

CAPITAMALLS MALAYSIA TRUST
CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2015

CAPITAMALLS MALAYSIA TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2015 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 30 JUNE 2015 (UNAUDITED) RM'000	AS AT 31 DECEMBER 2014 (AUDITED) RM'000
Assets		
Plant and equipment	1,974	1,864
Investment properties	3,299,000	3,233,000
Total non-current assets	<u>3,300,974</u>	<u>3,234,864</u>
Trade and other receivables	71,732	13,302
Cash and cash equivalents	143,009	156,511
Total current assets	<u>214,741</u>	<u>169,813</u>
Total assets	<u>3,515,715</u>	<u>3,404,677</u>
Equity		
Unitholders' capital	1,832,286	1,832,286
Undistributed profit	504,127	455,172
Total unitholders' funds	<u>2,336,413</u>	<u>2,287,458</u>
Liabilities		
Borrowings	936,950	817,357
Tenants' deposits	56,603	51,271
Total non-current liabilities	<u>993,553</u>	<u>868,628</u>
Borrowings	102,100	145,400
Tenants' deposits	28,528	33,242
Trade and other payables	55,121	69,949
Total current liabilities	<u>185,749</u>	<u>248,591</u>
Total liabilities	<u>1,179,302</u>	<u>1,117,219</u>
Total equity and liabilities	<u>3,515,715</u>	<u>3,404,677</u>
Number of units in circulation ('000 units)	1,778,976	1,778,976
Net asset value ("NAV")		
- before income distribution	2,336,413	2,287,458
- after income distribution	2,257,604	2,209,539
NAV per unit (RM)		
- before income distribution	1.3133	1.2858
- after income distribution	1.2690	1.2420

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 2014.

CAPITAMALLS MALAYSIA TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2015 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	CURRENT QUARTER		YEAR TO DATE	
	2015	30 JUNE	2015	30 JUNE
	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)
	RM'000	RM'000	RM'000	RM'000
Gross rental income	63,639	61,841	127,851	125,152
Car park income	4,611	4,451	9,890	9,202
Other revenue	11,366	11,931	22,858	22,841
Gross revenue	79,616	78,223	160,599	157,195
Maintenance expenses	(6,104)	(5,664)	(12,201)	(11,065)
Utilities	(10,419)	(11,859)	(21,813)	(23,481)
Other operating expenses ¹	(10,651)	(9,470)	(20,544)	(18,938)
Property operating expenses	(27,174)	(26,993)	(54,558)	(53,484)
Net property income	52,442	51,230	106,041	103,711
Interest income	1,026	1,138	2,168	2,324
Fair value gain of investment properties	52,103	68,206	52,103	68,206
Net investment income	105,571	120,574	160,312	174,241
Manager's management fee	(5,033)	(5,144)	(10,320)	(10,231)
Trustee's fee	(99)	(99)	(198)	(198)
Auditors' fee	(48)	(45)	(95)	(90)
Tax agent's fee	(8)	(9)	(17)	(18)
Valuation fee	(52)	(58)	(105)	(115)
Finance costs	(11,262)	(10,136)	(22,048)	(20,071)
Other non-operating expenses	(439)	(206)	(655)	(448)
	(16,941)	(15,697)	(33,438)	(31,171)
Profit before taxation	88,630	104,877	126,874	143,070
Taxation	-	-	-	-
Profit for the period	88,630	104,877	126,874	143,070
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	88,630	104,877	126,874	143,070
Distribution adjustments ²	(49,823)	(65,565)	(47,893)	(62,538)
Income available for distribution	38,807	39,312	78,981	80,532
Distributable income³	38,782	39,251	78,809	80,456
Realised	36,527	36,671	74,771	74,864
Unrealised ⁴	52,103	68,206	52,103	68,206
	88,630	104,877	126,874	143,070

**CAPITAMALLS MALAYSIA TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2015 (UNAUDITED)**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(CONTINUED)**

	CURRENT QUARTER 30 JUNE		YEAR TO DATE 30 JUNE	
	2015 (UNAUDITED)	2014 (UNAUDITED)	2015 (UNAUDITED)	2014 (UNAUDITED)
Earnings per unit (sen)⁵				
- before Manager's management fee (sen)	5.26	6.19	7.71	8.64
- after Manager's management fee (sen)	4.98	5.91	7.13	8.06
Distribution per unit ("DPU") (sen)	2.18	2.21	4.43	4.53
DPU (sen) – annualised	8.74	8.86	8.93	9.14

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 2014.

1. Included in the other operating expenses are the following:

	CURRENT QUARTER 30 JUNE		YEAR TO DATE 30 JUNE	
	2015 (UNAUDITED) RM'000	2014 (UNAUDITED) RM'000	2015 (UNAUDITED) RM'000	2014 (UNAUDITED) RM'000
(Allowance)/Write-back of impairment losses of trade receivables	(148)	27	(155)	(10)
Foreign exchange gain/(loss):				
- Unrealised	*	*	*	*
- Realised	(5)	(2)	(7)	(4)

* less than RM1,000

**CAPITAMALLS MALAYSIA TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2015 (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	
	2015 (UNAUDITED) RM'000	2014 (UNAUDITED) RM'000	2015 (UNAUDITED) RM'000	2014 (UNAUDITED) RM'000
Fair value gain of investment	(52,103)	(68,206)	(52,103)	(68,206)
Manager's management fee payable in units*	2,110	2,135	4,271	4,295
Depreciation	279	296	567	595
Amortisation of transaction costs on borrowings	196	197	393	394
Tax and other adjustments	(305)	13	(1,021)	384
	<u>(49,823)</u>	<u>(65,565)</u>	<u>(47,893)</u>	<u>(62,538)</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.

**CAPITAMALLS MALAYSIA TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2015 (UNAUDITED)**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSET VALUE

	Unitholders' Capital RM'000	Undistributed Profit Realised RM'000	Unrealised RM'000	Total Unitholders' Funds RM'000
As at 1 January 2014	1,823,567	34,210	344,840	2,202,617
Total comprehensive income for the period	-	74,864	68,206	143,070
Increase in net assets resulting from operations	1,823,567	109,074	413,046	2,345,687
Unitholders' transactions				
- Units issued as part satisfaction of the Manager's management fee	4,424	-	-	4,424
- Distribution paid to unitholders ¹	-	(79,777)	-	(79,777)
Increase/(Decrease) in net assets resulting from unitholders' transactions	4,424	(79,777)	-	(75,353)
As at 30 June 2014 (Unaudited)	1,827,991	29,297	413,046	2,270,334
As at 1 January 2015	1,832,286	23,721	431,451	2,287,458
Total comprehensive income for the period	-	74,771	52,103	126,874
Increase in net assets resulting from operations	1,832,286	98,492	483,554	2,414,332
Unitholders' transactions				
- Distribution paid to unitholders ²	-	(77,919)	-	(77,919)
Decrease in net assets resulting from unitholders' transactions	-	(77,919)	-	(77,919)
As at 30 June 2015 (Unaudited)	1,832,286	20,573	483,554	2,336,413

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 2014.

1. This refers to 2013 final income distribution of 4.50 sen per unit for the period from 1 July 2013 to 31 December 2013 paid on 7 March 2014.
2. This refers to 2014 final income distribution of 4.38 sen per unit for the period from 1 July 2014 to 31 December 2014 paid on 27 February 2015.

**CAPITAMALLS MALAYSIA TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2015 (UNAUDITED)**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	30 JUNE 2015 (UNAUDITED) RM'000	SIX MONTHS ENDED 30 JUNE 2014 (UNAUDITED) RM'000
Cash Flows From Operating Activities		
Profit before taxation	126,874	143,070
Adjustments for:-		
Manager's management fee paid/payable in units	4,271	4,295
Depreciation	567	595
Fair value gain of investment properties	(52,103)	(68,206)
Finance costs	22,048	20,071
Interest income	(2,168)	(2,324)
Operating profit before changes in working capital	99,489	97,501
Changes in working capital:		
Trade and other receivables	(4,429)	(1,797)
Trade and other payables	(182)	1,085
Tenants' deposits	618	858
Net cash from operating activities	95,496	97,647
Cash Flows From Investing Activities		
Acquisition of plant and equipment	(677)	(371)
Capital expenditure on investment properties	(31,221)	(18,191)
Deposit paid for acquisition of investment properties	(54,000)	-
Interest received	2,168	2,324
Net cash used in investing activities	(83,730)	(16,238)
Cash Flows From Financing Activities		
Interest paid	(23,200)	(19,362)
Distribution paid to unitholders	(77,919)	(79,777)
Payment of financing expenses	(49)	(122)
Proceeds from interest bearing borrowings	171,200	52,700
Repayment of interest bearing borrowings	(95,300)	(34,100)
Net cash used in financing activities	(25,268)	(80,661)
Net (decrease)/increase in cash and cash equivalents	(13,502)	748
Cash and cash equivalents at beginning of the period	149,771	143,690
Cash and cash equivalents at end of the period	136,269	144,438
Cash and cash equivalents at end of the period comprises:		
Deposits placed with licensed banks	127,285	128,596
Cash and bank balances	15,724	22,582
	143,009	151,178
Less: Pledged deposits	(6,740)	(6,740)
	136,269	144,438

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 2014.

CAPITAMALLS MALAYSIA TRUST

FOR THE SECOND QUARTER ENDED 30 JUNE 2015 (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 2015 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 20 January 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 2014.

A2. Changes in Accounting Policies

On 1 January 2015, the Group and CMMT adopted the following Amendments to MFRSs effective for annual periods beginning on or after 1 January 2015:

Amendments to MFRS 3, Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)

Amendments to MFRS 8, Operating Segments (Annual Improvements 2010-2012 Cycle)

Amendments to MFRS 13, Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)

Amendments to MFRS 116, Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)

Amendments to MFRS 124, Related Party Disclosures (Annual Improvements 2010-2012 Cycle)

Amendments to MFRS 140, Investment Property (Annual Improvements 2011-2013 Cycle)

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 2014 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.

**CAPITAMALLS MALAYSIA TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2015 (UNAUDITED)**

A7. Debt and Equity Securities

Save as disclosed in B8, there were no issuance, cancellation, repurchase, resale and repayment of 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.

A9. Segmental Reporting

No segment information is prepared as CMMT's activities are in one operating segment and its assets are located in Malaysia.

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 2015, the investment properties were valued based on valuations performed by independent professional valuers on 30 June 2015. Fair value gain arising from the valuations amounting to RM52.1 million was recognised during the quarter.

A11. Subsequent Event

CIMB Investment Bank Berhad ("CIMB"), on behalf of CapitaMalls Malaysia REIT Management Sdn. Bhd. ("Manager"), announced that the acquisition of Tropicana City Mall and Tropicana City Office Tower ("Property") in Petaling Jaya, Selangor was completed on 10 July 2015.

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 acquisitions and capital expenditure are as follows:

Contracted but not provided for	RM'000 <u>498,102</u>
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**CAPITAMALLS MALAYSIA TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2015 (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 2015 (Unaudited) RM'000	2Q 2014 (Unaudited) RM'000	Change %	YTD 2015 (Unaudited) RM'000	YTD 2014 (Unaudited) RM'000	Change %
(a) Breakdown of Gross Revenue						
Gurney Plaza	31,786	30,383	4.6	63,565	60,610	4.9
Sungei Wang Plaza	14,065	17,467	(19.5)	29,016	35,055	(17.2)
The Mines	20,481	19,868	3.1	41,433	39,818	4.1
East Coast Mall	13,284	10,505	26.5	26,585	21,712	22.4
Total Gross Revenue	79,616	78,223	1.8	160,599	157,195	2.2
(b) Breakdown of Property Operating Expenses						
Gurney Plaza	10,036	10,100	(0.6)	20,178	19,758	2.1
Sungei Wang Plaza	4,536	4,822	(5.9)	8,953	9,500	(5.8)
The Mines	7,344	7,839	(6.3)	14,974	15,793	(5.2)
East Coast Mall	5,258	4,232	24.2	10,453	8,433	24.0
Total Property Operating Expenses	27,174	26,993	0.7	54,558	53,484	2.0
(c) Breakdown of Net Property Income						
Gurney Plaza	21,750	20,283	7.2	43,387	40,852	6.2
Sungei Wang Plaza	9,529	12,645	(24.6)	20,063	25,555	(21.5)
The Mines	13,137	12,029	9.2	26,459	24,025	10.1
East Coast Mall	8,026	6,273	27.9	16,132	13,279	21.5
Total Net Property Income	52,442	51,230	2.4	106,041	103,711	2.2

CAPITAMALLS MALAYSIA TRUST FOR THE SECOND QUARTER ENDED 30 JUNE 2015 (UNAUDITED)

B1. Review of Performance (cont'd)

Quarter Results (2Q 2015 vs 2Q 2014)

The Group recorded gross revenue of RM79.6 million in 2Q 2015, an increase of RM1.4 million or 1.8% over 2Q 2014. The increase was mainly due to contribution from East Coast Mall ("ECM"), which had completed its two-year asset enhancement works. The Group also benefited from higher gross rental income on the back of higher rental rates achieved from new and renewed leases, except for Sungei Wang Plaza ("SWP") which continues to be affected by the ongoing Mass Rapid Transit ("MRT") works.

Property operating expenses for 2Q 2015 were RM27.2 million, an increase of RM0.2 million or 0.7% over 2Q 2014. This was mainly attributed to higher property maintenance expenses, reimbursable staff costs and marketing expenses from ECM following the rebranding event post the completion of its asset enhancement works. The increase was offset by lower electricity consumption and electricity tariff rebate during the quarter.

The net property income for 2Q 2015 of RM52.4 million was 2.4% higher than 2Q 2014.

CMMT registered a fair value gain of RM52.1 million in 2Q 2015.

Finance costs for 2Q 2015 of RM11.3 million were RM1.1 million or 11.1% higher than 2Q 2014. The increase was mainly due to (i) additional revolving credit facilities being drawn down for ECM's asset enhancement works and other capital expenditure; (ii) the impact of higher interest rate post the Overnight Policy Rate hike in July 2014 and (iii) the interest rate re-fixing exercise for part of the existing secured term loans which was completed at a competitive rate for a tenure of three years. Average cost of debt for 2Q 2015 was 4.49% p.a. (2Q 2014: 4.30% p.a.).

CMMT has incurred RM7.8 million of capital expenditure in 2Q 2015. During the quarter, Gurney Plaza ("GP") has completed the digital directories installation, landscape improvements which include the amphitheater and restroom upgrading works at the extension wing while SWP and The Mines ("TM") have completed the installation of flood gates and started its lift upgrading works respectively.

Overall, distributable income to unitholders for 2Q 2015 was RM38.8 million, a decrease of RM0.5 million or 1.2% against 2Q 2014.

Financial Year-to-date Results (YTD 2015 vs YTD 2014)

The Group recorded gross revenue of RM160.6 million, an increase of RM3.4 million or 2.2% over previous financial period. The increase was mainly due to contribution from ECM, which had completed its two-year asset enhancement works. The Group also benefited from higher gross rental income on the back of higher rental rates achieved from new and renewed leases, except for SWP which continues to be affected by the ongoing Mass Rapid Transit ("MRT") works.

Property operating expenses for YTD 2015 were RM54.6 million, an increase of RM1.1 million or 2.0% over previous financial period. The increase was mainly attributed to higher maintenance cost, reimbursable staff costs and marketing expenses from ECM following the rebranding event post the completion of its asset enhancement works. The increase was offset by lower electricity consumption and electricity tariff rebate during the period.

The net property income for YTD 2015 of RM106.0 million was 2.2% higher than YTD 2014.

CMMT registered a fair value gain of RM52.1 million on investment properties in YTD 2015.

Finance costs for YTD 2015 of RM22.0 million were RM2.0 million or 9.9% higher than previous financial period. The increase was mainly due to (i) additional revolving credit facilities being drawn down for ECM's asset enhancement works and other capital expenditure; (ii) the impact of higher interest rate post the Overnight Policy Rate hike in July 2014 and (iii) the interest rate re-fixing exercise for part of the existing secured term loans which was completed at a competitive rate for a tenure of three years. During the financial period, the credit margin of existing floating rate credit facilities was further tightened and this has partially mitigated the overall rising interest costs. Average cost of debt for YTD 2015 was 4.44% p.a. (YTD 2014: 4.30% p.a.).

**CAPITAMALLS MALAYSIA TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2015 (UNAUDITED)**

B1. Review of Performance (cont'd)

Financial Year-to-date Results (YTD 2015 vs YTD 2014) (cont'd)

CMMT has incurred RM13.9 million capital expenditure for the properties during the financial period. GP has completed the digital directories installation, landscape improvements which include the amphitheater and restroom upgrading works at the extension wing while SWP and TM have completed the installation of flood gates and started its lift upgrading works respectively. Other completed works during the period include chillers replacement for GP and TM and ceiling works at the ground, first and second floors for ECM.

Overall, distributable income to unitholders for YTD 2015 was RM78.8 million, a decrease of RM1.6 million or 2.0% against YTD 2014.

B2. Material Changes in Quarter Results

	Quarter ended 30 June 2015 RM'000	Quarter ended 31 March 2015 RM'000
Profit before taxation	88,630	38,244
Less: Fair value gain of investment properties	(52,103)	-
Profit before taxation, excluding fair value gain of investment properties	36,527	38,244

Other than the fair value gain of RM52.1 million resulting from the valuation as at 30 June 2015, there is no material change in the financial results of 2Q 2015 as compared to 1Q 2015.

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 by 5.6% in the first quarter of 2015, underpinned by strong private consumption and private investment (source: Bank Negara Malaysia). Meanwhile, the retail sales growth forecast for 2015 was lowered from 4.9% to 4.0% following the temporary negative impact in 2Q 2015 as consumers adjusted to the higher costs of living due to the weakening ringgit and implementation of the Goods and Services Tax in April. However, retail sales are expected to grow 4.8% in 3Q 2015 and pick up further to expand 6.9% in the final quarter of the year (source: Malaysia Retail Group Industry Report, June 2015). 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.

With the latest addition of Tropicana City Mall and Tropicana City Office Tower ("Property"), CMMT has a portfolio of five established malls and a complementary office tower in the key urban centres of Penang, Kuala Lumpur, Selangor and Kuantan, providing further income and geographical diversification to its unitholders. The contribution from the Property is expected to come onstream from 3Q 2015.

B5. Profit Guarantee(s)

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

CAPITAMALLS MALAYSIA TRUST FOR THE SECOND QUARTER ENDED 30 JUNE 2015 (UNAUDITED)

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 2015 to its unitholders, no provision for tax has been made for the current quarter.

B7. Status of Corporate Proposals

The following corporate proposal has been announced but not completed as at the date of this report:

On 26 January 2015, CIMB, on behalf of the Manager, announced that AmTrustee Berhad ("Trustee") had entered into a conditional sale and purchase agreement ("SPA") with Tropicana City Sdn. Bhd. to acquire the Property for a purchase consideration of RM540.0 million ("Proposed Acquisition").

On 9 March 2015, CIMB, on behalf of the Manager, announced that:

- (a) the outcome of the due diligence exercise was satisfactory and the market valuation of the Property was completed;
- (b) the Manager proposed to undertake the following proposals in relation to the financing of the Proposed Acquisition:
 - (i) Proposed allotment, issuance and placement of up to 299.6 million new units in CMMT ("Units"), at a price to be determined later, to raise gross proceeds of up to RM395.5 million ("Proposed Placement");
 - (ii) As part of the Proposed Placement, the proposed allotment, issuance and placement of up to 108.8 million new units to CMMT Investment Limited ("CIL"), which represents 36.32% (being the aggregate unitholdings of CapitaMalls Asia Limited ("CMA") in CMMT held through CIL and Menang Investment Limited ("MIL")) of the total new units placed out under the Proposed Placement at a price to be determined later, subject to gross proceeds amounting to RM143.65 million ("Proposed CIL Placement"); and
 - (iii) Proposed increase in the existing approved fund size of CMMT from 2,290,370,640 units up to 2,589,970,640 units ("Proposed Increase in Fund Size").

On 10 March 2015, CIMB, on behalf of the Manager announced that the valuation report dated 28 February 2015 in respect of the Proposed Acquisition was submitted to the Securities Commission ("SC") for approval.

On 24 March 2015, CIMB, on behalf of the Manager, announced that an application relating to the Proposed Placement (including the Proposed CIL Placement) and the Proposed Increase in Fund Size was submitted to SC for approval. These approvals were obtained on 14 May 2015 subject to various conditions as mentioned in announcement dated 18 May 2015 and 21 May 2015.

On 8 June 2015, CIMB, on behalf of the Manager, announced that Bursa Securities approved the listing of and quotations for up to 299,600,000 new Units on the Main Market of Bursa Securities, subject to various conditions as mentioned in announcement dated 8 June 2015.

On 24 June 2015, CIMB, on behalf of the Manager, announced that the SPA became unconditional.

On 25 June 2015, CIMB, on behalf of the Manager, announced that the issue price of 239,635,600 new Units (including 87,035,600 new Units to CIL) was fixed at RM1.32 per Unit and placees were successfully identified for the Proposed Placement to raise gross proceeds of RM316,318,992 following the close of the bookbuild exercise.

On 10 July 2015, CIMB, on behalf of the Manager, announced that the Proposed Acquisition was completed.

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B8. Borrowings and Debt Securities

	As at 30 June 2015 (Unaudited) RM'000	As at 31 December 2014 (Audited) RM'000
Long term borrowings		
Secured revolving credit	69,200	-
Secured term loans	569,750	519,750
Unrated medium term notes	300,000	300,000
Less: Unamortised transaction costs	(2,000)	(2,393)
	<u>936,950</u>	<u>817,357</u>
Short term borrowings		
Secured revolving credit	-	70,000
Unsecured revolving credit	102,100	75,400
	<u>102,100</u>	<u>145,400</u>
Total borrowings	<u>1,039,050</u>	<u>962,757</u>

All the borrowings are denominated in Ringgit Malaysia.

As at 30 June 2015, the increase in CMMT's secured term loans by RM50.0 million was to repay part of the existing secured revolving credit facility. Additional revolving credit facilities were drawn down to fund the capital expenditure incurred by the properties, to pay for the deposit of the Proposed Acquisition and its related costs.

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

B9. Change in Material Litigation

Nil.

B10. Income Distribution

On 24 June 2015, CMMT announced an advance income distribution of 4.61 sen (of which 4.43 sen per unit is taxable and 0.18 sen per unit is tax exempt) to its unitholders, for the period from 1 January 2015 to 8 July 2015. The advance income distribution will be paid on 7 August 2015.

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 25.0% |
| (d) Institutional investors | Withholding tax at 10.0% |
| (e) Individuals | Withholding tax at 10.0% |

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B11. Composition of Investment Portfolio as at 30 June 2015

As at 30 June 2015, CMMT's portfolio comprised the following shopping malls:

Investment properties	Cost of Investment¹	Net Book Value²	Market Value	Market Value as % of NAV³
	RM'000	RM'000	RM'000	%
Gurney Plaza	1,103,279	1,298,849	1,360,000	58.2
Sungei Wang Plaza	753,323	825,605	804,000	34.4
The Mines	570,595	681,679	690,000	29.5
East Coast Mall	388,249	440,764	445,000	19.0
Total	2,815,446	3,246,897	3,299,000	

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 2015. The market value of Gurney Plaza was stated at valuation performed by Savills (Malaysia) Sdn. Bhd. as at 30 June 2015.

- ¹ Cost of investment comprises purchase consideration and capital expenditure incurred from inception up to the end of the reporting period.
- ² Net book value comprises market value of the investment properties as at 31 December 2014 and capital expenditure incurred during the reporting period.
- ³ This is computed based on market value of the investment properties over the NAV before income distribution of RM2,336,413 as at 30 June 2015. This is calculated in accordance with the REITs Guidelines.

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

	Quarter ended 30 June 2015	Quarter ended 31 March 2015
Number of units in circulation (units)	1,778,975,600	1,778,975,600
NAV before income distribution (RM'000)	2,336,413	2,247,783
NAV after income distribution (RM'000)	2,257,604	2,207,756
NAV per unit ¹ (RM)	1.2690	1.2410
Total comprehensive income (RM'000)	88,630	38,244
Weighted average number of units in issue ² (units)	1,778,975,600	1,778,975,600
EPU after manager's management fee (sen)	4.98	2.15
Distributable income (RM'000)	38,782	40,027
DPU (sen)	2.18	2.25
Market price (RM)	1.34	1.46
DPU yield (%)	1.63	1.54

- 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 2015 is 1,778,975,600.

B13. Soft Commission Received By The Manager And Its Delegates

Nil.

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B14. Manager's Fee

For the quarter ended 30 June 2015, 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 (inclusive of 6.0% service tax for period 1 January 2015 to 31 March 2015) were as follows:

	2Q 2015 Actual (Unaudited) RM'000	YTD 2015 Actual (Unaudited) RM'000
Base management fee	2,542	5,130
Performance fee	2,491	5,190
Total fees	5,033	10,320

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

	No of units units	Percentage of unitholdings %	Market value³ at 30 June 2015 RM
CMMT Investment Limited ¹	623,938,000	35.07	836,076,920
Menang Investment Limited ¹	22,212,600	1.25	29,764,884
Direct unitholdings of the Directors of the Manager:			
Mr Ng Kok Siong ²	100,000	0.01	134,000
Ms Low Peck Chen	12,000	0.00	16,080
Ms Tan Siew Bee	100,000	0.01	134,000
Mr Peter Tay Buan Huat ²	100,000	0.01	134,000
	646,462,600	36.34⁴	866,259,884

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 RM1.34 per unit as at 30 June 2015.

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 2015 and of their financial performance and cash flows for the quarter ended on that date and duly authorised for release by the Board of Directors of the Manager on 16 July 2015.

BY ORDER OF THE BOARD

**KHOO MING SIANG
COMPANY SECRETARY (MAICSA No. 7034037)
CapitaMalls Malaysia REIT Management Sdn. Bhd. (819351-H)
(As Manager of CapitaMalls Malaysia Trust)
Kuala Lumpur**

Date: 16 July 2015