



KLCCP Stapled Group

Financial Results

3rd Quarter ended 30 September 2018

13 November 2018

Disclaimer

These materials contain historical information of KLCC Property Holdings Berhad and KLCC Real Estate Investment Trust (collectively known as KLCCP Stapled Group) 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 KLCCP Stapled Group's current views with respect to future events and are not a guarantee of future performance or results. Actual results, performance or achievements of KLCCP Stapled Group 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 KLCCP Stapled Group's present and future business strategies and the environment in which KLCCP Stapled Group 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.

1. Key Highlights

2. Portfolio Performance

3. Capital Management

4. Strategic Focus

9M FY2018 Results



Overview of KLCCP Stapled Group 9M FY2018 performance



- **Resilient performance** with YTD growth in revenue of 2.5% and profit before tax of 1.2%, despite market challenges



Stable performance from office segment underpinned by **full occupancy** and **long term leases**



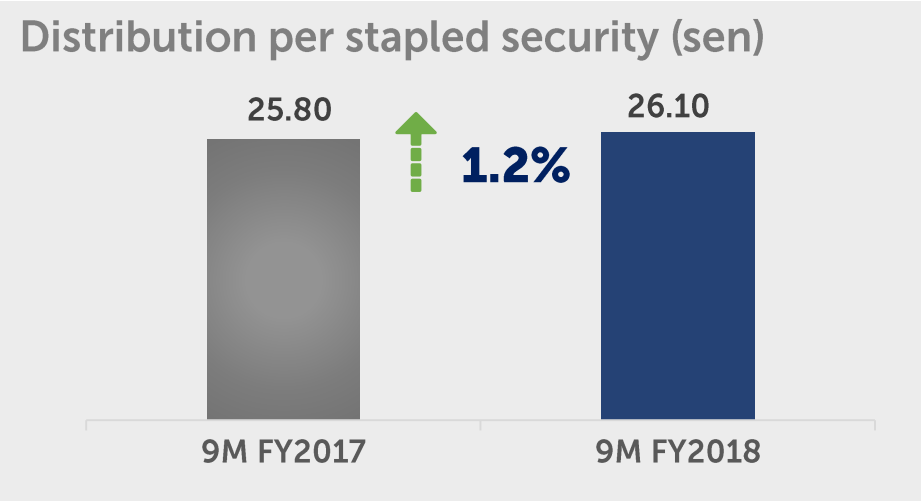
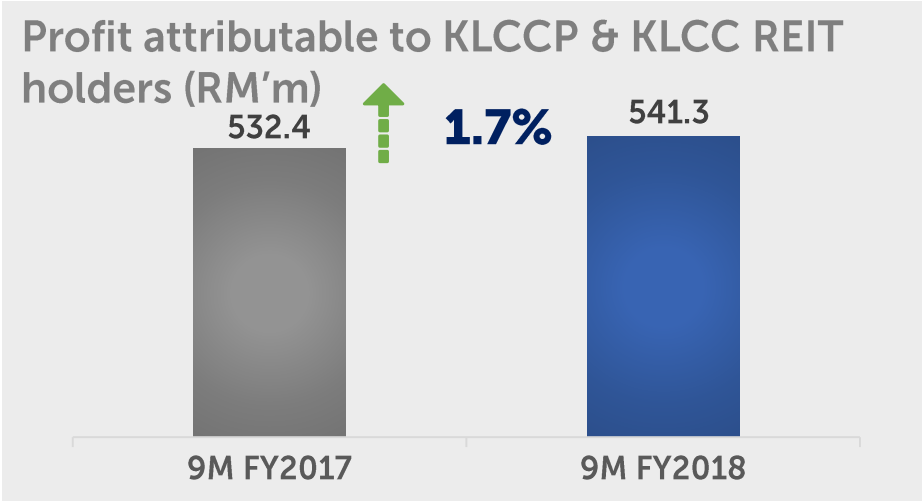
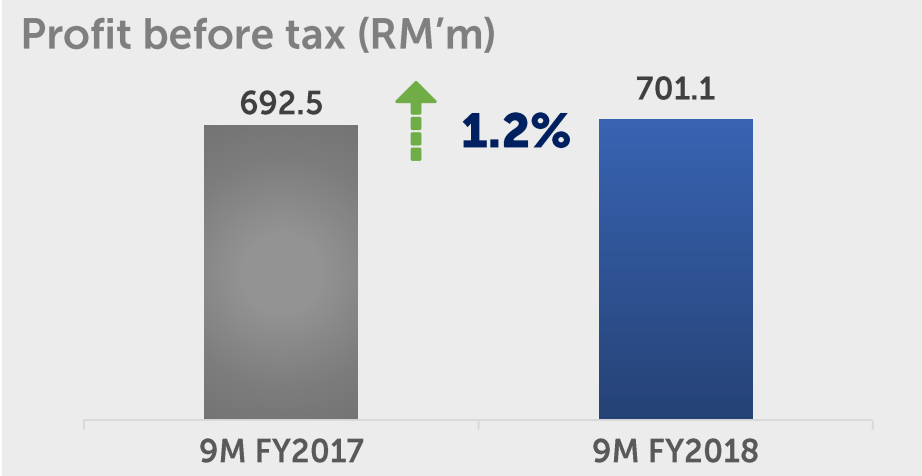
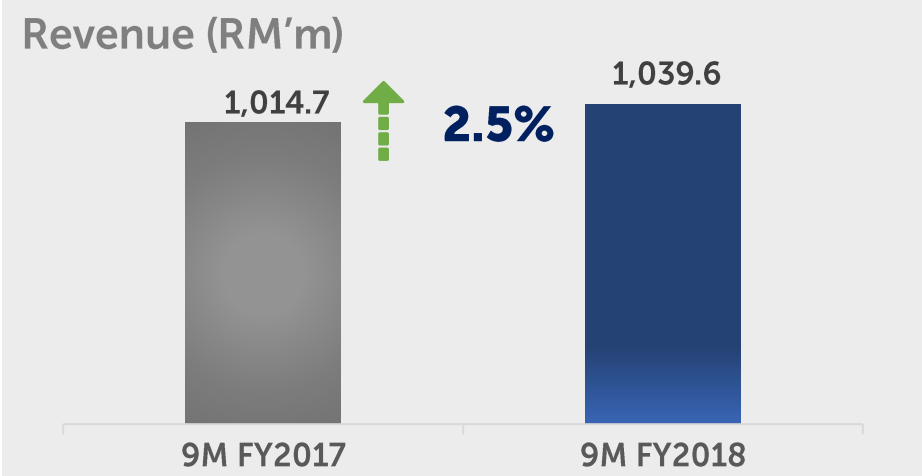
2.2% and 1.3% YTD growth in revenue and profit before tax attributed by the **improved occupancy** and **higher rental rates** from new and renewed leases



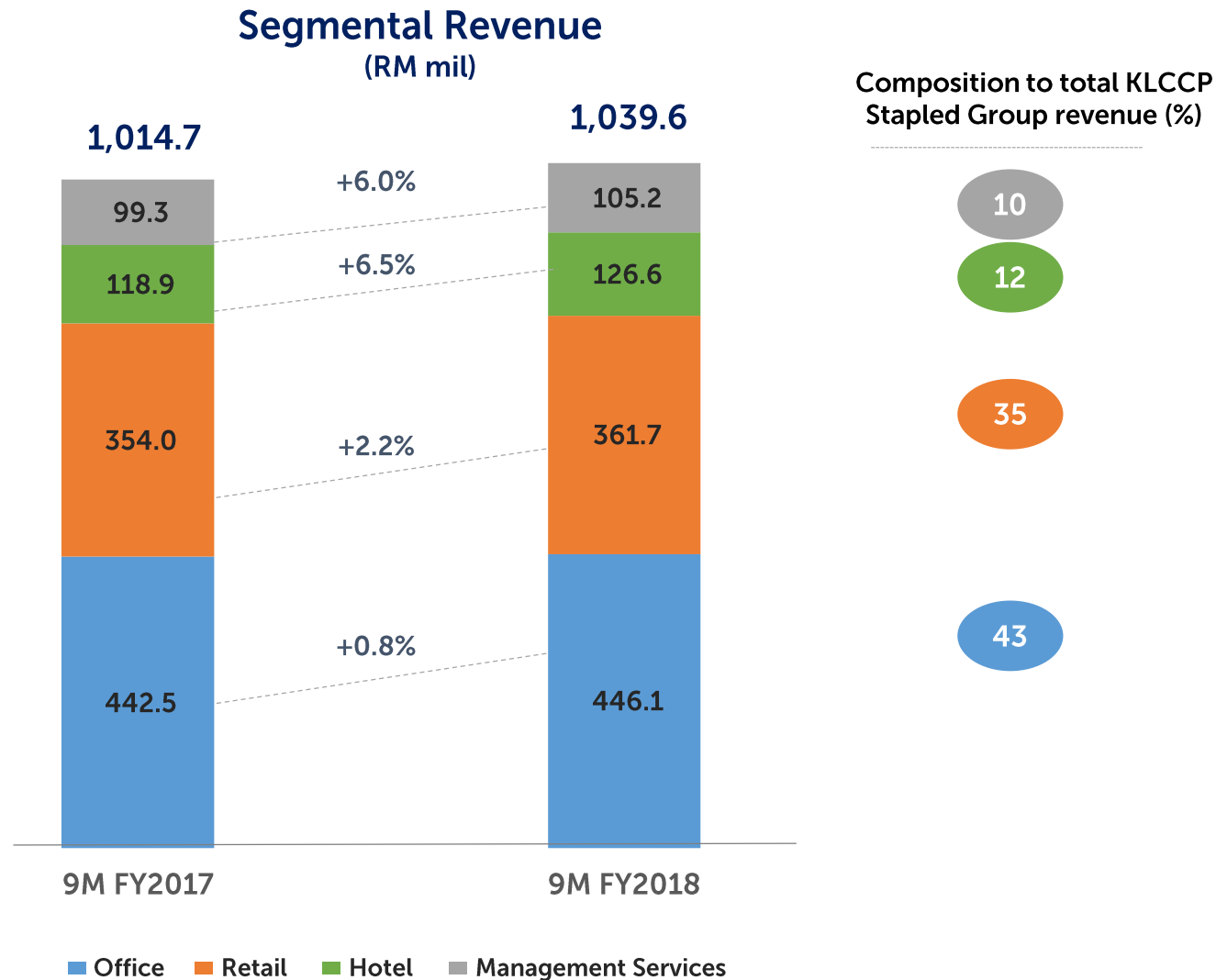
6.5% top-line growth with the **return of full room inventory** and higher Average Room Rate (ARR). PBT resulted in a marginal loss mainly due to the **higher depreciation** from the newly refurbished rooms

Resilient performance against market challenges with increased distribution per stapled security

9M FY2018 vs 9M FY2017 Financial Performance



Positive revenue growth from all segments



OFFICE

Stable and steady growth underpinned by full occupancy

RETAIL

Backed by higher rent review during the period and improved occupancy

HOTEL

Higher average room rate driven by fully renovated rooms back in inventory

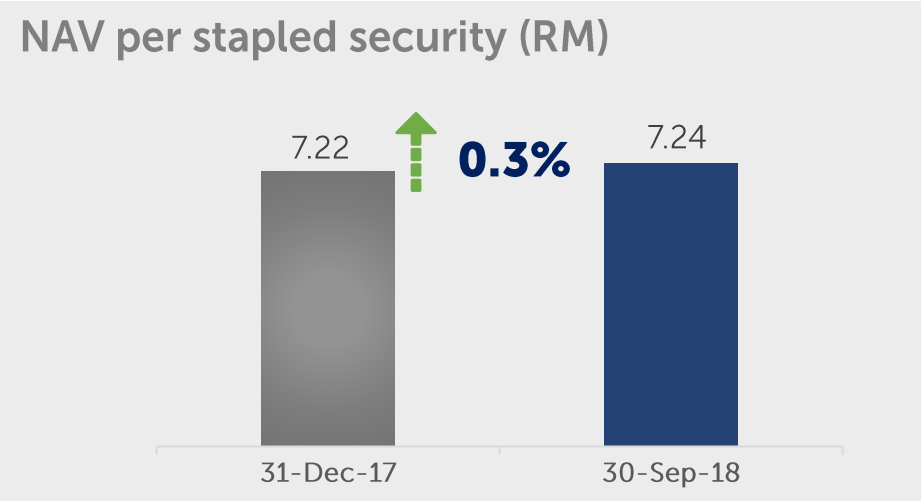
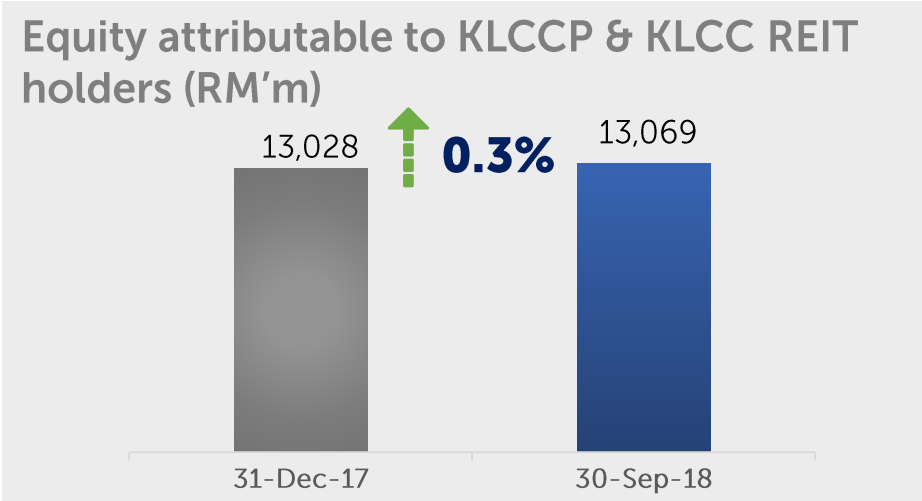
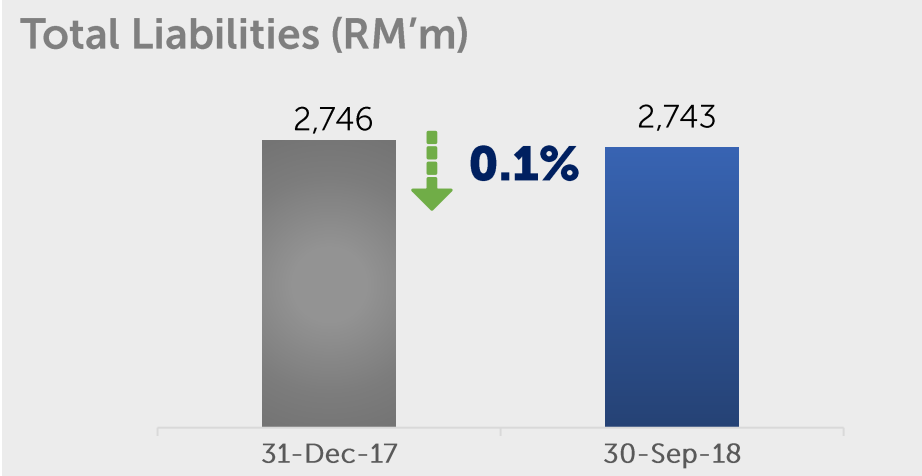
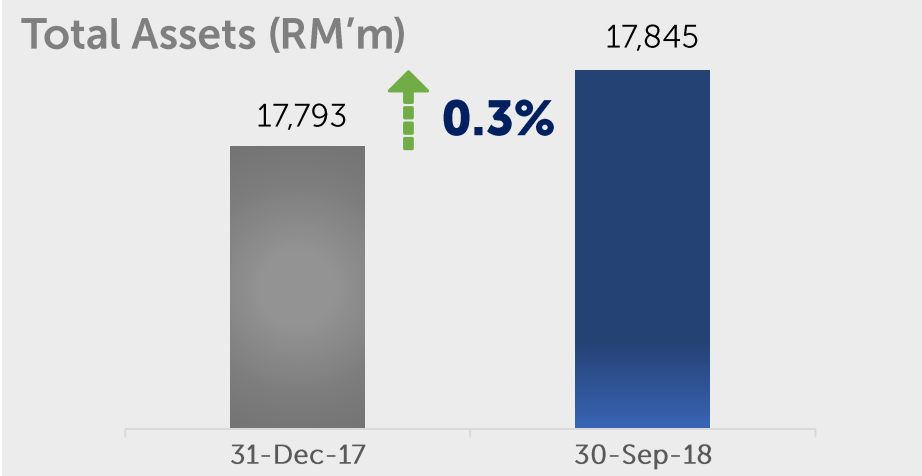
MANAGEMENT SERVICES

New contracts under facilities management and car park management services

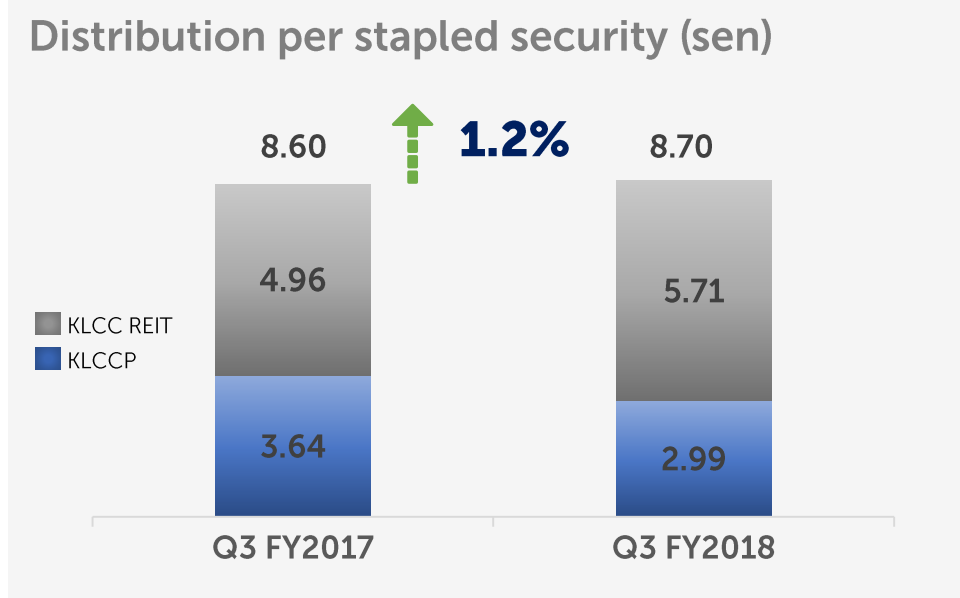
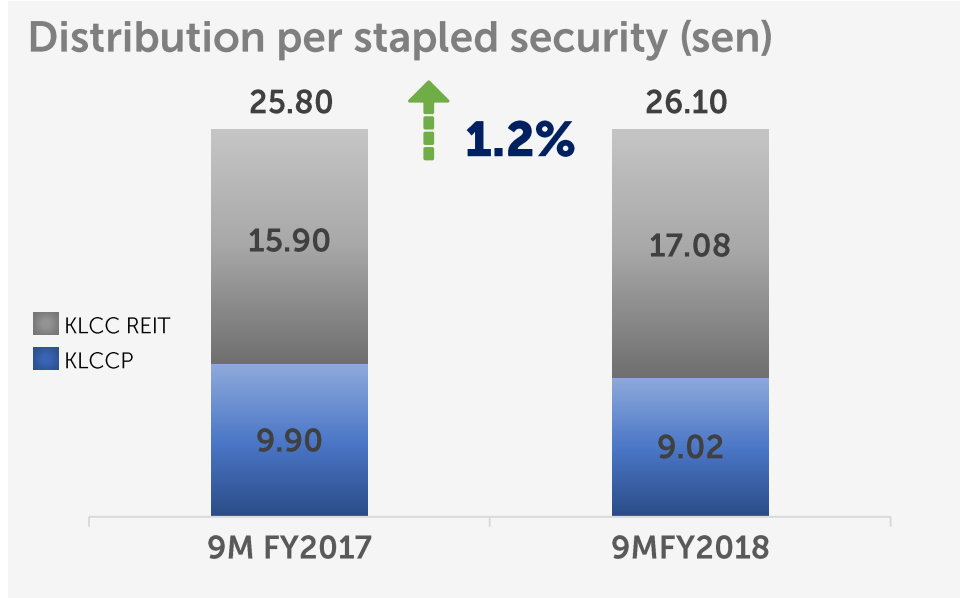
Firm balance sheet providing support for sustainable growth and stability



Statement of Financial Position (30 Sep 18 vs 30 Sep 17)



Delivering steady growth in returns with increased contribution of 1.2% yoy



Ex dividend date	28 Nov 2018
Book closure date	30 Nov 2018
Distribution payment date	28 Dec 2018

Q3 FY2018 Results



Overview of KLCCP Stapled Group Q3 FY2018 performance

- 2.6% YoY revenue growth and profit before tax of 0.8% YoY, driven by higher contribution from **retail and hotel** segments, partially offset by **higher operating expenses** during the quarter



Stable recurring income supported by the long lease profile and high quality tenants



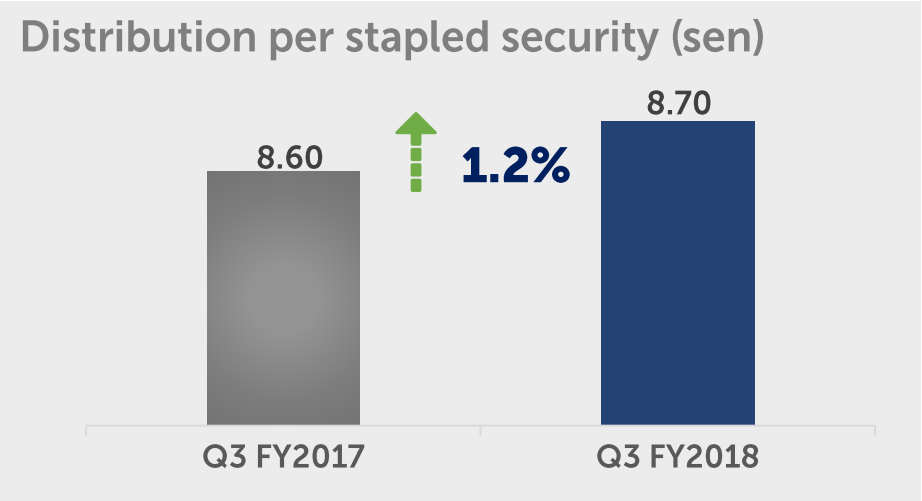
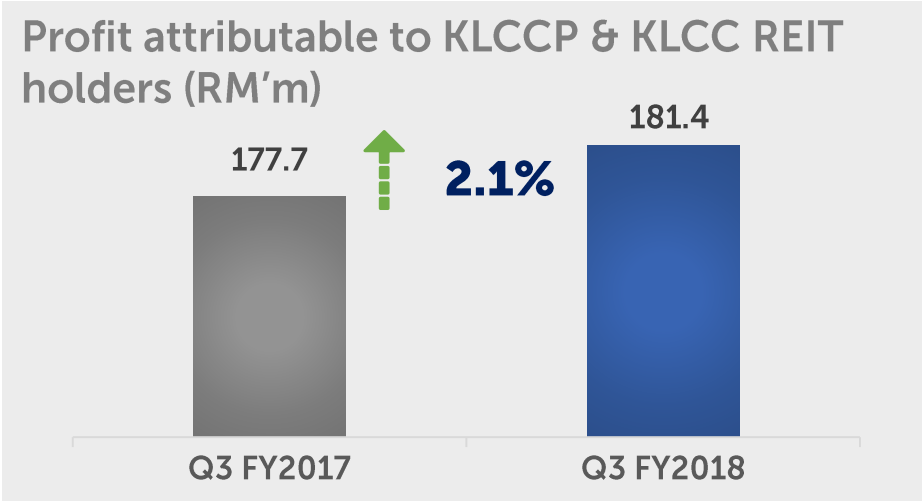
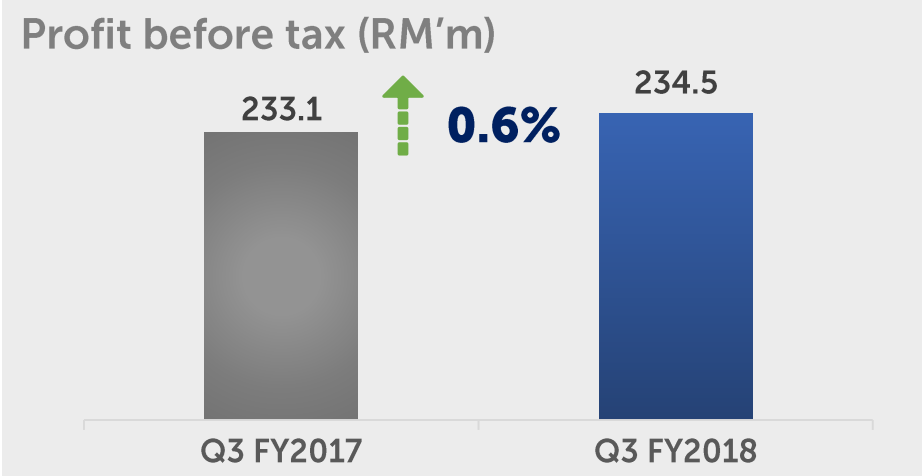
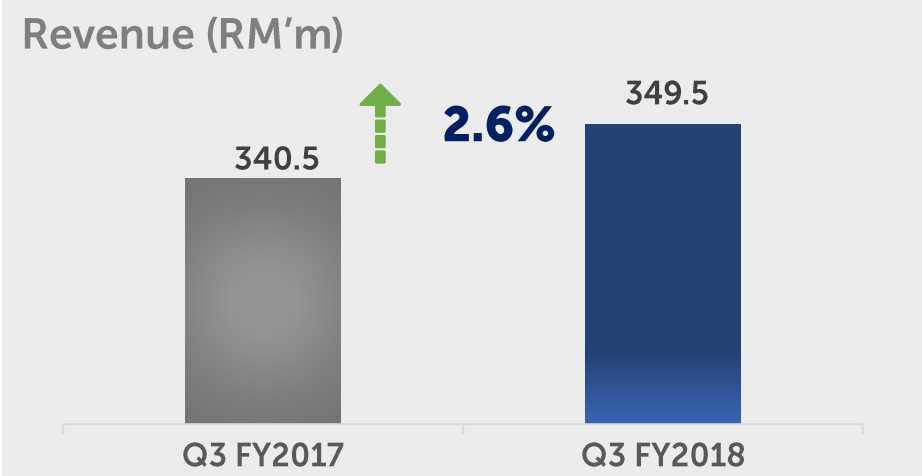
4.0% increase in revenue from **significant improvement in customer counts during the tax holiday period** and **higher rent review** becoming effective during the period



5.2% revenue growth supported by the demand for the **newly refurbished rooms** back in inventory. PBT impacted by the **higher depreciation** from the newly refurbished rooms

Steady growth in revenue and profit attributable to holders of stapled securities

Q3 FY2018 vs Q3 FY2017 Financial Performance



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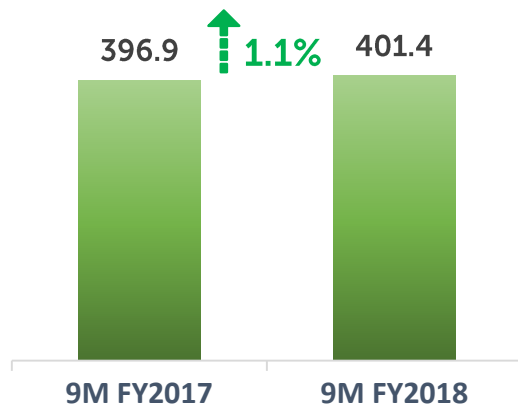


Office – Full occupancy driving stable growth

Revenue (RM'm)



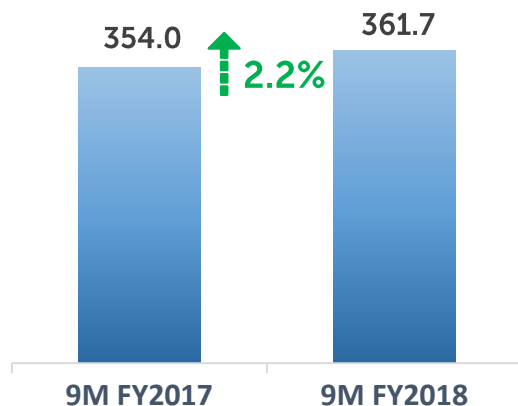
Profit before tax (RM'm)



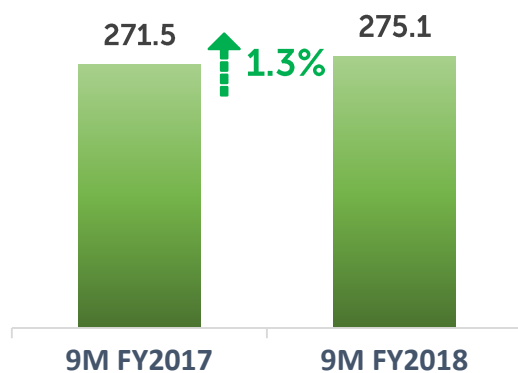
- Stable revenue and PBT, with 94% revenue contribution from KLCC REIT
- Workplace for Tomorrow (WFT) progress – 45% completed, on track for full completion in April 2020 for all office buildings
- Phase 3 redevelopment of City Point podium – actively securing an anchor tenant
- GBI certification for PETRONAS Twin Towers and Menara 3 PETRONAS - targeted by December 2018

Retail – Sustained performance with refreshed F&B offerings and evolving store experience

Revenue (RM'm)



Profit before tax (RM'm)



- 2.2% YTD revenue growth and 1.3% growth in YTD PBT arising from improved occupancy and higher rental rates from new and renewed leases becoming effective during the period
- Positive growth in MAT-tenant sales across segments mainly from Beauty & Skincare and Food Retail
- Refreshing tenant mix with 7 new tenants in Q3 2018 – 4 new concepts of F&B offers
 - Delirium – 2nd franchised outlet in Asia, after Japan and the 11th Delirium Café location globally
 - Michael Kors – 3rd duplex store at Suria KLCC after Fendi & Bally
- Continued efforts in upgrading and expansion to create premium shopping experience – Gucci, Furla, Puma & Mothercare

New tenants at Suria KLCC in Q3 FY2018

Exciting new F&B concepts

Acme Bar & Coffee

Opened on 18 Aug 2018



Delirium

Opened on 18 Aug 2018



Dotty's

Opened on 29 Aug 2018



B& by Boost

Opened on 25 Aug 2018



Cigar Malaysia

Opened on 11 Aug 2018



Michael Kors

Opened on 16 Aug 2018



APM Monaco

Opened on 13 Sep 2018

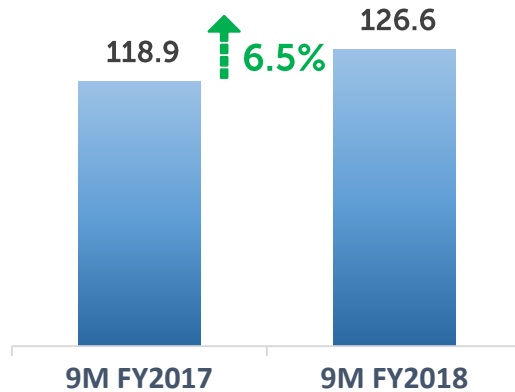


Other new tenants

Hotel – Stronger revenue from the newly renovated guestrooms, profit impacted by higher operating cost



Revenue (RM'm)



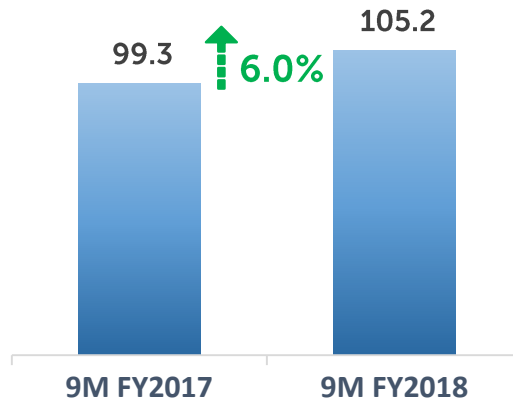
Profit before tax (RM'm)



- 6.5% revenue growth backed by return of full room inventory – 629 rooms
- PBT registered a loss due to higher depreciation arising from the fully renovated guestrooms
- F&B grew by 3.3% YoY with significant contribution from Mosaic and Lounge on the Park outlets
- YTD Occupancy stabilised post renovation, with 3.9% improved Average Room Rate
- Renovation of second Presidential Suite fully completed in October 2018

Management Services – New contracts fuelling growth

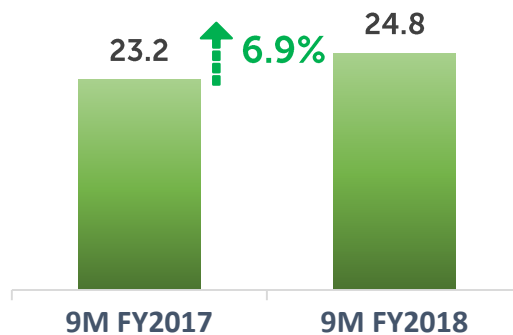
Revenue (RM'm)



➤ Solid growth in revenue and PBT attributed from:

- New contracts under facilities management services for the Workplace for Tomorrow (WFT) project for PETRONAS
- One-off facility management works in Kertih, Terengganu – construction of car park in Mesra Mall
- Higher car park income from the new operating lots at KLCC Precinct since end of Q3 2017

Profit before tax (RM'm)



1. Key Highlights

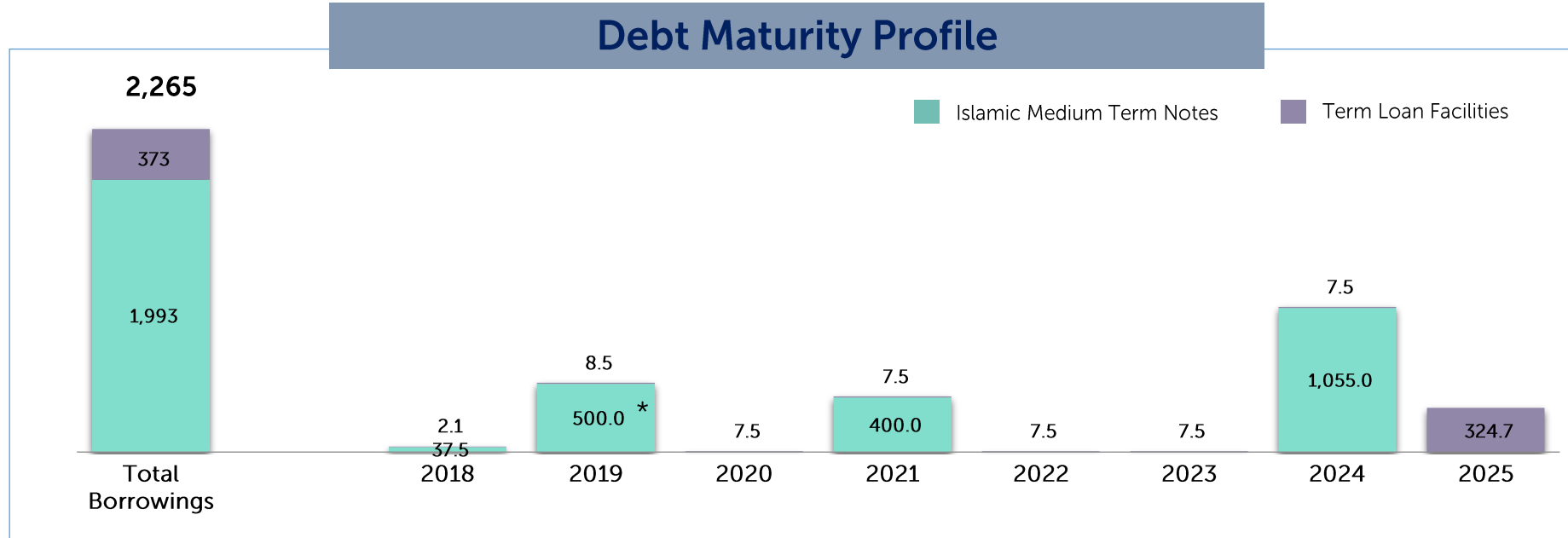
2. Portfolio Performance

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Well balanced capital structure supporting business risks



Fixed rate borrowings

84%

(Sep'17 – 84%)

Gross gearing ratio

17.3%

(Sep'17 – 17.7%)

Average maturity period

4.33 years

(Sep'17 – 5.34 years)

Average cost of Debt

4.59%

(Sep'17 – 4.55%)

* Includes RM100m interco from KLCCP

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Staying ahead of the curve in driving sustained returns to the holders of Stapled Securities

OFFICE



Industry Challenges

Impending supply with tight leasing market; conversion of spaces to more productive use to overcome vacancy

Our Mitigations

- Conceptualising & creating a **“Workplace For Tomorrow”** for our tenant
- **Re-strategising** leasing approach and **redefining unique & compelling value** of properties beyond existing demand

RETAIL



Continues to face strong headwinds from oversupply; changes to consumer spending patterns

- **Repositioning** retail concept by integrating **the mall** as a lifestyle & providing **in-store** shopping experiences
- **Innovative** and **targeted marketing events** to attract footfall
- **Bespoke tenanting strategies** to enhance retail mix

HOTEL



Challenging environment with intense competition amidst softer business sentiments and reduced tourists arrivals

- Strategic **partnership** and **positioning** to enhance competitiveness and vibrancy
- **Personalised offerings** and quality guest experience
- Embracing **new systems & digital technology** to promote hotel offerings

Thank You

