

CAPITALAND MALAYSIA MALL TRUST
CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2020

CAPITALAND MALAYSIA MALL TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2020 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 30 JUNE 2020 (UNAUDITED) RM'000	AS AT 31 DECEMBER 2019 (AUDITED) RM'000
Assets		
Plant and equipment	3,101	3,201
Investment properties	4,041,757	4,035,000
Total non-current assets	<u>4,044,858</u>	<u>4,038,201</u>
Trade and other receivables	31,991	21,059
Cash and cash equivalents	54,980	84,584
Total current assets	<u>86,971</u>	<u>105,643</u>
Total assets	<u>4,131,829</u>	<u>4,143,844</u>
Equity		
Unitholders' capital	2,192,716	2,189,028
Undistributed profit	370,191	412,898
Total unitholders' funds	<u>2,562,907</u>	<u>2,601,926</u>
Liabilities		
Borrowings	1,268,416	1,242,539
Tenants' deposits	34,078	35,492
Deferred tax liability	19,495	19,495
Total non-current liabilities	<u>1,321,989</u>	<u>1,297,526</u>
Borrowings	144,560	131,610
Tenants' deposits	53,905	53,930
Trade and other payables	48,468	58,852
Total current liabilities	<u>246,933</u>	<u>244,392</u>
Total liabilities	<u>1,568,922</u>	<u>1,541,918</u>
Total equity and liabilities	<u>4,131,829</u>	<u>4,143,844</u>
Number of units in circulation ('000 units)	2,055,387	2,051,753
Net asset value (NAV)		
- before income distribution	2,562,907	2,601,926
- after income distribution	2,542,148	2,539,757
NAV per unit (RM)		
- before income distribution	1.2469	1.2681
- after income distribution	1.2368	1.2378

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 2019.

CAPITALAND MALAYSIA MALL TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2020 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	CURRENT QUARTER			YEAR TO DATE		
	30 JUNE			30 JUNE		
	2020 (UNAUDITED) RM'000	2019 (UNAUDITED) RM'000	Change %	2020 (UNAUDITED) RM'000	2019 (UNAUDITED) RM'000	Change %
Gross rental income	42,856	66,045	(35.1)	101,119	134,825	(25.0)
Car park income	930	5,735	(83.8)	6,001	11,769	(49.0)
Other revenue	6,095	13,068	(53.4)	17,293	26,159	(33.9)
Gross revenue	49,881	84,848	(41.2)	124,413	172,753	(28.0)
Maintenance	(8,496)	(9,215)	(7.8)	(18,148)	(17,757)	2.2
Utilities	(9,168)	(13,304)	(31.1)	(20,862)	(26,691)	(21.8)
Other operating expenses ¹	(12,856)	(12,000)	7.1	(26,682)	(25,225)	5.8
Property operating expenses	(30,520)	(34,519)	(11.6)	(65,692)	(69,673)	(5.7)
Net property income	19,361	50,329	(61.5)	58,721	103,080	(43.0)
Interest income	359	744	(51.7)	986	1,657	(40.5)
Fair value loss of investment properties (net)	-	(30,042)	100.0	-	(30,042)	100.0
Net investment income	19,720	21,031	(6.2)	59,707	74,695	(20.1)
Manager's management fee	(3,900)	(5,377)	(27.5)	(8,747)	(10,859)	(19.4)
Trustee's fee	(100)	(100)	-	(199)	(199)	-
Auditor's fee	(54)	(54)	-	(115)	(115)	-
Tax agent's fee	(7)	(7)	-	(15)	(15)	-
Valuation fee	(70)	(72)	(2.8)	(147)	(154)	(4.5)
Finance costs	(15,136)	(15,532)	(2.5)	(30,430)	(30,710)	(0.9)
Other non-operating expenses ¹	(261)	(290)	(10.0)	(592)	(564)	5.0
	(19,528)	(21,432)	(8.9)	(40,245)	(42,616)	(5.6)
Profit/(Loss) before Taxation	192	(401)	>100.0	19,462	32,079	(39.3)
Taxation	-	-	-	-	-	-
Deferred Taxation	-	(9,752)	100.0	-	(9,752)	100.0
Profit/(Loss) for the period	192	(10,153)	>100.0	19,462	22,327	(12.8)
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income/(deficit) for the period	192	(10,153)	>100.0	19,462	22,327	(12.8)
Distribution adjustments ²	511	41,132	(98.8)	1,385	43,685	(96.8)
Income available for distribution	703	30,979	(97.7)	20,847	66,012	(68.4)
Distributable income³	616	30,867	(98.0)	20,759	65,822	(68.5)
Realised	192	29,641	(99.4)	19,462	62,121	(68.7)
Unrealised ⁴	-	(39,794)	100.0	-	(39,794)	100.0
	192	(10,153)	>100.0	19,462	22,327	(12.8)

**CAPITALAND MALAYSIA MALL TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2020 (UNAUDITED)**

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

	CURRENT QUARTER			YEAR TO DATE		
	30 JUNE			30 JUNE		
	2020 (UNAUDITED) RM'000	2019 (UNAUDITED) RM'000	Change %	2020 (UNAUDITED) RM'000	2019 (UNAUDITED) RM'000	Change %
Earnings per unit (sen)⁵						
- before Manager's management fee	0.20	(0.23)	>100.0	1.37	1.62	(15.4)
- after Manager's management fee	0.01	(0.50)	>100.0	0.95	1.09	(12.8)
Distribution per unit (DPU) (sen)	0.03	1.51	(98.0)	1.01	3.22	(68.6)
DPU (sen) – annualised	0.12	6.06	(98.0)	2.03	6.49	(68.7)

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 2019.

1. Included in the other operating expenses and other non-operating expenses are the following:

	CURRENT QUARTER			YEAR TO DATE		
	30 JUNE			30 JUNE		
	2020 (UNAUDITED) RM'000	2019 (UNAUDITED) RM'000	Change %	2020 (UNAUDITED) RM'000	2019 (UNAUDITED) RM'000	Change %
Allowance for impairment losses of trade receivables	(3,276)	(24)	>100.0	(3,596)	(508)	>100.0
Foreign exchange gain/(loss):						
- Unrealised	-	*	100.0	-	*	100.0
- Realised	*	(2)	(72.0)	*	(2)	(59.4)

* less than RM1,000

CAPITALAND MALAYSIA MALL TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2020 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(CONTINUED)

2. Included in the distribution adjustments are the following:

	CURRENT QUARTER			YEAR TO DATE		
	30 JUNE			30 JUNE		
	2020 (UNAUDITED) RM'000	2019 (UNAUDITED) RM'000	Change %	2020 (UNAUDITED) RM'000	2019 (UNAUDITED) RM'000	Change %
Fair value loss of investment properties (net)	-	30,042	(100.0)	-	30,042	(100.0)
Manager's management fee payable in units *	757	1,884	(59.8)	2,160	3,895	(44.5)
Depreciation	309	240	28.8	627	473	32.6
Amortisation of transaction costs on borrowings	207	213	(2.8)	414	425	(2.6)
Deferred taxation	-	9,752	(100.0)	-	9,752	(100.0)
Tax and other adjustments	(762)	(999)	(23.7)	(1,816)	(902)	>100.0
	<u>511</u>	<u>41,132</u>	<u>(98.8)</u>	<u>1,385</u>	<u>43,685</u>	<u>(96.8)</u>

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

³ The difference between distributable income and income available for distribution is due to 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/period divided by the weighted average number of units at the end of the quarter/period. The computation of EPU after Manager's management fee for the current quarter is set out in B12.

**CAPITALAND MALAYSIA MALL TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2020 (UNAUDITED)**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSET VALUE

	UNITHOLDERS' CAPITAL RM'000	UNDISTRIBUTED PROFIT RM'000	TOTAL UNITHOLDERS' FUNDS RM'000
As at 1 January 2019	2,181,132	485,434	2,666,566
Total comprehensive income for the financial period	-	22,327	22,327
Unitholders' transactions			
- Units issued as part satisfaction of the Manager's management fee	-	-	-
- Distribution paid to unitholders ¹	-	(79,314)	(79,314)
Decrease in net assets resulting from unitholders' transactions	-	(79,314)	(79,314)
As at 30 June 2019 (Unaudited)	2,181,132	428,447	2,609,579
As at 1 January 2020	2,189,028	412,898	2,601,926
Total comprehensive income for the financial period	-	19,462	19,462
Unitholders' transactions			
- Units issued as part satisfaction of the Manager's management fee	3,688	-	3,688
- Distribution paid to unitholders ²	-	(62,169)	(62,169)
Increase/(Decrease) in net assets resulting from unitholders' transactions	3,688	(62,169)	(58,481)
As at 30 June 2020 (Unaudited)	2,192,716	370,191	2,562,907

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 2019.

1. This refers to the 2018 final income distribution of 3.88 sen per unit for the period from 1 July 2018 to 31 December 2018 paid on 8 March 2019.
2. This refers to the 2019 final income distribution of 3.03 sen per unit for the period from 1 July 2019 to 31 December 2019 paid on 28 February 2020.

**CAPITALAND MALAYSIA MALL TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2020 (UNAUDITED)**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	SIX MONTHS ENDED	
	30 JUNE 2020	30 JUNE 2019
	(UNAUDITED)	(UNAUDITED)
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before taxation	19,462	32,079
Adjustments for:-		
Manager's management fee payable in units	2,160	3,895
Depreciation	627	473
Fair value loss of investment properties (net)	-	30,042
Finance costs	30,430	30,710
Interest income	(986)	(1,657)
Operating profit before changes in working capital	51,693	95,542
Changes in working capital:		
Trade and other receivables	(10,932)	(351)
Trade and other payables	(3,025)	(3,761)
Tenants' deposits	(1,439)	(47)
Net cash generated from operating activities	36,297	91,383
Cash Flows From Investing Activities		
Acquisition of plant and equipment	(527)	(754)
Capital expenditure on investment properties	(12,174)	(39,439)
Interest received	986	1,657
Net cash used in investing activities	(11,715)	(38,536)
Cash Flows From Financing Activities		
Distribution paid to unitholders	(62,169)	(79,314)
Interest paid	(30,329)	(30,078)
Payment of financing expenses	(110)	(91)
Repayment of interest bearing borrowings	(28,200)	(55,957)
Proceeds from interest bearing borrowings	66,622	98,157
Net cash used in financing activities	(54,186)	(67,283)
Net decrease in cash and cash equivalents	(29,604)	(14,436)
Cash and cash equivalents at beginning of the period	78,354	94,897
Cash and cash equivalents at end of the period	48,750	80,461
Cash and cash equivalents at end of the period comprises :		
Deposits placed with licensed banks	38,617	57,344
Cash and bank balances	16,363	29,600
	54,980	86,944
Less: Pledged deposits	(6,230)	(6,483)
	48,750	80,461

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 2019.

CAPITALAND MALAYSIA MALL TRUST

FOR THE SECOND QUARTER ENDED 30 JUNE 2020 (UNAUDITED)

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

A1. Basis of Preparation

The condensed consolidated interim financial statements of the Group as at and for the second quarter ended 30 June 2020 comprise CMMT and its subsidiary. These interim financial statements have been prepared on the historical cost basis except for investment properties which are stated at fair value.

The condensed consolidated interim financial statements have been prepared in compliance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (MASB) and with IAS 34: Interim Financial Reporting, Paragraph 9.44 of the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities), provisions of the amended and restated trust deed dated 5 October 2018 (the Trust Deed) and the Securities Commission’s Guidelines on Listed 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 2019.

A2. Changes in Accounting Policies

On 1 January 2020, the Group and CMMT adopted the following MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020:

Amendments to MFRS 3, Business Combinations – Definition of a Business
Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement and MFRS 7, Financial Instruments: Disclosures – Interest Rate Benchmark Reform
Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material

The adoption of the above MFRSs, Interpretation and amendments do 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 2019 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 demand and supply of retail 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

None except for the effect of the various phases of Movement Control Order (MCO) as explained in Note B1.

A6. Changes in Estimates Of Amount Reported

Nil.

A7. Debt and Equity Securities

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

A8. Income Distribution Policy

In line with the distribution policy as set out in the Trust Deed, the Manager will distribute at least 90.0% of its distributable income to its unitholders in each financial year.

CAPITALAND MALAYSIA MALL TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2020 (UNAUDITED)

A9. Segmental Reporting

Segmental results for the quarter/period ended 30 June 2020 are as follows:

Business Segment	2Q 2020			2Q 2019		
	RETAIL (UNAUDITED) RM'000	OFFICE (UNAUDITED) RM'000	TOTAL (UNAUDITED) RM'000	RETAIL (UNAUDITED) RM'000	OFFICE (UNAUDITED) RM'000	TOTAL (UNAUDITED) RM'000
Gross revenue	48,182	1,699	49,881	83,143	1,705	84,848
Net property income	18,197	1,164	19,361	49,141	1,188	50,329
Interest income			359			744
Fair value loss of investment properties (net)			-			(30,042)
Unallocated expenses			(4,392)			(5,900)
Finance costs			(15,136)			(15,532)
Profit/(Loss) before taxation			192			(401)
Taxation			-			-
Deferred Taxation			-			(9,752)
Profit/(Loss) for the quarter			192			(10,153)

Business Segment	YTD 2020			YTD 2019		
	RETAIL (UNAUDITED) RM'000	OFFICE (UNAUDITED) RM'000	TOTAL (UNAUDITED) RM'000	RETAIL (UNAUDITED) RM'000	OFFICE (UNAUDITED) RM'000	TOTAL (UNAUDITED) RM'000
Gross revenue	120,960	3,453	124,413	169,393	3,360	172,753
Net property income	56,345	2,376	58,721	100,803	2,277	103,080
Interest income			986			1,657
Fair value loss of investment properties (net)			-			(30,042)
Unallocated expenses			(9,815)			(11,906)
Finance costs			(30,430)			(30,710)
Profit before taxation			19,462			32,079
Taxation			-			-
Deferred Taxation			-			(9,752)
Profit for the period			19,462			22,327

**CAPITALAND MALAYSIA MALL TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2020 (UNAUDITED)**

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. Effective FY2020, the property revaluation exercise will be changed from semi-annual to annual basis, to be in line with industry practices and CapitaLand Limited Group's policies.

The carrying amount of investment properties as at 30 June 2020 is based on the independent valuations as at 31 December 2019 and subsequent capital expenditure incurred up to the reporting date, and has not taken into account the impact of COVID-19.

The outbreak of the COVID-19, declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global markets. Travel and movement restrictions have been implemented by many countries including Malaysia and market activity is being abruptly impacted in many sectors. The potential impact of COVID-19 remains fluid and is evolving. Therefore, the carrying amount of investment properties based on the valuation methodology involving significant judgement and estimation used in the underlying key assumptions applied may materially change.

A11. Subsequent Events

Nil.

A12. Changes in Composition of the Trust

Nil.

A13. Changes in Contingent Liabilities and Contingent Assets

Nil.

A14. Capital Commitments

Capital commitments in relation to capital expenditure are as follows:

Contracted but not provided for

RM'000

6,913

CAPITALAND MALAYSIA MALL TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2020 (UNAUDITED)

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

B1. Review of Performance

	2Q 2020 (UNAUDITED) RM'000	2Q 2019 (UNAUDITED) RM'000	Change %	YTD 2020 (UNAUDITED) RM'000	YTD 2019 (UNAUDITED) RM'000	Change %
(a) Breakdown of Gross Revenue						
Gurney Plaza	20,977	37,984	(44.8)	55,051	77,088	(28.6)
East Coast Mall	8,541	16,151	(47.1)	22,445	31,803	(29.4)
Sungei Wang	4,879	6,047	(19.3)	11,050	12,417	(11.0)
3 Damansara Property	6,971	10,728	(35.0)	16,148	21,971	(26.5)
The Mines	8,513	13,938	(38.9)	19,719	29,474	(33.1)
Total Gross Revenue	49,881	84,848	(41.2)	124,413	172,753	(28.0)
(b) Breakdown of Property Operating Expenses						
Gurney Plaza	9,199	10,730	(14.3)	19,991	22,137	(9.7)
East Coast Mall	4,143	5,497	(24.6)	9,197	10,730	(14.3)
Sungei Wang	5,938	6,132	(3.2)	12,439	11,730	6.0
3 Damansara Property	5,533	5,189	6.6	11,485	11,117	3.3
The Mines	5,707	6,971	(18.1)	12,580	13,959	(9.9)
Total Property Operating Expenses	30,520	34,519	(11.6)	65,692	69,673	(5.7)
(c) Breakdown of Net Property Income/ (Loss)						
Gurney Plaza	11,778	27,254	(56.8)	35,060	54,951	(36.2)
East Coast Mall	4,398	10,654	(58.7)	13,248	21,073	(37.1)
Sungei Wang	(1,059)	(85)	>100.0	(1,389)	687	(>100.0)
3 Damansara Property	1,438	5,539	(74.0)	4,663	10,854	(57.0)
The Mines	2,806	6,967	(59.7)	7,139	15,515	(54.0)
Total Net Property Income	19,361	50,329	(61.5)	58,721	103,080	(43.0)

CAPITALAND MALAYSIA MALL TRUST FOR THE SECOND QUARTER ENDED 30 JUNE 2020 (UNAUDITED)

B1. Review of Performance (cont'd)

Quarter Results (2Q 2020 vs 2Q 2019)

The Group recorded gross revenue of RM49.9 million in 2Q 2020, a decrease of RM35.0 million or 41.2% against 2Q 2019. The decrease was mainly due to significant rental waivers and rebates given to tenants who fall under the category of non-essential services across all the malls during the various phases of the MCO, lower car park and marcom income as well as lower recovery of utilities during the MCO period. Lower gross rental income attributed to lower occupancies across all the malls amidst the uncertainties arising from the pandemic and economic recovery post-MCO. The decrease was partially mitigated by revenue contribution from Jumpa (JP) following the completion of the asset enhancement initiatives (AEI) and the soft opening on 25 September 2019.

Property operating expenses for 2Q 2020 was RM30.5 million, a decrease of 11.6% against 2Q 2019 mainly due to lower utilities expenses as a result of lower electricity consumption and lower marketing expenses across all the malls during the MCO period which was offset by higher provision of doubtful debts.

The net property income (NPI) for 2Q 2020 of RM19.4 million was RM31.0 million or 61.5% lower than 2Q 2019.

Effective FY2020, the property revaluation exercise will be changed from semi-annual to annual basis, to be in line with industry practices and CapitaLand Limited Group's policies. Therefore, CMMT has not registered any fair value gain or loss amount on investment properties in 2Q 2020 as well as deferred taxation.

Finance costs for 2Q 2020 of RM15.1 million were RM0.4 million or 2.5% lower than 2Q 2019. The decrease was mainly due to lower cost of debts for 2Q 2020 at 4.26% p.a. (2Q 2019: 4.45% p.a.) arising from the reductions in Overnight Policy Rate (OPR).

Overall, distributable income to unitholders for 2Q 2020 was RM0.6 million, a decrease of RM30.3 million or 98.0% against 2Q 2019 mainly due to abovementioned factors.

Financial Year-to-date Results (YTD 2020 vs YTD 2019)

The Group recorded gross revenue of RM124.4 million, a decrease of RM48.3 million or 28.0% against the previous financial period. The decrease was mainly due to significant rental waivers and rebates given to tenants who fall under the category of non-essential services across all the malls during the various phases of the MCO, lower car park and marcom income as well as lower recovery of utilities during the MCO period. Lower gross rental income attributed to lower occupancies across all the malls amidst the uncertainties arising from the pandemic and economic recovery post-MCO. The decrease was partially mitigated by revenue contribution from JP following the completion of the AEI and the soft opening on 25 September 2019.

Property operating expenses for YTD 2020 were RM65.7 million, a decrease of RM4.0 million or 5.7% against the previous financial period due to lower utilities at all malls except for Sungei Wang as a result of lower electricity consumption and lower electricity surcharge with effect from 1 January 2020. Lower marketing expenses during the MCO also contributed to the lower operating expenses recorded. The decrease was offset by higher maintenance and marketing expenses at JP since the commencement of its operation, higher adhoc repair expenses at 3 Damansara Property and higher provision of doubtful debts across all the malls.

The NPI for YTD 2020 of RM58.7 million was RM44.4 million or 43.0% lower than YTD 2019.

Effective FY2020, the property revaluation exercise will be changed from semi-annual to annual basis, to be in line with industry practices and CapitaLand Limited Group's policies. Therefore, CMMT has not registered any fair value gain or loss amount on investment properties in YTD2020 as well as deferred taxation.

CAPITALAND MALAYSIA MALL TRUST

FOR THE SECOND QUARTER ENDED 30 JUNE 2020 (UNAUDITED)

B1. Review of Performance (cont'd)

Financial Year-to-date Results (YTD 2020 vs YTD 2019) (cont'd)

Finance costs for YTD 2020 of RM30.4 million were RM0.3 million or 0.9% lower than YTD 2019. The decrease was mainly due to lower average cost of debt for YTD 2020 at 4.30% p.a. (YTD 2019: 4.46% p.a.) arising from the reductions in OPR during the period under review.

CMMT has incurred RM6.8 million of capital expenditure during the period which was mainly due to AEI works of the food hall on Level 4 at Gurney Plaza.

Overall, distributable income to unitholders for the financial period was RM20.8 million, a decrease of RM45.1 million or 68.5% against YTD 2019 due to abovementioned factors.

B2. Material Changes in Quarter Results

	QUARTER ENDED 30 JUNE 2020 RM'000	QUARTER ENDED 31 MARCH 2020 RM'000	Change %
Profit before taxation	<u>192</u>	<u>19,270</u>	<u>(99.0)</u>

The change in the financial results of 2Q 2020 as compared to 1Q 2020 was mainly due to the higher rental waivers and rebates given to tenants during the quarter under review as compared with the immediate preceding quarter.

B3. Investment Objectives and Strategies

The investment objectives and strategies of the Group remain unchanged, i.e. to invest on a long term basis, in a portfolio of income-producing real estate primarily used for retail purposes and located primarily in Malaysia or such other non-real estate investments as may be permitted under the Trust Deed, the REITs Guidelines or by the Securities Commission of Malaysia, with a view to providing unitholders with long-term and sustainable distribution of income and potential capital growth.

B4. Commentary on Prospects

With COVID-19 adversely impacting the global economy in 2Q 2020, Bank Negara Malaysia expects the Malaysian economy to contract sharply in the quarter due to various measures that have been implemented globally and domestically to contain the pandemic. On a more positive note, global economic activities have progressively resumed since major economies began to gradually ease their respective lockdowns. In Malaysia, the Government introduced the Recovery Movement Control Order (RMCO) from 10 June to regulate the safe resumption of most economic activities, subject to safety protocols outlined by the authorities.

The progressive reopening of Malaysia's economy has brought about a gradual uptick in shopper traffic for shopping malls. However, the retail sector continues to be affected from the adverse implications arising from the restriction in business activities and with strict social distancing measures in force, the sector's eventual recovery remain uncertain. On the other hand, the economic stimulus packages, alongside monetary policy and financial measures, introduced by the Government will continue to underpin the country's economic recovery effort. Domestic consumption, in particular, has been identified as one of the crucial growth engines.

Along with the restarting of economic activities in Malaysia, more than 90% of CMMT's tenants have reopened and resumed normal trading hours. Stepped-up precautionary measures remain in place at CMMT malls to ensure the well-being of shoppers, tenants and employees.

As the operating environment remains challenging in the near term, CMMT continues to monitor the situation closely. To assist tenants during this period of uncertainty, CMMT has rolled out a comprehensive rental relief support of up to RM35.0 million for 2020.

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B4. Commentary on Prospects (cont'd)

In preparation for the evolved retail landscape post-COVID-19, CMMT is accelerating digital adoption among tenants, with plans to roll out more online marketing and promotion campaigns to engage shoppers in 2H 2020. Gurney Plaza's ongoing asset enhancement initiative to add a contemporary food hall and strengthen its position as Penang's premier lifestyle destination is targeted to complete in 4Q 2020.

CMMT's focus remains on stabilising its portfolio and building greater resilience in its retail ecosystem, in line with the long-term interests of Unitholders.

B5. Profit Guarantee(s)

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

B6. Tax Expense

Pursuant to the amendment of Section 61A of the Income Tax Act, 1967, effective from the Year of Assessment 2007, the total income of a REIT for a year of assessment will be exempted from income tax provided that the REIT distributes 90.0% or more of its total income for that year of assessment. If the REIT is unable to meet the 90.0% distribution criterion, the entire taxable income of the REIT for the year would be subject to income tax.

As CMMT intends to distribute at least 90.0% of its distributable income for the financial year ending 31 December 2020 to its unitholders, no provision for tax has been made for the current quarter.

B7. Status of Corporate Proposals

Nil. The establishment of the distribution reinvestment plan was approved by unitholders at the Annual General Meeting held on 19 June 2020.

B8. Borrowings and Debt Securities

	AS AT 30 JUNE 2020 (UNAUDITED) RM'000	AS AT 31 DECEMBER 2019 (AUDITED) RM'000
Long term borrowings		
Secured revolving credit	52,159	26,687
Secured term loans	918,430	918,430
Unrated medium term notes	300,000	300,000
Less: Unamortised transaction costs	(2,173)	(2,578)
	<u>1,268,416</u>	<u>1,242,539</u>
Short term borrowings		
Unsecured revolving credit	144,560	131,610
	<u>144,560</u>	<u>131,610</u>
Total borrowings	<u>1,412,976</u>	<u>1,374,149</u>

All the borrowings are denominated in Ringgit Malaysia.

During the period, the net increase in total gross borrowings (before deducting unamortised transaction costs) of RM38.4 million was mainly due to additional revolving credit facilities ("RCF") of RM66.6 million drawn down to reimburse the cash balances previously utilised for capital expenditure settlement, offset by the partial repayment of RCF totalling RM28.2 million.

As of to-date, two out of five properties of the Group, namely Sungei Wang and East Coast Mall remain unencumbered. The interest rate profile of the fixed and floating rate borrowings stood at 81% and 19% respectively.

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B9. Change in Material Litigation

Nil.

B10. Income Distribution

The first income distribution of 1.01 sen per CMMT unit (of which 0.84 sen per unit is taxable and 0.17 sen per unit is non-taxable in the hands of unitholders), on 2,055,387,000 CMMT units amounting to RM20.8 million for the period 1 January 2020 to 30 June 2020 was approved by the Manager on 21 July 2020 ("First Income Distribution"). The Board has determined that the distribution reinvestment plan which was established on 19 June 2020 shall apply to the First Income Distribution, which allows unitholders of CMMT to reinvest their first income distribution in new units, where the gross electable portion will be 0.505 sen per unit (which is taxable in the hands of unitholders) out of the First Income Distribution of 1.01 sen per unit. The remaining portion of 0.505 sen per unit (of which 0.335 sen per unit is taxable and 0.17 sen per unit is non-taxable in the hands of unitholders) will be paid in cash.

Pursuant to Section 109D(2) of the Income Tax Act, 1967, the applicable final withholding tax on distributions of income which is tax exempt at CMMT level is as follows:

Resident unitholders:

(a)	Corporate	Tax flow through, no withholding tax
(b)	Other than corporate	Withholding tax at 10.0%

Non-resident unitholders:

(c)	Corporate	Withholding tax at 24.0%
(d)	Institutional investors	Withholding tax at 10.0%
(e)	Individuals	Withholding tax at 10.0%

B11. Composition of Investment Portfolio as at 30 June 2020

As at 30 June 2020, CMMT's portfolio comprised the following investment properties:

INVESTMENT PROPERTIES	COST OF INVESTMENT¹ RM'000	NET BOOK VALUE² RM'000	MARKET VALUE RM'000	MARKET VALUE AS % OF NAV³ %
Gurney Plaza	1,150,901	1,671,271	1,665,000	65.0
East Coast Mall	405,547	577,127	577,000	22.5
Sungei Wang	814,204	538,492	538,000	21.0
3 Damansara Property	589,418	539,713	540,000	21.1
The Mines	600,663	715,154	715,000	27.9
Total	3,560,733	4,041,757	4,035,000	

The market value of Sungei Wang, The Mines and East Coast Mall were stated at valuations conducted by PPC International Sdn. Bhd. as at 31 December 2019. The market value of Gurney Plaza and 3 Damansara Property were stated at valuations performed by Savills (Malaysia) Sdn. Bhd. and Henry Butcher Malaysia Sdn. Bhd. respectively as at 31 December 2019.

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

² Net book value (NBV) comprises of market value of the investment properties as at 31 December 2019 and subsequent capital expenditure incurred up to the reporting date.

³ This is computed based on market value of the investment properties over the NAV before income distribution of RM2,562,907,000 as at 30 June 2020. This is calculated in accordance with the REITs Guidelines.

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

	QUARTER ENDED 30 JUNE 2020	QUARTER ENDED 31 MARCH 2020
Number of units in circulation (units)	2,055,387,000	2,055,387,000
NAV before income distribution (RM'000)	2,562,907	2,562,715
NAV after income distribution (RM'000)	2,542,148	2,542,572
NAV per unit ¹ (RM)	1.2368	1.2370
Total comprehensive income (RM'000)	192	19,270
Weighted average number of units in issue ² (units)	2,055,387,000	2,052,391,780
EPU after manager's management fee (sen)	0.01	0.94
Distributable income (RM'000)	616	20,143
DPU (sen)	0.03	0.98
Market price (RM)	0.795	0.91
DPU yield (%)	0.04	1.08

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 of units in issue for YTD 2020 is 2,053,889,390.

B13. Soft Commission Received By The Manager And Its Delegates

Nil.

B14. Manager's Fees

For the period ended 30 June 2020, the Manager has accounted for a base fee of 0.29% per annum of the total asset value and a performance fee of 4.75% per annum of net property income. Total fees accrued to the Manager were as follows:

	2Q 2020 ACTUAL (UNAUDITED) RM'000	YTD 2020 ACTUAL (UNAUDITED) RM'000
Base management fee	2,980	5,958
Performance fee	920	2,789
Total fees	3,900	8,747

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

	NO OF UNITS	PERCENTAGE OF UNITHOLDINGS ³	MARKET VALUE ⁴ AT 30 JUNE 2020
	UNITS	%	RM
CMMT Investment Limited ¹	710,973,600	34.59	565,224,012
Menang Investment Limited ¹	51,466,500	2.50	40,915,868
Direct unitholdings of the Directors of the Manager:			
Ms Low Peck Chen	12,000	N.M.	9,540
Mr Lim Cho Pin Andrew Geoffrey ²	47,000	N.M.	37,365
	<u>762,499,100</u>	<u>37.09</u>	<u>606,186,785</u>

N.M. - Not meaningful

¹ An indirect wholly-owned subsidiary of CapitaLand Limited.

² Units held through nominees.

³ Approximation.

⁴ The market value of the units is computed based on the closing price of RM0.795 per unit as at 30 June 2020.

BY ORDER OF THE BOARD

KHOO MING SIANG

COMPANY SECRETARY (MAICSA No. 7034037)

CapitaLand Malaysia Mall REIT Management Sdn. Bhd. (200801018055 (819351-H))

(As Manager of CapitaLand Malaysia Mall Trust)

Kuala Lumpur

Date: 21 July 2020