

CAPITAMALLS MALAYSIA TRUST
CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

CAPITAMALLS MALAYSIA TRUST
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31 DECEMBER 2014 (UNAUDITED) RM'000	AS AT 31 DECEMBER 2013 (AUDITED) RM'000
Assets		
Plant and equipment	1,864	2,323
Investment properties	3,233,000	3,079,000
Total non-current assets	<u>3,234,864</u>	<u>3,081,323</u>
Trade and other receivables	13,302	14,647
Cash and cash equivalents	156,511	150,430
Total current assets	<u>169,813</u>	<u>165,077</u>
Total assets	<u>3,404,677</u>	<u>3,246,400</u>
Equity		
Unitholders' capital	1,832,286	1,823,567
Undistributed profit	455,172	379,050
Total unitholders' funds	<u>2,287,458</u>	<u>2,202,617</u>
Liabilities		
Borrowings	817,357	816,569
Tenants' deposits	51,271	41,787
Total non-current liabilities	<u>868,628</u>	<u>858,356</u>
Borrowings	145,400	91,000
Tenants' deposits	33,242	40,920
Trade and other payables	69,949	53,507
Total current liabilities	<u>248,591</u>	<u>185,427</u>
Total liabilities	<u>1,117,219</u>	<u>1,043,783</u>
Total equity and liabilities	<u>3,404,677</u>	<u>3,246,400</u>
Number of units in circulation ('000 units)	1,778,976	1,772,820
Net asset value ("NAV")		
- before income distribution	2,287,458	2,202,617
- after income distribution	2,209,539	2,122,840
NAV per unit (RM)		
- before income distribution	1.2858	1.2424
- after income distribution	1.2420	1.1974

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 2013.

CAPITAMALLS MALAYSIA TRUST
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	CURRENT QUARTER		YEAR TO DATE	
	31 DECEMBER		31 DECEMBER	
	2014 (UNAUDITED) RM'000	2013 (UNAUDITED) RM'000	2014 (UNAUDITED) RM'000	2013 (AUDITED) RM'000
Gross rental income	63,247	63,546	250,566	246,487
Car park income	4,917	4,537	18,503	18,401
Other revenue	12,128	10,719	46,326	40,216
Gross revenue	80,292	78,802	315,395	305,104
Maintenance expenses	(5,883)	(5,545)	(22,655)	(22,646)
Utilities	(11,503)	(10,414)	(46,671)	(40,162)
Other operating expenses ¹	(8,352)	(8,047)	(37,167)	(33,689)
Property operating expenses	(25,738)	(24,006)	(106,493)	(96,497)
Net property income	54,554	54,796	208,902	208,607
Interest income	1,148	1,076	4,624	4,309
Fair value gain of investment properties	18,405	3,299	86,611	81,203
Net investment income	74,107	59,171	300,137	294,119
Manager's management fee	(5,386)	(5,275)	(20,741)	(20,294)
Trustee's fee	(101)	(101)	(400)	(400)
Auditors' fee	(44)	(12)	(179)	(171)
Tax agent's fee	(6)	(2)	(25)	(28)
Valuation fee	(57)	(54)	(229)	(213)
Finance costs	(10,717)	(9,922)	(41,299)	(40,891)
Other non-operating expenses	(221)	(1,955)	(909)	(2,462)
	(16,532)	(17,321)	(63,782)	(64,459)
Profit before taxation	57,575	41,850	236,355	229,660
Taxation	-	-	-	-
Profit for the period/year	57,575	41,850	236,355	229,660
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period/year	57,575	41,850	236,355	229,660
Distribution adjustments ²	(17,302)	(2,140)	(77,890)	(72,858)
Income available for distribution	40,273	39,710	158,465	156,802
Distributable income³	40,205	39,766	158,375	156,789
Realised	39,170	38,551	149,744	148,457
Unrealised ⁴	18,405	3,299	86,611	81,203
	57,575	41,850	236,355	229,660

**CAPITAMALLS MALAYSIA TRUST
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014 (UNAUDITED)**

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

	CURRENT QUARTER 31 DECEMBER		YEAR TO DATE 31 DECEMBER	
	2014 (UNAUDITED)	2013 (UNAUDITED)	2014 (UNAUDITED)	2013 (AUDITED)
Earnings per unit (sen)⁵				
- before Manager's management fee (sen)	3.54	2.66	14.47	14.12
- after Manager's management fee (sen)	3.24	2.36	13.31	12.98
Distribution per unit ("DPU") (sen)	2.26	2.24	8.91	8.85
DPU (sen) – annualised	8.97	8.89	8.91	8.85

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 2013.

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

	CURRENT QUARTER 31 DECEMBER		YEAR TO DATE 31 DECEMBER	
	2014 (UNAUDITED) RM'000	2013 (UNAUDITED) RM'000	2014 (UNAUDITED) RM'000	2013 (AUDITED) RM'000
Write-back of /(Allowance for) impairment losses of trade receivables	183	(94)	(215)	(93)
Foreign exchange loss:				
- Unrealised	*	*	*	*
- Realised	(4)	(2)	(10)	(12)

* less than RM1,000

**CAPITAMALLS MALAYSIA TRUST
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014 (UNAUDITED)**

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

2. Included in the distribution adjustments are the following:

	CURRENT QUARTER 31 DECEMBER		YEAR TO DATE 31 DECEMBER	
	2014 (UNAUDITED) RM'000	2013 (UNAUDITED) RM'000	2014 (UNAUDITED) RM'000	2013 (AUDITED) RM'000
Fair value gain of investment properties	(18,405)	(3,299)	(86,611)	(81,203)
Manager's management fee payable in units	2,223	2,286	8,598	8,682
Depreciation	291	274	1,162	1,168
Amortisation of transaction costs on borrowings	196	192	786	781
Net profit from subsidiary	-	137	-	-
Tax and other adjustments	(1,607)	(1,730)	(1,825)	(2,286)
	<u>(17,302)</u>	<u>(2,140)</u>	<u>(77,890)</u>	<u>(72,858)</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 profit 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 2014 (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
As at 1 January 2013	1,815,222	37,729	263,637	2,116,588
Total comprehensive income for the year	-	148,457	81,203	229,660
Increase in net assets resulting from operations	1,815,222	186,186	344,840	2,346,248
Unitholders' transactions				
- Units issued as part satisfaction of the Manager's management fee	8,345	-	-	8,345
- Distribution paid to unitholders ¹	-	(151,976)	-	(151,976)
Increase/(Decrease) in net assets resulting from unitholders' transactions	8,345	(151,976)	-	(143,631)
As at 31 December 2013 (Audited)	1,823,567	34,210	344,840	2,202,617
As at 1 January 2014	1,823,567	34,210	344,840	2,202,617
Total comprehensive income for the year	-	149,744	86,611	236,355
Increase in net assets resulting from operations	1,823,567	183,954	431,451	2,438,972
Unitholders' transactions				
- Units issued as part satisfaction of the Manager's management fee	8,719	-	-	8,719
- Distribution paid to unitholders ²	-	(160,233)	-	(160,233)
Increase/(Decrease) in net assets resulting from unitholders' transactions	8,719	(160,233)	-	(151,514)
As at 31 December 2014 (Unaudited)	1,832,286	23,721	431,451	2,287,458

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 2013.

1. 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.
2. This refers to the (i) 2013 final income distribution of 4.50 sen per unit for the period from 1 July 2013 to 31 December 2013 paid on 7 March 2014, and (ii) first income distribution of 4.53 sen per unit for the period 1 January 2014 to 30 June 2014 paid on 29 August 2014.

CAPITAMALLS MALAYSIA TRUST
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	TWELVE MONTHS ENDED	
	31 DECEMBER	31 DECEMBER
	2014	2013
	(UNAUDITED)	(AUDITED)
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before taxation	236,355	229,660
Adjustments for:-		
Manager's management fee paid/payable in units	8,598	8,682
Depreciation	1,162	1,168
Fair value gain of investment properties	(86,611)	(81,203)
Finance costs	41,299	40,891
Interest income	(4,624)	(4,309)
Plant and equipment written off	1	-
Operating profit before changes in working capital	196,180	194,889
Changes in working capital:		
Trade and other receivables	1,345	(4,326)
Trade and other payables	762	524
Tenants' deposits	1,806	4,307
Net cash from operating activities	200,093	195,394
Cash Flows From Investing Activities		
Acquisition of plant and equipment	(704)	(1,072)
Capital expenditure on investment properties	(51,452)	(49,978)
Proceeds from disposal of plant and equipment	-	1
Interest received	4,624	4,309
Net cash used in investing activities	(47,532)	(46,740)
Cash Flows From Financing Activities		
Interest paid	(40,440)	(39,384)
Distribution paid to unitholders	(160,233)	(151,976)
Payment of financing expenses	(207)	(2,829)
Proceeds from interest bearing borrowings	88,500	37,000
Repayment of interest bearing borrowings	(34,100)	-
Pledged deposits	-	(3,207)
Net cash used in financing activities	(146,480)	(160,396)
Net increase/(decrease) in cash and cash equivalents	6,081	(11,742)
Cash and cash equivalents at beginning of the year	143,690	155,432
Cash and cash equivalents at end of the year	149,771	143,690
Cash and cash equivalents at end of the year comprises:		
Deposits placed with licensed banks	127,820	128,228
Cash and bank balances	28,691	22,202
	156,511	150,430
Less: Pledged deposits	(6,740)	(6,740)
	149,771	143,690

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 2013.

CAPITAMALLS MALAYSIA TRUST

FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014 (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 2014 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 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 2013.

A2. Changes in Accounting Policies

During the financial year, the Group and CMMT adopted the following MFRSs and Amendments to MFRSs effective for annual periods beginning on or after 1 January 2014:

Amendments to MFRS 10, Consolidated Financial Statements: Investment Entities

Amendments to MFRS 12, Disclosure of Interests in Other Entities: Investment Entities

Amendments to MFRS 127, Separate Financial Statements (2011): Investment Entities

Amendments to MFRS 132, Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 136, Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets

Amendments to MFRS 139, Financial Statements: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting

The adoption of the above MFRSs and 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 2013 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.

**CAPITAMALLS MALAYSIA TRUST
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A7. Debt and Equity Securities

Save as disclosed in B8, there were no issuance, cancellation, repurchase, resale and repayment of 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

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 2014, the investment properties were valued based on valuations performed by independent professional valuers as at 31 December 2014. Fair value gain arising from the valuations amounting to RM18.4 million was recognised during the current quarter.

A11. Subsequent Events

Nil.

A12. Changes in Composition of the Trust

Nil

A13. Changes in Contingent Liabilities and Contingent Asset

Nil.

A14. Capital Commitments

Capital commitments in relation to capital expenditure are as follows:

	RM'000
Contracted but not provided for	<u>5,428</u>

**CAPITAMALLS MALAYSIA TRUST
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014 (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 2014 (Unaudited) RM'000	4Q 2013 (Unaudited) RM'000	Change %	FY 2014 (Unaudited) RM'000	FY 2013 (Audited) RM'000	Change %
(a) Breakdown of Gross Revenue						
Gurney Plaza	32,031	30,391	5.4	122,586	118,769	3.2
Sungei Wang Plaza	15,654	18,043	(13.2)	67,227	72,175	(6.9)
The Mines	20,232	19,056	6.2	79,736	71,725	11.2
East Coast Mall	12,375	11,312	9.4	45,846	42,435	8.0
Total Gross Revenue	80,292	78,802	1.9	315,395	305,104	3.4
(b) Breakdown of Property Operating Expenses						
Gurney Plaza	9,266	8,587	7.9	39,309	36,176	8.7
Sungei Wang Plaza	4,428	3,943	12.3	18,052	16,338	10.5
The Mines	7,437	6,833	8.8	31,178	27,370	13.9
East Coast Mall	4,607	4,643	(0.8)	17,954	16,613	8.1
Total Property Operating Expenses	25,738	24,006	7.2	106,493	96,497	10.4
(c) Breakdown of Net Property Income						
Gurney Plaza	22,765	21,804	4.4	83,277	82,593	0.8
Sungei Wang Plaza	11,226	14,100	(20.4)	49,175	55,837	(11.9)
The Mines	12,795	12,223	4.7	48,558	44,355	9.5
East Coast Mall	7,768	6,669	16.5	27,892	25,822	8.0
Total Net Property Income	54,554	54,796	(0.4)	208,902	208,607	0.1

CAPITAMALLS MALAYSIA TRUST FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014 (UNAUDITED)

B1. Review of Performance (cont'd)

Quarter Results (4Q 2014 vs 4Q 2013)

The Group recorded gross revenue of RM80.3 million in 4Q 2014, an increase of RM1.5 million or 1.9% over 4Q 2013. The increase was mainly due to contribution from East Coast Mall, which had completed a two-phase 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, except for Sungei Wang Plaza which continues to be affected by the ongoing Mass Rapid Transit ("MRT") works.

Property operating expenses for 4Q 2014 were RM25.7 million, an increase of RM1.7 million or 7.2% over 4Q 2013. The increase was mainly attributed to the hikes in electricity tariff and renewable energy surcharge which impacted the CMMT portfolio and higher property maintenance expenses.

The net property income for 4Q 2014 of RM54.6 million was marginally lower than 4Q 2013.

CMMT registered a fair value gain of RM18.4 million on investment properties in 4Q 2014.

Finance costs for 4Q 2014 of RM10.7 million were RM0.8 million or 8.0% higher than 4Q 2013. The increase was mainly due to the impact of finance costs arising from the additional revolving credit facilities drawn down during the quarter. The increase in Bank Negara Malaysia's ("BNM") Overnight Policy Rate ("OPR") by 0.25% in July 2014 had minimal impact on CMMT's average cost of debt as majority of the Group's borrowings are at fixed interest rates. Average cost of debt for 4Q 2014 was 4.35% p.a. (4Q 2013: 4.29% p.a.).

Other non-operating expenses for 4Q 2014 of RM0.2 million were RM1.7 million lower than 4Q 2013. The decrease was mainly due to the one-off due diligence costs incurred for the unrealised projects in previous financial year.

CMMT has incurred RM25.2 million of capital expenditure during the quarter. The Mines has started its building facade refurbishment works while Gurney Plaza has installed a new chiller during the quarter. The completed works during the quarter include Gurney Plaza's reconfiguration works on the ground floor of the extension wing and East Coast Mall's Phase 2 asset enhancement works, which involves the extension of the alfresco area and reconfiguration of the ground, first and second floor, to improve trade mix.

Overall, distributable income to unitholders for 4Q 2014 was RM40.2 million an increase of RM0.4 million or 1.1% over 4Q 2013.

Financial Year-to-date Results (FY 2014 vs FY 2013)

The Group recorded gross revenue of RM315.4 million, an increase of RM10.3 million or 3.4% over previous financial year. The increase was mainly due to contribution from East Coast Mall, which had completed a two-phase asset enhancement works, and onselling of electricity to tenants at The Mines. The Group also benefited from higher gross rental income on the back of higher rental rates achieved from new and renewed leases, except for Sungei Wang Plaza which continues to be affected by the ongoing MRT works.

Property operating expenses for the year were RM106.5 million, an increase of RM10.0 million or 10.4% over previous financial year. The increase was mainly attributed to the adjustment in property assessment fees, which impacted Gurney Plaza, East Coast Mall and CMMT's interest in Sungei Wang Plaza, as well as the hikes in electricity tariff and renewable energy surcharge which impacted the CMMT portfolio. Other than the spillover effect of the above price adjustments, the overall property operating expenses for the current year were higher mainly due to higher utility expenses as a result of higher electricity consumption, higher administrative expenses and reimbursable staff costs.

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

Financial Year-to-date Results (FY 2014 vs FY 2013) (cont'd)

The net property income for the year was marginally higher than previous financial year.

Interest income for the year of RM4.6 million was RM0.3 million or 7.3% higher than previous financial year. The increase was mainly attributed to higher available cash on deposit and active cash management.

CMMT registered a fair value gain of RM86.6 million on investment properties in FY 2014.

Manager's management fee for FY 2014 of RM20.7 million was RM0.4 million or 2.2% higher than previous financial year. The increase was mainly due to stable net property income and increase in asset base after the valuation of investment properties.

Finance costs for FY 2014 of RM41.3 million were RM0.4 million or 1.0% higher than previous financial year. The increase was mainly due to additional revolving credit facilities drawn down during the year for capital expenditure, offset by the one-off incidental cost for purpose of re-fixing CMMT's fixed rate term loans in previous year. The increase in BNM's OPR by 0.25% in July 2014 had minimal impact on CMMT's average cost of debt as majority of the Group's borrowings are at fixed interest rates. Average cost of debt for FY 2014 was 4.32% p.a. (FY 2013: 4.36% p.a.).

Other non-operating expenses for FY 2014 of RM0.9 million was RM1.6 million lower than previous financial year. This was mainly due to the one-off due diligence costs incurred for the unrealised projects in previous year.

CMMT has incurred RM67.4 million capital expenditure for the properties during the year. During the quarter, The Mines has started its building facade refurbishment works. The completed works for the year include Gurney Plaza's reconfiguration works on the fourth floor and the ground floor of the extension wing, East Coast Mall's Phase 2 asset enhancement works, which involves the extension of the alfresco area and reconfiguration of the ground, first and second floor, to improve trade mix and the installation of chillers at The Mines and Gurney Plaza.

Overall, distributable income to unitholders for the financial year was RM158.4 million, an increase of RM1.6 million or 1.0% over previous financial year.

B2. Material Changes in Quarter Results

	Quarter ended 31 December 2014 RM'000	Quarter ended 30 September 2014 RM'000
Profit before taxation	57,575	35,710
Less: Fair value gain of investment properties	(18,405)	-
Profit before taxation, excluding fair value gain of investment properties	39,170	35,710

Other than the fair value gain of RM18.4 million resulting from the valuation as at 31 December 2014, there is no material change in the financial results of 4Q 2014 as compared to 3Q 2014.

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.

**CAPITAMALLS MALAYSIA TRUST
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B4. Commentary on Prospects

Despite global economic uncertainty, the Malaysian economy is expected to grow by 4.5% to 5.5% (Source: Prime Minister's Office, 20 January 2015), driven mainly by domestic demand. Given the challenges presented by declining global crude oil prices and the weakening ringgit, the Malaysian economy is still expected to be resilient, backed by exports and the tourism sector. We expect retail sales in Malaysia to continue to be stable as the government has lined up several measures to boost private consumption.

In view of the introduction of Goods and Services Tax in April 2015, private consumption is expected to moderate as consumers adjust to the higher cost of living. Despite cautious spending, 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. However, higher cost pressures, along with the impact of the ongoing MRT works on Sungei Wang Plaza's traffic, are expected to be partly moderated by the stable performance of CMMT's underlying portfolio.

With a portfolio of four well-performing malls in the key urban centres of Penang, Kuala Lumpur, Selangor and Kuantan, CMMT provides its unitholders with both income and geographical diversification.

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 2014 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 2014 (Unaudited) RM'000	As at 31 December 2013 (Audited) RM'000
Long term borrowings		
Secured term loans	519,750	519,750
Unrated medium term notes	300,000	300,000
Less: Unamortised transaction costs	(2,393)	(3,181)
	817,357	816,569
Short term borrowings		
Secured revolving credit	70,000	29,700
Unsecured revolving credit	75,400	61,300
	145,400	91,000
Total borrowings	962,757	907,569

All the borrowings are denominated in Ringgit Malaysia.

**CAPITAMALLS MALAYSIA TRUST
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014 (UNAUDITED)**

B8. Borrowings and Debt Securities (cont'd)

As at 31 December 2014, CMMT's revolving credit facilities increased by RM54.4 million to RM145.4 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 RM77.9 million or 4.38 sen per unit on 27 February 2015 (book closure date: 5 February 2015), based on the number of units in issue of 1,778,975,600 for the period from 1 July 2014 to 31 December 2014. This means CMMT will distribute approximately 100.0% of its distributable income to its unitholders for the financial year ended 31 December 2014.

Final income distribution to unitholders is from the following sources:

	1 July to 31 December 2014 RM'000
Gross rental income	125,414
Interest income	2,300
Other income	32,786
Less: Property operating expenses and trust expenses (realised)	<u>(82,567)</u>
Income available for distribution	77,933
Less: Rollover adjustment for rounding difference	<u>(14)</u>
Final income distribution	<u>77,919</u>
Number of units in circulation ('000 units)	1,778,976
Distribution per unit (sen), of which	4.38
- taxable distribution of income (sen)	4.24
- tax exempt distribution of income (sen)	0.14

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% |

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B11. Composition of Investment Portfolio as at 31 December 2014

As at 31 December 2014, CMMT's portfolio comprised the following shopping malls:

Investment properties	Cost of Investment¹	Net Book Value²	Market Value	Market Value as % of NAV³
	RM'000	RM'000	RM'000	%
Gurney Plaza	1,099,430	1,289,559	1,295,000	56.6
Sungei Wang Plaza	751,718	840,067	824,000	36.0
The Mines	568,915	674,128	680,000	29.7
East Coast Mall	381,486	410,841	434,000	19.0
Total	2,801,549	3,214,595	3,233,000	

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 31 December 2014. The market value of Gurney Plaza was stated at valuation performed by PPC International Sdn. Bhd. as at 31 December 2014.

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

² Net book value comprised market value of the investment properties as at 30 June 2014 and capital expenditure incurred during the reporting period.

³ This is calculated in accordance with the REITs Guidelines.

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

	Quarter ended 31 December 2014	Quarter ended 30 September 2014
Number of units in circulation (units)	1,778,975,600	1,778,975,600
NAV before income distribution (RM'000)	2,287,458	2,229,883
NAV after income distribution (RM'000)	2,209,539	2,192,169
NAV per unit ¹ (RM)	1.2420	1.2323
Total comprehensive income (RM'000)	57,575	35,710
Weighted average number of units in issue ² (units)	1,778,975,600	1,776,765,274
EPU after manager's management fee (sen)	3.24	2.01
Distributable income (RM'000)	40,205	37,714
DPU (sen)	2.26	2.12
Market price (RM)	1.43	1.43
DPU yield (%)	1.58	1.48

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 2014 is 1,776,336,681.

B13. Soft Commission Received By The Manager And Its Delegates

Nil.

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B14. Manager's Fee

For the financial year ended 31 December 2014, 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:

	4Q 2014 Actual (Unaudited) RM'000	FY 2014 Actual (Unaudited) RM'000
Base management fee	2,639	10,223
Performance fee	2,747	10,518
Total fees	5,386	20,741

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

	No of units	Percentage of unitholdings	Market value⁶ at 31 December 2014
	Units	%	RM
CMMT Investment Limited ¹	623,938,000	35.07	892,231,340
Menang Investment Limited ¹	22,212,600	1.25	31,764,018
Skim Amanah Saham Bumiputera ²	179,515,300	10.09	256,706,879
AS 1 Malaysia ²	34,103,200	1.92	48,767,576
Amanah Saham Wawasan 2020 ²	36,549,500	2.05	52,265,785
Sekim Amanah Saham Nasional ²	2,759,000	0.16	3,945,370
Amanah Saham Malaysia ²	34,000,000	1.91	48,620,000
Amanah Saham Nasional 3 Imbang ²	2,169,600	0.12	3,102,528
Amanah Saham Nasional 2 ²	1,350,000	0.08	1,930,500
Amanah Saham Gemilang for Amanah Saham Persaraan ²	837,100	0.05	1,197,053
Amanah Saham Gemilang for Amanah Saham Kesihatan ²	2,235,000	0.13	3,196,050
Amanah Saham Gemilang for Amanah Saham Pendidikan ²	937,100	0.05	1,340,053
Amanah Saham Bumiputera 2 ²	7,279,600	0.41	10,409,828
Amanah Harta Tanah PNB ³	50,000	0.00	71,500
Yayasan Tun Ismail Mohamed Ali (Berdaftar) ⁴	100,000	0.01	143,000
Direct unitholdings of the Directors of the Manager:			
Mr Ng Kok Siong ⁵	100,000	0.01	143,000
Ms Low Peck Chen	12,000	0.00	17,160
Ms Tan Siew Bee	100,000	0.01	143,000
Mr Peter Tay Buan Huat	100,000	0.01	143,000
	948,348,000	53.33⁷	1,356,137,640

¹ An indirect wholly-owned subsidiary of CapitaMalls Asia Limited.

² 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.

³ Managed by Pelaburan Hartanah Nasional Berhad, a 70% owned subsidiary of PNB.

⁴ A foundation established by PNB.

⁵ Units held through nominees.

⁶ The market value of the units is computed based on the closing price of RM1.43 per unit as at 31 December 2014.

⁷ Approximation.

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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 2014 and of their financial performance and cash flows for the quarter ended on that date and duly authorised for release by the Board of Directors of the Manager on 20 January 2015.

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 January 2015