

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

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Summary of CRCT Results^{1,2}

	3Q 2019	3Q 2018	Change %	YTD 2019	YTD 2018	Change %
	Actual S\$'000	Actual S\$'000		Actual S\$'000	Actual S\$'000	
Gross Revenue ³	59,484	55,352	7.5	170,622	166,997	2.2
Net Property Income ^{3,4}	41,105	36,732	11.9	121,272	111,545	8.7
Distributable income contribution from joint venture ⁵	2,935	1,847	58.9	8,048	5,077	58.5
Income available for distribution to Unitholders	26,931	22,897	17.6	77,162	70,757	9.1
Capital Distribution ⁶	-	750	(100.0)	1,000	5,250	(81.0)
Distributable amount to Unitholders	26,931	23,647	13.9	78,162	76,007	2.8
Distribution Per Unit ("DPU") (cents)						
DPU before Capital Distribution ⁷	2.43	2.33	4.3	7.46	7.26	2.8
DPU after Capital Distribution ⁷	2.43	2.41	0.8	7.56	7.80	(3.1)
DPU (Restated for preferential offering) ⁸	2.43	2.40	1.2	7.56	7.77	(2.7)
For Information Only						
DPU (adjusted with the enlarged Units in issue) ⁹	2.49	2.42	2.9	7.65	7.81	(2.0)

	3Q 2019	3Q 2018	Change %	YTD 2019	YTD 2018	Change %
	Actual RMB'000	Actual RMB'000		Actual RMB'000	Actual RMB'000	
Gross Revenue	300,922	274,013	9.8	855,422	811,256	5.4
Net Property Income	208,034	181,856	14.4	608,007	541,878	12.2

	1 Jan 2019 to 13 Aug 2019	14 Aug 2019 to 30 Sep 2019	YTD 2019
	Actual S\$'000	Actual S\$'000	Actual S\$'000
Gross Revenue	137,144	33,478	170,622
Net Property Income	98,294	22,978	121,272
Distributable amount to Unitholders	62,899	15,263 ⁷	78,162 ⁷
Distribution Per Unit ("DPU") (cents)			
For the period	6.29	1.27 ⁷	7.56 ⁷

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Footnotes:

1. The financial results exclude contribution from CapitaMall Wuhu with effect from 1 July 2019 after its divestment.
2. The financial results include contribution from CapitaMall Xuefu, CapitaMall Yuhuating and CapitaMall Aidemengdun which were acquired on 30 August 2019.
3. Average exchange rate for SGD/RMB.

3Q 2019	3Q 2018	Change %	YTD 2019	YTD 2018	Change %
5.061	4.951	2.2	5.014	4.858	3.2

4. 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.
5. This relates to 51% interest in Rock Square for 2019, 3Q 2018 and for period from 1 February 2018 to 30 September 2018 for YTD 2018.
6. Capital distribution arising from the gain from the divestment of the equity interest in the company which held CapitaMall Anzhen.
7. The DPU includes 1.16 cents per Unit for the period 1 July 2019 to 13 August 2019, calculated based on 998,517,317 Units and 1.27 cents per Unit for the period from 14 August 2019 to 30 September 2019, calculated based on enlarged Unit base of 1,205,224,110 Units after the issuance of 105,043,000 Units via private placement and 86,871,006 Units via preferential offering issued on 14 August 2019 and 3 September 2019 respectively.
YTD 2019 DPU was calculated based on 998,517,317 Units from 1 January 2019 to 13 August 2019 and 1,205,224,110 Units from 14 August 2019 to 30 September 2019.
8. DPU for 3Q 2018 and YTD 2018 have been restated for the preferential offering of 86,871,006 Units issued on 3 September 2019.
9. Adjusted DPU is calculated based on weighted average number of Units in issue, which normalises the impact of the enlarged Unit from private placement and preferential offering.

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INTRODUCTION

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

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

As at 30 September 2019, CRCT owns and invests in a portfolio of 13^{1,2} shopping malls located in nine 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 Saihan³ in Hohhot; CapitaMall Minzhongleyuan in Wuhan; 51% interest in Rock Square (“RS JV”) in Guangzhou; CapitaMall Xuefu, CapitaMall Aidemengdun in Harbin and CapitaMall Yuhuating in Changsha.

Footnotes:

- 1. Excludes CapitaMall Wuhu following the completion announcement of the divestment on 10 July 2019.*
- 2. Includes CapitaMall Xuefu, CapitaMall Yuhuating and CapitaMall Aidemengdun following the completion announcement of the acquisition on 30 August 2019.*
- 3. CapitaMall Saihan is classified under assets held for sale at 30 September 2019 following the announcement of divestment on 1 February 2019.*

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1(a)(i) **Statement of total return for the Group (3Q 2019 vs 3Q 2018)**

	Group		
	3Q 2019 ^{1,2} S\$'000	3Q 2018 S\$'000	% Change
Gross rental income	55,320	51,258	7.9
Other income ³	4,164	4,094	1.7
Gross revenue	59,484	55,352	7.5
Land rental ⁴	-	(1,411)	(100.0)
Property related tax	(5,338)	(5,056)	5.6
Business tax	(255)	(305)	(16.4)
Property management fees ⁵	(3,707)	(3,574)	3.7
Other property operating expenses ⁶	(9,079)	(8,274)	9.7
Total property operating expenses	(18,379)	(18,620)	(1.3)
Net property income	41,105	36,732	11.9
Manager's management fees	(4,160)	(3,512)	18.5
Trustee's fees	(130)	(117)	11.1
Audit fees	(114)	(112)	1.8
Valuation fees	(25)	(55)	(54.5)
Other trust operating expenses	(561)	(318)	76.4
Finance income ⁸	1,919	1,755	9.3
Foreign exchange gain/(loss) – realised ⁹	3,953	(235)	N.M.
Finance costs ¹⁰	(9,086)	(7,166)	26.8
Net income before share of results of joint venture	32,901	26,972	22.0
Share of results (net of tax) of joint venture ¹¹	2,197	1,414	55.4
Net Income	35,098	28,386	23.6
Loss on disposal of subsidiary ¹²	(4,750)	-	100.0
Change in fair value of investment property	(52)	-	100.0
Change in fair value of financial derivatives	370	166	N.M.
Foreign exchange loss – unrealised	(690)	(1,326)	(48.0)
Total return for the period before taxation	29,976	27,226	10.1
Taxation ¹⁴	(11,819)	(8,408)	40.6
Total return for the period after taxation	18,157	18,818	(3.5)
Attributable to:			
Unitholders	18,157	19,555	(7.1)
Non-controlling interest	-	(737)	(100.0)
Total return for the period after taxation	18,157	18,818	(3.5)

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

	Group		
	YTD 2019 ^{1,2} S\$'000	YTD 2018 S\$'000	% Change
Gross rental income	159,201	156,414	1.8
Other income ³	11,421	10,583	7.9
Gross revenue	170,622	166,997	2.2
Land rental ⁴	-	(4,363)	(100.0)
Property related tax	(15,436)	(15,466)	(0.2)
Business tax	(850)	(922)	(7.8)
Property management fees ⁵	(10,478)	(10,785)	(2.8)
Other property operating expenses ⁶	(22,586)	(23,916)	(5.6)
Total property operating expenses	(49,350)	(55,452)	(11.0)
Net property income	121,272	111,545	8.7
Manager's management fees	(11,490)	(10,582)	8.6
Trustee's fees	(367)	(348)	5.5
Audit fees	(320)	(349)	(8.3)
Valuation fees	(85)	(155)	(45.2)
Other trust operating income/(expenses) ⁷	882	(1,062)	N.M.
Finance income ⁸	4,811	4,516	6.5
Foreign exchange gain/(loss) – realised ⁹	4,673	(186)	N.M.
Finance costs ¹⁰	(25,693)	(19,547)	31.4
Net income before share of results of joint venture	93,683	83,832	11.8
Share of results (net of tax) of joint venture ¹¹	5,877	5,565	5.6
Net Income	99,560	89,397	11.4
Loss on disposal of subsidiary ¹²	(4,750)	-	(100.0)
Change in fair value of investment properties ¹³	66,627	23,642	N.M.
Change in fair value of financial derivatives	2,251	166	N.M.
Foreign exchange loss – unrealised	(1,543)	(649)	N.M.
Total return for the period before taxation	162,145	112,556	44.1
Taxation ¹⁴	(49,502)	(34,026)	45.5
Total return for the period after taxation	112,643	78,530	43.4
Attributable to:			
Unitholders	111,441	79,704	39.8
Non-controlling interest	1,202	(1,174)	N.M.
Total return for the period after taxation	112,643	78,530	43.4

Footnotes:

- 1. The financial results exclude CapitaMall Wuhu with effect from 1 July 2019 after its divestment.*
- 2. The financial results include contribution from CapitaMall Xuefu, CapitaMall Yuhuating and CapitaMall Aidemengdun which were acquired on 30 August 2019.*
- 3. Other income comprises mainly income earned from atrium space, carpark revenue, trolley carts and advertisement panels.*
- 4. 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.*
- 5. Includes reimbursement of costs to the property manager.*

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6. Includes items in the table below as part of the other property operating expenses.

	Group		
	3Q 2019 ^{1,2} S\$'000	3Q 2018 S\$'000	% Change
Depreciation and amortisation	(258)	(312)	(17.3)
Write back on trade receivables, net	-	54	(100.0)

	Group		
	YTD 2019 ^{1,2} S\$'000	YTD 2018 S\$'000	% Change
Depreciation and amortisation	(809)	(986)	(18.0)
(Impairment losses)/write back on trade receivables, net	(1)	46	N.M.

7. Includes reversal of over provision in pre-acquisition related expenses in YTD 2019.
8. Finance income relates mainly to interest from loan to joint venture and interest from bank deposit placed with financial institutions.
9. Realised foreign exchange relates to the gain/(loss) on the repayment of the USD denominated shareholder's loan principals, interests and foreign currency forwards (FXF) to hedge RMB cashflows. In 3Q 2019, realised foreign exchange gain relates to the repayment of the USD denominated shareholder's loan principal from CapitaMall Saihan as part of the divestment.
10. Includes the interest expense on the lease liabilities under FRS 116.
11. This relates to the share of results from CRCT's 51% interest in RS JV for 2019, 3Q 2018 and for period from 1 February 2018 to 30 September 2018. Details are as follows:

	For information only	
	3Q 2019 S\$'000	3Q 2018 S\$'000
Gross revenue	5,488	4,735
Property operating expenses	(1,616)	(1,677)
Net property income	3,872	3,058
Finance income	115	41
Finance costs	(1,077)	(1,182)
Other operating expenses	(713)	(503)
Share of results (net of tax) of joint venture	2,197	1,414

	For information only	
	YTD 2019 S\$'000	YTD 2018 S\$'000
Gross revenue	15,819	12,266
Property operating expenses	(4,739)	(3,910)
Net property income	11,080	8,356
Finance income	232	48
Finance costs	(3,224)	(3,132)
Other operating expenses	(2,267)	(2,967)
Change in value of investment property	56	3,260
Share of results (net of tax) of joint venture	5,877	5,565

12. This relates to loss arising from the disposal of 51% interest in the company which held CapitaMall Wuhu.
13. Includes fair value changes of right-of-use (ROU) assets.
14. Includes over provision of taxation from prior years of \$0.6 million in YTD 2019.

N.M. – not meaningful

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1(a)(ii) **Distribution statement for the Group (3Q 2019 vs 3Q 2018)**

	Group		
	3Q 2019^{1,2} S\$'000	3Q 2018 S\$'000	% Change
Total return for the period attributable to Unitholders before distribution	18,157	19,555	(7.1)
Distribution adjustments (Note A)	8,774	3,342	N.M.
Income available for distribution to Unitholders	26,931	22,897	17.6
Capital distribution ³	-	750	(100.0)
Distributable amount to Unitholders	26,931	23,647	13.9
Comprises:			
- from operations	(6,792)	(4,608)	47.4
- from Unitholders' contribution	33,723	27,505	22.6
	26,931	22,897	17.6
- from capital distribution ³	-	750	(100.0)
Distributable amount to Unitholders	26,931	23,647	13.9
Note A			
Distribution adjustments			
- Loss on disposal of subsidiary ⁴	4,750	-	100.0
- Manager's management fees payable in Units	2,147	1,603	33.9
- Change in fair value of financial derivatives	(370)	(166)	N.M.
- Change in fair value in investment property	52	-	100.0
- Deferred taxation	3,288	1,804	82.3
- Transfer to general reserve	(1,775)	(1,552)	14.4
- Unrealised foreign exchange loss	690	914	(24.5)
- Other adjustments ⁵	(746)	306	N.M.
- Adjustments for share of results (net of tax) of joint venture	738	433	70.4
Net effect of distribution adjustments	8,774	3,342	N.M.

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

	Group		
	YTD 2019^{1,2} S\$'000	YTD 2018 S\$'000	% Change
Total return for the period attributable to Unitholders before distribution	111,441	79,704	39.8
Distribution adjustments (Note A)	(34,279)	(8,947)	N.M.
Income available for distribution to Unitholders	77,162	70,757	9.1
Capital distribution ³	1,000	5,250	(81.0)
Distributable amount to Unitholders	78,162	76,007	2.8
Comprises:			
- from operations	(20,302)	(15,857)	28.0
- from Unitholders' contribution	97,464	86,614	12.5
	77,162	70,757	9.1
- from capital distribution ³	1,000	5,250	(81.0)
Distributable amount to Unitholders	78,162	76,007	2.8
Note A			
Distribution adjustments			
- Loss on disposal of subsidiary ⁴	4,750	-	100.0
- Manager's management fees payable in Units	5,528	4,828	14.5
- Change in fair value of investment properties ^{6,7}	(64,957)	(23,644)	N.M.
- Change in fair value of financial derivatives	(2,251)	(166)	N.M.
- Deferred taxation ⁶	25,814	13,894	85.8
- Transfer to general reserve	(5,229)	(4,746)	10.2
- Realised foreign exchange loss ⁸	1,570	-	100.0
- Unrealised foreign exchange gain ⁶	573	409	40.1
- Other adjustments ^{5,6}	(2,248)	966	N.M.
- Adjustments for share of results (net of tax) of joint venture	2,171	(488)	N.M.
Net effect of distribution adjustments	(34,279)	(8,947)	N.M.

N.M. – not meaningful

Footnotes:

1. *The financial results exclude CapitaMall Wuhu with effect from 1 July 2019 after its divestment.*
2. *The financial results include contribution from CapitaMall Yuhuating, CapitaMall Xuefu and CapitaMall Aidemengdun which were acquired on 30 August 2019.*
3. *Capital distribution arising from the gain from the divestment of the equity interest in the company which held CapitaMall Anzhen.*
4. *This relates to loss arising from the disposal of 51% interest in CapitaMall Wuhu.*
5. *Includes lease payments for ROU assets, less interest expense on lease liabilities.*
6. *Excludes non-controlling interest's share.*
7. *Includes fair value changes of ROU assets.*
8. *This relates to the repayment of the USD denominated shareholder's loan principal from the intermediate company to the Trust in relation to the divestment of CapitaMall Wuhu.*

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

	Group			Trust		
	30 Sep 2019 S\$'000	31 Dec 2018 S\$'000	% Change	30 Sep 2019 S\$'000	31 Dec 2018 S\$'000	% Change
Non-current assets						
Investment properties ^{1,2}	3,012,525	2,439,106	23.5	-	-	-
Plant and equipment	2,284	2,335	(2.2)	-	-	-
Subsidiaries	-	-	-	2,039,065	1,581,896	28.9
Interest in joint venture ³	263,530	257,679	2.3	-	-	-
Financial derivatives ⁴	202	1,048	(80.7)	202	1,048	(80.7)
Other receivables	1,372	1,457	(5.8)	-	-	-
	3,279,913	2,701,625	21.4	2,039,267	1,582,944	28.8
Current assets						
Non-trade amounts due from subsidiaries	-	-	-	3,787	5,777	(34.4)
Assets held for sale ⁵	108,398	-	100.0	-	-	-
Financial derivatives ⁴	565	124	N.M.	565	124	N.M.
Trade and other receivables ⁶	202,103	107,037	88.8	476	330	44.2
Cash and cash equivalents	170,268	173,904	(2.1)	618	879	(29.7)
	481,334	281,065	71.3	5,446	7,110	(23.4)
Total assets	3,761,247	2,982,690	26.1	2,044,713	1,590,054	28.6
Current liabilities						
Trade and other payables ⁷	120,818	60,670	99.1	18,636	8,525	N.M.
Liabilities held for sale ⁵	13,854	-	100.0	-	-	-
Security deposits ⁸	34,223	25,320	35.2	-	-	-
Financial derivatives ⁴	-	71	(100.0)	-	71	(100.0)
Interest-bearing borrowings ⁹	192,506	161,244	19.4	187,913	161,244	16.5
Lease liabilities ²	4,113	-	100.0	-	-	-
Provision for taxation	4,511	3,850	17.2	15	15	-
	370,025	251,155	47.3	206,564	169,855	21.6
Non-current liabilities						
Financial derivatives ⁴	3,767	2,951	27.7	3,767	2,951	27.7
Other payables ¹⁰	5,129	313	N.M.	-	-	-
Security deposits ⁸	33,868	29,279	15.7	-	-	-
Interest-bearing borrowings ⁹	1,186,599	876,778	35.3	1,096,540	876,778	25.1
Lease liabilities ²	28,705	-	100.0	-	-	-
Deferred tax liabilities	264,788	250,652	5.6	-	-	-
	1,522,856	1,159,973	31.3	1,100,307	879,729	25.1
Total liabilities	1,892,881	1,411,128	34.1	1,306,871	1,049,584	24.5
Net assets	1,868,366	1,571,562	18.9	737,842	540,470	36.5
Represented by:						
Unitholders' funds	1,868,366	1,553,220	20.3	737,842	540,470	36.5
Non-controlling interest ¹¹	-	18,342	(100.0)	-	-	-
	1,868,366	1,571,562	18.9	737,842	540,470	36.5

N.M. – not meaningful

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Footnotes:

1. The increase in investment properties as of 30 September 2019 was mainly due to the inclusion of CapitaMall Xuefu, CapitaMall Yuhuating and CapitaMall Aidemengdun on 30 August 2019 offset by re-classification of the property held by Huaxin Saihan Huhhot Real Estate Co., Ltd and the disposal of 51% interest in the company which held CapitaMall Wuhu.
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 September 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 September 2019 relate to the announced divestment of the equity interest in Huaxin Saihan Huhhot Real Estate Co., Ltd. which holds CapitaMall Saihan. CapitaMall Saihan was carried at fair value of RMB460.0 million (\$90.8 million) as at 30 September 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 and remaining purchase consideration payable for the acquisition of CapitaMall Xuefu, CapitaMall Yuhuating and CapitaMall Aidemengdun.
8. The increase in security deposits as at 30 September 2019 was mainly due to the inclusion of CapitaMall Xuefu, CapitaMall Yuhuating and CapitaMall Aidemengdun.
9. The interest-bearing borrowings comprise (i) unsecured term loans of \$1,158.0 million, (ii) fixed notes of S\$130.0 million issued through its S\$1 billion Multicurrency Debt Issuance Programme (net of transaction costs of \$3.5 million) drawn down by the Trust to partially finance the acquisition of the properties in CRCT and as working capital; and (iii) secured RMB term loan facilities of RMB416.5 million (S\$82.2 million) and RMB63.0 million (S\$12.4 million) from the consolidation of CapitaMall Xuefu and CapitaMall Yuhuating respectively.
10. The increase in other payables was mainly due to shareholder's loan due to the previous owner of CapitaMall Yuhuating which is currently in the process of novation to CRCT.
11. The decrease in non-controlling interest was mainly due to the disposal of 51% interest in the company which held CapitaMall Wuhu with effect from 1 July 2019 after its divestment.

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

	Group		Trust	
	30 Sep 2019 S\$'000	31 Dec 2018 S\$'000	30 Sep 2019 S\$'000	31 Dec 2018 S\$'000
Unsecured borrowings				
- Amount repayable within one year	188,000	161,250	188,000	161,250
- Amount repayable after one year	1,100,000	880,000	1,100,000	880,000
Secured borrowings¹				
- Amount repayable within one year	4,624	-	-	-
- Amount repayable after one year	90,059	-	-	-
	1,382,683	1,041,250	1,288,000	1,041,250
Less: Unamortised transaction costs	(3,578)	(3,228)	(3,547)	(3,228)
	1,379,105	1,038,022	1,284,453	1,038,022

Footnote:

1. Details of any collateral
 CapitaMall Xuefu and CapitaMall Yuhuating were acquired with a legal mortgage in favour of the lender over the properties.

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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 \$41.8 million was retained from Distribution Reinvestment Plan on 28 March 2019 and 27 September 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
27-Sep-19	22.5	For repayment of Trust's interest-bearing borrowings, general corporate and working capital purposes.	22.5
Total	41.8		41.8

Gross proceeds of \$279.4 million received from the private placement on 14 August 2019 and preference offering on 3 September 2019 were applied as follows:

Date	Use of proceeds	Amount used
		S\$'million
30-Aug-19	To finance part of the total acquisition cost of CapitaMall Xuefu, CapitaMall Yuhuating and CapitaMall Aidemengdun.	274.4
30-Aug-19	For payment of estimated fees and expenses, including professional fees and expenses, incurred in connection with the acquisition and the Equity Fund Raising.	5.0
Total		279.4

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1(c)(ii) **Statement of Cash Flows (3Q 2019 vs 3Q 2018)**

	Group	
	3Q 2019 S\$'000	3Q 2018 S\$'000
Operating activities		
Total return after taxation	18,157	18,818
Adjustments for:		
Finance income	(1,919)	(1,755)
Finance costs	9,086	7,166
Depreciation and amortisation	258	312
Taxation	11,819	8,408
Manager's management fees payable in Units	2,147	1,603
Change in fair value of investment property	52	-
Change in fair value of financial derivative	(370)	(166)
Share of results (net of tax) of joint venture	(2,197)	(1,414)
Loss on disposal of subsidiary	4,750	-
Write back on trade receivables, net	-	(54)
Operating income before working capital changes	41,783	32,918
Changes in working capital:		
Trade and other receivables	(6,162)	1,144
Trade and other payables	(1,527)	11,038
Cash generated from operating activities	34,094	45,100
Income tax paid	(5,265)	(2,858)
Net cash from operating activities	28,829	42,242
Investing activities		
Interest received	879	599
Capital expenditure on investment properties	(4,456)	(1,855)
Net cash outflow on acquisition of subsidiaries ¹	(430,212)	-
Proceeds from disposal of subsidiary	15,653	-
Refund of deposit received for divestment of subsidiary	(2,063)	-
Deposit paid for acquisition of investment property ²	(47,374)	-
Purchase of plant and equipment	(95)	(78)
Proceeds from disposal of plant and equipment	2	-
Net cash used in investing activities	(467,666)	(1,334)
Financing activities		
Proceeds from issuance of new Units	279,402	-
Distribution to Unitholders ³	(40,271)	(36,289)
Payment of equity issue expenses	(4,542)	-
Payment of financing expenses	(1,085)	(850)
Payment of lease liabilities ⁴	(1,664)	-
Proceeds from drawdown of interest-bearing borrowings	250,000	173,150
Repayment of interest-bearing borrowings	(18,200)	(132,900)
Settlement of derivative contracts	10	-
Interest paid	(9,108)	(6,768)
Net cash from/(used in) financing activities	454,542	(3,657)
Increase in cash and cash equivalents	15,705	37,251
Cash and cash equivalents at beginning of period	155,884	112,708
Effect on exchange rate changes on cash balances	(1,383)	(7,574)
Reclassification of cash balances to assets held for sale	62	-
Cash and cash equivalents at end of period	170,268	142,385

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1(c)(ii) **Statement of Cash Flows (YTD 2019 vs YTD 2018)**

	Group	
	YTD 2019 S\$'000	YTD 2018 S\$'000
Operating activities		
Total return after taxation	112,643	78,530
Adjustments for:		
Finance income	(4,811)	(4,516)
Finance costs	25,693	19,547
Depreciation and amortisation	809	986
Taxation	49,502	34,026
Manager's management fees payable in Units	5,528	4,828
Plant and equipment written off	3	-
Change in fair value of investment properties	(66,627)	(23,642)
Change in fair value of financial derivative	(2,251)	(166)
Share of results (net of tax) of joint venture	(5,877)	(5,565)
Loss on disposal of subsidiary	4,750	-
Impairment losses/(write back) on trade receivables, net	1	(46)
Operating income before working capital changes	119,363	103,982
Changes in working capital:		
Trade and other receivables	(11,483)	(5,238)
Trade and other payables	2,576	(6,455)
Cash generated from operating activities	110,456	92,289
Income tax paid	(21,130)	(20,790)
Net cash from operating activities	89,326	71,499
Investing activities		
Interest received	1,695	1,347
Capital expenditure on investment properties	(8,101)	(6,737)
Net cashflow on acquisition of subsidiaries ¹	(430,212)	-
Net cash outflow on acquisition of joint venture	-	(225,611)
Proceeds from disposal of subsidiary	15,653	-
Deposit received for divestment of subsidiary ⁵	18,453	-
Deposit paid for acquisition of investment property ²	(79,800)	-
Loan to joint venture	-	(98,128)
Purchase of plant and equipment	(187)	(444)
Proceeds from disposal of plant and equipment	2	-
Net cash used in investing activities	(482,497)	(329,573)
Financing activities		
Proceeds from issuance of new Units	279,402	-
Distributions to Unitholders ⁶	(68,335)	(44,309)
Payment of equity issue expenses	(4,542)	(82)
Payment of financing expenses	(1,085)	(1,850)
Payment of lease liabilities ⁴	(2,913)	-
Proceeds from drawdown of interest-bearing borrowings	461,500	586,250
Repayment of interest-bearing borrowings	(232,750)	(294,200)
Settlement of derivative contracts	(530)	(11,033)
Interest paid	(24,062)	(17,362)
Net cash from financing activities	406,685	217,414
Increase/(decrease) in cash and cash equivalents	13,514	(40,660)
Cash and cash equivalents at beginning of period	173,904	186,515
Effect on exchange rate changes on cash balances	32	(3,470)
Reclassification of cash balances to assets held for sale	(17,182)	-
Cash and cash equivalents at end of period	170,268	142,385

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Footnotes:

1. This relates to the acquisition of CapitaMall Xuefu, CapitaMall Yuhuating and CapitaMall Aidemengdun as at 30 August 2019.
2. Deposit paid for acquisition of Yuquan Mall pursuant to the framework agreement dated 31 January 2019.
3. Distribution made to Unitholders in 3Q 2019 was for the period from 1 January 2019 to 13 August 2019 which was paid in September 2019.
Distribution made to Unitholders in 3Q 2018 was for the period from 1 January 2018 to 30 June 2018 which was paid in September 2018.
4. This relates to the payment of the lease liabilities in accordance with the principles of FRS 116 Leases.
5. Deposit received for divestment of interest in Huaxin Saihan Huhhot Real Estate Co., Ltd. pursuant to the framework agreement dated 31 January 2019.
6. Distribution made to Unitholders in YTD 2019 were for the period from 1 July 2018 to 31 December 2018 and 1 January 2019 to 13 August 2019 which were paid in March 2019 and September 2019 respectively. Distribution made to Unitholders in YTD 2018 were for the period from 7 December 2017 to 31 December 2017 and 1 January 2018 to 30 June 2018 which were paid in February 2018 and September 2018 respectively.

1(d)(i) Statement of Movements in Unitholders' Funds (3Q 2019 vs 3Q 2018)

	Group		Trust	
	3Q 2019 S\$'000	3Q 2018 S\$'000	3Q 2019 S\$'000	3Q 2018 S\$'000
Unitholders' funds as at beginning of period	1,637,911	1,658,410	498,566	579,555
Operations				
Change in Unitholders' funds resulting from operations before distribution	18,157	19,555	5,063	4,183
Transfer to general reserve	(1,775)	(1,552)	-	-
Net increase in net assets resulting from operations	16,382	18,003	5,063	4,183
Movements in hedging reserve				
Effective portion of changes in fair value of cash flow hedges	(565)	(243)	(565)	(243)
Movement in foreign currency translation reserve				
Translation differences from financial statements of foreign operations	(20,809)	(97,841)	-	-
Exchange differences on monetary items forming part of net investment in foreign operations	(1,106)	(6,193)	-	-
Net loss recognised directly in Unitholders' funds	(22,480)	(104,277)	(565)	(243)
Movement in general reserve	1,775	1,552	-	-
Unitholders' transactions				
New Units issued ¹				
- Units issued in connection with private placement	154,308	-	154,308	-
- Units issued in connection with preferential offering	125,094	-	125,094	-
Creation of Units paid/payable to manager				
- Units issued and to be issued as satisfaction of the portion of Manager's management fees payable in Units	2,147	1,603	2,147	1,603
Units issued in respect of distribution reinvestment plan	22,535	15,991	22,535	15,991
Distribution to Unitholders ²	(62,806)	(52,280)	(62,806)	(52,280)
Equity issue expenses ³	(6,500)	-	(6,500)	-
Net increase/(decrease) in net assets resulting from Unitholders' transactions	234,778	(34,686)	234,778	(34,686)
Unitholders' funds as at end of period	1,868,366	1,539,002	737,842	548,809

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

	Group		Trust	
	YTD 2019 S\$'000	YTD 2018 S\$'000	YTD 2019 S\$'000	YTD 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	111,441	79,704	(9,322)	(19,082)
Transfer to general reserve	(5,229)	(4,746)	-	-
Net increase/(decrease) in net assets resulting from operations	106,212	74,958	(9,322)	(19,082)
Movements in hedging reserve				
Effective portion of changes in fair value of cash flow hedges	(3,401)	5,980	(3,401)	5,980
Movement in foreign currency translation reserve				
Translation differences from financial statements of foreign operations	(3,000)	(47,821)	-	-
Exchange differences on monetary items forming part of net investment in foreign operations	11	(1,435)	-	-
Exchange differences on hedges of net investment in foreign operations	-	(6,716)	-	-
Net (loss)/gain recognised directly in Unitholders' funds	(6,390)	(49,992)	(3,401)	5,980
Movement in general reserve	5,229	4,746	-	-
Unitholders' transactions				
New Units issued ¹				
- Units issued in connection with private placement	154,308	-	154,308	-
- Units issued in connection with preferential offering	125,094	-	125,094	-
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	5,528	4,828	5,528	4,828
Units issued in respect of distribution reinvestment plan	41,832	15,991	41,832	15,991
Distribution to Unitholders ⁴	(110,167)	(60,300)	(110,167)	(60,300)
Equity issue expenses ³	(6,500)	-	(6,500)	-
Net increase/(decrease) in net assets resulting from Unitholders' Transactions	210,095	(39,481)	210,095	(39,481)
Unitholders' funds at end of period	1,868,366	1,539,002	737,842	548,809

Footnotes:

- 105,043,000 new Units were issued via private placement on 14 August 2019 and 86,871,006 new Units were issued via preferential offering on 3 September 2019 to finance part of the total acquisition cost of CapitaMall Xuefu, CapitaMall Yuhuating and CapitaMall Aidemengdun.
- Distribution made to Unitholders in 3Q 2019 was for the period from 1 January 2019 to 13 August 2019 which was paid in September 2019.
Distribution made to Unitholders in 3Q 2018 was for the period from 1 January 2018 to 30 June 2018 which was paid in September 2018.
- Included underwriting fees and professional fees paid and payable in connection with the private placement and preferential offering which were completed on 14 August 2019 and 3 September 2019 respectively.
- Distribution made to Unitholders in YTD 2019 were for the period from 1 July 2018 to 31 December 2018 and 1 January 2019 to 13 August 2019 which were paid in March 2019 and September 2019 respectively.
Distribution made to Unitholders in YTD 2018 were for the period from 7 December 2017 to 31 December 2017 and 1 January 2018 to 30 June 2018 which were paid in February 2018 and September 2018 respectively.

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1(d)(ii) Details of any change in the issued and issuable Units (3Q 2019 vs 3Q 2018)

	Trust	
	3Q 2019 Units	3Q 2018 Units
Balance as at beginning of period	998,517,317	969,946,518
New Units issued:		
- Units in connection with private placement	105,043,000	-
- Units in connection with preferential offering	86,871,006	-
- As payment of distribution through distribution reinvestment plan	14,792,787	10,602,618
Issued Units as at end of period	1,205,224,110	980,549,136
New Units to be issued:		
- As payment of manager's management fees ¹	1,407,523	1,123,806
Total issued and issuable Units as at end of period	1,206,631,633	981,672,942

Footnote:

1. These were the estimated Units of the base and performance components of the manager's management fees for 3Q 2019 which will be issued in 1Q 2020 and for 3Q 2018 which was issued in March 2019.

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

	Trust	
	YTD 2019 Units	YTD 2018 Units
Balance as at beginning of period	980,549,136	966,225,901
New Units issued:		
- Units in connection with private placement exercise	105,043,000	-
- Units in connection with preferential offering exercise	86,871,006	-
- As payment of distribution through distribution reinvestment plan	28,089,899	10,602,618
- As payment of manager's management fees ¹	4,671,069	3,720,617
Issued Units as at end of period	1,205,224,110	980,549,136
New Units to be issued:		
- As payment of manager's management fees ²	3,597,818	3,230,319
Total issued and issuable Units as at end of period	1,208,821,928	983,779,455

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

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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 (“FRSs”) and interpretations effective for the financial period beginning 1 January 2018 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

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

	Group	
	3Q 2019	3Q 2018 ⁴
Earnings per Unit (“EPU”)		
Basic EPU ¹	1.68¢	2.01¢
Weighted average number of Units in issue	1,080,404,527	974,831,153
Diluted EPU ²	1.67¢	2.00¢
Weighted average number of Units outstanding	1,084,002,345	978,073,502
Number of Units in issue at end of period	1,205,224,110	984,200,831
Distribution per unit (“DPU”)³		
Based on the number of Units in issue at end of period	2.43¢	2.40¢

	Group	
	YTD 2019	YTD 2018 ⁴
Earnings per Unit (“EPU”)		
Basic EPU ¹	10.92¢	8.19¢
Weighted average number of Units in issue	1,020,912,051	973,166,767
Diluted EPU ²	10.89¢	8.16¢
Weighted average number of Units outstanding	1,023,102,346	976,409,116
Number of Units in issue at end of period	1,205,224,110	984,200,831
Distribution per Unit (“DPU”)³		
Based on the number of Units in issue at end of period	7.56¢	7.77¢

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 at the end of each period.*
- Both EPU and DPU for 3Q 2018 and YTD 2018 have been restated for the preferential offering, 86,871,006 Units were issued on 3 September 2019.*

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

	Group		Trust	
	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
NAV/NTA per Unit	\$1.55	\$1.58	\$0.61	\$0.55
Adjusted NAV/NTA per Unit (excluding distributable income)	\$1.54	\$1.54	\$0.60	\$0.50

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8 Review of the performance

8(i) Breakdown of Gross Revenue – Actual

	3Q 2019	3Q 2018	%	3Q 2019	3Q 2018	%
	RMB'000	RMB'000	Change	S\$'000	S\$'000	Change
<u>Multi-Tenanted Malls</u>						
CapitaMall Xizhimen	77,145	75,065	2.8	15,238	15,170	0.4
CapitaMall Wangjing	60,523	59,244	2.2	11,952	11,968	(0.1)
CapitaMall Grand Canyon	34,323	33,047	3.9	6,782	6,675	1.6
CapitaMall Xuefu	13,674	-	100.0	2,727	-	100.0
CapitaMall Xinnan	33,864	33,917	(0.2)	6,687	6,850	(2.4)
CapitaMall Yuhuating	6,536	-	100.0	1,304	-	100.0
CapitaMall Aidemengdun	3,834	-	100.0	765	-	100.0
CapitaMall Qibao	24,591	25,650	(4.1)	4,858	5,183	(6.3)
Total multi-tenanted malls	254,490	226,923	12.1	50,313	45,846	9.7
<u>Master-Leased Malls</u>						
CapitaMall Erqi	12,624	12,438	1.5	2,494	2,511	(0.7)
CapitaMall Shuangjing	12,165	11,529	5.5	2,404	2,328	3.3
Total master-leased malls	24,789	23,967	3.4	4,898	4,839	1.2
CapitaMall Minzhongleyuan	4,153	5,587	(25.7)	818	1,128	(27.5)
CapitaMall Saihan ¹	17,490	17,034	2.7	3,455	3,442	0.4
CapitaMall Wuhu ²	-	502	(100.0)	-	97	(100.0)
Total Gross Revenue	300,922	274,013	9.8	59,484	55,352	7.5

8(ii) Breakdown of Net Property Income – Actual

	3Q 2019	3Q 2018	%	3Q 2019	3Q 2018	%
	RMB'000	RMB'000	Change	S\$'000	S\$'000	Change
<u>Multi-Tenanted Malls</u>						
CapitaMall Xizhimen	53,895	53,423	0.9	10,641	10,795	(1.4)
CapitaMall Wangjing	42,623	42,462	0.4	8,412	8,577	(1.9)
CapitaMall Grand Canyon	22,036	21,958	0.4	4,351	4,432	(1.8)
CapitaMall Xuefu	9,592	-	100.0	1,913	-	100.0
CapitaMall Xinnan	24,790	24,151	2.6	4,896	4,878	0.4
CapitaMall Yuhuating	3,639	-	100.0	726	-	100.0
CapitaMall Aidemengdun	2,135	-	100.0	426	-	100.0
CapitaMall Qibao ³	18,106	12,469	45.2	3,577	2,521	41.9
Total multi-tenanted malls	176,816	154,463	14.5	34,942	31,203	12.0
<u>Master Leased Malls</u>						
CapitaMall Erqi	10,827	10,639	1.8	2,139	2,148	(0.4)
CapitaMall Shuangjing	9,923	9,325	6.4	1,960	1,882	4.1
Total master-leased malls	20,750	19,964	3.9	4,099	4,030	1.7
CapitaMall Minzhongleyuan ³	367	438	(16.2)	70	89	(21.3)
CapitaMall Saihan ¹	10,101	9,744	3.7	1,994	1,967	1.4
CapitaMall Wuhu ²	-	(2,753)	(100.0)	-	(557)	(100.0)
Total Net Property Income	208,034	181,856	14.4	41,105	36,732	11.9

N.M. – not meaningful

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Footnotes:

1. *The mall is classified under assets held for sale.*
2. *The mall was divested with effect from 1 July 2019.*
3. *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.*

3Q 2019 vs 3Q 2018

In RMB terms, gross revenue in 3Q 2019 increased by RMB26.9 million, or 9.8% higher than 3Q 2018. The increase was mainly due to the new contribution from CapitaMall Xuefu, CapitaMall Yuhuating and CapitaMall Aidemengdun which were acquired on 30 August 2019. In SGD terms, gross revenue in 3Q 2019 increased by \$4.1 million, or 7.5% over 3Q 2018.

Property expenses for 3Q 2019 decreased by \$0.2 million, or 1.3% compared to 3Q 2018. This was mainly due to exclusion of land rental expenses as a result of the application of the principles of FRS 116 *Leases* offset by the consolidation of the property expenses from CapitaMall Xuefu, CapitaMall Yuhuating and CapitaMall Aidemengdun.

Management fees payable to the manager were \$0.6 million, or 18.5% higher than 3Q 2018 mainly due to higher deposited properties and net property income arising from the acquisition of CapitaMall Xuefu, CapitaMall Yuhuating and CapitaMall Aidemengdun in 3Q 2019.

Finance costs in 3Q 2019 was \$1.9 million, or 26.8% higher than 3Q 2018. This was mainly due to the additional loans taken up to part finance the acquisition of CapitaMall Xuefu, CapitaMall Yuhuating, CapitaMall Aidemengdun and consolidation of the onshore RMB denominated interest-bearing borrowings.

Share of results (net of tax) from joint venture relates to the contribution from Rock Square which was acquired on 31 January 2018. Gross revenue in 3Q 2019 increased by \$0.8 million was mainly due to consecutive strong rental reversion achieved since acquisition.

Taxation in 3Q 2019 increased by \$3.4 million, or 40.6% as compared to 3Q 2018. The higher taxation in 3Q 2019 was mainly due to the one-off realised foreign exchange gain relating to the repayment of the USD denominated shareholder's loan principal from CapitaMall Saihan and the consolidation of taxation from CapitaMall Xuefu, CapitaMall Yuhuating and CapitaMall Aidemengdun.

YTD 2019 vs YTD 2018

In RMB terms, gross revenue in YTD 2019 increased by RMB44.2 million, or 5.4% higher than YTD 2018. The increase was mainly due to stronger rental growth from the core multi-tenanted malls and new contribution from CapitaMall Xuefu, CapitaMall Yuhuating and CapitaMall Aidemengdun which were acquired on 30 August 2019. The increase was partially offset by lower revenue in CapitaMall Qibao as a result of one-off forfeiture of security deposit from pre-termination of leases in YTD 2018 and CapitaMall Wuhu which was divested with effect from 1 July 2019. In SGD terms, gross revenue in YTD 2019 increased by \$3.6 million, or 2.2% over YTD 2018.

Property expenses for YTD 2019 decreased by \$6.1 million, or 11.0% compared to YTD 2018. This was mainly due to the exclusion of land rental expenses in YTD 2019 as a result of the application of the principles of FRS 116 *Leases* and lower operating expenses in CapitaMall Wuhu, following its divestment.

Management fees payable to the manager were \$0.9 million, or 8.6% higher than YTD 2018 mainly due to higher deposited properties and net property income arising from the acquisition of CapitaMall Xuefu, CapitaMall Yuhuating and CapitaMall Aidemengdun.

Finance costs in YTD 2019 was \$6.1 million, or 31.4% higher than YTD 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 for acquisition purposes and inclusion of interest expense liabilities in YTD 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.

Taxation in YTD 2019 increased by \$15.5 million, or 45.5% as compared to YTD 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 3Q 2019 GDP came in within expectations at 6.0% while urban households disposable income per capita maintained a stable trend of 7.9% for the first nine months of 2019¹ (1H 2019 at 8.0%). Amidst the backdrop of the ongoing US-China trade issue and muted global growth, China's economic data points (such as industrial production and exports) have inevitably experienced some moderating downward pressures. Although China will still likely achieve the lower end of its full-year GDP forecast for 2019, growth expectations moving forward are likely to be tempered, in part due to China's own high base of past growth and the more recent geopolitical tensions².

In the interim, Chinese consumer confidence remains fairly resilient³, in a sign that the consumers remain positive over the government's ability to stimulate and maintain China's growth. The implemented income tax cuts enacted by the government at the start of the year should gradually transfer more wealth to the Chinese households, and help to bolster consumer spending⁴ while improving corporate earnings.

Additionally, the Chinese government made its third cut to the Reserve Requirement Ratio in September as it boosted the ability of banks to lend by RMB900 billion⁵. The move will lower the financing costs for corporates and SMEs (small and medium enterprises), and help to provide supportive funding for capital investments. The Chinese government also gave its local government and financial institutions more flexibility in the form of relaxed debt limits to fund infrastructure projects⁶.

Given the series of proactive monetary and fiscal policy stimulus implemented by the Chinese government over the course of the year so far, it is evident that the Chinese leadership is intent on supporting the domestic economy, even if it entails ceding some ground in its push to reduce overall debt levels in the Chinese system. With consumer spending as the ultimate beneficiary of these policy enactments, growth prospects remain healthy and encouraging for retail entities like CRCT.

Beijing Retail Market Update

For the first nine months of 2019, Beijing's GDP came in at 6.2% year-on-year. Over the same period, urban disposable income and expenditure per capita rose 8.8% and 7.6% year-on-year respectively, while retail sales increased 4.8% year-on-year⁷.

Overall retail space increased in the city by 78,700 sq m to 10.2 million sq m with two new retail projects launched in the market in 2Q 2019. Even with the increase, city-wide shopping mall first-floor rents continued to rise with an increase of 0.4% quarter-on-quarter (or 2.2% year-on-year) to an average of RMB949.4 sq m per month. Food and Beverage (F&B) retailers accounted for the bulk of the leasing demand (33.2% of leasing transactions during the quarter) with fashion retailers (specifically international brands) next at 23.6%, and accessory retailers third at 13.6%. In terms of retailer origin, leasing demand was firm from both international and domestic retailers with the split at 49.7% to 50.3% for new store openings, respectively.

For the second half of the year, supply is expected to tick higher though the influx is mainly situated in non-prime and suburban districts. Following the ongoing development and progression of the Beijing retail sector, it is increasingly likely that leading operators of shopping malls will progressively emerge as the leader behind retail innovation and rental growth⁸. Given the choice locations of CRCT's malls in Beijing and our ability to curate retail experience and mix to capture repeat spending, CRCT malls is well poised to sustain healthy levels of consumer footfall.

¹ China National Bureau of Statistics

² CNBC, It's 'Very Difficult' for China's Economy to Maintain 6% Growth, Says Premier Li Keqiang, 15 September 2019

³ Xinhuanet, China Consumer Trend Index Remains at High Level in 2Q: Report, 13 August 2019

⁴ CNBC, China's Tax Cuts May Be Able to Offset the Cost of Trade Tariffs, Economist Says, 24 July 2019

⁵ Financial Times, China Spurs Banks to Lend More as Economic Growth Flags, 6 September 2019

⁶ Xinhuanet, China Steps Up Local Government Bond Issuance to Support Key Areas, Major Projects, 10 June 2019

⁷ Beijing Bureau of Statistics

⁸ Savills, Retail Briefing, Beijing, July 2019

Shanghai Retail Market Update

Shanghai's GDP grew 6.0% year-on-year for the first nine months of 2019. During the same period, urban disposable income per capita rose 8.2% year-on-year and retail sales increased 7.2% year-on-year⁹.

Similar to the prior quarter, only one new project was launched in 2Q 2019, which added a marginal 44,400 sq m to overall market supply. The limited supply helped to support first-floor rents as it inched up by another 0.4% quarter-on-quarter to an average of RMB27.6 per sq m per day. In terms of segmental focus areas, kids retail categories were the main theme as landlords sought to increase their exposure in an effort to capture family spending and lengthen their time spent at their respective shopping centres.

With the muted supply in 1H 2019, there is an expectation for a comparatively larger supply to come onboard in the second half of the year. Currently, eleven new projects adding an estimated 800,000 sq m in retail space have been earmarked for opening in the later part of 2019 but these projects are mainly small and medium-sized shopping centres (with only two centres larger than 100,000 sq m). Balancing this influx is the postponement in opening dates for several other larger regional shopping centres into 2020, which will help to ease supply side pressures for the remainder of the year¹⁰.

Guangzhou Retail Market Update

Guangzhou's 1H 2019 GDP came in at 7.1% while urban disposable income and expenditure per capita grew 8.5% and 5.5% year-on-year respectively. For the eight months to August 2019, retail sales rose 8.1% year-on-year¹¹.

In a similar trend with Shanghai, only one project was launched in the 2Q 2019 that added a total GFA of 45,000 sq m to city-wide for a total of 5.2 million sq m. With the small increment, city-wide average rent grew by 1.5% quarter-on-quarter to RMB753.5 per sq m per month as domestic retailers maintained their expansion plans to aggressively market their products¹². In terms of trade categories, fast fashion, sports retailers and F&B continued to expand actively during the quarter¹³.

For the remainder of 2019, ten new shopping centres with a total retail GFA of 1.3 million sq m are scheduled to debut. However, most of which are in non-prime areas¹⁴.

Chengdu Retail Market Update

Chengdu's 1H 2019 GDP increased 8.2% while urban per capita disposable income rose 8.7% year-on-year. For the eight months to August 2019, retail sales increased 9.8% year-on-year¹⁵.

Initiatives by the Chengdu government (e.g. "First-Store" economy plan in 2019) have invigorated demand, which helped to push the average first-floor mall rent up slightly by 0.1% quarter-on-quarter to RMB437.1 per sq m per month. This local initiative was rolled out to support the introduction of brands' first stores to the city. As a result, more international brands have descended onto the city to take advantage of the policy, with reportedly more than 100 new entrants setting up in Chengdu thus far in 2019¹⁶. Overall, demand for fashion, household products and F&B remained firm¹⁷.

Chengdu's retail market is expected to see an influx of 234,000 sq m in supply in the second half of the year, which may lead to slight fluctuations in vacancy rates and moderating rental growth. Nonetheless, there is an expectation that the need for more refined and personalised consumer demands will lead to leisure and entertainment brands adapting and developing their offerings to elevate and sustain consumer sentiment, which will in turn provide stability in the demand for retail space¹⁸.

⁹ Shanghai Bureau of Statistics

¹⁰ Savills, Retail Briefing, Shanghai, July 2019

¹¹ Guangzhou Bureau of Statistics

¹² Savills, Retail Briefing, Guangzhou, June 2019

¹³ Cushman & Wakefield, Guangzhou Retail, Market Beats, July 2019

¹⁴ Savills, Retail Briefing, Guangzhou, June 2019

¹⁵ Chengdu Bureau of Statistics

¹⁶ Cushman & Wakefield, Chengdu Retail, Market Beats, July 2019

¹⁷ Colliers Quarterly 2Q 2019, Market Remains Active, Existing Projects Continue Upgrading, 22 July 2019

¹⁸ Savills, Retail Briefing, Chengdu, July 2019

Wuhan Retail Market Update

In 1H 2019, Wuhan's GDP came in at 8.1% year-on-year and urban disposable income per capita grew at 9.1%. Retail sales increased 9.0% for the first eight months of the year¹⁹.

In 2Q 2019, two shopping malls with a total of 142,000 sq m came online and pushed up the city-wide retail property stock to 6.12 million sq m. The average rent of the first floor increased by 0.3% quarter-on-quarter to RMB330.8 per sq m per month even as total supply ticked higher. New-to-market retailers drove leasing demand for the period while popular tea brands continued to expand in the Wuhan market.

2019 supply should continue to remain manageable as some scheduled launches have been delayed into 2020. Landlords will continue to focus on adjusting their branding mix in their existing projects while the market is expected to gain the influx of first stores. Some examples include the introduction of popular F&B and aspirational retail brands²⁰.

11 Distribution

11(a) Current Financial Period

Any distribution declared for the current financial period? No.

11(b) Corresponding period of the preceding financial period

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

11(c) Date payable : Not applicable

11(d) Book closure date : Not applicable

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

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 30 September 2019.

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.

¹⁹ Wuhan Bureau of Statistics

²⁰ Savills, Retail Briefing, Wuhan, July 2019

**CAPITALAND RETAIL CHINA TRUST
2019 THIRD QUARTER UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT**

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

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

On behalf of the Board of the Manager

Mr Lim Cho Pin Andrew Geoffrey
Director

Mr Tan Tze Woi
Chief Executive Officer / Director

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

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

Chuo Cher Shing
Company Secretary
25 October 2019