

CAPITALAND MALAYSIA MALL TRUST
CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2018

CAPITALAND MALAYSIA MALL TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2018 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 30 JUNE 2018 (UNAUDITED) RM'000	AS AT 31 DECEMBER 2017 (AUDITED) RM'000
Assets		
Plant and equipment	1,690	2,039
Investment properties	3,975,000	3,966,000
Total non-current assets	<u>3,976,690</u>	<u>3,968,039</u>
Trade and other receivables	22,744	23,512
Cash and cash equivalents	169,320	186,323
Total current assets	<u>192,064</u>	<u>209,835</u>
Total assets	<u>4,168,754</u>	<u>4,177,874</u>
Equity		
Unitholders' capital	2,176,836	2,172,216
Undistributed profit	501,286	514,980
Total unitholders' funds	<u>2,678,122</u>	<u>2,687,196</u>
Liabilities		
Borrowings	1,281,024	1,279,081
Tenants' deposits	44,077	38,381
Total non-current liabilities	<u>1,325,101</u>	<u>1,317,462</u>
Borrowings	62,100	58,200
Tenants' deposits	45,659	54,944
Trade and other payables	57,772	60,072
Total current liabilities	<u>165,531</u>	<u>173,216</u>
Total liabilities	<u>1,490,632</u>	<u>1,490,678</u>
Total equity and liabilities	<u>4,168,754</u>	<u>4,177,874</u>
Number of units in circulation ('000 units)	2,040,635	2,037,753
Net asset value (NAV)		
- before income distribution	2,678,122	2,687,196
- after income distribution	2,596,088	2,604,056
NAV per unit (RM)		
- before income distribution	1.3124	1.3187
- after income distribution	1.2722	1.2779

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 2017.

CAPITALAND MALAYSIA MALL TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2018 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	CURRENT QUARTER			YEAR TO DATE		
	30 JUNE		Change	30 JUNE		Change
	2018 (UNAUDITED) RM'000	2017 (UNAUDITED) RM'000		2018 (UNAUDITED) RM'000	2017 (UNAUDITED) RM'000	
Gross rental income	68,411	71,913	(4.9)	137,806	144,906	(4.9)
Car park income	5,582	6,020	(7.3)	11,939	12,219	(2.3)
Other revenue	13,361	13,881	(3.7)	27,342	27,133	0.8
Gross revenue	87,354	91,814	(4.9)	177,087	184,258	(3.9)
Maintenance expenses	(8,988)	(8,340)	7.8	(16,128)	(16,387)	(1.6)
Utilities	(12,547)	(12,673)	(1.0)	(24,947)	(25,424)	(1.9)
Other operating expenses ¹	(12,460)	(11,011)	13.2	(25,608)	(22,941)	11.6
Property operating expenses	(33,995)	(32,024)	6.2	(66,683)	(64,752)	3.0
Net property income	53,359	59,790	(10.8)	110,404	119,506	(7.6)
Interest income	1,329	1,333	(0.3)	2,621	2,746	(4.6)
Fair value loss of investment properties (net)	(1,245)	(11,773)	(89.4)	(1,245)	(11,773)	(89.4)
Net investment income	53,443	49,350	8.3	111,780	110,479	1.2
Manager's management fee	(5,548)	(5,836)	(4.9)	(11,212)	(11,609)	(3.4)
Trustee's fee	(100)	(100)	-	(199)	(199)	-
Auditor's fee	(48)	(48)	-	(101)	(96)	5.2
Tax agent's fee	(6)	(7)	(14.3)	(13)	(14)	(7.1)
Valuation fee	(65)	(79)	(17.7)	(147)	(147)	-
Finance costs	(15,245)	(14,868)	2.5	(30,203)	(29,528)	2.3
Other non-operating expenses ¹	(238)	(274)	(13.1)	(459)	(508)	(9.6)
	(21,250)	(21,212)	0.2	(42,334)	(42,101)	0.6
Profit before taxation	32,193	28,138	14.4	69,446	68,378	1.6
Taxation	-	-	-	-	-	-
Profit for the period	32,193	28,138	14.4	69,446	68,378	1.6
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income for the period	32,193	28,138	14.4	69,446	68,378	1.6
Distribution adjustments ²	8,512	13,790	(38.3)	12,622	15,923	(20.7)
Income available for distribution	40,705	41,928	(2.9)	82,068	84,301	(2.6)
Distributable income³	40,813	41,914	(2.6)	82,034	84,234	(2.6)
Realised	33,438	39,911	(16.2)	70,691	80,151	(11.8)
Unrealised ⁴	(1,245)	(11,773)	(89.4)	(1,245)	(11,773)	(89.4)
	32,193	28,138	14.4	69,446	68,378	1.6

CAPITALAND MALAYSIA MALL TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2018 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(CONTINUED)

	CURRENT QUARTER 30 JUNE			YEAR TO DATE 30 JUNE		
	2018 (UNAUDITED) RM'000	2017 (UNAUDITED) RM'000	Change %	2018 (UNAUDITED) RM'000	2017 (UNAUDITED) RM'000	Change %
Earnings per unit (sen)⁵						
- before Manager's management fee	1.85	1.67	10.8	3.96	3.93	0.8
- after Manager's management fee	1.58	1.38	14.5	3.41	3.36	1.5
Distribution per unit (DPU) (sen)	2.00	2.06	(2.9)	4.02	4.14	(2.9)
DPU (sen) – annualised	8.02	8.26	(2.9)	8.11	8.35	(2.9)

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 2017.

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

	CURRENT QUARTER 30 JUNE			YEAR TO DATE 30 JUNE		
	2018 (UNAUDITED) RM'000	2017 (UNAUDITED) RM'000	Change %	2018 (UNAUDITED) RM'000	2017 (UNAUDITED) RM'000	Change %
Allowance for impairment losses of trade receivables	(257)	(322)	(20.2)	(548)	(462)	18.6
Foreign exchange gain/(loss):						
- Unrealised	*	*	-	*	*	-
- Realised	(1)	(3)	(66.7)	(2)	(4)	(50.0)

* less than RM1,000

**CAPITALAND MALAYSIA MALL TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2018 (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		
	2018 (UNAUDITED) RM'000	2017 (UNAUDITED) RM'000	Change %	2018 (UNAUDITED) RM'000	2017 (UNAUDITED) RM'000	Change %
Fair value loss of investment properties (net)	1,245	11,773	(89.4)	1,245	11,773	(89.4)
Manager's management fee payable in units *	2,025	2,370	(14.6)	4,296	4,775	(10.0)
Depreciation	298	343	(13.1)	613	689	(11.0)
Amortisation of transaction costs on borrowings	214	350	(38.9)	443	699	(36.6)
Tax and other adjustments	4,730	(1,046)	>100.0	6,025	(2,013)	>100.0
	<u>8,512</u>	<u>13,790</u>	<u>(38.3)</u>	<u>12,622</u>	<u>15,923</u>	<u>(20.7)</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 2018 (UNAUDITED)**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSET VALUE

	Unitholders' Capital RM'000	Undistributed Profit		Total Unitholders' Funds RM'000
		Realised RM'000	Unrealised RM'000	
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 ¹	-	(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
As at 1 January 2018	2,172,216	4,365	510,615	2,687,196
Total comprehensive income for the financial period	-	70,691	(1,245)	69,446
Unitholders' transactions				
- Units issued as part satisfaction of the Manager's management fee	4,620	-	-	4,620
- Distribution paid to unitholders ²	-	(83,140)	-	(83,140)
Increase/(Decrease) in net assets resulting from unitholders' transactions	4,620	(83,140)	-	(78,520)
As at 30 June 2018 (Unaudited)	2,176,836	(8,084)	509,370	2,678,122

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 2017.

1. 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.
2. This refers to the 2017 final income distribution of 4.08 sen per unit for the period from 1 July 2017 to 31 December 2017 paid on 28 February 2018.

CAPITALAND MALAYSIA MALL TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2018 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	30 JUNE 2018 (UNAUDITED) RM'000	SIX MONTHS ENDED 30 JUNE 2017 (UNAUDITED) RM'000
Cash Flows From Operating Activities		
Profit before taxation	69,446	68,378
Adjustments for:-		
Manager's management fee payable in units	4,296	4,775
Depreciation	613	689
Fair value loss/(gain) of investment properties (net)	1,245	11,773
Finance costs	30,203	29,528
Interest income	(2,621)	(2,746)
Plant and equipment written off	2	3
Operating profit before changes in working capital	103,184	112,400
Changes in working capital:		
Trade and other receivables	768	(1,400)
Trade and other payables	(987)	(688)
Tenants' deposits	(3,589)	(448)
Net cash generated from operating activities	99,376	109,864
Cash Flows From Investing Activities		
Acquisition of plant and equipment	(266)	(349)
Capital expenditure on investment properties	(11,237)	(12,173)
Interest received	2,621	2,746
Net cash used in investing activities	(8,882)	(9,776)
Cash Flows From Financing Activities		
Distribution paid to unitholders	(83,140)	(85,931)
Interest paid	(29,749)	(28,873)
Payment of financing expenses	(8)	(75)
Placement of pledged deposits with a licensed bank	-	(3,243)
Proceeds from interest bearing borrowings	5,400	10,000
Net cash used in financing activities	(107,497)	(108,122)
Net decrease in cash and cash equivalents	(17,003)	(8,034)
Cash and cash equivalents at beginning of the period	179,840	188,857
Cash and cash equivalents at end of the period	162,837	180,823
Cash and cash equivalents at end of the period comprises :		
Deposits placed with licensed banks	132,729	154,547
Cash and bank balances	36,591	32,759
	169,320	187,306
Less: Pledged deposits	(6,483)	(6,483)
	162,837	180,823

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 2017.

CAPITALAND MALAYSIA MALL TRUST

FOR THE SECOND QUARTER ENDED 30 JUNE 2018 (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 2018 comprise CMMT and its subsidiary. These interim financial statements have been prepared on the historical cost basis except for investment properties 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 Listed 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 2017.

A2. Changes in Accounting Policies

On 1 January 2018, the Group and CMMT adopted the following MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018:

MFRS 9, Financial Instruments (2014)

MFRS 15, Revenue from Contracts with Customers

Clarification to MFRS 15, Revenue from Contracts with Customers

IC Interpretation 22, Foreign Currency Transactions and Advance Consideration

Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)

Amendments to MFRS 140, Investment Property – Transfers of Investment Property

The adoption of the above MFRSs, Interpretations and amendments do 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 2017 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 demand and supply of retail 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.

**CAPITALAND MALAYSIA MALL TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2018 (UNAUDITED)**

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.

A9. Segmental Reporting

Segmental results for the quarter/period ended 30 June 2018 are as follows:

Business Segment	2Q 2018			2Q 2017		
	Retail RM'000	Office RM'000	Total RM'000	Retail RM'000	Office RM'000	Total RM'000
Gross revenue	86,096	1,258	87,354	90,170	1,644	91,814
Net property income	52,525	834	53,359	58,737	1,053	59,790
Interest income			1,329			1,333
Fair value loss of investment properties (net)			(1,245)			(11,773)
Unallocated expenses			(6,005)			(6,344)
Finance costs			(15,245)			(14,868)
Profit before taxation			32,193			28,138
Taxation			-			-
Profit for the quarter			32,193			28,138

Business Segment	YTD 2018			YTD 2017		
	Retail RM'000	Office RM'000	Total RM'000	Retail RM'000	Office RM'000	Total RM'000
Gross revenue	174,503	2,584	177,087	180,931	3,327	184,258
Net property income	108,808	1,596	110,404	117,383	2,123	119,506
Interest income			2,621			2,746
Fair value loss of investment properties (net)			(1,245)			(11,773)
Unallocated expenses			(12,131)			(12,573)
Finance costs			(30,203)			(29,528)
Profit before taxation			69,446			68,378
Taxation			-			-
Profit for the period			69,446			68,378

**CAPITALAND MALAYSIA MALL TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2018 (UNAUDITED)**

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 2018, the investment properties were valued based on valuations performed by independent professional valuers on 30 June 2018. Net fair value loss arising from the valuations amounting to RM1.2 million was recognised during the quarter.

A11. Subsequent Events

Nil.

A12. Changes in Composition of the Trust

Nil.

A13. Changes in Contingent Liabilities and Contingent Assets

Nil.

A14. Capital Commitments

Capital commitments in relation to capital expenditure are as follows:

Contracted but not provided for	RM'000 <u>63,275</u>
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CAPITALAND MALAYSIA MALL TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2018 (UNAUDITED)

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 2018 (Unaudited) RM'000	2Q 2017 (Unaudited) RM'000	Change %	YTD 2018 (Unaudited) RM'000	YTD 2017 (Unaudited) RM'000	Change %
(a) Breakdown of Gross Revenue						
Gurney Plaza	35,936	35,414	1.5	73,166	71,878	1.8
Sungei Wang	6,866	9,892	(30.6)	15,574	20,077	(22.4)
The Mines	17,222	19,042	(9.6)	35,231	38,219	(7.8)
3 Damansara Property ¹	11,532	12,712	(9.3)	23,167	25,339	(8.6)
East Coast Mall	15,798	14,754	7.1	29,949	28,745	4.2
Total Gross Revenue	87,354	91,814	(4.9)	177,087	184,258	(3.9)
(b) Breakdown of Property Operating Expenses						
Gurney Plaza	10,696	9,963	7.4	21,892	19,906	10.0
Sungei Wang	5,218	5,149	1.3	9,518	10,537	(9.7)
The Mines	7,027	6,575	6.9	13,852	13,808	0.3
3 Damansara Property	5,994	5,477	9.4	11,435	10,737	6.5
East Coast Mall	5,060	4,860	4.1	9,986	9,764	2.3
Total Property Operating Expenses	33,995	32,024	6.2	66,683	64,752	3.0
(c) Breakdown of Net Property Income						
Gurney Plaza	25,240	25,451	(0.8)	51,274	51,972	(1.3)
Sungei Wang	1,648	4,743	(65.3)	6,056	9,540	(36.5)
The Mines	10,195	12,467	(18.2)	21,379	24,411	(12.4)
3 Damansara Property	5,538	7,235	(23.5)	11,732	14,602	(19.7)
East Coast Mall	10,738	9,894	8.5	19,963	18,981	5.2
Total Net Property Income	53,359	59,790	(10.8)	110,404	119,506	(7.6)

¹ 3 Damansara (formerly Tropicana City Mall) and Tropicana City Office Tower (collectively known as 3 Damansara Property (formerly Tropicana City Property)).

CAPITALAND MALAYSIA MALL TRUST FOR THE SECOND QUARTER ENDED 30 JUNE 2018 (UNAUDITED)

B1. Review of Performance (cont'd)

Quarter Results (2Q 2018 vs 2Q 2017)

The Group recorded gross revenue of RM87.4 million in 2Q 2018, a decrease of RM4.5 million or 4.9% against 2Q 2017. The decrease was mainly due to downtime from asset enhancement works at Sungei Wang (SW), The Mines (TM) and East Coast Mall (ECM), lower rental rates and occupancy at SW and TM whilst the lower gross revenue in 3 Damansara Property (3DP) was mainly due to lower occupancy at 3 Damansara (3D) and tenant renovation downtime at the office tower. The decrease was mitigated by better performance from Gurney Plaza (GP) and ECM on the back of higher rental rates.

Property operating expenses for 2Q 2018 were RM34.0 million, an increase of RM2.0 million or 6.2% against 2Q 2017. This was mainly attributed to the one-off additional property assessment fees for prior years as well as increase in current year's assessment fees at GP, marketing expenses incurred for the renaming exercise at 3D, higher property maintenance and reimbursable staff costs.

The net property income for 2Q 2018 of RM53.4 million was 10.8% lower than 2Q 2017.

CMMT registered a net fair value loss of RM1.2 million on investment properties in 2Q 2018.

Finance costs for 2Q 2018 of RM15.2 million were RM0.4 million or 2.5% higher than 2Q 2017. The increase was mainly due to higher interest expenses from additional revolving credit facilities drawn down for capital expenditure works and higher average cost of debt post the Overnight Policy Rate hike of 0.25% by Bank Negara Malaysia on 25 January 2018. Average cost of debt for 2Q 2018 was 4.47% p.a. (2Q 2017: 4.39% p.a.).

CMMT has incurred RM9.2 million of capital expenditure during the quarter. This includes tenancy works mainly at GP, on-going enhancement works of an anchor space on Level 1 and new escalators installation on Ground Floor at ECM, design and professional fees of the new retail layout at SW as well as the restroom upgrading works and the replacement of the directional signages with new mall logo at 3D.

Overall, distributable income to unitholders for 2Q 2018 was RM40.8 million, a decrease of RM1.1 million or 2.6% against 2Q 2017.

Financial Year-to-date Results (YTD 2018 vs YTD 2017)

The Group recorded gross revenue of RM177.1 million, a decrease of RM7.2 million or 3.9% against the previous financial period. The decrease was mainly due to downtime from asset enhancement works at SW, TM and ECM, lower rental rates and occupancy at SW and TM whilst the lower gross revenue in 3DP was mainly due to lower occupancy in 3D and tenant renovation downtime at the office tower. The decrease was mitigated by better performance from GP and ECM on the back of higher rental rates as well as by the one-off compensation and forfeiture of rental deposit for premature termination of a mini anchor tenant at SW.

Property operating expenses for YTD 2018 were RM66.7 million, an increase of RM1.9 million or 3.0% against the previous financial period. This was mainly attributed to the one-off additional property assessment fees for prior years as well as increase in current year's assessment fees at GP, marketing expenses incurred for the renaming exercise at 3D and higher reimbursable staff costs. The increase was offset by one-off service charge rebate at SW.

The net property income for YTD 2018 of RM110.4 million was 7.6% lower than YTD 2017.

CMMT registered a net fair value loss of RM1.2 million on investment properties in YTD 2018.

Finance costs for YTD 2018 of RM30.2 million were RM0.7 million or 2.3% higher than YTD 2017. The increase was mainly due to higher interest expenses from additional revolving credit facilities drawn down for capital expenditure works and higher average cost of debt post the Overnight Policy Rate hike of 0.25% by Bank Negara Malaysia on 25 January 2018. Average cost of debt for YTD 2018 was 4.46% p.a. (YTD 2017: 4.39% p.a.).

**CAPITALAND MALAYSIA MALL TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2018 (UNAUDITED)**

B1. Review of Performance (cont'd)

Financial Year-to-date Results (YTD 2018 vs YTD 2017) (cont'd)

CMMT has incurred RM10.2 million of capital expenditure during the period. This was mainly attributed to tenancy works mainly at GP, on-going enhancement works of an anchor space on Level 1 and new escalators installation on Ground Floor at ECM, design and professional fees of the new retail layout at SW as well as the restroom upgrading works and the replacement of the directional signages with new mall logo at 3D.

Overall, distributable income to unitholders for the financial period was RM82.0 million, a decrease of RM2.2 million or 2.6% against YTD 2017.

B2. Material Changes in Quarter Results

	Quarter ended 30 June 2018 RM'000	Quarter ended 31 March 2018 RM'000	Change %
Profit before taxation	32,193	37,253	(13.6)
Add/(Less) : Fair value loss of investment properties (net)	<u>1,245</u>	<u>-</u>	<u>100.0</u>
Profit before taxation, excluding net fair value loss of investment properties	<u>33,438</u>	<u>37,253</u>	<u>(10.2)</u>

Other than the net fair value loss of RM1.2 million resulting from the valuation as at 30 June 2018, the change in the financial results of 2Q 2018 as compared to 1Q 2018 was mainly due to lower net property income as disclosed in B1.

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

In the first quarter of 2018, the Malaysian economy grew 5.4%, underpinned by growth in private sector spending and domestic demand (source: Bank Negara Malaysia). Although retail sales in the same quarter recorded a slight growth of 2.6% year-on-year, consumer spending is expected to improve for the rest of the year, in view of the consumption tax holiday from June 2018 (when the Goods and Services Tax became zero-rated) to August 2018 (when the Sales and Services Tax is expected to take effect from September 2018) (source: Malaysia Retail Group Industry Report, June 2018).

In light of the uncertainties on the global economic front, consumer and business sentiments are expected to remain cautious throughout 2018 as concerns over rising costs of living persist. With growing competition from e-commerce and an increasing shopping mall supply, the operating environment remains challenging. To mitigate these challenges, the Manager will continue to undertake proactive asset management initiatives and enhance the tenant mix in CMMT's malls to meet the changing needs of shoppers.

The Manager is confident that the underlying strength of CMMT's portfolio of quality assets located in key urban centres across Malaysia will sustain its performance through different economic cycles and deliver sustainable income distributions to unitholders in the second half of 2018.

B5. Profit Guarantee(s)

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

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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 ended 31 December 2018 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 2018 (Unaudited) RM'000	As at 31 December 2017 (Audited) RM'000
Long term borrowings		
Secured revolving credit	65,900	64,400
Secured term loans	918,430	918,430
Unrated medium term notes	300,000	300,000
Less: Unamortised transaction costs	(3,306)	(3,749)
	<u>1,281,024</u>	<u>1,279,081</u>
Short term borrowings		
Unsecured revolving credit	62,100	58,200
	<u>62,100</u>	<u>58,200</u>
Total borrowings	<u>1,343,124</u>	<u>1,337,281</u>

All the borrowings are denominated in Ringgit Malaysia.

During the period, additional revolving credit facilities of RM5.4 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 and East Coast Mall, remain unencumbered. The interest rate profile of the fixed and floating rate borrowings stood at 85% and 15% respectively.

B9. Change in Material Litigation

Nil.

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B10. Income Distribution

CMMT intends to distribute its first income distribution of RM82.0 million or 4.02 sen per unit (of which 3.58 sen per unit is taxable and 0.44 sen per unit is tax exempt) on 30 August 2018 (book closure date: 3 August 2018), based on the number of units in issue of 2,040,635,000 for the period from 1 January 2018 to 30 June 2018. This means CMMT will distribute approximately 100.0% of its distributable income to its unitholders for the financial period ended 30 June 2018.

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 2018

As at 30 June 2018, CMMT's portfolio comprised the following investment properties:

Investment properties	Cost of Investment¹	Net Book Value²	Market Value	Market Value as % of NAV³
	RM'000	RM'000	RM'000	%
Gurney Plaza	1,135,305	1,576,056	1,610,000	60.1
Sungei Wang	761,617	584,980	545,000	20.4
The Mines	589,134	727,132	728,000	27.2
3 Damansara Property	579,909	571,651	556,000	20.8
East Coast Mall	399,665	516,426	536,000	20.0
Total	3,465,630	3,976,245	3,975,000	

The market value of Sungei Wang, The Mines and East Coast Mall were stated at valuations conducted by PPC International Sdn. Bhd. as at 30 June 2018. The market value of Gurney Plaza and 3 Damansara Property were stated at valuations performed by Savills (Malaysia) Sdn. Bhd. and Henry Butcher Malaysia Sdn. Bhd. respectively as at 30 June 2018.

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) comprises of market value of the investment properties as at 31 December 2017 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 RM2,678,122,000 as at 30 June 2018. 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 2018	Quarter ended 31 March 2018
Number of units in circulation (units)	2,040,635,000	2,040,635,000
NAV before income distribution (RM'000)	2,678,122	2,645,929
NAV after income distribution (RM'000)	2,596,088	2,604,708
NAV per unit ¹ (RM)	1.2722	1.2764
Total comprehensive income (RM'000)	32,193	37,253
Weighted average number of units in issue ² (units)	2,040,635,000	2,038,072,956
EPU after manager's management fee (sen)	1.58	1.83
Distributable income (RM'000)	40,813	41,221
DPU (sen)	2.00	2.02
Market price (RM)	1.20	1.08
DPU yield (%)	1.67	1.87

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 of units in issue for YTD 2018 is 2,039,361,055.

B13. Soft Commission Received By The Manager And Its Delegates

Nil.

B14. Manager's Fees

For the period ended 30 June 2018, 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 2018 Actual (Unaudited) RM'000	YTD 2018 Actual (Unaudited) RM'000
Base management fee	3,014	5,968
Performance fee	2,534	5,244
Total fees	5,548	11,212

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

	No of units	Percentage of unitholdings ⁵	Market value ⁴ at 29 June 2018
	units	%	RM
CMMT Investment Limited ¹	710,973,600	34.84	853,168,320
Menang Investment Limited ¹	36,714,500	1.80	44,057,400
Direct unitholdings of the Directors of the Manager:			
Ms Low Peck Chen	12,000	N.M.	14,400
Ms Tan Siew Bee	100,000	N.M.	120,000
Dr Peter Tay Buan Huat ³	100,000	N.M.	120,000
Mr Lim Cho Pin Andrew Geoffrey ³	47,000	N.M.	56,400
Mr Lee Hui Yeow ⁶	23,000	N.M.	27,600
	747,970,100	36.65	897,564,120

N.M. - Not meaningful

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

² CMRM is the Manager of CMMT

³ Units held through nominees.

⁴ The market value of the units is computed based on the closing price of RM1.20 per unit as at 29 June 2018.

⁵ Approximation.

⁶ Alternate director to Mr Lim Cho Pin Andrew Geoffrey.

The Manager disposed 2,882,300 units in CMMT at cost to a related party, Menang Investments Limited, on 21 June 2018.

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 2018 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 25 July 2018.

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: 25 July 2018