

Financial Results (v13)

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RELEASED

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COMPANY INFORMATION SECTION			
Announcement Type	“ New Announcement Amended Announcement		
Company Name	CAPITALAND MALAYSIA MALL TRUST		
Stock Name	CMMT		
Stock Code	5180		
Board	Main Market		
Submitting Secretarial Firm	TMF GLOBAL SERVICES (MALAYSIA) SDN BHD		

CONTACT DETAIL			
Contact Person	Designation	Contact No	Email Address
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MAIN								
General Information								
Financial Year End	31 Dec 2019							
Quarter	2 Qtr							
Quarterly report for the financial period ended	30 Jun 2019							
The figures	have not been audited							
Remarks	First income distribution of 3.22 sen per unit (of which 3.10 sen per unit is taxable and 0.12 sen per unit is non-taxable in the hands of unitholders) for the period from 1 January 2019 to 30 June 2019 is announced on 25 July 2019.							
Please attach the full Quarterly Report here	<table><tr><th>No</th><th>File Name</th><th>Size</th></tr><tr><td>1</td><td>CMMT_2Q 2019_Quarterly Results.pdf</td><td>279.2KB</td></tr></table>		No	File Name	Size	1	CMMT_2Q 2019_Quarterly Results.pdf	279.2KB
No	File Name	Size						
1	CMMT_2Q 2019_Quarterly Results.pdf	279.2KB						

DEFAULT CURRENCY

Currency	Malaysian Ringgit (MYR)			
Part A2 : SUMMARY OF KEY FINANCIAL INFORMATION				
Summary of the Key Financial Information for the financial period ended	30 Jun 2019			
	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD

	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000
1. Revenue	84,848	87,354	172,753	177,087
2. Profit/(loss) before Tax	-401	32,193	32,079	69,446
3. Profit/(loss) for the period	-10,153	32,193	22,327	69,446
4. Profit/(loss) attributable to ordinary equity holders of the parent	-10,153	32,193	22,327	69,446
5. Basic earnings/(loss) per share (Subunit)	-0.50	1.58	1.09	3.41
6. Proposed/Declared dividend per share (Subunit)	3.22	4.02	3.22	4.02
	AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
7. Net assets per share attributable to ordinary equity holders of the parent (\$\$)	1.2444		1.2657	
Remarks	First Income distribution of 3.22 sen per unit (of which 3.10 sen per unit is taxable and 0.12 sen per unit is non-taxable in the hands of unitholders) for the period from 1 January to 30 June 2019 is announced on 25 July 2019.			

In a currency system, there is usually a main unit (base) and subunit that is a fraction amount of the main unit.
Example for the subunit as follows:

Country	Base unit	Subunit
Malaysia	Ringgit	Sen
United States	Dollar	Cent
United Kingdom	Pound	Pence

Part A3 : ADDITIONAL INFORMATION (This Information is for Exchange's Internal Use only)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000
1. Gross interest income	744	1,329	1,657	2,621
2. Gross interest expense	15,263	15,016	30,186	29,730
Remarks				

CAPITALAND MALAYSIA MALL TRUST
CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2019

CAPITALAND MALAYSIA MALL TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2019 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 30 JUNE 2019 (UNAUDITED) RM'000	AS AT 31 DECEMBER 2018 (AUDITED) RM'000
Assets		
Plant and equipment	1,711	1,429
Investment properties	4,021,000	4,019,000
Total non-current assets	4,022,711	4,020,429
Trade and other receivables	21,505	21,154
Cash and cash equivalents	86,944	101,380
Total current assets	108,449	122,534
Total assets	4,131,160	4,142,963
Equity		
Unitholders' capital	2,181,132	2,181,132
Undistributed profit	428,447	485,434
Total unitholders' funds	2,609,579	2,666,566
Liabilities		
Borrowings	952,046	949,131
Tenants' deposits	40,733	41,817
Deferred tax liability	9,752	-
Total non-current liabilities	1,002,531	990,948
Borrowings	409,638	369,928
Tenants' deposits	48,517	47,480
Trade and other payables	60,895	68,041
Total current liabilities	519,050	485,449
Total liabilities	1,521,581	1,476,397
Total equity and liabilities	4,131,160	4,142,963
Number of units in circulation ('000 units)	2,044,176	2,044,176
Net asset value (NAV)		
- before income distribution	2,609,579	2,666,566
- after income distribution	2,543,757	2,587,252
NAV per unit (RM)		
- before income distribution	1.2766	1.3045
- after income distribution	1.2444	1.2657

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 2018.

CAPITALAND MALAYSIA MALL TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2019 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	CURRENT QUARTER			YEAR TO DATE		
	30 JUNE			30 JUNE		
	2019 (UNAUDITED) RM'000	2018 (UNAUDITED) RM'000	Change %	2019 (UNAUDITED) RM'000	2018 (UNAUDITED) RM'000	Change %
Gross rental income	66,045	68,411	(3.5)	134,825	137,806	(2.2)
Car park income	5,735	5,582	2.7	11,769	11,939	(1.4)
Other revenue	13,068	13,361	(2.2)	26,159	27,342	(4.3)
Gross revenue	84,848	87,354	(2.9)	172,753	177,087	(2.4)
Maintenance	(9,215)	(8,988)	2.5	(17,757)	(16,128)	10.1
Utilities	(13,304)	(12,547)	6.0	(26,691)	(24,947)	7.0
Other operating expenses ¹	(12,000)	(12,460)	(3.7)	(25,225)	(25,608)	(1.5)
Property operating expenses	(34,519)	(33,995)	1.5	(69,673)	(66,683)	4.5
Net property income	50,329	53,359	(5.7)	103,080	110,404	(6.6)
Interest income	744	1,329	(44.0)	1,657	2,621	(36.8)
Fair value loss of investment properties (net)	(30,042)	(1,245)	>100.0	(30,042)	(1,245)	>100.0
Net investment income	21,031	53,443	(60.6)	74,695	111,780	(33.2)
Manager's management fee	(5,377)	(5,548)	(3.1)	(10,859)	(11,212)	(3.1)
Trustee's fee	(100)	(100)	-	(199)	(199)	-
Auditor's fee	(54)	(48)	12.5	(115)	(101)	13.9
Tax agent's fee	(7)	(6)	16.7	(15)	(13)	15.4
Valuation fee	(72)	(65)	10.8	(154)	(147)	4.8
Finance costs	(15,532)	(15,245)	1.9	(30,710)	(30,203)	1.7
Other non-operating expenses ¹	(290)	(238)	21.8	(564)	(459)	22.9
	(21,432)	(21,250)	0.9	(42,616)	(42,334)	0.7
(Loss)/Profit before taxation	(401)	32,193	(>100.0)	32,079	69,446	(53.8)
Taxation	-	-	-	-	-	-
Deferred Taxation	(9,752)	-	N.M	(9,752)	-	N.M
(Loss)/Profit for the period	(10,153)	32,193	(>100.0)	22,327	69,446	(67.8)
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive (deficit)/income for the period	(10,153)	32,193	(>100.0)	22,327	69,446	(67.8)
Distribution adjustments ²	41,132	8,512	>100.0	43,685	12,622	>100.0
Income available for distribution	30,979	40,705	(23.9)	66,012	82,068	(19.6)
Distributable income³	30,867	40,813	(24.4)	65,822	82,034	(19.8)
Realised	29,641	33,438	(11.4)	62,121	70,691	(12.1)
Unrealised	(39,794)	(1,245)	>100.0	(39,794)	(1,245)	>100.0
	(10,153)	32,193	(>100.0)	22,327	69,446	(67.8)

CAPITALAND MALAYSIA MALL TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2019 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(CONTINUED)

	CURRENT QUARTER 30 JUNE			YEAR TO DATE 30 JUNE		
	2019 (UNAUDITED) RM'000	2018 (UNAUDITED) RM'000	Change %	2019 (UNAUDITED) RM'000	2018 (UNAUDITED) RM'000	Change %
Earnings per unit (sen)⁴						
- before Manager's management fee	(0.23)	1.85	(>100.0)	1.62	3.96	(59.1)
- after Manager's management fee	(0.50)	1.58	(>100.0)	1.09	3.41	(68.0)
Distribution per unit (DPU) (sen)	1.51	2.00	(24.5)	3.22	4.02	(19.9)
DPU (sen) – annualised	6.06	8.02	(24.4)	6.49	8.11	(20.0)

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 2018.

N.M. - Not meaningful

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

	CURRENT QUARTER 30 JUNE			YEAR TO DATE 30 JUNE		
	2019 (UNAUDITED) RM'000	2018 (UNAUDITED) RM'000	Change %	2019 (UNAUDITED) RM'000	2018 (UNAUDITED) RM'000	Change %
Allowance for impairment losses of trade receivables	(24)	(257)	(90.7)	(508)	(548)	(7.3)
Foreign exchange gain/(loss):						
- Unrealised	*	*	(100.0)	*	*	(65.8)
- Realised	(2)	(1)	100.0	(2)	(2)	-

* less than RM1,000

CAPITALAND MALAYSIA MALL TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2019 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(CONTINUED)

2. Included in the distribution adjustments are the following:

	CURRENT QUARTER 30 JUNE			YEAR TO DATE 30 JUNE		
	2019 (UNAUDITED) RM'000	2018 (UNAUDITED) RM'000	Change %	2019 (UNAUDITED) RM'000	2018 (UNAUDITED) RM'000	Change %
Fair value loss of investment properties (net)	30,042	1,245	>100.0	30,042	1,245	>100.0
Manager's management fee payable in units *	1,884	2,025	(7.0)	3,895	4,296	(9.3)
Depreciation	240	298	(19.5)	473	613	(22.8)
Amortisation of transaction costs on borrowings	213	214	(0.5)	425	443	(4.1)
Deferred taxation	9,752	-	N.M.	9,752	-	N.M.
Tax and other adjustments	(999)	4,730	(>100.0)	(902)	6,025	(>100.0)
	<u>41,132</u>	<u>8,512</u>	<u>>100.0</u>	<u>43,685</u>	<u>12,622</u>	<u>>100.0</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 rollover adjustment for rounding effect of DPU.

4. 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 2019 (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 2018	2,172,216	514,980	2,687,196
Total comprehensive income for the financial period	-	69,446	69,446
Unitholders' transactions			
- Units issued as part satisfaction of the Manager's management fee	4,620	-	4,620
- Distribution paid to unitholders ¹	-	(83,140)	(83,140)
Increase/(Decrease) in net assets resulting from unitholders' transactions	4,620	(83,140)	(78,520)
As at 30 June 2018 (Unaudited)	2,176,836	501,286	2,678,122
 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 ²	-	(79,314)	(79,314)
Increase/(Decrease) in net assets resulting from unitholders' transactions	-	(70,314)	(79,314)
As at 30 June 2019 (Unaudited)	2,181,132	428,447	2,609,579

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 2018.

1. This refers to the 2017 final income distribution of 4.08 sen per unit for the period from 1 July 2017 to 31 December 2017 paid on 28 February 2018.
2. 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.

CAPITALAND MALAYSIA MALL TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2019 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	30 JUNE 2019 (UNAUDITED) RM'000	SIX MONTHS ENDED 30 JUNE 2018 (UNAUDITED) RM'000
Cash Flows From Operating Activities		
Profit before taxation	32,079	69,446
Adjustments for:-		
Manager's management fee payable in units	3,895	4,296
Depreciation	473	613
Fair value loss of investment properties (net)	30,042	1,245
Finance costs	30,710	30,203
Interest income	(1,657)	(2,621)
Plant and equipment written off	-	2
Operating profit before changes in working capital	95,542	103,184
Changes in working capital:		
Trade and other receivables	(351)	768
Trade and other payables	(3,761)	(987)
Tenants' deposits	(47)	(3,589)
Net cash generated from operating activities	91,383	99,376
Cash Flows From Investing Activities		
Acquisition of plant and equipment	(754)	(266)
Capital expenditure on investment properties	(39,439)	(11,237)
Interest received	1,657	2,621
Net cash used in investing activities	(38,536)	(8,882)
Cash Flows From Financing Activities		
Distribution paid to unitholders	(79,314)	(83,140)
Interest paid	(30,078)	(29,749)
Payment of financing expenses	(91)	(8)
Repayment of interest bearing borrowings	(55,957)	-
Proceeds from interest bearing borrowings	98,157	5,400
Net cash used in financing activities	(67,283)	(107,497)
Net decrease in cash and cash equivalents	(14,436)	(17,003)
Cash and cash equivalents at beginning of the period	94,897	179,840
Cash and cash equivalents at end of the period	80,461	162,837
Cash and cash equivalents at end of the period comprises :		
Deposits placed with licensed banks	57,344	132,729
Cash and bank balances	29,600	36,591
	86,944	169,320
Less: Pledged deposits	(6,483)	(6,483)
	80,461	162,837

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 2018.

CAPITALAND MALAYSIA MALL TRUST

FOR THE SECOND QUARTER ENDED 30 JUNE 2019 (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 2019 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 2018.

A2. Changes in Accounting Policies

On 1 January 2019, the Group and CMMT adopted the following MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019:

MFRS 16, Leases

IC Interpretation 23, Uncertainty over Income Tax Treatments

Amendments to MFRS 3, Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)

Amendments to MFRS 9, Financial Instruments – Prepayment Features with Negative Compensation

Amendments to MFRS 112, Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)

Amendments to MFRS 119, Employee Benefits – Plan Amendment, Curtailment or Settlement

Amendments to MFRS 123, Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)

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 2018 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

Nil.

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.

CAPITALAND MALAYSIA MALL TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2019 (UNAUDITED)

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

Segmental results for the quarter/period ended 30 June 2019 are as follows:

Business Segment	RETAIL RM'000	2Q 2019 OFFICE RM'000	TOTAL RM'000	RETAIL RM'000	2Q 2018 OFFICE RM'000	TOTAL RM'000
Gross revenue	83,143	1,705	84,848	86,096	1,258	87,354
Net property income	49,141	1,188	50,329	52,525	834	53,359
Interest income			744			1,329
Fair value loss of investment properties (net)			(30,042)			(1,245)
Unallocated expenses			(5,900)			(6,005)
Finance costs			(15,532)			(15,245)
(Loss)/ Profit before taxation			(401)			32,193
Taxation			-			-
Deferred Taxation			(9,752)			-
(Loss)/ Profit for the quarter			(10,153)			32,193

Business Segment	RETAIL RM'000	YTD 2019 OFFICE RM'000	TOTAL RM'000	RETAIL RM'000	YTD 2018 OFFICE RM'000	TOTAL RM'000
Gross revenue	169,393	3,360	172,753	174,503	2,584	177,087
Net property income	100,803	2,277	103,080	108,808	1,596	110,404
Interest income			1,657			2,621
Fair value loss of investment properties (net)			(30,042)			(1,245)
Unallocated expenses			(11,906)			(12,131)
Finance costs			(30,710)			(30,203)
Profit before taxation			32,079			69,446
Taxation			-			-
Deferred Taxation			(9,752)			-
Profit for the period			22,327			69,446

CAPITALAND MALAYSIA MALL TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2019 (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.

For the quarter ended 30 June 2019, the investment properties were valued based on valuations performed by independent professional valuers on 30 June 2019. Net fair value loss arising from the valuations amounting to RM30.0 million was recognised during the quarter.

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:

	RM'000
Contracted but not provided for	<u>18,005</u>

CAPITALAND MALAYSIA MALL TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2019 (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 2019 (UNAUDITED) RM'000	2Q 2018 (UNAUDITED) RM'000	Change %	YTD 2019 (UNAUDITED) RM'000	YTD 2018 (UNAUDITED) RM'000	Change %
(a) Breakdown of Gross Revenue						
Gurney Plaza	37,984	35,936	5.7	77,088	73,166	5.4
East Coast Mall	16,151	15,798	2.2	31,803	29,949	6.2
Sungei Wang	6,047	6,866	(11.9)	12,417	15,574	(20.3)
3 Damansara Property ¹	10,728	11,532	(7.0)	21,971	23,167	(5.2)
The Mines	13,938	17,222	(19.1)	29,474	35,231	(16.3)
Total Gross Revenue	84,848	87,354	(2.9)	172,753	177,087	(2.4)
(b) Breakdown of Property Operating Expenses						
Gurney Plaza	10,730	10,696	0.3	22,137	21,892	1.1
East Coast Mall	5,497	5,060	8.6	10,730	9,986	7.5
Sungei Wang	6,132	5,218	17.5	11,730	9,518	23.2
3 Damansara Property ¹	5,189	5,994	(13.4)	11,117	11,435	(2.8)
The Mines	6,971	7,027	(0.8)	13,959	13,852	0.8
Total Property Operating Expenses	34,519	33,995	1.5	69,673	66,683	4.5
(c) Breakdown of Net Property Income						
Gurney Plaza	27,254	25,240	8.0	54,951	51,274	7.2
East Coast Mall	10,654	10,738	(0.8)	21,073	19,963	5.6
Sungei Wang	(85)	1,648	(>100.0)	687	6,056	(88.7)
3 Damansara Property ¹	5,539	5,538	-	10,854	11,732	(7.5)
The Mines	6,967	10,195	(31.7)	15,515	21,379	(27.4)
Total Net Property Income	50,329	53,359	(5.7)	103,080	110,404	(6.6)

¹ 3 Damansara (formerly Tropicana City Mall) and Tropicana City Office Tower (collectively known as 3 Damansara Property (formerly Tropicana City Property)).

CAPITALAND MALAYSIA MALL TRUST

FOR THE SECOND QUARTER ENDED 30 JUNE 2019 (UNAUDITED)

B1. Review of Performance (cont'd)

Quarter Results (2Q 2019 vs 2Q 2018)

The Group recorded gross revenue of RM84.8 million in 2Q 2019, a decrease of RM2.5 million or 2.9% against 2Q 2018. The decrease was mainly due to lower occupancies at The Mines (TM) and Sungei Wang (SW), lower rental rates at TM, downtime from asset enhancement works (AEI) at SW and TM. The decrease was partially mitigated by better performance from Gurney Plaza (GP) and East Coast Mall (ECM) due to higher rental rates and higher rental income following the completion of the AEI at ECM.

Property operating expenses for 2Q 2019 were RM34.5 million, an increase of RM0.5 million or 1.5% against 2Q 2018 mainly due to higher utilities at GP, ECM and 3 Damansara Property (3DP) as a result of electricity surcharge with effect from 1 June 2018.

The net property income (NPI) for 2Q 2019 of RM50.3 million was RM3.0 million or 5.7% lower than 2Q 2018. NPI for SW turned negative in 2Q 2019 mainly due to lower revenue and increase in operating expenses arising from branding and social media marketing costs for Jumpa.

CMMT registered a net fair value loss of RM30.0 million on investment properties in 2Q 2019.

Finance costs for 2Q 2019 of RM15.5 million were RM0.3 million or 1.9% higher than 2Q 2018. The increase was mainly due to higher interest expenses from additional revolving credit facilities drawn down for capital expenditure works.

Following the change in Real Property Gains Tax (RPGT) Act effective 1 January 2019, deferred tax liability of RM9.8 million was provided based on the RPGT rate of 5% on the net fair value gain of the three (3) freehold investment properties which comprise GP, SW and 3DP.

CMMT has incurred RM17.6 million of capital expenditure during the quarter which was mainly due to Jumpa retail layout design and reconfiguration works at SW.

Overall, distributable income to unitholders for 2Q 2019 was RM30.9 million, a decrease of RM9.9 million or 24.4% against 2Q 2018 due to abovementioned factors and lower tax and other adjustments.

Financial Year-to-date Results (YTD 2019 vs YTD 2018)

The Group recorded gross revenue of RM172.8 million, a decrease of RM4.3 million or 2.4% against the previous financial period. The decrease was mainly due to lower occupancies at TM and SW, lower rental rates at TM and downtime from AEI at SW and TM. The decrease was partially mitigated by better performance from GP and ECM due to higher rental rates and higher rental income following the completion of the AEI at ECM.

Property operating expenses for YTD 2019 were RM69.7 million, an increase of RM3.0 million or 4.5% against the previous financial period due to higher utilities at GP, ECM and 3DP as a result of electricity surcharge with effect from 1 June 2018 and one-time rebate of service charge at SW in March 2018.

The NPI for YTD 2019 of RM103.1 million was RM7.3 million or 6.6% lower than YTD 2018.

CMMT registered a net fair value loss of RM30.0 million on investment properties in YTD 2019.

Finance costs for YTD 2019 of RM30.7 million were RM0.5 million or 1.7% higher than YTD 2018. The increase was mainly due to higher interest expenses from additional revolving credit facilities drawn down for capital expenditure works. Average cost of debt for YTD 2019 remains unchanged at 4.46% p.a. compared with the same period last year.

Following the change in RPGT Act effective 1 January 2019, deferred tax liability of RM9.8 million was provided based on the RPGT rate of 5% on the net fair value gain of the three (3) freehold investment properties which comprise GP, SW and 3DP.

CAPITALAND MALAYSIA MALL TRUST

FOR THE SECOND QUARTER ENDED 30 JUNE 2019 (UNAUDITED)

B1. Review of Performance (cont'd)

Financial Year-to-date Results (YTD 2019 vs YTD 2018) (cont'd)

CMMT has incurred RM32.0 million of capital expenditure during the period which was mainly due to Jumpa retail layout design and reconfiguration works at SW and enhancement works of the food and beverage area on Level 2 at TM.

Overall, distributable income to unitholders for the financial period was RM65.8 million, a decrease of RM16.2 million or 19.8% against YTD 2018 due to abovementioned factors and lower tax and other adjustments.

B2. Material Changes in Quarter Results

	QUARTER ENDED 30 JUNE 2019 RM'000	QUARTER ENDED 31 MARCH 2019 RM'000	Change %
(Loss) / Profit before taxation	(401)	32,480	(>100.0)
Add : Fair value loss of investment properties (net)	30,042	-	N.M.
Profit before taxation, excluding net fair value loss of investment properties	29,641	32,480	(8.7)

Other than the net fair value loss of RM30.0 million resulting from the valuation as at 30 June 2019, the change in the financial results of 2Q 2019 as compared to 1Q 2019 was mainly due to lower net property income as disclosed in B1.

N.M. - Not meaningful

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

The Malaysian economy grew at a moderate pace of 4.5% in the first quarter of 2019 (1Q 2019) and is expected to be on track to achieve the growth range of between 4.3% and 4.8% in 2019 (source: Bank Negara Malaysia).

Consumer and business sentiments are expected to remain cautious in 2019, owing to persistent concerns about rising costs of living. With growing competition from e-commerce and supply of shopping malls particularly in the Klang Valley, the operating environment continues to be challenging. To mitigate these challenges, the Manager will continue to refresh and rejuvenate the portfolio through proactive leasing strategy, active asset management and improving shoppers' experience. The opening of Sungei Wang's new annex, Jumpa, at the end of 3Q 2019 is expected to revitalise and boost the appeal of the mall.

As CMMT's malls are located in key urban centres across Malaysia and largely focused on day-to-day necessity shopping, they have proven to be resilient through different economic cycles in the past and are expected to continue to do so. The Manager remains committed to deliver sustainable income distributions to unitholders.

CAPITALAND MALAYSIA MALL TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2019 (UNAUDITED)

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 2019 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 30 JUNE 2019 (UNAUDITED) RM'000	AS AT 31 DECEMBER 2018 (AUDITED) RM'000
Long term borrowings		
Secured revolving credit	35,543	32,943
Secured term loans	918,430	918,430
Unrated medium term notes	-	-
Less: Unamortised transaction costs	(1,927)	(2,242)
	952,046	949,131
Short term borrowings		
Unsecured revolving credit	110,160	70,560
Unrated medium term notes	300,000	300,000
Less: Unamortised transaction costs	(522)	(632)
	409,638	369,928
Total borrowings	1,361,684	1,319,059

All the borrowings are denominated in Ringgit Malaysia.

During the quarter, the net increase in total gross borrowings (before deducting unamortised transaction costs) by RM42.2 million was mainly due to additional revolving credit facilities drawn down for purposes of funding the AEI at SW, TM & ECM.

As of to date, two out of five properties of the Group, namely SW and ECM, remain unencumbered. The interest rate profile of the fixed and floating rate borrowings stood at 84% and 16% respectively.

B9. Change in Material Litigation

Nil.

CAPITALAND MALAYSIA MALL TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2019 (UNAUDITED)

B10. Income Distribution

CMMT intends to distribute its first income distribution of RM65.8 million or 3.22 sen per unit (of which 3.10 sen per unit is taxable and 0.12 sen per unit is tax exempt) for the period from 1 January 2019 to 30 June 2019, on 3 September 2019 (book closure date: 9 August 2019), based on the number of units in issue of 2,044,176,200. This means CMMT will distribute approximately 100.0% of its distributable income to its unitholders for the financial period ended 30 June 2019.

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 2019

As at 30 June 2019, CMMT's portfolio comprised the following investment properties:

INVESTMENT PROPERTIES	COST OF INVESTMENT ¹ RM'000	NET BOOK VALUE ² RM'000	MARKET VALUE RM'000	MARKET VALUE AS % OF NAV ³ %
Gurney Plaza	1,141,007	1,636,314	1,647,000	63.1
East Coast Mall	405,951	555,830	569,000	21.8
Sungei Wang	807,853	572,529	538,000	20.6
3 Damansara Property	587,100	555,623	546,000	20.9
The Mines	597,405	730,746	721,000	27.6
Total	3,539,316	4,051,042	4,021,000	

The market value of Sungei Wang, The Mines and East Coast Mall were stated at valuations conducted by PPC International Sdn. Bhd. as at 30 June 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 30 June 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 2018 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 RM2,609,579,000 as at 30 June 2019. This is calculated in accordance with the REITs Guidelines.

CAPITALAND MALAYSIA MALL TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2019 (UNAUDITED)

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

	QUARTER ENDED 30 JUNE 2019	QUARTER ENDED 31 MARCH 2019
Number of units in circulation (units)	2,044,176,200	2,044,176,200
NAV before income distribution (RM'000)	2,609,579	2,619,732
NAV after income distribution (RM'000)	2,543,757	2,584,777
NAV per unit ¹ (RM)	1.2444	1.2645
 Total comprehensive (deficit)/ income (RM'000)	 (10,153)	 32,480
Weighted average number of units in issue ² (units)	2,044,176,200	2,044,176,200
EPU after manager's management fee (sen)	(0.50)	1.59
 Distributable income (RM'000)	 30,867	 34,955
DPU (sen)	1.51	1.71
Market price (RM)	1.04	1.11
DPU yield (%)	1.45	1.54

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 2019 is 2,044,176,200.

B13. Soft Commission Received By The Manager And Its Delegates

Nil.

B14. Manager's Fees

For the period ended 30 June 2019, 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 2019 ACTUAL (UNAUDITED) RM'000	YTD 2019 ACTUAL (UNAUDITED) RM'000
Base management fee	2,986	5,963
Performance fee	2,391	4,896
Total fees	5,377	10,859

CAPITALAND MALAYSIA MALL TRUST
FOR THE SECOND QUARTER ENDED 30 JUNE 2019 (UNAUDITED)

B15. Unitholdings of the Manager¹ and Parties Related to the Manager

	NO OF UNITS	PERCENTAGE OF UNITHOLDINGS ⁴	MARKET VALUE ⁵ AT 28 JUNE 2019
	UNITS	%	RM
CMMT Investment Limited ²	710,973,600	34.78	739,412,544
Menang Investment Limited ²	40,255,700	1.97	41,865,928
Direct unitholdings of the Directors of the Manager:			
Ms Low Peck Chen	12,000	N.M.	12,480
Mr Lim Cho Pin Andrew Geoffrey ³	47,000	N.M.	48,880
	751,288,300	36.75	781,339,832

N.M. - Not meaningful

¹ CapitaLand Malaysia Mall REIT Management Sdn. Bhd. is the Manager of CMMT

² An indirect wholly-owned subsidiary of CapitaLand Mall Asia Limited.

³ Units held through nominees.

⁴ Approximation.

⁵ The market value of the units is computed based on the closing price of RM1.04 per unit as at 28 June 2019.

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 30 June 2019 and of their financial performance and cash flows for the quarter/period ended on that date and duly authorised for release by the Board of Directors of the Manager on 25 July 2019.

BY ORDER OF THE BOARD

KHOO MING SIANG

COMPANY SECRETARY (MAICSA No. 7034037)

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

(As Manager of CapitaLand Malaysia Mall Trust)

Kuala Lumpur

Date: 25 July 2019