

**CAPITAMALLS MALAYSIA TRUST**  
**CONDENSED CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
**FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013**

**CAPITAMALLS MALAYSIA TRUST**  
**FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013 (UNAUDITED)**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	AS AT 31 DECEMBER 2013 (UNAUDITED) RM'000	AS AT 31 DECEMBER 2012 (AUDITED) RM'000
<b>Assets</b>		
Plant and equipment	2,323	2,420
Investment properties	3,079,000	2,936,000
Total non-current assets	<u>3,081,323</u>	<u>2,938,420</u>
Trade and other receivables	14,647	24,407
Cash and cash equivalents	150,430	158,965
Total current assets	<u>165,077</u>	<u>183,372</u>
<b>Total assets</b>	<b><u>3,246,400</u></b>	<b><u>3,121,792</u></b>
<b>Equity</b>		
Unitholders' capital	1,823,567	1,815,222
Undistributed profit	379,050	301,366
Total unitholders' funds	<u>2,202,617</u>	<u>2,116,588</u>
<b>Liabilities</b>		
Borrowings	816,569	815,534
Tenants' deposits	41,787	50,988
Total non-current liabilities	<u>858,356</u>	<u>866,522</u>
Borrowings	91,000	54,000
Tenants' deposits	40,920	27,412
Trade and other payables	53,507	57,270
Total current liabilities	<u>185,427</u>	<u>138,682</u>
Total liabilities	<u>1,043,783</u>	<u>1,005,204</u>
<b>Total equity and liabilities</b>	<b><u>3,246,400</u></b>	<b><u>3,121,792</u></b>
<b>Number of units in circulation ('000 units)</b>	<b>1,772,820</b>	<b>1,768,038</b>
<b>Net asset value ("NAV")</b>		
- before income distribution	2,202,617	2,116,588
- after income distribution	2,122,840	2,041,624
<b>NAV per unit (RM)</b>		
- before income distribution	1.2424	1.1971
- after income distribution	1.1974	1.1547

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

**CAPITAMALLS MALAYSIA TRUST**  
**FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013 (UNAUDITED)**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	CURRENT QUARTER		YEAR TO DATE	
	31 DECEMBER		31 DECEMBER	
	2013 (UNAUDITED) RM'000	2012 (UNAUDITED) RM'000	2013 (UNAUDITED) RM'000	2012 (AUDITED) RM'000
Gross rental income	63,546	59,882	246,487	233,426
Car park income	4,537	4,460	18,401	18,417
Other revenue	10,719	9,438	40,216	37,373
<b>Gross revenue</b>	<b>78,802</b>	<b>73,780</b>	<b>305,104</b>	<b>289,216</b>
Maintenance expenses	(5,545)	(6,213)	(22,646)	(22,505)
Utilities	(10,414)	(9,189)	(40,162)	(37,832)
Other operating expenses <sup>1</sup>	(8,047)	(8,922)	(33,689)	(32,895)
Property operating expenses	(24,006)	(24,324)	(96,497)	(93,232)
<b>Net property income</b>	<b>54,796</b>	<b>49,456</b>	<b>208,607</b>	<b>195,984</b>
Interest income	1,076	1,041	4,309	3,972
Other non-operating income	-	-	-	96
Fair value gain of investment properties <sup>4</sup>	3,299	14,996	81,203	113,380
<b>Net investment income</b>	<b>59,171</b>	<b>65,493</b>	<b>294,119</b>	<b>313,432</b>
Manager's management fee	(5,275)	(4,909)	(20,294)	(19,224)
Trustee's fee	(101)	(129)	(400)	(505)
Auditors' fee	(12)	5	(171)	(162)
Tax agent's fee	(2)	(10)	(28)	(32)
Valuation fee	(54)	(39)	(213)	(228)
Finance costs	(9,922)	(11,531)	(40,891)	(42,271)
Other non-operating expenses	(1,955)	(231)	(2,462)	(545)
	(17,321)	(16,844)	(64,459)	(62,967)
<b>Profit before taxation</b>	<b>41,850</b>	<b>48,649</b>	<b>229,660</b>	<b>250,465</b>
Taxation	-	-	-	-
<b>Profit for the period/year</b>	<b>41,850</b>	<b>48,649</b>	<b>229,660</b>	<b>250,465</b>
Other comprehensive income, net of tax	-	-	-	-
<b>Total comprehensive income for the period/year</b>	<b>41,850</b>	<b>48,649</b>	<b>229,660</b>	<b>250,465</b>
Distribution adjustments <sup>2</sup>	(2,140)	(11,200)	(72,858)	(101,186)
<b>Income available for distribution</b>	<b>39,710</b>	<b>37,449</b>	<b>156,802</b>	<b>149,279</b>
<b>Distributable income<sup>3</sup></b>	<b>39,766</b>	<b>37,305</b>	<b>156,789</b>	<b>149,115</b>
Profit for the period/year is made up of the following:				
Realised	38,551	33,653	148,457	137,085
Unrealised <sup>4</sup>	3,299	14,996	81,203	113,380
	41,850	48,649	229,660	250,465

**CAPITAMALLS MALAYSIA TRUST  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013 (UNAUDITED)**

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

	CURRENT QUARTER 31 DECEMBER		YEAR TO DATE 31 DECEMBER	
	2013 (UNAUDITED)	2012 (UNAUDITED)	2013 (UNAUDITED)	2012 (AUDITED)
<b>Earnings per unit (sen)<sup>5</sup></b>				
- before Manager's management fee (sen)	2.66	3.03	14.12	15.28
- after Manager's management fee (sen)	2.36	2.75	12.98	14.19
<b>Distribution per unit ("DPU") (sen)</b>	2.24	2.11	8.85	8.44
<b>DPU (sen) – annualised</b>	8.89	8.39	8.85	8.44

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

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

	CURRENT QUARTER 31 DECEMBER		YEAR TO DATE 31 DECEMBER	
	2013 (UNAUDITED) RM'000	2012 (UNAUDITED) RM'000	2013 (UNAUDITED) RM'000	2012 (AUDITED) RM'000
(Allowance for)/Write-back of impairment losses of trade receivables	(94)	(3)	(93)	77
Foreign exchange gain/(loss):				
- Unrealised	*	*	*	*
- realised	(2)	(2)	(12)	(19)

\* less than RM1,000

**CAPITAMALLS MALAYSIA TRUST  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013 (UNAUDITED)**

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

2. Included in the distribution adjustments are the following:

	CURRENT QUARTER		YEAR TO DATE	
	31 DECEMBER		31 DECEMBER	
	2013 (UNAUDITED) RM'000	2012 (UNAUDITED) RM'000	2013 (UNAUDITED) RM'000	2012 (AUDITED) RM'000
Fair value gain of investment Properties	(3,299)	(14,996)	(81,203)	(113,380)
Manager's management fee payable in units	2,286	2,062	8,682	8,162
Depreciation	274	381	1,168	859
Amortisation of transaction costs on borrowings	192	1,317	781	2,041
Net loss from subsidiary **	137	2	-	8
Tax and other adjustments	(1,730)	34	(2,286)	1,124
	<u>(2,140)</u>	<u>(11,200)</u>	<u>(72,858)</u>	<u>(101,186)</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.

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.

**CAPITAMALLS MALAYSIA TRUST**  
**FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013 (UNAUDITED)**

**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
<b>As at 1 January 2012</b>	1,806,696	(5,110)	150,257	1,951,843
Total comprehensive income for the year	-	137,085	113,380	250,465
<b>Increase in net assets resulting from operations</b>	<b>1,806,696</b>	<b>131,975</b>	<b>263,637</b>	<b>2,202,308</b>
<b>Unitholders' transactions</b>				
- Units issued as part satisfaction of the Manager's management fee	8,105	-	-	8,105
- Placement expenses <sup>1</sup>	421	-	-	421
- Distribution paid to unitholders <sup>2</sup>	-	(94,246)	-	(94,246)
<b>Increase in net assets resulting from unitholders' transactions</b>	<b>8,526</b>	<b>(94,246)</b>	<b>-</b>	<b>(85,720)</b>
<b>As at 31 December 2012 (Audited)</b>	<b>1,815,222</b>	<b>37,729</b>	<b>263,637</b>	<b>2,116,588</b>
<b>As at 1 January 2013</b>	1,815,222	37,729	263,637	2,116,588
Total comprehensive income for the year	-	148,457	81,203	229,660
<b>Increase in net assets resulting from operations</b>	<b>1,815,222</b>	<b>186,186</b>	<b>344,840</b>	<b>2,346,248</b>
<b>Unitholders' transactions</b>				
- Units issued as part satisfaction of the Manager's management fee	8,345	-	-	8,345
- Distribution paid to unitholders <sup>3</sup>	-	(151,976)	-	(151,976)
<b>Increase in net assets resulting from unitholders' transactions</b>	<b>8,345</b>	<b>(151,976)</b>	<b>-</b>	<b>(143,631)</b>
<b>As at 31 December 2013 (Unaudited)</b>	<b>1,823,567</b>	<b>34,210</b>	<b>344,840</b>	<b>2,202,617</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 2012 and the accompanying explanatory notes attached to the interim financial statements.

1. This refers to the adjustments for the private placement expenses in relation to the acquisitions of Gurney Plaza Extension and East Coast Mall.
2. This refers to the (i) 2011 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, and (ii) first income distribution of 4.20 sen per unit for the period from 1 January 2012 to 30 June 2012 paid on 30 August 2012.
3. This refers to the (i) 2012 final income distribution of 4.24 sen per unit for the period from 1 July 2012 to 31 December 2012 paid on 6 March 2013, and (ii) first income distribution of 4.35 sen per unit for the period from 1 January 2013 to 30 June 2013 paid on 30 August 2013.

**CAPITAMALLS MALAYSIA TRUST**  
**FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013 (UNAUDITED)**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	TWELVE MONTHS ENDED	
	31 DECEMBER 2013 (UNAUDITED) RM'000	31 DECEMBER 2012 (AUDITED) RM'000
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	229,660	250,465
Adjustments for:-		
Manager's management fee paid/payable in units	8,682	8,162
Depreciation	1,168	859
Fair value gain of investment properties	(81,203)	(113,380)
Finance costs	40,891	42,271
Interest income	(4,309)	(3,972)
<b>Operating profit before changes in working capital</b>	<b>194,889</b>	<b>184,405</b>
Changes in working capital:		
Trade and other receivables	(4,326)	(15,215)
Trade and other payables	524	(12,475)
Tenants' deposits	4,307	9,278
<b>Net cash from operating activities</b>	<b>195,394</b>	<b>165,993</b>
<b>Cash Flows From Investing Activities</b>		
Acquisition of plant and equipment	(1,072)	(2,186)
Capital expenditure on investment properties	(49,978)	(27,145)
Proceeds from disposal of plant and equipment	1	-
Interest received	4,309	3,972
<b>Net cash used in investing activities</b>	<b>(46,740)</b>	<b>(25,359)</b>
<b>Cash Flows From Financing Activities</b>		
Interest paid	(39,384)	(45,484)
Distribution paid to unitholders	(151,976)	(94,246)
Payment of financing expenses	(2,829)	(738)
Payment of listing expenses	-	(1,618)
Proceeds from interest bearing borrowings	37,000	54,000
Proceeds from issuance of medium term notes	-	300,000
Repayment of interest bearing borrowings	-	(309,000)
Pledged deposits	(3,207)	(3,533)
<b>Net cash used in financing activities</b>	<b>(160,396)</b>	<b>(100,619)</b>
Net (decrease)/increase in cash and cash equivalents	(11,742)	40,015
Cash and cash equivalents at beginning of the year	155,432	115,417
<b>Cash and cash equivalents at end of the year</b>	<b>143,690</b>	<b>155,432</b>
<b>Cash and cash equivalents at end of the year comprises:</b>		
Deposits placed with licensed banks	128,228	149,216
Cash and bank balances	22,202	9,749
	150,430	158,965
Less: Pledged deposits	(6,740)	(3,533)
	<b>143,690</b>	<b>155,432</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 2012 and the accompanying explanatory notes attached to the interim financial statements.

# CAPITAMALLS MALAYSIA TRUST

## FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013 (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 fourth quarter ended 31 December 2013 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 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 2012 and the accompanying explanatory notes attached to the condensed consolidated interim financial statements.

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

On 1 January 2013, the Group and CMMT adopted the following MFRSs and Amendments to MFRSs effective for annual periods beginning on or after 1 January 2013:

MFRS 10, Consolidated Financial Statements  
MFRS 12, Disclosure of Interests in Other Entities  
MFRS 13, Fair Value Measurement  
MFRS 119, Employee Benefits (2011)  
MFRS 127, Separate Financial Statements (2011)  
Amendments to MFRS 7, Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities  
Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)  
Amendments to MFRS 101, Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)  
Amendments to MFRS 116, Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)  
Amendments to MFRS 132, Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)  
Amendments to MFRS 134, Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)  
Amendments to MFRS 10, Consolidated Financial Statements: Transition Guidance  
Amendments to MFRS 12, Disclosure of Interests in Other Entities: Transition Guidance

The adoption of the above MFRSs and Amendments to MFRSs does not have significant impact on the financial statements of the Group and of CMMT for the year ended 31 December 2013.

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

The audit report for the financial year ended 31 December 2012 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.



**CAPITAMALLS MALAYSIA TRUST  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013 (UNAUDITED)**

**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 2,428,000 new units in CMMT at approximately RM1.75\* per unit to the Manager during the financial period under review being part payment of management fee for the financial period from 1 January 2013 to 30 June 2013. The units were listed on the Main Market of Bursa Securities on 13 November 2013.

\* Based on the 10-day volume weighted average price ("VWAP") of the units up to and including 28 June 2013.

**A8. Income Distribution Policy**

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

**A9. Segmental Reporting**

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

**A10. Valuation of Investment Properties**

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

For the quarter ended 31 December 2013, the investment properties were valued based on valuations performed by independent professional valuers as at 31 December 2013. Fair value gain arising from the valuations amounting to RM3.3 million was recognised during the current 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	1,770,391,900
Units issued as satisfaction of the Manager's management fee payable in units	<u>2,428,000</u>
<b>Total units in issue</b>	<b><u>1,772,819,900</u></b>

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

Nil.

**CAPITAMALLS MALAYSIA TRUST  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013 (UNAUDITED)**

**A14. Capital Commitments**

Capital commitments in relation to capital expenditure are as follows:

Contracted but not provided for	<b>RM'000</b> <b>29,806</b>
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**CAPITAMALLS MALAYSIA TRUST  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013 (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 2013 (Unaudited) RM'000	4Q 2012 (Unaudited) RM'000	Change %	FY 2013 (Unaudited) RM'000	FY 2012 (Audited) RM'000	Change %
<b>(a) Breakdown of Gross Revenue</b>						
Gurney Plaza	30,391	29,195	4.1	118,769	114,014	4.2
Sungei Wang Plaza	18,043	17,985	0.3	72,175	71,778	0.6
The Mines	19,056	16,701	14.1	71,725	64,085	11.9
East Coast Mall	11,312	9,899	14.3	42,435	39,339	7.9
<b>Total Gross Revenue</b>	<b>78,802</b>	<b>73,780</b>	<b>6.8</b>	<b>305,104</b>	<b>289,216</b>	<b>5.5</b>
<b>(b) Breakdown of Property Operating Expenses</b>						
Gurney Plaza	8,587	9,804	(12.4)	36,176	36,408	(0.6)
Sungei Wang Plaza	3,943	4,700	(16.1)	16,338	16,845	(3.0)
The Mines	6,833	5,982	14.2	27,370	24,801	10.4
East Coast Mall	4,643	3,838	21.0	16,613	15,178	9.5
<b>Total Property Operating Expenses</b>	<b>24,006</b>	<b>24,324</b>	<b>(1.3)</b>	<b>96,497</b>	<b>93,232</b>	<b>3.5</b>
<b>(c) Breakdown of Net Property Income</b>						
Gurney Plaza	21,804	19,391	12.4	82,593	77,606	6.4
Sungei Wang Plaza	14,100	13,285	6.1	55,837	54,933	1.6
The Mines	12,223	10,719	14.0	44,355	39,284	12.9
East Coast Mall	6,669	6,061	10.0	25,822	24,161	6.9
<b>Total Net Property Income</b>	<b>54,796</b>	<b>49,456</b>	<b>10.8</b>	<b>208,607</b>	<b>195,984</b>	<b>6.4</b>

## **CAPITAMALLS MALAYSIA TRUST FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013 (UNAUDITED)**

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

#### **Quarter Results (4Q 2013 vs 4Q 2012)**

The Group recorded gross revenue of RM78.8 million in 4Q 2013, an increase of RM5.0 million or 6.8% over 4Q 2012. The increase was mainly due to revenue generated from onselling of electricity to tenants at The Mines as well as the newly reconfigured units under East Coast Mall's Phase 1 asset enhancement works. The Group also benefited from higher gross rental income on the back of higher rental rates achieved from new and renewed leases.

Property operating expenses for 4Q 2013 was RM24.0 million, which was RM0.3 million or 1.3% lower compared to 4Q 2012. The decrease was mainly due to savings in property maintenance expenses and administrative expenses. These savings were offset by higher utility expenses, as a result of higher electricity consumption, and higher marketing expenses.

The net property income for 4Q 2013 was RM54.8 million which was 10.8% higher than 4Q 2012.

Interest income for 4Q 2013 was RM1.1 million which was marginally higher compared to 4Q 2012.

CMMT registered a fair value gain of RM3.3 million in 4Q 2013.

Manager's management fee was RM5.3 million, an increase of RM0.4 million or 7.5% over 4Q 2012. The increase was mainly due to higher net property income and increase in asset base after the valuation of investment properties.

Finance costs for 4Q 2013 were RM9.9 million, which were RM1.6 million or 14.0% lower compared to 4Q 2012. In May 2013, CMMT tightened the credit margin of floating rate credit facilities at a more competitive rate. The resultant decline in credit margin coupled with the better interest rate achieved from the re-fixing of fixed rate term loans (in March 2013) and the unrated medium term notes (issued in December 2012), had reduced CMMT's finance costs in 4Q 2013. Average cost of debt for 4Q 2013 was 4.29% p.a. (4Q 2012: 4.64% p.a.).

Other non-operating expenses for 4Q 2013 was RM2.0 million which was RM1.7 million higher than 4Q 2012. The increase was mainly attributed to a one-off due diligence cost incurred for the unrealised projects.

CMMT has incurred RM22.4 million capital expenditure during the current quarter. Sungei Wang Plaza had completed the refurbishment works while East Coast Mall had completed Phase 1 asset enhancement works, which includes the conversion of some car park bays on the third floor into retail space. The Mines has started the installation of new chillers during the period whilst its storm water rectification works and Gurney Plaza's fourth floor reconfiguration works are still in progress.

Overall, distributable income to unitholders for 4Q 2013 was RM39.8 million which was RM2.5 million or 6.6% higher compared to 4Q 2012.

#### **Financial Year-to-date Results (FY 2013 vs FY 2012)**

The Group recorded gross revenue of RM305.1 million, which was RM15.9 million or 5.5% higher than previous financial year. The increase was mainly due to revenue generated from onselling of electricity to tenants at The Mines effective 3Q 2013 as well as the newly reconfigured units under East Coast Mall's Phase 1 asset enhancement works effective 4Q 2013. The Group also benefited from higher gross rental income on the back of higher rental rates achieved from new and renewed leases.

Property operating expenses for FY 2013 was RM96.5 million, which was RM3.3 million or 3.5% higher than previous financial year. The overall increase in property operating expenses was largely due to higher property maintenance expenses as well as higher repair and replacement cost incurred for electrical equipment, higher utility expenses because of higher electricity consumption, higher marketing expenses and reimbursable staff costs.

# CAPITAMALLS MALAYSIA TRUST

## FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013 (UNAUDITED)

### Financial Year-to-date Results (FY 2013 vs FY 2012) (cont'd)

The net property income for the financial year was RM208.6 million which was 6.4% higher than previous financial year.

Interest income for the financial year was RM4.3 million, which was RM0.3 million or 8.5% higher compared to previous financial year. The increase was mainly attributed to active cash management.

CMMT registered a fair value gain of RM81.2 million in FY 2013.

Manager's management fee was RM20.3 million, an increase of RM1.1 million or 5.6% over previous financial year mainly due to higher net property income and an increase in asset base after the valuation of investment properties.

Finance costs for FY 2013 were RM40.9 million, which were RM1.4 million or 3.3% lower compared to previous financial year. This was mainly due to better interest rate achieved from the re-fixing of CMMT's fixed rate term loans (in March 2013) and unrated medium term notes (issued in December 2012), coupled with the tightening of the credit margin of CMMT's floating rate credit facilities (in May 2013). The above was partially offset by the negative impact of finance costs arising from the additional revolving credit facilities drawn down by CMMT during the year and a one-off incidental cost incurred for the re-fixing of fixed rate term loans in March 2013. Average cost of debt for FY 2013 was 4.36% p.a. (FY 2012: 4.69% p.a.).

Other non-operating expenses for FY 2013 was RM2.5 million which was RM1.9 million higher than previous financial year. The increase was mainly attributed to a one-off due diligence cost incurred for the unrealised projects.

CMMT has incurred RM61.8 million capital expenditure for the properties during the year. Sungei Wang Plaza had completed the refurbishment works while East Coast Mall had completed the installation of new auto-pay machines, restroom upgrading works as well as Phase 1 asset enhancement works, which includes the conversion of some car park bays on the third floor into retail space. The rest of the on-going capital expenditure works are outlined in the performance review of 4Q 2013.

Overall, distributable income to unitholders for the financial year was RM156.8 million which was RM7.7 million or 5.1% higher compared to previous financial year.

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

	Quarter ended 31 December 2013 RM'000	Quarter ended 30 September 2013 RM'000
Profit before taxation	41,850	37,679
Less: Fair value gain of investment properties	(3,299)	-
Profit before taxation, excluding fair value gain of investment properties	<u>38,551</u>	<u>37,679</u>

Other than the fair value gain of RM3.3 million resulting from the valuation as at 31 December 2013, there is no material change in the financial results of 4Q 2013 as compared to 3Q 2013.

### **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.

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#### **B4. Commentary on Prospects**

In spite of still volatile macroeconomic outlook for 2014, Malaysia's economy is expected to grow by 5.0% to 5.5% in 2014 (source: Ministry of Finance Malaysia Economic Report 2013/2014) and retail sales are estimated to increase by 6.0% (source: Malaysia Retail Industry Report, January 2014). Resilient domestic demand has been the anchor of Malaysia's growth and should continue its strong growth momentum in 2014, driven mainly by the private sector. Strong domestic fundamentals, including low unemployment, rising household income and sustained consumer confidence, will support the continued expansion of private consumption (source: Ministry of Finance Malaysia Economic Report 2013/2014).

As a result of the electricity tariff and renewable energy surcharge increases announced by Tenaga Nasional Berhad and the Sustainable Energy Development Authority ("SEDA"), as well as the increase in property assessment fees announced by Dewan Bandaraya Kuala Lumpur, which impacts CMMT's interest in Sungei Wang Plaza, property operating expenses are expected to increase in 2014, which may affect net property income growth.

With overall strong macroeconomic fundamentals, growth prospects and attractive demographics, Malaysia continues to be a favourable investment proposition for a retail-focused real estate investment trust like CMMT. Moreover, CMMT's malls are largely focused on necessity shopping, which have in the past proven resilient through economic cycles and should continue to do so.

At present, CMMT has a portfolio of four well-performing malls in the key urban centers of Penang, Kuala Lumpur, Selangor and Kuantan, and is the only "pure play" shopping mall REIT which provides income and geographical diversification to its unitholders.

#### **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 90.0% or more of its total income for that year of assessment. If the REIT is unable to meet the 90.0% distribution criteria, the entire taxable income of the REIT for the year would be subject to income tax.

As CMMT intends to distribute 100.0% of its distributable income for the financial year ended 31 December 2013 to its unitholders, no provision for tax has been made for the current quarter.

#### **B7. Status of Corporate Proposals**

##### Letter Of Intent From Tropicana City Sdn. Bhd.

Based on the announcement dated 29 October 2013, the proposed acquisition of Tropicana City Mall and Tropicana City Office Tower was aborted as both parties were unable to mutually agree on the terms of the sale and purchase agreement.

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**B8. Borrowings and Debt Securities**

	As at 31 December 2013 (Unaudited) RM'000	As at 31 December 2012 (Audited) RM'000
<b>Long term borrowings</b>		
Secured term loans	519,750	519,750
Unrated medium term notes	300,000	300,000
Less: Unamortised transaction costs	(3,181)	(4,216)
	<u>816,569</u>	<u>815,534</u>
<b>Short term borrowings</b>		
Secured revolving credit	29,700	-
Unsecured revolving credit	61,300	54,000
	<u>91,000</u>	<u>54,000</u>
<b>Total borrowings</b>	<b><u>907,569</u></b>	<b><u>869,534</u></b>

All the borrowings are denominated in Ringgit Malaysia.

As at 31 December 2013, CMMT's revolving credit facilities increased by RM37.0 million to RM91.0 million for the purpose of funding the capital expenditure incurred by Gurney Plaza, Sungei Wang Plaza, The Mines and East Coast Mall.

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

**B9. Change in Material Litigation**

Nil.

**B10. Income Distribution**

CMMT intends to distribute its final income distribution of RM79.8 million or 4.50 sen per unit on 7 March 2014 (book closure date: 10 February 2014), based on the number of units in issue of 1,772,819,900 for the period from 1 July 2013 to 31 December 2013. This means CMMT will distribute approximately 100.0% of its distributable income to its unitholders for the financial year ended 31 December 2013.

Final income distribution to unitholders is from the following sources:

	1 July to 31 December 2013 RM'000
Gross rental income	125,197
Interest income	2,193
Other income	30,969
Less: Property operating expenses and trust expenses (realised)	(78,621)
Income available for distribution	<u>79,738</u>
Less: Rollover adjustment for rounding difference	39
<b>Final income distribution</b>	<b><u>79,777</u></b>
Number of units in circulation ('000 units)	1,772,820
Distribution per unit (sen), of which	4.50
- taxable distribution of income (sen)	4.49
- tax exempt distribution of income (sen)	0.01

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**B10. 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 10.0%

Non-resident unitholders:

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

**B11. Composition of Investment Portfolio as at 31 December 2013**

As at 31 December 2013, CMMT's portfolio comprised the following shopping malls:

<b>Investment properties</b>	<b>Cost of Investment<sup>1</sup> RM'000</b>	<b>Net Book Value<sup>2</sup> RM'000</b>	<b>Market Value RM'000</b>	<b>Market Value as % of NAV<sup>3</sup> %</b>
Gurney Plaza	1,078,535	1,239,774	1,240,000	56.3
Sungei Wang Plaza	749,818	836,934	837,000	38.0
The Mines	561,880	625,995	629,000	28.6
East Coast Mall	343,927	372,998	373,000	16.9
<b>Total</b>	<b>2,734,160</b>	<b>3,075,701</b>	<b>3,079,000</b>	

The market value of Sungei Wang Plaza, The Mines and East Coast Mall were stated at valuations conducted by PPC International Sdn. Bhd. as at 31 December 2013. The market value of Gurney Plaza was stated at valuation performed by CB Richard Ellis (Malaysia) Sdn. Bhd. as at 31 December 2013.

<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 30 June 2013 and capital expenditure incurred for the period from 1 July to 31 December 2013.

<sup>3</sup> This is calculated in accordance with the REITs Guidelines.

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

	<b>Quarter ended 31 December 2013</b>	<b>Quarter ended 30 September 2013</b>
Number of units in circulation (units)	1,772,819,900	1,770,391,900
NAV before income distribution (RM'000)	2,202,617	2,156,509
NAV after income distribution (RM'000)	2,122,840	2,116,498
NAV per unit <sup>1</sup> (RM)	1.1974	1.1955
Total comprehensive income (RM'000)	41,850	37,679
Weighted average number of units in issue <sup>2</sup> (units)	1,771,685,074	1,770,391,900
EPU after manager's management fee (sen)	2.36	2.13
Distributable income (RM'000)	39,766	40,011
DPU (sen)	2.24	2.26
Market price (RM)	1.40	1.57
DPU yield (%)	1.60	1.44

<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 FY 2013 is 1,769,892,444.



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**B13. Soft Commission Received By The Manager And Its Delegates**

Nil.

**B14. Manager's Fee**

For the financial year ended 31 December 2013, the Manager has accounted for a base fee of 0.29% per annum of the total asset value and a performance fee of 4.75% per annum of net property income. Total fees accrued to the Manager (inclusive of 6.0% service tax) were as follows:

	<b>4Q 2013 Actual (Unaudited) RM'000</b>	<b>FY 2013 Actual (Unaudited) RM'000</b>
Base management fee	2,516	9,791
Performance fee	2,759	10,503
<b>Total fees</b>	<b>5,275</b>	<b>20,294</b>

**B15. 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 31 December 2013</b>
	Units	%	RM
CMMT Investment Limited <sup>1</sup>	623,938,000	35.19	873,513,200
Menang Investment Limited <sup>1</sup>	16,056,900	0.91	22,479,660
Skim Amanah Saham Bumiputera <sup>2</sup>	150,000,000	8.46	210,000,000
AS 1 Malaysia <sup>2</sup>	40,332,600	2.28	56,465,640
Amanah Saham Wawasan 2020 <sup>2</sup>	36,549,500	2.06	51,169,300
Amanah Saham Malaysia <sup>2</sup>	35,875,000	2.02	50,225,000
Amanah Saham Nasional 3 Imbang <sup>2</sup>	151,000	0.01	211,400
AMB Unit Trust Fund <sup>3</sup>	366,400	0.02	512,960
Direct unitholdings of the Directors of the Manager:			
Mr Lim Beng Chee <sup>5</sup> (alternate director to Simon Ho Chee Hwee and Ng Kok Siong)	100,000	0.01	140,000
Mr Ng Kok Siong <sup>5</sup>	100,000	0.01	140,000
Ms Sharon Lim Hwee Li	100,000	0.01	140,000
Ms Tan Siew Bee	100,000	0.01	140,000
Mr Peter Tay Buan Huat	100,000	0.01	140,000
	<b>903,769,400</b>	<b>51.00<sup>6</sup></b>	<b>1,265,277,160</b>

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

<sup>2</sup> Managed by Amanah Saham Nasional Berhad ("ASNB"), a wholly-owned subsidiary of Permodalan Nasional Berhad ("PNB"). PNB is also the ultimate holding company of Malaysian Industrial Development Finance Berhad who in turn is a substantial shareholder of the Manager.

<sup>3</sup> Managed by Amanah Mutual Berhad, a wholly-owned subsidiary of ASNB, which in turn is a wholly-owned subsidiary of PNB.

<sup>4</sup> The market value of the units is computed based on the closing price of RM1.40 per unit as at 31 December 2013.

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

<sup>6</sup> Approximation.

The Manager disposed 2,428,000 units in CMMT at cost to a related party, Menang Investment Limited, on 27 November 2013.

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**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 2013 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 23 January 2014.

**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: 23 January 2014**