

KLCCP Stapled Group
Financial Results
2nd Quarter ended 30 June 2014

13 August 2014



Disclaimer

These materials contain historical information of the Company 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 Company's current views with respect to future events and are not a guarantee of future performance or results. Actual results, performance or achievements of the Company 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 the Company's present and future business strategies and the environment in which the Company 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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Stapled Group Key Highlights





Stapled Group Key Highlights for 6 months ended 30 June 2014

7% Growth in 1HFY2014 Revenue, YoY

5% Growth in 1HFY2014 Profit Before Tax, YoY

40% Growth in 1HFY2014 Distribution Per Stapled Security YoY
(YTD 2014: 16.70 sen ; YTD 2013: 11.95 sen)

12% Growth in Market Capitalisation
(31 Dec 13 : RM10.56b; 30 Jun 14 : RM11.79b)

24 Mar Inclusion into FTSE Global Equity Series Index
23 June Inclusion into FBM KLCI (30 companies)



Stapled Group Portfolio Highlights for FY1H2014

Office

Stable Office revenue growth

Offices on long term leases with majority on Triple Net Lease

100 % Occupancy maintained

Retail

13% retail portfolio revenue growth YoY

Resilient retail sales being one of the top tourism hot spots in KL

43% leases up for renewal for FY 2014 were renewed and reviewed



Stapled Group Portfolio Highlights FY1H2014

Hotel

17% hotel revenue growth YoY

Stronger YoY earnings due to completion of ballroom renovation

Maintained Relative RevPar leader

Management Services (Facility Management & Parking)

8% revenue growth YoY

Stable contribution from managing properties under KLCC REIT



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Financial Results



DPU increase of 8% YoY despite one-off transaction impact on profit

Statement of Comprehensive Income	Q2 2014 RM'mil	Q2 2013 RM'mil	% Variance
Revenue	333	317	5%
Operating Profit	247	240	3%
Profit Before Tax	203	221	8%
Profit for the period	176	214	18%
Profit Attributable to Equity Holders of KLCCP and KLCC REIT	151	187	19%
Distribution per stapled security - for the period	8.05	7.45	8%

Increase in finance cost in Q2, 2014 mainly due to **one-off** accretion of premium on Sukuk Musharakah and early settlement charges of Sukuk Musharakah and Ijarah facility.

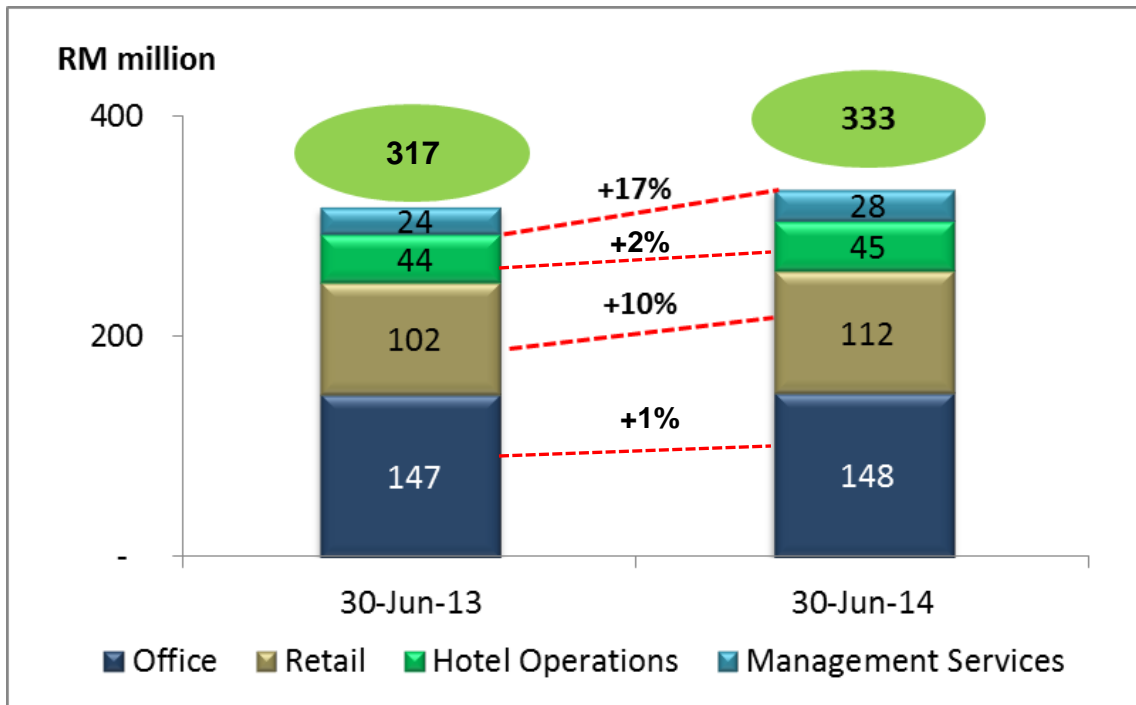
Higher tax expense in Q2, 2014 mainly due to **one-off** reversal of deferred tax liabilities deriving from investment property and lease receivables in Q2, 2013, upon transfer to KLCC REIT in May 2013.

Reduced total borrowings due to settlement of existing loan

Statement of Financial Position	30 Jun'14 RM'mil	31 Dec'13 RM'mil
Total Assets	16,235	16,265
Total Borrowings	2,286	2,326
Total Liabilities	2,805	2,858
Equity Attributable to Holders of KLCCP and KLCC REIT	11,716	11,695
NAV per stapled security	6.49	6.48



Improved revenue from all segments with retail and management services increasing their share of contribution



Positive revenue contributions and growth from all segments across the portfolio, YoY

OFFICE

Implementation of new Triple Net Lease for Menara Dayabumi effective 1 January 2014

RETAIL

Higher rental rates and rental reviews

HOTEL

Contribution from F&B segment. Ballroom facilities reopened after completion of renovation

MANAGEMENT SERVICES

Contribution for managing KLCC REIT properties post restructuring



In line with 1HFY2014 performance, KLCCSS is on target to meet DPU committed for FY2014

	2Q 2014	2Q 2013	YTD 2014	YTD 2013
KLCCP	3.29	4.26	7.02	8.76
KLCC REIT	4.76	3.19	9.68	3.19*
Distribution Per Stapled Security (DPU) (sen)	8.05	7.45	16.70	11.95

* KLCC REIT was constituted only on 2 April 2013

Ex-dividend date	22 August 2014
Book closure date	26 August 2014
Distribution payment date	18 September 2014

KLCCP Stapled Group has committed to distribute 95% of the overall distributable income for financial year 2014



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Portfolio Performance





Office – Stable and Steady Growth despite pressure on rental rates

KLCCP Stapled Group Office Portfolio

- Leased assets generating secure income
- Full occupancy at 100%
- Majority leases on Triple Net Lease - future outgoings borne by lessee

Market Outlook

Resilient

Q1 2014 Occupancy at 85% & Rental rates unchanged at RM6.13psf prime rents

New supply

16.3m sqft expected to be completed from Q2 2014-2018

Challenges ahead

Increasing competition to secure tenants resulting in lack of rental & capital value growth
Downward pressure on rents

Retail – top line growth from renewal of tenancies with strong rental reversion

Suria KLCC

- 10% revenue increase YoY
- Positive rental reversions providing earnings upside and growth
- 7.5% MAT growth

Market Outlook

KL Retail, Q1 2014

Occupancy : 93%

Retail stock : 23m sqft

Incoming supply of new malls

6.15m sqft NLA (8 malls) expected to come on stream from 2014-2017

Several completion of city & suburban malls in coming months

Challenging 2014

Rising service costs due to rising utility

Capex as major consideration for older malls

Concerns of retail spending in light of GST & inflationary pressures



Hotel – Trading in challenging environment, maintained RevPar leader in the market

Mandarin Oriental, Kuala Lumpur

- Traditionally slow quarter for the hospitality industry
- Higher earnings YoY from renovated ballrooms & stronger F&B business
- Retained as RevPar leader in the Market
- Refurbishment status : Mock-up rooms under construction

Market Outlook

10th most visited country in 2013

VMY 2014 targets to welcome 28 mil tourists

Entry of new branded hotels

St Regis : 2014

The Regent : 2015

Four Seasons Place : 2016

Push for high-end premier hotel brands

91,000 rooms targeted by 2020
5-star hotel operators to impose higher rates to reflect their standards



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Capital Management



Optimising cost of debt and sizeable debt headroom to support growth initiatives

1HFY14 Capital Management Initiatives

- Established Sukuk Murabahah Programme comprising an Islamic Commercial Papers Programme and an Islamic Medium Term Notes Programme with combined limit of RM3 billion
- Issued RM1.555 billion to PETRONAS to early settle KLCC REIT's existing debts
- Locked-in low interest rates over longer period of maturity

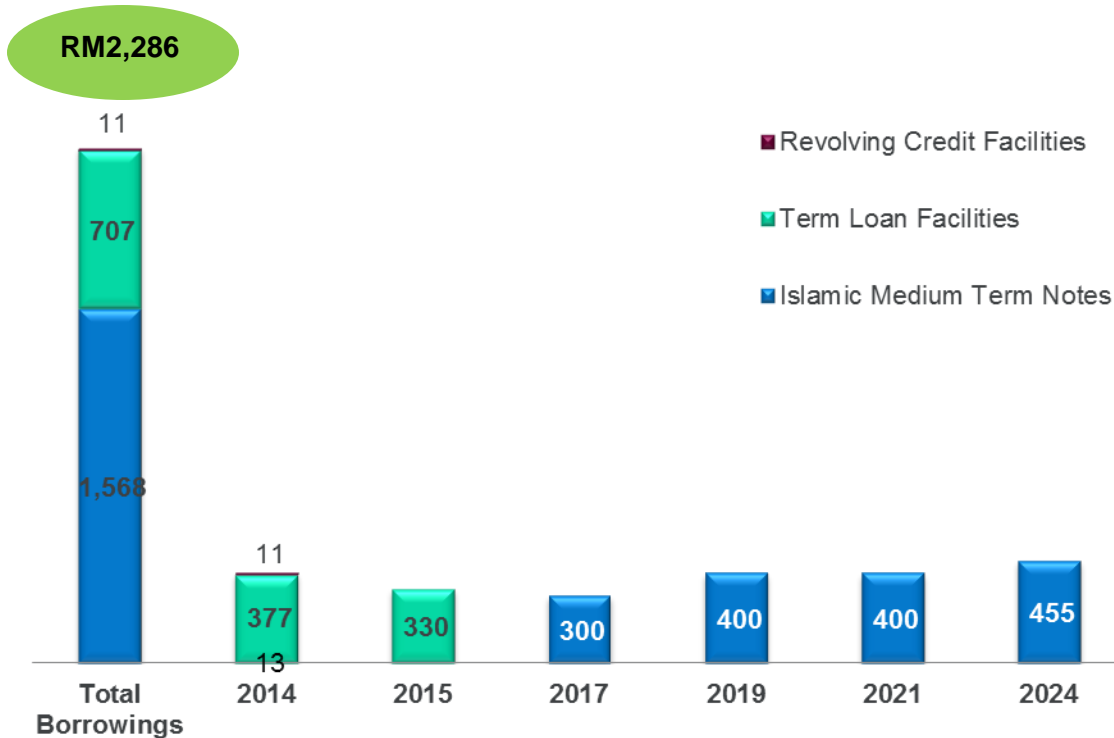
	30 Jun 2014	31 Dec 2013
Debt (RM'mil)	2,286	2,326
Gearing Ratio (%)	16	17
Average Cost of Debt (%)	4.82	4.68
Borrowings on Fixed Rate	85%	70%

Low gearing of 16% gives flexibility to tap into debt markets for future strategic acquisitions

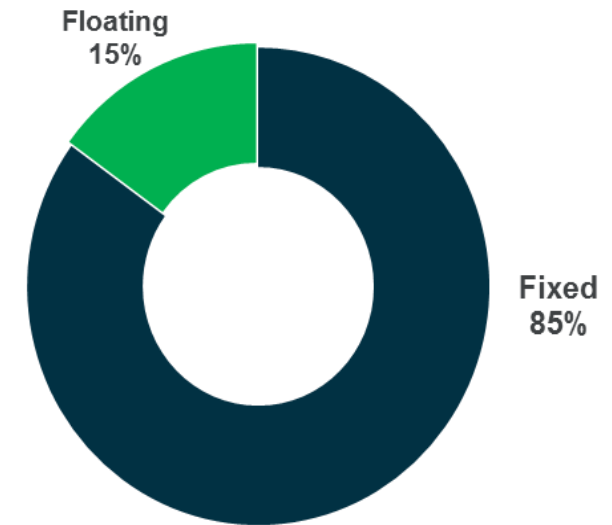


No major impact to performance with OPR increase given 85% fixed borrowings with locked-in low interest rates

Debt Maturity Profile



Interest Rate Profile



On 25 April 2014, KLCC REIT issued RM1,555 million nominal value of Sukuk Murabahah to PETRONAS based on maturity period of between 3 to 10 years and profit rates of 3.90% - 4.80%



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Outlook





KLCCSS prime quality assets within tourism belt of KL city centre and solid fundamentals will ensure sustainable growth

Prime Quality Assets in Strategic Locations

- Prime & best-in-class assets in strategic locations within KL City Centre
- Earmarked development surrounding KLCC catalyst for significant value enhancement

Robust Financials

- High occupancy rates & long term leases enable a strong recurring income and cash flow
- Low gearing of 16% provides flexibility to tap into debt markets

Resilient to external cost escalation

- Majority leases on Triple Net Lease agreements, which require tenants to meet rising utilities cost – minimal impact to earnings
- Resilient retail sales with Suria KLCC being one of the top tourism hot spots

Enhancing Value for Stapled Securityholders

- KLCCSS is a dividend play supported by management's commitment for 95% payout in 2014
- Growth from in-built pipeline through KLCCP Group's owned and developed assets



Thank You

