**Financial Results (v13)**

Reference No. FRA-23012018-00002

**RELEASED**
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| COMPANY INFORMATION SECTION | | | |
|---|---|---|---|
| **Announcement Type** | ● New Announcement Amended Announcement | | |
| **Company Name** | CAPITALAND MALAYSIA MALL TRUST | | |
| **Stock Name** | CMMT | | |
| **Stock Code** | 5180 | | |
| **Board** | Main Market | | |
| **Submitting Secretarial Firm** | TMF GLOBAL SERVICES (MALAYSIA) SDN BHD | | |

| CONTACT DETAIL | | | |
|---|---|---|---|
| **Contact Person** | **Designation** | **Contact No** | **Email Address** |
| TMF GLOBAL SERVICES (MALAYSIA) SDN BHD | | | muiling.ha@tmf-group.com |
| Lee Seet Yee | Assistant Secretary | 603-23824356 | Seet.Yee.Lee@tmf-group.com |

| MAIN | |
|---|---|
| **General Information** | |
| **Financial Year End** | 31 Dec 2017 |
| **Quarter** | 4 Qtr |
| **Quarterly report for the financial period ended** | 31 Dec 2017 |
| **The figures** | have not been audited |
| **Remarks** | |
| **Please attach the full Quarterly Report here** | **No** **File Name** **Size**<br>1 CMMT_4Q 2017_Quarterly Results.pdf 403.3KB |

| DEFAULT CURRENCY | |
|---|---|
| **Currency** | Malaysian Ringgit (MYR) |

**Part A2 : SUMMARY OF KEY FINANCIAL INFORMATION**

| | | | | |
|---|---|---|---|---|
| Summary of the Key Financial Information for the financial period ended | 31 Dec 2017 | | | |
| | INDIVIDUAL PERIOD | | CUMULATIVE PERIOD | |
| | CURRENT YEAR QUARTER | PRECEDING YEAR CORRESPONDING QUARTER | CURRENT YEAR TO DATE | PRECEDING YEAR CORRESPONDING PERIOD |
| | 31 Dec 2017 | 31 Dec 2016 | 31 Dec 2017 | 31 Dec 2016 |
| | [dd/mm/yyyy] S$'000 | [dd/mm/yyyy] S$'000 | [dd/mm/yyyy] S$'000 | [dd/mm/yyyy] S$'000 |
| 1. Revenue | 92,008 | 93,458 | 368,934 | 372,617 |
| 2. Profit/(loss) before Tax | 53,646 | 42,399 | 162,100 | 167,759 |
| 3. Profit/(loss) for the period | 53,646 | 42,399 | 162,100 | 167,759 |
| 4. Profit/(loss) attributable to ordinary equity holders of the parent | 53,646 | 42,399 | 162,100 | 167,759 |
| 5. Basic earnings/(loss) per share (Subunit) | 2.63 | 2.09 | 7.97 | 8.27 |
| 6. Proposed/Declared dividend per share (Subunit) | 4.08 | 4.23 | 8.22 | 8.43 |
| | AS AT END OF CURRENT QUARTER | | AS AT PRECEDING FINANCIAL YEAR END | |
| 7. Net assets per share attributable to ordinary equity holders of the parent (S$) | 1.2779 | | 1.2797 | |
| Remarks | Remark: Final income distribution of 4.08 sen per unit (of which 3.78 sen per unit is taxable and 0.30 sen is non-taxable in the hands of unitholders) for the period from 1 July 2017 to 31 December 2017 is announced on 24 January 2018. | | | |

# CAPITALAND MALAYSIA MALL TRUST

# CONDENSED CONSOLIDATED

# FINANCIAL STATEMENTS

# FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

## 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 | 3,968,039 | 3,940,759 |
| | | |
| Trade and other receivables | 23,512 | 16,035 |
| Cash and cash equivalents | 186,323 | 192,097 |
| Total current assets | 209,835 | 208,132 |
| **Total assets** | **4,177,874** | **4,148,891** |
| | | |
| **Equity** | | |
| Unitholders' capital | 2,172,216 | 2,162,544 |
| Undistributed profit | 514,980 | 523,045 |
| Total unitholders' funds | 2,687,196 | 2,685,589 |
| | | |
| **Liabilities** | | |
| Borrowings | 1,279,081 | 1,268,108 |
| Tenants' deposits | 38,381 | 40,914 |
| Total non-current liabilities | 1,317,462 | 1,309,022 |
| | | |
| Borrowings | 58,200 | 43,700 |
| Tenants' deposits | 54,944 | 53,432 |
| Trade and other payables | 60,072 | 57,148 |
| Total current liabilities | 173,216 | 154,280 |
| Total liabilities | 1,490,678 | 1,463,302 |
| | | |
| **Total equity and liabilities** | **4,177,874** | **4,148,891** |
| | | |
| **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.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | CURRENT QUARTER 31 DECEMBER | | | YEAR TO DATE 31 DECEMBER | | |
|---|---|---|---|---|---|---|
| | 2017 (UNAUDITED) RM'000 | 2016 (UNAUDITED) RM'000 | Change % | 2017 (UNAUDITED) RM'000 | 2016 (AUDITED) RM'000 | Change % |
| 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 income[3]** | **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) |

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

| | CURRENT QUARTER 31 DECEMBER | | | YEAR TO DATE 31 DECEMBER | | |
|---|---|---|---|---|---|---|
| | 2017 (UNAUDITED) RM'000 | 2016 (UNAUDITED) RM'000 | Change % | 2017 (UNAUDITED) RM'000 | 2016 (AUDITED) RM'000 | Change % |
| **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 (UNAUDITED) RM'000 | 2016 (UNAUDITED) RM'000 | Change % | 2017 (UNAUDITED) RM'000 | 2016 (AUDITED) RM'000 | Change % |
| 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

## 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 (UNAUDITED) RM'000 | 2016 (UNAUDITED) RM'000 | Change % | 2017 (UNAUDITED) RM'000 | 2016 (AUDITED) RM'000 | Change % |
| 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 |
| | (13,051) | 302 | (>100.0) | 5,290 | 3,417 | 54.8 |

* 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.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSET VALUE

| | Unitholders' Capital RM'000 | Undistributed Profit Realised RM'000 | Undistributed Profit Unrealised RM'000 | Total Unitholders' Funds RM'000 |
|---|---|---|---|---|
| **As at 1 January 2016** | 2,153,529 | 18,925 | 502,340 | 2,674,794 |
| Total comprehensive income for the financial 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.

## 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.

## 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 MFRS*s* 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 Cyclicality of Operations

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

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

Nil.

### A6. Changes in Estimates Of Amount Reported

Nil.

### A7. Debt and Equity Securities

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

**A8. Income Distribution Policy**

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

**A9. Segmental Reporting**

Segmental results for the quarter/year ended 31 December 2017 are as follows:

| | 4Q 2017 | | | 4Q 2016 | | |
|---|---|---|---|---|---|---|
| **Business Segment** | **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** |

| | 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** |

**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:

| | RM'000 |
|---|---|
| Contracted but not provided for | 3,754 |

## 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)

**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 occupany 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.).

**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) | (16,016) | - | 100.0 |
| Profit before taxation, excluding net fair value gain of investment properties | **37,630** | **40,076** | **(6.1)** |

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.

**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) |
| | 1,279,081 | 1,268,108 |
| **Short term borrowings** | | |
| Unsecured revolving credit | 58,200 | 43,700 |
| | 58,200 | 43,700 |
| **Total borrowings** | **1,337,281** | **1,311,808** |

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.

**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 Investment[1] | Net Book Value[2] | Market Value | Market Value as % of NAV[3] |
|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | % |
| 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.

**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 | Percentage of unitholdings[4] | Market value[3] at 29 December 2017 |
|---|---|---|---|
| | **units** | **%** | **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** |

**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**