

CAPITALAND MALAYSIA MALL TRUST
CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

CAPITALAND MALAYSIA MALL TRUST
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31 DECEMBER 2016 (UNAUDITED) RM'000	AS AT 31 DECEMBER 2015 (AUDITED) RM'000
Assets		
Plant and equipment	2,759	2,474
Investment properties	3,938,000	3,886,000
Total non-current assets	<u>3,940,759</u>	<u>3,888,474</u>
Trade and other receivables	16,035	16,367
Cash and cash equivalents	192,097	186,976
Total current assets	<u>208,132</u>	<u>203,343</u>
Total assets	<u>4,148,891</u>	<u>4,091,817</u>
Equity		
Unitholders' capital	2,162,544	2,153,529
Undistributed profit	523,045	521,265
Total unitholders' funds	<u>2,685,589</u>	<u>2,674,794</u>
Liabilities		
Borrowings	1,268,108	951,067
Tenants' deposits	40,914	58,031
Total non-current liabilities	<u>1,309,022</u>	<u>1,009,098</u>
Borrowings	43,700	307,297
Tenants' deposits	53,432	38,901
Trade and other payables	57,148	61,727
Total current liabilities	<u>154,280</u>	<u>407,925</u>
Total liabilities	<u>1,463,302</u>	<u>1,417,023</u>
Total equity and liabilities	<u>4,148,891</u>	<u>4,091,817</u>
Number of units in circulation ('000 units)	2,031,458	2,024,799
Net asset value ("NAV")		
- before income distribution	2,685,589	2,674,794
- after income distribution	2,599,658	2,594,005
NAV per unit (RM)		
- before income distribution	1.3220	1.3210
- after income distribution	1.2797	1.2811

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 2015.

CAPITALAND MALAYSIA MALL TRUST
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	CURRENT QUARTER 31 DECEMBER		YEAR TO DATE 31 DECEMBER	
	2016 (UNAUDITED) RM'000	2015 (UNAUDITED) RM'000	2016 (UNAUDITED) RM'000	2015 (AUDITED) RM'000
Gross rental income	72,809	72,959	292,948	272,810
Car park income	6,202	6,047	24,614	21,547
Other revenue	14,447	14,266	55,055	50,454
Gross revenue	93,458	93,272	372,617	344,811
Maintenance expenses	(7,295)	(7,006)	(28,846)	(26,126)
Utilities	(12,904)	(13,046)	(52,600)	(48,358)
Other operating expenses ¹	(12,833)	(12,642)	(48,679)	(43,942)
Property operating expenses	(33,032)	(32,694)	(130,125)	(118,426)
Net property income	60,426	60,578	242,492	226,385
Interest income	1,404	1,412	5,738	4,731
Fair value gain of investment properties (net)	1,460	6,107	4,032	70,889
Net investment income	63,290	68,097	252,262	302,005
Manager's management fee	(5,903)	(5,869)	(23,444)	(21,989)
Trustee's fee	(101)	(101)	(401)	(400)
Auditors' fee	(47)	(24)	(191)	(180)
Tax agent's fee	1	2	(25)	(24)
Valuation fee	(36)	(46)	(253)	(187)
Finance costs	(15,032)	(14,931)	(59,550)	(51,547)
Other non-operating expenses	227	(446)	(639)	(1,655)
	(20,891)	(21,415)	(84,503)	(75,982)
Profit before taxation	42,399	46,682	167,759	226,023
Taxation	-	-	-	-
Profit for the period/year	42,399	46,682	167,759	226,023
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period/year	42,399	46,682	167,759	226,023
Distribution adjustments ²	302	(4,316)	3,417	(63,070)
Income available for distribution	42,701	42,366	171,176	162,953
Distributable income³	42,661	42,318	171,120	162,800
Realised	40,939	40,575	163,727	155,134
Unrealised ⁴	1,460	6,107	4,032	70,889
	42,399	46,682	167,759	226,023

**CAPITALAND MALAYSIA MALL TRUST
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016 (UNAUDITED)**

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

	CURRENT QUARTER 31 DECEMBER		YEAR TO DATE 31 DECEMBER	
	2016 (UNAUDITED)	2015 (UNAUDITED)	2016 (UNAUDITED)	2015 (AUDITED)
Earnings per unit (sen)⁵				
- before Manager's management fee (sen)	2.38	2.60	9.43	13.08
- after Manager's management fee (sen)	2.09	2.31	8.27	11.92
Distribution per unit ("DPU") (sen)	2.10	2.09	8.43	8.60
DPU (sen) – annualised	8.35	8.29	8.43	8.60

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 2015.

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

	CURRENT QUARTER 31 DECEMBER		YEAR TO DATE 31 DECEMBER	
	2016 (UNAUDITED) RM'000	2015 (UNAUDITED) RM'000	2016 (UNAUDITED) RM'000	2015 (AUDITED) RM'000
Allowance for impairment losses of trade receivables	(266)	(42)	(602)	(423)
Foreign exchange gain/(loss):				
- Unrealised	*	*	*	*
- Realised	(3)	(3)	(18)	(9)

* less than RM1,000

**CAPITALAND MALAYSIA MALL TRUST
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016 (UNAUDITED)**

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

2. Included in the distribution adjustments are the following:

	CURRENT QUARTER 31 DECEMBER		YEAR TO DATE 31 DECEMBER	
	2016 (UNAUDITED) RM'000	2015 (UNAUDITED) RM'000	2016 (UNAUDITED) RM'000	2015 (AUDITED) RM'000
Fair value gain of investment properties (net)	(1,460)	(6,107)	(4,032)	(70,889)
Manager's management fee payable in units *	2,443	2,439	9,778	9,091
Depreciation	346	266	1,331	1,110
Amortisation of transaction costs on borrowings	354	363	1,424	1,106
Tax and other adjustments	(1,381)	(1,277)	(5,084)	(3,488)
	<u>302</u>	<u>(4,316)</u>	<u>3,417</u>	<u>(63,070)</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/year divided by the weighted average number of units at the end of the quarter/year. The computation of EPU after Manager's management fee for the current quarter is set out in B12.

**CAPITALAND MALAYSIA MALL TRUST
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016 (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 2015	1,832,286	23,721	431,451	2,287,458
Total comprehensive income for the financial year	-	155,134	70,889	226,023
Unitholders' transactions				
Creation of units				
- Placement of units	316,319	-	-	316,319
- Units issued as part satisfaction of the Manager's management fee	8,573	-	-	8,573
- Placement expenses	(3,649)	-	-	(3,649)
- Distribution paid to unitholders ¹	-	(159,930)	-	(159,930)
Increase/(Decrease) in net assets resulting from unitholders' transactions	321,243	(159,930)	-	161,313
As at 31 December 2015 (Audited)	2,153,529	18,925	502,340	2,674,794
As at 1 January 2016	2,153,529	18,925	502,340	2,674,794
Total comprehensive income for the financial year	-	163,727	4,032	167,759
Unitholders' transactions				
- Units issued as part satisfaction of the Manager's management fee	9,700	-	-	9,700
- Placement expenses	(685)	-	-	(685)
- Distribution paid to unitholders ²	-	(165,979)	-	(165,979)
Increase/(Decrease) in net assets resulting from unitholders' transactions	9,015	(165,979)	-	(156,964)
As at 31 December 2016 (Unaudited)	2,162,544	16,673	506,372	2,685,589

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 2015.

1. This refers to the (i) 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, and (ii) advance distribution of 4.61 sen per unit for the period 1 January 2015 to 8 July 2015 paid on 7 August 2015.
2. This refers to the (i) 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, and (ii) first income distribution of 4.20 sen per unit for the period 1 January 2016 to 30 June 2016 paid on 26 August 2016.

CAPITALAND MALAYSIA MALL TRUST
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	TWELVE MONTHS ENDED	
	31 DECEMBER 2016	31 DECEMBER 2015
	(UNAUDITED)	(AUDITED)
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before taxation	167,759	226,023
Adjustments for:-		
Manager's management fee paid/payable in units	9,778	9,091
Depreciation	1,331	1,110
Fair value gain of investment properties (net)	(4,032)	(70,889)
Finance costs	59,550	51,547
Interest income	(5,738)	(4,731)
Plant and equipment written off	28	2
Operating profit before changes in working capital	228,676	212,153
Changes in working capital:		
Trade and other receivables	332	(3,065)
Trade and other payables	729	9,598
Tenants' deposits	(2,586)	12,419
Net cash generated from operating activities	227,151	231,105
Cash Flows From Investing Activities		
Acquisition of investment properties	-	(547,311)
Acquisition of plant and equipment	(1,644)	(1,722)
Capital expenditure on investment properties	(53,235)	(54,044)
Interest received	5,738	4,731
Net cash used in investing activities	(49,141)	(598,346)
Cash Flows From Financing Activities		
Distribution paid to unitholders	(165,979)	(159,930)
Interest paid	(57,539)	(49,680)
Payment of financing expenses	(988)	(4,632)
Payment of listing and placement expenses	(983)	(3,351)
Placement of pledged deposits with a licensed bank	(3,210)	-
Proceeds from interest bearing borrowings	75,500	550,880
Proceeds from issuance of medium term notes	300,000	-
Proceeds from placement of new units	-	316,319
Redemption of medium term notes	(300,000)	-
Repayment of interest bearing borrowings	(22,900)	(251,900)
Withdrawal of pledged deposits from a licensed bank	6,710	-
Net cash (used in)/generated from financing	(169,389)	397,706
Net increase in cash and cash equivalents	8,621	30,465
Cash and cash equivalents at beginning of the year	180,236	149,771
Cash and cash equivalents at end of the year	188,857	180,236
Cash and cash equivalents at end of the year		
Deposits placed with licensed banks	158,651	153,821
Cash and bank balances	33,446	33,155
	192,097	186,976
Less: Pledged deposits	(3,240)	(6,740)
	188,857	180,236

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 2015.

CAPITALAND MALAYSIA MALL TRUST

FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016 (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 fourth quarter ended 31 December 2016 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 2015.

A2. Changes in Accounting Policies

On 1 January 2016, the Group and CMMT adopted the following Amendments to MFRSs effective for annual periods beginning on or after 1 January 2016:

Amendments to MFRS 7, Financial Instruments: Disclosure (Annual Improvements 2012 – 2014 Cycle)
Amendments to MFRS 10, Consolidated Financial Statements, MFRS 12, Disclosure of Interest in Other Entities
Amendments to MFRS 101, Presentation of Financial Statements – Disclosure Initiative
Amendments to MFRS 116, Property, Plant and Equipment
Amendments to MFRS 127, Separate Financial Statements – Equity Method in Separate Financial Statements
Amendments to MFRS 134, Interim Financial Reporting (Annual Improvements 2012 – 2014 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 2015 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.

**CAPITALAND MALAYSIA MALL TRUST
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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.

A9. Segmental Reporting

Segmental results for the quarter/year ended 31 December 2016 are as follows:

Business Segment	4Q 2016			4Q 2015		
	Retail RM'000	Office RM'000	Total RM'000	Retail RM'000	Office RM'000	Total RM'000
Gross revenue	91,796	1,662	93,458	91,470	1,802	93,272
Net property income	59,416	1,010	60,426	59,316	1,262	60,578
Interest income			1,404			1,412
Fair value gain of investment properties (net)			1,460			6,107
Unallocated expenses			(5,859)			(6,484)
Finance costs			(15,032)			(14,931)
Profit before taxation			42,399			46,682
Taxation			-			-
Profit for the period			42,399			46,682

Business Segment	FY 2016			FY 2015		
	Retail RM'000	Office RM'000	Total RM'000	Retail RM'000	Office RM'000	Total RM'000
Gross revenue	365,564	7,053	372,617	341,417	3,394	344,811
Net property income	238,014	4,478	242,492	224,026	2,359	226,385
Interest income			5,738			4,731
Fair value gain of investment properties (net)			4,032			70,889
Unallocated expenses			(24,953)			(24,435)
Finance costs			(59,550)			(51,547)
Profit before taxation			167,759			226,023
Taxation			-			-
Profit for the year			167,759			226,023

**CAPITALAND MALAYSIA MALL TRUST
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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 31 December 2016, the investment properties were valued based on valuations performed by independent professional valuers as at 31 December 2016. Net fair value gain arising from the valuations amounting to RM1.4 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 Asset

Nil.

A14. Capital Commitments

Capital commitments in relation to capital expenditure are as follows:

	RM'000
Contracted but not provided for	<u>6,541</u>

CAPITALAND MALAYSIA MALL TRUST
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016 (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

	4Q 2016 (Unaudited) RM'000	4Q 2015 (Unaudited) RM'000	Change %	FY 2016 (Unaudited) RM'000	FY 2015 (Audited) RM'000	Change %
(a) Breakdown of Gross Revenue						
Gurney Plaza	35,549	32,769	8.5	137,655	128,064	7.5
Sungei Wang Plaza	10,497	12,849	(18.3)	45,290	55,007	(17.7)
The Mines	19,961	20,110	(0.7)	80,216	81,550	(1.6)
Tropicana City Property ¹	13,183	13,425	(1.8)	52,331	25,112	N.M.
East Coast Mall	14,268	14,119	1.1	57,125	55,078	3.7
Total Gross Revenue	93,458	93,272	0.2	372,617	344,811	8.1
(b) Breakdown of Property Operating Expenses						
Gurney Plaza	10,462	10,267	1.9	40,734	39,969	1.9
Sungei Wang Plaza	4,460	4,436	0.5	18,032	17,806	1.3
The Mines	6,975	7,504	(7.0)	28,552	29,951	(4.7)
Tropicana City Property	5,864	5,599	4.7	22,328	10,620	N.M.
East Coast Mall	5,271	4,888	7.8	20,479	20,080	2.0
Total Property Operating Expenses	33,032	32,694	1.0	130,125	118,426	9.9
(c) Breakdown of Net Property Income						
Gurney Plaza	25,087	22,502	11.5	96,921	88,095	10.0
Sungei Wang Plaza	6,037	8,413	(28.2)	27,258	37,201	(26.7)
The Mines	12,986	12,606	3.0	51,664	51,599	0.1
Tropicana City Property	7,319	7,826	(6.5)	30,003	14,492	N.M.
East Coast Mall	8,997	9,231	(2.5)	36,646	34,998	4.7
Total Net Property Income	60,426	60,578	(0.3)	242,492	226,385	7.1

N.M. - Not meaningful

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

CAPITALAND MALAYSIA MALL TRUST FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016 (UNAUDITED)

B1. Review of Performance (cont'd)

Quarter Results (4Q 2016 vs 4Q 2015)

The Group recorded gross revenue of RM93.5 million in 4Q 2016, an increase of RM0.2 million or 0.2% over 4Q 2015. The increase was mainly attributed to better performance from Gurney Plaza ("GP") on the back of higher rental rates achieved from new and renewed leases.

The above was offset mainly by lower contribution from Sungei Wang Plaza ("SWP"), largely due to negative rental reversions as SWP continues to be temporarily affected by the ongoing Mass Rapid Transit ("MRT") works and closure of BB Plaza.

Property operating expenses for 4Q 2016 were RM33.0 million, an increase of RM0.3 million or 1.0% over 4Q 2015. This was mainly attributed to higher maintenance expenses.

The net property income for 4Q 2016 of RM60.4 million was 0.3% lower than 4Q 2015.

CMMT registered a net fair value gain of RM1.4 million on investment properties in 4Q 2016.

Finance costs for 4Q 2016 of RM15.0 million were RM0.1 million or 0.7% higher than 4Q 2015. The increase was mainly due to the additional revolving credit facilities being drawn down for capital expenditure works and partly offset by impact of lower interest rate post the Overnight Policy Rate cut in July 2016. Average cost of debt for 4Q 2016 was 4.44% p.a. (4Q 2015: 4.50% p.a.).

CMMT has incurred RM20.4 million of capital expenditure during the quarter. This includes the upgrading of mall network infrastructure and tenancy works. During the quarter, GP completed its asset enhancement works at Basement 1 and Level 7 and upgrading of the sky light ceiling at the centre atrium, The Mines ("TM") completed its upgrading of the cooling towers and replacement of the smoke ventilators and existing pagoda roofs, Tropicana City Mall ("TCM") completed its asset enhancement works on Levels 1 and 2 and centre management office renovation and East Coast Mall ("ECM") completed its enhancement of the secondary entrance with a new pick-up and drop-off area.

Overall, distributable income to unitholders for 4Q 2016 was RM42.7 million, an increase of RM0.3 million or 0.8% against 4Q 2015.

Financial Year-to-date Results (FY 2016 vs FY 2015)

The Group recorded gross revenue of RM372.6 million, an increase of RM27.8 million or 8.1% over the previous financial year. The increase was mainly driven by the full year contribution from Tropicana City Property ("TCP") upon its acquisition in 3Q 2015 and better performance from GP and ECM on the back of higher rental rates achieved from new and renewed leases.

SWP's revenue was lower largely due to negative rental reversions as it continues to be temporarily affected by the ongoing MRT works and closure of BB Plaza. The lower revenue from TM was mainly due to the absence of one-off income from utilities recovery.

Property operating expenses for FY 2016 were RM130.1 million, an increase of RM11.7 million or 9.9% over the previous financial year. This was mainly due to TCP's property operating expenses.

The net property income for FY 2016 of RM242.5 million was 7.1% higher than previous financial year.

CMMT registered a net fair value gain of RM4.0 million on investment properties in FY 2016.

Manager's management fee was RM23.4 million, an increase of RM1.5 million or 6.6% over the previous financial year mainly due to the corresponding increase in net property income and asset base after the acquisition of TCP.

**CAPITALAND MALAYSIA MALL TRUST
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B1. Review of Performance (cont'd)

Financial Year-to-date Results (FY 2016 vs FY 2015) (cont'd)

Finance costs for FY 2016 of RM59.6 million were RM8.0 million or 15.5% higher than previous financial year. The increase was mainly due to the new term loan being drawn down to part finance the acquisition of TCP and additional revolving credit facilities being drawn down for capital expenditure works. Average cost of debt for FY 2016 was 4.48% p.a. (FY 2015: 4.47% p.a.).

CMMT has incurred RM48.0 million capital expenditure for the properties during the financial year. This includes the upgrading of mall network infrastructure and tenancy works. During the year, GP completed its asset enhancement works on Basement 1 and Level 7 and upgrading of a chiller and the sky light ceiling at the centre atrium, TM completed its replacement of the smoke ventilators and existing pagoda roofs and upgrading of the cooling towers, lifts and a prayer room, TCM completed its Phase 2 chiller replacement, asset enhancement works on the ground floor (adjacent to the office tower), Levels 1 and 2 and centre management office renovation and ECM completed its upgrading of the main atrium lighting, installation of the parking guidance system and smoke spill system and enhancement of the secondary entrance with a new pick-up and drop-off area.

Overall, distributable income to unitholders for the financial year was RM171.1 million, an increase of RM8.3 million or 5.1% against FY 2015.

B2. Material Changes in Quarter Results

	Quarter ended 31 December 2016 RM'000	Quarter ended 30 September 2016 RM'000
Profit before taxation	42,399	41,540
Less: Fair value gain of investment properties (net)	(1,460)	-
Profit before taxation, excluding net fair value gain of investment properties	<u>40,939</u>	<u>41,540</u>

Other than the net fair value gain of RM1.4 million resulting from the valuation as at 31 December 2016, there is no material change in the financial results of 4Q 2016 as compared to 3Q 2016.

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 expanded by 4.3% in the third quarter of 2016 and is on track to achieve 4.0% to 4.5% growth for the whole year, driven mainly by domestic demand (source: Bank Negara, 11 November 2016). Amidst a weak outlook for the global economy and persistent concerns about the rising costs of living, we expect consumer sentiment and business confidence to remain cautious and domestic economic recovery may be impeded. Looking ahead, retail sales growth is expected to remain challenging in 2017 with a significant recovery to be expected only in the second half of 2017 (source: Malaysia Retail Group Industry Report, December 2016).

Meanwhile, the scheduled completion of new retail supply in 2017 is expected to intensify the competition level for shopping malls. With quality assets located in key urban centres across Malaysia comprising mainly of malls focused on necessity shopping, the Manager is confident that CMMT's portfolio is well-positioned to sustain its performance through different economic cycles and provide both income and geographical diversification to unitholders.

**CAPITALAND MALAYSIA MALL TRUST
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B4. Commentary on Prospects (cont'd)

Leveraging on its proven track record in proactive asset management and retail management, the Manager continually refreshes its assets and develops unique marketing initiatives to ensure the malls remain relevant and attractive to shoppers.

B5. Profit Guarantee(s)

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

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 2016 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 31 December 2016 (Unaudited) RM'000	As at 31 December 2015 (Audited) RM'000
Long term borrowings		
Secured revolving credit	54,600	38,200
Secured term loans	918,430	918,430
Unrated medium term notes	300,000	-
Less: Unamortised transaction costs	(4,922)	(5,563)
	<u>1,268,108</u>	<u>951,067</u>
Short term borrowings		
Unsecured revolving credit	43,700	7,500
Unrated medium term notes	-	300,000
Less: Unamortised transaction costs	-	(203)
	<u>43,700</u>	<u>307,297</u>
Total borrowings	<u>1,311,808</u>	<u>1,258,364</u>

All the borrowings are denominated in Ringgit Malaysia.

On 20 December 2016, CMMT MTN Berhad, a wholly-owned subsidiary of CMMT had issued 3-Year Unrated Medium Term Notes ("MTN") of RM300.0 million ("2-TM") under the existing RM3.0 billion MTN Programme to redeem the outstanding 4-Year Unrated MTN. The issuance is secured by The Mines and will be maturing on 20 December 2019. The 2-TM bears a coupon rate of approximately 4.3% per annum which is payable semi-annually.

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B8. Borrowings and Debt Securities (cont'd)

During the year, additional revolving credit facilities of RM52.6 million were also 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.

B10. Income Distribution

CMMT intends to distribute its final income distribution of RM85.9 million or 4.23 sen (of which 4.02 sen per unit is taxable and 0.21 sen per unit is tax exempt) to its unitholders on 28 February 2017 (book closure date: 10 February 2017), based on the number of units in issue of 2,031,458,100 for period from 1 July 2016 to 31 December 2016. This means CMMT will distribute approximately 100.0% of its distributable income to its unitholders for the financial year ended 31 December 2016.

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 31 December 2016

As at 31 December 2016, CMMT's portfolio comprised the following investment properties:

Investment properties	Cost of Investment¹ RM'000	Net Book Value² RM'000	Market Value RM'000	Market Value as % of NAV³ %
Gurney Plaza	1,128,717	1,467,016	1,515,000	56.4
Sungei Wang Plaza	757,338	676,696	625,000	23.3
The Mines	583,314	724,466	720,000	26.8
Tropicana City Property	570,819	585,951	588,000	21.9
East Coast Mall	391,440	482,411	490,000	18.2
Total	3,431,628	3,936,540	3,938,000	

The market value of Sungei Wang Plaza, The Mines and East Coast Mall were stated at valuations conducted by Savills (Malaysia) Sdn. Bhd. as at 31 December 2016. The market value of Gurney Plaza and Tropicana City Property were stated at valuations performed by PPC International Sdn. Bhd. as at 31 December 2016.

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 comprises market value of the investment properties as at 30 June 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 RM2,685,589,000 as at 31 December 2016. This is calculated in accordance with the REITs Guidelines.

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

	Quarter ended 31 December 2016	Quarter ended 30 September 2016
Number of units in circulation (units)	2,031,458,100	2,031,458,100
NAV before income distribution (RM'000)	2,685,589	2,643,190
NAV after income distribution (RM'000)	2,599,658	2,599,920
NAV per unit ¹ (RM)	1.2797	1.2798
Total comprehensive income (RM'000)	42,399	41,540
Weighted average number of units in issue ² (units)	2,031,458,100	2,029,169,030
EPU after manager's management fee (sen)	2.09	2.05
Distributable income (RM'000)	42,661	43,270
DPU (sen)	2.10	2.13
Market price (RM)	1.53	1.55
DPU yield (%)	1.37	1.37

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 FY 2016 is 2,028,263,062.

B13. Soft Commission Received By The Manager And Its Delegates

Nil.

B14. Manager's Fee

For the financial year ended 31 December 2016, 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:

	4Q 2016 Actual (Unaudited) RM'000	FY 2016 Actual (Unaudited) RM'000
Base management fee	3,033	11,926
Performance fee	2,870	11,518
Total fees	5,903	23,444

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

	No of units units	Percentage of unitholdings %	Market value³ at 30 December 2016 RM
CMMT Investment Limited ¹	710,973,600	35.00	1,087,789,608
Menang Investment Limited ¹	30,537,600	1.50	46,722,528
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
	741,823,200	36.50⁴	1,134,989,496

N.M. - Not meaningful

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B15. Unitholdings of the Manager and Parties Related to the Manager (cont'd)

- 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 December 2016.
- 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 31 December 2016 and of their financial performance and cash flows for the quarter/year ended on that date and duly authorised for release by the Board of Directors of the Manager on 24 January 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: 24 January 2017