

# KLCCP Stapled Group

Financial Results

4<sup>th</sup> Quarter ended 31 December 2015

FYE 2015

22 January 2016



# 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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# KLCCP Stapled Group Key Highlights

FY2015



# KLCCP Stapled Group: Key Highlights for FY 2015

**Revenue** RM **1,340**m ▼ 1% , FY2014: RM 1,354m

**Profit before tax<sup>1</sup>** RM **937.5**m ▲ 3%, FY2014: RM 912.7m

**Profit after tax<sup>1</sup>** RM **829.2**m ▲ 4%, FY2014: RM 794.4m

**Property value** RM **15.2**b ▲ 5%, FY2014: RM14.5b

**Distribution per stapled security** **34.65**sen ▲ 3% FY2014: 33.64sen

**Net Asset per stapled security** RM **6.95** ▲ 4%, FY2014: RM 6.66

**Market capitalisation** RM **12,745**m ▲ 5%, FY2014: RM 12,114m

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

# Reaping awards of excellence & accolades



FTSE4Good

Inclusion into the **FTSE4GBM**  
index



Provisional GBI Certification  
**Gold – PETRONAS Twin Tower**  
**Silver – Menara 3**



Mandarin Oriental KL  
Readers' Choice Awards 2015  
**Best Hotel in Kuala Lumpur**



KLCC Parking Management Sdn Bhd  
Installation for **Parking Guidance  
System (PGS)**



KLCC Parking Management  
Sdn Bhd  
**MOSPHA OSH Excellence  
Awards**

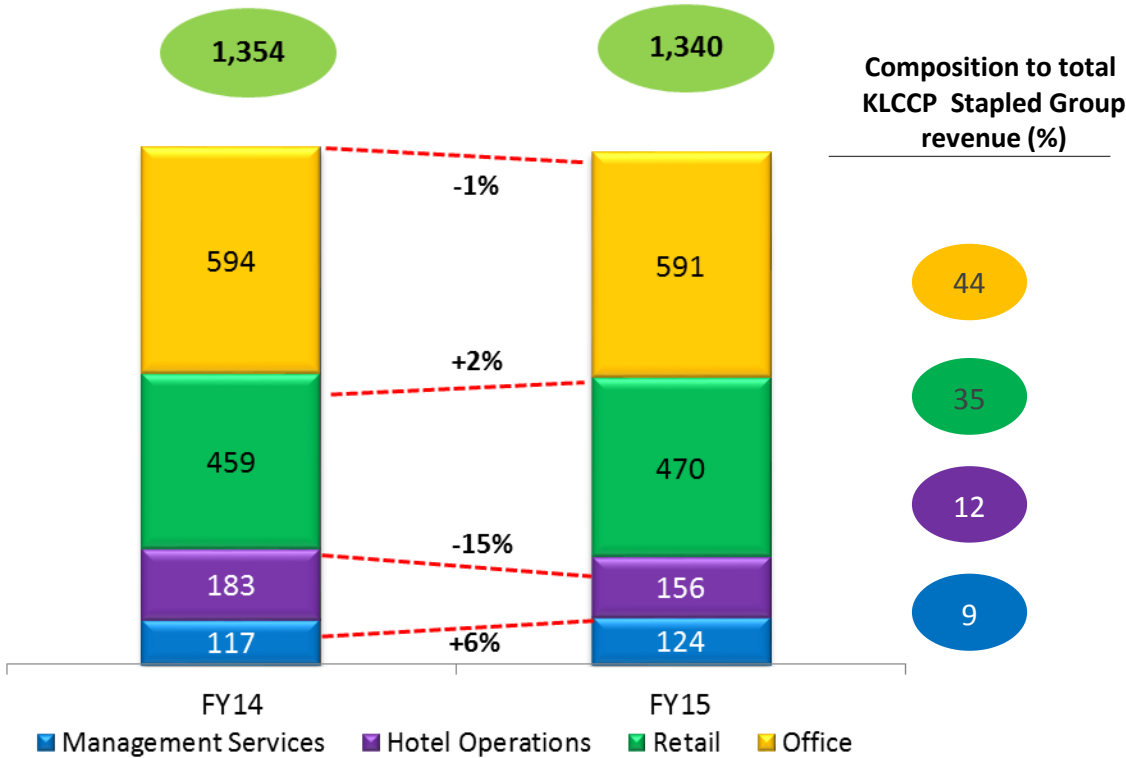


Mandarin Oriental KL  
**Best Hotel in Malaysia**



# Hotel segment continued to trade in challenging conditions with retail & management services increased its share of contributions

Segmental Revenue (RM mil)



## OFFICE

Closure of City Point podium of Kompleks Dayabumi for redevelopment

## RETAIL

Higher rental rates becoming effective during the year

## HOTEL

Weaker market demand and renovation of meeting rooms and recreational facilities

## MANAGEMENT SERVICES

Provision of additional facilities management services



## Stapled Group Key Highlights for FY2015

### Office (PETRONAS Twin Towers, Menara 3 PETRONAS, Menara ExxonMobil & Kompleks Dayabumi)

94% revenue contribution from KLCC REIT assets

7% increase in PBT as FY2014 included one off refinancing costs

100% occupancy maintained for all office within portfolio

Secured long term lease with existing tenant of Menara ExxonMobil upon expiry of lease in 2017

Completed demolition of City Point Podium, and commenced substructure works

Conversion of atrium spaces of Levels 2, 3 & 4 of Menara Dayabumi into offices area is in progress and due for completion in Q12016





# Stapled Group Key Highlights for FY2015

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

**2% increase in PBT due to rental reversions and new tenants**

**10% positive rental reversion**

**98% occupancy maintained**

**2% increase in MAT - Tenant Sales YoY and 7% increase QoQ**

**25 new tenants & upgrades contributed to tenant mix and enhanced customer experiences in FY2015**

**>45 million footfall amid soft consumer sentiment**



# Stapled Group Key Highlights for FY2015

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## Hotel (Mandarin Oriental Kuala Lumpur)

**Market leader in ARR**

**Received 16 international, regional & local awards in 2015**

**82% decline in hotel PBT YoY**

**15% decline in occupancy, YoY**

**Performance impacted by renovation of meeting rooms & recreational facilities in 1HFY2015 coupled with subdued market conditions**

**Final phase of the renovation for guestrooms and corridors to commence in Q2FY16**



# Stapled Group Key Highlights for FY2015

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## Management Services (Facility Management & Parking)

**6% Revenue growth, YoY due to additional facilities management services**

**1% PBT growth, YoY**

**KLCC Parking Management recognized with OSH Management on Parking Management Services (Gold Award) by Malaysian Occupational Safety and Health Practitioner's Association (MOSHPA)**



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# Financial Results

## Q4 2015





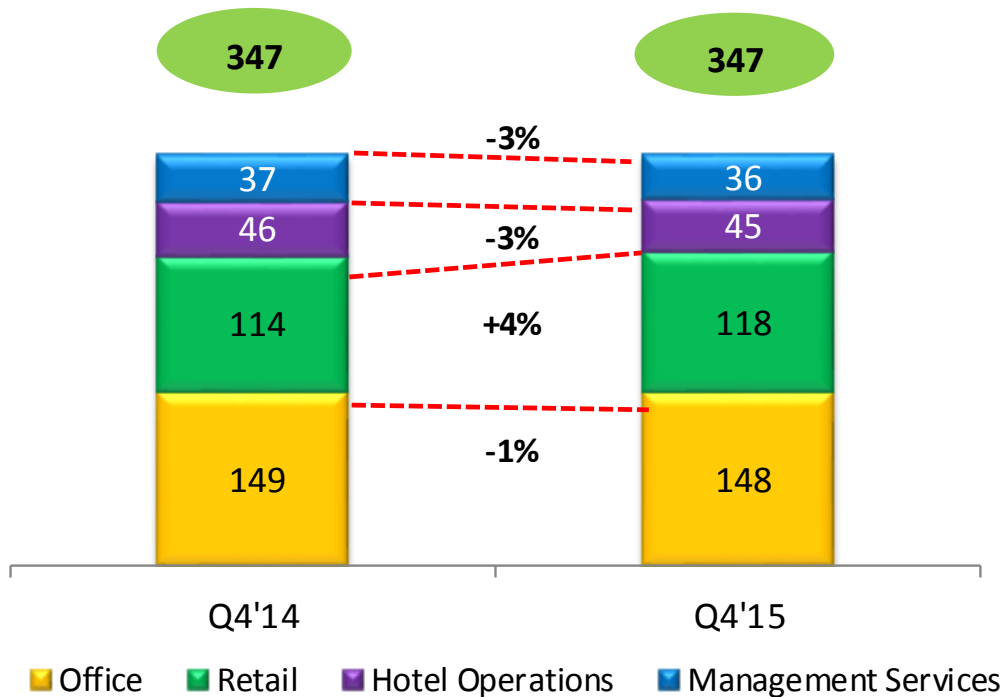
## Stable and consistent performance in Q4 2015, driven by retail segment

RM'000	Q4FY2015	Q4FY2014	Variance (%)
Revenue	347,144	347,000	▲ 0.1%
Profit before tax <sup>1</sup>	236,540	233,617	▲ 1.3%
Profit after tax <sup>1</sup>	210,556	208,505	▲ 1.0%
Profit attributable to equity holders of KLCCP and KLCC REIT <sup>1</sup>	184,154	183,267	▲ 0.5%
Distribution per stapled security (sen)	9.82	8.75	▲ 12.2%

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

# Stable revenue performance with increased contributions in retail

Segmental Revenue (RM mil)



## OFFICE

Closure of City Point podium of Kompleks Dayabumi for redevelopment

## RETAIL

Higher rental rates becoming effective during the quarter

## HOTEL

Weaker F&B contribution from slowdown in banqueting & corporate events

## MANAGEMENT SERVICES

Closure of City Point parking for redevelopment of Phase 3 leading to reduction in parking revenue



## 3% increase in distribution per stapled security in FY 2015 in spite of challenging environment

RM'000	FY2015	FY2014	Variance (%)
Revenue	1,340,229	1,353,516	▼ 1.0%
Profit before tax <sup>1</sup>	937,510	912,688	▲ 2.7%
Profit after tax <sup>1</sup>	829,159	794,354	▲ 4.4%
Profit attributable to equity holders of KLCCP and KLCC REIT <sup>1</sup>	724,526	689,310	▲ 5.1%%
Distribution per stapled security (sen)	34.65	33.64	▲ 3.0%

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



## Continuous growth in value of investment properties testament to asset quality, providing long term stability

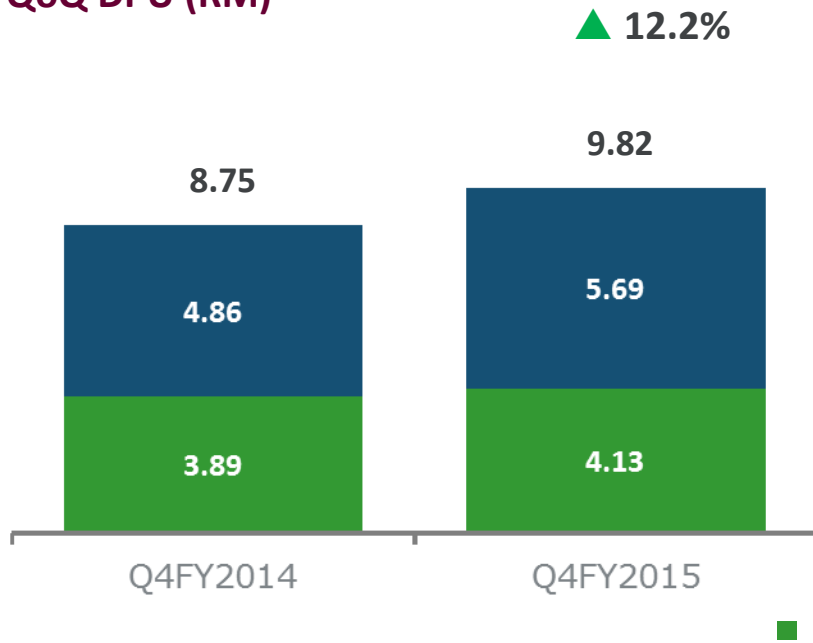
RM'000	31 Dec 2015	31 Dec 2014	Variance (%)
Total Assets	17,537,080	16,803,840	▲ 4.4%
Total Borrowings	2,560,625	2,511,542	▲ 2.0%
Total Liabilities	3,026,026	2,955,811	▲ 2.4%
Equity Attributable to Equity Holders of KLCCP and KLCC REIT	12,551,282	12,025,991	▲ 4.4%
NAV - per stapled security (RM)	6.95	6.66	▲ 4.4%



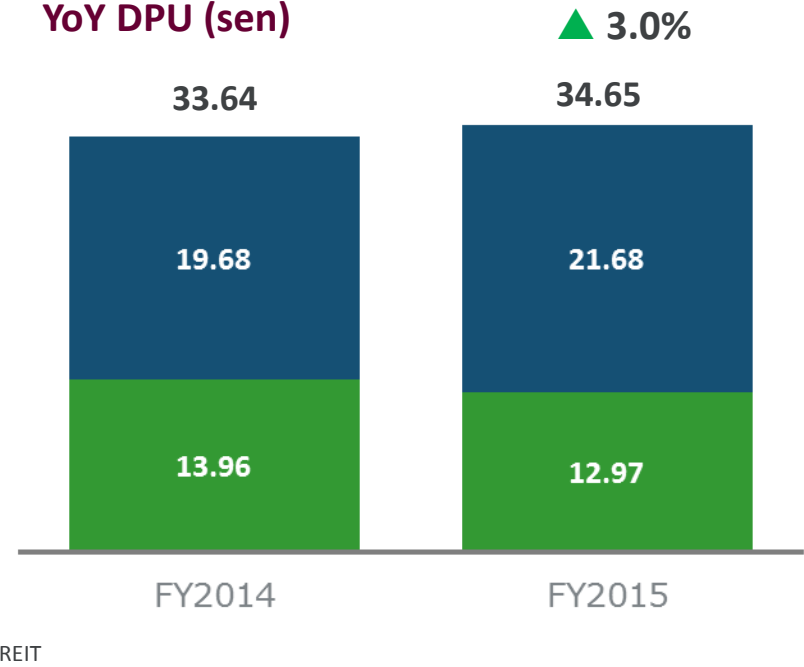


# Distributed 98% overall distributable income for FY2015

QoQ DPU (RM)



YoY DPU (sen)



Ex-dividend date 04 February 2016

Book closure date 10 February 2016

Distribution payment date 29 February 2016



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# Capital Management

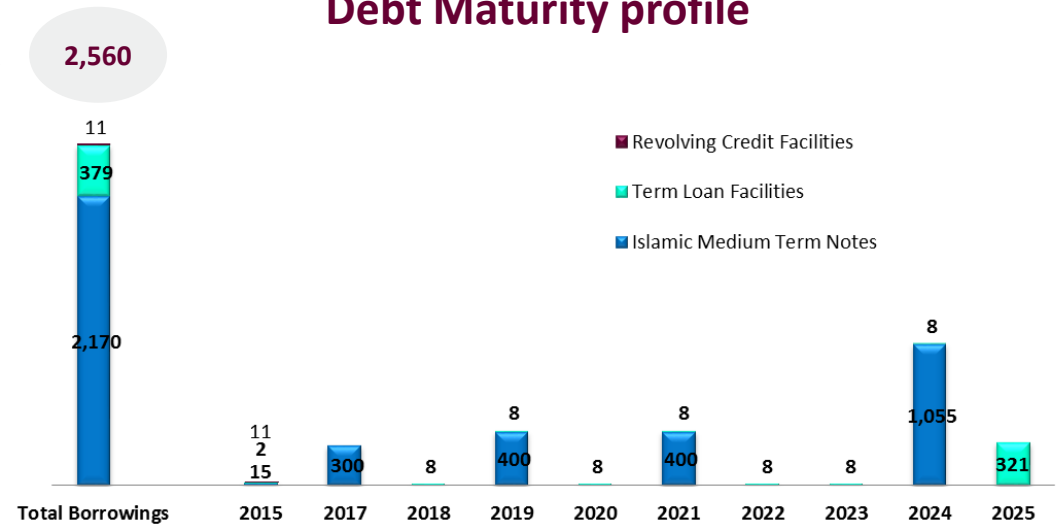


# 85% of fixed borrowings with extended period of maturity to year 2025

## FY2015 Capital Management Initiatives

- ❑ Restructured term loan facilities for Mandarin Oriental Kuala Lumpur in the aggregate principal sum of RM378 million
- ❑ Refinanced existing borrowing of RM330 million and reimbursement for repayment of shareholders advances
- ❑ Tenure of 10 years maturing 2025

## Debt Maturity profile



	FY2015	FY2014
Debt (RM'm)	2,560	2,512
Gearing ratio (%)	20	21
Average cost of debt (%)	4.51	4.52
Borrowings on fixed rate (%)	85	85



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## Market Outlook



# Office Market Outlook - Cooling down due to economic conditions

## Highlights

- Market expected to soften - restructuring of oil & gas companies and consolidation of banks expected to lead to higher vacancy
- Rental decline likely to continue due to heightened competition and high level of impending supply
- Decentralization trend continues with decentralized submarket gaining popularity due to accessibility & affordable rents
- Healthy take-up rate of new supply as demand for GBI & MSC status buildings continue to rise

## Quick Facts

**91.9 million sq ft**

Current supply of KL City & Beyond KL Office market

**RM6.32 per sq ft**

per month gross on NLA  
(KL Office Grade A)

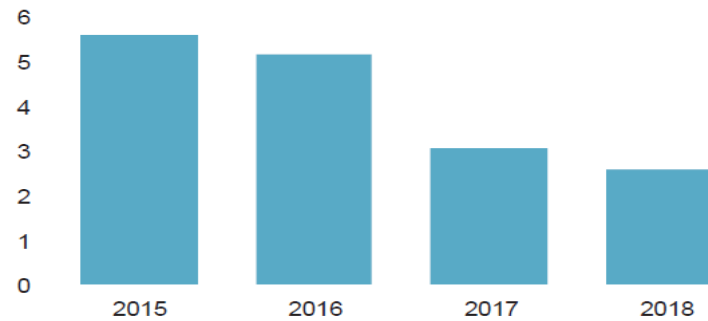
**81.6%**

Occupancy rate  
(KL Office market)

**2016: 6.3 million sq ft**  
**2017: 5.3 million sq ft**

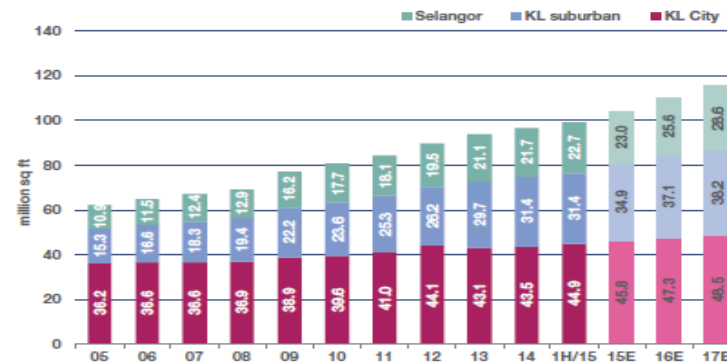
NLA Incoming supply in  
Greater KL market

Office development pipeline, sq ft (million)



Source : DTZ Research

Greater KL office stock, 2005–2017E



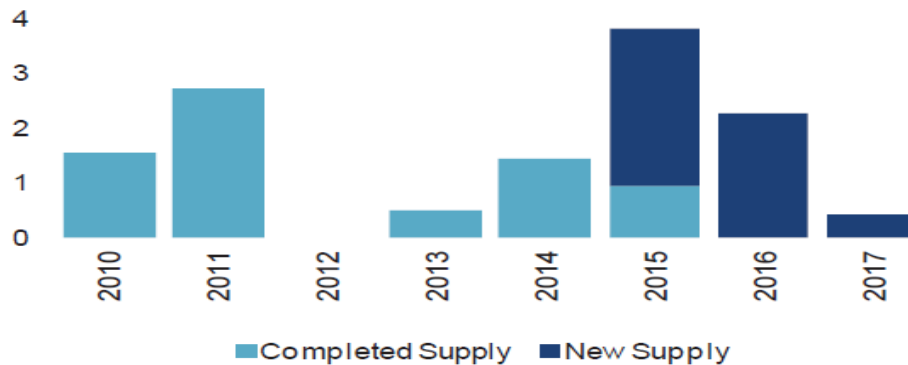
Source: Savills Research Malaysia

# Retail Market Outlook – Challenging & tougher operating environment

## Highlights

- Downward pressure on rents with entry of new malls
- Asset enhancement initiatives in order to compete with newer malls
- Short-term outlook is bearish
- Continuing development of non-oil industries, is expected to contribute to the rise of sales potential for the retailers by 2019 and beyond
- Next focus is on affordable fashion and multi-channel retail as younger generation will form the majority of shoppers

**Retail new supply (NLA) in Kuala Lumpur, sq ft (million)**



Source : DTZ Research

## Quick Facts

**54.5 million sq ft**

Retail stock (shopping malls)  
in Greater KL

**RM180 per sq ft**

Highest gross rent achieved  
(Suria KLCC)

**90%**

Average Occupancy rate in  
Greater KL

**2016: 7.6 million sq ft**

NLA new supply in Klang  
Valley market

# Hotel Market Outlook - Long term demand for hotels to remain resilient

## Highlights

- International tourist slumped by 20% YTD Nov 2015 largely due to combination of internal & external issues (floods, haze, plane tragedies, GST)
- Long term demand for hotels remain resilient – country still an attractive destination
- Performance of luxury hotels is expected to deliver slow & steady growth over the next few years prior to substantial new competition coming on stream from 2018 onwards
- Approximately 2,200 rooms expected to enter KL market from 2016 to 2018
- New stream of hotels is expected to lead to an increasingly competitive upscale & luxury hotel landscape

## Quick Facts

**12.6 million**

Tourist Arrivals  
(YTD Nov 2015)

**1,709 rooms**

Number of new rooms  
in 2015

**RM 485**

Average Daily Rate (ADR)  
(KL Luxury & Upscale  
stock)

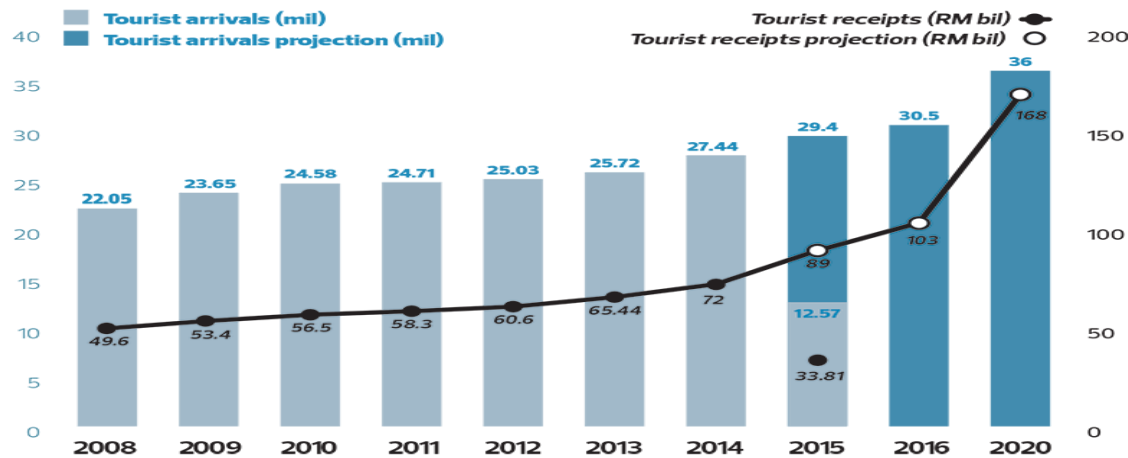
**RM 313**

Revenue per available  
room (RevPAR)  
(KL Luxury & Upscale  
stock)

**64.6%**

Occupancy rate  
(KL Luxury & Upscale  
stock)

## Tourist arrivals and receipts



Source: JLL Asia Pacific Hotel Destinations Q3FY2015, STR Global YTD July 2015, The Edge Markets



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## KLCCSS Prospects







# Focused in delivering sustainable returns & growth in long-term value

**Well positioned to deliver continued earnings & distribution growth**

- High quality portfolio delivering strong results
- High levels of occupancy
- Creditable tenants & long term lease expiries

**Focused on asset repositioning strategies to enhance value of portfolio**

- Evolving retail mix & focusing on customer experience
- Asset enhancement initiatives & redevelopment to unlock commercial potential
- Positioning asset to enhance its competitiveness & vibrancy

**Creating value for our holders of Stapled Securities**

- Focused on portfolio composition & value creation opportunities
- Resilience in future dividend distribution
- Committed to deliver sustainable returns



**Thank You**

