



KLCCP Stapled Group

Financial Results

2nd Quarter ended 30 June 2020

6 August 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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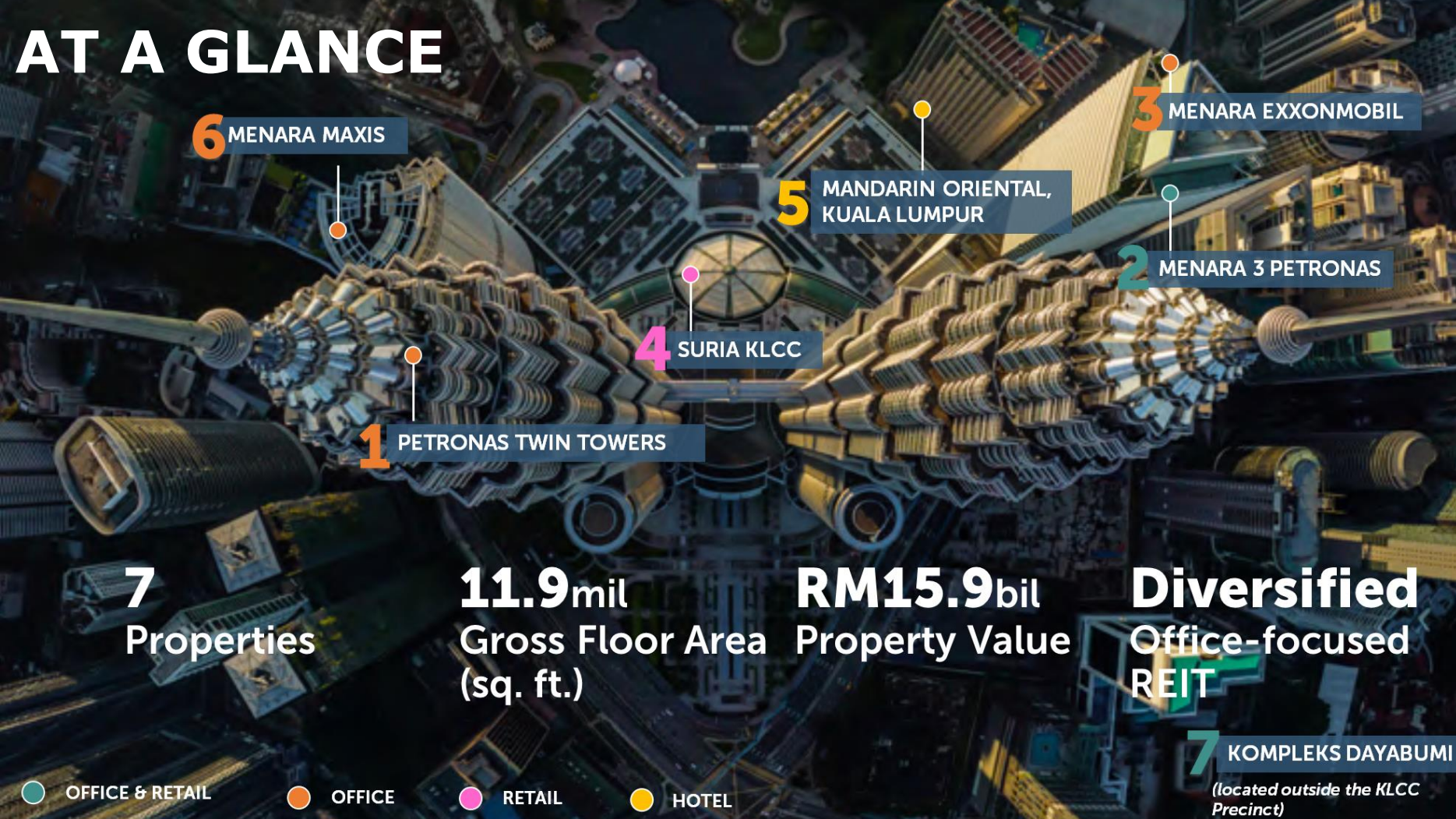
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OUTLOOK & STRATEGY

AT A GLANCE



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.

7 Properties

11.9 mil Gross Floor Area (sq. ft.)

RM15.9 bil Property Value

Diversified Office-focused REIT

OFFICE & RETAIL OFFICE RETAIL HOTEL

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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OUTLOOK & STRATEGY

Navigating through the unprecedented challenges (Covid-19)



11 Mar 20 - WHO declares Covid-19 as a **worldwide pandemic**

Outbreak
MCO: 18 Mar 20 – 3 May 20

27 Mar & 6 Apr 20 - **PRIHATIN & PRIHATIN for SMEs** was launched respectively

Gradual Reopening
CMCO: 4 May 20 – 9 Jun 20
RMCO: 10 Jun 20 – 31 Aug 20

6 Jun 20 – **PENJANA** was launched

RETAIL



	MCO - All stores with the exception of essential stores were closed	CMCO - phased reopening; 90% of retailers have reopened	RMCO – all retailers resumed operations Hair salon opened 10 Jun Spa, massage, and reflexology centres reopened 1 Jul
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HOTEL



	Practically closed , only servicing existing and long stayed guests at Apartments Waiver of fees for any cancellation or change of bookings for stays until 31 May	CMCO Hotel allowed to accommodate guests from essential services only Lounge on the Park, Mosaic & Aqua opened on 4 May Lai Po Heen opened on 14 May	RMCO Interstate travel was allowed and the hotel welcomed domestic leisure guests Spa, Fitness & Wellness opened on 15 Jun Swimming pool reopened on 1 Jul
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OFFICE



Our offices were open for **Oil & Gas tenants – Essential Services**

Tenants are continuing with the **existing Special Work Arrangement**, in order to curb the transmission of infection amongst the employees

Government Stimulus Package - Short-term Economic Recovery Plan



OFFICE & RETAIL

- Tax deductions to landlords on reduction or waiver of rental to tenants (at least 30% of gross rental) has been extended up to 30 Sep 2020 (previously for 3 months from 1 Apr 2020)

HOTEL

- 6% service tax exemption for hotels extended to 30 Jun 2021 (previously for 6 months from 1 March 2020);
- New exemption for tourism tax from 1 Jul 2020 to 30 Jun 2021
- Extension of wage subsidy program for further 3 months until 30 Sep 2020, and also enhanced as follows:
 - Allow employers receiving wage subsidy to implement reduced work week
 - Allow employers to receive wage subsidy for employees on unpaid leave, subject to employees receiving the subsidy directly

OTHERS (relevant to all segments)

- Extension of period for deferment of income tax instalment to 31 Dec 2020
- 15% discount on monthly electricity bills for 6 months from 1 April 2020
- Tax relief for Covid-19 expenses (personal protective equipment, Covid-19 screening test and thermal scanners)

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OUTLOOK & STRATEGY

1H FY2020 Highlights

Challenging operating environment due to COVID-19 pandemic



RM621.8 mil

Revenue

-11.7% vs 1H FY19

RM396.1mil

Profit before tax

-16.4% vs 1H FY19

RM317.3 mil

**Profit attributable
for equity holders**

-12.9% vs 1H FY19

15.80 sen

**Dividend per
Stapled Security**

-10.2% vs 1H FY19

RM7.30

**Net asset value per
Stapled Security**

-0.3% vs FY19

17.8%

Gearing ratio

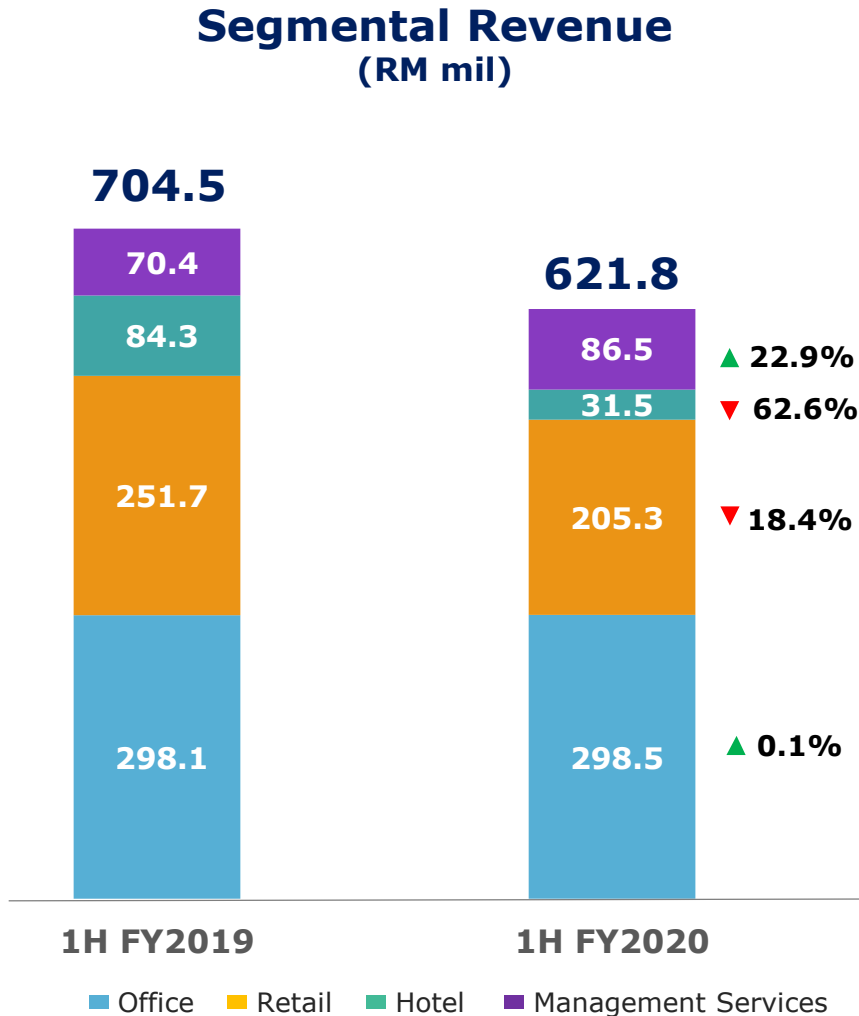
17.8% in FY19

- ✓ Overall performance **affected** by the **MCO** and **Covid-19 pandemic**, mainly from the unprecedented disruption in the retail and hotel segments
- ✓ Retail – **provision of rental assistance** to tenants affected by the Covid-19 pandemic though partially mitigated by the higher rental income from new tenants at the newly reconfigured anchor-to-specialty space
- ✓ Hotel – **global travel restrictions, cancellation of bookings and events, and reduced F&B covers**
- ✓ Maintained **healthy balance sheet** with **strong cash position** to weather short-term impact

SEGMENTAL RESULTS



COVID-19 negatively impacts contribution from the hotel and retail segments, while office segment grew its contribution to 48%



Composition to total KLCCP Stapled Group revenue (%)



MANAGEMENT SERVICES

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

HOTEL

Adversely impacted by the MCO and the travel restrictions

RETAIL

Impacted by the provision of rental assistance granted to tenants

OFFICE

Stable and steady revenue growth

2Q FY2020 Highlights

Performance contracted from the 3-months full impact of the pandemic and several phases of MCO



RM267.2 mil

Revenue

-23.9% vs 2Q FY19

RM163.8 mil

Profit before tax

-30.0% vs 2Q FY19

RM140.5 mil

Profit attributable for equity holders

-22.1% vs 2Q FY19

7.50 sen

Dividend per Stapled Security

-14.8 % vs 2Q FY19

- ✓ **Significant** Covid-19 impact in 2Q FY2020 from the **total** and **partial lockdown** of business during the various phases of MCO:
 - ✓ April (MCO) only **essential stores** were open at Suria KLCC and MOKL Hotel was only **servicing long-stay guests**
 - ✓ May (CMCO) **reopening** in **phases** of stores and operations at the malls and hotel although customers were still being cautious
 - ✓ June (RMCO) – Suria KLCC footfall and tenant sales **gaining momentum**, while the Staycation by packages MOKL Hotel are **driving positive sales**
- ✓ Prioritised **retail tenant rental assistance, cash preservation** and **reasonable returns** to shareholders

97% dividend payout, delivering our commitment of sustainable returns to holders of Stapled Securities



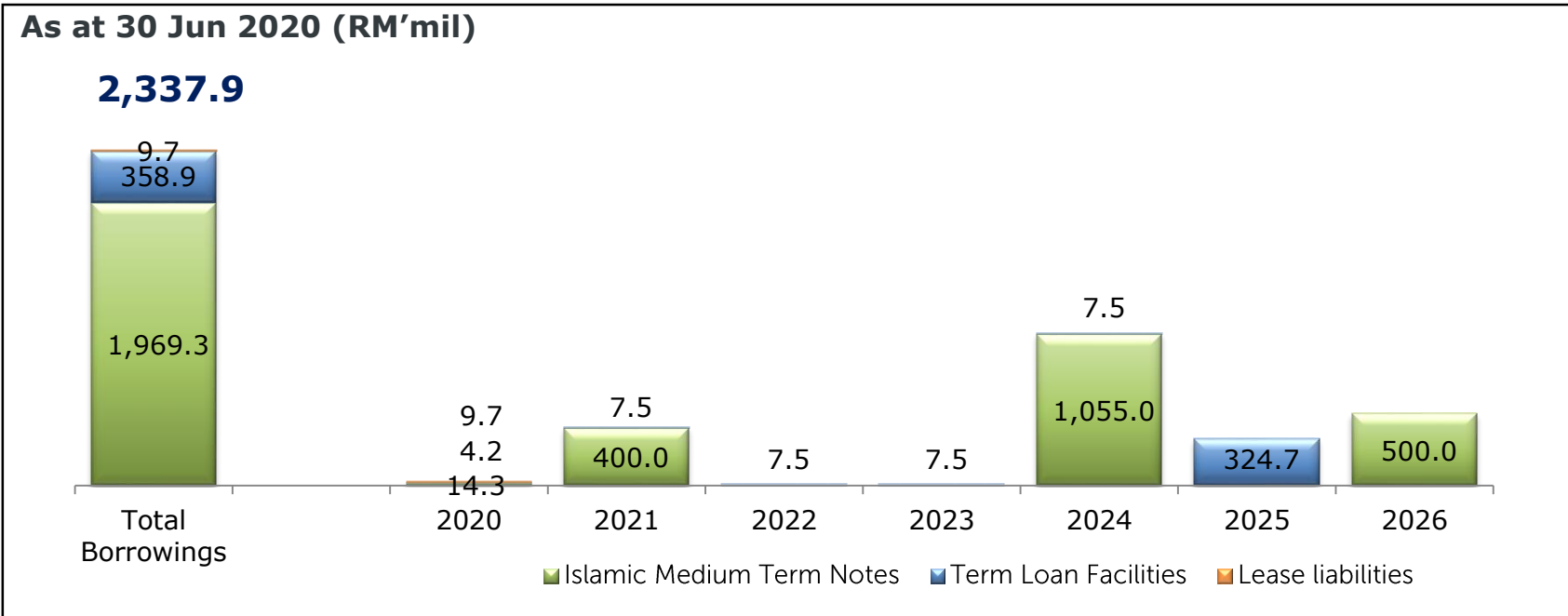
Distribution per stapled security (DPS) (sen)	Q2 FY20	Q2 FY19	H1 FY20	H1 FY19
KLCCP	1.41	2.57	3.87	5.09
KLCC REIT	6.09	6.23	11.93	12.51
Distribution per stapled security	7.50	8.80	15.80	17.60

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



- **Well staggered debt maturity profile** up to 2026
- Bank facilities in place for next refinancing of RM400 mil due in Apr 2021
- Low **gearing ratio** (well below the industry benchmark), providing solid foundation to withstand near term uncertainties

Debt Maturity Profile



As at 30 Jun 2020

- Total Borrowings**
RM2,338 mil
 [FY2019: RM2,347 mil]
- Gearing Ratio**
17.8%
 [FY2019: 17.8%]
- Borrowings on Fixed Cost**
85%
 [FY2019: 84%]
- Average Maturity Period**
4.08 years
 [FY2019: 4.58 years]
- Average Cost of Debt**
4.5%
 [FY2019: 4.6%]

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OUTLOOK & STRATEGY

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

Revenue

RM298.5m ↑ 0.1% YoY
1H FY2019: RM298.1m

Profit before tax

RM267.8m ↓ 0.4% YoY
1H FY2019: RM269.0m

Occupancy

100%

- **Stable revenue** backed by triple net lease agreements and long-term leases
- Menara ExxonMobil **lease renewal**:
 - ExxonMobil Exploration and Production Malaysia Inc **renewed** the lease in Feb 2020 for the next 3-year term of the 18-year lease tenure
 - PETRONAS **renewed** the lease in April 2020 for the next 3-year term of the 18-year lease tenure
- **Creating vibrancy** in Menara Dayabumi:
 - Façade enlivenment** fronting Jalan Sultan Hishamuddin - **completed**
 - 10-metre new **pedestrian bridge** connecting Menara Dayabumi to Central Market – final touch up ongoing with target opening in **October 2020**



PETRONAS TWIN TOWERS



MENARA 3 PETRONAS



MENARA EXXONMOBIL



MENARA DAYABUMI

KLCC REIT

KLCC PROPERTY

Retail – Subdued performance due to the several phases of MCO and rental assistance granted to tenants



KLCC PROPERTY



SURIA KLCC

KLCC REIT



Menara 3
PETRONAS –
Retail Podium

Revenue
RM205.3m ↓ **18.4%**
YoY
1H FY2019: RM251.7m

Profit before tax
RM148.2m ↓ **21.5%**
YoY
1H FY2019: RM188.7m

Occupancy

98%

1H FY2019 – 99%*

* excludes unleased area of anchor-to-specialty space reconfiguration

- 18.4% and 21.5% YoY decline in revenue and PBT respectively due to the **rental assistance granted** to tenants coupled with **lower internal digital advertising income**
- YTD **Occupancy remained resilient**, with **new stores** opened during CMCO:
 - Luxury skincare brands, which is exclusive to Suria KLCC - **Sisley Paris** and **The History of Whoo**
 - Malaysia's leading premium poké restaurant - **The Fish Bowl**
- Steady pick up in footfall** was observed despite the surrounding offices have yet to return to work at full strength
- Refurbishment of Phase 2 (2nd half of the Signature Foodcourt) - **ongoing** with **targeted completion** by **Nov 2020**
- Escalator modernisation** progress:
 - Ampang Mall – ongoing, expected completion in FY2021
 - Ramlee Mall – to commence in FY2021

Retail – Augmenting retailers’ strategy with focused shopper engagement to boost footfall

Initiatives

Observations

1

Regaining **shoppers’ confidence** and **footfall** via aggressive marketing & promotional efforts :

- Golden Ticket 2020 Campaign
- Shoppers’ Surprise Initiative
- Mega Sales Programme and "Buy Malaysian Products" Campaign in collaboration with the Government

1

Gradual but steady recovery in **shopper traffic**, increasing footfall since the reopening of the mall

2

Bringing in **new tenants** to create fresh and unique experiences through **curated collaborations** with **renowned brands**

- Sisley Paris and The History of Whoo – opened in Q2 2020
- New stores to come – BAPE, David Rocco’s Dolce Vita, Dragon-i & Omotesando Koffee

2

Growing customer confidence evidenced by the **strongest recovery in F&B segment**, recording highest increase in sales during the RMC0

3

Constantly working on **tenant long-term partnerships** to mitigate business disruption and grow the overall mall productivity

4

Continue to **adhere** to **strict hygiene and safety standards** to prioritise the wellbeing of shoppers



Hotel –A hard hit by the profound Covid-19 outbreak and the implementation of MCO



KLCC
PROPERTY



Mandarin Oriental,
Kuala Lumpur

Revenue

RM31.5m

↓ 62.6%
YoY

1H FY2019: RM84.3m

Loss before tax

RM29.3m

↓ >100%
YoY

1H FY2019: RM1.2m

Occupancy

24%

↓ 36%
YoY

1H FY2019: 60%

- Sharp YoY decline in revenue and PBT as a result of the pandemic with **corporates** and **leisure restricting travel** during the MCO and CMCO period
- **Cost containment measures** are **ongoing**, to mitigate the profound impact of disruption (e.g. suspension of non-essential operating and capital expenditures, temporary closure of floors not in use and etc)
- Post RMCO (Jun 2020 vs May 2020):
 - Slow recovery in corporate demand whilst Leisure saw an uptick in rooms booking arising from **domestic tourism - 32% increase in room revenue**
 - F&B outlets saw **significant pick up** in revenue covers, particularly **Mosaic & Lai Po Heen**, trading at full capacity with social distancing protocols in place
- MOKL Hotel continues to work towards **regaining** its **guests' confidence** through the safety measures implemented throughout the hotel and created the "**booking with confidence**" programme to share guests' uncertainties during these challenging times

Hotel – Aggressive promotional packages to take advantage of domestic tourism and potential opening of borders to lure back guests

Initiatives

- 1 Focus on **domestic business** to promote locally designed offers such as “Urban” and “Weekend” staycation packages and advance purchase promotions
- 2 Promote **regional packages** expecting more markets for corporate and short haul leisure travel with the **potential opening of borders** to green zone countries
- 3 Directing efforts to **new industries** such as IT, eCommerce and local chambers of commerce
- 4 Implementation of **‘WeCare’ programme** with stringent protocols to further safeguard the comfort, health and safety of hotel guests and employees
- 5 **Innovate** service **offerings** - assisted buffet arrangement

Observations

- 1 **Increased demand** for **smaller corporate meetings** (25-50pax)
- 2 Experiencing **active enquires** and site visits for **social events** i.e weddings



Hotel – Stepping up promotional offerings with enticing packages



Urban Resort Staycation package

MANDARIN ORIENTAL KUALA LUMPUR

from RM 618 onwards

FOR PACKAGES VALUED AT RM1,099! JOIN #FANSOPMO AND START ENJOYING BENEFITS WHEN YOU BOOK THE URBAN RESORT STAYCATION OFFER THAT IS VALID FROM NOW UNTIL 31 AUGUST 2020.

Mosaic – assisted buffet arrangement concept



'We Care' Health and Safety Programme

WE CARE PROGRAMME
at Mandarin Oriental, Kuala Lumpur

In response to the current COVID-19 pandemic, Mandarin Oriental, Kuala Lumpur has implemented an additional "WeCare" programme of stringent protocols to further safeguard the comfort, health and safety of guests and employees. Our existing high standards of health and hygiene have been enhanced, and we remain alert to local advice from health experts and government authorities, adapting best practices accordingly. Lloyd's Register, an internationally recognised independent assessor, audits our rigorous Fire, Life, Health, Safety & Security standards on an annual basis and have verified the new additional methods in place. Examples of some of the new initiatives that have been introduced at Mandarin Oriental, Kuala Lumpur include the following:

- All colleagues are equipped with face masks and gloves when cleaning the rooms
- Temperature checks for all overnight hotel guests and employees
- Digital health declaration forms for all guests and employees
- Hand sanitiser gels are provided throughout the hotel
- Venues are cleaned and sanitised after each meeting
- All stationary and furniture are sanitised prior to each meeting
- Increased regular sanitisation of all high touch points
- Meeting rooms and function spaces are configured with social distancing measure
- Food & beverage will be served

Hotel Stay Safe - This certificate has been issued following verification of cleaning and hygiene standards in the hotel that meet the Lloyd's Register guidelines. For more information, please contact us on +60 (3) 2179 8651 or via email at [mos@moshg.com](mailto:ms@mos@moshg.com).


Keep Cool and Meet in MO




Families by MO package



Management Services – Re-setting operation rhythm to the new normal whilst embracing future technology

Revenue
RM86.5m  **22.9%**
 YoY
 1H FY2019: RM70.4m

Profit before tax
RM9.3m  **45.3%**
 YoY
 1H FY2019: RM17.1m

No of facilities managed
20
 1H FY2019: 20

No of car parking managed
11,945
 1H FY2019: 12,634

- **22.9%** 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 MCO period
- Working towards the completion of the **Premium Parking** at Suria KLCC with the following features:
 - Surveillance camera
 - Electric Vehicle (EV) charger
 - Security personal
 - Valet service
- All our car parks will be transformed towards **fully cashless** and with **total digital surveillance**, aligned with our core tenets of safety, security, connectivity, convenience and seamlessness

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OUTLOOK & STRATEGY

Continue to uphold ESG practices with stakeholder-focused and business sustainability in the face of the pandemic



ENVIRONMENT

Contributed in protecting the environment by conserving energy consumption

- **Switched off all electricity** for **unused floors** in our office buildings resulting in reduction in energy consumption during the MCO
- **Closed down** certain **floors not in operation** and **maintained min room temperature** where needed throughout the hotel to conserve energy
- **Operational equipment** used at our offices and hotel are based on **actual loads** to reduce energy consumption



SOCIAL

Prioritised the safety & wellbeing of our stakeholder group - employees, customers, guests and investors

- **Complimentary Covid-19 test, face masks & sanitizers** for employees returning to work post MCO
- **Self-directed learning** platform for employees via Harvard ManageMentor during the MCO
- **Covid-19 tailored content** through social media to keep shoppers & guests updated and engaged
- Connected with investors via **virtual meetings** to provide transparent & credible communication in the face of a fluid ongoing crisis



GOVERNANCE

Demonstrated positive reaction towards crisis while limiting damage to company's performance

- **KLCC Pandemic Response Team (KPRT)** was established to **coordinate efforts in ensuring business continuity** and sustainability whilst prioritising health and safety of all employees
- **Robust risk management process** were mobilised quickly and effectively to protect facilities and maintain critical operations
- Activated the **Business Continuity Plan** throughout the MCO in accordance with the directive on the Special Working Arrangement

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OUTLOOK & STRATEGY

Industry continue to be challenging with retail and hotel business climate affected by the repercussion of the global pandemic



OFFICE

Anticipate an increased demand for smaller office space since working from home may be the new normal for some while social distancing measures may lead to a reversal of open office trend

78%

Occupancy -
KL City

**RM7.25
per sqft**

Average Rental
- KL City



RETAIL

The rapid change in shopping trends, the impact of social distancing and unstable job conditions will continue to have an impact on the retail malls' performance over the short to medium term

75%

Occupancy -
KL City

**RM23
per sqft**

Average Rental
- KL City



HOTEL

Hotel segment to remain challenging with growth confined to domestic and drive-leisure markets until regional and international travel becomes easily available

28%

Occupancy -
KL Luxury

RM566

ARR - KL Luxury

Note: Data as at 1H FY2020

Challenging business environment across segments amidst the outbreak



- Expect **ongoing challenges** due to the current market conditions, particularly in the hotel and retail segments
- Proactively **managing risks** to **strengthen** the resilience of our properties



- Performance expected to remain **stable** on the back of **long term tenancies** which form the **foundation** to the Group's cashflow



- Will **remain cautious** as the consumer sentiment and behaviour remain relatively **subdued**
- Proactively **prioritising tenant engagements** whilst driving shopper traffic



- Performance expected to be **adversely affected** for the remaining quarters
- **Slow recovery** led by domestic tourism and smaller corporate meetings
- **Immediate cost control** to ride-out the downturn

Committed in delivering sustainable returns to holders of Stapled Securities



Positioning

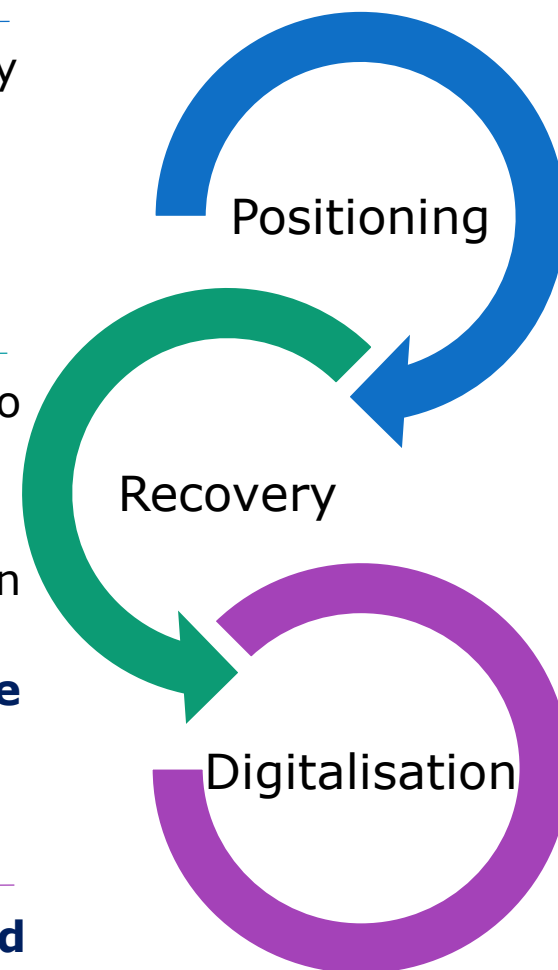
- **Resilient** balance sheet with ample debt headroom to weather near-term uncertainty
- **Well staggered debt maturity profile**, with next refinancing due in Apr 2021.
- **Disciplined reduction** in operating costs and deferment of capital expenditure

Recovery

- Implement initiatives in **future proofing** our position as the **Solutions Partner** to all our stakeholders
 - Office - Personalising tenant experience that engage the “**Connected Tenant**”
 - Retail - Enhancing **shopper communication** via social media to regain **shoppers’ confidence** with daily rewards when they shop at Suria KLCC
 - Hotel - Reinforcing visibility and presence in the industry through **innovative marketing efforts**

Digitalisation

- **Accelerate** the transformation of digital connectedness with **targeted** and **focused solutions** to improve the efficiencies within our business operations
- Expansion of **Omni-channel strategy** to benefit retailers, shoppers and guests



THANK YOU