

CAPITALAND MALAYSIA MALL TRUST
CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2017

CAPITALAND MALAYSIA MALL TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2017 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 30 JUNE 2017 (UNAUDITED) RM'000	AS AT 31 DECEMBER 2016 (AUDITED) RM'000
Assets		
Plant and equipment	2,416	2,759
Investment properties	3,936,000	3,938,000
Total non-current assets	3,938,416	3,940,759
Trade and other receivables	17,435	16,035
Cash and cash equivalents	187,306	192,097
Total current assets	204,741	208,132
Total assets	4,143,157	4,148,891
Equity		
Unitholders' capital	2,167,441	2,162,544
Undistributed profit	505,492	523,045
Total unitholders' funds	2,672,933	2,685,589
Liabilities		
Borrowings	1,271,807	1,268,108
Tenants' deposits	40,252	40,914
Total non-current liabilities	1,312,059	1,309,022
Borrowings	50,700	43,700
Tenants' deposits	53,646	53,432
Trade and other payables	53,819	57,148
Total current liabilities	158,165	154,280
Total liabilities	1,470,224	1,463,302
Total equity and liabilities	4,143,157	4,148,891
Number of units in circulation ('000 units)	2,034,635	2,031,458
Net asset value ("NAV")		
- before income distribution	2,672,933	2,685,589
- after income distribution	2,588,699	2,599,658
NAV per unit (RM)		
- before income distribution	1.3137	1.3220
- after income distribution	1.2723	1.2797

The unaudited condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for the year ended 31 December 2016.

CAPITALAND MALAYSIA MALL TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2017 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	CURRENT QUARTER 30 JUNE		YEAR TO DATE 30 JUNE	
	2017 (UNAUDITED) RM'000	2016 (UNAUDITED) RM'000	2017 (UNAUDITED) RM'000	2016 (UNAUDITED) RM'000
Gross rental income	71,913	72,727	144,906	146,811
Car park income	6,020	5,866	12,219	12,290
Other revenue	13,881	13,416	27,133	26,551
Gross revenue	91,814	92,009	184,258	185,652
Maintenance expenses	(8,340)	(7,588)	(16,387)	(14,607)
Utilities	(12,673)	(13,256)	(25,424)	(26,836)
Other operating expenses ¹	(11,011)	(11,121)	(22,941)	(23,569)
Property operating expenses	(32,024)	(31,965)	(64,752)	(65,012)
Net property income	59,790	60,044	119,506	120,640
Interest income	1,333	1,438	2,746	2,907
Fair value (loss)/gain of investment properties (net)	(11,773)	2,572	(11,773)	2,572
Net investment income	49,350	64,054	110,479	126,119
Manager's management fee	(5,836)	(5,826)	(11,609)	(11,638)
Trustee's fee	(100)	(100)	(199)	(200)
Auditor's fee	(48)	(56)	(96)	(113)
Tax agent's fee	(7)	(8)	(14)	(17)
Valuation fee	(79)	(73)	(147)	(145)
Finance costs	(14,868)	(14,835)	(29,528)	(29,567)
Other non-operating expenses ¹	(274)	(385)	(508)	(619)
	(21,212)	(21,283)	(42,101)	(42,299)
Profit before taxation	28,138	42,771	68,378	83,820
Taxation	-	-	-	-
Profit for the period	28,138	42,771	68,378	83,820
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	28,138	42,771	68,378	83,820
Distribution adjustments ²	13,790	(524)	15,923	1,449
Income available for distribution	41,928	42,247	84,301	85,269
Distributable income³	41,914	42,263	84,234	85,189
Realised	39,911	40,199	80,151	81,248
Unrealised ⁴	(11,773)	2,572	(11,773)	2,572
	28,138	42,771	68,378	83,820

CAPITALAND MALAYSIA MALL TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2017 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(CONTINUED)

	CURRENT QUARTER 30 JUNE		YEAR TO DATE 30 JUNE	
	2017 (UNAUDITED)	2016 (UNAUDITED)	2017 (UNAUDITED)	2016 (UNAUDITED)
Earnings per unit (sen)⁵				
- before Manager's management fee (sen)	1.67	2.40	3.93	4.71
- after Manager's management fee (sen)	1.38	2.11	3.36	4.14
Distribution per unit ("DPU") (sen)	2.06	2.08	4.14	4.20
DPU (sen) – annualised	8.26	8.37	8.35	8.45

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for the year ended 31 December 2016.

1. Included in the other operating expenses and other non-operating expenses are the following:

	CURRENT QUARTER 30 JUNE		YEAR TO DATE 30 JUNE	
	2017 (UNAUDITED) RM'000	2016 (UNAUDITED) RM'000	2017 (UNAUDITED) RM'000	2016 (UNAUDITED) RM'000
Allowance for impairment losses of trade receivables	(322)	(56)	(462)	(222)
Foreign exchange gain/(loss):				
- Unrealised	*	*	*	*
- Realised	(3)	(5)	(4)	(8)

* less than RM1,000

CAPITALAND MALAYSIA MALL TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2017 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(CONTINUED)

2. Included in the distribution adjustments are the following:

	CURRENT QUARTER 30 JUNE		YEAR TO DATE 30 JUNE	
	2017 (UNAUDITED) RM'000	2016 (UNAUDITED) RM'000	2017 (UNAUDITED) RM'000	2016 (UNAUDITED) RM'000
Fair value loss/(gain) of investment properties (net)	11,773	(2,572)	11,773	(2,572)
Manager's management fee payable in units *	2,370	2,419	4,775	4,880
Depreciation	343	310	689	659
Amortisation of transaction costs on borrowings	350	356	699	713
Tax and other adjustments	(1,046)	(1,037)	(2,013)	(2,231)
	<u>13,790</u>	<u>(524)</u>	<u>15,923</u>	<u>1,449</u>

* This is calculated with reference to the net property income of all properties except for East Coast Mall which is payable in cash.

3. The difference between distributable income and income available for distribution is due to rollover adjustment for rounding effect of DPU.
4. This refers to unrealised profit, if any, which is not available for income distribution.
5. Earnings per unit ("EPU") is computed based on profit for the quarter/period divided by the weighted average number of units at the end of the quarter/period. The computation of EPU after Manager's management fee for the current quarter is set out in B12.

CAPITALAND MALAYSIA MALL TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2017 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSET VALUE

	Unitholders' Capital RM'000	Realised RM'000	Undistributed Profit Unrealised RM'000	Total Unitholders' Funds RM'000
As at 1 January 2016	2,153,529	18,925	502,340	2,674,794
Total comprehensive income for the financial period	-	81,248	2,572	83,820
Unitholders' transactions				
- Units issued as part satisfaction of the Manager's management fee	4,820	-	-	4,820
- Placement expenses	(685)	-	-	(685)
- Distribution paid to unitholders ¹	-	(80,789)	-	(80,789)
Increase/(Decrease) in net assets resulting from unitholders' transactions	4,135	(80,789)	-	(76,654)
As at 30 June 2016 (Unaudited)	2,157,664	19,384	504,912	2,681,960
As at 1 January 2017	2,162,544	16,673	506,372	2,685,589
Total comprehensive income for the financial period	-	80,151	(11,773)	68,378
Unitholders' transactions				
- Units issued as part satisfaction of the Manager's management fee	4,897	-	-	4,897
- Distribution paid to unitholders ²	-	(85,931)	-	(85,931)
Increase/(Decrease) in net assets resulting from unitholders' transactions	4,897	(85,931)	-	(81,034)
As at 30 June 2017 (Unaudited)	2,167,441	10,893	494,599	2,672,933

The unaudited condensed consolidated statement of changes in net asset value should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for the year ended 31 December 2016.

1. This refers to 2015 final income distribution of 3.99 sen per unit for the period from 9 July 2015 to 31 December 2015 paid on 29 February 2016.
2. This refers to the 2016 final income distribution of 4.23 sen per unit for the period from 1 July 2016 to 31 December 2016 paid on 28 February 2017.

CAPITALAND MALAYSIA MALL TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2017 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	SIX MONTHS ENDED	
	30 JUNE	30 JUNE
	2017	2016
	(UNAUDITED)	(UNAUDITED)
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before taxation	68,378	83,820
Adjustments for:-		
Manager's management fee payable in units	4,775	4,880
Depreciation	689	659
Fair value loss/(gain) of investment properties (net)	11,773	(2,572)
Finance costs	29,528	29,567
Interest income	(2,746)	(2,907)
Plant and equipment written off	3	27
Operating profit before changes in working capital	112,400	113,474
Changes in working capital:		
Trade and other receivables	(1,400)	(666)
Trade and other payables	(688)	(1,351)
Tenants' deposits	(448)	(618)
Net cash generated from operating activities	109,864	110,839
Cash Flows From Investing Activities		
Acquisition of plant and equipment	(349)	(775)
Capital expenditure on investment properties	(12,173)	(22,796)
Interest received	2,746	2,907
Net cash used in investing activities	(9,776)	(20,664)
Cash Flows From Financing Activities		
Distribution paid to unitholders	(85,931)	(80,789)
Interest paid	(28,873)	(28,003)
Payment of financing expenses	(75)	(164)
Payment of placement expenses	-	(983)
Placement of pledged deposits with a licensed bank	(3,243)	-
Proceeds from interest bearing borrowings	10,000	43,600
Repayment of interest bearing borrowings	-	(22,900)
Net cash used in financing activities	(108,122)	(89,239)
Net (decrease)/increase in cash and cash equivalents	(8,034)	936
Cash and cash equivalents at beginning of the period	188,857	180,236
Cash and cash equivalents at end of the period	180,823	181,172
Cash and cash equivalents at end of the period comprises:		
Deposits placed with licensed banks	154,547	160,128
Cash and bank balances	32,759	27,784
	187,306	187,912
Less: Pledged deposits	(6,483)	(6,740)
	180,823	181,172

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for the year ended 31 December 2016.

CAPITALAND MALAYSIA MALL TRUST

FOR THE SECOND QUARTER ENDED 30 JUNE 2017 (UNAUDITED)

Part A – Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134 and International Accounting Standards (“IAS”) 34

A1. Basis of Preparation

The condensed consolidated interim financial statements of the Group as at and for the second quarter ended 30 June 2017 comprise CMMT and its subsidiary. These interim financial statements have been prepared on the historical cost basis except for investment properties and financial instruments which are stated at fair value.

The condensed consolidated interim financial statements have been prepared in compliance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and with IAS 34: Interim Financial Reporting, Paragraph 9.44 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), provisions of the amended and restated trust deed dated 15 September 2015 (the “Trust Deed”) and the Securities Commission’s Guidelines on Real Estate Investment Trusts (the “REITs Guidelines”).

The condensed consolidated interim financial statements should be read in conjunction with the accompanying explanatory notes attached to the condensed consolidated interim financial statements and the audited consolidated financial statements of the Group for the year ended 31 December 2016.

A2. Changes in Accounting Policies

On 1 January 2017, the Group and CMMT adopted the following Amendments to MFRSs effective for annual periods beginning on or after 1 January 2017:

Amendments to MFRS 107, Statement of Cash Flows – Disclosure Initiative

Amendments to MFRS 112, Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of the above Amendments to MFRSs does not have significant impact on the financial results of the Group and of CMMT.

A3. Audit Report of Preceding Financial Year

The audit report for the financial year ended 31 December 2016 was not qualified.

A4. Comment on Seasonality or Cyclicity of Operations

The business operations of the Group and of CMMT may be affected by seasonal or cyclical factors, including but not limited to changes in rental demand and supply of properties which depend on market conditions, economic cycle, financial performance of its tenants, availability of credit facilities and interest rate environment.

A5. Unusual Items Due To Their Nature, Size or Incidence

Nil.

A6. Changes in Estimates Of Amount Reported

Nil.

A7. Debt and Equity Securities

Save as disclosed in B8, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities in the current quarter.

A8. Income Distribution Policy

In line with the distribution policy as set out in the Trust Deed, the Manager will distribute at least 90.0% of its distributable income to its unitholders in each financial year. CMMT will make distributions to its unitholders on a semi-annual basis for each six-month period ending 30 June and 31 December of each year.

CAPITALAND MALAYSIA MALL TRUST
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A9. Segmental Reporting

Segmental results for the quarter/period ended 30 June 2017 are as follows:

Business Segment	2Q 2017			2Q 2016		
	Retail RM'000	Office RM'000	Total RM'000	Retail RM'000	Office RM'000	Total RM'000
Gross revenue	90,170	1,644	91,814	90,202	1,807	92,009
Net property income	58,737	1,053	59,790	58,935	1,109	60,044
Interest income			1,333			1,438
Fair value (loss)/gain of investment properties (net)			(11,773)			2,572
Unallocated expenses			(6,344)			(6,448)
Finance costs			(14,868)			(14,835)
Profit before taxation			28,138			42,771
Taxation			-			-
Profit for the period			28,138			42,771

	YTD 2017			YTD 2016		
	Retail RM'000	Office RM'000	Total RM'000	Retail RM'000	Office RM'000	Total RM'000
Gross revenue	180,931	3,327	184,258	182,057	3,595	185,652
Net property income	117,383	2,123	119,506	118,349	2,291	120,640
Interest income			2,746			2,907
Fair value (loss)/gain of investment properties (net)			(11,773)			2,572
Unallocated expenses			(12,573)			(12,732)
Finance costs			(29,528)			(29,567)
Profit before taxation			68,378			83,820
Taxation			-			-
Profit for the period			68,378			83,820

A10. Valuation of Investment Properties

The investment properties are valued by independent professional valuers and the differences between the valuation and the carrying values of the respective investment properties are charged or credited to the profit or loss for the period in which they arise.

For the quarter ended 30 June 2017, the investment properties were valued based on valuations performed by independent professional valuers on 30 June 2017. Net fair value loss arising from the valuations amounting to RM11.8 million was recognised during the quarter.

A11. Subsequent Events

Nil.

CAPITALAND MALAYSIA MALL TRUST
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A12. Changes in Composition of the Trust

Nil.

A13. Changes in Contingent Liabilities and Contingent Asset

Nil.

A14. Capital Commitments

Capital commitments in relation to capital expenditure are as follows:

Contracted but not provided for

RM'000

8,090

CAPITALAND MALAYSIA MALL TRUST
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Part B - Additional Information Pursuant to Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

B1. Review of Performance

	2Q 2017 (Unaudited) RM'000	2Q 2016 (Unaudited) RM'000	Change %	YTD 2017 (Unaudited) RM'000	YTD 2016 (Unaudited) RM'000	Change %
(a) Breakdown of Gross Revenue						
Gurney Plaza	35,414	33,414	6.0	71,878	67,444	6.6
Sungei Wang Plaza	9,892	11,599	(14.7)	20,077	23,806	(15.7)
The Mines	19,042	19,992	(4.8)	38,219	40,178	(4.9)
Tropicana City Property ¹	12,712	12,891	(1.4)	25,339	26,067	(2.8)
East Coast Mall	14,754	14,113	4.5	28,745	28,157	2.1
Total Gross Revenue	91,814	92,009	(0.2)	184,258	185,652	(0.8)
(b) Breakdown of Property Operating Expenses						
Gurney Plaza	9,963	9,829	1.4	19,906	20,214	(1.5)
Sungei Wang Plaza	5,149	4,554	13.1	10,537	8,999	17.1
The Mines	6,575	7,031	(6.5)	13,808	14,496	(4.7)
Tropicana City Property	5,477	5,538	(1.1)	10,737	11,039	(2.7)
East Coast Mall	4,860	5,013	(3.1)	9,764	10,264	(4.9)
Total Property Operating Expenses	32,024	31,965	0.2	64,752	65,012	(0.4)
(c) Breakdown of Net Property Income						
Gurney Plaza	25,451	23,585	7.9	51,972	47,230	10.0
Sungei Wang Plaza	4,743	7,045	(32.7)	9,540	14,807	(35.6)
The Mines	12,467	12,961	(3.8)	24,411	25,682	(4.9)
Tropicana City Property	7,235	7,353	(1.6)	14,602	15,028	(2.8)
East Coast Mall	9,894	9,100	8.7	18,981	17,893	6.1
Total Net Property Income	59,790	60,044	(0.4)	119,506	120,640	(0.9)

¹ Tropicana City Mall and Tropicana City Office Tower (collectively known as Tropicana City Property)

CAPITALAND MALAYSIA MALL TRUST

FOR THE SECOND QUARTER ENDED 30 JUNE 2017 (UNAUDITED)

B1. Review of Performance (cont'd)

Quarter Results (2Q 2017 vs 2Q 2016)

The Group recorded gross revenue of RM91.8 million in 2Q 2017, a decrease of RM0.2 million or 0.2% against 2Q 2016. The decrease was mainly due to negative rental reversions from Sungei Wang Plaza ("SWP"), as SWP continues to be temporarily affected by the ongoing Mass Rapid Transit works and the closure of BB Plaza. Lower gross revenue was recorded for The Mines ("TM") mainly due to lower rental rates and occupancy whilst lower gross revenue in Tropicana City Property ("TCP") was mainly due to lower occupancy at the office tower. The decrease was mitigated by better performance from Gurney Plaza ("GP") and East Coast Mall ("ECM") on the back of higher rental rates achieved.

Property operating expenses for 2Q 2017 were RM32.0 million, an increase of RM0.1 million or 0.2% against 2Q 2016. This was mainly attributed to the increase in service charge at SWP and marketing expenses. The increase was offset by lower utilities consumption and staff cost reimbursements.

The net property income for 2Q 2017 of RM59.8 million was 0.4% lower than 2Q 2016.

CMMT registered a net fair value loss of RM11.8 million on investment properties in 2Q 2017.

Finance costs for 2Q 2017 of RM14.9 million were 0.2% higher than 2Q 2016. The increase in finance costs was mainly due to higher interest expenses from additional revolving credit facilities drawn down for capital expenditure works, partly offset by lower average cost of debt and commitment fees. Average cost of debt for 2Q 2017 was 4.39% p.a. (2Q 2016: 4.50% p.a.).

CMMT has incurred RM5.9 million of capital expenditure during the quarter. This includes tenancy works at TM as well as reconfiguration works on the Concourse level at SWP.

Overall, distributable income to unitholders for 2Q 2017 was RM41.9 million, a decrease of RM0.3 million or 0.8% against 2Q 2016.

Financial Year-to-date Results (YTD 2017 vs YTD 2016)

The Group recorded gross revenue of RM184.3 million, a decrease of RM1.4 million or 0.8% over the previous financial period. The decrease was mainly due to negative rental reversions from SWP, as SWP continues to be temporarily affected by the ongoing Mass Rapid Transit works and the closure of BB Plaza. Lower gross revenue was recorded for TM mainly due to lower rental rates and occupancy in TM whilst lower gross revenue in TCP was mainly due to lower rental rates at the mall and lower occupancy at the office tower. The decrease was mitigated by better performance from GP and ECM on the back of higher rental rates achieved.

Property operating expenses for YTD 2017 were RM64.8 million, a decrease of RM0.3 million or 0.4% over the previous financial period. This was mainly due to lower utilities consumption and staff cost reimbursements, offset by increase in service charge at SWP.

The net property income for YTD 2017 of RM119.5 million was 0.9% lower than YTD 2016.

CMMT registered a net fair value loss of RM11.8 million on investment properties in YTD 2017.

Finance costs for YTD 2017 of RM29.5 million were 0.1% lower than YTD 2016. The decrease was mainly due to lower average cost of debt and commitment fees, partly offset by higher interest expenses from additional revolving credit facilities drawn down for capital expenditure works. Average cost of debt for YTD 2017 was 4.39% p.a. (YTD 2016: 4.50% p.a.).

CMMT has incurred RM9.8 million of capital expenditure for the properties during the financial period. This includes tenancy works at TM and TCP, asset enhancement works on Basement 1 at GP as well as reconfiguration works on the Concourse level at SWP.

CAPITALAND MALAYSIA MALL TRUST

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B1. Review of Performance (cont'd)

Financial Year-to-date Results (YTD 2017 vs YTD 2016) (cont'd)

Overall, distributable income to unitholders for the financial period was RM84.2 million, a decrease of RM1.0 million or 1.1% against YTD 2016.

B2. Material Changes in Quarter Results

	Quarter ended 30 June 2017 RM'000	Quarter ended 31 March 2017 RM'000
Profit before taxation	28,138	40,240
Add/(Less): Fair value loss/(gain) of investment properties (net)	11,773	-
Profit before taxation, excluding net fair value loss of investment properties	<u>39,911</u>	<u>40,240</u>

Other than the net fair value loss resulting from the valuation as at 30 June 2017, there is no material change in the financial results of 2Q 2017 as compared to 1Q 2017.

B3. Investment Objectives and Strategies

The investment objectives and strategies of the Group remain unchanged, i.e. to invest on a long term basis, in a portfolio of income-producing real estate primarily used for retail purposes and located primarily in Malaysia or such other non-real estate investments as may be permitted under the Trust Deed, the REITs Guidelines or by the Securities Commission of Malaysia, with a view to providing unitholders with long-term and sustainable distribution of income and potential capital growth.

B4. Commentary on Prospects

The Malaysian economy grew 5.6% in the first quarter of 2017 (1Q 2017), underpinned by strong private consumption and private investment. Despite global economic uncertainties, the Malaysian economy is expected to remain on a steady growth path and achieve 4.3% to 4.8% growth for the whole of 2017 (source: Bank Negara Malaysia). Meanwhile, retail sales for 1Q 2017 have yet to recover from the impact of Goods & Services Tax and fell further by 1.2% year-on-year, following a contraction of 4.4% in 1Q 2016 against 1Q 2015 (source: Retail Group Malaysia Industry Report, June 2017).

In light of the uncertainties on the economic front, consumer and business sentiments are expected to remain cautious throughout 2017 as concerns over rising costs of living persist. As the competition in the market place heats up with the opening of new shopping malls – of which many are located in the Klang Valley – in the second half of this year (2H 2017), the Manager expects the operating environment to remain challenging. As CMMT's malls are largely focused on day-to-day necessity shopping, they have proven resilient through economic cycles in the past and should continue to do so. The Manager also expects the recent commencement of the Sungai Buloh-Kajang Mass Rapid Transit line to benefit Sungei Wang Plaza in the long term.

To ensure CMMT malls remain relevant and attractive to shoppers, the Manager continually reinvents its assets through enhancement initiatives, introduces new-to-market brands and develops unique experiential marketing initiatives. The Manager remains committed to ensure CMMT is well positioned to sustain its performance and deliver sustainable income distributions to unitholders in 2H 2017.

B5. Profit Guarantee(s)

CMMT is not involved in any arrangement whereby it provides profit guarantee(s).

CAPITALAND MALAYSIA MALL TRUST
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B6. Tax Expense

Pursuant to the amendment of Section 61A of the Income Tax Act, 1967, effective from the Year of Assessment 2007, the total income of a REIT for a year of assessment will be exempted from income tax provided that the REIT distributes 90.0% or more of its total income for that year of assessment. If the REIT is unable to meet the 90.0% distribution criterion, the entire taxable income of the REIT for the year would be subject to income tax.

As CMMT intends to distribute at least 90.0% of its distributable income for the financial year ending 31 December 2017 to its unitholders, no provision for tax has been made for the current quarter.

B7. Status of Corporate Proposals

Nil

B8. Borrowings and Debt Securities

	As at 30 June 2017 (Unaudited) RM'000	As at 31 December 2016 (Audited) RM'000
Long term borrowings		
Secured revolving credit	57,600	54,600
Secured term loans	918,430	918,430
Unrated medium term notes	300,000	300,000
Less: Unamortised transaction costs	(4,223)	(4,922)
	<u>1,271,807</u>	<u>1,268,108</u>
 Unsecured revolving credit	 50,700	 43,700
	<u>50,700</u>	<u>43,700</u>
Total borrowings	<u>1,322,507</u>	<u>1,311,808</u>

All the borrowings are denominated in Ringgit Malaysia.

During the period, additional revolving credit facilities of RM10.0 million were drawn down to fund the capital expenditure incurred by the properties.

As of to date, two out of five properties of the Group, namely Sungei Wang Plaza and East Coast Mall, remain unencumbered.

B9. Change in Material Litigation

Nil.

CAPITALAND MALAYSIA MALL TRUST

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B10. Income Distribution

CMMT intends to distribute its first income distribution of RM84.2 million or 4.14 sen per unit (of which 3.98 sen per unit is taxable and 0.16 sen per unit is tax exempt) on 25 August 2017 (book closure date: 3 August 2017), based on the number of units in issue of 2,034,635,200 for the period from 1 January 2017 to 30 June 2017. This means CMMT will distribute approximately 100.0% of its distributable income to its unitholders for the financial period ended 30 June 2017.

Pursuant to Section 109D(2) of the Income Tax Act, 1967, the applicable final withholding tax on distributions of income which is tax exempt at CMMT level is as follows:

Resident unitholders:

(a)	Corporate	Tax flow through, no withholding tax
(b)	Other than corporate	Withholding tax at 10.0%

Non-resident unitholders:

(c)	Corporate	Withholding tax at 24.0%
(d)	Institutional investors	Withholding tax at 10.0%
(e)	Individuals	Withholding tax at 10.0%

B11. Composition of Investment Portfolio as at 30 June 2017

As at 30 June 2017, CMMT's portfolio comprised the following investment properties:

Investment properties	Cost of Investment ¹ RM'000	Net Book Value ² RM'000	Market Value RM'000	Market Value as % of NAV ³ %
Gurney Plaza	1,129,755	1,516,038	1,550,000	58.0
Sungei Wang Plaza	758,517	626,179	583,000	21.8
The Mines	586,650	723,336	724,000	27.1
Tropicana City Property	573,744	590,925	570,000	21.3
East Coast Mall	392,735	491,295	509,000	19.0
Total	3,441,401	3,947,773	3,936,000	

The market value of Sungei Wang Plaza, The Mines and East Coast Mall were stated at valuations conducted by PPC International Sdn. Bhd. as at 30 June 2017. The market value of Gurney Plaza and Tropicana City Property were stated at valuations performed by Savills (Malaysia) Sdn. Bhd. and Henry Butcher Malaysia Sdn. Bhd. respectively as at 30 June 2017.

¹ Cost of investment comprises purchase consideration and capital expenditure incurred from inception up to the end of the reporting date.

² Net book value ("NBV") refers to NBV before fair value adjustment, comprises of market value of the investment properties as at 31 December 2016 and subsequent capital expenditure incurred up to the reporting date.

³ This is computed based on market value of the investment properties over the NAV before income distribution of RM2,672,933,000 as at 30 June 2017. This is calculated in accordance with the REITs Guidelines.

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B12. Changes in NAV, EPU, DPU and Market Price

	Quarter ended 30 June 2017	Quarter ended 31 March 2017
Number of units in circulation (units)	2,034,635,200	2,034,635,200
NAV before income distribution (RM'000)	2,672,933	2,644,795
NAV after income distribution (RM'000)	2,588,699	2,602,475
NAV per unit ¹ (RM)	1.2723	1.2791
Total comprehensive income (RM'000)	28,138	40,240
Weighted average number of units in issue ² (units)	2,034,635,200	2,032,305,327
EPU after manager's management fee (sen)	1.38	1.98
Distributable income (RM'000)	41,914	42,320
DPU (sen)	2.06	2.08
Market price (RM)	1.53	1.63
DPU yield (%)	1.35	1.28

¹ NAV per unit is arrived at by dividing the NAV after income distribution/distributable income with the number of units in circulation at the end of the period.

² Weighted average number of units in issue for YTD 2017 is 2,033,476,699.

B13. Soft Commission Received By The Manager And Its Delegates

Nil.

B14. Manager's Fee

For the quarter ended 30 June 2017, the Manager has accounted for a base fee of 0.29% per annum of the total asset value and a performance fee of 4.75% per annum of net property income. Total fees accrued to the Manager were as follows:

	2Q 2017 Actual (Unaudited) RM'000	YTD 2017 Actual (Unaudited) RM'000
Base management fee	2,996	5,932
Performance fee	2,840	5,677
Total fees	5,836	11,609

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B15. Unitholdings of the Manager and Parties Related to the Manager

	No of units	Percentage of	Market value ³ at
	units	Unitholdings ⁴	30 June 2017
		%	RM
CMMT Investment Limited ¹	710,973,600	34.94	1,087,789,608
Menang Investment Limited ¹	30,714,700	1.51	46,993,491
Direct unitholdings of the Directors of the Manager:			
Mr Ng Kok Siong ²	100,000	N.M.	153,000
Ms Low Peck Chen	12,000	N.M.	18,360
Ms Tan Siew Bee	100,000	N.M.	153,000
Dr Peter Tay Buan Huat ²	100,000	N.M.	153,000
	742,000,300	36.47	1,135,260,459

N.M. - Not meaningful

¹ An indirect wholly-owned subsidiary of CapitaLand Mall Asia Limited.

² Units held through nominees.

³ The market value of the units is computed based on the closing price of RM1.53 per unit as at 30 June 2017.

⁴ Approximation.

B16. Responsibility Statement and Statement by the Directors of the Manager

In the opinion of the Directors of the Manager, the quarterly condensed consolidated interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting and with IAS 34: Interim Financial Reporting, Paragraph 9.44 of the Listing Requirements of Bursa Securities, provisions of the Trust Deed and the REITs Guidelines so as to give a true and fair view of the financial position of the Group and of CMMT as at 30 June 2017 and of their financial performance and cash flows for the quarter/period ended on that date and duly authorised for release by the Board of Directors of the Manager on 19 July 2017.

BY ORDER OF THE BOARD

KHOO MING SIANG

COMPANY SECRETARY (MAICSA No. 7034037)

CapitaLand Malaysia Mall REIT Management Sdn. Bhd. (819351-H)

(As Manager of CapitaLand Malaysia Mall Trust)

Kuala Lumpur

Date: 19 July 2017