

# KLCCP Stapled Group

Financial Results

4<sup>th</sup> Quarter ended 31 December 2014

FYE 2014

28 January 2015



# Disclaimer

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These materials contain historical information of the Company which should not be regarded as an indication of future performance or results.

These materials also contain forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements reflect the Company's current views with respect to future events and are not a guarantee of future performance or results. Actual results, performance or achievements of the Company may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future, and must be read together with such assumptions.

No part of these materials shall form the basis of, or be relied upon in connection with, any investment decision whatsoever.



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# Stapled Group Key Highlights





# Stapled Group Key Highlights for year ended 31 December 2014

**5% Growth in Revenue YoY**

**4% Growth in Profit Before Tax YoY**  
(excluding fair value adjustment)

**4% Growth in Profit for the period YoY**  
(excluding fair value adjustment)

**16% Growth in Distribution Per Stapled Security YoY**  
(2014: 33.64 sen ; 2013: 28.94 sen; Prospectus: 32.74 sen)

**15% Capital Appreciation**  
(31 Dec 14 : RM12.11b; 31 Dec 13 : RM10.56b)



# Stapled Group Portfolio Highlights for year 2014

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## Office

**Stable Office revenue, YoY**

**93% office revenue contributed by REIT assets**

**Secured Triple Net Lease Agreement with PETRONAS for Menara Dayabumi with effect 1 January 2014**

**RM13.3 million savings in operating expenses post implementation of triple net lease for Menara Dayabumi**

**100% occupancy maintained for all offices within portfolio**



# Stapled Group Portfolio Highlights for year 2014

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## Retail (Suria KLCC & Retail Podium Menara 3 PETRONAS)

**9% retail portfolio revenue growth, YoY**

**9% profit before tax growth, YoY**

**12% positive rental reversion**

**Maintained 98% occupancy**

**> 45 million footfall**





# Stapled Group Portfolio Highlights for year 2014

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## Hotel (Mandarin Oriental Kuala Lumpur)

**Highest revenue in 16 year history**

**9% revenue growth YoY**

**3% EBITDA growth, YoY supported by F&B segment from opening of refurbished banquet hall**

**23% F&B revenue growth, YoY, due to newly renovated ballroom**

**ARR leader in the market**

**62.6% occupancy**





# Stapled Group Portfolio Highlights for year 2014

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## Management Services (Facility Management & Parking)

**17% revenue growth, YoY**

**17% profit before tax growth, YoY**

**Increased rates in car parking and one-off facility management fees services**

**Achieved National Occupational Health & Safety Excellence Award 2014**

**Attained ISO 14001:2004 (Environmental Management System) and OHSAS 18001:2007 (Occupational Health & Safety Management System)**



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## Financial Results





# PBT increased by 4% due to savings in opex post TNL implementation at Menara Dayabumi and improved management services performance

Statement of Comprehensive Income	Q4 2014 RM'mil	Q4 2013 RM'mil	% Variance
Revenue	347	332	↑ 5%
Operating Profit	252	243	↑ 4%
Profit Before Tax <sup>1</sup>	234	224	↑ 4%
Profit Attributable to Equity Holders of KLCCP and KLCC REIT <sup>1</sup>	196	186	↑ 5%
<b>Distribution per stapled security (sen)</b>	<b>8.75</b>	<b>8.71</b>	↑ <1%

Note : <sup>1</sup> Excluding fair value adjustment



# PBT increased by 4% driven by improved results from retail, hotel and management services

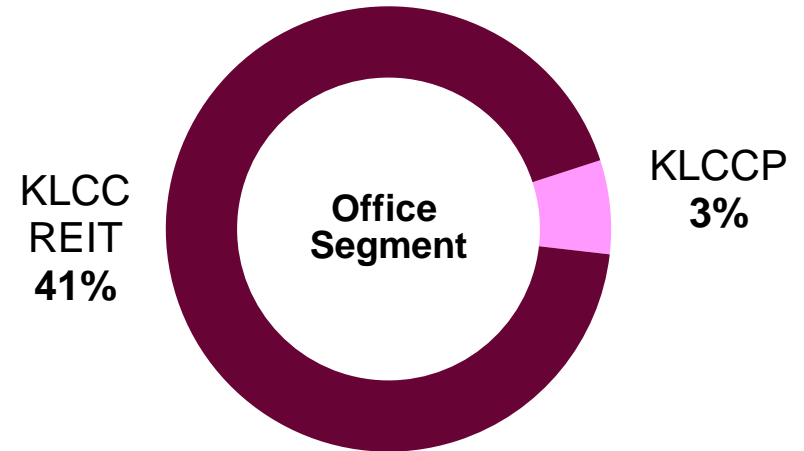
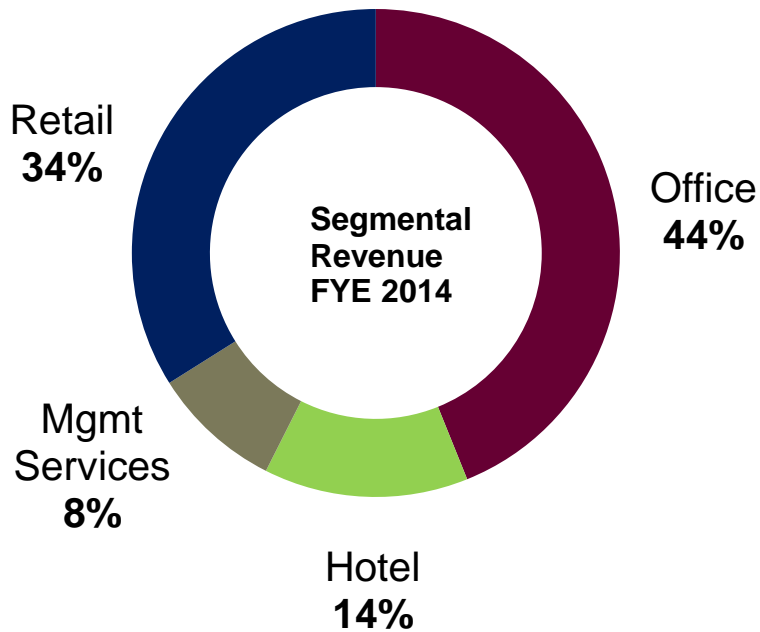
Statement of Comprehensive Income	31 Dec'14 RM'mil	31 Dec'13 RM'mil	% Variance
Revenue	1,354	1,284	↑ 5%
Operating Profit	1,012	951	↑ 6%
Profit Before Tax <sup>1</sup>	913	875	↑ 4%
Profit Attributable to Equity Holders of KLCCP and KLCC REIT <sup>1</sup>	702	638	↑ 10%

Note : <sup>1</sup> Excluding fair value adjustment

Statement of Financial Position	31 Dec'14 RM'mil	31 Dec'13 RM'mil	% Variance
Total Assets	16,804	16,265	↑ 3%
Total Borrowings	2,512	2,326	↑ 8%
Total Liabilities	2,956	2,858	↑ 3%
Equity Attributable to Holders of KLCCP and KLCC REIT	12,026	11,695	↑ 3%
NAV per stapled security	6.66	6.48	↑ 3%

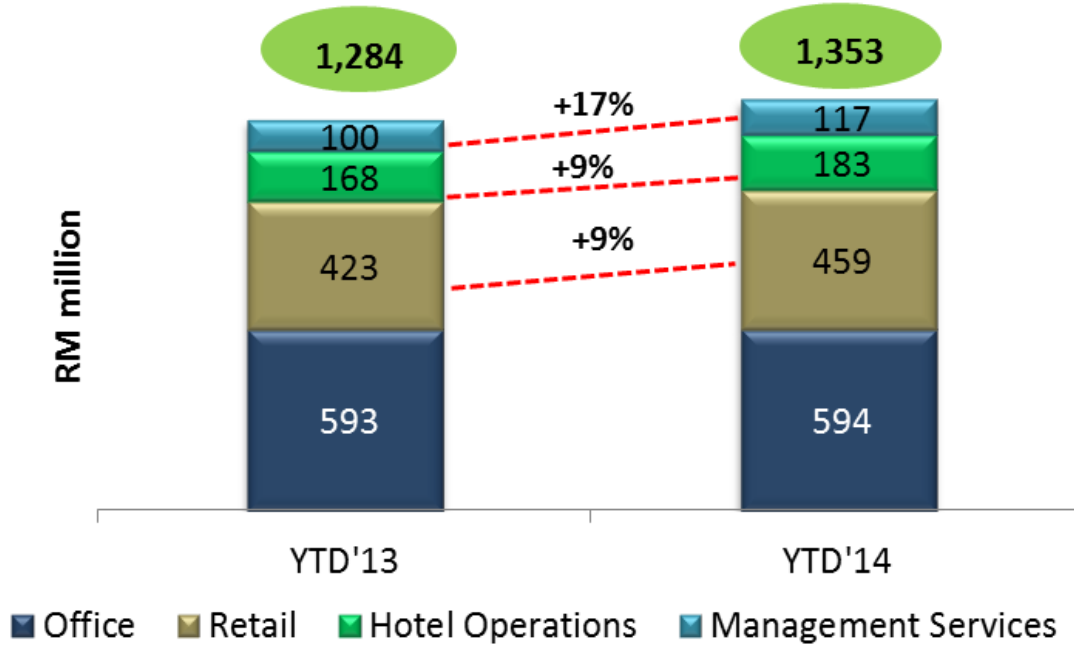


# Office segment remained major contributor with retail and hotel increasing contribution to Stapled Group revenue





# Improved revenue from all segments with retail, hotel and management services increasing their share of contribution



**Positive revenue contributions and growth from all segments across the portfolio, YoY**

## OFFICE

Implementation of Triple Net Lease for Menara Dayabumi effective 1 January 2014

## RETAIL

Higher rental rates from new outlets and rental reviews

## HOTEL

Contribution from F&B segment from opening of ballroom facilities following renovation completion

## MANAGEMENT SERVICES

Increased rates for car parking operations & provision of additional services for facilities management



# KLCCSS exceeds forecast distribution per stapled security in prospectus of 32.74 sen

	4Q 2014	4Q 2013	YTD 2014	YTD 2013
<b>KLCCP</b>	3.89	3.42	13.96	16.05
<b>KLCC REIT</b>	4.86	4.86	19.68	12.89*
<b>Distribution Per Stapled Security (DPU) (sen)</b>	8.75	8.28	33.64	28.94

\* KLCC REIT was constituted only on 2 April 2013

<b>Ex-dividend date</b>	9 February 2015
<b>Book closure date</b>	11 February 2015
<b>Distribution payment date</b>	27 February 2015





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# Capital Management





# Optimising cost of debt and sizeable debt headroom to support growth initiatives

## 1HFY14 Initiatives

### KLCC REIT

Established a Sukuk Murabahah Programme comprising an Islamic Commercial Papers Programme and an Islamic Medium Term Notes Programme with a combined limit of RM3 billion

On 25 April 2014, KLCC REIT issued RM1.555 billion to early settle existing debts based on maturity period of 3 to 10 years and profit rates of 3.90% - 4.80%

Rated AAA/Stable/PI

Achieved Best Islamic REIT Deal of the Year, Real Estate Deal of the Year and Country Deal of the Year (Malaysia) 2014

## 2HFY14 Initiatives

### SURIA KLCC

Established & issued a Sukuk Murabahah Programme comprising an Islamic Commercial Papers Programme and an Islamic Medium Term Notes Programme with a combined limit of RM600 million

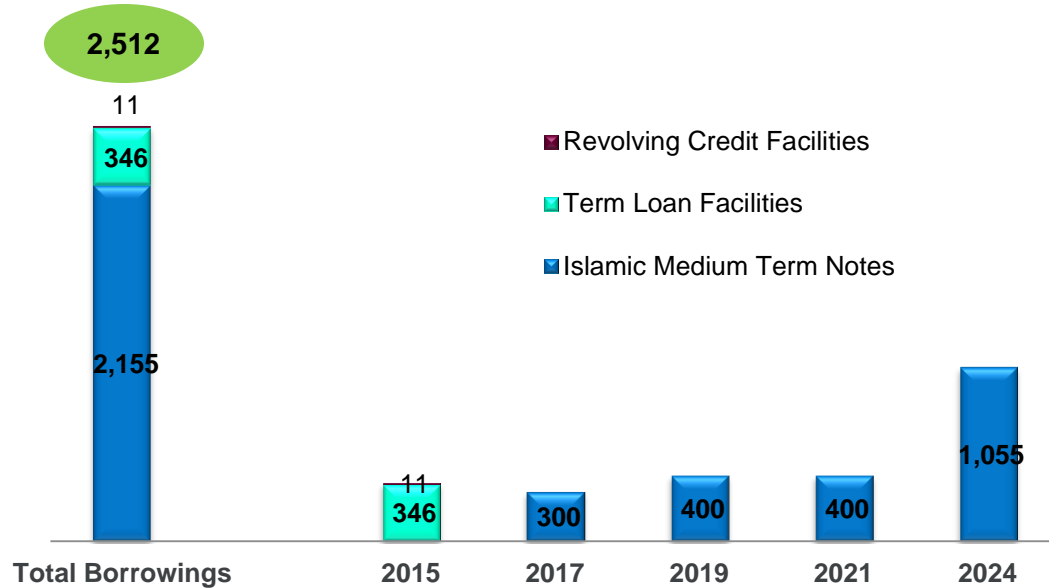
Issued to settle existing loan with EPF and shareholders advances based on maturity period of 10 years and annual profit rate of 4.73%

Rated AAA/PI

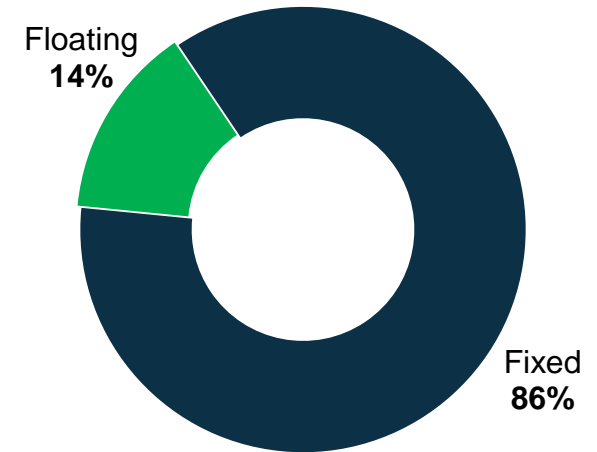


# 86% fixed borrowings with locked-in interest rates over a longer period of maturity

## Debt Maturity Profile



## Interest Rate Profile



	31 Dec 2014	31 Dec 2013
Debt (RM'mil)	2,512	2,326
Gearing Ratio (%)	21	17
Average Cost of Debt (%)	4.50	4.68
Borrowings on Fixed Rate	86%	70%



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## Market Outlook



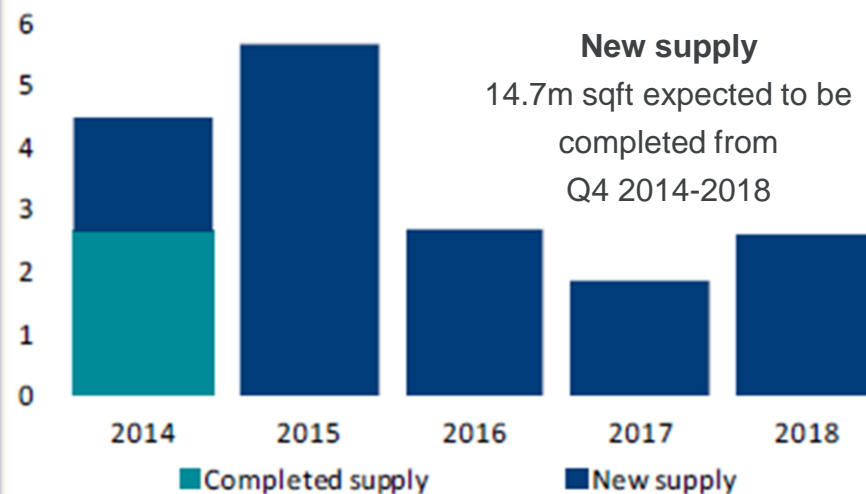
# Office – Resilience in short term amidst widening gap between supply and demand

## Office Market Outlook

- Amidst widening gap between supply & demand, KL office market expected to display resilience in short term
- Prime office rents expected to remain fairly stable
- Demand for good grade dual compliant (MSC & Green) office space expected to remain strong
- MRT Lines 1 & 2, High Speed Rail will transform region into world-class metropolis
- Concerted efforts by MIDA & InvestKL augur well for KL Office market

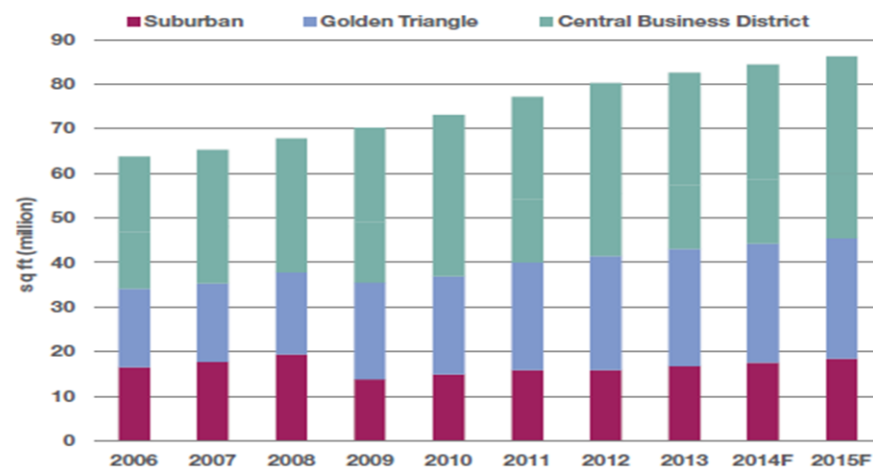
*Knight Frank Research 2H2014*

Office development pipeline, sq ft (million)



Source: DTZ Research

Cumulative office supply, 2006–2015F

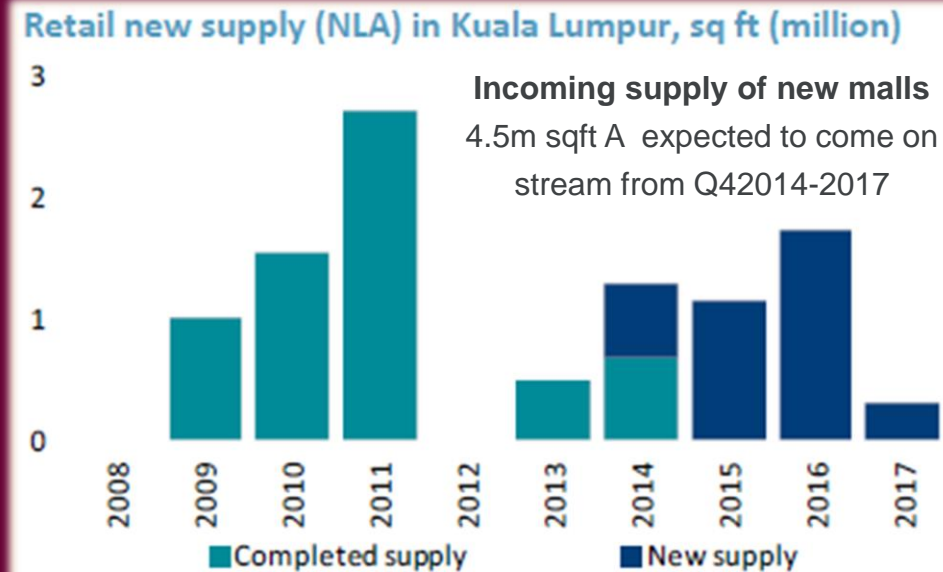


Source: Savills Rahim & Co Research

# Retail Market – challenging due to pressures on consumer purchasing power

## Retail Market Outlook

- By 1H2015, an estimated 2.5m sqft is slated for completion
- Short term outlook remains challenging due to rising cost of living
- OPR hike, removal of subsidy, uptick in CPI & impending GST will exert pressures on purchasing power of consumers
- Challenging year amid growing competition & entry of popular international brands
- With heightened competition, older & non-performing malls expected to be redeveloped or repositioned



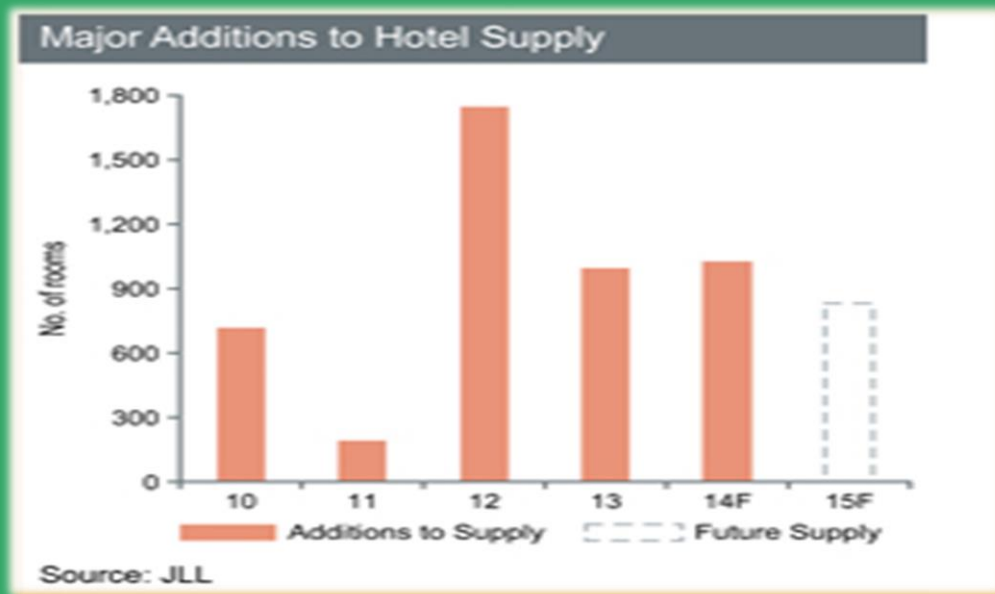
Source: DTZ Research



# Hotel – Steady growth with impending entry of upscale and boutique brands

## Hotel Market Outlook

- Steady growth with impending entry of upscale & boutique brands from 2017
- An estimated 4,000 rooms expected to enter market from 2015 – 2018
- High demand for 4-5 star hotels to cater for growing number of business travellers and in anticipation of high speed rail
- Healthy demand from Corporate & MICE sector in next few years in view of pipeline of hotels







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# KLCCSS Prospects





# A clear growth profile with positive longer term earnings prospects and stable dividend payout

**Growth fuelled  
from in-built  
pipeline & ROFR**

**Regular and stable  
dividend  
distribution**

**Long Term  
Stability**

- Upcoming 4.1 million sqft of investment properties serve as catalyst for significant value enhancement

- Fixed rate debt will hedge future potential rate hikes and ensure stable dividend payout
- Long term earnings prospect to enhance positive DPU growth

- Stable leases & prime assets for long term stability
- Positive longer term prospects with on-stream expansion & development



Thank You

