

**General Announcement for PLC (v13)****SUBMITTED**

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# CapitaLand Malaysia Mall Trust Malaysia's income and geographically-diversified REIT

## Annual General Meeting

28 March 2019



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# Year in Review



Gurney Plaza, Penang, Malaysia



# Year in Review

## Operating Environment

- Business confidence and consumer sentiments remained subdued in 2018 due to sustained macroeconomic and industry pressures
- Despite the 3-month tax holiday following the zerorisation of Goods and Services Tax and before the reintroduction of Sales and Services Tax, consumers remained prudent in spending as concerns on rising cost of living persist
- The challenging environment was further exacerbated by increased competition from the existing supply of shopping malls and growing popularity of online shopping

## Operational Performance

- Rental reversion of -2.9%
- Portfolio occupancy rate: 93.2%
  - Net lettable area more than 2.9 million sq ft<sup>1</sup>
  - Committed leases of about 1,300
- Shopper Traffic of 57.5 million
- Average tenants sales per square foot increased 6.8% year-on-year

1. Area under asset enhancement initiatives is removed from computation



# Year in Review (cont'd)

## Tenant and Shopper Engagement

- Conducted the 8<sup>th</sup> tenant engagement programme Biz+ Series 2018 on “Building The Right Shopper Personas”
- CapitaStar, CapitaLand's digital membership platform, launched its mobile applications in Malaysia

## Optimal Capital Management

- CMMT obtained additional RM50.0 million unsecured uncommitted revolving credit facilities

## Notable Highlights

- EdgeProp Malaysia's Best Managed Property Awards 2018: Gurney Plaza was the joint Silver winner in the above 10 years retail category
- Tropicana City Mall was renamed as 3 Damansara



# Year in Review (cont'd)

## Proactive Asset Management

- East Coast Mall
  - With the resizing of Aeon Big, the former area occupied by Aeon Big on Level 1 was reconfigured to create a new international fashion cluster
  - Other improvements included new escalators, tiling and ceiling works from Ground Floor to Level 1
- Gurney Plaza
  - Carried out space reconfiguration works on Level 4 to offer homegrown fashion brands and café kiosks
- Sungei Wang
  - Embarked on a RM54.5 million asset enhancement initiative (AEI) to reconfigure the annex space into a vibrant and energetic lifestyle zone, known as Jumpa, targeted to attract urbanites and tourists alike.
- The Mines
  - Embarked on two AEIs to expand dining and lifestyle offerings on Level 2



# Financial Highlights



3 Damansara, Petaling Jaya, Selangor



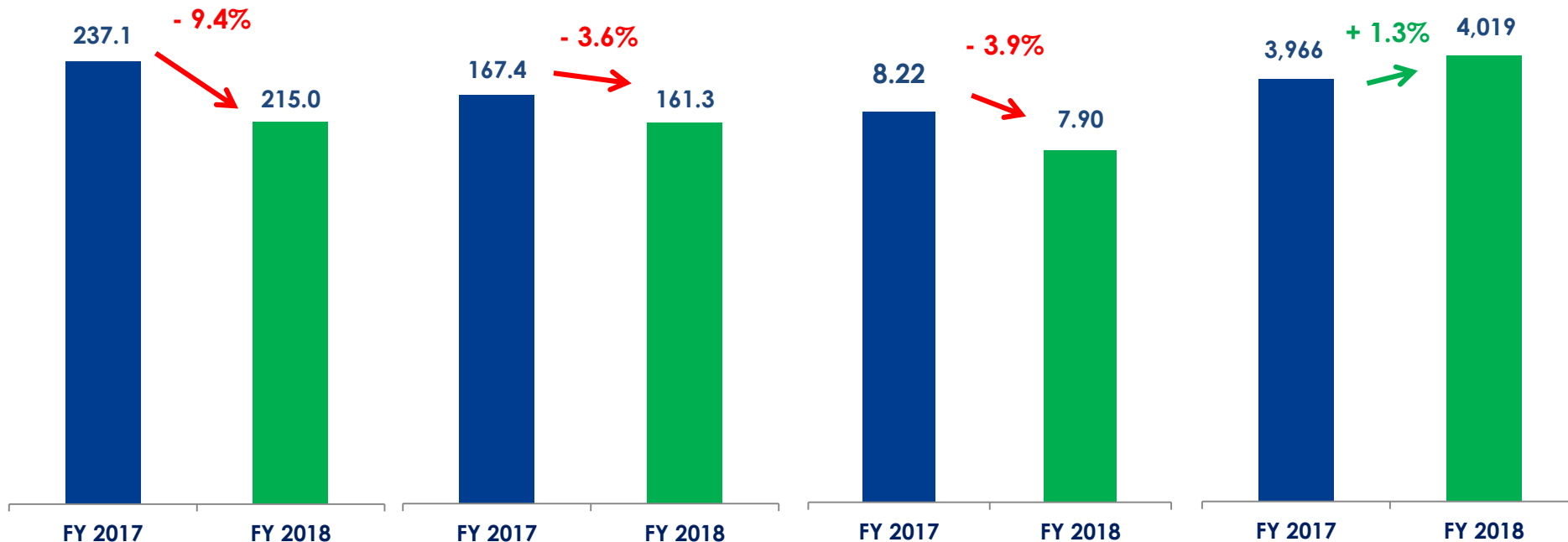
# FY 2018 Financial Highlights

Net Property Income  
(RM million)

Distributable Income  
(RM million)

Distribution Per Unit  
(sen)

Portfolio Valuation  
(RM million)



FY: Financial Year

## Distribution Policy

Payout policy ratio: at least 90.0% of CMMT's total distributable income in each financial year.

Distribution payment: semi-annual basis for each six-month period ending 30 June and 31 December of each year.



# FY 2018 Financial Highlights (cont'd)

## Balance Sheet

As at 31 December 2018	RM million		
Non-current Assets	4,020	<b>NAV (RM million)</b>	
Current Assets	123	- before income distribution	2,667
<b>Total Assets</b>	<b>4,143</b>	- after income distribution	2,587
Current Liabilities	485		
Non-current Liabilities	991	<b>NAV per unit (RM)</b>	
<b>Total Liabilities</b>	<b>1,476</b>	- before income distribution	1.30
<b>Net Assets</b>	<b>2,667</b>	- after income distribution	1.27
<b>Total Unitholders' Funds</b>	<b>2,667</b>		
<b>Number of Units in Circulation (in million units)</b>	<b>2,044</b>		



# Key Financial Indicators

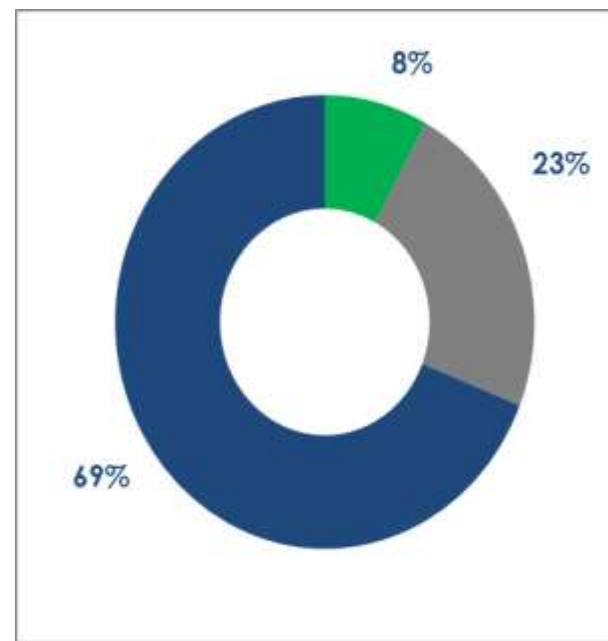
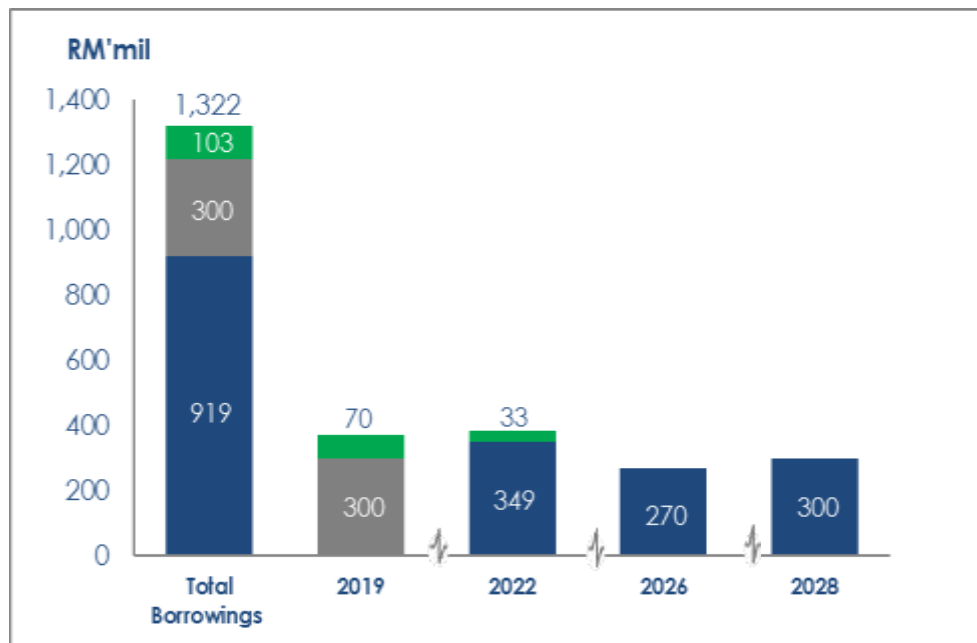
	2017	2018
Unencumbered Assets as a % of Total Assets	29.7%	28.0%
Gearing Ratio	32.8%	32.5%
Average Cost of Debt	4.4%	4.5%
Fixed:Floating rate debt ratio	80%:20%	87%:13%
Net debt/EBITDA (times)	6.3	6.9
Interest Coverage (times)	3.7	3.2
Average term to maturity (years)	5.7	4.8



# Debt Profile (As at 31 December 2018)

## Well-Spread Debt Maturity Profile

## Diversified Sources of Funding



- Term Loan facilities
- Unrated Medium Term Notes
- Revolving Credit facilities



# Portfolio Highlights



Gurney Plaza, Penang, Malaysia



# Portfolio Highlights

Occupancy Rate Above 90.0%

As at 31 December	2014	2015	2016	2017	2018
Gurney Plaza	97.3%	98.3%	99.1%	99.4%	99.9%
East Coast Mall	99.5%	99.7%	98.4%	98.9%	99.0%
Sungei Wang	95.4%	90.4%	91.0%	90.1%	75.3%
3 Damansara	N/A <sup>1</sup>	91.5%	92.5%	92.6%	90.6%
The Mines	98.5%	96.3%	98.0%	94.4%	89.1%
<b>CMMT (Retail)</b>	<b>97.7%</b>	<b>95.8%</b>	<b>96.5%</b>	<b>95.7%</b>	<b>92.9%</b>
Tropicana City Office Tower	N/A <sup>1</sup>	100.0%	95.2%	86.7%	100.0%
<b>CMMT Portfolio (Retail &amp; Office)</b>	<b>N/A<sup>1</sup></b>	<b>96.0%</b>	<b>96.5%</b>	<b>95.4%</b>	<b>93.2%</b>

1. Not applicable as the acquisition of 3 Damansara and Tropicana City Office Tower was completed on 10 July 2015.



# Portfolio Lease Expiry (By Year)

As at 31 December 2018	CMMT (Retail)		
	No of Leases <sup>1</sup>	Gross Rental Income RM'000	% of Total Gross Rental Income <sup>2</sup>
<b>2019</b>	661	9,037	41.5%
<b>2020</b>	360	7,633	35.1%
<b>2021</b>	243	4,768	21.9%
<b>Beyond 2021</b>	15	318	1.5%

As at 31 December 2018	CMMT (Office)		
	No of Leases <sup>1</sup>	Gross Rental Income RM'000	% of Total Gross Rental Income <sup>3</sup>
<b>2019</b>	2	109	20.4%
<b>2020</b>	1	226	42.3%
<b>Beyond 2020</b>	5	200	37.3%

1. Based on all committed leases as at 31 December 2018.

2. Based on committed gross rental income for CMMT (Retail) as at 31 December 2018.

3. Based on committed gross rental income for CMMT (Office) as at 31 December 2018.



# Portfolio Lease Expiry Profile for 2019

As at 31 December 2018	No. of Leases <sup>1</sup>	Net Lettable Area (NLA)		Gross Rental Income (GRI)	
		sq ft	% of Total NLA <sup>1</sup>	RM'000	% of Total GRI <sup>1</sup>
Gurney Plaza	174	455,346	16.7%	3,810	17.1%
East Coast Mall	89	85,009	3.1%	1,277	5.7%
Sungei Wang	124	113,414	4.1%	694	3.1%
3 Damansara	101	175,333	6.4%	1,052	4.7%
The Mines	173	333,550	12.2%	2,204	9.9%
<b>CMMT (Retail)</b>	<b>661</b>	<b>1,162,652</b>	<b>42.5%</b>	<b>9,037</b>	<b>40.5%</b>
Tropicana City Office Tower	2	18,846	0.7%	109	0.5%
<b>CMMT Portfolio (Retail &amp; Office)</b>	<b>663</b>	<b>1,181,498</b>	<b>43.2%</b>	<b>9,146</b>	<b>41.0%</b>

1. Based on committed leases for CMMT Portfolio(Retail + Office) as at 31 December 2018.



# Enhancing Portfolio With New Initiatives & Improvement Works



East Coast Mall, Kuantan, Malaysia












# New Initiatives

## East Coast Mall – Reconfiguration of space

- The works involved resizing of Aeon Big from two levels to one level. The area formerly occupied by AEON Big on Level 1 was reconfigured into a new international fashion cluster with five new-to-region brands. Other improvements included new escalators, tiling and ceiling works from Ground Floor to Level 1 and creation of additional kiosks at the surrounding of the new set of escalators.

Level 1	
<b>BEFORE</b>	  
<b>AFTER</b>	   

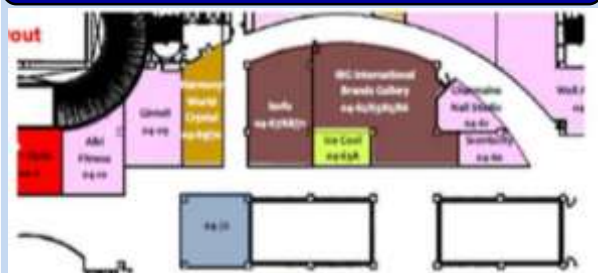


# New Initiatives (cont'd)

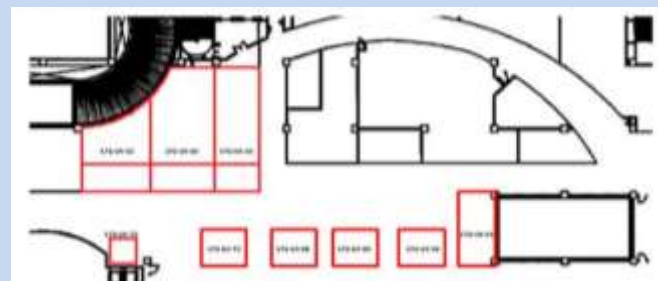
## Gurney Plaza – Lifestyle Avenue

- Enhancement of trade offerings by slabbing over the existing void and realignment of existing units to create additional retail space.

**BEFORE**



**AFTER**



# New Initiatives (cont'd)

## Major Renovation by Anchor Tenant

- Gurney Plaza: The first Parkson Elite outside the Klang Valley, and is scheduled to complete by 2Q 2019.
- East Coast Mall: The first flagship store in the East Coast region.







# New Initiatives (cont'd)

## Renaming of Tropicana City Mall

- 3 Damansara is set to become the preferred dining and gourmet shopping destination of Petaling Jaya-Damansara.
- To commemorate the renaming exercise, an event was organised to unveil 3 Damansara's "kinetic rainbow" logo on 26 June 2018.





# New Initiatives (cont'd)

## Cashless Parking

- To elevate the customer experience in our malls, we are in the midst of implementing cashless parking system to all CMMT malls to bring greater convenience to shoppers.
- The cashless payment system has been implemented at East Coast Mall, The Mines and Sungei Wang.





# Jumpa @ Sungei Wang

- A RM54.5 million asset enhancement initiative commenced to reconfigure the annex space into a vibrant and energetic lifestyle zone, known as Jumpa, targeted to attract urbanites and tourists alike.
- Slated for opening in 2H 2019, shoppers can look forward to an exciting line-up of more than 80 specialty shops offering fashion, food and beverage, family entertainment and athleisure.
- Anchor tenant, Giant, unveiled a new urban store concept sporting a fresh look with the introduction of an enlarged fresh produce area, new in-house bakery concept, Grab & Go and Malaysian food souvenir sections.



AN ARTIST'S IMPRESSION OF SUNGAI WANG'S EXTERIOR FAÇADE



SAMPLE OF ONGOING WORKS ON SELECTED FLOORS AT JUMPA



COMPLETION OF JUMPA'S EXTERIOR FAÇADE



THE NEW URBAN STORE CONCEPT BY GIANT



# More than 85 Fresh Brands Introduced to CMMT

CMMT remains competitive with new relationships built with a wide profile of retailers

Food & Beverage	
Fashion & Accessories	
Beauty & Health	
Services	
Electricals & IT	
Others	



# New Brands Introduced to the Regions

Out of the >85 brands being introduced to CMMT, about 38 brands are new to the respective regions

## Penang Island



## Klang Valley



## East Coast (Pahang)







# Improvement Works

## Gurney Plaza – Building Façade

- Repainted the external building to refresh the mall and uplift its appeal.

B  
E  
F  
O  
R  
E



A  
F  
T  
E  
R



# Improvement Works (cont'd)

## East Coast Mall

- Upgrading of wet bin area for hygiene improvement



## 3 Damansara

- Renovation of the existing restrooms to improve shoppers' experience





# Stakeholder Engagement & Community Initiatives





## Biz+ Series : Building The Right Shopper Personas

- Biz+ 2018 seminar was themed “Building The Right Shopper Personas” where various guest speakers shared how retailers can turn their business data into profitable and actionable insights to ensure business growth and sustainability.



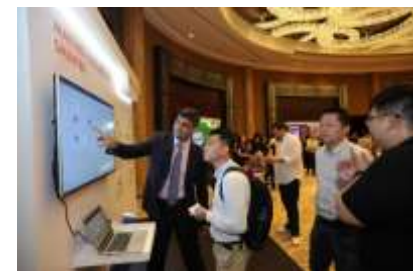
FROM LEFT TO RIGHT: GUEST SPEAKERS KUMAR KATRA, MOBIKON PRESIDENT; THOMAS GREYSSON, OMNISTREAM EXECUTIVE VICE PRESIDENT; AND IAN CHAPMAN, CEO SQREEM TECHNOLOGIES



GUESTS IN DISCUSSION



CONFERENCE SESSION



EXPERIENTIAL BOOTHS

## Nationwide Launch of Mobile Applications

- Shoppers can download the CapitaStar mobile applications to enjoy greater shopping convenience and rewards when shopping at participating CapitaLand malls<sup>1</sup> in Malaysia. The mobile applications were launched in September 2018.



**CHECKING OUT THE CONVENIENCE OF THE MOBILE APPS**



**MEMBERS PARTICIPATED IN "CATCH THE STAR\$" GAME**



**SHOPPERS DOWNLOADING THE MOBILE APPS**

1. Participating CapitaLand malls include Gurney Plaza, Queensbay Mall in Penang; The Mines, 3 Damansara and Melawati Mall in the Klang Valley; East Coast Mall in Kuantan



## Selected Thematic Activities to Drive Shopper Traffic



**GURNEY PLAZA: (L-R) PENANG INTERNATIONAL FOOD FESTIVAL, FASHION REDEFINED AND AMAZING JAPAN**



**EAST COAST MALL: FASHIONISTA 2018**



**3 DAMANSARA: PETTING ZOO**



**THE MINES: IT'S RECYCLED FASHION COMPETITION**





# Sustainability Management & Awards



# Sustainability Management

Economically, Socially and Environmentally  
Sustainable Operational Manner

**61%** middle and senior management positions filled by women (REIT Manager and Property Managers)



All **5** CMMT malls participated in the **Earth Hour** initiative

**CAPITALAND**  
SUPPORTS  
**EARTH HOUR**



**73%** of CMMT portfolio has achieved green rating



**RM17.1 million** cost avoidance for utilities since 2009

**17.7%** reduction in energy usage in KWh/sq m<sup>1</sup>

**22.1%** reduction in water usage in cubic metre/sq m<sup>1</sup>

**18.4%** reduction in carbon intensity in kg/sq m<sup>1</sup>



1. From the 2009 baseline.

## CapitaLand Volunteer Day

- In conjunction with My Schoolbag 2018, the second CapitaLand Volunteer Day was held in Malaysia in November 2018 with the participation of more than 150 staff.
- Four primary schools in Klang Valley, Kuantan and Penang were provided with new books, refurbished classrooms, libraries and computer labs while 386 students from low-income families benefited donation of school and daily necessities.





# Award

## EdgeProp Malaysia's Best Managed Property Awards – Above 10 Years Retail Category Joint Silver Winner

- Gurney Plaza was recognised for its building excellence in property management when it was awarded the Silver Award for the Above 10 Years Retail Category in EdgeProp Malaysia's Best Managed Property Awards 2018.





# Looking Forward



Artist Impression of Jumpa @ Sungei Wang



# Looking Forward

## CMMT's Malls Should Continue to Prove Resilient Through Economic Cycles

- Retail Outlook
  - GDP growth 2019 (forecast): 4.9%<sup>1</sup>
  - Retail sales growth 2019: 4.5%<sup>2</sup>
  - Expect consumer and business sentiments to remain cautious due to uncertainties in the global and domestic economies
  - Scheduled completion of new retail space supply will intensify the competition level among shopping malls
  - Rising popularity of e-commerce continues to reshape traditional retail and consumer shopping behaviour
- Operational Efficiency
  - Outstation malls: Gurney Plaza and East Coast Mall (ECM) are expected to perform well given the successful completion of the AEs. ECM will undergo space reconfiguration on Basement 1 that will further complement its current retail offering
  - Klang Valley malls: Focus on trade mix adjustments; proactive leasing and marketing strategies and introduction of new retail concepts to boost occupancy levels and shopper traffic
  - Cashless parking will be introduced to all CMMT malls in phases to bring greater convenience to shoppers.

1. Source: Ministry of Finance Economic Outlook 2019 Report.

2. Source: Malaysia Retail Industry Report (November 2018), Retail Group Malaysia.





# Looking Forward (cont'd)

## CMMT's Malls Should Continue to Prove Resilient Through Economic Cycles (cont'd)

- Growth Strategy
  - Unlock value through asset enhancement initiatives<sup>3</sup>

	Gurney Plaza
<b>2019 plan</b>	• Creation of a contemporary food hall with thematic design and better trade mix on Level 4
<b>Cost (est)</b>	Approximately RM14.8 mil
<b>Timeline of project completion</b>	2Q 2020

- Active lookout for quality acquisition opportunities to strengthen portfolio.

3. Subject to obtaining regulatory approvals and market conditions.



# Thank You

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