KLCCP Stapled Group

Financial Results

3rd Quarter ended 30 September 2019

11 November 2019

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.

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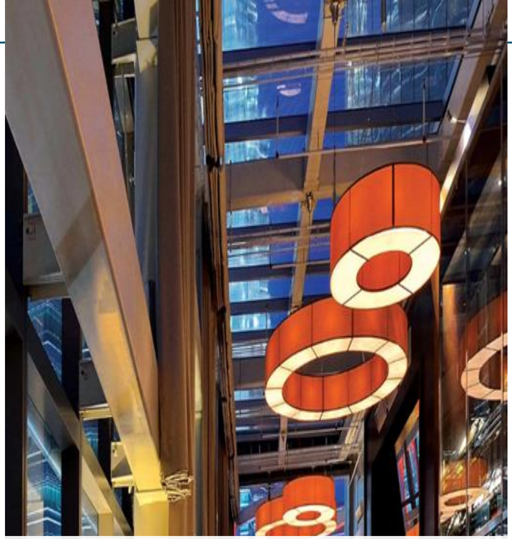
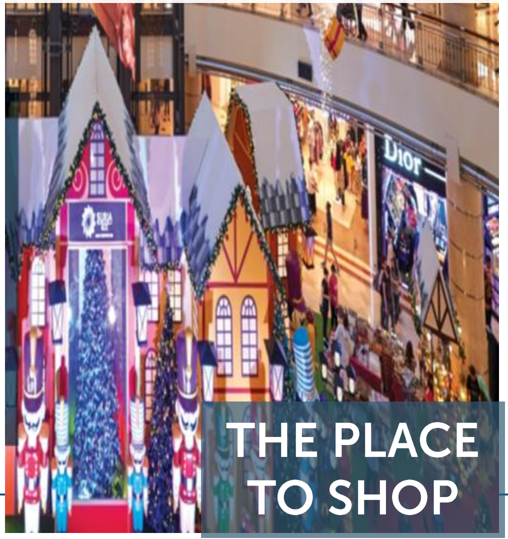
CONTENT

WE CREATE PLACES PEOPLE LOOK FORWARD TO, CONVERGING CULTURAL DIVERSITY, COMMERCIAL VIBRANCY AND SUSTAINABLE LIVING



9M FY2019 – Sustained growth in revenue and profit, with increase in DPS to 26.40 sen

Revenue

1.8%

RM1,058.1 mil

9M FY2018
RM1,039.6 mil

Profit before tax

1.1%

RM708.9 mil

9M FY2018
RM701.1 mil

Profit attributable to equity holders

0.8%

RM545.7 mil

9M FY2018
RM541.3 mil

Dividend per Stapled Security

1.1%

26.40 sen

9M FY2018
26.10 sen

Net Asset Value per Stapled Security

RM7.27

FY2018
RM7.25

Gearing ratio

18.0%

FY2018
17.1%

- **Stronger performance** driven by retail and management services segment
- **Sustainable dividend** growth with increased distribution per stapled security of 1.1% YoY
- **Gearing** increased by 9bps due to the Sukuk refinancing exercise in Q2 2019, well **below** REIT **industry benchmark**

Q3 FY2019 – Stable performance demonstrating resilience in challenging market landscape

Revenue	Profit before tax	Profit attributable to equity holders	Dividend per Stapled Security
↑ 1.2%	↑ 0.3%	↔	↑ 1.1%
RM353.5 mil	**RM235.2 mil**	**RM181.4 mil**	**8.80 sen**
Q3 FY2018 RM349.5 mil	Q3 FY2018 RM234.5 mil	Q3 FY2018 RM181.4 mil	Q3 FY2018 8.70 sen

- **Office** : Stable revenue with marginal decrease in PBT mainly due to **lower share of profit** received from associate company
- **Retail** : 1.3% and 5.5% YoY growth in revenue and PBT reflecting **positive rental reversions** from renewals and rent reviews coupled with increased contribution from **internal digital advertising**
- **Hotel** : Hotel performance **significantly impacted** by slower banqueting events and lackluster F&B performance
- **Management Services** : Revenue and PBT increased 10.6% and 8.9% respectively due to **additional revenue recognised from one-off projects** under facilities management operations

02

FINANCIAL RESULTS – 9M FY2019

Strong growth in distributable income despite higher operational expenses

Profit for the year

RM 630.5 mil

0.9% YoY growth

- Contributed mainly from retail segment backed by higher rental rates and income from internal digital advertising, offset by lower contribution from hotel segment

Operating Expenses

RM 296.3 mil

2.9% YoY growth

- Mainly arising from higher depreciation in hotel and management service segment

Income available for distribution

RM 543.5 mil

5.9% YoY growth

- Mainly contributed by upward rental revision to the lease for PETRONAS Twin Towers which took effect in October 2018

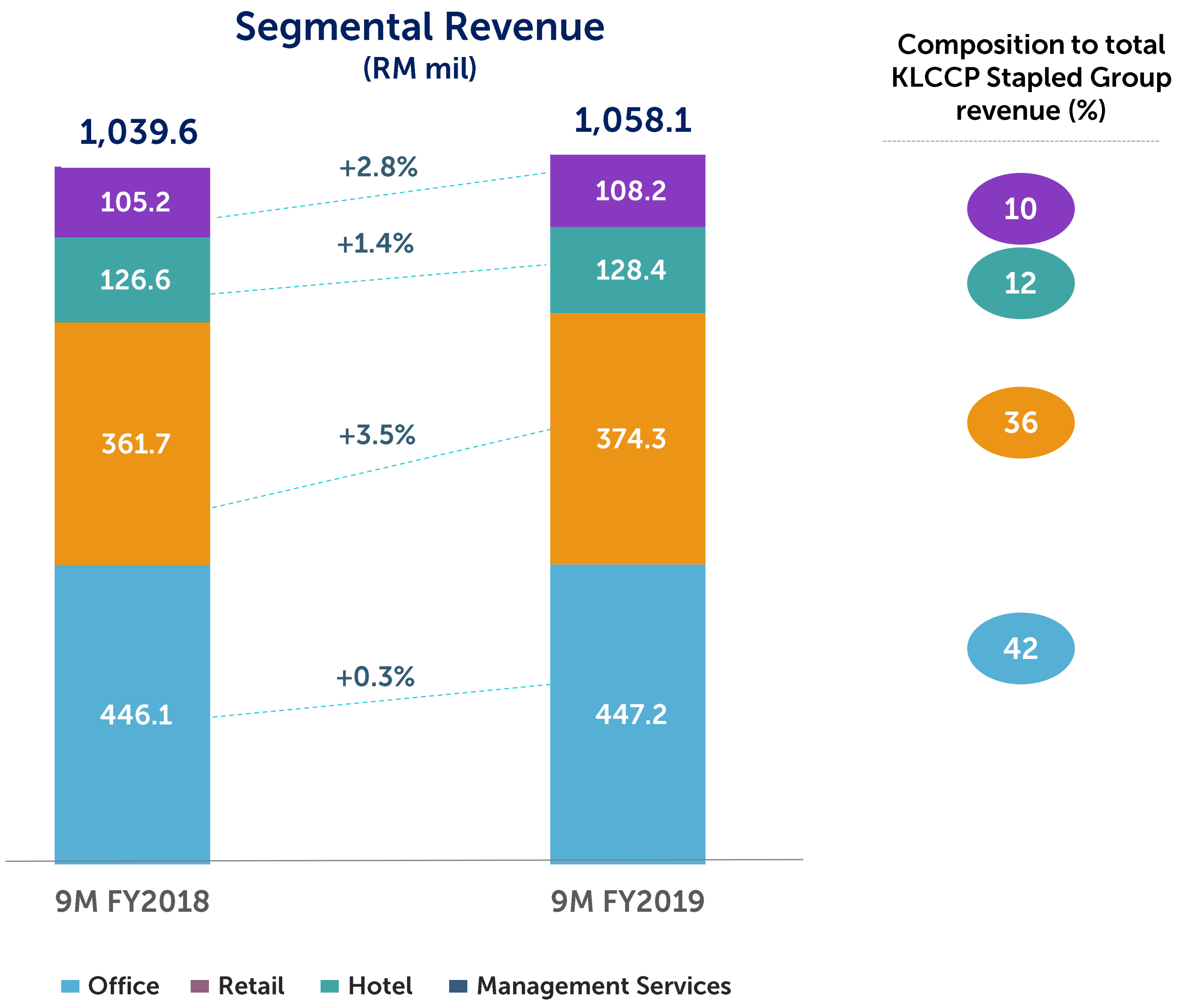
Earnings per Stapled Security

RM 30.23

0.8% YoY growth

- Mainly due to higher profit gained during the quarter

SEGMENTAL RESULTS
Positive revenue contribution and growth from all segments



MANAGEMENT SERVICES

Additional revenue recognised from one-off projects under the facilities management operations

HOTEL

Improved occupancy from Deluxe rooms category

RETAIL

Higher rent review during the period coupled with increased contribution from internal digital advertising

OFFICE

Stable and steady revenue growth

Delivering sustainable returns with increased contribution of 1.1% yoy

Distribution per stapled security (DPS) (sen)	Q3 FY2019	Q3 FY2018	9M FY2019	9M FY2018
KLCCP	2.56	2.99	7.65	9.02
KLCC REIT	6.24	5.71	18.75	17.08
Distribution per stapled security	8.80	8.70	26.40	26.10

25 Nov Ex-dividend date

26 Nov Book closure date

18 Dec Distribution payment date

Balance sheet remains strong boosted by higher cash flow generation

Total Assets

↑ 1.8%

RM 18,187.6 mil

- Mainly due to the maturity of the KLCC REIT sukuk of RM100 mil and timing difference in payment of dividend/income distribution for quarter ended June 2019

Cash and cash equivalents

↑ 41.8%

RM 1,043.5 mil

- Increase mainly from the advanced rental received from office tenant coupled with higher cash received from the maturity of 5th tranche of Sukuk Murabahah (RM100 mil)

Total Liabilities

↑ 10.6%

RM 3,024.5 mil

- Due to the issuance of the new Sukuk Murabahah amounting to RM500 mil and the interim dividend declared for quarter ended June 2019 paid in October 2019

Equity attributable to equity holders

↑ 0.2%

RM 13,126.4 mil

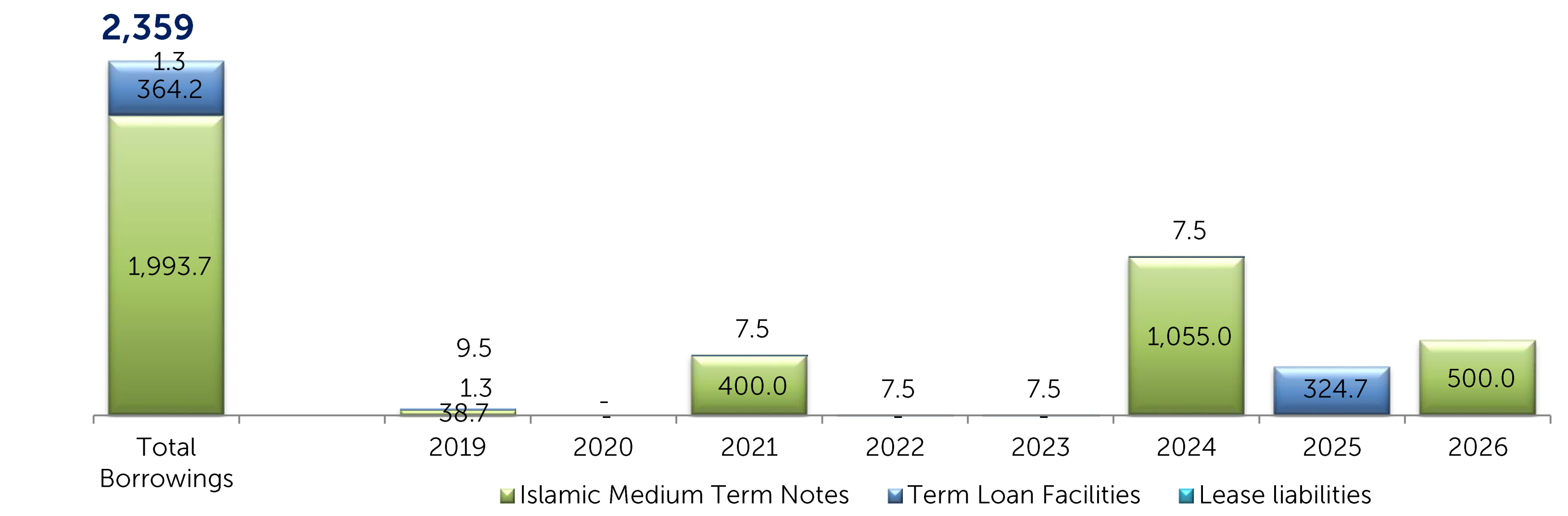
- Mainly due to higher profit gained during the period

Optimal capital structure, well positioned to support business risks

- 84% of total borrowings on fixed rate with stable average borrowing costs at 4.6%
- Capital position remains strong with increased gearing ratio at 18.0% (2Q 2019: 17.8%) due to the Sukuk refinancing exercise in Q2 2019
- Well-balanced maturity profile with average debt to maturity ~4.8 years

Debt Maturity Profile

As at 30 September 2019
(RM'mil)



As at 30 September 2019

Total Borrowings
RM2,359 mil

Gearing Ratio
18.0%

Borrowings on Fixed Cost
84%

Average Maturity Period
4.8 years

Average Cost of Debt
4.6%

03

PORTFOLIO PERFORMANCE – 9M FY2019

Office – Continue to deliver stable performance underpinned by its full occupancy

Revenue
↑ **0.3%**
(9M FY19 vs 9M FY18)

Profit before tax
↓ **0.1%**
(9M FY19 vs 9M FY18)

100%
Occupancy

Fixed
rental uplift every 3 years in Triple Net Lease Agreements

KLCC REIT


PETRONAS TWIN TOWERS


MENARA 3 PETRONAS


MENARA EXXONMOBIL

KLCC PROPERTY


MENARA DAYABUMI


MENARA MAXIS[1]

Performance Highlights

- **Stable** revenue contribution underpinned by the **long-term lease** profile and **full occupancy** at all office buildings
- PBT **decreased marginally** mainly due to lower share of profit received from associate company and higher one-off operating expense

Initiatives

- Workplace for Tomorrow (WFT) – **85% completed**, on track for full completion by end 2019
- **Steady progress** on the **ongoing** AEI at Menara Dayabumi to provide **higher visibility** to the retail offerings and further enhance the **building's connectivity** to the surrounding areas – expected completion by end of this year

1 – KLCCP owns a 33% stake in Menara Maxis

Retail – Delivering resilient performance with ongoing anchor-to-specialty space reconfiguration on track

Revenue
3.5%
(9M FY19 vs 9M FY18)

Profit before tax
3.2%
(9M FY19 vs 9M FY18)

6.3%
YTD customer count growth

Performance Highlights

- **Resilient** growth in YTD revenue and PBT capturing **reversion** from **renewals** and **rent reviews** coupled with increased contribution from **internal digital advertising**
- **30.3%** YoY growth in casual mall leasing revenue from **internal digital advertising**
- **1.3%** YoY growth in **MAT-tenant sales** mainly from **Beauty & Skincare (+9.3%)** and **Food Catering (+4.5%)** segments
- **5.0%** YoY **increase in F&B performance** from curated mix of F&B concepts

Initiatives

- Anchor-to-specialty space reconfiguration is **on track** with Phase 1 opening scheduled in **December 2019**
- **4 new tenants** came on board in Q3 2019, enhancing customer experience:
  - Babel (ultra-luxurious gym), Cold Stone Creamery, Sketchers Kids, and The Face Shop
- Continued efforts in **upgrading** and **refitting** to create premium shopping experience – Little Penang Café, Shu Uemura, Pandora & Samsung
- **Escalator modernisation** progress in Q3 FY2019:
  - Ampang Mall – ongoing, full completion by end FY2020
  - Ramlee Mall – to commence in FY2021

Introducing new tenants to tailor to customer preferences

Babel

Opened on 6 August 2019

Cold Stone Creamery

Opened on 11 July 2019

Skechers Kids

Opened on 23 August 2019

The Face Shop

Opened on 5 September 2019

Hotel – Prolonged economic uncertainties continue to weigh on hospitality industry

Revenue
↑1.4%
(9M FY19 vs 9M FY18)

↓> 100%
YoY in Profit before tax growth

↑6.3%
RevPar growth
(from Sept 2018)

KLCC PROPERTY

Mandarin Oriental, Kuala Lumpur

Performance Highlights

- **1.4% growth** in revenue, however **PBT was impacted** from the **depreciation expense** of the fully renovated guestrooms and higher marketing & promotional expenses
- **5.5%** YoY **increase** in **room revenue** amidst stiff competition, supported by **higher demand** in the **Deluxe rooms category** (YTD Sep 2019: 76% vs YTD Sep 2018: 61%)
- **3.0%** YoY **decline** in **F&B revenue** resulting from lower banqueting demand due to the intensified price competition from newer hotels as well as weaker MICE events calendar

Initiatives

- **Extensive marketing plan** to promote the new Italian cuisine in the revitalised Mandarin Grill restaurant
- Offer **attractive pricing** through online conversion and extending the digital marketing campaign to maximise the current business opportunities
- Continuously provide **exclusive privilege** offerings for Fans of MO resulting in over 500,000 membership

Management Services – Elevating quality of service and operational efficiency through advancement in technology

Revenue

↑ 2.8%

(9M FY19 vs 9M FY18)

Profit before tax

↑ 3.6%

(9M FY19 vs 9M FY18)

20

No. of facilities managed

12,634

No. of car parking managed

Performance Highlights

- **2.8%** YoY **growth** in revenue and **3.6%** YoY **growth** in PBT from **one-off projects** under facilities management services coupled with the **ongoing works** for Workplace for Tomorrow (WFT) project

Initiatives

- KLCC Urusharta Sdn Bhd (KLCCUH) were **awarded** the prestigious Royal Society for Prevention of Accident (RoSPA) - **Silver Award** in recognition of their practices and achievements in **health and safety excellence**

04

SUMMARY & OUTLOOK

Looking forward

Clear focus on near term challenges and longer term value creation

Overall market outlook

Subdued economic and market volatility muting overall sector growth

Office, retail and hotel incoming supply outstripping demand and changing consumer preferences

Digital and technological revolution

KLCCSS focus & outlook

Diversified portfolio for income resilience

- RM15.7 bil of high quality portfolio
- Low gearing of 18% and well balanced debt maturity profile of 4.8 years
- Dividend per stapled security visibility

Revolutionising customer experience

- Progressing lifestyle experiences at **THE PLACE**
- Creating differentiation and personalised offerings with curated mix of brands and services

Embracing digital innovation & technology to improve customer convenience

- Realignment of investments into technology initiatives towards creating a smart KLCC precinct

THANK YOU