

CAPITALAND MALAYSIA MALL TRUST
CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

CAPITALAND MALAYSIA MALL TRUST
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31 DECEMBER 2017 (UNAUDITED) RM'000	AS AT 31 DECEMBER 2016 (AUDITED) RM'000
Assets		
Plant and equipment	2,039	2,759
Investment properties	3,966,000	3,938,000
Total non-current assets	<u>3,968,039</u>	<u>3,940,759</u>
Trade and other receivables	23,512	16,035
Cash and cash equivalents	186,323	192,097
Total current assets	<u>209,835</u>	<u>208,132</u>
Total assets	<u>4,177,874</u>	<u>4,148,891</u>
Equity		
Unitholders' capital	2,172,216	2,162,544
Undistributed profit	514,980	523,045
Total unitholders' funds	<u>2,687,196</u>	<u>2,685,589</u>
Liabilities		
Borrowings	1,279,081	1,268,108
Tenants' deposits	38,381	40,914
Total non-current liabilities	<u>1,317,462</u>	<u>1,309,022</u>
Borrowings	58,200	43,700
Tenants' deposits	54,944	53,432
Trade and other payables	60,072	57,148
Total current liabilities	<u>173,216</u>	<u>154,280</u>
Total liabilities	<u>1,490,678</u>	<u>1,463,302</u>
Total equity and liabilities	<u>4,177,874</u>	<u>4,148,891</u>
Number of units in circulation ('000 units)	2,037,753	2,031,458
Net asset value (NAV)		
- before income distribution	2,687,196	2,685,589
- after income distribution	2,604,056	2,599,658
NAV per unit (RM)		
- before income distribution	1.3187	1.3220
- after income distribution	1.2779	1.2797

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

CAPITALAND MALAYSIA MALL TRUST
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	CURRENT QUARTER			YEAR TO DATE		
	31 DECEMBER		Change	31 DECEMBER		Change
	2017 (UNAUDITED) RM'000	2016 (UNAUDITED) RM'000		2017 (UNAUDITED) RM'000	2016 (AUDITED) RM'000	
		%			%	
Gross rental income	72,072	72,809	(1.0)	289,437	292,948	(1.2)
Car park income	6,179	6,202	(0.4)	24,531	24,614	(0.3)
Other revenue	13,757	14,447	(4.8)	54,966	55,055	(0.2)
Gross revenue	92,008	93,458	(1.6)	368,934	372,617	(1.0)
Maintenance expenses	(8,557)	(7,295)	17.3	(32,917)	(28,846)	14.1
Utilities	(13,263)	(12,904)	2.8	(51,805)	(52,600)	(1.5)
Other operating expenses ¹	(12,614)	(12,833)	(1.7)	(47,066)	(48,679)	(3.3)
Property operating expenses	(34,434)	(33,032)	4.2	(131,788)	(130,125)	1.3
Net property income	57,574	60,426	(4.7)	237,146	242,492	(2.2)
Interest income	1,292	1,404	(8.0)	5,420	5,738	(5.5)
Fair value gain of investment properties (net)	16,016	1,460	>100.0	4,243	4,032	5.2
Net investment income	74,882	63,290	18.3	246,809	252,262	(2.2)
Manager's management fee	(5,789)	(5,903)	(1.9)	(23,253)	(23,444)	(0.8)
Trustee's fee	(100)	(101)	(1.0)	(400)	(401)	(0.2)
Auditor's fee	(62)	(47)	31.9	(205)	(191)	7.3
Tax agent's fee	5	1	(>100.0)	(15)	(25)	(40.0)
Valuation fee	19	(36)	(>100.0)	(201)	(253)	(20.6)
Finance costs	(15,113)	(15,032)	0.5	(59,690)	(59,550)	0.2
Other non-operating expenses ¹	(196)	227	>100.0	(945)	(639)	47.9
	(21,236)	(20,891)	1.7	(84,709)	(84,503)	0.2
Profit before taxation	53,646	42,399	26.5	162,100	167,759	(3.4)
Taxation	-	-	-	-	-	-
Profit for the period/year	53,646	42,399	26.5	162,100	167,759	(3.4)
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income for the period/year	53,646	42,399	26.5	162,100	167,759	(3.4)
Distribution adjustments ²	(13,051)	302	(>100.0)	5,290	3,417	54.8
Income available for distribution	40,595	42,701	(4.9)	167,390	171,176	(2.2)
Distributable income³	40,755	42,661	(4.5)	167,374	171,120	(2.2)
Realised	37,630	40,939	(8.1)	157,857	163,727	(3.6)
Unrealised ⁴	16,016	1,460	>100.0	4,243	4,032	5.2
	53,646	42,399	26.5	162,100	167,759	(3.4)

CAPITALAND MALAYSIA MALL TRUST
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(CONTINUED)

	CURRENT QUARTER 31 DECEMBER			YEAR TO DATE 31 DECEMBER		
	2017	2016	Change %	2017	2016	Change %
	(UNAUDITED) RM'000	(UNAUDITED) RM'000		(UNAUDITED) RM'000	(AUDITED) RM'000	
Earnings per unit (sen)⁵						
- before Manager's management fee	2.92	2.38	22.7	9.11	9.43	(3.4)
- after Manager's management fee	2.63	2.09	25.8	7.97	8.27	(3.6)
Distribution per unit (DPU) (sen)	2.00	2.10	(4.8)	8.22	8.43	(2.5)
DPU (sen) – annualised	7.93	8.35	(5.0)	8.22	8.43	(2.5)

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

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

	CURRENT QUARTER 31 DECEMBER			YEAR TO DATE 31 DECEMBER		
	2017	2016	Change %	2017	2016	Change %
	(UNAUDITED) RM'000	(UNAUDITED) RM'000		(UNAUDITED) RM'000	(AUDITED) RM'000	
Allowance for impairment losses of trade receivables	(90)	(266)	(66.2)	(992)	(602)	64.8
Foreign exchange gain/(loss):						
- Unrealised	*	*	(>100.0)	*	*	(>100.0)
- Realised	(1)	(3)	(66.7)	(7)	(18)	(61.1)

* less than RM1,000

**CAPITALAND MALAYSIA MALL TRUST
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017 (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		
	2017	2016	Change	2017	2016	Change
	(UNAUDITED) RM'000	(UNAUDITED) RM'000	%	(UNAUDITED) RM'000	(AUDITED) RM'000	%
Fair value gain of investment properties (net)	(16,016)	(1,460)	(>100.0)	(4,243)	(4,032)	(5.2)
Manager's management fee payable in units *	2,253	2,443	(7.8)	9,395	9,778	(3.9)
Depreciation	331	346	(4.3)	1,341	1,331	0.8
Amortisation of transaction costs on borrowings	238	354	(32.8)	1,173	1,424	(17.6)
Tax and other adjustments	143	(1,381)	>100.0	(2,376)	(5,084)	53.3
	<u>(13,051)</u>	<u>302</u>	<u>(>100.0)</u>	<u>5,290</u>	<u>3,417</u>	<u>54.8</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 2017 (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 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 ¹	-	(165,979)	-	(165,979)
Increase/(Decrease) in net assets resulting from unitholders' transactions	9,015	(165,979)	-	(156,964)
As at 31 December 2016 (Audited)	2,162,544	16,673	506,372	2,685,589
As at 1 January 2017	2,162,544	16,673	506,372	2,685,589
Total comprehensive income for the financial year	-	157,857	4,243	162,100
Unitholders' transactions				
- Units issued as part satisfaction of the Manager's management fee	9,672	-	-	9,672
- Distribution paid to unitholders ²	-	(170,165)	-	(170,165)
Increase/(Decrease) in net assets resulting from unitholders' transactions	9,672	(170,165)	-	(160,493)
As at 31 December 2017 (Unaudited)	2,172,216	4,365	510,615	2,687,196

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

1. This refers to 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.
2. This refers to the (i) 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, and (ii) first income distribution of 4.14 sen per unit for the period 1 January 2017 to 30 June 2017 paid on 25 August 2017.

**CAPITALAND MALAYSIA MALL TRUST
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017 (UNAUDITED)**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	TWELVE MONTHS ENDED	
	31 DECEMBER 2017	31 DECEMBER 2016
	(UNAUDITED)	(AUDITED)
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before taxation	162,100	167,759
Adjustments for:-		
Manager's management fee payable in units	9,395	9,778
Depreciation	1,341	1,331
Fair value gain of investment properties (net)	(4,243)	(4,032)
Finance costs	59,690	59,550
Interest income	(5,420)	(5,738)
Plant and equipment written off	3	28
Operating profit before changes in working capital	222,866	228,676
Changes in working capital:		
Trade and other receivables	(7,477)	332
Trade and other payables	861	729
Tenants' deposits	(1,021)	(2,586)
Net cash generated from operating activities	215,229	227,151
Cash Flows From Investing Activities		
Acquisition of plant and equipment	(624)	(1,644)
Capital expenditure on investment properties	(21,678)	(53,235)
Interest received	5,420	5,738
Net cash used in investing activities	(16,882)	(49,141)
Cash Flows From Financing Activities		
Distribution paid to unitholders	(170,165)	(165,979)
Interest paid	(57,955)	(57,539)
Payment of financing expenses	(301)	(988)
Payment of placement expenses	-	(983)
Placement of pledged deposits with a licensed bank	(3,243)	(3,210)
Proceeds from interest bearing borrowings	24,300	75,500
Proceeds from issuance of medium term notes	-	300,000
Redemption of medium term notes	-	(300,000)
Repayment of interest bearing borrowings	-	(22,900)
Withdrawal of pledged deposits from a licensed bank	-	6,710
Net cash used in financing activities	(207,364)	(169,389)
Net (decrease)/increase in cash and cash equivalents	(9,017)	8,621
Cash and cash equivalents at beginning of the year	188,857	180,236
Cash and cash equivalents at end of the year	179,840	188,857
Cash and cash equivalents at end of the year comprises:		
Deposits placed with licensed banks	151,946	158,651
Cash and bank balances	34,377	33,446
	186,323	192,097
Less: Pledged deposits	(6,483)	(3,240)
	179,840	188,857

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

CAPITALAND MALAYSIA MALL TRUST

FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017 (UNAUDITED)

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

A1. Basis of Preparation

The condensed consolidated interim financial statements of the Group as at and for the fourth quarter ended 31 December 2017 comprise CMMT and its subsidiary. These interim financial statements have been prepared on the historical cost basis except for investment properties and financial instruments which are stated at fair value.

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

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

A2. Changes in Accounting Policies

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

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

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

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

A3. Audit Report of Preceding Financial Year

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

A4. Comment on Seasonality or Cyclicity of Operations

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

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

Nil.

A6. Changes in Estimates Of Amount Reported

Nil.

A7. Debt and Equity Securities

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

**CAPITALAND MALAYSIA MALL TRUST
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017 (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/year ended 31 December 2017 are as follows:

Business Segment	4Q 2017			4Q 2016		
	Retail RM'000	Office RM'000	Total RM'000	Retail RM'000	Office RM'000	Total RM'000
Gross revenue	90,455	1,553	92,008	91,796	1,662	93,458
Net property income	56,616	958	57,574	59,416	1,010	60,426
Interest income			1,292			1,404
Fair value gain of investment properties (net)			16,016			1,460
Unallocated expenses			(6,123)			(5,859)
Finance costs			(15,113)			(15,032)
Profit before taxation			53,646			42,399
Taxation			-			-
Profit for the period			53,646			42,399

Business Segment	FY 2017			FY 2016		
	Retail RM'000	Office RM'000	Total RM'000	Retail RM'000	Office RM'000	Total RM'000
Gross revenue	362,468	6,466	368,934	365,564	7,053	372,617
Net property income	233,075	4,071	237,146	238,014	4,478	242,492
Interest income			5,420			5,738
Fair value gain of investment properties (net)			4,243			4,032
Unallocated expenses			(25,019)			(24,953)
Finance costs			(59,690)			(59,550)
Profit before taxation			162,100			167,759
Taxation			-			-
Profit for the year			162,100			167,759

**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 2017, the investment properties were valued based on valuations performed by independent professional valuers as at 31 December 2017. Net fair value gain arising from the valuations amounting to RM16.0 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>3,754</u>
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CAPITALAND MALAYSIA MALL TRUST
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017 (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 2017 (Unaudited) RM'000	4Q 2016 (Unaudited) RM'000	Change %	FY 2017 (Unaudited) RM'000	FY 2016 (Audited) RM'000	Change %
(a) Breakdown of Gross Revenue						
Gurney Plaza	37,039	35,549	4.2	145,669	137,655	5.8
Sungei Wang	8,358	10,497	(20.4)	37,888	45,290	(16.3)
The Mines	18,527	19,961	(7.2)	75,615	80,216	(5.7)
Tropicana City Property	12,553	13,183	(4.8)	50,310	52,331	(3.9)
East Coast Mall	15,531	14,268	8.9	59,452	57,125	4.1
Total Gross Revenue	92,008	93,458	(1.6)	368,934	372,617	(1.0)
(b) Breakdown of Property Operating Expenses						
Gurney Plaza	10,875	10,462	3.9	41,068	40,734	0.8
Sungei Wang	5,485	4,460	23.0	21,411	18,032	18.7
The Mines	7,317	6,975	4.9	27,955	28,552	(2.1)
Tropicana City Property	5,363	5,864	(8.5)	21,253	22,328	(4.8)
East Coast Mall	5,394	5,271	2.3	20,101	20,479	(1.8)
Total Property Operating Expenses	34,434	33,032	4.2	131,788	130,125	1.3
(c) Breakdown of Net Property Income						
Gurney Plaza	26,164	25,087	4.3	104,601	96,921	7.9
Sungei Wang	2,873	6,037	(52.4)	16,477	27,258	(39.6)
The Mines	11,210	12,986	(13.7)	47,660	51,664	(7.8)
Tropicana City Property	7,190	7,319	(1.8)	29,057	30,003	(3.2)
East Coast Mall	10,137	8,997	12.7	39,351	36,646	7.4
Total Net Property Income	57,574	60,426	(4.7)	237,146	242,492	(2.2)

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 2017 (UNAUDITED)

B1. Review of Performance (cont'd)

Quarter Results (4Q 2017 vs 4Q 2016)

The Group recorded gross revenue of RM92.0 million in 4Q 2017, a decrease of RM1.5 million or 1.6% against 4Q 2016. The decrease was mainly due to negative rental reversions from Sungei Wang (SW), as SW continues to be affected by the closure of BB Plaza. Lower gross revenue was recorded for The Mines (TM) mainly due to lower rental rates and occupancy whilst lower gross revenue in Tropicana City Property (TCP) was mainly due to lower occupancy at the office tower and softer demand for promotional space at the mall. The decrease was mitigated by better performance from Gurney Plaza (GP) and East Coast Mall (ECM) on the back of higher rental rates and gross turnover rent.

Property operating expenses for 4Q 2017 were RM34.4 million, an increase of RM1.4 million or 4.2% against 4Q 2016. This was mainly attributed to the increase in service charge at SW as well as higher property maintenance and marketing expenses.

The net property income for 4Q 2017 of RM57.6 million was 4.7% lower than 4Q 2016.

CMMT registered a net fair value gain of RM16.0 million on investment properties in 4Q 2017.

Finance costs for 4Q 2017 of RM15.1 million were 0.5% higher than 4Q 2016. The increase was mainly due to higher interest expenses from additional revolving credit facilities drawn down for capital expenditure works, partly offset by lower average cost of debt and commitment fees. Average cost of debt for 4Q 2017 was 4.41% p.a. (4Q 2016: 4.44% p.a.).

CMMT has incurred RM10.8 million of capital expenditure during the quarter. This includes tenancy works at GP, TM, TCP and ECM. During the quarter, the major completed works included the upgrading of LPG tank and asset enhancement works on Basement 1 at GP, asset enhancement works on Ground Floor and building works at Tropicana City Mall (TCM) as well as upgrading of car park on Level 4 and air handling units at ECM.

Overall, distributable income to unitholders for 4Q 2017 was RM40.8 million, a decrease of RM1.9 million or 4.5% against 4Q 2016.

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

The Group recorded gross revenue of RM368.9 million, a decrease of RM3.7 million or 1.0% over the previous financial year. The decrease was mainly due to negative rental reversions from SW, as SW was temporarily affected by the Mass Rapid Transit works in 1H 2017 and continues to be affected by the closure of BB Plaza. Lower gross revenue was recorded for TM mainly due to lower rental rates and occupancy whilst lower gross revenue in TCP was mainly due to lower occupancy at the office tower and softer demand for promotional space at the mall. The decrease was mitigated by better performance from GP and ECM on the back of higher rental rates and gross turnover rent.

Property operating expenses for FY 2017 were RM131.8 million, an increase of RM1.7 million or 1.3% over the previous financial year. This was mainly due to the increase in service charge at SW and higher property maintenance as well as marketing expenses, offset by lower utilities consumption and reimbursable staff costs.

The net property income for FY 2017 of RM237.1 million was 2.2% lower than FY 2016.

CMMT registered a net fair value gain of RM4.2 million on investment properties in FY2017.

Finance costs for FY 2017 of RM59.7 million were 0.2% higher than FY 2016. The increase was mainly due to the additional revolving credit facilities being drawn down for capital expenditure works and partly offset by lower average cost of debt and commitment fees. Average cost of debt for FY 2017 was 4.40% p.a. (FY 2016: 4.48% p.a.).

**CAPITALAND MALAYSIA MALL TRUST
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017 (UNAUDITED)**

B1. Review of Performance (cont'd)

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

CMMT has incurred RM23.8 million of capital expenditure for the properties during the financial year. This includes tenancy works at GP, TM, TCP and ECM. The major completed works included the upgrading of LPG tank and asset enhancement works on Basement 1 at GP, asset enhancement works on Ground Floor and building works at TCM, chiller piping installation works at the office tower, upgrading of car park on Level 4 and air handling units at ECM as well as reconfiguration works on the Concourse level at SW.

Overall, distributable income to unitholders for the financial year was RM167.4 million, a decrease of RM3.7 million or 2.2% against FY 2016.

B2. Material Changes in Quarter Results

	Quarter ended 31 December 2017 RM'000	Quarter ended 30 September 2017 RM'000	Change %
Profit before taxation	53,646	40,076	33.9
Add/(Less) : Fair value gain of investment properties (net)	<u>(16,016)</u>	<u>-</u>	<u>100.0</u>
Profit before taxation, excluding net fair value gain of investment properties	<u>37,630</u>	<u>40,076</u>	<u>(6.1)</u>

Other than the net fair value gain of RM16.0 million resulting from the valuation as at 31 December 2017, there is no material change in the financial results of 4Q 2017 as compared to 3Q 2017.

B3. Investment Objectives and Strategies

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

B4. Commentary on Prospects

The Malaysian economy expanded by 6.2% in the third quarter of 2017 (3Q 2017) and is on track to achieve the 5.2% to 5.7% growth for the whole of 2017, driven mainly by domestic demand (source: Bank Negara Malaysia). Meanwhile, the recovery of the Malaysian retail market is dependent on Ringgit Malaysia performance and external economic demand (source: Malaysia Retail Group Industry Report, December 2017).

In spite of the anticipated global economic recovery, the Manager expects business and consumer sentiments to remain muted amidst persistent concerns about the rising costs of living. As more shopping malls come onstream, particularly in the Klang Valley, in 2018 and growing competition from e-commerce, the operating environment continues to remain challenging. To mitigate these challenges, the Manager will continue to refresh and rejuvenate the portfolio through proactive leasing strategy, active asset management and asset enhancement initiatives.

With quality assets located in key urban centres across Malaysia, CMMT's portfolio comprises a mix of destination and neighbourhood shopping malls that have sustained its performance through different economic cycles and provided both income and geographical diversification to unitholders.

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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 2017 to its unitholders, no provision for tax has been made for the current quarter.

B7. Status of Corporate Proposals

Nil

B8. Borrowings and Debt Securities

	As at 31 December 2017 (Unaudited) RM'000	As at 31 December 2016 (Audited) RM'000
Long term borrowings		
Secured revolving credit	64,400	54,600
Secured term loans	918,430	918,430
Unrated medium term notes	300,000	300,000
Less: Unamortised transaction costs	(3,749)	(4,922)
	<u>1,279,081</u>	<u>1,268,108</u>
Short term borrowings		
Unsecured revolving credit	58,200	43,700
	<u>58,200</u>	<u>43,700</u>
Total borrowings	<u>1,337,281</u>	<u>1,311,808</u>

All the borrowings are denominated in Ringgit Malaysia.

During the year, additional revolving credit facilities of RM24.3 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 80% and 20% respectively.

B9. Change in Material Litigation

Nil.

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B10. Income Distribution

CMMT intends to distribute its final income distribution of RM83.1 million or 4.08 sen per unit (of which 3.78 sen per unit is taxable and 0.30 sen per unit is tax exempt) on 28 February 2018 (book closure date: 9 February 2018), based on the number of units in issue of 2,037,752,700 for the period from 1 July 2017 to 31 December 2017. This means CMMT will distribute approximately 100.0% of its distributable income to its unitholders for the financial year ended 31 December 2017.

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

Resident unitholders:

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

Non-resident unitholders:

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

B11. Composition of Investment Portfolio as at 31 December 2017

As at 31 December 2017, 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	1,134,249	1,554,494	1,575,000	58.6
Sungei Wang	759,637	584,121	583,000	21.7
The Mines	589,002	726,351	727,000	27.1
Tropicana City Property	578,258	574,514	570,000	21.2
East Coast Mall	394,239	510,504	511,000	19.0
Total	3,455,385	3,949,984	3,966,000	

The market value of Sungei Wang, The Mines and East Coast Mall were stated at valuations conducted by PPC International Sdn Bhd as at 31 December 2017. The market value of Gurney Plaza and Tropicana City Property were stated at valuations performed by Savills (Malaysia) Sdn Bhd and Henry Butcher Malaysia Sdn Bhd respectively as at 31 December 2017.

- ¹ Cost of investment comprises purchase consideration and capital expenditure incurred from inception up to the end of the reporting date.
- ² Net book value (NBV) comprises of market value of the investment properties as at 30 June 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 RM2,687,196,000 as at 31 December 2017. This is calculated in accordance with the REITs Guidelines.

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

	Quarter ended 31 December 2017	Quarter ended 30 September 2017
Number of units in circulation (units)	2,037,752,700	2,037,752,700
NAV before income distribution (RM'000)	2,687,196	2,633,550
NAV after income distribution (RM'000)	2,604,056	2,591,165
NAV per unit ¹ (RM)	1.2779	1.2716
Total comprehensive income (RM'000)	53,646	40,076
Weighted average number of units in issue ² (units)	2,037,752,700	2,035,211,260
EPU after manager's management fee (sen)	2.63	1.97
Distributable income (RM'000)	40,755	42,385
DPU (sen)	2.00	2.08
Market price (RM)	1.83	1.42
DPU yield (%)	1.09	1.46

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 2017 is 2,034,991,690.

B13. Soft Commission Received By The Manager And Its Delegates

Nil.

B14. Manager's Fees

For the financial year ended 31 December 2017, the Manager has accounted for a base fee of 0.29% per annum of the total asset value and a performance fee of 4.75% per annum of net property income. Total fees accrued to the Manager were as follows:

	4Q 2017 Actual (Unaudited) RM'000	FY 2017 Actual (Unaudited) RM'000
Base management fee	3,054	11,989
Performance fee	2,735	11,264
Total fees	5,789	23,253

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

	No of units units	Percentage of unitholdings⁴ %	Market value³ at 29 December 2017 RM
CMMT Investment Limited ¹	710,973,600	34.89	1,301,081,688
Menang Investment Limited ¹	33,832,200	1.66	61,912,926
Direct unitholdings of the Directors of the Manager:			
Mr Ng Kok Siong ²	100,000	N.M.	183,000
Ms Low Peck Chen	12,000	N.M.	21,960
Ms Tan Siew Bee	100,000	N.M.	183,000
Dr Peter Tay Buan Huat ²	100,000	N.M.	183,000
Mr Lee Hui Yeow ⁵	23,000	N.M.	42,090
	745,140,800	36.57	1,363,607,664

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

N.M. - Not meaningful

- ¹ An indirect wholly-owned subsidiary of CapitaLand Mall Asia Limited.
- ² Units held through nominees.
- ³ The market value of the units is computed based on the closing price of RM1.83 per unit as at 29 December 2017.
- ⁴ Approximation.
- ⁵ Alternate director to Mr Ng Kok Siong

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 2017 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 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: 24 January 2018