



Unitholders' Meeting held on 23 February 2023

Responses to Substantial and Relevant Questions

The Manager of CapitaLand Malaysia Trust ("CLMT") would like to thank all Unitholders who submitted their questions in conjunction with the Unitholders' Meeting held on a virtual basis through live streaming via remote participation and electronic voting facilities from the Broadcast Venue at 2:30 pm on Thursday, 23 February 2023.

We have grouped the most asked questions, as well as questions relevant to the Unitholders' Meeting agenda and aspects of CLMT's business, into a few key topics. Questions submitted before the Unitholders' Meeting have also been included. The key topics are:

1. Proposed Acquisition
2. Proposed Placement
3. Business Performance
4. Strategy and Outlook
5. Others

Please refer to our responses to these substantial and relevant questions in the following pages. Due to the high volume and overlaps in questions sent to us, we apologise that we are unable to respond to all of them during the Unitholders' Meeting.

Following the conclusion of the Unitholders' Meeting, the voting results of the Unitholders' Meeting has been uploaded on Bursa Malaysia and made available on CLMT's website. The minutes of the Unitholders' Meeting will be published on CLMT's website within 30 days from the Unitholders' Meeting.

By Order of the Board

CAPITALAND MALAYSIA REIT MANAGEMENT SDN. BHD.

(Registration No. 200801018055 (819351-H))

As Manager of CapitaLand Malaysia Trust

Teo Soh Fung (SSM PC No.: 202008001818)(MAICSA No. 7046614)

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Company Secretaries

Kuala Lumpur, Malaysia

24 February 2023

Important Notice

The past performance of CapitaLand Malaysia Trust ("CLMT") is not indicative of future performance. The listing of the unit in CLMT ("Units") on the Bursa Malaysia Securities Berhad ("Bursa Malaysia") does not guarantee a liquid market for the Units. The value of the Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request that the Manager redeem or purchase their Units while the Units are listed on the Bursa Malaysia. It is intended that holders of Units may only deal in their Units through trading on the Bursa Malaysia.

A. Proposed Acquisition	
1.	CLMT is buying 91.8% of the total strata floor area of retail parcels in Queensbay Mall. Who owns the remaining strata floor of 8.2%?
	The remaining 8.2% strata floor area are owned by private owners.
2.	May I know whether these companies are related parties to CLMT? <ul style="list-style-type: none"> • Luxury Ace Sdn. Bhd.; • Scenic Growth Sdn. Bhd.; • Success Idea Sdn. Bhd.; and • Milky Way Properties Bhd.
	The companies are indirect subsidiaries of CapitaLand Investment Limited, the Sponsor of CLMT.
3.	Following the recent heavy rain which caused a flood incident at Queensbay Mall, has Management come up with a permanent solution to address this issue? <p>On the recent ceiling damage incident due to heavy downpour at Queensbay Mall:</p> <p>1) Will the valuation of the mall will be affected by such incident? If yes, will the consideration to be paid will be adjusted accordingly?</p> <p>2) Is this incident well covered under existing insurance policy?</p> <p>3) What is Management's action to mitigate such incident in future after the acquisition?</p>
	<p>Pursuant to the flooding incident on 14 February 2023, we understand from the Management Corporation (MC) that the incident had occurred at the common property area, which falls under the MC purview. The MC had also received notification from the Pulau Pinang City Council to immediately conduct certain rectification works, which had been duly completed. Following an inspection of the mall thereafter, the City Council has found that the MC had complied with their notification. The tenants that were affected resumed business as usual the following day. In relation to the insurance policies taken out on the property, the MC has informed the insurer pertaining to the incident.</p> <p>We were informed that there was minimal damage to the strata parcels owned by the Sponsor.</p> <p>There would not be any impact to the valuation of the mall.</p> <p>Pursuant to the completion of the Proposed Acquisition, CLMT will request the MC to conduct a thorough inspection of the areas that caused the leak and to look into areas of further improvement.</p>
4.	Is there an opportunity for cost optimisation for property operating costs of both Queensbay Mall and Gurney Plaza through combined procurement of goods and services?
	As the management of Queensbay Mall falls under the purview of the MC, there is minimal cost optimisation opportunities. However, there will be benefits in terms of marketing to shoppers and tenants. We view the two malls as complementing each other by targeting different tenants and shoppers. Together, both malls will command

	a leadership position and have a comprehensive coverage of the overall retail market in the Northern region.
5.	What's the reason to acquire Queensbay Mall into the portfolio? Please explain the rationale of the urgency/timing of this transaction now?
	<p>For retail assets, we are open to explore opportunities to acquire assets with strong leadership position in their respective markets, similar to Gurney Plaza and East Coast Mall, and clarity of income.</p> <p>Queensbay Mall fits the criteria we are looking for in retail assets and has demonstrated strong operating metrics. It is a strategically located mall with strong tenant base and this quality asset has an attractive acquisition yield of 7.3%.</p> <p>The proposed acquisition is intended to strengthen market leadership and foothold in Penang where we already own Gurney Plaza and a logistics park in Sungai Jawi, Penang named Valdor Logistics Hub.</p> <p>The Proposed Acquisition is a DPU accretive transaction which will enhance CLMT's portfolio strength and income diversification.</p>
6.	As a huge portion of the purchase price is being financed by bank borrowings, is this a risk to CLMT's future financial performance given the rising interest rate environment? Would a full or higher portion of share placement be a better option for this transaction?
	<p>Upon considering various funding options, we are proposing to fund the transaction via a combination of bank borrowings and private placement to provide us the optimal capital structure between equity and loan financing in order to ensure gearing remains sustainable.</p> <p>Consistent with our existing policy, we will be fixing the interest rate for the bank borrowings to protect against the rising interest rate environment.</p>
7.	The Management previously attributed the underperformance of Sungai Wang Plaza to its stratified nature. Queensbay Mall is also a stratified property and CLMT is only buying 91.8% of the strata area. Will this end up like another Sungai Wang Plaza?
	<p>Queensbay Mall is managed by an experienced MC that has good relationship with all the tenants and parcel owners. Over the years, Queensbay Mall has established a strong track record with strong rental growth and healthy occupancy of over 95%.</p> <p>We are confident that the property will continue to be managed well following the acquisition.</p>
8.	The average gross rental rate adopted as a basis for the valuation by the Valuer was RM8.60 per sq ft per month (found in page 70 of the Independent Adviser Letter). Based on the historical average gross rental rates shown on the same page from FY 2018, the average gross rental rate was only RM7.99 per sq ft per month. Please explain how RM8.60 per sq ft per month used for the valuation is derived?
	The RM8.60 psf is derived from the committed rental rates based on tenancy details as at Date of Valuation of 7 October 2022.

B. Private Placement	
1.	<p>We note that the private placement will offer to major unitholders such as Employees Provident Fund, Amanah Saham Bumiputera and Retirement Fund Inc. Will the private placement be offered to individual investors?</p> <p>Why did you opt for private placement to major unitholders? What is the benefit to other unitholders?</p>
	<p>Individual investors can participate in the placement exercise if they qualify as a sophisticated investor within Schedule 6 and 7 of the Capital Markets and Services Act 2007.</p> <p>We believe that the private placement is the most expeditious and cost-efficient equity funding approach. It also allows CLMT to attract more local and foreign institutional investors, thereby enlarging its Unitholder's base, improving trading liquidity and may enhance our funding options and fund-raising capabilities in the future.</p> <p>This transaction will improve the earnings quality and portfolio resilience of the REIT and provide higher distributions to all unitholders.</p>
2.	<p>Is there any effect on CLMT's net tangible assets per unit upon completion of private placement?</p>
	<p>The net tangible assets (NTA) will increase upon completion of the Private Placement. However, the NTA per unit will reduce upon completion due to the issuance of new units.</p>
3.	<p>Resolution 2 are to issue new units at a big discount to NAV and at a discount to market price to CIL, MIL, EPF, ASB and KWAP. Considering that these parties are the benefiting parties of this resolution, and are in obvious conflict of interest, are they allowed to vote for Resolution 2?</p>
	<p>There is no conflict of interest for the following reasons:</p> <ul style="list-style-type: none"> (i) CIL, MIL and persons connected with them ("Sponsor Group") had abstained from voting on Resolution 2 in respect of the Sponsor Group's direct/indirect unitholdings in CLMT in view that the Sponsor Group is deemed interested in the Proposed Placement (i.e Resolution 2) on the basis that ultimately CMA (the holding company of the Sponsor Group) may indirectly derive an interest through the proceeds of the Proposed Placement that the proceeds from the Proposed Acquisition. (ii) The Sponsor Group had also abstained from voting on Resolutions 3 and 4 in respect of the placement of new units to CIL and MIL respectively in accordance with Paragraph 6.06(2) of the MMLR. (iii) In contrast with the Sponsor Group, EPF, ASB and KWAP (each, together with its persons connected, a "Major Unitholder Group") were not required to abstain from voting on Resolution 2 in respect of their direct/indirect unitholdings in CLMT as they are not interested in the Proposed Acquisition and therefore are not deemed interested in the Proposed Placement as a whole as covered under Resolution 2.

	<p>(iv) Whilst the Major Unitholder Groups may potentially be placees for the Proposed Placement, placement of new Units to each Major Unitholder Group is subject to the passing of the relevant Resolutions 5, 6 and 7 by the relevant non-interested Unitholders.</p> <p>(v) Each Major Unitholder Group is required to abstain from voting on the relevant resolution pertaining to the placement of new Units to itself in accordance with Paragraph 6.06(2) of the MMLR.</p> <p>(vi) The relevant non-interested Unitholders are the parties who decide whether new Units may be placed to a Major Unitholder Group. For example, if the relevant non-interested Unitholders were to vote against one of the Resolutions 5, 6 & 7, such resolution will not be carried and the relevant interested Major Unitholder Group will not be able to participate in the Proposed Placement.</p>
4.	<p>CLMT's NAV as at 31 Dec 2022 was RM1.0751 while yesterday's closing price was RM0.54, which is at a discount of approximately 50% to NAV. Please explain how the proposed private placement of up to 1,031.77 million units will not dilute the interest of minority unitholders who will not be able to participate in the private placement.</p> <p>How much dilution to earnings per unit once private placement is done?</p>
	<p>While the proposed placement will be issued below NAV, the proceeds will be used to acquire an asset which will be earnings and DPU-accretive and will be a transformational deal for CLMT. This transaction will improve the earnings quality and portfolio resilience of the REIT and provide higher distributions to all unitholders.</p> <p>Depending on the gearing level for the mode of financing of the Proposed Acquisition, the Proposed Acquisition is expected to be yield accretive upon completion which would result in a higher DPU.</p> <p>Referring to the EGM slide 17 that was shared, assuming that the Proposals were completed on 1 January 2022, the DPU of CLMT for the FYE 31 December 2022 is expected to increase from 4.01 sen to (a) 4.41 sen under Minimum Scenario; or (b) 4.20 sen under Maximum Scenario.</p> <p>We believe that over time, this transaction will act as a catalyst that will allow the share price to trade closer to the NAV.</p>
5.	<p>Are you getting a fair price or a premium on the proposed placements to major investors?</p>
	<p>The Board will ensure the Issue Price is in the best interest of CLMT, taking into consideration factors such as investors' demand, market condition and market price.</p> <p>To safeguard Unitholders' interest, the Issue Price will not be fixed at a discount of more than 10% to the 5-market day volume-weighted average market price of the Units before the Price-Fixing Date.</p>

6.	What is the expected bookbuilding price?
	The Issue Price will be determined once the bookbuilding exercise is closed and will be announced on Bursa Securities.
7.	<p>Given the challenges at the underperforming assets and with the current unit price at a discount to NAV, should the Management address these challenges first before issuing new units at a discount to NAV to acquire yet another retail asset?</p> <p>CLMT will buy the new asset at market price of around RM1 billion via issuing new units to sellers (major unitholders) at a price that is almost 50% discount to its NAV value. How is this fair to minority unitholders? Although the unit price currently is trading at 50% discount to NAV, practically it is not possible to be able to buy the units with such price from the market.</p>
	<p>CLMT delivered a resilient performance in 2022, driven by higher contributions from most of the retail properties amidst the sustained momentum in retail sector recovery. In addition, we diversified our income stream through the into the logistics sector with the completion of our first logistics property.</p> <p>Queensbay Mall fits the criteria we are looking for in retail assets and has demonstrated strong operating metrics. It is a strategically located mall with strong tenant base and this quality asset has an attractive acquisition yield of 7.3%. The Proposed Acquisition is a DPU accretive transaction which will enhance CLMT's portfolio strength and income diversification.</p> <p>We intend to continue building our exposure in the industrial/logistics sectors to grow the portfolio inorganically while at the same time, stabilise the performance of the Klang Valley assets.</p> <p>For the proposed acquisition of Queensbay Mall, the total purchase consideration was arrived at on a willing-buyer willing-seller basis after considering the competitive strengths of the property and enhancement of CLMT's scale and portfolio resilience. We believe the total purchase consideration is reasonable given that it represented a discount of approximately 1.0% to the independent valuation of RM1.0 billion.</p> <p>We believe the proposed acquisition will benefit unitholders given that Queensbay Mall is a quality asset with strong operational performance, which will improve CLMT's DPU, NPI yield and portfolio occupancy. It will also increase CLMT's exposure to Penang and increase Penang and Kuantan's NPI contribution from 91.8% currently to 94.4% post-acquisition, and thereby strengthening its portfolio resilience. With a reasonable property yield of 7.3%, the proposed acquisition will contribute positively to CLMT's earnings and is accretive at DPU level, hence enhancing returns to unitholders.</p> <p>The placement price should be compared to the current market price as that is what unitholders will have to pay to purchase units today in the open market.</p>

C. Business Performance	
1.	<p>Starting 1 Jan 2023, the maximum working hours have reduced from 48 hours to 45 hours under Employment Act. What is the company's plan to reduce costing?</p> <p>How will the company reduce cost but at the same time, not cut staff wages so that staff will perform and be rewarded accordingly for a win-win situation? Does the company have enough manpower to manage the properties?</p>
	<p>We conduct market surveys regularly and benchmarking to ensure our manpower is always at an optimum level. Manual processes will be automated where possible which will eventually lead to cost savings through productivity improvement.</p>
2.	<p>How will company ensure profitability compared to the past two financial years?</p> <p>What is your action plan to ensure your financial remains healthy?</p> <p>Does CLMT intend to acquire more properties to increase new income?</p>
	<p>CLMT delivered a resilient performance in 2022, driven by higher contributions from most of the retail properties amidst the sustained momentum in retail sector recovery. In addition, we diversified our income stream through the into the logistics sector with the completion of our first logistics property. Gross revenue grew 23.1% year-on-year to RM275.8 million while net property income improved 47.9% from a year ago to RM152.5 million. This led to a distribution per unit (DPU) of 4.01 sen, an increase of 117.9% from the previous year. Our focused asset management efforts helped boost the occupancy levels at our properties, improving our portfolio occupancy to 85.9% as at 31 December 2022 from 82.5% a year ago.</p> <p>Barring unforeseen circumstances, notwithstanding the expected increase in utilities expenses as a result of the increase in electricity tariff, we expect improvements in performance for FY 2023 given the full year income contribution from the new fully tenanted logistics property and new contribution from Queensbay Mall upon the completion of the acquisition in 1Q 2023.</p> <p>We intend to continue building our exposure in the industrial/logistics sectors to grow the portfolio inorganically while at the same time, stabilise the performance of the Klang Valley assets.</p>
3.	<p>During 4Q 2022 financial performance, 3 Damansara and The Mines fair value is lower than the initial investment? May I know what was the problem and how to solve it?</p> <p>The Mines seemed to be more profitable when they organised the vaccination programme previously. What can you do to stabilise profit?</p>
	<p>The decline in 3 Damansara and The Mines' valuation is largely due to the negative rental reversions as well as lower occupancies.</p> <p>Our turnaround plans for these malls will focus on strategies to curate interesting and unique retail offerings and experiences that will well differentiate from the surrounding shopping malls.</p>

	<p>For 3 Damansara, we have introduced a good supermarket anchor which is a relevant trade for a neighbourhood mall and have identified complementing trades, new dining experience and lifestyle offerings as part of a holistic turnaround plan that befits the redesigned mall positioning at 3D. Since opening, the supermarket has been performing well and we expect the higher footfall to drive the leasing momentum for the rest of the mall.</p> <p>The Mines has been affected by strong competition from the opening of new malls. Given The Mines' established catchment and good accessibility, we have clear strategies and plans in place to redesign the retail mix to better serve its targeted catchment along with tactical leasing strategies. We plan to leverage the canal and promote the mall as a tourist destination.</p>
4.	What will you do to ensure ESG rating improves?
	<p>CLMT is committed to deliver long term economic value and contribute to the environmental and social wellbeing of our communities.</p> <p>In financial year 2022, we actively implemented initiatives to improve operational efficiencies and manage energy consumption at all our properties. We also secured our maiden offer for sustainability-linked loan. With support from CapitaLand Hope Foundation, we provided essential items and school supplies to more than 1,200 underprivileged children from 36 homes and schools.</p> <p>Our approach towards sustainability is aligned with that of our sponsor, CapitaLand Investment, and CLMT actively contributes to the targets set out under CapitaLand's 2030 Sustainability Master Plan.</p>
D. Strategy and Outlook	
1.	The underperforming shopping malls are really affecting the entire revenue and profit for CLMT. Could you please explain what is the plan for these malls? Will Management consider selling these properties or any other solution to improve them?
	<p>Malaysia's retail sector, especially the Klang Valley, experienced a tough operating environment in the last few years due to an oversupply of retail space. Concurrently in 2020, unprecedented challenges arose due to the COVID-19 pandemic and the retail sector is one of the most impacted sectors.</p> <p>In response to the growing competition, our strategy is to actively curate retail trades and experiences that keep up with the evolving trends, presenting our malls beyond just shopping and continue to expand on the areas of experiences, activities, socials and community. We will also step up our efforts in securing new to market brands, leverage CapitaLand's global network and explore strategic collaborations specifically targeted and tailored to each asset's catchment to promote and deepen engagement.</p> <p>We do not rule out divestment as part of the portfolio reconstitution plan for long term growth. As always, the evaluation process of a divestment will include pricing, timing and whether there can be a better use of the proceeds from the divestments. For now, we remain focused on growing the portfolio inorganically while at the same time, stabilise the performance of the Klang Valley assets.</p>

2.	Will CLMT further diversify into hospitality, warehouse or office block?
	The expanded investment mandate enables CLMT to explore other assets classes beyond retail and this includes commercial, office and industrial asset classes. We are particularly keen in the industrial logistics asset classes, as they have shown to be very resilient.
3.	How can the Sponsor do better for the Malaysia business? Even the companies in Singapore is seeing better achievement in overall group of companies?
	As the Sponsor and largest unitholder in CLMT, CLI is committed to support CLMT's growth by providing a robust pipeline of attractive assets and participating in its equity fund raising, as evident in the proposed transaction.
4.	Following the expansion of investment mandate with the aim to diversify away from retail assets and citing oversupply of retail stock concerns, please explain the rationale for the acquisition of another retail asset?
	<p>The investment mandate expansion enables CLMT to explore existing and new asset classes to diversify its revenue stream.</p> <p>For retail assets, we are open to explore opportunities to acquire assets with strong leadership position in their respective markets, similar to Gurney Plaza and East Coast Mall, and clarity of income.</p> <p>Queensbay Mall fits the criteria we are looking for in retail assets and has demonstrated strong operating metrics. It is a strategically located mall with strong tenant base and this quality asset has an attractive acquisition yield of 7.3%. The Proposed Acquisition is a DPU accretive transaction which will enhance CLMT's portfolio strength and income diversification.</p>
5.	After the acquisition of Queensbay Mall, what are your plans this year?
	<p>We are particularly keen in the industrial logistics asset classes, as they have shown to be very resilient.</p> <p>In December 2022, we completed our maiden acquisition of a logistics park – Valdor Logistics Hub and this marks the start of our strategy to invest in well-connected and high-quality industrial and logistics assets which offer stable income growth.</p> <p>We plan to grow our dividends by making acquisitions in these new sectors that will strengthen our portfolio and benefit unitholders.</p>
6.	Did you conduct due diligence tests on the prospects of commercial lots and malls in the country and within this region?
	<p>Queensbay Mall fits the criteria we are looking for in retail assets and has demonstrated strong operating metrics. It is a strategically located mall with strong tenant base and this quality asset has an attractive acquisition yield of 7.3%.</p> <p>We are particularly keen in the industrial logistics asset classes, as they have shown to be very resilient. We plan to grow our dividends by making acquisitions in these new sectors that will strengthen our portfolio and benefit unitholders.</p>

E. Others	
1.	Please send me the printed annual report.
	We have reached out to the unitholders and will send out the annual report once published.
2.	Is there any door gift for unitholder who attend this meeting?
	<p>As a form of appreciation to our unitholders who participated in the virtual unitholders' meeting, we are pleased to give out RM50 worth of CapitaStar's digital voucher (STARVoucher) which can be used at various participating tenants from the CapitaLand malls.</p> <p>Boardroom will be sending an email with details on how to obtain the STARVouchers to all valid unitholders and proxies who logged in and participated at this meeting.</p>
3.	Any allowance given to the Board of Directors for this EGM?
	There is no attendance allowance given to the Board of Directors for attending the general meeting.
4.	When does Management intend to revert to physical meetings?
	The Board will review the circumstances and take into consideration, amongst others, applicable laws and regulations, costs and benefits as well as health and safety for all concerned, before deciding on the appropriate manner to hold General Meetings.
5.	CLMT's share price has not recovered/improved versus other M-REITs. Why is this so?
	<p>CLMT delivered a resilient performance in 2022, driven by higher contributions from most of the retail properties amidst the sustained momentum in retail sector recovery. In addition, we diversified our income stream through the into the logistics sector with the completion of our first logistics property.</p> <p>Barring unforeseen circumstances, notwithstanding the expected increase in utilities expenses as a result of the increase in electricity tariff, we expect improvements in performance for FY 2023 given the full year income contribution from the new fully tenanted logistics property and new contribution from Queensbay Mall upon the completion of the acquisition in 1Q 2023. Our strong financial and investment discipline will further strengthen the fundamentals of CLMT.</p> <p>Whilst stock price is determined by market forces, we will proactively engage the investment community with business-specific fundamental analysis so that they understand and value our business better.</p>