

CAPITAMALLS MALAYSIA TRUST (“CMMT”)

- (I) **PROPOSED ACQUISITION BY AMTRUSTEE BERHAD (“TRUSTEE”), ON BEHALF OF CMMT, OF EAST COAST MALL (AS DEFINED HEREIN) FOR A PURCHASE CONSIDERATION OF RM310,000,000 (“PROPOSED ACQUISITION”); AND**
- (II) **PROPOSED PLACEMENT OF UP TO 298,971,000 NEW UNITS IN CMMT (“PLACEMENT UNITS”) BY WAY OF BOOKBUILDING, REPRESENTING UP TO 20% OF THE EXISTING UNITS IN CMMT PURSUANT TO THE AUTHORITY (AS DEFINED HEREIN) GRANTED (“PROPOSED PLACEMENT”);**

(COLLECTIVELY REFERRED TO AS THE “PROPOSALS”)

1. INTRODUCTION

On behalf of the Board of Directors of CapitaMalls Malaysia REIT Management Sdn. Bhd. (“**Board**”), which is the management company of CMMT (“**Manager**”), CIMB Investment Bank Berhad (“**CIMB**”) wishes to announce that the Trustee, on behalf of CMMT, had on 14 June 2011 entered into a conditional sale and purchase agreement (“**ECM SPA**”) with Astral Realty Sdn Bhd (“**Vendor**”) for the acquisition of a four (4) storey shopping mall with one basement level comprising retail space on the ground, first, second and third floors, together with 1,170 car parking bays at the basement level, surface car park on the ground floor, third floor and on the rooftop known as “East Coast Mall” (“**Building**”), erected on the leasehold land held under Title No. H.S.(D) 28468, P.T. No. 92050, Bandar Kuantan, Daerah Kuantan, Negeri Pahang Darul Makmur (“**Land**”), bearing the postal address at East Coast Mall, Jalan Putra Square 6, Putra Square, 25200 Kuantan, Pahang Darul Makmur (the Building, the Land and all on-site fixtures, fittings, plants, machinery, equipment and chattels owned by the Vendor which are material to its current ownership, maintenance, use, leasing, service, or operation of the Building, being collectively referred to herein as “**East Coast Mall**”), for a cash consideration of RM310,000,000 (“**Purchase Price**”).

In addition, on behalf of the Board, CIMB wishes to announce that the Manager proposes to undertake the Proposed Placement, details of which are set out in Section 3 below.

2. THE PROPOSED ACQUISITION

2.1 Description of East Coast Mall

East Coast Mall is a four (4) storey shopping mall with one basement level, with a net lettable area (“**NLA**”) of approximately 441,342 sq ft as at 1 May 2011. East Coast Mall commenced operations on 30 April 2008 and the approximate age of the Building is 3 years. It is a shopping mall located in the heart of Kuantan town with postal address of East Coast Mall, Jalan Putra Square 6, Putra Square, 25200 Kuantan, Pahang Darul Makmur. As at 1 May 2011, East Coast Mall had a committed occupancy rate of 97.0%.

The Proposed Acquisition includes 1,170 car parking bays located at the basement level, surface car park on the ground floor, third floor and on the rooftop of the Building.

The Land is currently registered in the name of Pasdec Corporation Sdn Bhd (“**Proprietor**”). The Vendor acquired beneficial ownership in East Coast Mall from the developer of East Coast Mall, Jasa Imani Sdn. Bhd. pursuant to a sale and purchase agreement dated 4 May 2007 with the Proprietor and Jasa Imani Sdn. Bhd. Other pertinent information on East Coast Mall is shown in **Appendix I**.

2.2 Background of the Proposed Acquisition

Pursuant to the ECM SPA, the Vendor agreed to sell and CMMT agreed to purchase East Coast Mall for the purchase consideration of RM310,000,000, on the terms and subject to the conditions contained therein.

Please refer to **Appendix II** for the salient terms of the ECM SPA.

The purchase consideration of RM310,000,000 was arrived at after taking into consideration the market value of East Coast Mall of RM330,000,000 as appraised by PPC International Sdn. Bhd., being the independent registered valuer appointed by the Trustee and the Manager, on behalf of CMMT. PPC International Sdn. Bhd. has, in its valuation report dated 10 June 2011, assessed the market value of East Coast Mall at RM330,000,000 using the comparison and income capitalisation methods.

2.3 Estimated total acquisition cost

The estimated total acquisition cost of East Coast Mall is approximately RM330,000,000, comprising the following:

Estimated total acquisition cost	RM	Remarks
Purchase Price		
- Deposit of 10% of the Purchase Price	31,000,000	Satisfied in cash, which was paid upon signing of the ECM SPA to CMMT's solicitors and the Vendor's solicitors as joint stakeholders
- Balance of the Purchase Price	279,000,000	To be satisfied in cash and shall be paid within 5.5 months from the date of the ECM SPA ⁽¹⁾⁽²⁾
	310,000,000	
Acquisition fee	3,100,000	To be paid to the Manager ⁽³⁾
Estimated expenses for the Proposals	12,900,000	To be paid in cash from the proceeds of the Proposed Placement ⁽⁴⁾
Working capital ⁽⁵⁾	4,000,000	To be paid in cash from the proceeds of the Proposed Placement
	330,000,000	

Notes:

- (1) Subject to fulfilment of all conditions precedent, and with an automatic extension of one (1) month therefrom, if applicable, free of interest.
- (2) In the event the State Authority's approval is required for the transfer and charge of East Coast Mall and such State Authority's approval is not obtained on or before the expiry of six and a half (6.5) months from the date of the ECM SPA, CMMT is entitled to a further period of three (3) months therefrom or such extended period as the parties may mutually agree to pay the balance of the Purchase Price, free of interest. In the event the ECM SPA is not completed before 31 December 2011, the Manager will convene a unitholders' meeting to obtain unitholders' approval for the issuance of the Placement Units.
- (3) The acquisition fee represents not more than 1% of the Purchase Price, which is within the permitted limit provided in the trust deed dated 7 June 2010 entered into between the Manager and the Trustee and registered with the Securities Commission ("SC") on 9 June 2010. The acquisition fee will be payable as soon as practicable after the completion of the Proposed Acquisition.

- (4) The expenses for the Proposals comprise the professional fees, service tax, fees payable to the relevant authorities and other incidental expenses to be incurred in relation to the Proposals, and inclusive of initial capital expenditure to be incurred in the course of normal operations of East Coast Mall.
- (5) This is the working capital to be incurred over a 12-month period for East Coast Mall. Any portion not utilised on the expiry of this period may, at CMMT's discretion, be also used by CMMT as working capital for the Existing Portfolio (as defined in Section 2.4.1 below).

2.4 Rationale for the Proposed Acquisition

2.4.1 In line with investment objective to acquire quality assets

The Proposed Acquisition is in line with CMMT's investment objective to provide unitholders with long-term and sustainable distribution of income and potential capital growth.

East Coast Mall, strategically located in the heart of Kuantan town centre, is the newest shopping mall in Kuantan. Positioned as a modern family lifestyle mall, it houses an established mix of Malaysian and international retailers. As at 1 May 2011, East Coast Mall has a committed occupancy rate of 97.0%, whilst the occupancy rate of CMMT's existing portfolio of Gurney Plaza, Gurney Plaza Extension Property, Sungei Wang Plaza Property and The Mines (collectively, the "Existing Portfolio"⁽¹⁾) as at 31 March 2011 is 98.7%. East Coast Mall's forecast property yield is about 7.1%⁽²⁾ for 2011. This compares favourably with CMMT's estimated portfolio net property income ("NPI") yield of 6.7%⁽³⁾ by end of 2011 and implied NPI yield of 6.4%⁽⁴⁾.

Based on the illustrative issue price of RM1.06 per Unit and at the loan to value ("LTV") ratio of 50%, the Proposed Acquisition is yield accretive and will result in a higher distribution per unit ("DPU").

The table below, which is purely for illustration purposes, shows the overall yield accretion (assuming the full year 2011 contribution of East Coast Mall as a result of the Proposed Acquisition, combined with the proposed debt and equity financing plan) over CMMT's Existing Portfolio.

		Assumed gearing scenarios ⁽⁶⁾			
		LTV Ratio of 20.0%	LTV Ratio of 35.0%	LTV Ratio of 50.0%	LTV Ratio of 70.0%
		Yield accretion over the Existing Portfolio (%) ⁽⁷⁾			
Issue Price (RM) ⁽⁵⁾	1.06	-	-	0.40	1.46
	1.07	-	-	0.49	1.52
	1.08	-	-	0.58	1.57
	1.09	-	-	0.66	1.62
	1.10	-	0.09	0.74	1.68
	1.11	-	0.19	0.83	1.73
	1.12	-	0.29	0.91	1.78
	1.13	-	0.39	0.98	1.82
	1.14	-	0.49	1.06	1.87
	1.15	0.07	0.59	1.14	1.92
	1.16	0.18	0.68	1.21	1.97
	1.17	0.29	0.78	1.29	2.01
	1.18	0.40	0.87	1.36	2.06
	1.19	0.51	0.96	1.43	2.10
	1.20	0.62	1.05	1.50	2.15

Notes:

- (1) The Existing Portfolio comprises the following:
- (a) Gurney Plaza, which is an eight (8) storey shopping mall together with two (2) levels of basements and approximately 1,075 car parking bays located at Persiaran Gurney, Penang;
 - (b) Gurney Plaza Extension Property, which is a nine (9) storey retail extension block adjoining Gurney Plaza and the 129 car parking bays located in Basement 2 of Gurney Plaza;
 - (c) Sungei Wang Plaza Property, which is the 205 strata parcels within the shopping mall known as "Sungei Wang Plaza" located at Jalan Sultan Ismail, Kuala Lumpur (which, based on the total share units allocated to the 205 strata parcels, represents 62.8% of the voting rights in Sungei Wang Plaza Management Corporation, the management corporation of Sungei Wang Plaza), consisting of retail space representing approximately 61.9% of the aggregate retail floor area of Sungei Wang Plaza and approximately 1,298 car parking bays with an aggregate floor area of approximately 435,411 sq ft representing 100% of the car parking bays in Sungei Wang Plaza; and
 - (d) The Mines, which is a five (5) storey shopping mall known as "The Mines" together with approximately 1,282 car parking bays located at Mines Resort City, Seri Kembangan, Selangor.
- Please refer to CMMT's circular dated 23 February 2011 for a more detailed description of each of the above.
- (2) The forecast property yield is calculated by dividing East Coast Mall's forecast net property income of RM22.0 million for 2011 by the acquisition price of RM310,000,000.
- (3) NPI yield for 2011 is based on: (a) the combined 2011 NPI forecast of RM163.6 million comprising (i) the portfolio (without Gurney Plaza Extension Property) as disclosed in the prospectus of CMMT dated 28 June 2010, and (ii) Gurney Plaza Extension Property as disclosed in the circular dated 23 February 2011; and (b) estimated investment property of RM2,426.6 million by end 2011 which comprises investment property of RM2,368.0 million (as at 31 March 2011) and estimated capital expenditure of RM58.6 million for 2011.
- (4) Units in issue = 1,494,859,000 units (as at 1 May 2011). Based on 2011 NPI forecast of RM163.6 million, borrowings of RM819.75 million (as at 31 March 2011) and market capitalisation of RM1.72 billion based on unit price of RM1.15, being the weighted average market price of each CMMT unit for the five market days immediately prior to 1 May 2011.
- (5) The assumed range of Issue Price(s) (as defined in Section 2.6 below) is shown for illustration purposes only and is pursuant to the Proposed Placement.
- (6) "LTV Ratio" is calculated as debt financing procured for the Proposed Acquisition divided by the appraised value of East Coast Mall of RM330,000,000.
- (7) The yield accretion is based on the DPU for the twelve (12)-month year ending 31 December 2011 ("Forecast Year 2011") of the Existing Portfolio of 7.46 sen.

2.4.2 Enhancing CMMT's position as the largest "pure-play" shopping mall REIT and potentially improve trading liquidity

As at 1 May 2011, CMMT is the largest "pure-play" shopping mall real estate investment trust in terms of property asset value in Malaysia, and the Proposed Acquisition will further strengthen this position. Following the completion of the Proposed Acquisition, CMMT's property asset value is expected to increase from approximately RM2,368 million to approximately RM2,698 million, as shown in the table below.

	Existing Portfolio	East Coast Mall	Enlarged Portfolio
NLA ⁽¹⁾ (sq ft)	2,014,415	441,342	2,455,757
Number of leases ⁽¹⁾	1,100	189	1,289
Valuation (RM million)	2,368 ⁽²⁾	330 ⁽³⁾	2,698

Notes:

- (1) As at 1 May 2011.
- (2) The valuation is a sum of: (a) the valuation of RM225 million for Gurney Plaza Extension Property as at 30 September 2010; and (b) the valuation of RM2,143 million for Gurney Plaza, Sungei Wang Plaza Property and The Mines as at 31 December 2010.
- (3) Based on the valuation of East Coast Mall as at 1 May 2011 by PPC International Sdn. Bhd.

The Proposed Acquisition may be partly financed by the equity raised through the Proposed Placement. The Proposed Placement will involve the issuance of new Units which will increase the number of Units in circulation and potentially enlarging CMMT's unitholder base, improving the trading liquidity of CMMT.

Please refer to Section 3.2(ii) for further information on the improvement of the trading liquidity.

2.4.3 Stable prospects for Kuantan's retail industry

Kuantan is the capital and largest city of the state of Pahang, and has a population of approximately 607,778.

(Source: <http://www.pahangtourism.com.my/aboutphg/Kuantan/index.html>)

It is a commercial centre that is widely considered as the social, economic and commercial hub for East Coast Peninsular Malaysia due to its strategic location. In addition to being the administrative and commercial capital of Pahang, Kuantan, well-known for its beaches, also has a thriving tourism industry.

The population in nearby towns, as well as those in the southern part of the neighbouring state of Terengganu travel to Kuantan on a regular basis to meet their shopping needs. While the weekend in Kuantan comprises Saturday and Sunday, the weekend in Terengganu comprises Friday and Saturday. As a result, shops and malls in Kuantan benefit from one extra day of weekend shopper traffic.

Kuantan is situated about two and half hours' drive from Kuala Lumpur via the East Coast Expressway, an extension of the Kuala Lumpur – Karak Expressway.

2.4.4 Competitive strengths of East Coast Mall

East Coast Mall which commenced operations on 30 April 2008 is strategically located on Jalan Putra Square, the heart of Kuantan town centre. East Coast Mall is positioned as a modern family lifestyle mall, and is the newest shopping mall in Kuantan. It is part of a development named Putra Square, which is a mixed development comprising the 519-room Zenith Hotel and Sultan Ahmad Shah International Convention Centre which has a seating capacity of 6,000 people. Due to its location in Putra Square, East Coast Mall enjoys shopper traffic from hotel guests and visitors to the Convention Centre.

East Coast Mall sits on a site area of 339,752 sq ft, which may present future development opportunities.

Prime location

East Coast Mall is strategically located on Jalan Putra Square, the heart of Kuantan town centre and has become a popular destination among the people of Kuantan. The mall is also located near to the state of Terengganu and as such also attracts shoppers from secondary catchment of Terengganu, which comprises Dungun, Cherating, Kemaman and Kerteh.

Favourable shopper demographics

East Coast Mall benefits from favourable shopper traffic because of its location in Kuantan and proximity to Terengganu. The mall benefits from one extra day of weekend crowd or shopper traffic as the weekend in Terengganu comprises Friday and Saturday, while the weekend in Kuantan comprises Saturday and Sunday.

Established tenant mix

Given its market leadership in Kuantan, East Coast Mall is able to attract a variety of both established Malaysian and international retailers such as Carrefour, OSIM and Padini. East Coast Mall also offers shoppers a large variety of food and beverage ("F&B") offerings, such as Sushi King, Starbucks and Baskin Robbins. The mall's complementary retail and F&B tenant mix offers more variety to shoppers in Kuantan and the East Coast region of Malaysia.

Established tenants in East Coast Mall include Parkson, Carrefour and Golden Screen Cinemas.

High occupancy

As at 1 May 2011, East Coast Mall has a high committed occupancy rate of 97.0%.

2.4.5 Geographical and Income Diversification

The Proposed Acquisition will further diversify and enlarge CMMT's current portfolio of properties to become less dependent on any micro-property market in Malaysia.

The Proposed Acquisition will not only enhance the income diversification of CMMT but also provide investors exposure to the retail sector in the East Coast region in Malaysia in addition to its existing malls in Kuala Lumpur, Penang and Selangor.

2.5 Method of Proposed Financing

The Manager intends to fund the Proposed Acquisition through debt and equity (to be raised via the Proposed Placement). See Section 3 for details of the Proposed Placement.

2.6 Effects of the Proposed Acquisition

The Manager wishes to emphasise that the proforma effects as set out throughout this announcement are based on certain assumptions with the intention of demonstrating the potential financial effects of the Proposals, based on the following circumstances:

- (a) **Minimum Gearing Scenario:** Scenario where the Proposed Acquisition is fully funded through a combination of debt financing procured for the Proposed Acquisition at a LTV Ratio of 20% and the remaining via equity financing, and an illustrative Issue Price of RM1.06 per Unit. The illustrative Issue Price of RM1.06 per Unit represents an approximate 8% discount to RM1.15, being the weighted average market price of each CMMT unit for the five market days immediately prior to 1 May 2011; and
- (b) **Maximum Gearing Scenario:** Scenario where the Proposed Acquisition is fully funded through a combination of debt financing procured for the Proposed Acquisition at a LTV Ratio of 70% and the remaining via equity financing, and an illustrative Issue Price of RM 1.06 per Unit.

The above scenarios should not be regarded as an indication or reference to the final issue price for the Placement Units which will be determined by way of bookbuilding and announced closer to the implementation of the Proposed Placement ("Issue Price"). Moreover, there is no assurance that the actual financing plan for the Proposed Acquisition will be similar to either the Minimum Gearing Scenario or the Maximum Gearing Scenario.

Unitholders' capital

The proforma effects of the Proposals on unitholders' capital of CMMT are shown in Table 1 of **Appendix III**.

Distributable income

The Manager intends to distribute all of the distributable income of CMMT for the Forecast Year 2011. The Proposals are not expected to have any material effect on CMMT's distribution policy as determined by the Board. The decision to declare and pay distributable income in the future and the extent thereof would depend on the financial performance and cash flow position of CMMT, and prevailing economic conditions.

DPU

The Manager expects to complete the Proposals by the last quarter of 2011. As such the Proposals are not expected to have a material effect on CMMT's distributable income for the year ending 31 December 2011. Purely for illustration purposes, the overall yield accretion for Forecast Year 2011 resulting from the Proposals (and assuming the full year 2011 contribution of East Coast Mall as a result of the Proposals) is shown in the table in Section 2.4.1.

Net asset value ("NAV") per Unit and gearing

The proforma effects of the Proposals on the NAV per Unit and gearing based on the unaudited proforma financial statements of CMMT are shown in Table 2 of **Appendix III**.

Substantial unitholders' direct unitholdings

The proforma effects of the Proposals on the substantial unitholders' unitholdings are shown in Table 3 of **Appendix III**.

2.7 Conditions precedent to the ECM SPA

The conditions precedent to the Proposed Acquisition as set out in the ECM SPA include the following:

- (a) the financing for the acquisition of East Coast Mall having been secured and/or finalised;
- (b) the approval of the SC on the valuation of East Coast Mall having been obtained;
- (c) the regulatory approvals for the ECM SPA having been obtained, including the financing to be obtained by CMMT;
- (d) the State Authority's approval of the transfer and charge of East Coast Mall (if required) having been obtained;
- (e) a certified true copy of the State Authority's exemption letter and a written confirmation from the Vendor's solicitors confirming, *inter alia*, that the transfer and charge of East Coast Mall is exempted from such approval, having been delivered;
- (f) the written approval of the Vendor's financier for the release of the original issue document of title for East Coast Mall to CMMT's financier or its solicitors to effect registration of transfer and charge, having been obtained; and
- (g) the valid and registrable memorandum of transfer in respect of East Coast Mall in favour of the Trustee, having been delivered.

2.8 Estimated additional financial commitment required of CMMT

There is no requirement for any additional financial commitment from CMMT, except for capital expenditure to be incurred in the course of its normal operations, since East Coast Mall is already established and fully operational with a committed occupancy rate of 97.0% as at 1 May 2011.

2.9 Information on the Vendor

The Vendor is a private company, incorporated in Malaysia. As at 30 April 2011, its authorised share capital is RM5,000,000.00 comprising 5,000,000 ordinary shares of RM1.00 each while its issued and paid-up share capital is RM2,500,000.00 comprising 2,500,000 ordinary shares of RM1.00 each. The principal activities of the Vendor are that of property investment.

As at 30 April 2011, the directors of the Vendor are Dato' Zailan bin Abdul Ghapar, Dato' Sri Tew Kim Thin, Zuber bin Shamsuri and Tew Shiau Chin.

As at 30 April 2011, the substantial shareholders of the Vendor and their shareholdings based on the information provided by the Vendor and the company search results obtained from the Companies Commission of Malaysia are as follows:

Substantial shareholders (and country of incorporation, where applicable)	Direct		Indirect	
	Number of Shares held	%	Number of Shares held	%
Zenith Aim Sdn. Bhd. (Incorporated in Malaysia)	1,376,096	55.04	-	-
Major Merchants Sdn. Bhd. (Incorporated in Malaysia)	1,123,904	44.96	1,376,096 ⁽¹⁾	55.04
Tew Kim Huat ⁽²⁾	-	-	1,376,096	55.04
Dato' Sri Tew Kim Thin ⁽³⁾	-	-	1,123,904	44.96
Tew Liang Tze ⁽⁴⁾	-	-	1,123,904	44.96
Gallery Height Sdn. Bhd. ⁽⁵⁾ (Incorporated in Malaysia)	-	-	1,123,904	44.96
Tew Shiau Yin ⁽⁶⁾	-	-	1,123,904	44.96
Tew Shiau Chin ⁽⁶⁾	-	-	1,123,904	44.96
Tew Shiau Yen ⁽⁶⁾	-	-	1,123,904	44.96
Tew Shiau Hooi ⁽⁶⁾	-	-	1,123,904	44.96
Tew Siong Ping ⁽⁶⁾	-	-	1,123,904	44.96
Tew Siong Yuong ⁽⁶⁾	-	-	1,123,904	44.96
Total	2,500,000	100	-	-

Notes:

- (1) Held via its 80% equity interests in Zenith Aim Sdn. Bhd.
- (2) Deemed interested by virtue of his 20% equity interests in Zenith Aim Sdn. Bhd.
- (3) Deemed interested by virtue of his 60% equity interests in Major Merchants Sdn. Bhd.
- (4) Deemed interested by virtue of his 25% equity interests in Major Merchants Sdn. Bhd.
- (5) Deemed interested by virtue of its 15% equity interests in Major Merchants Sdn. Bhd.
- (6) Deemed interested by virtue of his 16.67% equity interests in Gallery Height Sdn. Bhd.

2.10 Contingent liabilities and guarantees to be assumed

There are no contingent liabilities and guarantees to be assumed by CMMT arising from the Proposed Acquisition.

2.11 Right of first refusal in favour of CapitaMalls Asia Limited ("CMA")

Simultaneous with the execution of the ECM SPA, the Vendor has granted a right of first refusal to CMA to purchase East Coast Mall through an asset-backed securitisation structure ("**ABS Transaction**") in the event the ECM SPA is terminated due to non-fulfilment or waiver of any condition precedent of the ECM SPA. Subject to the relevant regulatory approval for the ABS Transaction being obtained, CMA shall have the right to purchase East Coast Mall at the same purchase price within one (1) month from the termination of the ECM SPA. The sale and purchase agreement between CMA and the Vendor shall contain terms and conditions similar to those in the ECM SPA save for any term relating to the period for completion of the sale and purchase transaction and any term which is applicable to a real estate investment trust.

3. THE PROPOSED PLACEMENT

3.1 Funds to be raised

The Manager proposes to undertake the proposed placement of Placement Units to placees to be identified during bookbuilding, at the Issue Price, in order to raise gross proceeds to part finance the Proposed Acquisition.

The actual number of Placement Units to be issued pursuant to the Proposed Placement will depend on the eventual financing plan adopted by the Manager and the Issue Price, which shall be determined after the close of the bookbuilding process. In any event, the actual number of Placement Units will not exceed 20% of the existing units in CMMT pursuant to the Authority (as defined below) granted.

The allotment and issuance of new units of up to 20% of the approved fund size of CMMT pursuant to clause 14.03 of the SC's Guidelines on Real Estate Investment Trusts ("**REITs Guidelines**") has been approved via the general mandate obtained at the unitholders' meeting held on 10 March 2011 ("**Authority**"). In the event the ECM SPA is not completed before 31 December 2011, the Manager will convene a unitholders' meeting to obtain unitholders' approval for the issuance of the Placement Units.

3.2 Rationale for the Proposed Placement

The rationale for the Proposed Placement is as follows:

- (i) The Proposed Placement will enable CMMT to part finance the Proposed Acquisition through the issuance of new units rather than fully funding the Proposed Acquisition using debt. The gearing level of CMMT is approximately 33.2% of the total asset value as at 31 March 2011.

Post the Proposed Acquisition and the Proposed Placement, the gearing level of CMMT will be approximately 31.5% and 37.4% under the Minimum Gearing Scenario and the Maximum Gearing Scenario, and will provide headroom for CMMT to take on debt to make future cash acquisitions. Please refer to Table 2 of **Appendix III** for the effects of the Proposed Placement on the gearing level of CMMT; and

- (ii) The Proposed Placement will involve the issuance of new Units which will increase the number of Units in circulation and may lead to an improvement in the trading liquidity of CMMT. The Proposed Placement could also allow CMMT to attract more local and international investors, thereby potentially enlarging its unitholder base.

3.3 Utilisation of proceeds

The proposed gross proceeds from the Proposed Placement is expected to be utilised in the following manner:

Details of the utilisation	Amount of proceeds		Expected timeframe for utilisation from the completion of the Proposed Placement
	Minimum Gearing Scenario (RM '000)	Maximum Gearing Scenario (RM '000)	
Partial Purchase Price ⁽¹⁾	244,000	79,000	Within one (1) month
Estimated expenses for the Proposals ⁽²⁾	16,000	13,800	Within twelve (12) months
Working capital	4,000	4,000	Within twelve (12) months
	264,000	96,800	

Notes:

- (1) The balance of the Purchase Price is expected to be financed via debt.
- (2) The expenses of the Proposals comprise the acquisition fee payable to the Manager, professional fees, service tax, fees payable to the relevant authorities and other incidental expenses to be incurred in relation to the Proposals, and inclusive of initial capital expenditure to be incurred in the course of normal operations of East Coast Mall. If the actual expenses are less than this estimated amount, the excess cash shall be used by CMMT for working capital purposes.

3.4 Pricing of Placement Units

The Issue Price for the Placement Units will be fixed at a date to be determined later by way of bookbuilding. In any event, the Placement Units will not be placed at more than 10% discount to the weighted average market price of the units for the five market days immediately prior to the price-fixing date.

3.5 Placement of Units

The Placement Units will be placed out by way of bookbuilding by one or more placement agents appointed/to be appointed by the Manager. The placees will be identified at a later stage.

The Placement Units are not intended to be placed out to any directors, major shareholders, or chief executive officer of the Manager (collectively, the **"Interested Persons"**), or any persons connected to such Interested Persons.

The Placement Units may be offered to CMMT's substantial unitholders who are institutional fund managers.

CMMT and the placement agent(s) shall, in relation to the Proposed Placement, ensure full compliance with the provisions of the REITs Guidelines.

For such purpose, CMMT has appointed CIMB and J.P. Morgan Securities Ltd (**"J.P. Morgan"**) as placement agents to procure prospective placees for the Placement Units, after the receipt of all relevant approvals (where applicable) for the Proposed Placement. CMMT will make a further announcement to Bursa Securities should it appoint any other placement agents (i.e. in addition to CIMB and J.P. Morgan) for the Proposed Placement.

The Placement Units may be offered to local and foreign institutional investors. However, the Proposed Placement will not be an offer of securities for sale into the United States of America ("US"). The Placement Units may not be offered or sold in the US or to or for the account or benefit of US persons (as such term is defined in Regulation S under the US Securities Act of 1933), unless they are registered or exempt from registration.

The Placement Units will be listed and quoted on the Main Market of Bursa Securities.

3.6 Status and ranking of the Placement Units

The Placement Units shall, upon issue and allotment, rank equally in all respects with the existing Units. The Placement Units will not be entitled to any distributable income, right, benefit, entitlement and/or any other distributions that may be declared prior to the date of the issue and allotment of the Placement Units.

3.7 Effects of the Proposed Placement

Please refer to Section 2.6 for the effects of the Proposed Placement.

4. APPROVALS REQUIRED

The Proposals are subject to and conditional upon approvals being obtained from the following parties:

- (i) the SC for the Proposed Placement, in relation to the following:
 - (a) issuance of the Placement Units pursuant to the Proposed Placement;
 - (b) listing of and quotation for the Placement Units on the Main Market of Bursa Securities; and
 - (c) valuation of East Coast Mall, given that CMMT intends to use the proceeds from the Proposed Placement to part finance the Proposed Acquisition;
- (ii) Bursa Securities for the listing of and quotation for the Placement Units on the Main Market of Bursa Securities; and
- (iii) any other relevant regulatory authorities or parties for the Proposals, if required.

Conditionality of the Proposals

The Proposed Placement is conditional upon the Proposed Acquisition but not vice versa.

5. RISKS FACTORS

Unitholders should consider the following risk factors in relation to the Proposed Acquisition (which may not be exhaustive):

- (i) The income from and the market value of East Coast Mall may be affected by, amongst others, increased competition from other shopping malls and retail properties or between retailers, non-renewal of tenancies following expiry, and the Manager's ability to collect rental on a timely basis. This could in turn have an adverse effect on CMMT's financial condition and results of operations;
- (ii) The valuation of East Coast Mall is based on various assumptions and the price at which CMMT is able to sell East Coast Mall may be different from the appraised value or the initial acquisition price of East Coast Mall;

- (iii) Due diligence on East Coast Mall may not identify all defects, breaches or non-compliance of any applicable laws including by-laws, rules and regulations, requirements of the regulatory authorities and other deficiencies, which could result in unpredictable business interruption and additional expenses on repairs and rectifications being incurred and the representations, warranties and indemnities made in favour of CMMT by the Vendor may not offer sufficient protection for the costs and liabilities arising from any defect or deficiency;
- (iv) East Coast Mall was completed in year 2008 and thus, its design and construction may not reflect the current standards and requirements of building related codes and regulations, which could result in unpredictable additional costs or liabilities on repairs and rectifications being incurred;
- (v) If the State Authority's approval is required for the transfer of East Coast Mall, any failure by the Vendor to obtain the State Authority's approval will entitle either party to terminate the ECM SPA;
- (vi) East Coast Mall is dependent on third party for sewerage treatment and any interruption to the sewerage treatment services at East Coast Mall may disrupt business operations, which may impair CMMT's financial condition and results of operations;
- (vii) The transfer of the legal title to East Coast Mall may take place before completion of the ECM SPA but the registration of such transfer may take a number of months to complete before the issue document of title evidencing the change in the ownership in East Coast Mall is issued, and where there is any rejection or non-approval of the transfer, notification of such rejection or non-approval may only be received by the Trustee after completion of the ECM SPA. Should the relevant authority decide to reject or disapprove the transfer of the legal title to the Trustee, the legal interest in East Coast Mall will not be vested in the Trustee. The Trustee, however, will retain beneficial interest in East Coast Mall. As a beneficial owner, the Trustee will not have an indefeasible title to East Coast Mall and will not be able to enjoy the protection provided under the applicable laws in relation to a legal owner of a real property. (See item (ix) of Appendix II on the rights of the Trustee under the ECM SPA in the event of non-registration of transfer);
- (viii) East Coast Mall may be under insured. CMMT may suffer material losses in excess of insurance proceeds. In addition, there is no assurance that insurance against some or all of the risks will in the future continue to be available, or be available in amounts that are equal to the full market value or replacement cost of the insured assets. There can be no assurance that the particular risks will continue to be insurable or insurable on an economically feasible basis;
- (ix) Compulsory acquisitions by the Malaysian Government could adversely affect the value of East Coast Mall, which would impair CMMT's financial condition and results of operations;
- (x) Inaccuracy of the profit and distribution forecast and forward-looking statements could result in a decrease in the market price for the Units;
- (xi) CMMT will depend on external financing to part finance the Proposed Acquisition and its ability to pay distributions may be adversely affected by this new loan agreement combined with CMMT's current financing arrangements and/or future loan agreements or any interest rates fluctuation;
- (xii) There are limitations on CMMT's ability to assume or take on leverage; and

- (xiii) CMMT's financial conditions and result of operations and its ability to make distributions may be adversely affected by the bankruptcy, insolvency or downturn in the business of its tenants, including the decision by any of its tenants not to renew its lease or to terminate its lease before it expires. In addition, substitute tenants on satisfactory terms may not be found in a timely manner at all, or if found, the amount of rent and the terms on which lease renewals or new leases are agreed may be less favourable than current leases.

6. RELATED PARTY TRANSACTIONS

The Proposed Acquisition is not deemed to be a related party transaction under Chapter 9 of the REITs Guidelines.

7. INTERESTS OF THE DIRECTORS AND MAJOR SHAREHOLDER OF THE MANAGER, MAJOR UNITHOLDERS AND PERSONS CONNECTED

None of the directors of the Manager, major shareholders of the Manager, major unitholders of CMMT and persons connected to them has any interest, direct or indirect, in the Proposals.

8. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposals and after careful deliberation, is of the opinion that the Proposals are in the best interest of CMMT.

9. ADVISER

The Manager has appointed CIMB as the principal adviser for the Proposals.

10. ESTIMATED TIME FRAME FOR APPLICATION TO AUTHORITIES AND COMPLETION

The applications to the relevant authorities in respect of the Proposals are expected to be made within a month from the date of this announcement.

Barring any unforeseen circumstances, the Proposals are expected to be completed by the last quarter of 2011.

11. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the ECM SPA dated 14 June 2011 and the valuation report dated 10 June 2011 in respect of East Coast Mall are available for inspection at the Manager's registered office at Level 2, Ascott Kuala Lumpur, No. 9, Jalan Pinang, 50450 Kuala Lumpur Malaysia during normal business hours, which is from 9:00 a.m. to 5:00 p.m. from Mondays to Fridays (except public holidays) for three (3) months from the date of this announcement.

This announcement is dated 14 June 2011.

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART IN OR INTO THE UNITED STATES, CANADA OR JAPAN.

This Release is not for publication or distribution, directly or indirectly, in or into the United States. This Release is not an offer of securities for sale into the United States, Canada or Japan. The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the Securities Act), except pursuant to an applicable exemption from registration. No public offering of securities is being made in the United States.

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Appendix I
Other pertinent information on East Coast Mall

Postal address	East Coast Mall, Jalan Putra Square 6, Putra Square, 25200 Kuantan, Pahang Darul Makmur
Title details	No. H.S.(D) 28468, P.T. No. 92050, Bandar Kuantan, Daerah Kuantan, Negeri Pahang
Tenure	Leasehold of 99 years expiring 18 December 2106
Registered owner	Pasdec Corporation Sdn Bhd (Company No. 55031-P)
Beneficial owner	Astral Realty Sdn Bhd (Company No. 380426-H)
Property use	Commercial
Independent valuation	RM330,000,000
Purchase consideration	RM310,000,000
Commencement of operations	30 April 2008 (approximate age: 3 years)
Number of car parking bays	1,170
Gross floor area⁽¹⁾	996,902 sq ft
NLA as at 1 May 2011	441,342 sq ft
Number of leases as at 1 May 2011	189
Encumbrances⁽²⁾	Nil
Express conditions⁽²⁾	<i>Tanah ini hendaklah digunakan untuk bangunan perniagaan sahaja.</i> (This land shall be used for commercial building only)
Restriction in interest⁽²⁾	<i>Tanah ini tidak boleh dipindahmilik, dipajak, digadai melainkan setelah mendapat kebenaran bertulis daripada Pihak Berkuasa Negeri.</i> (This land shall not be transferred, leased or charged save with the prior written approval of the State Authority)
Expected rental income for Forecast Year 2011	RM25,400,000
Committed occupancy rate as at 1 May 2011	97.0%
Audited net assets in the books of the Vendor for the Financial Year Ending 31 January 2010	RM32,587,784 ⁽³⁾
Audited net profit in the books of the Vendor for the Financial Year Ending 31 January 2010	RM3,499,586 ⁽³⁾

Notes:

- (1) *GFA as per the approved building plan drawings dated 3 December 2007.*
- (2) *As per land title search dated 7 April 2011.*
- (3) *Audited net assets and audited net profit in the books of the Vendor include other assets.*

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Appendix II
Other salient terms of the ECM SPA

The other salient terms of the ECM SPA are as follows:

(i) Basis of the sale and purchase

East Coast Mall will be purchased at the cash consideration of RM310,000,000 free from encumbrances but subject to the existing tenancy agreements and all conditions as stated in the issue document of title for East Coast Mall and upon the terms and conditions contained in the ECM SPA.

(ii) Payment terms

As at the date of this announcement, CMMT has paid a sum of RM31,000,000 as deposit into a joint stakeholders' account.

The balance of the Purchase Price of RM279,000,000 is required to be paid by CMMT within five and a half (5.5) months from the date of the ECM SPA, subject to the fulfilment (or waiver by CMMT, if applicable) of all the conditions precedent, with an automatic extension of an additional one (1) month to pay the balance of the Purchase Price free of interest.

In the event the State Authority's approval is required for the transfer and charge of East Coast Mall and such State Authority's approval is not obtained on or before the expiry of six and a half (6.5) months from the date of the ECM SPA, CMMT is entitled to a further period of three (3) months therefrom or such extended period as the parties may mutually agree to pay the balance of the Purchase Price, free of interest.

(iii) Transfer of East Coast Mall land title

The land title will be transferred directly from the registered owner to the Trustee free from encumbrances (save for any charge to be created in favour of CMMT's financier) upon receipt of the original issue document of title and the relevant redemption and discharge documents by CMMT or the financier's solicitors from the existing chargee in respect of East Coast Mall and such transfer may take place before completion of the ECM SPA.

(iv) Representations and warranties

Specific representations and warranties in relation to East Coast Mall are made by the Vendor in the ECM SPA.

(v) Completion events – assignment of tenancies and other relevant contracts

On the completion of the ECM SPA, the Vendor shall assign all its benefits, rights, interest, obligations and liabilities under the tenancies and licenses, service and maintenance warranties or contracts which are still subsisting to CMMT. Pending registration of the legal title to East Coast Mall in the name of the Trustee, the Vendor holds East Coast Mall as bare trustee for the Trustee and the Vendor shall not act in any manner which will jeopardise the rights, title and interest of the Trustee in East Coast Mall.

(vi) Compulsory Acquisition

If any part of East Coast Mall becomes subject to any compulsory acquisition under the Land Acquisition Act, 1960 or any other legislation of Malaysia at any time before completion of the ECM SPA, CMMT shall have the option to terminate the ECM SPA and require all monies paid towards the Purchase Price to be refunded. Alternatively, CMMT may elect to proceed with the completion of the ECM SPA in which event all awards or compensation for such acquisition shall be assigned and belong to CMMT on completion of the ECM SPA.

(vii) Damage or Destruction Before Completion

In the event 3% of more of the gross floor area of East Coast Mall is damaged or destroyed before completion of the ECM SPA, CMMT shall have the option to terminate the ECM SPA and require all monies paid towards the Purchase Price to be refunded. Alternatively, CMMT may elect to proceed with the completion of the ECM SPA in which event the time period for completion of the ECM SPA shall be suspended pending the completion of the repairs and/or restoration works by the Vendor and should the Vendor fail to complete the repairs and/or restoration works within the time period mutually agreed by the parties, CMMT may terminate the ECM SPA.

(viii) Event of Default

In the event the Vendor commits a material breach of the ECM SPA and such breach if capable of being remedied, have not been remedied within thirty (30) days after CMMT's written notice to the Vendor, or the Vendor becomes subject to a winding-up proceeding, CMMT shall have the option to seek specific performance of the ECM SPA. Alternatively, CMMT may elect to terminate the ECM SPA and claim a refund of all the Purchase Price together with payment of liquidated damages equivalent to 10% of the Purchase Price.

Conversely, in the event CMMT fails to pay the balance of the Purchase Price within the time period permitted under the ECM SPA or CMMT commits a material breach of the ECM SPA and such breach if capable of being remedied, have not been remedied within thirty (30) days after the Vendor's written notice to CMMT, or CMMT becomes subject to a winding-up proceeding prior to completion of the ECM SPA, the Vendor is entitled to terminate the ECM SPA and forfeit an amount equivalent to 10% of the Purchase Price as agreed liquidated damages.

(ix) Non-Registration of Transfer

In the event the memorandum of transfer in respect of the Land cannot be registered for any reason not due to any default, neglect or omission of CMMT and/or the Vendor, CMMT shall be entitled to require the Vendor to execute a declaration of trust declaring that it holds East Coast Mall in trust for CMMT as sole and absolute beneficial owner and to procure an irrevocable power of attorney to be granted by the Vendor as registered proprietor in favour of the Trustee to enable CMMT to deal with East Coast Mall in all and every respect as the legal owner and in connection therewith, the Vendor shall procure that the title to East Coast Mall be transferred and registered in its name as the registered proprietor at its own costs.

In the event the non-registration of the transfer is due to default of the Vendor, then CMMT shall have the option to seek specific performance of the ECM SPA. Alternatively, CMMT may elect to terminate the ECM SPA and claim a refund of all the Purchase Price together with payment of liquidated damages equivalent to 10% of the Purchase Price.

(x) Entry of Private Caveat

CMMT is entitled to lodge a private caveat over the Land title upon payment of the Deposit to the joint stakeholders.

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Appendix III

Table 1 – Proforma effects of the Proposals on the unitholders' capital

The proforma effects of the Proposals on the unitholders' capital are shown below:

	Number of Units	
	Minimum Gearing Scenario ('000)	Maximum Gearing Scenario ('000)
As at 1 May 2011	1,494,859	1,494,859
To be issued under the Proposed Placement ⁽¹⁾	249,057	91,321
Enlarged unitholders' capital	1,743,916	1,586,180

Note:

- (1) For illustration purposes, Issue Price is assumed to be RM1.06, being an approximate 8% discount to RM1.15, being the weighted average market price of each CMMT unit for the five market days immediately prior to 1 May 2011.

Table 2 – Proforma effects of the Proposals on the NAV per Unit and gearing

The proforma effects of the Proposals on the NAV per Unit and gearing based on the audited financial statements of CMMT as at 31 December 2010 and taking into consideration the acquisition of Gurney Plaza Extension Property are shown below:

	Audited as at 31 December 2010	Proforma after the acquisition of Gurney Plaza Extension Property ⁽³⁾	After the Proposals and revaluation	
			Minimum Gearing Scenario	Maximum Gearing Scenario
TAV ⁽¹⁾ before income distribution (RM '000)	2,278,220	2,496,760	2,838,760	2,838,760
TAV after income distribution (RM '000)	2,232,310	2,470,768	2,812,768	2,812,768
NAV before income distribution (RM '000)	1,434,956	1,570,644	1,839,176	1,675,331
NAV after income distribution (RM '000)	1,389,046	1,544,652	1,813,184	1,649,339
Number of Units ('000)	1,350,000	1,494,859	1,743,916	1,586,180
NAV per Unit before income distribution (RM)	1.06	1.05	1.05	1.06
NAV per Unit after income distribution (RM)	1.03	1.03	1.04	1.04
Total borrowings (RM '000)	750,000	819,750	885,750	1,050,750
Gearing (%) ⁽²⁾	33.6	33.2	31.5	37.4

Notes:

- (1) "TAV" is defined as total asset value.
 (2) Ratio of gross borrowings over TAV after income distribution.
 (3) Based on the unaudited financial results as at 31 March 2011.

Table 3 – Proforma effects of the Proposed Placement on CMMT’s substantial unitholders’ direct unitholdings

The proforma effects of the Proposed Placement (for both the Minimum Gearing Scenario and the Maximum Gearing Scenario) on CMMT’s substantial unitholders’ unitholdings are shown below:

Minimum Gearing Scenario

Substantial unitholders ⁽¹⁾	As at 1 May 2011		After the Proposed Placement ⁽²⁾	
	Number of Units held	% of Units	Number of Units held	% of Units
CMMT Investment Limited	623,938,000	41.74	623,938,000	35.78
Employees Provident Fund Board	130,127,700	8.71	130,127,700	7.46
AmanahRaya Trustees Berhad – Skim Amanah Saham Bumiputera	100,548,500	6.73	100,548,500	5.77
Total	854,614,200	57.18	854,614,200	49.01
Total issued and paid-up Units	1,494,859,000		1,743,915,604	

Notes:

- (1) Based on the announcements to Bursa Securities up to 1 May 2011.
(2) Assuming the substantial unitholders will not be subscribing for any Placement Units.

Maximum Gearing Scenario

Substantial unitholders ⁽¹⁾	As at 1 May 2011		After the Proposed Placement ⁽²⁾	
	Number of Units held	% of Units	Number of Units held	% of Units
CMMT Investment Limited	623,938,000	41.74	623,938,000	39.34
Employees Provident Fund Board	130,127,700	8.71	130,127,700	8.20
AmanahRaya Trustees Berhad – Skim Amanah Saham Bumiputera	100,548,500	6.73	100,548,500	6.34
Total	854,614,200	57.18	854,614,200	53.88
Total issued and paid-up Units	1,494,859,000		1,586,179,755	

Notes:

- (1) Based on the announcements to Bursa Securities up to 1 May 2011.
(2) Assuming the substantial unitholders will not be subscribing for any Placement Units.