

**CAPITAMALLS MALAYSIA TRUST**  
**CONDENSED CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2012**

**CAPITAMALLS MALAYSIA TRUST  
FOR THE SECOND QUARTER ENDED 30 JUNE 2012 (UNAUDITED)**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	AS AT 30 JUNE 2012 (UNAUDITED) RM'000	AS AT 31 DECEMBER 2011 (AUDITED) RM'000
<b>Assets</b>		
Plant and equipment	1,176	1,093
Investment properties	2,888,000	2,781,000
Total non-current assets	<u>2,889,176</u>	<u>2,782,093</u>
Trade and other receivables	9,101	9,192
Cash and cash equivalents	164,262	115,417
Total current assets	<u>173,363</u>	<u>124,609</u>
<b>Total assets</b>	<b><u>3,062,539</u></b>	<b><u>2,906,702</u></b>
<b>Equity</b>		
Unitholders' capital	1,810,725	1,806,696
Undistributed profit	292,310	145,147
Total unitholders' funds	<u>2,103,035</u>	<u>1,951,843</u>
<b>Liabilities</b>		
Borrowings	815,768	815,231
Tenants' deposits	55,322	47,186
Total non-current liabilities	<u>871,090</u>	<u>862,417</u>
Borrowings	17,000	9,000
Tenants' deposits	21,822	21,936
Trade and other payables	49,592	61,506
Total current liabilities	<u>88,414</u>	<u>92,442</u>
Total liabilities	<u>959,504</u>	<u>954,859</u>
<b>Total equity and liabilities</b>	<b><u>3,062,539</u></b>	<b><u>2,906,702</u></b>
<b>Number of unit in circulation ('000 units)</b>	<b>1,765,498</b>	<b>1,762,652</b>
<b>Net asset value (NAV)</b>		
- before income distribution	<b>2,103,035</b>	<b>1,951,843</b>
- after income distribution	<b>2,028,884</b>	<b>1,931,748</b>
<b>NAV per unit (RM)</b>		
- before income distribution	<b>1.1912</b>	<b>1.1073</b>
- after income distribution	<b>1.1492</b>	<b>1.0959</b>

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

**CAPITAMALLS MALAYSIA TRUST**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2012 (UNAUDITED)**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	CURRENT QUARTER		YEAR TO DATE	
	2012 <sup>1</sup>	2011	2012 <sup>2</sup>	2011
	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)
	RM'000	RM'000	RM'000	RM'000
Gross rental income	57,539	48,233	115,129	92,602
Car park income	4,414	3,741	9,191	7,379
Other revenue	9,426	5,252	18,462	9,924
<b>Gross revenue</b>	<b>71,379</b>	<b>57,226</b>	<b>142,782</b>	<b>109,905</b>
Maintenance expenses	(5,225)	(4,908)	(10,625)	(9,557)
Utilities	(9,639)	(5,696)	(19,079)	(11,267)
Other operating expenses <sup>3</sup>	(7,744)	(5,849)	(15,530)	(11,549)
Property operating expenses	(22,608)	(16,453)	(45,234)	(32,373)
<b>Net property income</b>	<b>48,771</b>	<b>40,773</b>	<b>97,548</b>	<b>77,532</b>
Interest income	1,105	697	1,835	1,544
Other non-operating income	-	-	96	1,884
Fair value gain of investment properties <sup>4</sup>	98,384	48,553	98,384	54,220
<b>Net investment income</b>	<b>148,260</b>	<b>90,023</b>	<b>197,863</b>	<b>135,180</b>
Manager's management fee	(4,803)	(4,031)	(9,496)	(7,771)
Trustee's fee	(126)	(114)	(249)	(225)
Auditors' fee	(56)	(35)	(112)	(70)
Tax agent's fee	(6)	(5)	(14)	(10)
Valuation fee	(72)	(100)	(132)	(250)
Finance costs	(10,240)	(9,770)	(20,414)	(18,806)
Other non-operating expenses	(141)	(278)	(188)	(914)
	(15,444)	(14,333)	(30,605)	(28,046)
<b>Profit before taxation</b>	<b>132,816</b>	<b>75,690</b>	<b>167,258</b>	<b>107,134</b>
Taxation	-	-	-	-
<b>Profit for the period</b>	<b>132,816</b>	<b>75,690</b>	<b>167,258</b>	<b>107,134</b>
Other comprehensive income, net of tax	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>132,816</b>	<b>75,690</b>	<b>167,258</b>	<b>107,134</b>
Distribution adjustments <sup>5</sup>	(95,570)	(45,805)	(93,042)	(51,257)
<b>Income available for distribution</b>	<b>37,246</b>	<b>29,885</b>	<b>74,216</b>	<b>55,877</b>
<b>Distributable income<sup>6</sup></b>	<b>37,312</b>	<b>29,787</b>	<b>74,151</b>	<b>55,779</b>
Profit for the period is made up of the following:				
Realised	34,432	27,137	68,874	52,914
Unrealised <sup>7</sup>	98,384	48,553	98,384	54,220
	132,816	75,690	167,258	107,134

**CAPITAMALLS MALAYSIA TRUST  
FOR THE SECOND QUARTER ENDED 30 JUNE 2012 (UNAUDITED)**

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

	CURRENT QUARTER 30 JUNE		YEAR TO DATE 30 JUNE	
	2012 <sup>1</sup> (UNAUDITED)	2011 (UNAUDITED)	2012 <sup>2</sup> (UNAUDITED)	2011 (UNAUDITED)
<b>Earnings per unit (sen)<sup>8</sup></b>				
- before Manager's management fee (sen)	7.80	5.33	10.02	8.06
- after Manager's management fee (sen)	7.53	5.06	9.48	7.51
<b>Distribution per unit (DPU) (sen)</b>	2.11	2.00	4.20	3.90
<b>DPU (sen) – annualised</b>	8.49	8.02	8.45	7.86

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

1. 2Q 2012 actual includes the full-quarter financial results of East Coast Mall which was acquired on 14 November 2011.
2. YTD 2012 actual includes the full-period financial results of East Coast Mall and Gurney Plaza Extension (acquired on 28 March 2011). The financial results of Gurney Plaza Extension was grouped under Gurney Plaza.
3. Included in the other operating expenses is the following:

	CURRENT QUARTER 30 JUNE		YEAR TO DATE 30 JUNE	
	2012 (UNAUDITED) RM'000	2011 (UNAUDITED) RM'000	2012 (UNAUDITED) RM'000	2011 (UNAUDITED) RM'000
(Allowance) for/ Write-back of impairment losses of trade receivables	(87)	(62)	30	(65)
Realised foreign exchange loss	(15)	(3)	(15)	(3)

4. The fair value gain of investment properties is the surplus of the appraised values over costs in the reporting period. This is an unrealised gain and is not available for income distribution.

**CAPITAMALLS MALAYSIA TRUST  
FOR THE SECOND QUARTER ENDED 30 JUNE 2012 (UNAUDITED)**

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

5. Included in the distribution adjustments is the following:

	CURRENT QUARTER 30 JUNE		YEAR TO DATE 30 JUNE	
	2012 (UNAUDITED) RM'000	2011 (UNAUDITED) RM'000	2012 (UNAUDITED) RM'000	2011 (UNAUDITED) RM'000
Fair value gain of investment properties	(98,384)	(48,553)	(98,384)	(54,220)
Manager's management fee payable in units*	2,044	1,936	4,074	3,683
Adjustment for listing expenses	-	-	-	(1,884)
Depreciation	161	133	306	271
Amortisation of transaction costs on borrowings	238	235	485	449
Net loss from subsidiary**	2	-	4	-
Other tax adjustments	369	444	473	444
	<u>(95,570)</u>	<u>(45,805)</u>	<u>(93,042)</u>	<u>(51,257)</u>

\* This is calculated with reference to the net property income of all properties except for East Coast Mall which was payable in cash.

\*\* Net loss from subsidiary relates to the wholly owned subsidiary, CMMT MTN Berhad.

6. The difference between distributable income and income available for distribution is due to rollover adjustment for rounding effect of DPU. Details are set out in B11.

7. This is an unrealised profit and is not available for income distribution.

8. Earnings per unit (EPU) is computed based on profit for the quarter/period divided by the weighted average number of units at the end of the quarter/period. The computation of EPU after Manager's management fee for the current quarter is set out in B13.

**CAPITAMALLS MALAYSIA TRUST**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2012 (UNAUDITED)**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSET VALUE**

	Unitholders' Capital RM'000	Undistributed Profit Realised RM'000	Unrealised RM'000	Total Unitholders' Funds RM'000
<b>As at 1 January 2011</b>	1,325,560	28,049	81,347	1,434,956
Total comprehensive income for the period	-	52,914	54,220	107,134
<b>Increase in net assets resulting from operations</b>	<b>1,325,560</b>	<b>80,963</b>	<b>135,567</b>	<b>1,542,090</b>
<b>Unitholders' transactions</b>				
- Issue of new units	153,550	-	-	153,550
- Units issued as part satisfaction of the Manager's management fee	-	-	-	-
- Placement expenses <sup>1</sup>	(3,406)	-	-	(3,406)
- Distribution paid to unitholders <sup>2</sup>	-	(69,390)	-	(69,390)
<b>Increase in net assets resulting from unitholders' transactions</b>	<b>150,144</b>	<b>(69,390)</b>	<b>-</b>	<b>80,754</b>
<b>As at 30 June 2011 (Unaudited)</b>	<b>1,475,704</b>	<b>11,573</b>	<b>135,567</b>	<b>1,622,844</b>
<b>As at 1 January 2012</b>	1,806,696	(5,110)	150,257	1,951,843
Total comprehensive income for the period	-	68,874	98,384	167,258
<b>Increase in net assets resulting from operations</b>	<b>1,806,696</b>	<b>63,764</b>	<b>248,641</b>	<b>2,119,101</b>
<b>Unitholders' transactions</b>				
- Issue of new units	-	-	-	-
- Units issued as part satisfaction of the Manager's management fee	4,031	-	-	4,031
- Placement expenses <sup>1</sup>	(2)	-	-	(2)
- Distribution paid to unitholders <sup>3</sup>	-	(20,095)	-	(20,095)
<b>Increase in net assets resulting from unitholders' transactions</b>	<b>4,029</b>	<b>(20,095)</b>	<b>-</b>	<b>(16,066)</b>
<b>As at 30 June 2012 (Unaudited)</b>	<b>1,810,725</b>	<b>43,669</b>	<b>248,641</b>	<b>2,103,035</b>

The unaudited condensed consolidated statement of changes in net asset value should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

1. This refers to the private placement expenses in relation to the acquisition of Gurney Plaza Extension.
2. This refers to (i) 2010 income distribution of 3.40 sen per unit for the period from 14 July 2010 to 31 December 2010 paid in February 2011, (ii) advance income distribution of 1.74 sen per unit for the period from 1 January 2011 to 24 March 2011 paid in April 2011.
3. This refers to the final income distribution of 1.14 sen per unit for the period from 11 November 2011 to 31 December 2011 paid on 8 March 2012.

**CAPITAMALLS MALAYSIA TRUST  
FOR THE SECOND QUARTER ENDED 30 JUNE 2012 (UNAUDITED)**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>30 JUNE 2012 (UNAUDITED) RM'000</b>	<b>SIX MONTHS ENDED 30 JUNE 2011 (UNAUDITED) RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	167,258	107,134
Adjustments for:-		
Manager's management fee paid/payable in units	4,074	3,683
Depreciation	306	271
Fair value gain of investment properties	(98,384)	(54,220)
Finance costs	20,414	18,806
Interest income	(1,835)	(1,544)
Listing expenses	-	(1,884)
<b>Operating profit before changes in working capital</b>	<b>91,833</b>	<b>72,246</b>
Changes in working capital:		
Trade and other receivables	(89)	(33,460)
Trade and other payables	(2,190)	11,349
<b>Net cash from operating activities</b>	<b>89,554</b>	<b>50,135</b>
<b>Cash Flows From Investing Activities</b>		
Acquisition of plant and equipment	(388)	(255)
Acquisition of investment property	-	(215,000)
Capital expenditure on investment properties	(8,616)	(17,780)
Interest received	1,835	1,544
<b>Net cash used in investing activities</b>	<b>(7,169)</b>	<b>(231,491)</b>
<b>Cash Flows From Financing Activities</b>		
Interest paid	(19,827)	(18,246)
Distribution paid to unitholders	(20,095)	(69,390)
Proceeds from issuance of new units	-	153,550
Payment of listing expenses	(1,618)	(1,348)
Proceeds from interest bearing borrowings	8,000	94,550
<b>Net cash (used in)/from financing activities</b>	<b>(33,540)</b>	<b>159,116</b>
Net increase/(decrease) in cash and cash equivalents	48,845	(22,240)
Cash and cash equivalents at beginning of the period	115,417	127,431
<b>Cash and cash equivalents at end of the period</b>	<b>164,262</b>	<b>105,191</b>
<b>Cash and cash equivalents at end of the period comprises:</b>		
Deposits placed with licensed banks	149,174	102,147
Cash and bank balances	15,088	3,044
	<b>164,262</b>	<b>105,191</b>

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

# CAPITAMALLS MALAYSIA TRUST

## FOR THE SECOND QUARTER ENDED 30 JUNE 2012 (UNAUDITED)

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

#### **A1. Basis of Preparation**

The condensed consolidated interim financial statements of the Group as at and for the second quarter ended 30 June 2012 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 trust deed dated 7 June 2010 (the Trust Deed) and the Securities Commission's Guidelines on Real Estate Investment Trusts (the REITs Guidelines).

The Group has adopted the MFRS framework, which has become effective for the annual period beginning 1 January 2012, and has applied MFRS 1, First-Time Adoption of Malaysian Financial Reporting Standards. The adoption of the MFRS has no significant impact on the financial statements.

The condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2011 and the accompanying explanatory notes attached to the condensed consolidated interim financial statements.

#### **A2. Changes in Accounting Policies**

The significant accounting policies and methods of computation used in the preparation of the condensed consolidated interim financial statements are consistent with those adopted in the preparation of the audited financial statements of the Group and of CMMT for the financial year ended 31 December 2011.

#### **A3. Audit Report of Preceding Financial Year**

The audit report for the financial year ended 31 December 2011 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**

CMMT issued 2,846,300 new units in CMMT at RM1.42\* per unit to the Manager during the financial period under review being part payment of management fee for the financial period from 1 July 2011 to 31 December 2011. The units were listed on the Main Market of Bursa Securities on 30 May 2012.

\* Based on the 10-day volume weighted average price (VWAP) of the units up to and including 30 December 2011.



**CAPITAMALLS MALAYSIA TRUST  
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**A8. Income Distribution Policy**

In line with the distribution policy as set out in the Trust Deed, the Manager will distribute at least 90% of its distributable income to its unitholders in each financial year. CMMT will make distributions to its unitholders on a semi-annual basis for each six-month period ending 30 June and 31 December of each year.

**A9. Segmental Reporting**

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

**A10. Valuation of Investment Properties**

The investment properties are valued by independent professional valuers and the differences between the valuation and the carrying values of the respective investment properties are charged or credited to the profit or loss for the period in which they arise.

For the quarter ended 30 June 2012, the investment properties were valued based on valuations performed by independent registered valuers on 30 June 2012. Fair value gain arising from the valuations amounting to RM98.4 million was recognised during the quarter.

**A11. Subsequent Events**

Nil.

**A12. Changes in Composition of the Trust**

The changes to the composition of CMMT during the current quarter are as follows:

	<b>Units</b>
Balance at beginning of period	1,762,652,100
Units issued as satisfaction of the portion manager's management fee payable in units	2,846,300
<b>Total units in issue</b>	<b><u>1,765,498,400</u></b>

**A13. Changes in Contingent Liabilities and Contingent Asset**

Nil.

**A14. Capital Commitments**

Capital commitments in relation to capital expenditure are as follows:

	<b>RM'000</b>
Contracted but not provided for	6,478
	<b><u>6,478</u></b>

**CAPITAMALLS MALAYSIA TRUST  
FOR THE SECOND QUARTER ENDED 30 JUNE 2012 (UNAUDITED)**

**Part B - Additional Information Pursuant to Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad**

**B1. Review of Performance**

	2Q 2012 <sup>1</sup> (Unaudited) RM '000	2Q 2011 (Unaudited) RM '000	Change %	YTD 2012 <sup>2</sup> (Unaudited) RM '000	YTD 2011 (Unaudited) RM '000	Change %
<b>(a) Breakdown of Gross Revenue</b>						
Gurney Plaza	28,171	24,761	13.8	56,105	44,802	25.2
Sungei Wang Plaza	17,883	17,492	2.2	36,098	35,194	2.6
The Mines	15,597	14,973	4.2	31,126	29,909	4.1
East Coast Mall	9,728	-	*	19,453	-	*
<b>Total Gross Revenue</b>	<u>71,379</u>	<u>57,226</u>	<u>24.7</u>	<u>142,782</u>	<u>109,905</u>	<u>29.9</u>
<b>(b) Breakdown of Property Operating Expenses</b>						
Gurney Plaza	8,748	6,889	27.0	17,294	12,776	35.4
Sungei Wang Plaza	3,892	3,816	2.0	7,900	7,944	(0.6)
The Mines	5,996	5,748	4.3	12,363	11,653	6.1
East Coast Mall	3,972	-	*	7,677	-	*
<b>Total Property Operating Expenses</b>	<u>22,608</u>	<u>16,453</u>	<u>37.4</u>	<u>45,234</u>	<u>32,373</u>	<u>39.7</u>
<b>(c) Breakdown of Net Property Income</b>						
Gurney Plaza	19,423	17,872	8.7	38,811	32,026	21.2
Sungei Wang Plaza	13,991	13,676	2.3	28,198	27,250	3.5
The Mines	9,601	9,225	4.1	18,763	18,256	2.8
East Coast Mall	5,756	-	*	11,776	-	*
<b>Total Net Property Income</b>	<u>48,771</u>	<u>40,773</u>	<u>19.6</u>	<u>97,548</u>	<u>77,532</u>	<u>25.8</u>

\* Not meaningful.

<sup>1</sup> 2Q 2012 actual includes the full-quarter financial results of East Coast Mall which was acquired on 14 November 2011.

<sup>2</sup> YTD 2012 actual includes the full-period financial results of East Coast Mall and Gurney Plaza Extension (acquired on 28 March 2011). The financial results of Gurney Plaza Extension was grouped under Gurney Plaza.

## **CAPITAMALLS MALAYSIA TRUST FOR THE SECOND QUARTER ENDED 30 JUNE 2012 (UNAUDITED)**

### **B1. Review of Performance (cont'd)**

#### **Quarter Results (2Q 2012 vs 2Q 2011)**

The Group recorded gross revenue of RM71.4 million in 2Q 2012, an increase of RM14.2 million or 24.7% over 2Q 2011. The increase was mainly due to the full-quarter contribution from East Coast Mall (ECM) which was acquired on 14 November 2011 as well as the completion of the 2011 asset enhancement works at Gurney Plaza. The Group also benefited from higher gross rental income as a result of the higher rental rates achieved from new and renewed leases.

Property operating expenses for 2Q 2012 was RM22.6 million, which was RM6.2 million or 37.4% higher compared to 2Q 2011. ECM attributed to an increase of RM4.0 million in current quarter's property operating expenses and the other malls accounted for the balance. The overall property operating expenses for the current quarter was higher mainly due to higher utility expenses because of higher electricity consumption, higher marketing expenses and reimbursable staff costs. As a result, net property income for 2Q 2012 was RM48.8 million which was 19.6% higher than 2Q 2011.

Interest income for 2Q 2012 was RM1.1 million, which was RM0.4 million or 58.5% higher compared to 2Q 2011. The increase was mainly attributed to higher available cash on deposit and active cash management. CMMT registered a fair value gain of RM98.4 million in 2Q 2012, which was RM49.8 million or 102.6% higher compared to 2Q 2011, in part because of the fair value gain contribution from ECM.

Manager management fee was RM4.8 million, an increase of RM0.8 million or 19.2% over 2Q 2011, mainly due to the higher net property income as mentioned above and increase in asset base after the acquisition of ECM.

Finance costs for 2Q 2012 were RM10.2 million, which were RM0.5 million or 4.8% higher compared to 2Q 2011. This was largely due to the impact of rising overnight policy rate (OPR) by 25 basis point in May 2011, which resulted in slightly higher finance costs on CMMT's floating rate term loans, and new credit facilities drawdown by CMMT in 4Q 2011 (RM9.0 million) and 2Q 2012 (RM8.0 million). The RM17.0 million credit facilities were to fund the capital expenditure incurred by Gurney Plaza and The Mines. Average cost of debt for 2Q 2012 was 4.74% (2Q 2011: 4.67%).

CMMT has incurred RM7.8 million capital expenditure for the properties during the current quarter. The Mines has started the storm water rectification works while the construction of the new electrical substation is still in progress. ECM has completed the upgrading works on air-conditioner chillers.

Overall, distribution income to unitholders for 2Q 2012 was RM37.3 million which was RM7.5 million or 25.3% higher compared to 2Q 2011.

#### **Financial Year-to-date Results (YTD 2012 vs YTD 2011)**

The Group achieved gross revenue of RM142.8 million, which was RM32.9 million or 29.9% higher than last year's corresponding period. The increase was mainly due to full-period contributions from ECM and Gurney Plaza Extension (GPE), which was acquired on 28 March 2011, as well as the completion of the 2011 asset enhancement works at GP. The Group also benefited from higher gross rental income as a result of the higher rental rates achieved from new and renewed leases.

Property operating expenses for the period was RM45.2 million, which was RM12.9 million or 39.7% higher than last year's corresponding period. ECM attributed to an increase of RM7.7 million in current period's property operating expenses and the other malls accounted for the balance. The overall property operating expenses for the current period was higher mainly due to higher utility expenses because of higher electricity consumption, higher marketing expenses and reimbursable staff costs. As a result, net property income for the period was RM97.5 million which was 25.8% higher than last year's corresponding period.

# CAPITAMALLS MALAYSIA TRUST

## FOR THE SECOND QUARTER ENDED 30 JUNE 2012 (UNAUDITED)

### Financial Year-to-date Results (YTD 2012 vs YTD 2011) (cont'd)

Interest income for the period was RM1.8 million, which was RM0.3 million or 18.8% higher compared to last year's corresponding period. The increase was mainly attributed to higher available cash on deposit and active cash management. CMMT registered a fair value gain of RM98.4 million in YTD 2012, which was RM44.2 million or 81.5% higher compared to last year's corresponding period, in part because of the fair value gain contribution from ECM.

Manager management fee was RM9.5 million, an increase of RM1.7 million or 22.2% over last year's corresponding period mainly due to the higher net property income as mentioned above and increase in asset base from the acquisition of ECM.

Finance costs for the period were RM20.4 million, which were RM1.6 million or 8.6% higher compared to last year's corresponding period. This was largely due to the impact of finance costs arose from the GPE term loan facility of RM69.7 million (drawdown in late 1Q 2011 for the GPE acquisition), the impact of rising OPR by 25 basis point in May 2011 which resulted in slightly higher finance costs on CMMT's floating rate term loans, and the RM17.0 million new credit facilities drawdown by CMMT in 4Q 2011 (RM9.0 million) and 2Q 2012 (RM8.0 million). Average cost of debt for YTD 2012 was 4.74% (YTD 2011: 4.64%).

CMMT has incurred RM8.6 million capital expenditure for the properties during the period. The Mines has started the storm water rectification works while the construction of the new electrical substation is still in progress. ECM has completed the upgrading works on air-conditioner chillers.

Overall, distribution income to unitholders for the period was RM74.2 million which was RM18.4 million or 32.9% higher compared to last year's corresponding period.

### **B2. Material Changes in Quarter Results**

	<b>Quarter ended 30 June 2012 RM,000</b>	<b>Quarter ended 31 March 2012 RM,000</b>
Profit before taxation	132,816	34,442
Less: Fair value gain of investment properties	(98,384)	-
Profit before taxation, excluding fair value gain of investment properties	34,432	34,442

There is no material change in the financial results of 2Q 2012 as compared to 1Q 2012.

### **B3. Investment Objectives and Strategies**

The investment objective 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 Manager views the future prospects of the Malaysian retail sector to be positive.

Despite volatile export data, Bank Negara has maintained Malaysia's economic growth projection of 4% to 5% for 2012 due to the robust domestic economy, consumption demand and private investment activities. The macroeconomic environment augurs well for retail sales, which are projected to grow 6.0% in 2012 (source: Retail Group Malaysia, on behalf of the Malaysian Retailers Association). CMMT is well-positioned to benefit from this growth. In addition, CMMT's malls are essentially focused on necessity shopping, and should prove resilient even in these uncertain times.

CMMT provides its unitholders with both income and geographical diversification from its portfolio of four well-performing malls in Penang, Kuala Lumpur, Selangor and Kuantan.

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**B5. Profit Guarantee**

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

**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% or more of its total income for that year of assessment. If the REIT is unable to meet the 90% distribution criteria, the entire taxable income of the REIT for the year would be subject to income tax.

As CMMT intends to distribute at least 90% of its distributable income for the financial year ending 31 December 2012 to its unitholders, no provision for tax has been made for the current quarter.

**B7. Status of Corporate Proposals**

Nil.

**B8. Utilisation of Proceeds Raised from Issuance of New Units**

In conjunction with the acquisition of East Coast Mall, on 14 November 2011, RM329,999,040 was raised from the issuance and placement of 261,904,000 new units in CMMT at the issue price of RM1.26 per unit. The status of the utilisation of gross proceeds as at 30 June 2012 is as follows:

Purpose	Proposed Utilisation	Actual Utilisation	Intended Time frame for Utilisation	Deviation	
	RM '000	RM '000		RM '000	%
Purchase consideration	310,000	310,000	-	-	-
Placement expenses	7,161	5,729	Within 5 months	(1,432)^	(20.0)
Incidental costs on acquisition	4,839	4,618	Within 5 months	(221)^	(4.6)
Initial capital expenditure	4,000	3,413	Within 5 months	(587)^	(14.7)
Working capital	4,000	252	Within 5 months	(3,748)^	(93.7)
	<b>330,000</b>	<b>324,012</b>		<b>(5,988)</b>	<b>(1.8)</b>

^ Pending utilisation and receipt of invoices.

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**B9. Borrowings and Debt Securities**

	As at 30 June 2012 (Unaudited) RM '000	As at 31 December 2011 (Audited) RM '000
<b>Long term borrowings</b>		
Secured term loans	819,750	819,750
Less: Unamortised transaction costs	<u>(3,982)</u>	<u>(4,519)</u>
	815,768	815,231
<b>Short term borrowings</b>		
Unsecured revolving credit	<u>17,000</u>	<u>9,000</u>
<b>Total borrowings</b>	<b><u>832,768</u></b>	<b><u>824,231</u></b>

All the borrowings are denominated in Ringgit Malaysia.

An unsecured revolving credit of RM8.0 million was drawdown by the Trustee on 25 June 2012. The RM17.0 million unsecured revolving credit was for the purpose of funding the capital expenditure incurred by Gurney Plaza and The Mines.

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

**B10. Change in Material Litigation**

Nil.

**B11. Income Distribution**

CMMT intends to distribute its first income distribution of RM74.2 million or 4.20 sen per unit on 30 August 2012 (book closure date: 3 August 2012), based on the number of units in issue of 1,765,498,400 for the period from 1 January 2012 to 30 June 2012. This means CMMT will distribute 100% of its distributable income to its unitholders for the financial period ended 30 June 2012.

First income distribution to unitholders is from the following sources:

	1 January to 30 June 2012 RM '000
Gross rental income	115,129
Interest income	1,835
Less: Property operating expenses and trust expenses (realised)	<u>(42,748)</u>
Income available for distribution	74,216
Less: Rollover adjustment for rounding difference	<u>(65)</u>
First income distribution	<b><u>74,151</u></b>
Number of units in circulation ('000 units)	1,765,498
Distribution per unit (sen), of which	4.20
- taxable distribution of income (sen)	4.11
- tax exempt distribution of income (sen)	0.09

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**B11. Income Distribution (cont'd)**

Pursuant to the 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%

Non-resident unitholders:

- (c) Corporate: Withholding tax at 25%  
(d) Institutional investors: Withholding tax at 10%  
(e) Individuals: Withholding tax at 10%

**B12. Composition of Investment Portfolio as at 30 June 2012**

As at 30 June 2012, CMMT's portfolio comprised the following shopping malls:

Investment properties	Cost of Investment <sup>1</sup> RM '000	Net Book Value <sup>2</sup> as at 30 June 2012 RM'000	Market Value as at 30 June 2012 RM '000	Market Value as % of NAV %
Gurney Plaza	1,045,134	1,103,729	1,154,000	54.9
Sungei Wang Plaza	725,751	792,229	810,000	38.5
The Mines	550,443	562,265	577,000	27.4
East Coast Mall	318,031	331,393	347,000	16.5
<b>Total</b>	<b>2,639,359</b>	<b>2,789,616</b>	<b>2,888,000</b>	

The market value of Sungei Wang Plaza, The Mines and East Coast Mall were stated at valuations conducted by CB Richard Ellis (Malaysia) Sdn. Bhd. as at 30 June 2012. The market value of Gurney Plaza was stated at valuation performed by PPC International Sdn. Bhd. as at 30 June 2012.

<sup>1</sup> Cost of investment comprised purchase consideration and capital expenditure incurred from inception up to the end of the reporting period.

<sup>2</sup> Net book value comprised market value of the investment properties as at 31 December 2011 and capital expenditure incurred during the reporting period.

**B13. Changes in NAV, EPU, DPU and Market Price**

	Quarter ended 30 June 2012	Quarter ended 31 March 2012
Number of units in circulation (units)	1,765,498,400	1,762,652,100
NAV before income distribution (RM '000)	2,103,035	1,966,188
NAV after income distribution (RM '000)	2,028,884	1,929,349
NAV per unit <sup>1</sup> (RM)	1.1492	1.0946
Total comprehensive income (RM'000)	132,816	34,442
Weighted average number of units in issue <sup>2</sup> (units)	1,763,652,997	1,762,652,100
EPU after manager's management fee (sen)	7.53	1.95
Distributable income (RM'000)	37,312	36,839
DPU (sen)	2.11	2.09
Market price (RM)	1.57	1.38
DPU yield (%)	1.34	1.51

<sup>1</sup> 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.

<sup>2</sup> Weighted average number of units in issue for YTD 2012 is 1,763,152,548.

**B14. Soft Commission Received By The Manager And Its Delegates**

Nil.

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**B15. Manager's Fee**

For the financial period ended 30 June 2012, the Manager has accounted for a base fee of 0.29% per annum of the total asset value and a performance fee of 4.75% per annum of net property income. Total fees accrued to the Manager (inclusive of 6% service tax) were as follows:

	<b>2Q 2012 Actual (Unaudited) RM '000</b>	<b>YTD 2012 Actual (Unaudited) RM '000</b>
Base management fee	2,347	4,584
Performance fee	2,456	4,912
<b>Total fees</b>	<b>4,803</b>	<b>9,496</b>

**B16. Unitholdings of the Manager and Parties Related to the Manager**

	<b>No of units</b>	<b>Percentage of unitholdings</b>	<b>Market value<sup>4</sup> at 29 June 2012</b>
	Units	%	RM
CMMT Investment Limited <sup>1</sup>	623,938,000	35.34	979,582,660
Menang Investment Limited <sup>1</sup>	5,889,100	0.33	9,245,887
CapitaMalls Malaysia REIT Management Sdn Bhd (CMRM) <sup>2</sup>	2,846,300	0.16	4,468,691
Skim Amanah Saham Bumiputera <sup>3</sup>	115,812,400	6.56	181,825,468
AS 1 Malaysia <sup>3</sup>	22,573,900	1.28	35,441,023
Amanah Saham Wawasan 2020 <sup>3</sup>	35,049,500	1.99	55,027,715
Sekim Amanah Saham Nasional <sup>3</sup>	5,218,500	0.30	8,193,045
Amanah Saham Malaysia <sup>3</sup>	29,000,000	1.64	45,530,000
Amanah Saham Nasional 2 <sup>3</sup>	1,668,500	0.09	2,619,545
Amanah Saham Nasional 3 Imbang <sup>3</sup>	651,000	0.04	1,022,070
Amanah Saham Gemilang for Amanah Saham Persaraan <sup>3</sup>	337,700	0.02	530,189
Amanah Saham Gemilang for Amanah Saham Kesihatan <sup>3</sup>	549,700	0.03	863,029
Amanah Saham Gemilang for Amanah Saham Pendidikan <sup>3</sup>	446,700	0.03	701,319
PNB Structured Investment Fund <sup>3</sup>	769,700	0.04	1,208,429
Direct unitholdings of the Directors of the Manager:			
Mr Kee Teck Koon	100,000	*	157,000
Mr Lim Beng Chee <sup>5</sup>	100,000	*	157,000
Mr Ng Kok Siong <sup>5</sup>	100,000	*	157,000
Ms Sharon Lim Hwee Li	100,000	*	157,000
Datuk Gnanachandran S Ayadurai	100,000	*	157,000
Ms Tan Siew Bee	100,000	*	157,000
Mr Peter Tay Buan Huat	100,000	*	157,000
	<b>845,451,000</b>	<b>47.89</b>	<b>1,327,358,070</b>



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**B16. Unitholdings of the Manager and Parties Related to the Manager (cont'd)**

\* Negligible.

<sup>1</sup> An indirect wholly-owned subsidiary of CapitaMalls Asia Limited.

<sup>2</sup> CMRM is the Manager of CMMT. During the quarter ended 30 June 2012, the Manager was paid 2,846,300 units in CMMT as part settlement of its management fee due and accrued for the period from 1 July 2011 to 31 December 2011.

<sup>3</sup> Managed by Amanah Saham Nasional Berhad (ASNB), a wholly-owned subsidiary of Permodalan Nasional Berhad (PNB), except for PNB Structured Investment Fund which is managed by Amanah Mutual Berhad, a wholly-owned subsidiary of ASNB where PNB is the ultimate holding company. PNB is also the ultimate holding company of Malaysian Industrial Development Finance Berhad (MIDF) who in turn is a substantial shareholder of the Manager.

<sup>4</sup> The market value of the units is computed based on the closing price of RM1.57 per unit as at 29 June 2012.

<sup>5</sup> Units held through nominees.

**B17. Responsibility Statement and Statement by the Directors of the Manager**

In the opinion of the Directors of the Manager, the quarterly condensed consolidated interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting and with IAS 34: Interim Financial Reporting, Paragraph 9.44 of the Listing Requirements of Bursa Securities, provisions of the Trust Deed and the REITs Guidelines so as to give a true and fair view of the financial position of the Group and of CMMT as at 30 June 2012 and of their financial performance and cash flows for the quarter ended on that date and duly authorized for release by the Board of Directors of the Manager on 20 July 2012.

**BY ORDER OF THE BOARD**

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

**Date: 20 July 2012**