



KLCCP Stapled Group

Financial Results

1st Quarter ended 31 March 2020

5 May 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.

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AT A GLANCE



7
Properties

11.9mil
Gross Floor Area
(sq. ft.)

RM15.9bil
Property Value

Diversified
Office-focused
REIT

OUR PURPOSE

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

WHO WE ARE

Malaysia's largest REIT and only Stapled Security in the country, comprising KLCC Property Holdings Berhad (KLCCP) and KLCC Real Estate Investment Trust (KLCC REIT). KLCC REIT focuses on active asset management and acquisition growth strategies, whilst KLCCP is the development arm of the Stapled Group. At the forefront of **Malaysia's** real estate industry, our unique structure allows us to maximise the value we create for all our stakeholders.

WHAT WE DO

We own, manage, develop and invest in a portfolio of premium assets comprising office, retail and hotel properties in the heart of Kuala Lumpur. This is complemented by our award winning asset management services provided by KLCC Urusharta Sdn Bhd and KLCC Parking Management Sdn Bhd. This synergy of property investment and asset management strengthens the earning potential of our stable of iconic properties.

HOW WE DO IT

We are committed to creating a progressive lifestyle experience within the KLCC Precinct while enhancing the value of our property portfolio. We are focused on optimizing sustainable value creation through a strategic approach that capitalises on our unique Stapled Group structure and our competitive differentiators, well positioned for the future.

1 | PETRONAS TWIN TOWERS
An iconic landmark, the world's tallest twin towers

2 | MENARA 3 PETRONAS
Premium office and retail space seamlessly connected to Suria KLCC

3 | MENARA EXXONMOBIL
Office tower currently tenanted by major oil and gas corporation

4 | SURIA KLCC
The premier shopping destination in the heart of Kuala Lumpur

5 | MANDARIN ORIENTAL, KUALA LUMPUR
A 5-star award winning luxury hotel

6 | MENARA MAXIS
Home to one of the leading communications service provider in Malaysia

7 | KOMPLEKS DAYABUMI
An integrated office and retail development (located outside the KLCC Precinct)

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KLCCSS FOCUS

Key events stemming from the Covid-19 pandemic



- 25 Jan - [1st case detected](#) in Malaysia
- early Mar - [Localised clusters began to emerge](#), leading to [massive spike in cases](#) and an exportation of cases to neighbouring countries
- 11 Mar - World Health Organisation (WHO) [declares Covid-19](#) as a [worldwide pandemic](#)
- 16 Mar - Government announces a [Movement Control Order](#) (MCO) to be [enforced](#) from 18 Mar – 31 Mar, to curb the spread of the virus
- 25 Mar – Government announces the [MCO](#) to be [extended by an additional two weeks to 14 Apr](#), as the rate of the new cases per day remained consistently high
- 27 Mar - Government launches [Malaysia's Prihatin Rakyat Economic Stimulus Package \(PRIHATIN\)](#) worth [RM250 bil](#) (about 17% of GDP) to mitigate the adverse situation caused by Covid-19
- 6 Apr - Government launches [additional allocation](#) of [RM10 bil](#) in the [PRIHATIN Package for SMEs \(Additional Measures\)](#) to help ease the financial burden of the Small and Medium-sized Enterprises (SMEs)
- 10 Apr - Government announces a [further extension of the MCO by another 14 days until 28 Apr](#), to give space to medical personnel to combat Covid-19. Selected sectors to be allowed to operate on conditional basis
- 23 Apr – Government announces that [MCO](#) to be extended for a [third time to 12 May](#) to flatten the Covid-19 infection curve
- 1 May – Government announces [Conditional Movement Control Order](#) (CMCO) beginning 4 May to ease the partial lockdown implemented in Mar

Covid-19 Government Economic Stimulus Package



RM260bil
17% of GDP

3 GOALS:

1 PROTECTING
RAKYAT

2 SUPPORTING
BUSINESS

3 STRENGTHENING
ECONOMY

REITS related stimulus measures

Measures

KLCC's action

1) 6% service tax exemption for hotels from March to August 2020

MOKL Hotel has temporarily excluded the 6% SST to all in-house guests effective 1 March 2020

2) Special discount of 15% on monthly electricity bills for hotel operators, travel agencies, local airlines offices, shopping malls, convention centres and theme parks from April to September 2020

Potential additional cost savings for retail and hotel segments

3) Government call on industry players to play their part – for hotels to offer discounts while shopping malls to reduce rentals of their tenants

MOKL Hotel – created “Booking with confidence” programme to share guest’s uncertainties during challenging times

Suria KLCC – extended rental assistance to its tenants on a case to case basis

4) Employees with a salary below RM4,000 a month will benefit from the Wage Subsidy Programme (WSP)

Our businesses have applied for the RM600 monthly wage subsidy programme for 3 months commencing 1 April 2020

KLCC – Coping with Covid-19 during the Movement Control Order



OFFICE

- 1 Our offices are open for our O&G tenants - **essential services**
- 2 Tenants have activated the **Special Work Arrangement** for all their employees whilst adhering to the policies and guidelines related to Covid-19
 - Split team working arrangement
 - Alternate work locations
 - Extended flexible working hours

RETAIL

- 1 All stores with the exception of **essential stores** remain closed
- 2 Stores open: **Supermarket, Pharmacy Banks & Forex, Mail Services Convenience Store**
- 3 **Limited** car parking space to control the flow and monitor people coming in and out

HOTEL

- 1 **Adhering to the directive** of the World Health Organisation and relevant local health and government authorities
- 2 Practically closed except for the **existing** and **long-stay guests** at Apartments
- 3 **Waiver of fees** for any cancellation or change of bookings for stays until 31 May 2020, up to 24 hours prior to arrival
- 4 **All restaurants closed** - Kitchen open only to serve room service for in-house guests

MANAGEMENT SERVICES

- Car Parking
- 1 Implementation of **cashless-only payment** to reduce touch keypads as an added preventive measure
- Facilities Management
- 1 Adhering to **Standard operating procedures (SOPs)** that have been established to contain the Covid-19 outbreak

The Group is currently focused on complying with the **Government's** directive on MCO in order to contain the spread of the virus

Recent update: Conditional MCO allows businesses to resume operations subject to strict standard operating procedures



OFFICE

- 1 Tenants to continue with the existing Special Work Arrangement until May 12, in order to curb the transmission of infection amongst the employees

RETAIL

- 1 Suria KLCC opened to public with new operating hours from 10am to 8pm
- 2 Cinema, gym, hair salon, barber shops and reflexology/spa centres will remain closed

HOTEL

- 1 MOKL Hotel resumes operations and to accommodate guests from essential services only
- 2 Mosaic, Lounge on the Park and Aqua are opened, offering ala carte and small menu
- 3 Spa and wellness facilities remain closed

MANAGEMENT SERVICES

- 1 In readiness with all preventive measures in place, adhering to Standard Operating Procedures (SOPs) at all buildings and facilities

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Q1 2020 Highlights

Start of a challenging year impacted by the unprecedented Covid-19 crisis



Revenue

 0.3%

RM354.6 mil

Q1 FY2019
RM353.4 mil

Profit before tax

 3.1%

RM232.3 mil

Q1 FY2019
RM239.6 mil

Profit attributable to equity holders

 3.8%

RM176.9 mil

Q1 FY2019
RM184.0 mil

Dividend per Stapled Security

 5.7%

8.30 sen

Q1 FY2019
8.80 sen

Net Asset Value per Stapled Security

 0.3%

RM7.30

FY2019
RM7.32

Gearing ratio

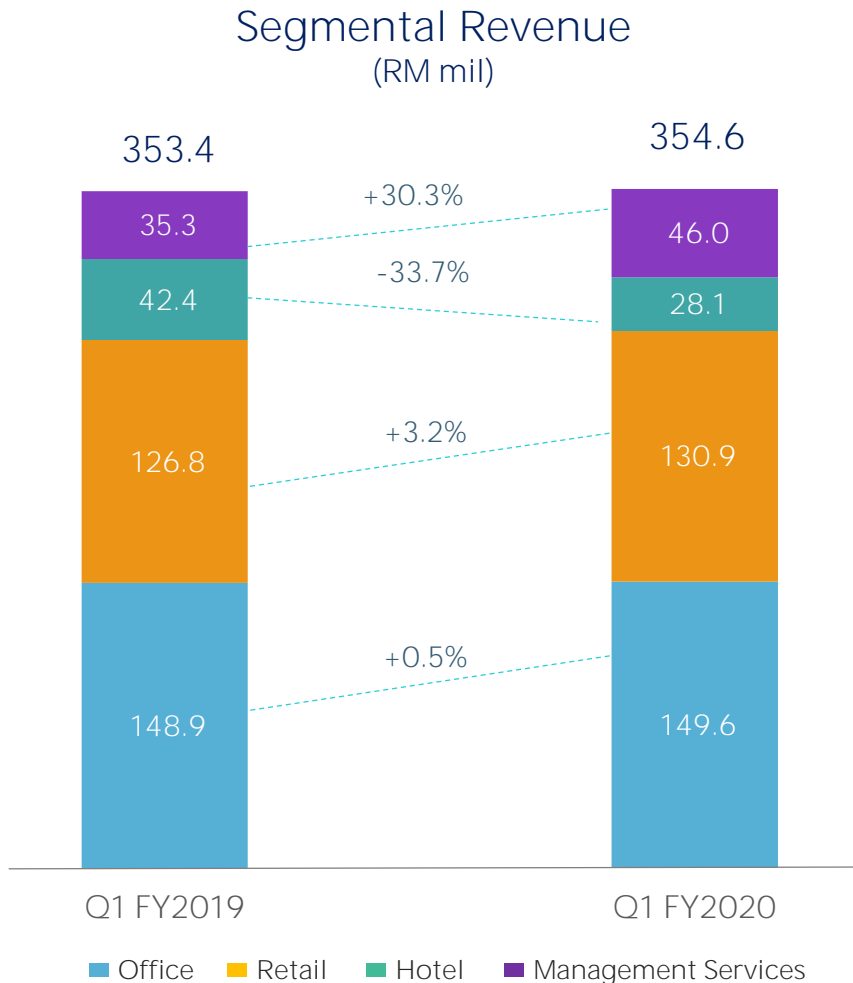
18.0%

FY 2019
17.8%

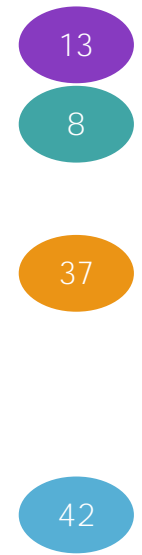
- Marginal increase in revenue mainly supported by the **resilience of the office segment** and **additional rent commencement** from the **new tenants** in the anchor-to-specialty reconfigured space
- Profit **dipped** mainly due to the adverse impact in the hotel segment arising from the travel restrictions imposed from the Covid-19 outbreak and MCO

SEGMENTAL RESULTS

Positive contributions from office, retail and management services segments, offset by the significant decline in hotel revenues



Composition to total KLCCP Stapled Group revenue (%)



MANAGEMENT SERVICES

Higher revenue from the new business approach in the facility management services

HOTEL

Significantly hampered by the travel restrictions from Covid-19 pandemic and MCO

RETAIL

Increase in rental contribution from the new tenants of the anchor-to-specialty reconfigured space

OFFICE

Stable and steady revenue growth

Dividend distribution to stapled security holders reflective of **the Group's performance due to the Covid-19** crisis



Distribution per stapled security (DPS) (sen)	Q1 FY2020	Q1 FY2019
KLCCP	2.46	2.52
KLCC REIT	5.84	6.28
Distribution per stapled security	8.30	8.80

4.3%
Dividend Yield*

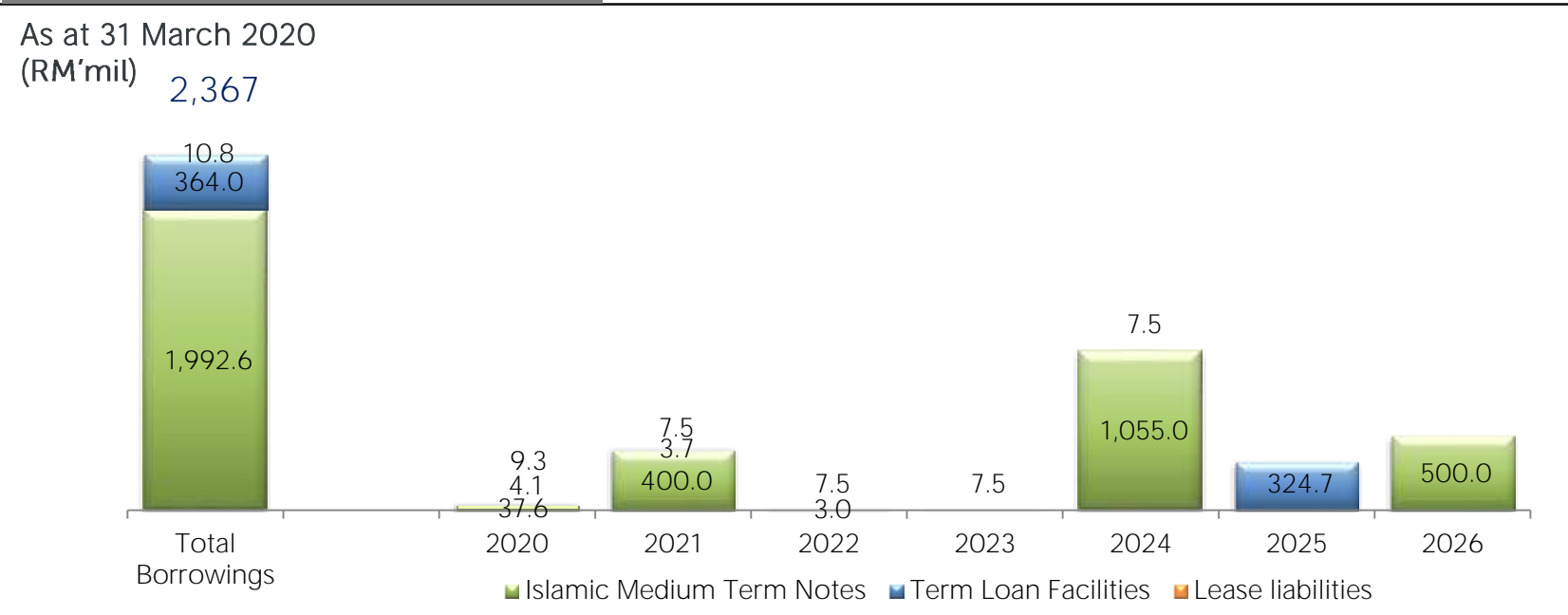
* Annualised dividend yield based on unit price as at 31 March 2020

Well capitalised with low gearing, providing steady footing for the Group

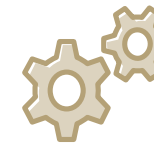


- Well staggered debt maturity profile, with next refinancing of RM400 mil due in Apr 2021
- Improved cost of debt to 4.5% p.a. in line with the low interest rate market environment
- RAM rating reaffirmed the AAA/Stable rating of KLCC REIT's Sukuk Murabahah Programme (2014/2044) in April 2020

Debt Maturity Profile



Total Borrowings
RM2,367 mil
[FY2019: RM2,347 mil]



Gearing Ratio
18.0%
[FY2019: 17.8%]



Borrowings on Fixed Cost
84%
[FY2019: 84%]



Average Maturity Period
4.33 years
[FY2019: 4.58 years]



Average Cost of Debt
4.5%
[FY2019: 4.6%]

As at 31 Mar 2020

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KLCCSS FOCUS


Office – Anchoring the Group, backed by its long-term, locked-in leases

Revenue

RM149.6m  0.5%
YoY

Q1 FY2019: RM148.9m

Profit before tax

RM133.9m  0.9%
YoY

Q1 FY2019: RM135.1m

Occupancy

100%

Fixed rental uplift every 3 years in TNL agreements

- Stable performance with marginal decrease in PBT arising from one-off repair and maintenance expenses recorded during the quarter
- Menara ExxonMobil
 - i. ExxonMobil Exploration and Production Malaysia Inc renewed the lease in Feb 2020 for the next 3-year term of the 18-year lease tenure
- Creating vibrancy in Menara Dayabumi:
 - i. Façade enlivenment fronting Jalan Sultan Hishamuddin. This AEI is expected to further boost visibility to retail offerings together with the 10-metre new pedestrian bridge connecting Menara Dayabumi to Central Market
 - ii. Secured new retailer to enhance the F&B offerings - Traders On-the-Go café
- Our office portfolio remains stable backed by its long-term leases which forms the foundation to the Group cashflow



PETRONAS TWIN TOWERS



MENARA 3 PETRONAS



MENARA EXXONMOBIL




MENARA DAYABUMI

KLCC REIT


KLCC PROPERTY

Retail – A glimpse of the successful anchor-to-specialty reconfiguration amid the Covid-19

Revenue

RM130.9m  3.2%
Q1 FY2019: RM126.8m YoY

Profit before tax

RM100.7m  4.9%
Q1 FY2019: RM96.0m YoY

Occupancy

98%

Q1 FY2019 – 98%

- 3.2% and 4.9% YoY Revenue and PBT growth respectively, driven by **increased rental contribution** from **tenants** of the **newly reconfigured space** becoming effective during the period
- 10.0% YoY increase in average base rent contributed from the **full opening** of the Phase 1 anchor-to-specialty reconfiguration
- Unlocking value through the anchor-to-specialty space reconfiguration :
 - **Phase 1** (Ground & 1st Floor and Half of the Signature Foodcourt)
 - Launched and opened to community on 24 Jan 20
 - Showcases impressive selection of **44 tenants** - cosmetics, fashion and new F&B concepts
 - Refurbished first half of the Signature food court with **extended seating capacity** and **15 new tenants** – I Love Yoo, Ahh Yum, Kagura, Shucked Oyster
 - **Phase 2** (2nd half of the Signature Foodcourt) – commenced refurbishment in Jan 2020 though temporarily halted due to MCO
- **Suria KLCC** has been **supportive** of its tenants and retailers and have extended **rental assistance** on a **case-to-case basis** to ensure the retailers are able to weather the crisis, recover quickly and rebuild their loyal customer base.



KLCC
PROPERTY



SURIA KLCC

KLCC REIT



Menara 3
PETRONAS –
Retail Podium

New tenants at Suria KLCC in Q1 2020

Fashion



MCM



COS



Bokitta



Geox

Cosmetics



Lancome



Armani



Sulwhasoo



Givenchy

F&B



Serai



Genki Sushi



Shucked



Baskin Robbins



Mandarin Oriental,
Kuala Lumpur

Hotel – Negatively impacted by the profound Covid-19 outbreak and the implementation of MCO

Revenue

RM28.1m 33.7%
YoY
Q1 FY2019: RM42.4m

Loss/ Profit before tax

RM(8.8)m >100%
YoY
Q1 FY2019: RM0.4m

Occupancy

44% 20%
YoY
Q1 FY2019: 64%


RevPAR

34.6%
YoY


- Solid month of Jan 2020 performance saw a subsequent decline following the **escalation of public health issues** and **halting of travels** in mid-Feb 2020, impacting occupancy and MICE contribution
- 20% YoY decline in occupancy as a result of the pandemic with **corporates and leisure restricting travel** since Feb 2020
- 33.9% YoY decline in room revenue with several group and leisure **cancelling bookings** and **suspending events to later dates**. During MCO, MOKL Hotel is only servicing **long-staying guests**
- Sharp declines in F&B segment as all outlets have been **forced to close during MCO**, leaving only in-room dining and minibar
- A series of **cost containment measures** have been implemented including:
 - Suspended non-essential operating and capital expenditures
 - Temporary closure of rooms and amenities by floors, including utilities cost saving
 - Review of hotel's labour scheduling with minimal staffing
 - Review of operational contracts with third-party suppliers and external contractors

Management Services – Elevating quality of service and operational efficiency during crisis

Revenue

RM46.0m  30.3%
YoY
Q1 FY2019: RM35.3m

Profit before tax

RM6.4m  28.1%
YoY
Q1 FY2019: RM8.9m

No of facilities managed

20

Q1 FY2019: 20

No of car parking managed

11,945

Q1 FY2019: 12,634

- 30.3% YoY revenue increase from new business approach in facilities management services
- Reduction in profit due to lower income from car parking as evidenced by [reduction in transient car count](#) during the Covid-19 pandemic [coupled with higher depreciation](#) and [IT cost](#) on the digital initiatives embarked by KLCC Parking Management for enhanced customer experience
- Operationally, facilities management and car park management have [stepped-up on preventive measures](#) at all our office buildings and car park sites to contain the spread of the virus:
 - Regular [cleaning and disinfection](#) in public areas, placed sanitisers at entrances
 - Installed [thermographic cameras for](#) temperature screening
 - Implemented [safe distancing measures](#) at public areas and shared amenities
 - Enhanced [tenant engagement platforms](#) to keep the building occupants informed on the latest development of the outbreak

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Being the Solutions Partner to our Stakeholders for a Sustainable Future in the “New Normal” and beyond



- 1 Adhering to SOPs by the Health Ministry to ensure **facility readiness** to meet the **new-norm** of our tenants, shoppers and hotel guests - **social distancing and enhanced safety measures**
- 2 Positioning our retail tenants to **adapt** to the **transition** towards **new consumer behaviour** post Covid-19
- 3 Ensuring our properties are in **pristine condition** to receive our tenants, shoppers, hotel guests post MCO

OFFICE

- Investing in **safe environment** to protect employees and tenants
- Personalising tenant experience that engage the **“Connected Tenant”**

RETAIL

- Enhancing shopper **communications and outreach** via social media channels, tailoring content and promotions based on behaviour patterns
- **Stepping-up retail tenant support** on a case-to-case basis towards tenant sustainability

HOTEL

- **Reinforcing visibility and presence** in the industry through continued marketing efforts
- **Staying connected** with guests through social, editorial content that adds value to maintain a **strong brand relationship**

MANAGEMENT SERVICES

- Continue as the Group’s essential services/ frontliners, **re-setting operation rhythm** to the new normal
- Building capabilities that future relevance will require – tap into the value of **new technologies**



THANK YOU