KLCCP Stapled Group

Financial Results

2nd Quarter ended 30 June 2017

16 Aug 2017

Disclaimer

These materials contain historical information of the Company which should not be regarded as an indication of future performance or results.

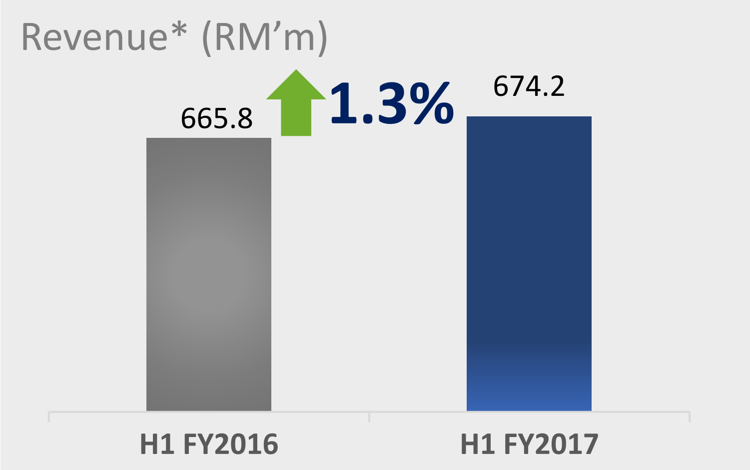
These materials also contain forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements reflect the Company's current views with respect to future events and are not a guarantee of future performance or results. Actual results, 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.

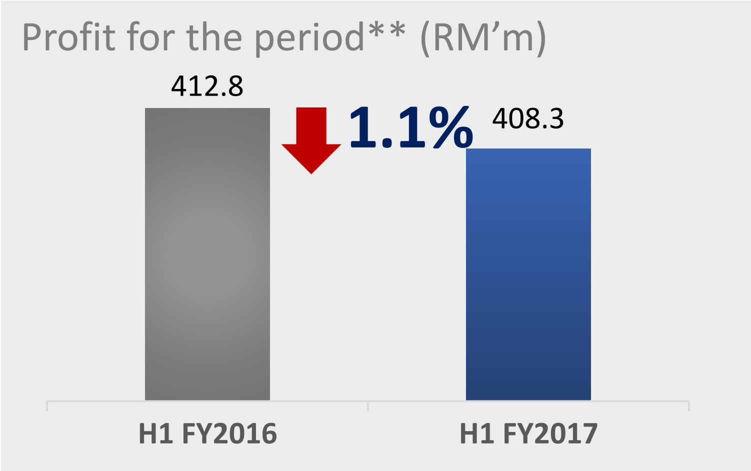
No part of these materials shall form the basis of, or be relied upon in connection with, any investment decision whatsoever.

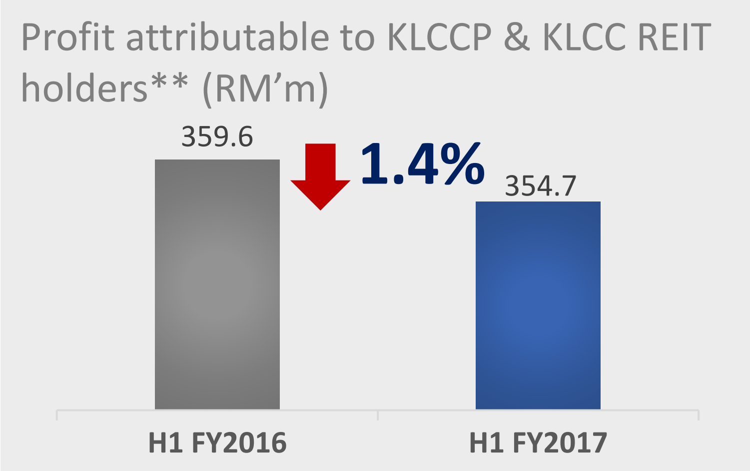
H1 FY2017 Results

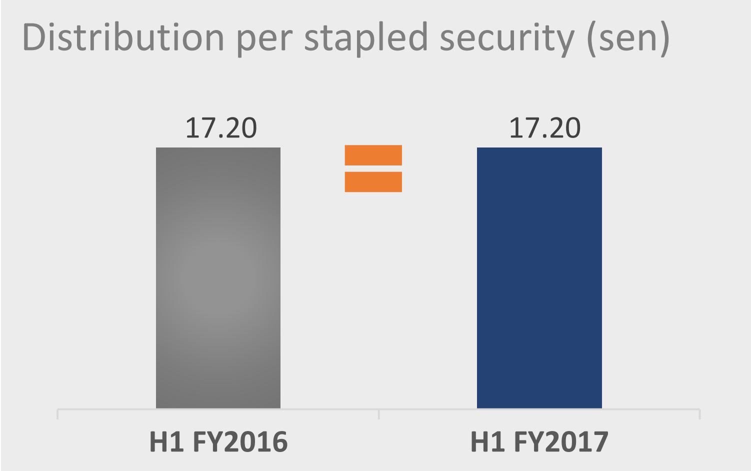
Marginal dip in profits from higher operating costs

H1 FY2017 vs H1 FY2016 Financial Performance







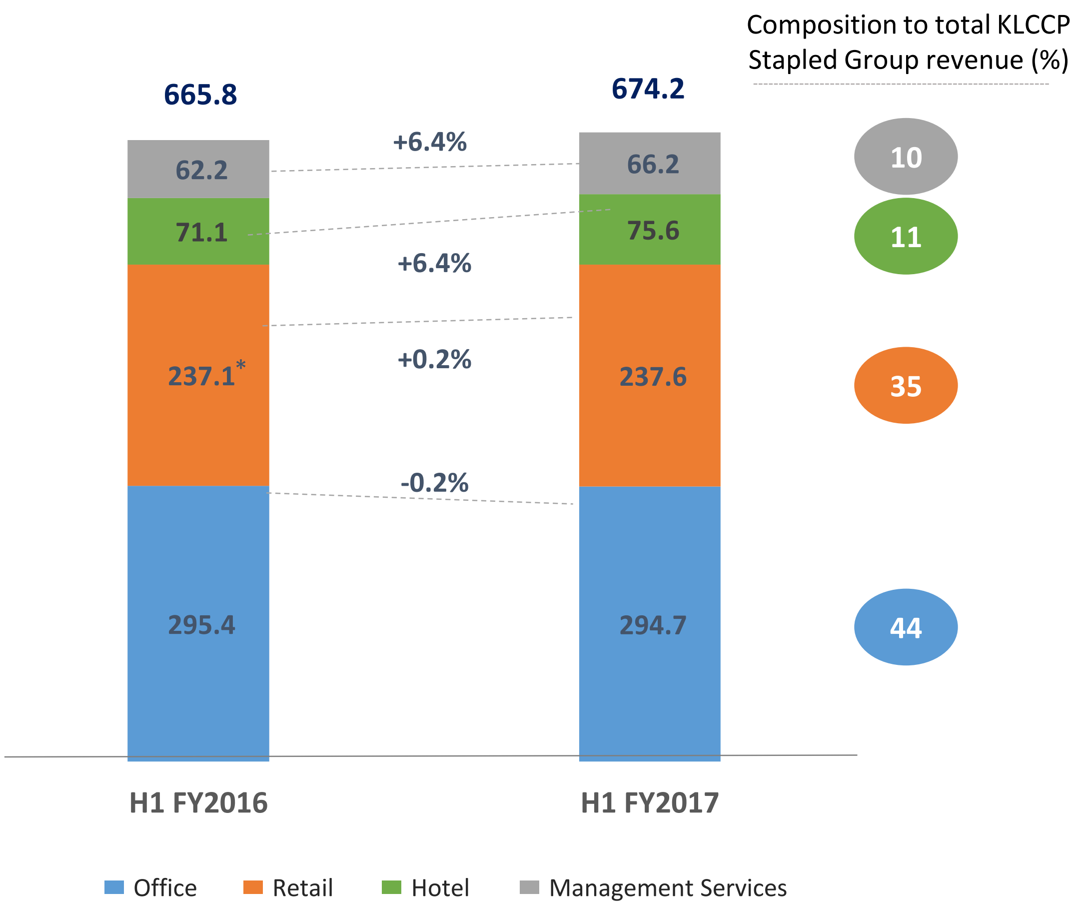


* Excluding back charge of rental from a tenant in retail in Q2 FY16

** Excluding back charge of rental from a tenant in retail & write-off of furniture & fittings at hotel, in Q2 FY16

Top line growth from hotel and management services whilst retail and office remain stable

Segmental Revenue (RM mil)



* Excluding back charge of rental from a tenant in retail in Q2 FY16

OFFICE

2 months vacant floors of 40% leased area in Menara ExxonMobil

RETAIL

Positive rental reversion offset by the ongoing tenant remixing

HOTEL

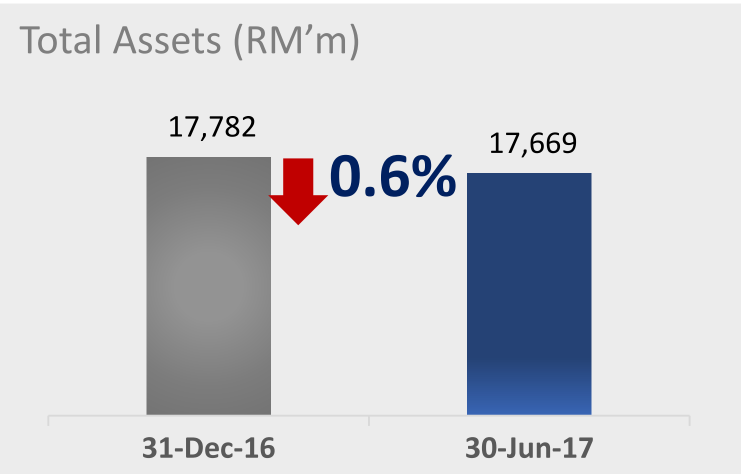
Increased occupancy coupled with improved room and F&B contributions

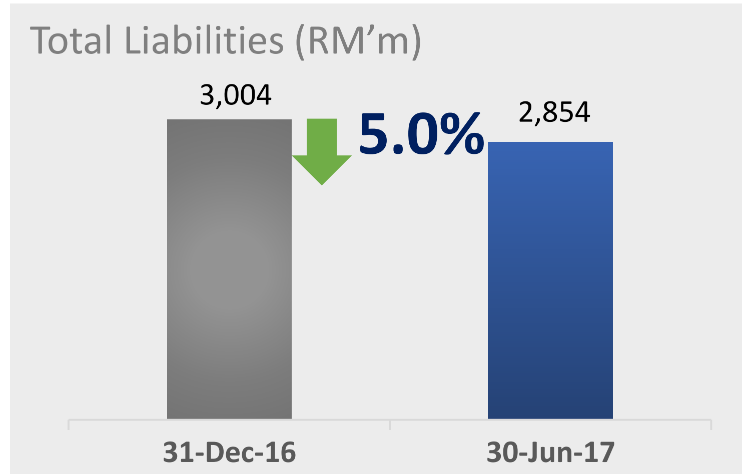
MANAGEMENT SERVICES

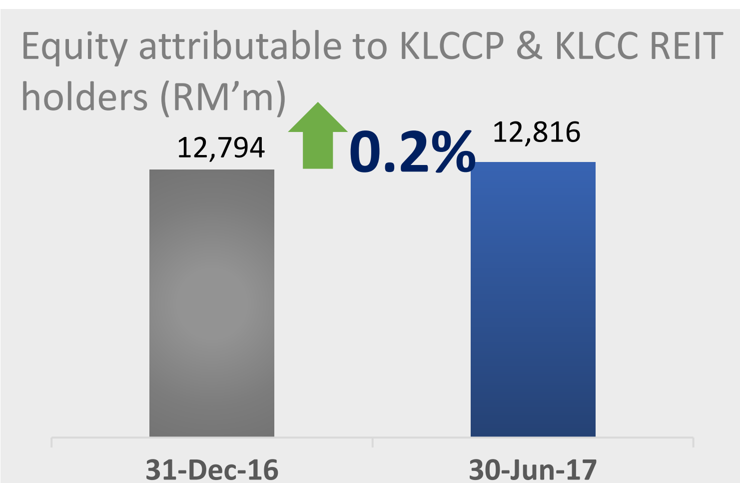
Revision in parking rate and expansion of facility management services for properties in Kerteh, Terengganu

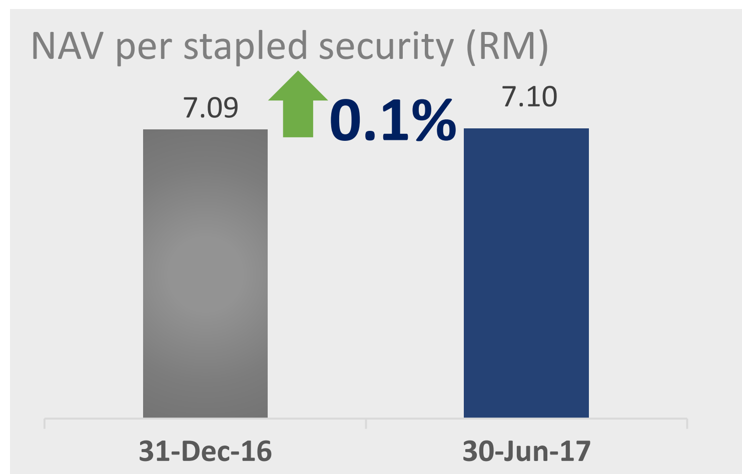
Improved total liabilities from repayment of borrowings by KLCC REIT

Statement of Financial Position (30 June 17 vs 31 Dec 16)









Consistent dividend distribution to holders of Stapled Securities

Distribution per stapled security (DPU) (sen)	Q2 FY2017	Q2 FY2016	H1 FY2017	H1 FY2016
KLCCP	3.16	2.91	6.26	5.76
KLCC REIT	5.44	5.69	10.94	11.44
Distribution per stapled security	**8.60**	**8.60**	**17.20**	**17.20**

Ex dividend date	6th Sep 2017
Book closure date	8th Sep 2017
Distribution payment date	4th Oct 2017

Q2 FY2017 Results

Overview of KLCCP Stapled Group Q2 FY2017 performance

- **Sustainable performance** YoY with growth in revenue and profit for the period of 1.9% and 0.7% respectively, excluding the back charge rental from a tenant at Suria KLCC and the write-off of furniture & fittings of Sultan Lounge and Casbah at MOKL in Q2 2016

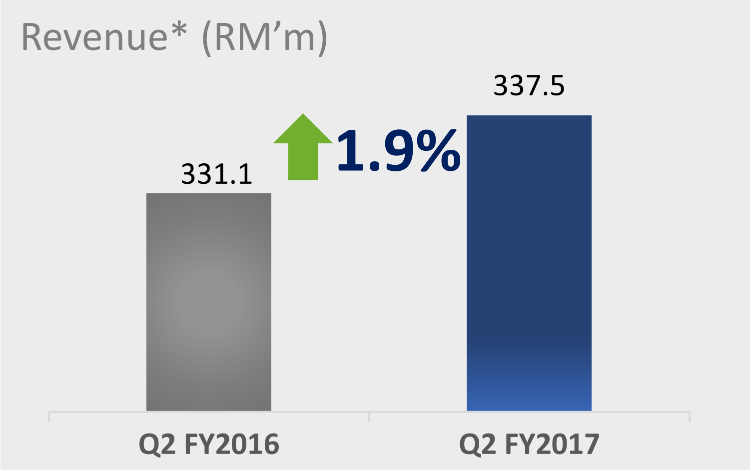
Successfully secured lease with PETRONAS for remaining 40% leased area at Menara ExxonMobil with effect from April 2017 and recognition of additional rental from conversion of atrium spaces in Menara Dayabumi

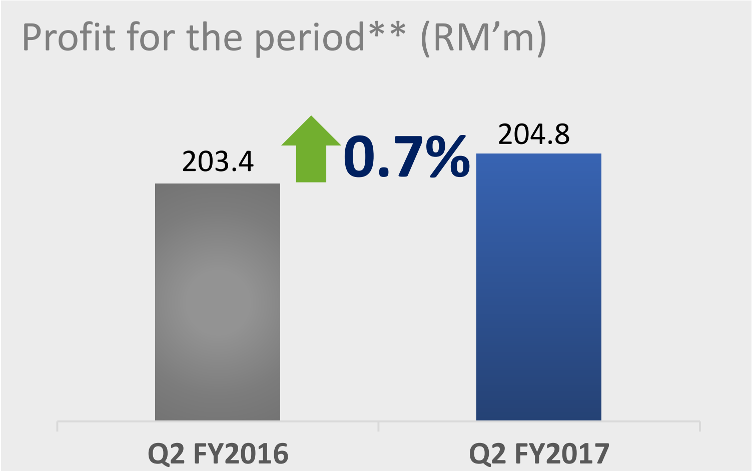
2% and 4% YoY growth in revenue and PBT respectively, excluding back charge rental in Q2 2016 with **tenant sales strengthening** and **sustained footfall**, in spite of the cautious and challenging market conditions

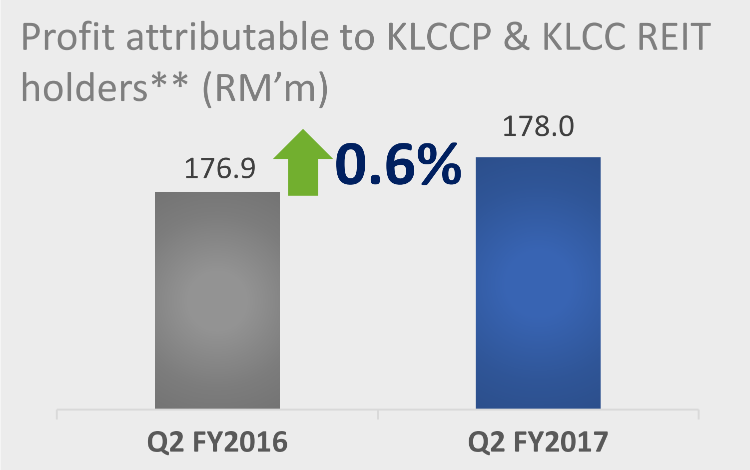
Despite **higher room contribution** from the **leisure market** and growth in **F&B contribution**, reported a loss arising from **depreciation** and **higher interest cost**

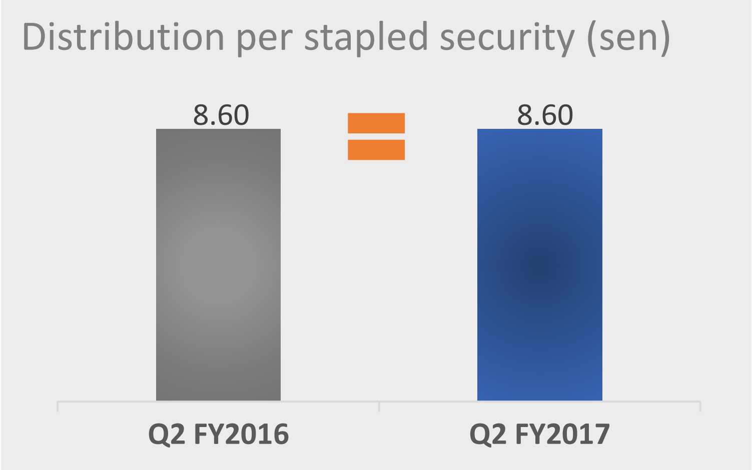
Resilient top line and earnings growth from office and retail

Q2 FY2017 vs Q2 FY2016 Financial Performance









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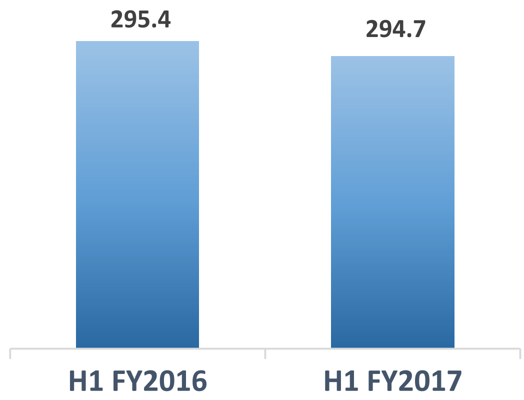
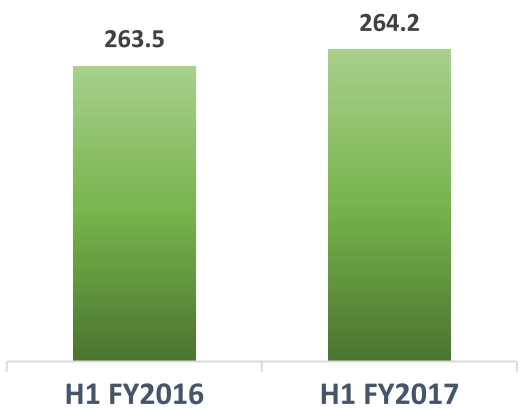
Office – On strong footing with secured lease for remaining 40% of Menara ExxonMobil

Revenue (RM'm)



Profit before tax (RM'm)



- Additional rental from converted atrium spaces, offset by the 2 months vacancy of 40% leased area in Menara Exxonmobil.
- Increase in YTD 2017 PBT from savings of interest cost on repayment of KLCC REIT borrowings in April 2017
- Secured lease agreement with PETRONAS to occupy remaining 40% leased area at Menara ExxonMobil for tenure of 18 years (3+3+3+3+3+3) from April 2017
- Occupancy for office portfolio back to 100% with Menara ExxonMobil fully leased

Retail – Delivering value for our retailers with focused efforts to drive tenant sales and customer footfall

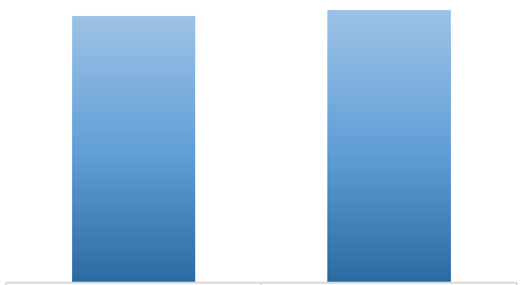
Suria KLCC

KLCC PROPERTY

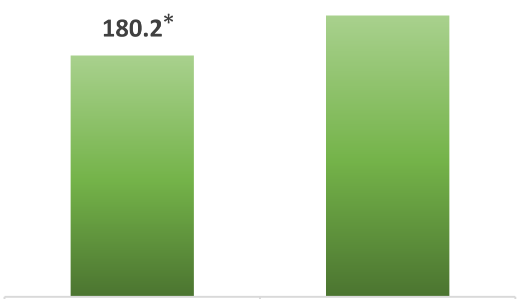
Menara 3 PETRONAS – Retail Podium

KLCC REIT

Revenue (RM'm)



Profit before tax (RM'm)



- Marginal increase in YTD 2017 revenue, excluding RM3.5 million back charge rental from a tenant recognized in Q2 2016
- Higher rental rates from rental reviews and new tenants contributed to increase in YTD 2017 PBT, excluding back charge rental in Q2 2016
- 3.5% growth in MAT-tenant sales, YoY mainly contributed by houseware, beauty & skincare and jewellery & gifts segments
- 4.5% increase in YTD customer count
- 6 new tenants on board in Q2 2017, enhancing customer experience

* Excluding back charge of rental from a tenant in Q2 FY16

New tenants at Suria KLCC in Q2 FY2017

MUJI
Opened on 28th Apr 2017

KOI
Opened on 27th Apr 2017

CROCS
Opened on 15th Apr 2017

BIRKENSTOCK
Opened on 14th Apr 2017

ASICS
Opened on 12th Apr 2017

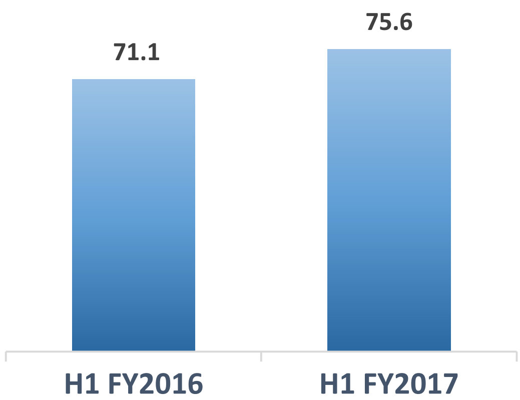
THAI ODYSSEY
Opened on 6th Apr 2017

Hotel – Improved revenue, profit impacted by higher operating cost

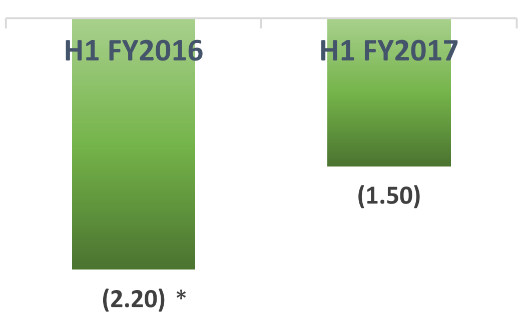
Mandarin Oriental, Kuala Lumpur

KLCC PROPERTY

Revenue (RM’m)



Profit before tax (RM’m)



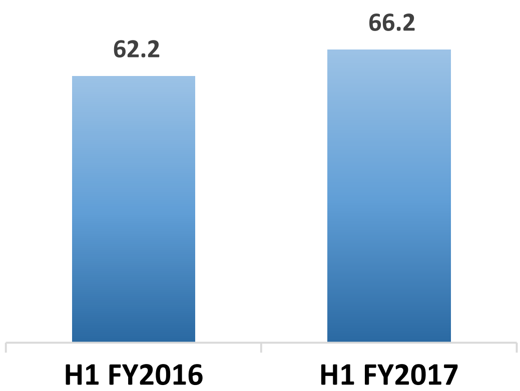
- 6% YTD room revenue growth, mainly due to continued demand in Leisure segment and improved F&B covers
- PBT impacted by higher manpower related costs from implementation of minimum wage order in July 2016 and the ongoing renovation
- 7% YTD F&B revenue growth from increased outlet contributions

  - Lounge on the Park, Aqua, Mosaic and Banqueting
- First phase of guestroom renovation comprising Club rooms and Suites have been completed (Levels 24-30 : 148 rooms)
- Commenced second phase of guestroom renovation comprising deluxe rooms and Park Suites in July 2017

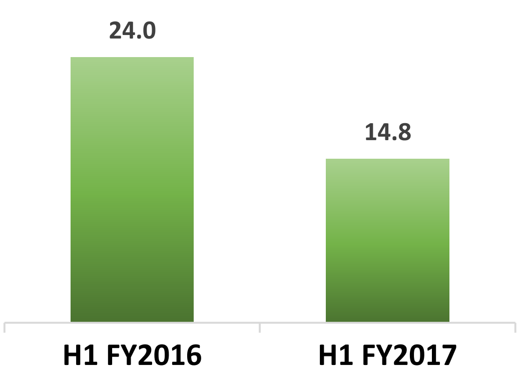
* Excluding write-off of furniture & fittings at Sultan Lounge and Casbah, in Q2 FY16

Management Services - Upside from expansion of facility management services to properties in Kerteh and revision in parking rates

Revenue (RM'm)



Profit before tax (RM'm)



- 6% YTD revenue growth from the revision in parking rates and expansion of facilities management services for properties under KLCC Holdings in Kerteh, Terengganu which commenced in June 2016
- Reduced YTD PBT due to lower interest income owing to the Overnight Policy Rate cut in mid July 2016 and overprovision adjustment in Q2 2016 for manpower costs.

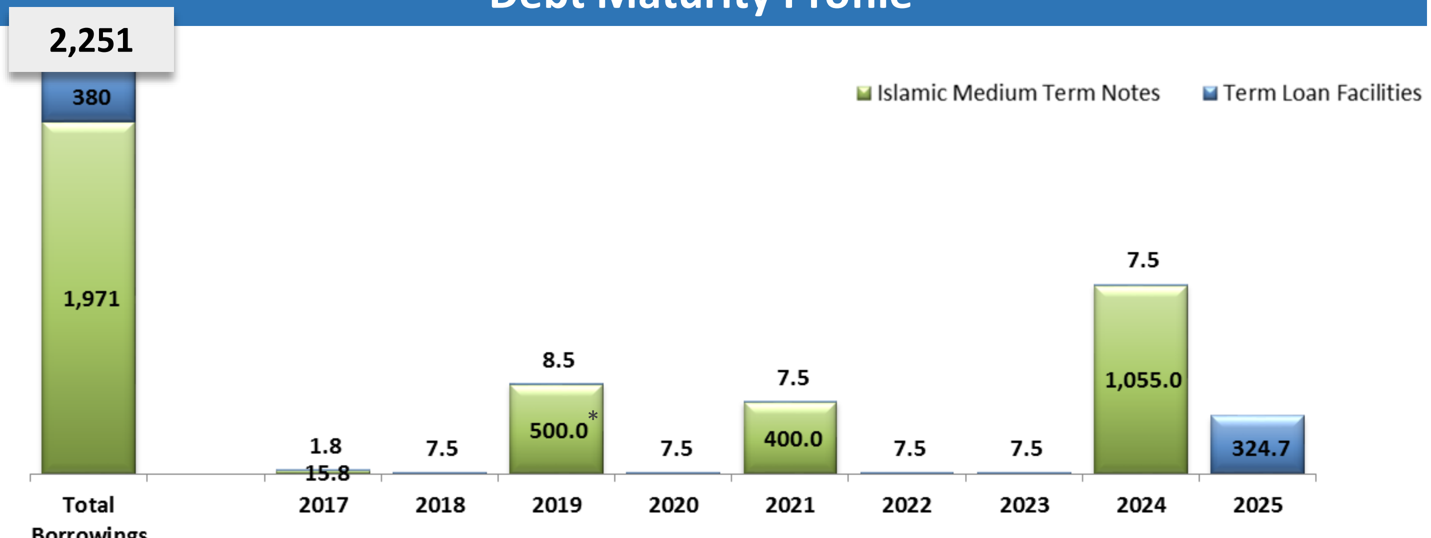
1. KLCCP Stapled Group Key Highlights
2. Portfolio Performance
3. **Capital Management**
4. Industry Market Outlook
5. KLCCSS Key Focus Drivers
6. KLCCSS Long Term Value Creation

Repayment of RM300 million Sukuk Murabahah by KLCC REIT

Repayment of KLCC REIT's RM300 million Islamic Medium Term Notes which matured on 25 April 2017 via internal cash of RM200 million and the issuance of RM100 million Sukuk utilizing the existing RM3.0 billion Sukuk Murabahah Programme

	As at 30 June 2017
Debt	RM2,251 mil
Gearing Ratio - Gross - Net	 17.6% 10.7%
Average Cost of Debt	4.55%
Borrowings on Fixed Rate	84%

Debt Maturity Profile



* Includes RM100m interco from KLCCP

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Office Industry : Expected to remain stagnant amidst weaker occupier demand

Highlights of 1H 2017

- Remained as an office-tenant-favoured market
- Rental & occupancy levels recorded marginal declines amid weaker demand/lower absorption & strong supply pipeline
- Landlords were under pressure & offer more incentives (longer rent-free periods & attractive rental packages) to retain existing tenants & attract new ones
- Mismatch in terms of supply & demand – MNCs unable to identify the sort of quality they want

Outlook for 2H 2017

- The office market is expected to remain stagnant amidst weaker occupier demand
- High quality, prime location will continue to perform well
- Competition for tenants will be among the new prime office building
- Rental rates are still competitive with good growth outlook on the longer horizon
- Integrated developments and larger floor plates to accommodate "work smart concept" or "hot desking concept"

Quick Facts

122.4 mil sq ft
Current cumulative office supply in Greater KL
29.5 mil sq ft
Current vacant office space in Greater KL

72.2% (KL City - GT)
82.1% (KL City - CBD)
Grade A average Occupancy rate Q1 2017

RM7.00 – RM11.30 psf (KL City)
Current Grade A office average rental rates

2017 : 5.8 mil sq ft
2018-2020 : 12.6 mil sq ft
NLA Incoming Supply in Greater KL

Source: Knight Frank, &Savills World Research, MARC Corporate Credit Outlook Mar 2017, The Edge Market, The EdgeProperty.com May 2017, JLW The Quarterly

Retail Industry : Sales expected to remain steady in spite of influx of supply

Highlights for 1H 2017

- Retail industry recorded a decline of 1.2% in Q1 sales compared to same period in 2016 but offset by improved sales in Q2 2017
- Poor growth rate in first quarter due to weak Chinese New Year sales and shoppers were careful in spending on festive goods
- Prices of retail goods rose due to weak ringgit & higher fuel price
- Consumers turned cautious as they were burdened by higher cost of living

Outlook for 2H 2017

- Projected growth in retail sales expected at 5.5% from 3.9% for 2H 2017
- Trading condition will remain tough due to rising operation costs
- Recovery of retail sales highly dependent on external economic demand & ringgit performance
- Retailers to look into the expansion of e-commerce market as it is changing the way consumers shop

Quick Facts

> 65.0 mil sq ft
cumulative retail supply in the Greater KL for Q1 2017

87.1%
Occupancy rate in KL City for Q1 2017

RM24 – RM30 per sq ft
Average rental rate in prime retail malls

2017: 7.0 mil sq ft
Estimated future supply in Greater KL

> 73.0 mil sq ft
Cumulative retail supply in Greater KL by 2019

Source: Savills World Research, HLIB Industry Insights, MARC Corporate Credit Outlook Mar 2017, The Edge Property, JLW The Quarterly, The Star Property 2017

Hotel Industry : Remains positive while taking advantage of the weak currency & growing tourist arrivals

Highlights for 1H 2017

- ARR remained strong in KL area with continual upwards demand
- However increasing popularity of alternative accommodations such as Airbnb caused stiff competition
- Uncertainty in the global economy dampened leisure and travel demand as travelers tightened their budgets
- Existing hotels felt the pressure from the new hotel supply

Outlook for 2H 2017

- To remain positive while taking advantage of the weak currency & growing tourist arrivals
- New tourism tax would have minimal impact on foreign tourists
- Tourist arrivals in Malaysia is expected to increase by about 4.3% to 31.8 million in 2017
- ARR of hotels in the Klang Valley are likely to dip with more hotels being completed in the next 3 years

Quick Facts

FY 2017: 31.8 mil
Targeted Tourist Arrivals

33,655 rooms
Existing supply of rooms in KL City

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

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

74%
Occupancy rate (KL Luxury)

Source: JLL Asia Pacific, Savills Property Market Overview, Malay Mail Online, CBRE|WTW Report 2017, The Star Online

OFFICE

100% occupancy

Commanding **top quartile** rental profiles

High quality tenants with long term tenancies

1. Pursue aggressive initiatives to seek out **quality anchor tenants** for new development
2. **Greening** of office buildings to boost demand from MNCs and support tenant initiatives
3. Frequent taking of tenant pulse for **continued tenant service improvement**
4. Maintaining **pristine condition** of the properties for continuity towards **longer term prospects**

RETAIL

1st Malaysian shopping mall to **breach RM2.5 bil** tenant sales

Over **400** New concepts & tenancies introduced over 12 years (2004-2016)

> 48 mil Annual Customer Footfall

1. **Curate** shopping options for potential customers & **deliver shopping experience** tailored to customer preferences
2. Develop **relevant & selective** retail-mix with retail partners
3. Drive **loyalty** with **stronger brand** identification
4. **Enhance & uplift** the quality of lifestyle of those living & working in and around our development

HOTEL

Ensuring **luxury hotel experience**

Guest **satisfaction** score of **87%** (2016)

Recognised as **Best Hotel in KL** by international standards

1. Develop **strategic partnership** with key business players and stakeholders in the KLCC precinct to drive MICE business
2. **Upgrade of quality** of Suite/Club & deluxe guestroom amenities to compensate the ongoing renovation
3. **Diversify** industries & **reduce dependability** on oil & gas accounts
4. Focus on **digital marketing** to improve online conversion

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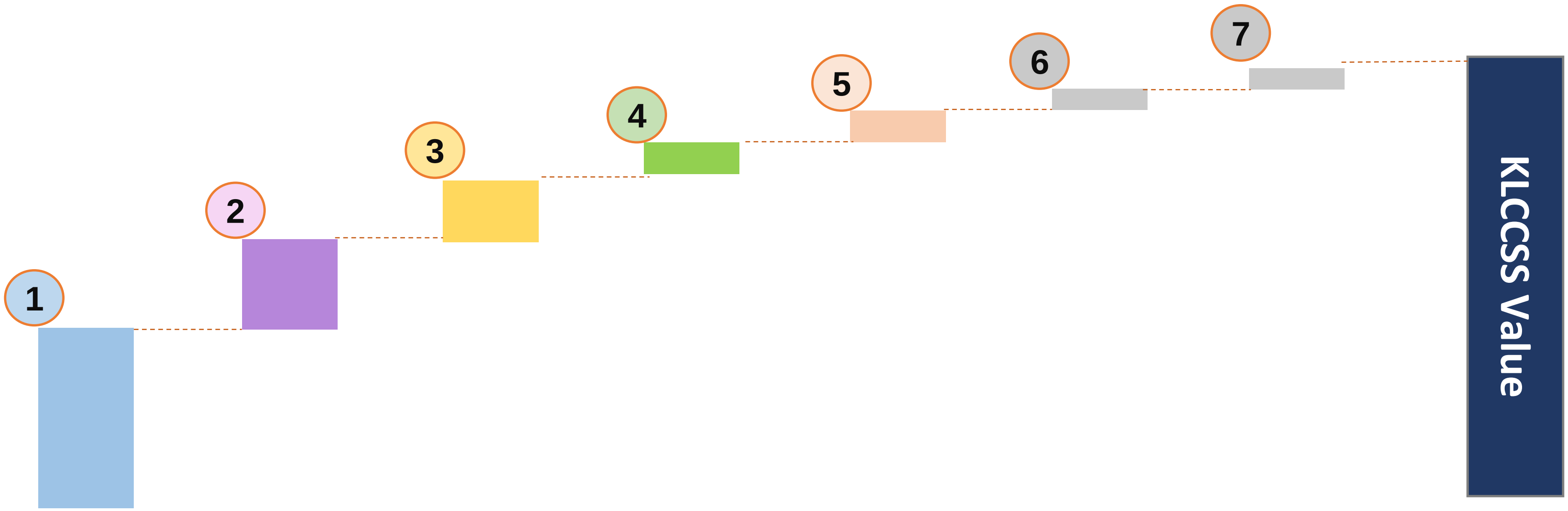
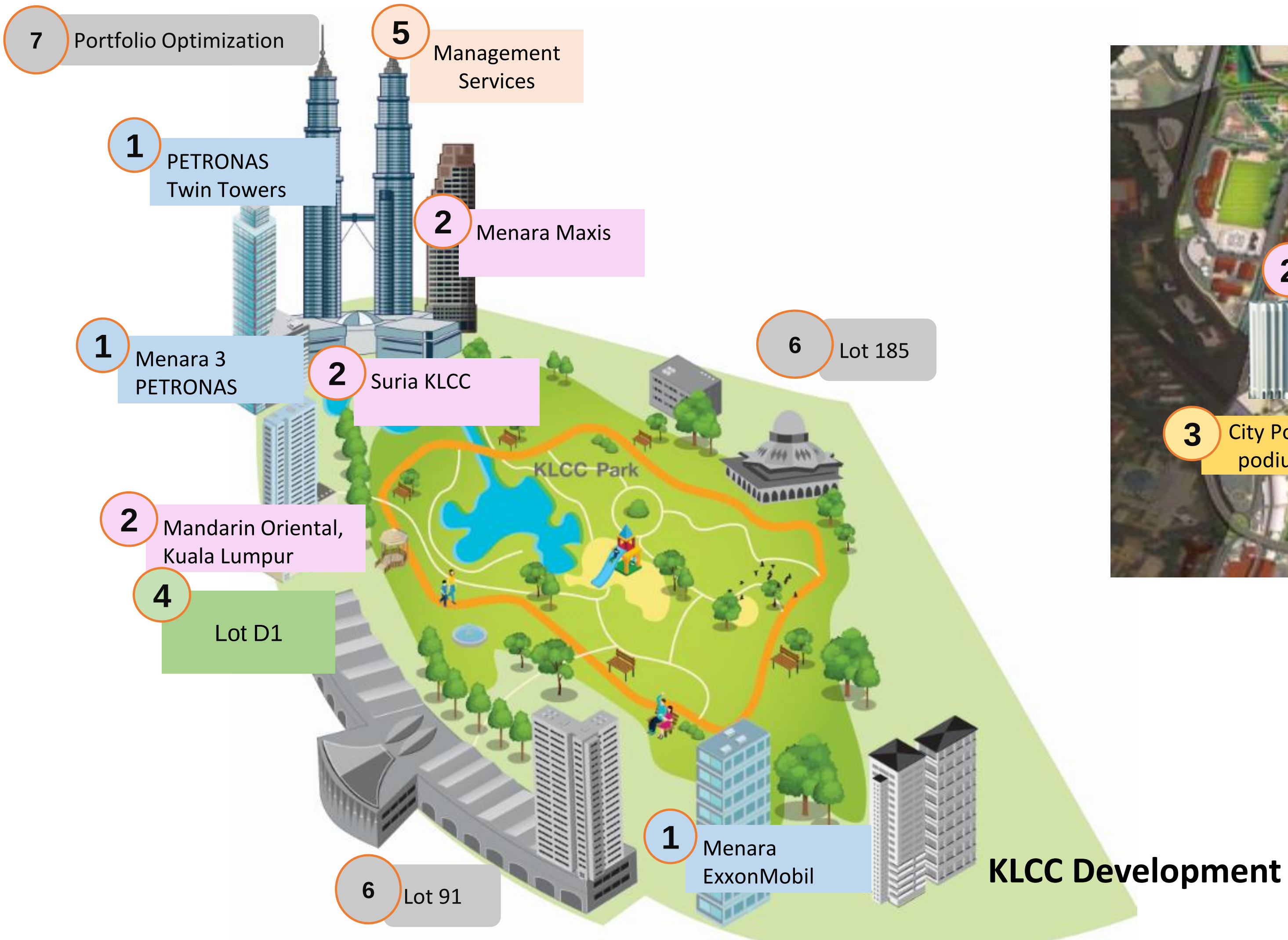
Building Blocks of Long Term Value for KLCCSS

Illustrative Framework



Defined Cash Flow Returns	Cash Generating Assets	Under Construction	Land Bank	Management Services	In-Organic Growth	Portfolio Optimization
PETRONAS Twin Towers Menara 3 PETRONAS Menara ExxonMobil	Suria KLCC (60%) Mandarin Oriental Hotel (75%) Menara Dayabumi Menara Maxis (33%)	City Point Podium	Vacant Land Lot D1	Facility management Car parking management	Right of First Refusal from KLCC Holdings	Injection of KLCCP Assets into KLCC REIT

Building Blocks of Long Term Value for KLCCSS



1 **Defined Cash Flow Returns**

2 **Cash Generating Assets**

3 **Under Construction**

4 **Land Bank**

5 **Management Services**

6 **In-Organic Growth**

7 **Portfolio Optimization**

KLCCSS Investment Case – Portfolio Strengths

Underlying portfolio fundamentals underpin KLCCSS valuation

In-Organic Growth

- Intrinsic value in KLCC Holdings ROFR to drive future asset growth
- Potential to tax optimize cash flows within KLCSS through KLCC REIT acquiring assets from KLCCP

Land Bank

Under Construction

Management Services

- Strategic land bank at prime location with significant asset building opportunity
- Asset enhancement initiative to add 1 million sq.ft of net lease area
- Leveraging management services expertise within the group

Cash Generating Assets

- Diversification across retail, hospitality and office assets, generating steady cash flows
- Proactively managing Suria KLCC and Mandarin Oriental Hotel to optimize cash flow yields
- Cash generating assets with high quality anchor tenants

Defined Cash Flows

- High quality cash flow generation from prime Grade A office buildings in KL City Centre
- Cash flow growth of ~10% rent step up for 87% of rental income every three years
- REIT structure provides a payout ratio in excess of 90% of distributable income

Thank You