.*

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

	Group			Trust		
	31 Mar 2019 S\$'000	31 Dec 2018 S\$'000	% Change	31 Mar 2019 S\$'000	31 Dec 2018 S\$'000	% Change
<b>Non-current assets</b>						
Investment properties <sup>1,2</sup>	2,383,817	2,439,106	(2.3)	-	-	-
Plant and equipment	1,798	2,335	(23.0)	-	-	-
Subsidiaries	-	-	-	1,576,958	1,581,896	(0.3)
Interest in joint venture <sup>3</sup>	263,008	257,679	2.1	-	-	-
Financial derivatives <sup>4</sup>	1,397	1,048	33.3	1,397	1,048	33.3
Other receivables	1,416	1,457	(2.8)	-	-	-
	2,651,436	2,701,625	(1.9)	1,578,355	1,582,944	(0.3)
<b>Current assets</b>						
Non-trade amounts due from subsidiaries	-	-	-	5,764	5,777	(0.2)
Assets held for sale <sup>5</sup>	149,771	-	100.0	-	-	-
Financial derivatives <sup>4</sup>	-	124	(100.0)	-	124	(100.0)
Trade and other receivables <sup>6</sup>	150,944	107,037	41.0	607	330	83.9
Cash and cash equivalents	159,300	173,904	(8.4)	1,383	879	57.3
	460,015	281,065	63.7	7,754	7,110	9.1
<b>Total assets</b>	<b>3,111,451</b>	<b>2,982,690</b>	<b>4.3</b>	<b>1,586,109</b>	<b>1,590,054</b>	<b>(0.2)</b>
<b>Current liabilities</b>						
Trade and other payables <sup>7</sup>	70,739	60,670	16.6	6,834	8,525	(19.8)
Liabilities held for sale <sup>5</sup>	13,278	-	100.0	-	-	-
Security deposits	24,980	25,320	(1.3)	-	-	-
Financial derivatives <sup>4</sup>	589	71	N.M.	589	71	N.M.
Interest-bearing borrowings <sup>8</sup>	77,050	161,244	(52.5)	77,050	161,244	(52.2)
Lease liabilities <sup>2</sup>	4,347	-	100.0	-	-	-
Provision for taxation	5,823	3,850	51.2	15	15	-
	196,806	251,155	(21.6)	84,488	169,855	(50.3)
<b>Non-current liabilities</b>						
Financial derivatives <sup>4</sup>	2,132	2,951	(27.8)	2,132	2,951	(27.8)
Other payables	306	313	(2.2)	-	-	-
Security deposits	27,681	29,279	(5.5)	-	-	-
Interest-bearing borrowings <sup>8</sup>	996,997	876,778	13.7	996,997	876,778	13.7
Lease liabilities <sup>2</sup>	30,867	-	100.0	-	-	-
Deferred tax liabilities	246,659	250,652	(1.6)	-	-	-
	1,304,642	1,159,973	12.5	999,129	879,729	13.6
<b>Total liabilities</b>	<b>1,501,448</b>	<b>1,411,128</b>	<b>6.4</b>	<b>1,083,617</b>	<b>1,049,584</b>	<b>3.2</b>
<b>Net assets</b>	<b>1,610,003</b>	<b>1,571,562</b>	<b>2.4</b>	<b>502,492</b>	<b>540,470</b>	<b>(7.0)</b>
<b>Represented by:</b>						
Unitholders' funds	1,589,567	1,553,220	2.3	502,492	540,470	(7.0)
Non-controlling interest	20,436	18,342	11.4	-	-	-
	<b>1,610,003</b>	<b>1,571,562</b>	<b>2.4</b>	<b>502,492</b>	<b>540,470</b>	<b>(7.0)</b>

N.M. – not meaningful

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Footnotes:

1. The decrease in investment properties as of 31 March 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.
2. This includes right-of-use (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 31 March 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 31 March 2019 relate to the interest in Huaxin Saihan Huhhot Real Estate Co., Ltd. and CapitaMalls Wuhu Commercial Property Co., Ltd which hold CapitaMall Saihan and CapitaMall Wuhu respectively. These divestments were announced on 1 February 2019 and 29 March 2019 respectively. CapitaMall Saihan and CapitaMall Wuhu were carried at fair value of RMB460.0 million (\$92.3 million) and RMB210.0 million (\$42.1 million) respectively as at 31 March 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 \$947.1 million and fixed notes of S\$130.0 million issued through its S\$1 billion Multicurrency Debt Issuance Programme (net of transaction costs of \$3.0 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	
	31 Mar 2019 S\$'000	31 Dec 2018 S\$'000	31 Mar 2019 S\$'000	31 Dec 2018 S\$'000
<b>Unsecured borrowings</b>				
- Amount repayable within one year	77,050	161,250	77,050	161,250
- Amount repayable after one year	1,000,000	880,000	1,000,000	880,000
	<b>1,077,050</b>	<b>1,041,250</b>	<b>1,077,050</b>	<b>1,041,250</b>
Less: Unamortised transaction costs	(3,003)	(3,228)	(3,003)	(3,228)
	<b>1,074,047</b>	<b>1,038,022</b>	<b>1,074,047</b>	<b>1,038,022</b>

**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 (1Q 2019 vs 1Q 2018)**

	<b>Group</b>	
	<b>1Q 2019</b>	<b>1Q 2018</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Operating activities</b>		
Total return after taxation	26,937	19,520
Adjustments for:		
Finance income	(1,382)	(1,049)
Finance costs	8,087	5,771
Depreciation and amortisation	283	345
Taxation	9,696	10,159
Manager's management fees payable in Units	1,682	1,577
Plant and equipment written off	3	-
Change in fair value of investment properties	(3,250)	-
Changes in fair value of derivatives	(1,097)	-
Share of results (net of tax) of joint venture	(1,836)	(487)
Impairment losses on trade receivables, net	1	12
<b>Operating income before working capital changes</b>	<b>39,124</b>	<b>35,848</b>
<b>Changes in working capital:</b>		
Trade and other receivables	(12,632)	(3,850)
Trade and other payables	(5,962)	(9,380)
<b>Cash generated from operating activities</b>	<b>20,530</b>	<b>22,618</b>
Income tax paid	(6,260)	(9,926)
<b>Net cash from operating activities</b>	<b>14,270</b>	<b>12,692</b>
<b>Investing activities</b>		
Interest received	351	270
Capital expenditure on investment properties	(2,235)	(2,766)
Net cash outflow on acquisition of joint venture	-	(225,611)
Deposit paid for acquisition of investment property <sup>1</sup>	(32,426)	-
Deposit received for divestment of subsidiary <sup>2</sup>	18,453	-
Loan to joint venture	-	(98,128)
Purchase of plant and equipment	(14)	(7)
<b>Net cash used in investing activities</b>	<b>(15,871)</b>	<b>(326,242)</b>
<b>Financing activities</b>		
Distribution to Unitholders <sup>3</sup>	(28,064)	(8,020)
Payment of equity issue expenses	-	(82)
Payment of financing expenses	-	(200)
Proceeds from drawdown of interest-bearing borrowings	157,000	256,800
Repayment of interest-bearing borrowings	(121,200)	(6,800)
Settlement of derivative contracts	(211)	(10,843)
Interest paid	(8,655)	(5,012)
<b>Net cash (used in)/ from financing activities</b>	<b>(1,130)</b>	<b>225,843</b>
<b>Decrease in cash and cash equivalents</b>	<b>(2,731)</b>	<b>(87,707)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>173,904</b>	<b>186,515</b>
<b>Effect on exchange rate changes on cash balances</b>	<b>2,757</b>	<b>4,509</b>
<b>Reclassification of cash balances to assets held for sale</b>	<b>(14,630)</b>	<b>-</b>
<b>Cash and cash equivalents at end of period</b>	<b>159,300</b>	<b>103,317</b>

*Footnotes:*

- Deposit paid for acquisition of Yuquan Mall pursuant to the framework agreement dated 31 January 2019.*
- Deposit received for divestment of interest in Huaxin Saihan Huhhot Real Estate Co., Ltd. pursuant to the framework agreement dated 31 January 2019.*
- Distribution made to Unitholders in 1Q 2019 was for the period from 1 July 2018 to 31 December 2018 which was paid in March 2019.*  
*Distribution made to Unitholders in 1Q 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)(i) **Statement of Movements in Unitholders' Funds (1Q 2019 vs 1Q 2018)**

	Group		Trust	
	1Q 2019 S\$'000	1Q 2018 S\$'000	1Q 2019 S\$'000	1Q 2018 S\$'000
<b>Unitholders' funds as at beginning of period</b>	<b>1,553,220</b>	<b>1,548,771</b>	<b>540,470</b>	<b>601,392</b>
<b>Operations</b>				
Change in Unitholders' funds resulting from operations before distribution	25,204	19,522	(11,025)	(23,087)
Transfer to general reserve	(1,638)	(1,561)	-	-
<b>Net increase/(decrease) in net assets resulting from operations</b>	<b>23,566</b>	<b>17,961</b>	<b>(11,025)</b>	<b>(23,087)</b>
<b>Movements in hedging reserve</b>				
Effective portion of changes in fair value of cash flow hedges	(571)	4,605	(571)	4,605
<b>Movement in foreign currency translation reserve</b>				
Translation differences from financial statements of foreign operations	36,768	56,553	-	-
Exchange differences on monetary items forming part of net investment in foreign operations	1,328	2,730	-	-
Exchange differences on hedges of net investment in foreign operations	-	(6,697)	-	-
<b>Net gain/(loss) recognised directly in Unitholders' funds</b>	<b>37,525</b>	<b>57,191</b>	<b>(571)</b>	<b>4,605</b>
<b>Movement in general reserve</b>	<b>1,638</b>	<b>1,561</b>	<b>-</b>	<b>-</b>
<b>Unitholders' transactions</b>				
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	1,682	1,577	1,682	1,577
Units issued in respect of the distribution reinvestment plan	19,297	-	19,297	-
Distribution to Unitholders <sup>1</sup>	(47,361)	(8,020)	(47,361)	(8,020)
<b>Net decrease in net assets resulting from Unitholders' transactions</b>	<b>(26,382)</b>	<b>(6,443)</b>	<b>(26,382)</b>	<b>(6,443)</b>
<b>Unitholders' funds at end of period</b>	<b>1,589,567</b>	<b>1,619,041</b>	<b>502,492</b>	<b>576,467</b>

*Footnote:*

1. *Distribution made to Unitholders in 1Q 2019 was for the period from 1 July 2018 to 31 December 2018 which was paid in March 2019.*

*Distribution made to Unitholders in 1Q 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 (1Q 2019 vs 1Q 2018)**

	Trust	
	1Q 2019 Units	1Q 2018 Units
<b>Balance as at beginning of period</b>	<b>980,549,136</b>	<b>966,225,901</b>
New Units issued:		
- As payment of manager's management fees <sup>1</sup>	4,671,069	3,720,617
- As payment of distribution through distribution reinvestment plan	13,297,112	-
<b>Issued Units as at end of period</b>	<b>998,517,317</b>	<b>969,946,518</b>
New Units to be issued:		
- As payment of manager's management fees <sup>2</sup>	1,088,535	1,004,297
<b>Total issued and issuable Units as at end of period</b>	<b>999,605,852</b>	<b>970,950,815</b>

*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 performance component of the manager's management fees for 1Q 2019 which will be issued in 1Q 2020 and for 1Q 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.

**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.

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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:

	<b>Group</b>
	<b>1 Jan 2019</b>
	<b>\$'000</b>
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**

	<b>Group</b>	
	<b>1Q 2019</b>	<b>1Q 2018</b>
<b>Earnings per Unit ("EPU")</b>		
Basic EPU <sup>1</sup>	2.56¢	2.02¢
Weighted average number of Units in issue	982,741,086	967,466,107
Diluted EPU <sup>2</sup>	2.56¢	2.02¢
Weighted average number of Units outstanding	983,829,621	968,470,405
Number of Units in issue at end of period	998,517,317	969,946,518
<b>Distribution per Unit ("DPU")<sup>3</sup></b>		
Based on the number of Units in issue at end of period	2.59¢	2.75¢

Footnotes:

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

	<b>Group</b>		<b>Trust</b>	
	<b>31 Mar 2019</b>	<b>31 Dec 2018</b>	<b>31 Mar 2019</b>	<b>31 Dec 2018</b>
<b>NAV/NTA per Unit</b>	\$1.59	\$1.58	\$0.50	\$0.55
<b>Adjusted NAV/NTA per Unit (excluding distributable income)</b>	\$1.57	\$1.54	\$0.48	\$0.50

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**8 Review of the performance**

**8(i) Breakdown of Gross Revenue – Actual**

	<b>1Q 2019</b>	<b>1Q 2018</b>	<b>%</b>	<b>1Q 2019</b>	<b>1Q 2018</b>	<b>%</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>Change</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>Change</b>
<b><u>Multi-Tenanted Malls</u></b>						
CapitaMall Xizhimen	76,900	70,594	8.9	15,391	14,614	5.3
CapitaMall Wangjing	62,338	58,417	6.7	12,476	12,094	3.2
CapitaMall Grand Canyon	34,387	32,356	6.3	6,882	6,698	2.7
CapitaMall Xinnan	34,794	33,892	2.7	6,964	7,016	(0.7)
CapitaMall Qibao	23,951	24,179	(0.9)	4,794	5,006	(4.2)
<b>Total multi-tenanted malls</b>	<b>232,370</b>	<b>219,438</b>	<b>5.9</b>	<b>46,507</b>	<b>45,428</b>	<b>2.4</b>
<b><u>Master-Leased Malls</u></b>						
CapitaMall Erqi	12,574	12,529	0.4	2,517	2,594	(3.0)
CapitaMall Shuangjing	11,888	11,449	3.8	2,379	2,370	0.4
<b>Total master-leased malls</b>	<b>24,462</b>	<b>23,978</b>	<b>2.0</b>	<b>4,896</b>	<b>4,964</b>	<b>(1.4)</b>
CapitaMall Minzhongleyuan <sup>1</sup>	5,317	5,842	(9.0)	1,064	1,209	(12.0)
CapitaMall Saihan <sup>2</sup>	17,390	16,331	6.5	3,480	3,381	2.9
CapitaMall Wuhu <sup>2</sup>	38	1,859	(98.0)	8	385	(97.9)
<b>Total Gross Revenue</b>	<b>279,577</b>	<b>267,448</b>	<b>4.5</b>	<b>55,955</b>	<b>55,367</b>	<b>1.1</b>

**8(ii) Breakdown of Net Property Income – Actual**

	<b>1Q 2019</b>	<b>1Q 2018</b>	<b>%</b>	<b>1Q 2019</b>	<b>1Q 2018</b>	<b>%</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>Change</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>Change</b>
<b><u>Multi-Tenanted Malls</u></b>						
CapitaMall Xizhimen	54,585	50,765	7.5	10,925	10,509	4.0
CapitaMall Wangjing	46,192	42,549	8.6	9,245	8,809	4.9
CapitaMall Grand Canyon	23,611	22,679	4.1	4,725	4,695	0.6
CapitaMall Xinnan	25,151	23,677	6.2	5,034	4,901	2.7
CapitaMall Qibao <sup>3</sup>	18,186	11,412	59.4	3,640	2,363	54.0
<b>Total multi-tenanted malls</b>	<b>167,725</b>	<b>151,082</b>	<b>11.0</b>	<b>33,569</b>	<b>31,277</b>	<b>7.3</b>
<b><u>Master-Leased Malls</u></b>						
CapitaMall Erqi	10,777	10,708	0.6	2,157	2,217	(2.7)
CapitaMall Shuangjing	9,685	9,189	5.4	1,938	1,902	1.9
<b>Total master-leased malls</b>	<b>20,462</b>	<b>19,897</b>	<b>2.8</b>	<b>4,095</b>	<b>4,119</b>	<b>(0.6)</b>
CapitaMall Minzhongleyuan <sup>1,3</sup>	1,299	850	52.8	260	176	47.7
CapitaMall Saihan <sup>2</sup>	9,942	9,834	1.1	1,990	2,036	(2.3)
CapitaMall Wuhu <sup>2</sup>	(554)	(2,046)	72.9	(111)	(424)	73.8
<b>Total Net Property Income</b>	<b>198,874</b>	<b>179,617</b>	<b>10.7</b>	<b>39,803</b>	<b>37,184</b>	<b>7.0</b>

*Footnotes:*

- The mall is undergoing tenant mix adjustments.*
- The malls are classified under assets held for sale, as the malls are in the process of divestment. CapitaMall Saihan is still in operation whilst CapitaMall Wuhu is closed.*
- 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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### **1Q 2019 vs 1Q 2018**

In RMB terms, gross revenue in 1Q 2019 increased by RMB12.1 million, or 4.5% higher than 1Q 2018. The increase was due to stronger rental growth from the core multi-tenanted malls, offset mainly by lower revenue in CapitaMall Wuhu which is currently closed and in the process of being divested to an external party. In addition, other income increased due to higher atrium revenue. In SGD terms, gross revenue in 1Q 2019 increased by \$0.6 million, or 1.1%. The increase is lower than that in RMB terms due to the stronger SGD against RMB.

Property expenses for 1Q 2019 decreased by \$2.0 million, or 11.2% compared to 1Q 2018. This was mainly due to exclusion of land rental expenses in 1Q 2019. 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 FRS 116 with effect from 1 January 2019.

Management fees payable to the manager were 4.5% higher than 1Q 2018, due to higher net property income.

Finance income earned in 1Q 2019 was \$0.3 million higher than 1Q 2018 mainly due to interest earned from loan to joint venture.

Finance costs in 1Q 2019 was \$2.3 million higher than 1Q 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.

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 increase by \$1.3 million mainly due to one additional month of contribution and higher rental reversion for Rock Square post acquisition in 1Q 2019.

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

CRCT has not disclosed any forecast to the market.

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

In 1Q 2019, China's GDP registered a steady growth rate of 6.4% year-on-year while the per capita disposable income of urban households grew 7.8%. Total retail sales of consumer goods increased 8.3% year-on-year to RMB9,779.0 billion in the first three months of 2019<sup>1</sup>.

China's manufacturing sector beat estimates by growing for the first time in four months in March 2019, reflecting a stabilisation of the world's second-largest economy. This marks a positive signal that the government stimulus measures may be gaining traction as the US-China trade talks continue to progress<sup>2</sup>.

During the recent "Two Sessions" meeting held in March 2019, Chinese policy makers have reaffirmed their commitment to move towards a more sustainable growth trajectory and to implement more growth supportive fiscal policies in 2019. For instance, the Chinese government cut the required reserve ratio (RRR) by one percentage point in January 2019 to boost liquidity in the banking system. The move is estimated to free up net RMB800 billion in additional funds for banks to lend to businesses<sup>3</sup>.

Ensuring strong domestic employment is also another key objective, with the government pledging to create more than 11 million new jobs in the year<sup>4</sup>. The government lifted 2019 budget deficit target to 2.8 per cent of GDP from the prior year's 2.6 per cent to afford the Chinese government more leeway in implementing deeper tax cuts and increase infrastructure spending to revitalize its economy. Some measures that the government rolled out include a series of business tax cuts aimed at supporting small and medium-sized firms to reduce the cost pressures and maintain employment levels. On an individual level, the government also implemented a three-year tax holiday for each person who has been unemployed for more than six months. All in, the reductions in business and personal taxes will total an estimated RMB1.3 trillion, more than the prior year's reduction of RMB1.1 trillion.

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<sup>1</sup> China National Bureau of Statistics

<sup>2</sup> South China Morning Post, China's manufacturing bounced back in March as Caixin/Markit PMI shows unexpected good news, 1 April 2019

<sup>3</sup> South China Morning Post, China prepares for testing 2019 by freeing up US\$210 billion in latest move to boost ailing economy, 4 January 2019

<sup>4</sup> South China Morning Post, Li Keqiang says it is time China to 'turn the blade inward' to boost jobs growth, 15 March 2019

In terms of infrastructure spending, the Chinese government raised the limit for special purpose local government bonds by RMB800 billion to RMB2.15 trillion, which enhances the ability of local authorities to fund infrastructure projects. Some of the projects earmarked include investment for transportation routes (railways, motorways, and waterways) as well as telecommunication upgrades<sup>5</sup>.

Given the detailed and targeted approach by the Chinese government to focus on employment, there is optimism that domestic consumption will remain supportive into 2019, and that CRCT will continue to benefit from its portfolio of strategically located malls in China.

### **Beijing Retail Market Update**

In 2018, Beijing's GDP grew 6.6% year-on-year. Over the same period, urban disposable income and expenditure per capita increased 8.9% and 6.4% year-on-year respectively. Retail sales grew 2.7% year-on-year for 2018<sup>6</sup>.

Beijing's retail landscape maintained its stability in 4Q 2018 to end 2018 on a positive note. In terms of 4Q 2018 performance, there was a quarter-on-quarter decrease in the city-wide shopping mall vacancy rates by 0.4 percentage points to 6.3%, which contributed to the increase in the city-wide shopping mall first floor rents of 0.5% quarter-on-quarter and 2.9% year-on-year respectively. The favourable performance occurred even as three new projects were launched in the retail market during the last quarter, namely Vanke Mall in Changping, M-Cube in Dongcheng and CapitaMall Tiangongyuan in Daxing, which added a total GFA of 290,000 sq m.

Entering 2019, four new shopping malls with a total GFA of approximately 466,000 sq m are expected to be launched in the non-prime submarkets (suburban areas). Additionally, retailers have also responded to the possible challenges in the retail market by focusing on enriching the consumer experience. According to a report by OFashion and AC Nielsen, domestic consumption for stylish brands has been increasing, growing 62% in 2018<sup>7</sup>. With consumers focusing more on quality and less on price, malls that can provide experience-focused retail and actively update its brand mix to attract a variety of interesting brands, will be able to continue to pull in the crowd<sup>8</sup>. Given CRCT's focus on providing unique shopping experience for consumers, this places our malls in an advantageous position to attract consumer footfall.

### **Shanghai Retail Market Update**

In 2018, Shanghai's GDP maintained its upward trend with a 6.6% year-on-year growth rate. Urban disposable income per capita rose 8.7% year-on-year and urban expenditure per capita increased 8.8% year-on-year during the period. For 2018, retail sales grew 7.9%, just slightly below the prior year's pace of 8.1% year-on-year<sup>9</sup>.

In terms of supply, there was an increase of 900,000 sq m of retail space in 2018, 7.3% lower than the new supply in 2017. Of the full-year increase, 380,000 sq m came online in 4Q 2018 through three new projects launched in the quarter. Correspondingly, vacancy rates increased 0.9 percentage points year-on-year in 4Q 2018 to 6.8% in prime retail areas. Nonetheless, in spite of the uptick in supply and vacancy rates, the Shanghai market remained resilient with first floor rents increasing 1.3% year-on-year.

For 2019, fourteen new projects with a total of 1.1 million sq m of retail space are anticipated to be launched, which could add supply-side pressures on retailers and potentially cap further increases in rents. In response to these challenges, retailers in Shanghai are adopting similar measures to that of their Beijing counterparts, and are enhancing the overall retail experience through introductions of indoor ski parks, restaurants with live bands etc. in an effect to boost consumer footfall<sup>10</sup>. Boosted by personal income tax cut as well as retailers' transformation, experience-oriented stores should continue to support retail demand in Shanghai<sup>11</sup>.

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<sup>5</sup> South China Morning Post, China raises 2019 budget deficit target on promises of tax cuts and infrastructure spending to stem slowdown, 5 March 2019

<sup>6</sup> Beijing Bureau of Statistics

<sup>7</sup> Savills, Retail Briefing, Beijing, January 2019

<sup>8</sup> Colliers Quarterly, Retail, Beijing, February 2019

<sup>9</sup> Shanghai Bureau of Statistics

<sup>10</sup> Savills, Retail Briefing, Shanghai, February 2019

<sup>11</sup> Colliers Semi-Annual, Retail, East China, February 2019

### **Guangzhou Retail Market Update**

In 2018, Guangzhou's economy came in at 6.2% while urban disposable income per capita and expenditure per capita grew 8.3% and 3.8% year-on-year respectively. Retail sales increased 7.6% year-on-year during the year<sup>12</sup>.

Four new projects totaling 474,500 sq m were launched in 4Q 2018, bringing the total GFA of the city to 5.98 million sq m. However, even with the increase in supply, demand in Guangzhou's retail market remained resilient with city-wide average rents rising by 3% quarter-on-quarter. By the end of 2019, Guangzhou's total retail stock is expected to reach 6.35 million sq m. The favourable supply dynamic, coupled with the establishment and growth of the Greater Bay Area as well as the beneficial economics and demographic mix, should bode well for Guangzhou retail property market<sup>13</sup>.

### **Chengdu Retail Market Update**

In 2018, Chengdu's GDP rose 8.0% while urban disposable income and expenditure per capita increased 8.2% and 7.9% year-on-year respectively. Retail sales for the city sustained its double-digit growth rate with a 10.0% year-on-year increase in 2018<sup>14</sup>.

Chengdu's demand for retail space remained stable in 4Q 2018, with a net absorption of 346,731 sq m even as two new shopping malls with a total GFA of 330,000 sq m debuted during the quarter. With an overall GFA of 5.8 million sq m, the high absorption rate decreased city-wide vacancy rates by 0.6 percentage points to 4.5% while city-wide average first-floor shopping mall rents rose 0.5% quarter-on-quarter. Although 2019 supply for the city is expected to pick up with seven new malls totaling 640,000 sq m to be launched, retailers are expected to maintain longer-term focus and sustain a favourable level of leasing demand<sup>15</sup>. Operators are expected to tap on refurbishment and space individualisation design to create new customer experiences<sup>16</sup>.

### **Wuhan Retail Market Update**

In 2018, Wuhan's GDP grew 8.0% year-on-year while urban disposable income increased 9.1%. Retail sales reached 10.5% year-on-year for the year<sup>17</sup>.

Wuhan experienced an increase in its total retail GFA following the introduction of two new projects during the last quarter of 2018. There was a slight increase in overall vacancy rates by 0.1 percentage points quarter-on-quarter to 3.9%. Nonetheless, there was sufficient demand to push average ground floor rental rates up slightly by 0.3% quarter-on-quarter. A further uptick in retail supply is expected in 2019 with two new projects slated to be launched<sup>18</sup>.

## **11 Distribution**

### **11(a) Current Financial Period**

Any distribution declared for the current financial period? No.

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

Any distributions declared for the corresponding period of the immediate preceding financial period? No.

11(c) Date payable : Not applicable

11(d) Book closure date : Not applicable

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

CRCT's distribution policy is to make distributions to Unitholders on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates. As such, no distributions have been declared for the period ended 31 March 2019.

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<sup>12</sup> Guangzhou Bureau of Statistics

<sup>13</sup> Savills, Retail Briefing, Guangzhou, February 2019

<sup>14</sup> Chengdu Bureau of Statistics

<sup>15</sup> Savills, Retail Briefing, Chengdu, February 2019

<sup>16</sup> CBRE Marketview, China 4Q 2018

<sup>17</sup> Wuhan Bureau of Statistics

<sup>18</sup> CBRE Marketview, China 4Q 2018



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

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

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

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

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

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Manager which may render the unaudited interim financial results of the Group and Trust (comprising the statement of financial position as at 31 March 2019, statement of total return and distribution statement, statement of cash flows and statement of movements in Unitholders’ funds for the quarter 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 Wooi  
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  
24 April 2019