



KLCCP Stapled Group

Financial Results

4th Quarter ended 31 December 2019

23 January 2020

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.



WE CREATE PLACES PEOPLE LOOK FORWARD TO, PROGRESSING LIFESTYLE FOR A SUSTAINABLE FUTURE



THE PLACE TO WORK



THE PLACE TO SHOP



THE PLACE TO DINE



THE PLACE TO PLAY



THE PLACE TO STAY

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KLCCSS FOCUS

FY2019 Highlights

Sustained performance anchored by retail and hotel segments



Revenue

↑ 1.2%

RM1,423.0 mil

FY2018
RM1,405.9 mil

Profit before tax*

↑ 0.9%

RM951.8 mil

FY2018
RM943.5 mil

Profit attributable to equity holders*

↑ 0.8%

RM732.8 mil

FY2018
RM726.7 mil

Dividend per Stapled Security

↑ 2.7%

38.00 sen

FY2018
37.00 sen

Net Asset Value per Stapled Security

RM7.32

FY2018
RM7.25

Gearing ratio

17.8%

FY2018
17.1%

- **Increase** in **revenue** and **profits** mainly led by positive contributions from **new leases** and **rent reviews** in retail coupled with **higher occupancy** in hotel segment
- Sustainable **dividend growth** with increased distribution to **38.00 sen** per stapled security
- **Healthy balance sheet** with low gearing of 17.8%, well below the industry benchmark

Stronger performance by hotel segment increased contribution to overall revenue of the Group



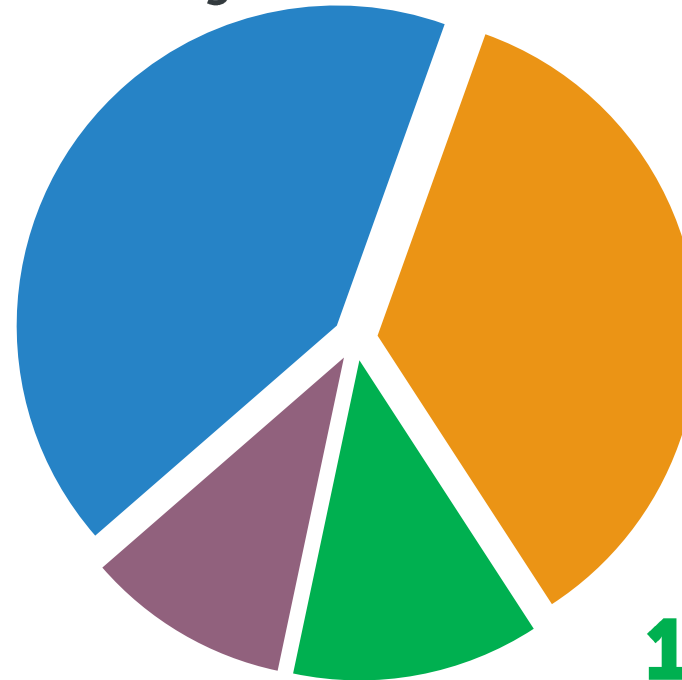
FY2019
Segmental Revenue

42% OFFICE

Steady growth underpinned by the full occupancy with long term leases

35% RETAIL

Backed by higher rental from the new leases and rents reviews coupled with stronger advertising income



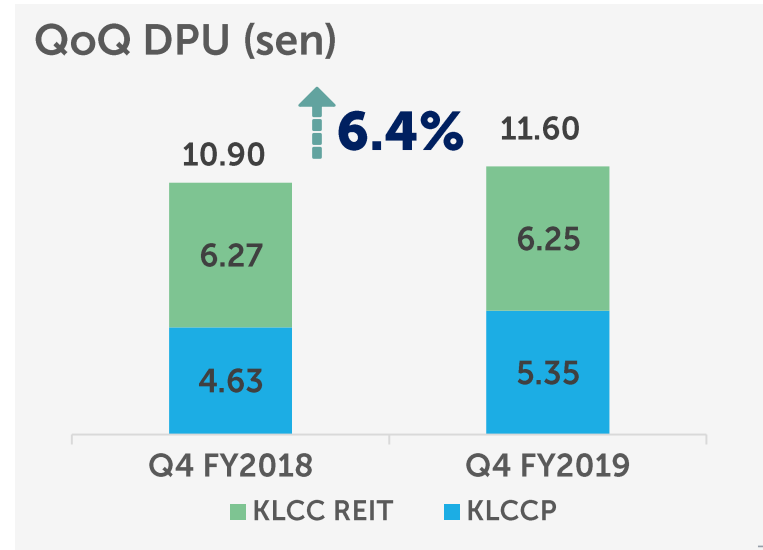
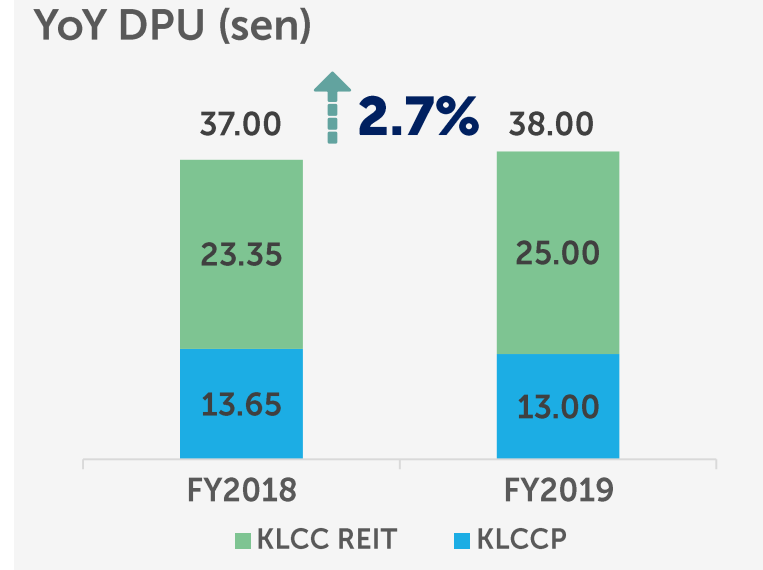
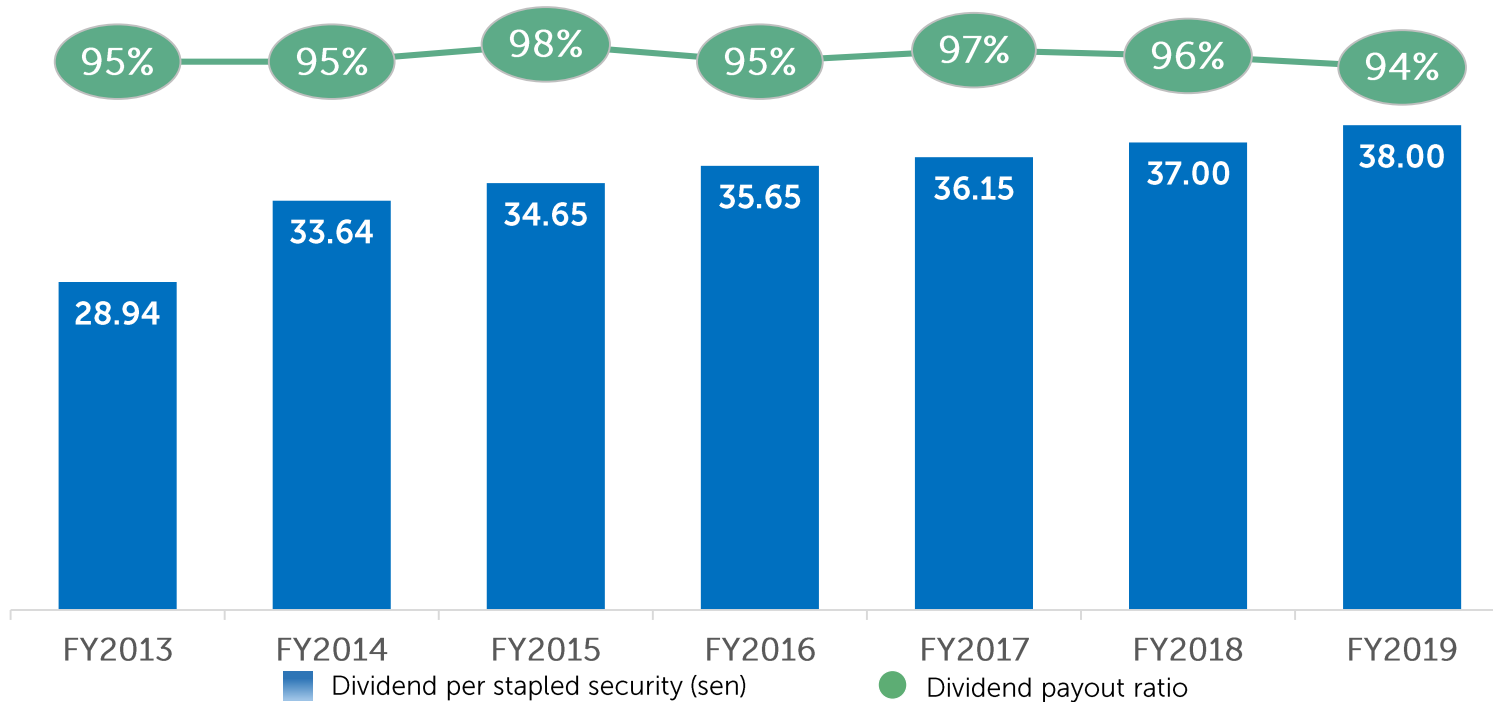
10% MANAGEMENT SERVICES

Contributed mainly from the transformation of the Workplace for Tomorrow (WFT) tenant initiatives

13% HOTEL

Positive full year impact from the renovated hotel offerings supported by strong leisure demand

Increased dividend distribution of 2.7%, YoY, with dividend yield outperforming the 10-Year MGS by 138 bps



4.8%
Dividend Yield*

7.9%
Annual Total Return**

8.3%
5-Year Annual Total Return

* Based on unit price as at 31 Dec 2019

** Annual total return comprises capital appreciation from 1 Jan 2019 to 31 Dec 2019 and distribution yield of 4.8%

Future-proofing our position as the Solutions Partner to our stakeholders



OFFICE - Improving **tenant experiences** in being THE PLACE to work

- Full-year impact from the rental revision for PETRONAS Twin Towers
- Completed the office transformation under the Workplace For Tomorrow (“WFT”) initiatives – 151 floors across 2.5 mil NLA
- Obtained Green Building Index certification for PETRONAS Twin Towers & Menara 3 PETRONAS in support of our tenants

RETAIL – Reinventing **store experience** for the connected customers

- Opening of Phase 1 of Suria KLCC anchor-to-specialty reconfiguration exercise
- Officially launched first of its kind dedicated Men’s Precinct, bringing the latest fashion & grooming
- Leveraging strong brand partnerships and engagement with retailers to reimagine the shopping experience



HOTEL - **Strengthening offerings** to be the market leader

- Positive full year impact from the newly renovated guestrooms
- Mandarin Grill facelift with a contemporary modern Italian concept, offering guests the best dining experience
- Strengthened digital marketing to promote online conversion via the Fans of MO loyalty program



MANAGEMENT SERVICES - Elevating **quality of service** and operational efficiency

- Development and enhancement of digital capabilities to improve customers’ safety, security, connectivity, convenience and seamless experience
 - Iconik mobile app
 - Licence Plate Recognition, Wifi network within parking area
 - Cashless payment method

Office – Stable and secured income generator, underpinned by defensiveness of premium assets

Revenue

RM595.7m

FY2018: RM595.8m

Profit before tax*

RM531.0m ↓ 0.9%

FY2018: RM535.8m

YoY

Occupancy

100%

Fixed rental uplift every 3 years in TNL agreements

Performance Highlights

- Remains on very strong footing, reinforced by the **solid occupancy** with **long term leases** and **top-quartile rental profiles**

Key Events

- Workplace for Tomorrow (WFT) – **Completed** for all office buildings with extension of scope for Menara Dayabumi – target for completion by 1Q 2020
- PETRONAS Twin Towers and Menara 3 PETRONAS **attained** the Green Building Index (GBI) Certified Gold Rating and GBI Certified Silver Rating respectively
- Ongoing Façade enlivenment at Menara Dayabumi to improve **visibility** and better **connectivity** to surrounding areas
- Phase 3 – redevelopment of City Point podium – **actively securing** anchor tenant and retendering of the superstructure project



PETRONAS TWIN TOWERS



MENARA 3 PETRONAS



MENARA EXXONMOBIL



MENARA DAYABUMI

KLCC REIT

KLCC PROPERTY

* Excluding fair value adjustments



KLCC
PROPERTY



SURIA KLCC

KLCC REIT



Menara 3
PETRONAS –
Retail Podium

Retail – Sheer resilience despite reconfiguration exercise boosted by new refreshed and experiential offerings

Revenue

RM503.2m ↑ **2.5%**
YoY
FY2018: RM491.0m

Profit before tax*

RM382.8m ↑ **2.3%**
YoY
FY2018: RM374.1m

Occupancy

99% ↑ **1.0%**
YoY
FY2018 – 98%

MAT Customer Count

↑ **8.8%**

Performance Highlights

- **2.5%** and **2.3%** YoY Revenue and PBT growth respectively, driven by **higher rental rates** from the **new leases** and **rent reviews** becoming effective during the period
- **32.2%** YoY **sales growth** in **Men’s luxury fashion**, reflecting tenant remixing exercise
- **15.2%** YoY growth in casual mall leasing revenue from **internal digital advertising**
- **3.7%** YoY sales growth from **F&B performance** from curated mix of F&B concepts
- **8.0%** YoY increase in average base rent contributed from partial opening of reconfigured space

Key Events

- **Completed Phase 1** of the anchor-to-specialty space reconfiguration, infusing sought-after-market and popular brands such as Le Labo, Gucci Beauty, Christian Dior Paris, Lululemon
- **Official launch** of the **dedicated Men’s Precinct** with the entry of Kenzo and Off White, completing the mix
- Opening of **Babel**, distinctive ultra luxurious gym alongside **32 new tenants** strengthening the diverse blend of fresh and unique experiences
- Collaboration with Louis Vuitton for the **exclusive Louis Vuitton Time Capsule exhibition**, first of its kind in Malaysia, which recorded highest visitation

* Excluding fair value adjustments

New tenants at Suria KLCC in Q4 2019

Stuart Weitzman



Bimba Y Lola



Off-White



Tous



Adidas Kids



Sofia Iman



Family Mart



Rubi



Suria KLCC – Anchor-to-Specialty reconfiguration exercise

- **Unlocking value** through the anchor-to-specialty space reconfiguration of over 150,000 sq. ft to broaden the retail offer and introduce diverse mix of brands
- Infusion of approximately **80 sought-after-brands** and **popular brands** including **Fashion, F&B and Cosmetics**

Phase 1

- 1 Areas: Ground Floor, 1st Floor and Half of Signature Foodcourt at Level 2
- 2 Partial opening of Phase 1 including **expanded Louis Vuitton store**
- 3 Remaining Phase 1 reconfigured space, **pending authority approval** prior to opening

4 New tenants include:



Phase 2

- 1 Area: Remaining half of the Signature Foodcourt at Level 2
- 2 Reconfiguration will commence early February with the opening scheduled in Q2 2020



Mandarin Oriental,
Kuala Lumpur

Hotel – Ramped up opportunities post renovation despite intense competition from new market entrants

Revenue

RM177.5m ↑ 3.0%
YoY
FY2018: RM172.4m

Profit before tax

RM0.7m ↑ >100%
YoY
FY2018: RM0.1m

Occupancy

64% ↑ 9%
YoY
FY2018: 55%

RevPAR

RM412 ↑ 5.1%
YoY
FY2018: RM392

Performance Highlights

- **3.0%** YoY revenue growth, positively impacted by **MICE events** and **stronger transient demand**
- **Higher** PBT led by **improved demand** in **room** and **F&B** segments despite ongoing cost and supply pressures
- **4.8%** YoY **increase** in room revenue largely contributed by higher occupancy for **Suites** and **Deluxe rooms** category
- **2.2%** YoY **F&B revenue** growth from increased outlet contributions – **Lounge on the Park, Mosaic, Banqueting and Aqua**
- **5.1%** YoY increase in **RevPAR**, despite competing in a fiercely competitive market, **outperformed** its **competitor set** by **7.6%**

Key Events

- Completed the refurbishment of **Mandarin Grill** with a contemporary modern Italian concept
- **Robust growth** in **Fans of MO** global guest recognition program with over 300,000 members registered to-date, improving room nights growth via MO.com platform by **34%**
- Launched **exclusive unique treatments** and a series of **educational wellness programs** with visiting wellness practitioners to create strong awareness and interest to MOKL's Spa

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

Revenue

RM146.6m ↓ 0.1%
YoY

FY2018: RM146.8m

Profit before tax*

RM37.3m ↑ 11.4%
YoY

FY2018: RM33.5m

Performance Highlights

- **Marginal decrease** in revenue mainly due to non-recurrence of one-off facility management works in Kerteh, Terengganu in 2019
- PBT increased by 11.4% due to higher interest income

Key Events

- **Launched iConik** – mobile application for easy payment and provision of car parking data to ease customer convenience
- Implemented the **License Plate Recognition** using optical character recognition to automate vehicle access to ease the congestion at entry and exit points
- Installed the **first in Malaysia integrated payment reader** at entry and exit terminals to promote the cashless initiatives. To-date **45%** of our customers are use the cashless payment mode
- Installed **digital LED signage** as part of directional signage and promotional usage

No of facilities managed

20

FY2018: 20

No of car parking managed

12,634

FY2018: 12,634

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KLCCSS FOCUS

Q4 FY2019 – Improved hotel performance and management services, drive increased profits



Revenue

↓ 0.4%

RM365.0 mil

Q4 FY2018
RM366.3 mil

Profit before tax*

↑ 0.2%

RM243.0 mil

Q4 FY2018
RM242.4 mil

Profit after tax*

↑ 1.1%

RM217.6 mil

Q4 FY2018
RM215.3mil

Dividend per Stapled Security

↑ 6.4%

11.60 sen

Q4 FY2018
10.90 sen

- **Office** : Revenue and PBT remained stable backed by the triple net lease agreement and the long term leases
- **Retail** : Steady performance from higher base rent contribution from commencement of rental from reconfigured space though offset by lower advertising income recorded during the quarter
- **Hotel** : Improved performance led by large scale MICE events resulted in improved occupancy of 66% (vs. Q4FY18: 60%) and stronger F&B demand of 17.5%, from active promotions held (Michelin-star chef, seasonal holiday celebrations and international food festivals)
- **Management Services** : Revenue dropped by 7.5% due to non-recurrence of one-off projects at Kerteh, offset by lower maintenance cost and higher interest income which resulted in a 33.5% increase in PBT

Healthy balance sheet with increase in total liabilities resulting from the new Sukuk issuance



Total Assets

↑ 2.0%

RM18.2 bil

FY2018
RM17.9 bil

Investment Properties

↑ 1.1%

RM15.9 bil

FY2018
RM15.7 bil

Total Borrowings

↑ 4.5%

RM2.3 bil

FY2018
RM2.2 bil

Equity attributable to equity holders

↑ 0.9%

RM13.2 bil

FY2018
RM13.1 bil

Net Assets value per stapled security

↑ 1.0%

RM 7.32

FY2018
RM 7.25

- **Total Assets** : Mainly due to the **increases in investment properties** and **higher cash bank balances**
- **Investment Properties** : 1.1% YoY increased led by the **value uplift** from the anchor-to-specialty reconfiguration in **Suria KLCC**
- **Total Borrowings** : Higher borrowings recorded due to the **new Sukuk issuance** amounting RM500 mil in April 2019

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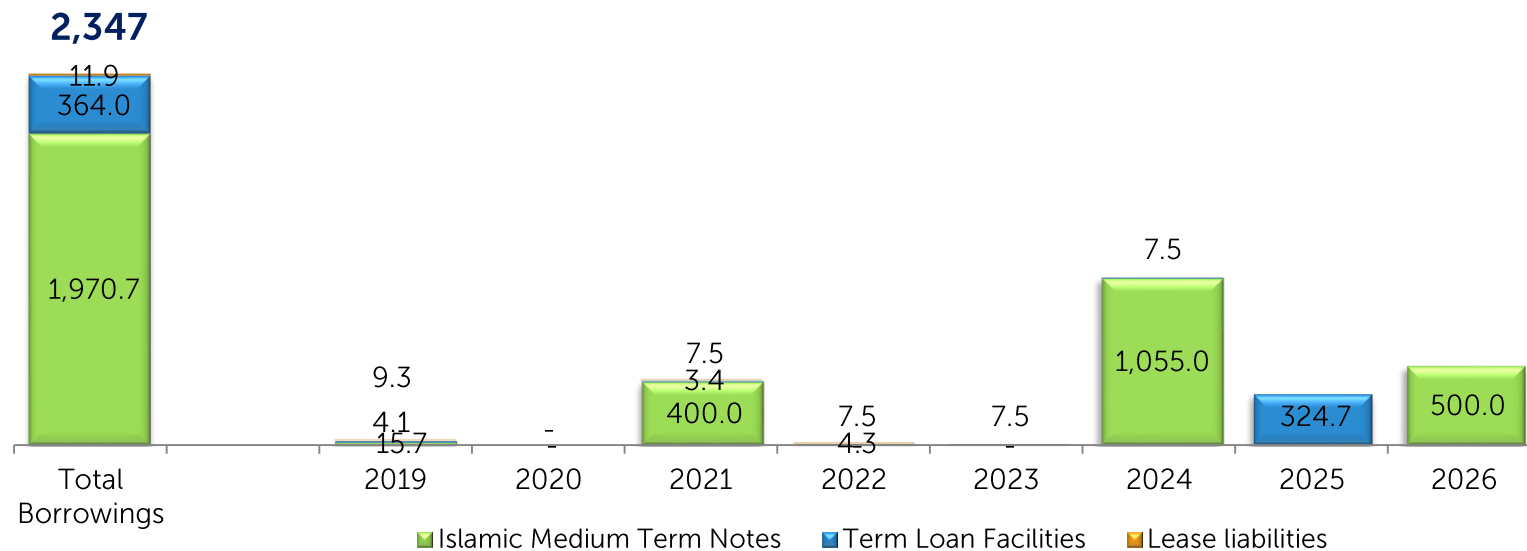
Prudent capital management to support future growth



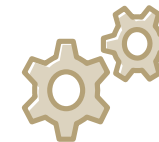
- Successfully completed the refinancing of the second and fifth tranches of Sukuk amounting RM500 mil which came due in April 2019
- Issued a new RM500 mil tranche, utilising the existing RM3.0 bil Sukuk Murabahah Programme at 4.2% rate p.a. for a period of 7 years
- Stable cost of debt at 4.6% with average maturity period extended to 4.6 years (vs 4.1 years in FY2018)

Debt Maturity Profile

As at 31 December 2019
(RM'mil)



Total Borrowings
RM2,347 mil



Gearing Ratio
17.8%



Borrowings on Fixed Cost
84%



Average Maturity Period
4.6 years



Average Cost of Debt
4.6%

As at 31 Dec 2019

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Leading operational excellence with continued industry recognition



Hospitality

- Social Media Excellence Award – **Hospitality, Social Media Chambers Malaysia**
- ASEAN Green Hotel Award
- Kuala Lumpur, APAC Insider – **Malaysia Leading Hotel**
- Kuala Lumpur Mayor's Tourism Awards – **5-Star Hotel Gold Award**

Management Services

- Royal Society for Prevention of Accident (ROSPHA) Awards 2019 – **Silver Award on HSE Excellence**
- MOSHPA OSH Excellence Awards 2019 for OSH Management in Car Parking - **Platinum Diamond Award**

Sustainability

- Green Building Index (GBI) Certification
 - **PETRONAS Twin Towers – Gold**
 - **Menara 3 PETRONAS – Silver**
- MalaysiaGBC 10th Anniversary Sustainability Awards 2019 - **Top 10 Green Buildings of the Decade Awards 2019 (PETRONAS Twin Towers)**

Asset Management

- TheEdge Property.com Malaysia's Best Managed Property Awards & Editor's Choice 2019 & 2018
 - **Menara Dayabumi & Menara ExxonMobil**
Bronze Award for Above 10 years non-strata office category
 - **KLCC Park**
Gold Award for Above 10 Years Specialised Category & Exemplary Contribution to the Nation

Governance & Transparency

- National Annual Corporate Report Awards (NACRA) 2019 – **Industry Excellence (REITs category)**
- Malaysian Institute of Corporate Governance's (MICG) Top 100 companies – **Ranked Second**
- PwC Building Trust Award 2019 – **Top 20 finalist**

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KLCCSS FOCUS

Culture committed to sustainability in creating value for stakeholders



ENVIRONMENT

27% of energy consumption since 2015

24% of GHG emissions since 2015

21% of water consumption since 2015



Final GBI Gold Rating - PETRONAS Twin Towers

Final GBI Silver Rating - Menara 3 PETRONAS



SOCIAL

Health Safety Environment

Zero Fatal incidents rate since 2012

RoSPA Health & Safety Awards

Silver Award for commitment in raising health & safety standards



Our People

94% Employees sent for training

RM1.8 mil Spent on learning and development

Reliable Partner

RM1.7 mil Invested in community programs

43% Hotel suppliers have accreditation

GOVERNANCE



Top 2
Most Transparent Corporate Reporting
Out of 100 Public Listed companies assessed

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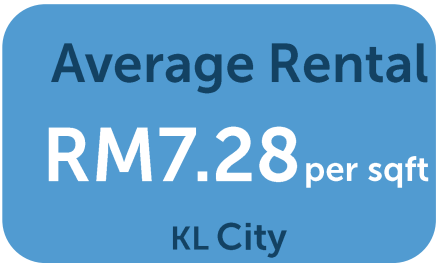
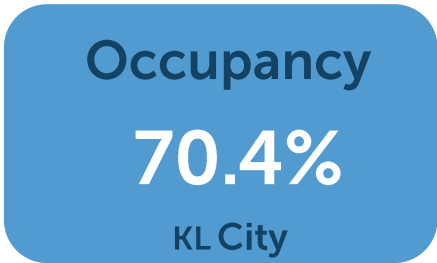
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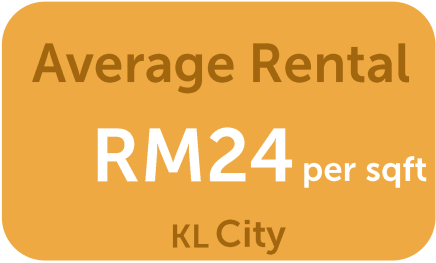
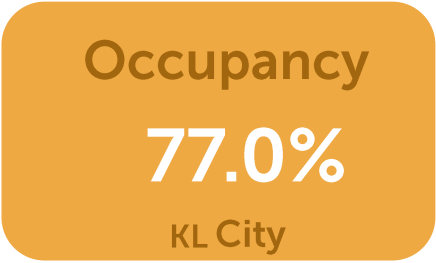


Office

KL office market remains lackluster in the medium term with huge incoming supply and no immediate catalyst to boost demand



Retail

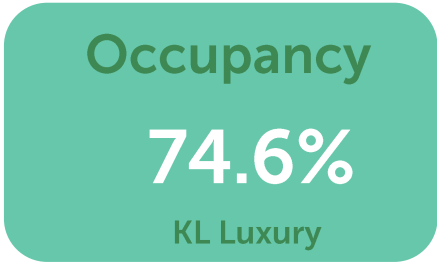


Occupancy and rental rates remained stable for prime retail malls however downward pressure impacted less performing malls due to competition



Hotel

Intense competition resulting in hoteliers "lowering" their room rates to secure guests and upgrading their premises to stay relevant



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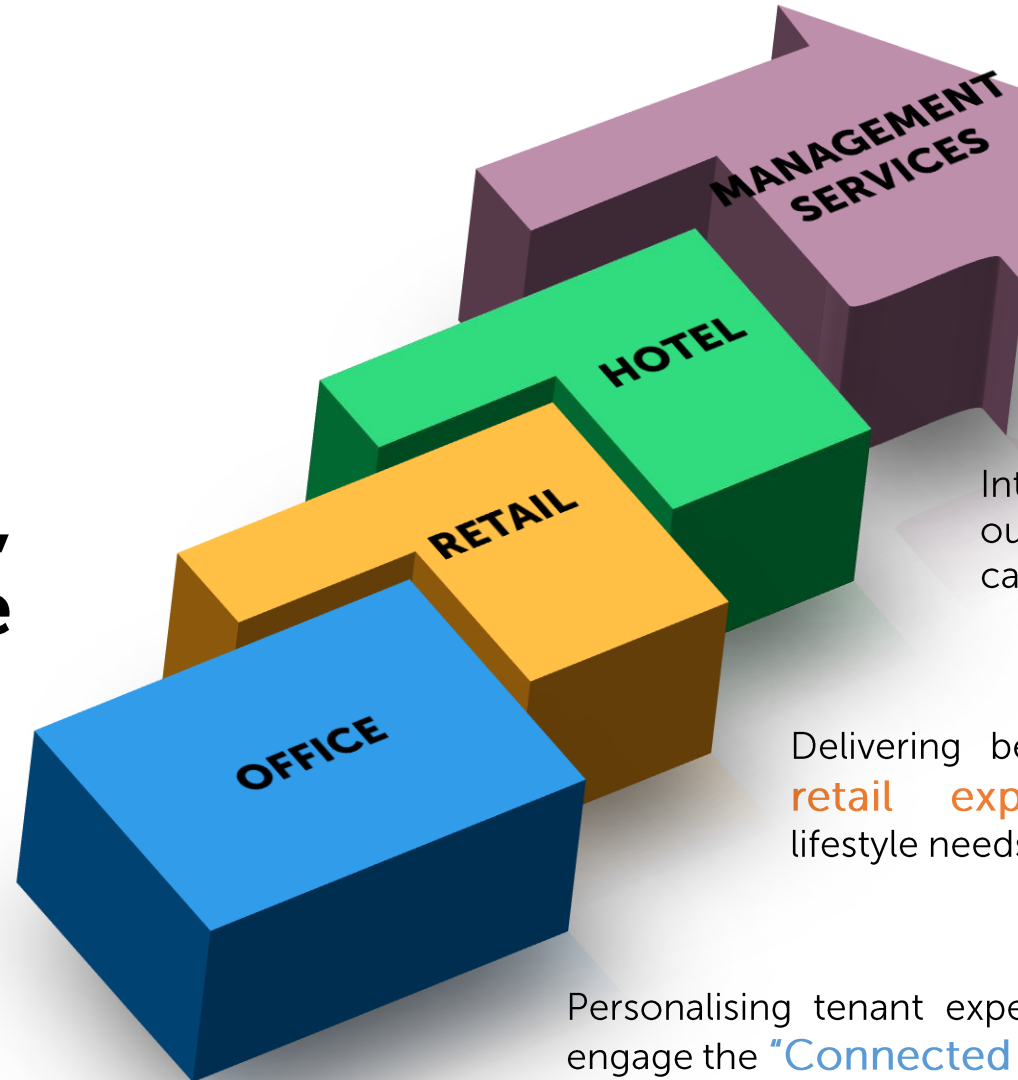


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2020: Redefining our competitive differentiators to create sustainable value leveraging on opportunities and technology



Focused on creating value as a **technology solutions partner** for our stakeholders, progressing lifestyle towards a **digitally smart, connected and sustainable city**



Elevating **quality** and **convenience** of our car parking services and operational efficiency of our assets whilst keeping pace with the **advancement of technology**

Intensifying **digital marketing** in our hotel to broaden network and capture market share

Delivering bespoke and **engaging retail experience** that meet lifestyle needs of our customers

Personalising tenant experience that engage the **"Connected Tenant"**

Key Take-Away



1

Full occupancy of our office portfolio will continue to drive **stable growth**, primarily anchored by the **long term leases** with **reputable tenants**

2

Suria KLCC **maintained sheer resilience** despite the ongoing reconfiguration exercise with **improved MAT tenant sales to RM2.67 bil**

3

Capitalised on the hotel's **renovated offerings** fueling healthy growth in **occupancy** and **RevPAR** of 9% and 5.1% respectively, despite competing in a fiercely competitive market

4

Restructuring of existing Sukuk **lengthened debt maturity profile** to 4.6 years (from 4.1 years) and positions us favourably to meet our investment needs

5

Distributed **38 sen** dividend per stapled security supported by stable income growth and low leasing risks, **delivering value and growth** to our holders of Stapled Securities



THANK YOU