



KLCCP Stapled Group

FY2016 Results

20 January 2017



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.

1. KLCCP Stapled Group FY2016 Key Highlights

2. Financial Results – Q4 FY2016

3. Capital Management

4. Awards & Recognition

5. Sustainability

6. Market Outlook

7. KLCCSS Outlook



FY2016 at a Glance

Revenue

RM1,343.5m ↑ 0.2%
FY2015: RM1,340.2m
YoY

Property value

RM15,454m ↑ 1.9%
FY2015: RM15,167m
YoY

Profit before tax¹

RM931.6m ↓ 0.6%
FY2015: RM937.5m
YoY

Net assets per stapled security

RM7.09 ↑ 2.0%
FY2015: RM6.95
YoY

Profit for the year¹

RM826.8m ↓ 0.3%
FY2015: RM829.2m
YoY

Distribution per stapled security

35.65sen ↑ 2.9%
FY2015: 34.65sen
YoY

Share Price

RM8.30 ↑ 17.6%
FY2015: RM7.06
YoY

Market capitalisation

RM14,984m ↑ 17.6%
FY2015: RM12,745m
YoY

¹ Excluding fair value adjustments



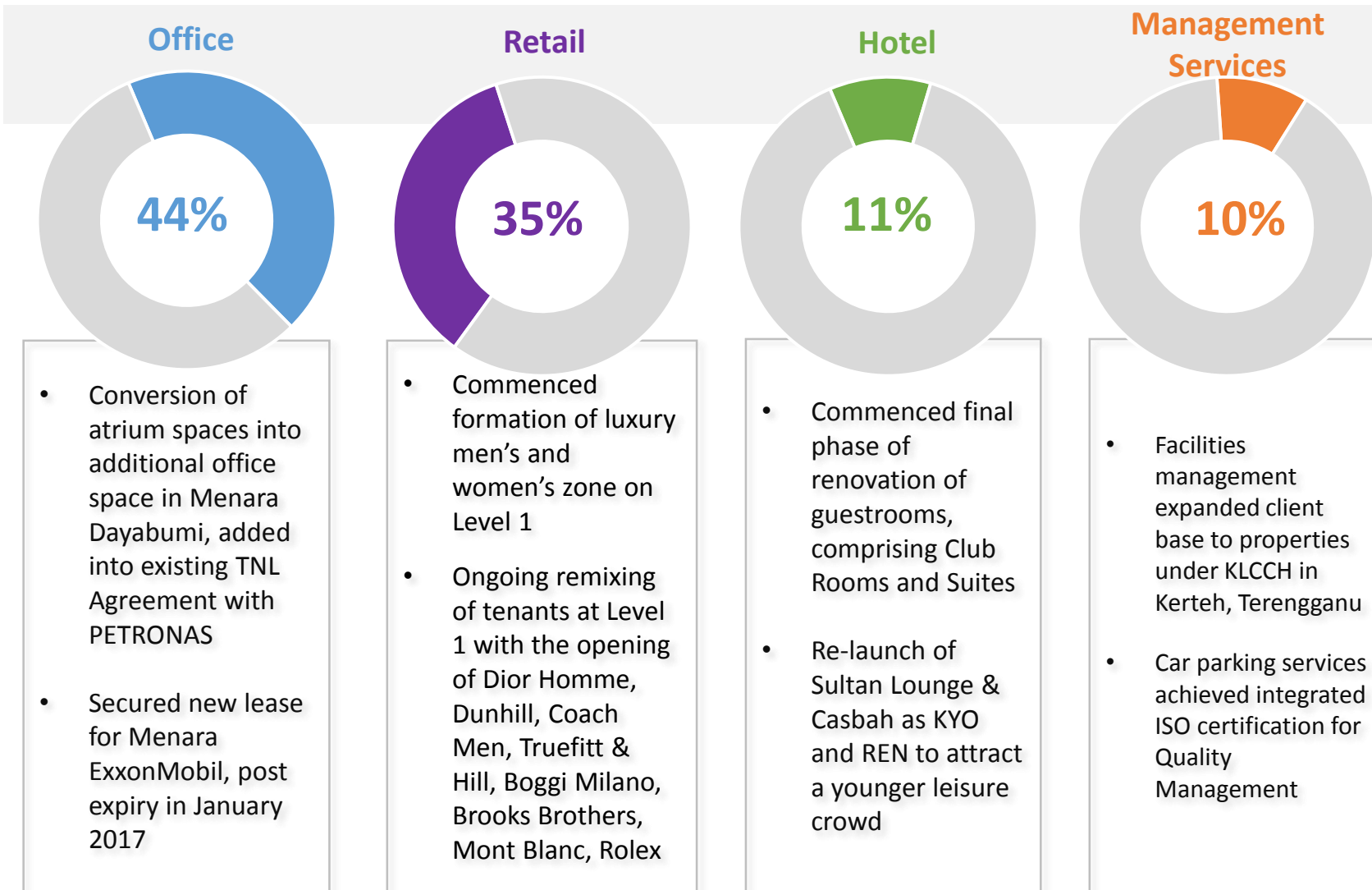
FY2016 at a Glance

- **Consistent** revenue with marginally dipped profit driven by strength and resilience of office and retail segments
- Office – **Strong asset stability** underpinned by high occupancy and long term leases
- Retail – Top line growth from **new tenants** and renewal of tenancies with positive rental reversion
- Hotel – Significant decline impacted by **contraction in oil & gas sector** as a key market segment



Tougher market conditions for hotel segment whilst management services increased its contribution

Composition to total KLCCP Stapled Group revenue (%)

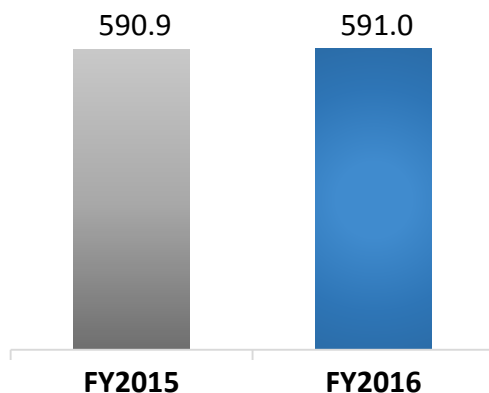




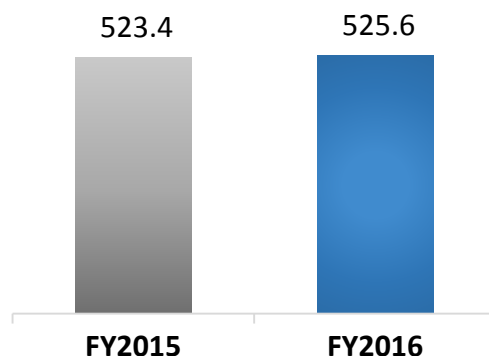
Strong asset portfolio continues to generate steady income stream

Office – (PETRONAS Twin Towers, Menara 3 PETRONAS, Menara ExxonMobil & Kompleks Dayabumi)

Revenue (RM'm)



Profit before tax¹ (RM'm)



¹ Excluding fair value adjustments

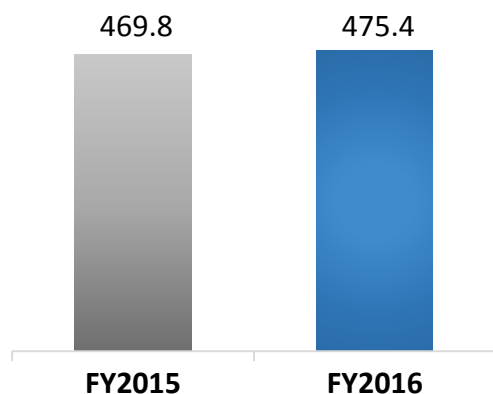
- Stable revenue, 94% contribution from KLCC REIT
- Maintained 100% occupancy for all offices within portfolio
- Asset enhancement initiatives for Kompleks Dayabumi:
 - **Phase 2 extension**
Additional office space added to Menara Dayabumi, with effect from Sep 2016, increasing NLA to 650,297 sq. ft.
 - **Phase 3 Redevelopment of City Point Podium**
Substructure works in progress
- New lease agreement for Menara ExxonMobil post expiry in Jan 2017 for tenure of 9+3+3+3 years
 - ExxonMobil to retain 60% occupancy of the building
 - Identified potential new tenants to occupy remaining 40%



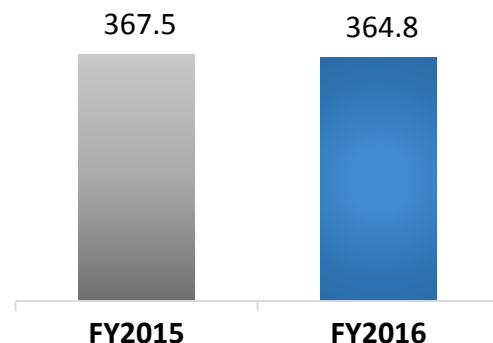
Maintained resiliency against challenging retail landscape and preserved competitive edge

Retail – (Suria KLCC & Retail Podium Menara 3 PETRONAS)

Revenue (RM'm)



Profit before tax¹ (RM'm)



- Marginal growth in topline - higher rental rates from new tenants and rent reviews becoming effective during the year
- Marginal drop in PBT - ongoing tenant remixing exercises executed
- 4% growth in MAT-tenant sales, YoY
- Customer footfall exceeded 48 million
- Formation of luxury men's and women's zone on Level 1
- 24 new tenants & upgrades contributed to the tenant mix and enhanced customer experience
- Secured new key brands, Saint Laurent, Dior (Ladies), Marc Jacobs

¹ Excluding fair value adjustments

Fashion

Chanel (Cosmetics)



Opened: 16th Dec 2016

Dior - Ladies



Opened: 1st Dec 2016

Marc Jacobs



Opened: 17th Dec 2016

Fashion

Omega



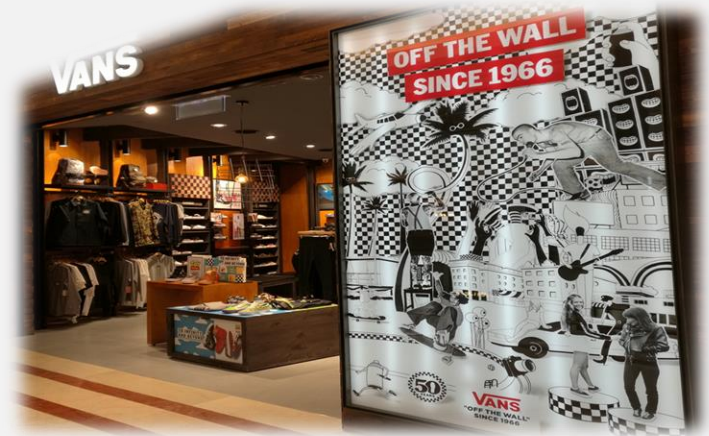
Opened: 25th Nov 2016

Saint Laurent



Opened: 1st Oct 2016

Vans



Opened: 28th Oct 2016

Beauty & Skincare

Ken Apothecary



Opened: 11th Nov 2016

Truefitt & Hill



Opened: 15th Nov 2016

New tenants at Suria KLCC in Q4 FY2016

Hokkaido Baked Cheese Tart



Opened: 3rd Dec 2016

Lukfook Jewellery



Opened: 17th Dec 2016

Save My Bag



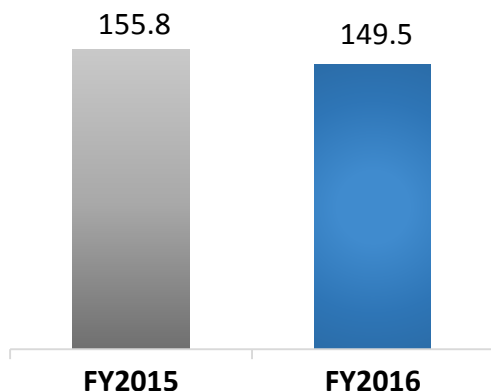
Opened: 23rd Dec 2016



Impacted by contraction in oil & gas key market segment and weaker demand in hospitality industry

Hotel – Mandarin Oriental Kuala Lumpur

Revenue (RM'm)

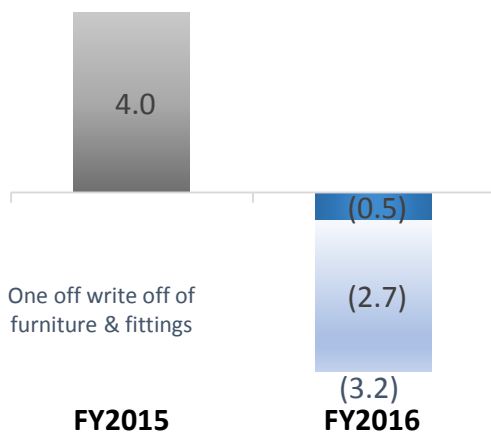


➤ 4% decline in revenue :

- Soft overall market of hotel's key segments
- Competition from newly opened hotels
- Commencement of guestrooms renovation

➤ PBT impacted by one off write-off of furniture & fittings for Sultan Lounge & Casbah in Q2 FY16 & scaled down MICE events

Profit before tax¹ (RM'm)



➤ 6% decline in F&B revenue due to closure of Sultan Lounge & Casbah during the year and absence of large scale banqueting events

➤ Recognised with 15 awards, international, regional & local

➤ Commenced final phase of hotel renovations comprising guest rooms – Club Rooms & Suites

➤ Sultan Lounge & Casbah re-launched as KYO & REN with new concept in Dec 2016

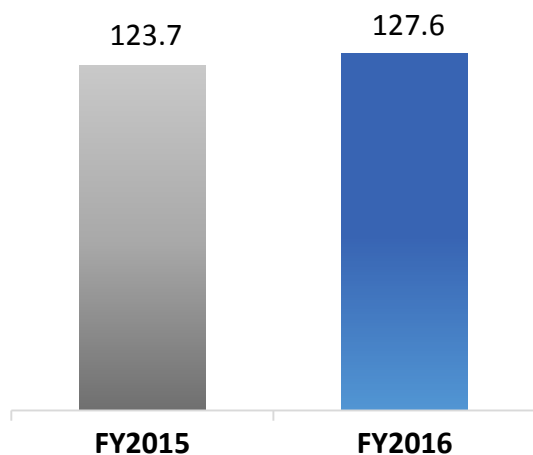
¹ Excluding fair value adjustments



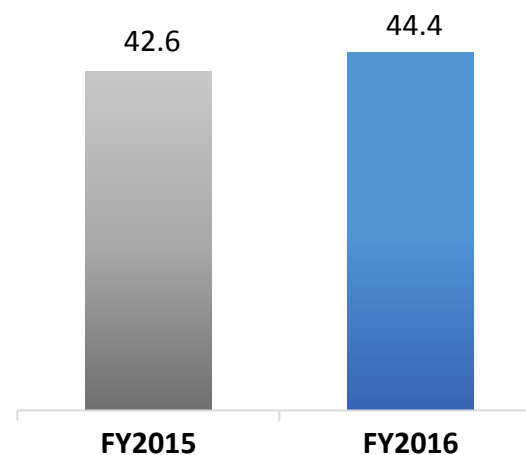
Continues to complement the property portfolio in delivering premium facilities management services

Management Services – Facility Management & Car Parking Management

Revenue (RM'm)



Profit before tax¹ (RM'm)



- 3% revenue growth YoY, contributed by additional facilities management services of properties under KLCC Holdings in Kerteh, Terengganu
- 4% PBT growth YoY on the back of higher revenue and cost saving efforts
- Car park management services recognized with OSH Management on Parking Management Services (Gold Award) by Malaysian Occupational Safety and Health Practitioner's Association (MOSHPA) and the integrated ISO certifications of ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007

¹ Excluding fair value adjustments

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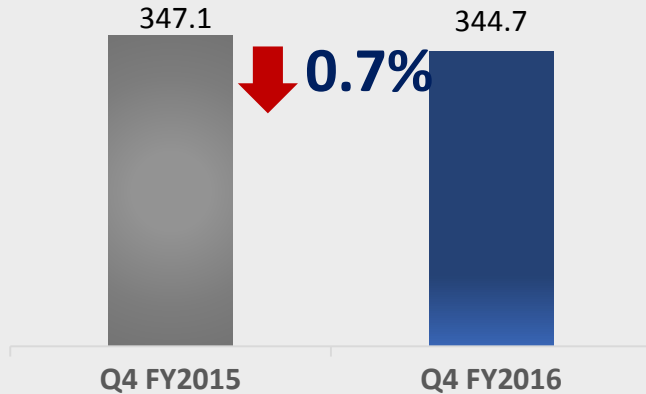
7. KLCCSS Outlook



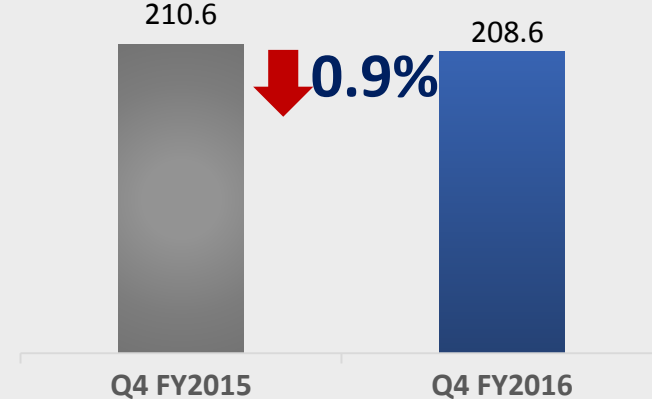
Profit impacted by weaker hotel performance coupled with one-off facilities management services works in 2015

Q4 FY2016 vs Q4 FY2015 Financial Performance

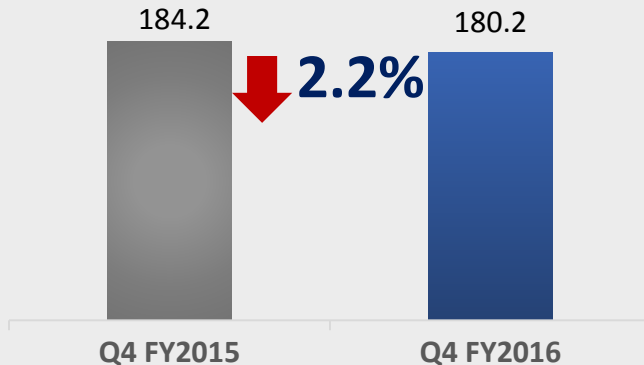
Revenue (RM'm)



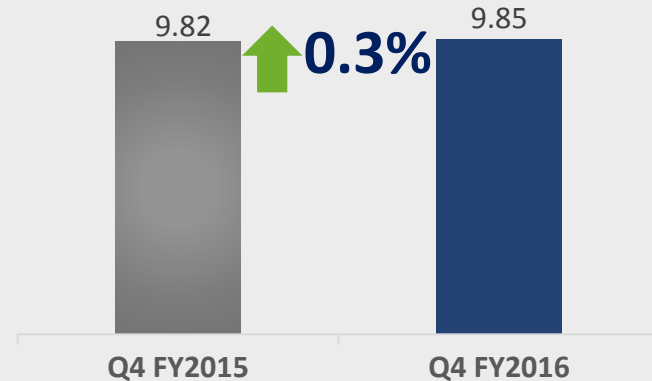
Profit for the period¹ (RM'm)



Profit attributable to KLCCP & KLCC REIT holders¹ (RM'm)



Distribution per stapled security (sen)



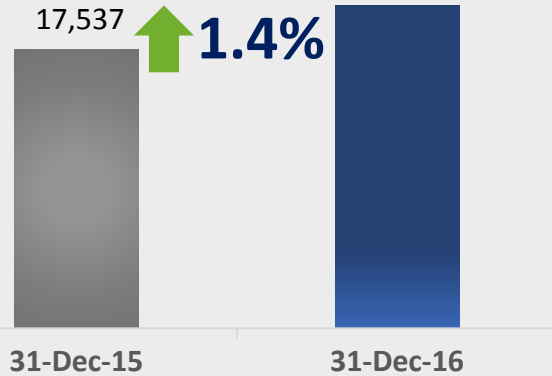
¹ Excluding fair value adjustments



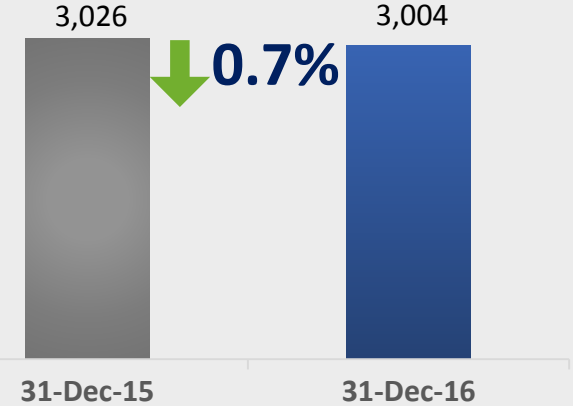
Healthy balance sheet providing conducive business environment for future development and long term stability

Statement of Financial Position (31 Dec 16 vs 31 Dec 15)

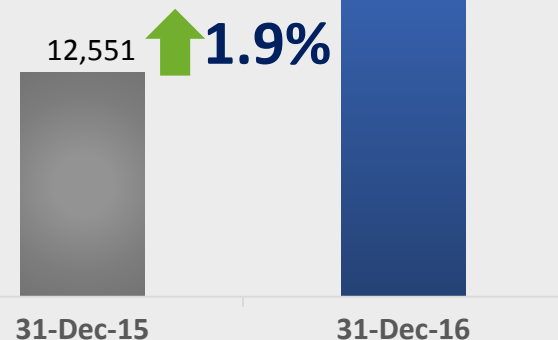
Total Assets (RM'm)



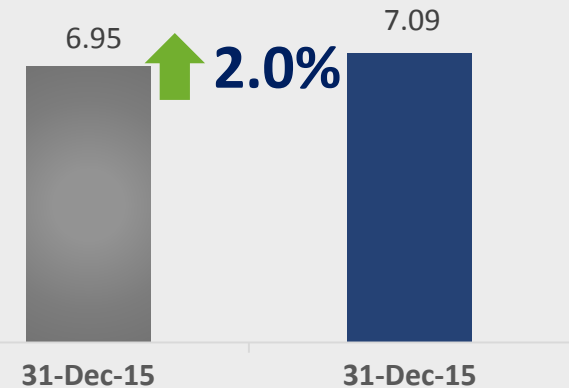
Total Liabilities (RM'm)



Equity attributable to KLCCP & KLCC REIT holders (RM'm)

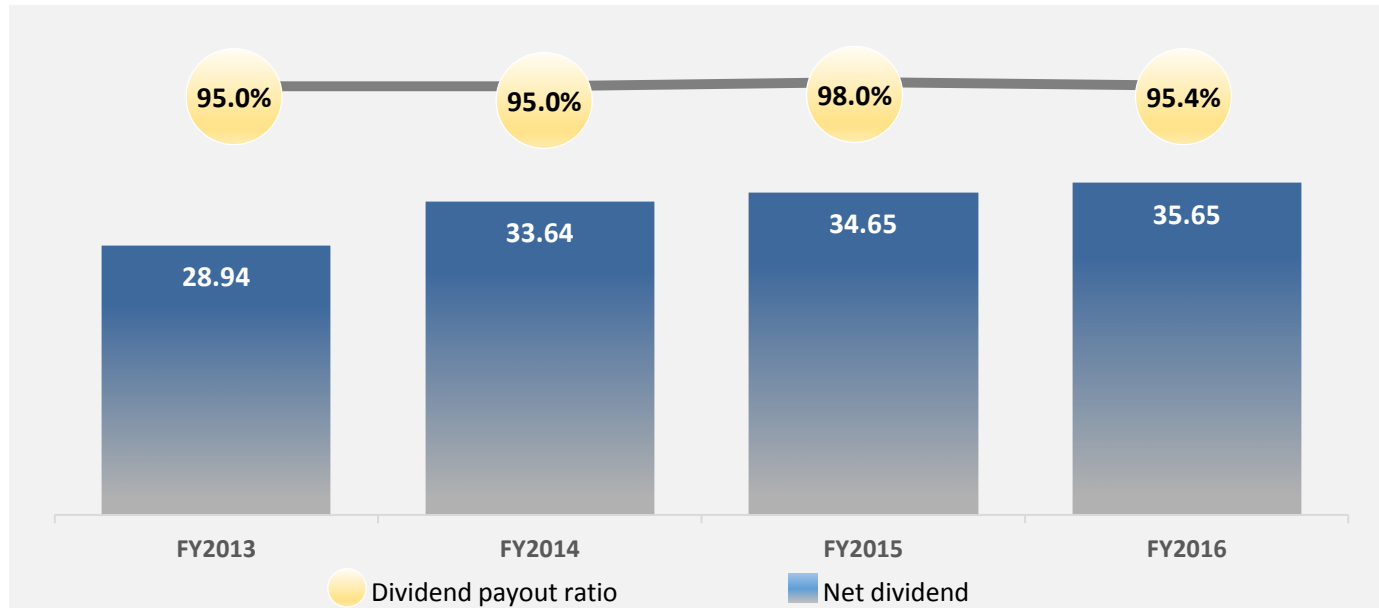
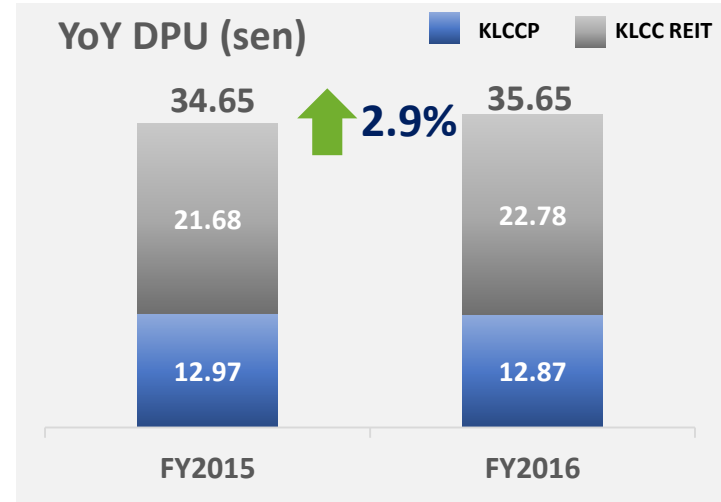
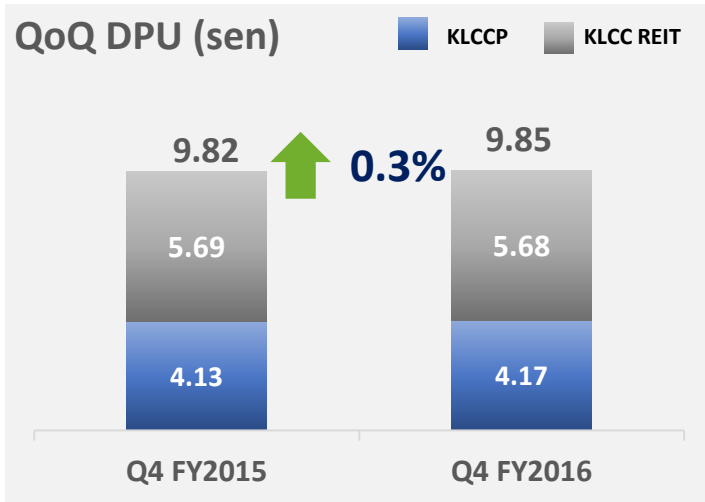


NAV per stapled security (RM)





Delivered sustainable returns with increased contribution of 3% YoY

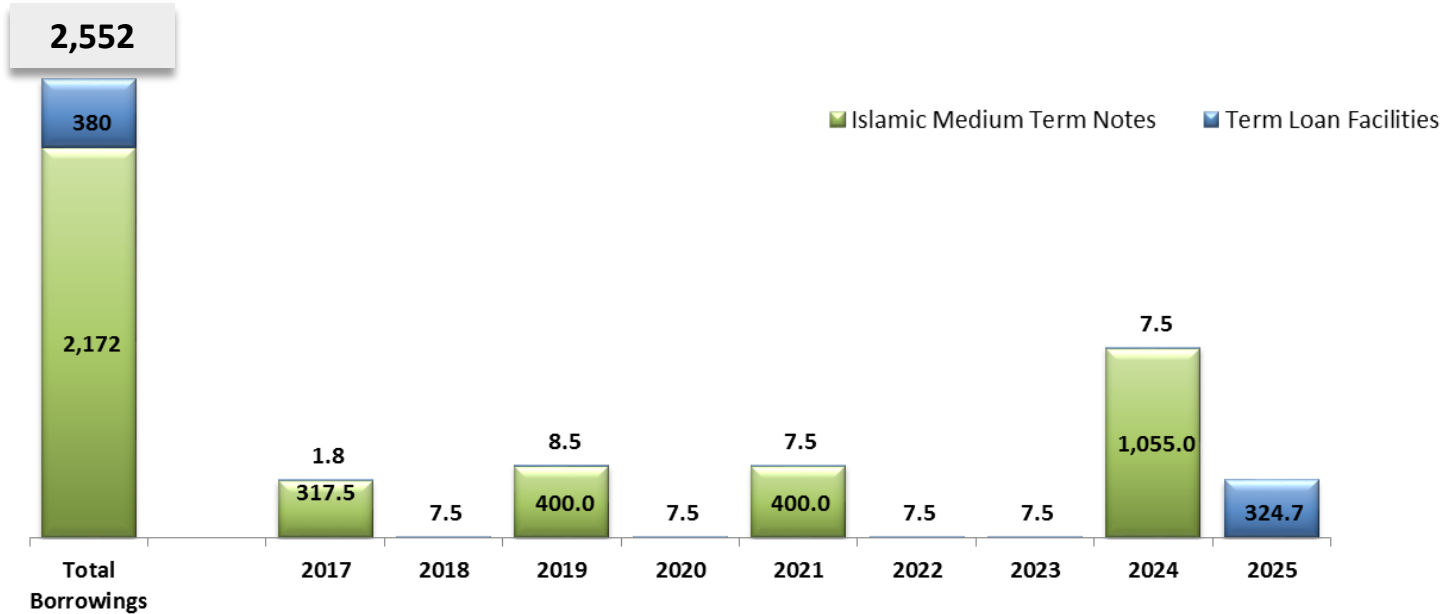


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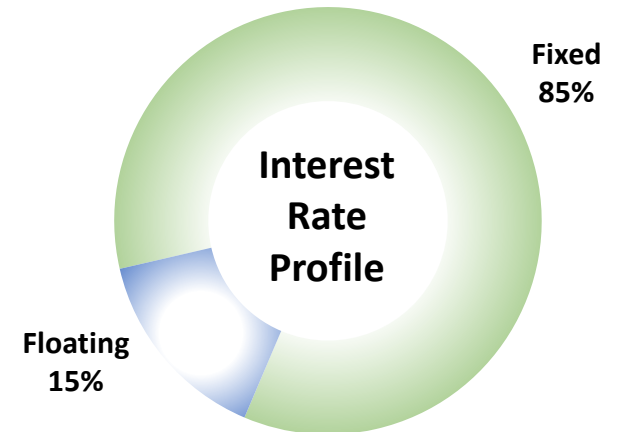
Well-staggered debt maturity profile and sizeable debt headroom for future growth and stability

Debt Maturity Profile



As at 31 Dec 2016

Debt	RM2,552 mil
Gearing Ratio	20%
Average Cost of Debt	4.49%
Borrowings on Fixed Rate	85%



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Recognised with Awards of Excellence for our strength in performance & superior assets



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Inclusion into FTSE4Good Emerging Index reflects our transparent & strong sustainability practices



FTSE4Good

**Inclusion into
FTSE4Good Emerging
Index in Dec 2016**

**Included into
FTSE4Good Bursa
Malaysia Index in
Dec 2015**



Governance

- Rolled out the Board Diversity Policy to ensure diverse and inclusive board
- Voted as 7th Most Transparent KLCI constituent in Focus Malaysia for two consecutive years



Environmental Stewardship

- Reduced energy consumption in our assets/operations by 3.2%
- Reduced water consumption by 4.8%
- Ongoing Green Building Index initiatives for PETRONAS Twin Towers & Menara 3 PETRONAS



Safety & Health

- Zero fatal incidents rate since 2012
- Reduced Loss Time Injury (LTI) incidents to 4 (FY2015:8)



Our People

- Workforce diversity of senior managerial level of male : female at 52 : 48
- Achieved 80% on Employee satisfaction score
- 98% of employees sent for trainings
- Invested RM1 million in learning & development for our employees



Reliable Partner

- Community investment of over RM800,000
- Maintenance of pedestrian walkway connecting Menara Dayabumi to Masjid Negara, promoting building-to-building connectivity for benefit of Kuala Lumpur city

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Office : Low demand to impact businesses

Highlights of 2016

- KL office market clouded with challenges, caused by huge office supply in pipeline and slower business expansion
- Lacklustre absorption rate leading to increased average vacancy rate (20.3%)
- Rental rates were stagnant though downward pressure continued to mount
- Good grade & dual compliant (GBI & MSC) will continue to perform well

Outlook for 2017

- Expected to remain lacklustre & restrained
- Rental & occupancy levels expected to record marginal declines amid weaker demand/lower absorption & strong supply pipeline
- Landlords will be under pressure to offer more incentives (longer rent-free periods & attractive rental packages) to retain existing tenants & attract new ones
- Phase 1 of MRT Line 1 expected to be catalyst for decentralized office locations

Quick Facts

51.0m sq ft (KL City)

23.8m sq ft (KL fringe)
Cumulative office supply
in 1H2016

82.8% (KL City)

91.1% (KL fringe)
Average Occupancy
rate 3Q 2016

RM7.50 - RM11.00
per sq ft
KL Grade A office average
rental

RM6.09 per sq ft (KL City)
RM5.71 per sq ft (KL
Fringe)
Average rental rates in 1H2016

2017 : 5.8sq ft
2018-2020 : 14m sq ft
NLA Incoming Supply in
Greater KL



Retail : Heightened Competition in already crowded retail market

Highlights for 2016

- Remained sluggish due to cutbacks in consumer spending, weakened ringgit and continued after-effects from GST implementation
- Retail sales impacted by rising cost of living amid slowdown in economy and weak job market (RGM forecast for retail sales growth : 3.5%)
- Occupancy rates trending down on the back of supply influx and challenging market

Outlook for 2017

- Competition will heighten contributing to expected drop in average occupancy
- Luxury brands seeing global decline and premium brands slowdown
- Shift in retail with deeper market penetration via e-commerce
- Upcoming MRT & LRT lines criss-crossing will be game change for shopping malls & retail outlets

Quick Facts

65 mil sq ft

cumulative retail supply
in the Greater KL for
2016

89.2%

Occupancy rate in
Greater KL

RM24 – RM30
per sq ft

Average rental rate in
prime retail malls

2017: 7 mil sq ft

Future supply in
Greater KL

15.0 mil sq ft

To be completed
beyond 2017



Hotel : Slower pace industry outlook and intense competition continue to be a challenge

Highlights for 2016

- Sluggish economic environment in luxury key markets of oil & gas, finance & government caused restrictions in corporate travel & entertainment
- St. Regis Kuala Lumpur debuted in KL & Ritz-Carlton Kuala Lumpur launched its completed newly renovated product
- Freeze on approvals of hotel licenses in KL to improve occupancy and avoid price war
- Visitor arrivals up by over 7%, leisure travelers & good growth from China with visa-free entry process

Outlook for 2017

- Slow improvement expected to start a lightly paced reversal of impact on luxury market
- 2.5-3.0% estimated growth in KL's luxury market and overall visitor arrivals expected to grow 4.5% - 5.0%
- Banyan Tree Hotel and W Hotel due to open 2H 2017
- Serviced apartments and AirBnB will continue to grab market share
- Tourist arrivals in Malaysia is expected to increase by about 4.3% to 31.8 million in 2017

Quick Facts

Jan- Aug 2016:
17.6 mil
Tourist Arrivals

11,856 rooms
Total supply of 5-star
rooms in KL as at Q1
2016

RM 605
Average Daily Rate (ADR)
(KL Luxury)

RM 444
Revenue per available
room (RevPAR)
(KL Luxury)

74%
Occupancy rate
(KL Luxury)

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Continue to re-position our assets to compete on our potential & quality and provide long term stable income

OFFICE

- Expected to remain stable on the back of locked-in long term tenancies
- Secured new lease for Menara ExxonMobil will provide continued stability
- Upside on revision of rental rate for Menara Dayabumi
- Full year impact of additional office space in Menara Dayabumi

RETAIL

- Expected to remain stable
- Rental reversions expected to remain relatively soft
- Focus on creating dedicated precincts, attracting new-to-market brands

HOTEL

- Continue to operate in challenging environment with intense competition from new hotels
- Re-launch of renovated Club Rooms and Suites by mid-2017
- Leverage on renovated facilities of meeting rooms & recreational facilities

THANK YOU