KLCCP Stapled Group

FY2017 Results

25 January 2018

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.

FY2017 at a Glance

Revenue
RM1,366.8m — 2.0% YoY
FY2016: RM1,340.5m[2]

Profit before tax[1]
RM932.2m — 0.5% YoY
FY2016: RM923.6m[3]

Profit attributable to equity holders[1]
RM720.4m — 1.0% YoY
FY2016: RM713.0m[3]

Property value
RM15,667 m — 1.4% YoY
FY2016: RM15,454m

Net assets per stapled security
RM7.22 — 1.8% YoY
FY2016: RM7.09

Distribution per stapled security
36.15sen — 1.4% YoY
FY2016: 35.65sen

Market capitalisation
RM15,598m — 4.1% YoY
FY2016: RM14,984m

Share Price
RM8.64 — 4.1% YoY
FY2016: RM8.30

[1] Excluding fair value adjustments
[2] Excluding back charge of rental from a tenant in FY2016
[3] Excluding back charge of rental from a tenant and write off of furniture & fittings in FY2016

FY2017 at a Glance

- Steady top-line growth and stable profit driven by stronger hotel performance with resilience in office and retail segments
  - Office – Retained 100% occupancy upon securing new long term leases for Menara ExxonMobil
  - Retail – Tenant sales exceeded RM2.6 billion despite continued cautious consumer sentiment
  - Hotel – Strengthened occupancy and RevPar with re-launch of new Club Rooms and Suites

Stronger performance by hotel segment with increased contribution to overall revenue of KLCCP Stapled Group

43%

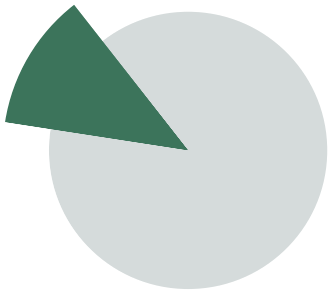
Office

- Full year impact from additional rental from Menara Dayabumi offset by two-month downtime tenant transition at Menara ExxonMobil

35%

Retail

- Higher rental rates from new tenants and rent reviews becoming effective during the year



12%

Hotel

- Increased occupancy from newly renovated Club rooms & Suites with improved demand from banqueting and F&B contribution

10%

Management Services

- Full year impact from expansion of facility management services for properties in Kerteh, Terengganu
- Revision in car parking rates and management of new car park bays

Unlocking building value through asset repositioning

Office

- Secured 2 new long term leases for Menara ExxonMobil post expiry in January 2017:
  - ✓ ExxonMobil* – tenure of 18 years from February 2017
  - ✓ PETRONAS – tenure of 18 years from April 2017
- Transformation of office space to create a "Workplace For Tomorrow" at all our office buildings - cater to personalized needs, promote productivity and building efficiency
- Continued enhancements towards full Green Building Index (GBI) Certification for PETRONAS Twin Towers and Menara 3 PETRONAS in2018

* ExxonMobil Exploration and Production Malaysia Inc

Unlocking building value through asset repositioning

Retail

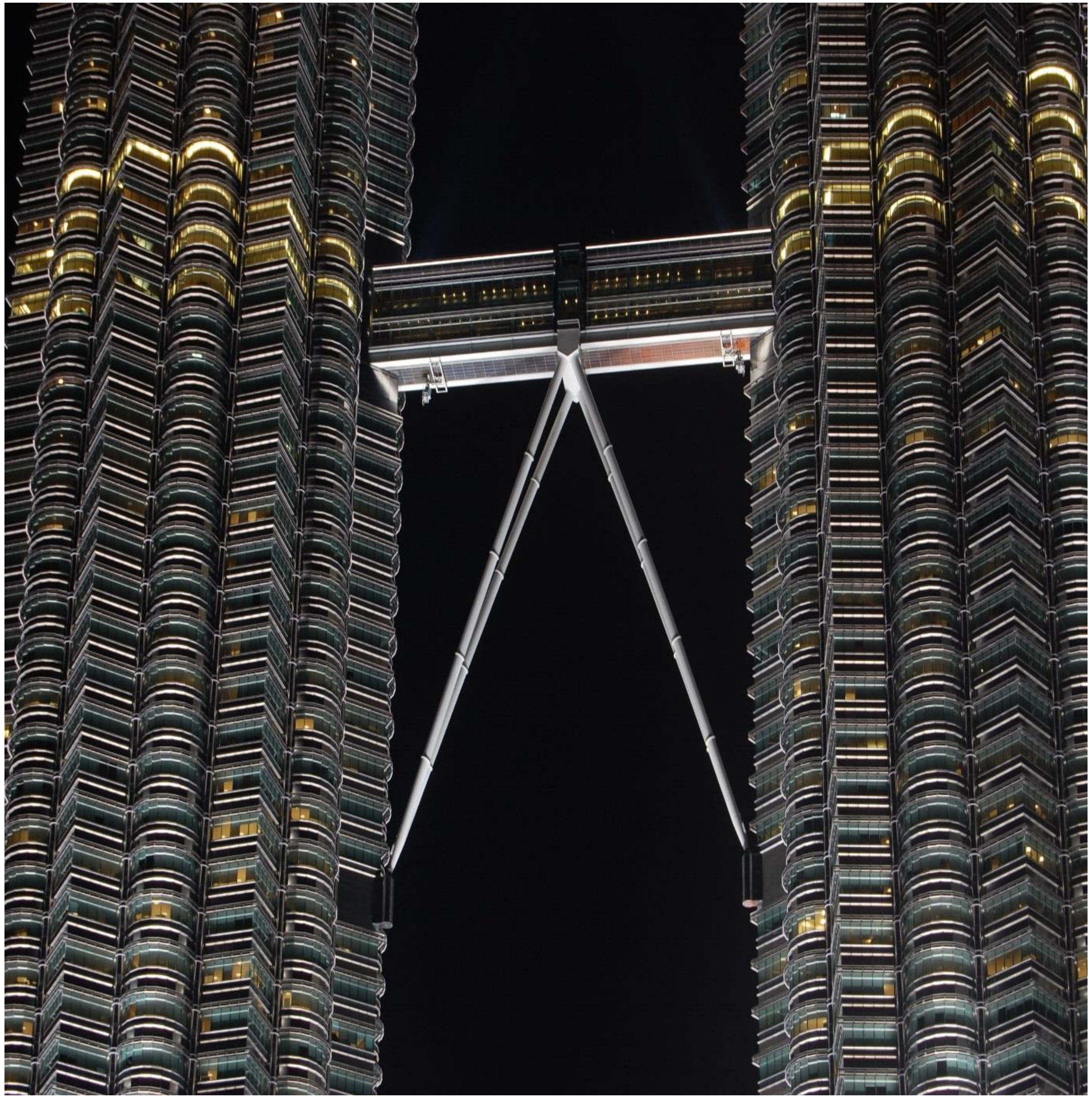
- Attracted new-to-market exclusive luxury brands and brands that offer exclusive services and differentiation
  - ✓ Bottega Veneta - "customization Atelier"
  - ✓ Longchamp - "personalisation station"
  - ✓ Jack & Jones/Vera Moda – new to Malaysia fast fashion
  - ✓ Fendi & Bally – duplex stores
  - ✓ McDonald's - digital menu board and self ordering kiosk
  - ✓ Texas Chicken flagship – world's first "Tex Cafe" corner
- Asset/Service enhancement initiatives
  - ✓ Replacement of 2 centre court bubble lifts with 3 brand new glass lifts
  - ✓ Escalator modernization
  - ✓ Valet parking at retail podium Menara 3 PETRONAS
- Digital revolution transforming customer expectations - launch of Suria KLCC new website with interactive features, upgraded mall directories with targeted search content, media and advertising screens and panels

Unlocking building value through asset repositioning

Hotel

- Embarked on overall refurbishment of hotel
  - ✓ Ongoing final phase of renovations to equip hotel with competitive product by end 2018
  - ✓ Capitalised on new offerings and re-launch of renovated Club rooms and Suites
  - ✓ Leveraged on renovated ballroom and function room facilities to grow banqueting business
- Accelerated expansion of business network
  - ✓ Developed strategic partnership with key business players and stakeholders in the KLCC Precinct to drive MICE business
  - ✓ Redirected industry focus to technology, consulting, manufacturing from traditional reliance on oil & gas and banking sector
  - ✓ Stepped up corporate business from domestic and regional markets & driving leisure growth from group bookings
- Focused on digital marketing to improve online conversion

Unlocking building value through asset repositioning

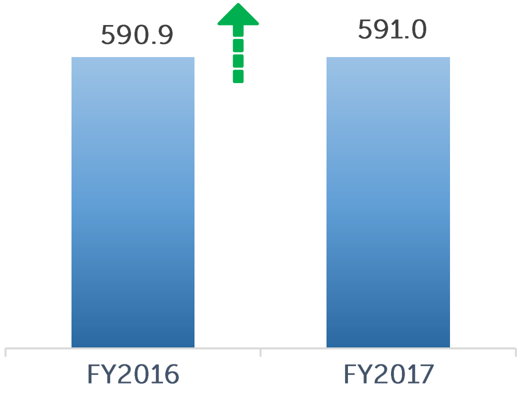


Management Services

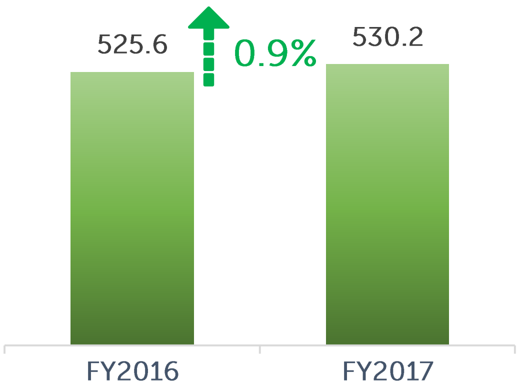
- Efficient facility management services to maintain buildings in pristine condition for longer term tenancy prospects
  - ✓ Asset enhancement initiatives at Menara ExxonMobil - upgraded main lobby, basement, podium and security features for tenant service improvements
  - ✓ Triple net lessee and Green initiatives for energy efficient buildings
- Continued operational efficiency towards customer service improvements
  - ✓ Installed Car Finding System through license plate recognition camera at the entry and exit barriers
  - ✓ Installation of digital and directional LED signage to improved visual messaging in basement carpark
  - ✓ Introduced cashless auto pay machines with credit card facilities and online payment service for season car card holders

Office – On strong footing with high quality portfolio continuing to generate steady income

Revenue (RM'm)



Profit before tax[1] (RM'm)



- Stable YTD revenue - full year impact of additional rental income from Menara Dayabumi, offset by two-month downtime tenant transition at Menara ExxonMobil

- Marginal increase in YTD PBT from savings of interest cost upon repayment of RM300 million Sukuk Murabahah Programme in April 2017

- Phase 3 Redevelopment of City Point Podium
  - Completed substructure work
  - Commencing tender for next development phase

- Upward rental revision for Menara 3 PETRONAS from December 2017

[1] Excluding fair value adjustments

Retail – Maintained resiliency with tenant sales strengthening in spite of challenging retail landscape

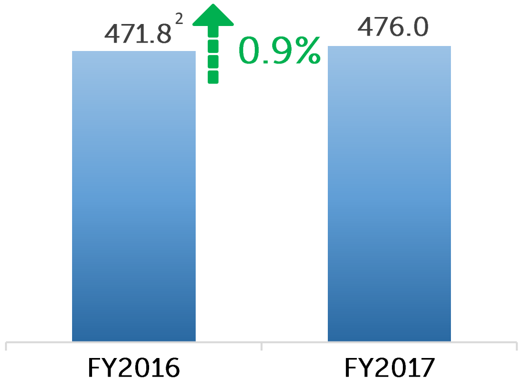
Suria KLCC

KLCC PROPERTY

Menara 3 PETRONAS – Retail Podium

KLCC REIT

Revenue (RM'm)



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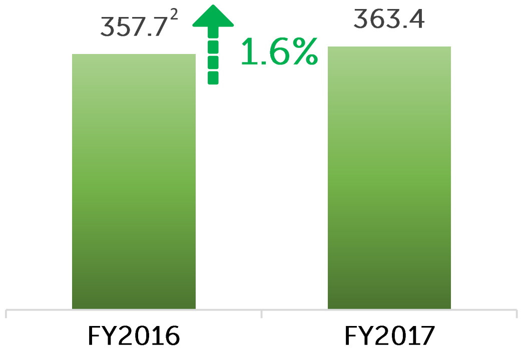


- Growth in YTD revenue and PBT (excluding one-off back charge rental from a tenant recognized in FY2016)–higher rental rates from new tenants and rent reviews becoming effective during the year

- 5.6% growth in MAT-tenant sales, YoY mainly from Beauty & Skincare and Jewellery & Gift segments

- Tenant re-mixing exercise progress:
  - Concourse : Beauty & cosmetic precinct, fast fashion, fast food and general retail - completed
  - Level 1: dedicated men's and women's luxury precincts – majority completed with full completion in 2018
  - Level 2 : high street fashion – majority completed
  - Level 3 : new concept stores of active wear and IT - completed
  - Level 4 : Asian Cuisine precinct & Beauty Wellness salons - completed

- Entry of 38 new tenants with new key brands providing exclusive services and differentiation – Bottega Veneta, Longchamp, Vera Moda /Jack & Jones, Rebecca Minkof

[1] Excluding fair value adjustments
[2] Excluding back charge of rental from a tenant in FY2016

38 new tenants with wider offerings and high calibre retail tenant mix

Bottega Veneta

Longchamp

Vero Moda/Jack & Jones

Brooks Brothers

Muji

Tory Burch

Rebecca Minkoff

Sennheiser

38 new tenants with wider offerings and high calibre retail tenant mix

MC Donald’s

Texas Chicken

Din Tai Fung

Illy Cafe

Birkenstock

Breitling

Laneige

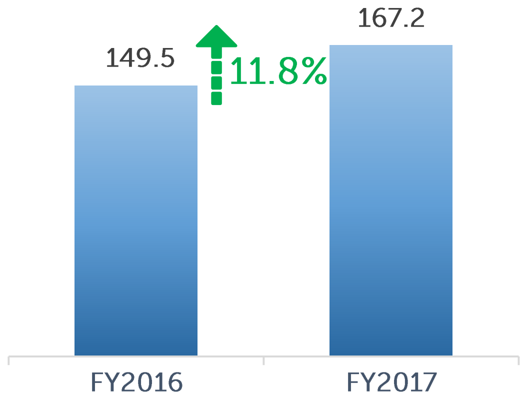
Lamer

Hotel – Re-launch of newly renovated guestrooms showing healthy pace gain with strong F&B performance

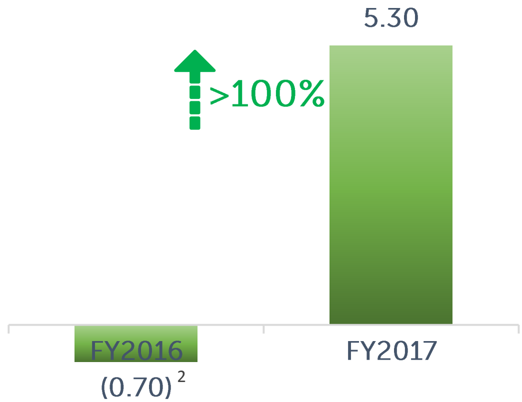
Mandarin Oriental, Kuala Lumpur

KLCC PROPERTY

Revenue (RM'm)



Profit before tax[1] (RM'm)

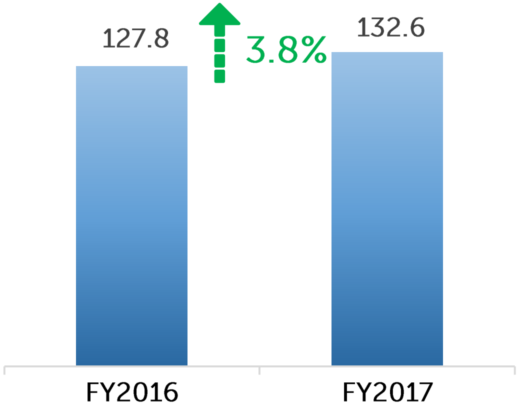


- 11.8% YTD Revenue with profit registered - higher occupancy for newly renovated Club rooms and Suites with improved demand in banqueting and F&B segments
- 14.2% YTD room earnings growth driven by group bookings and leisure market segment
- 9.4% YTD F&B revenue growth from large scale banqueting events, conferences & exhibitions and high profile wedding events
- Guestroom renovation progress in 2017 :
  - Completed first phase : 157 Club Rooms and Suites in July 2017
  - Commenced second phase : 433 Deluxe Rooms and Park Suites
    - Completed 116 rooms (Levels 20-23) in September 2017
    - Commenced renovation for levels 16 to 19 (114 Rooms), targeted to be completed by early 2018

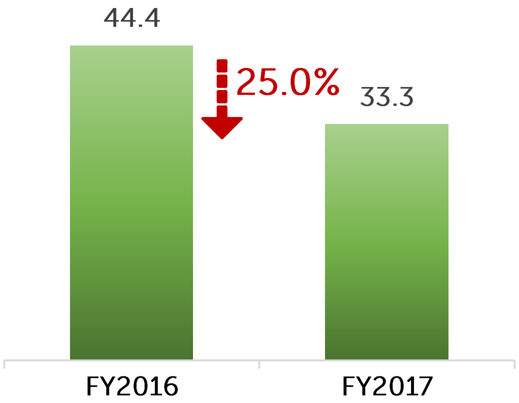
[1] Excluding fair value adjustments
[2] Excluding write-off of furniture & fittings at Sultan Lounge and Casbah in Q2FY2016

Management Services – Continues to complement the property portfolio in delivering premium asset management services

Revenue (RM'm)



Profit before tax[1] (RM'm)



- 3.8% YTD revenue growth
  - Full year impact from expansion of facility management services to properties in Kerteh, Terengganu
  - Increase in car parking rates for Northwest Development and Menara Dayabumi
  - Management of 882 new car park bays at Menara ExxonMobil
- Reduced YTD PBT due to lower interest income and higher manpower costs
- Recognition of KLCC Parking Management in :
  - Malaysia Book of Records – first parking management company to receive integrated ISO certifications (ISO 9001:2015; ISO 14001:2015; OHSAS 18001:2007) and
  - Platinum Award by MOSHPA OSH Excellence Awards 2017 for OSH Management on Parking Management Services

[1] Excluding fair value adjustments

1. FY2017 Key Highlights
2. Q4 FY2017 – Financial results
3. Capital Management
4. Awards & Recognition
5. Sustainability
6. Market Outlook
7. Strategic Outlook

Overview of KLCCP Stapled Group Q4 FY2017 performance

- **Steady growth performance,** YoY with increase in revenue and profit before tax of 2.1% and 3.5%* respectively, boosted by **stronger performance in all segments**

Stable office performance - **marginal increase in** revenue due to lower utility charges at Menara ExxonMobil as physical occupancy by PETRONAS only commenced gradually in October 2017, following completion of renovation. 2% YoY **increase in PBT** from savings in finance costs from repayment of Sukuk Murabahah

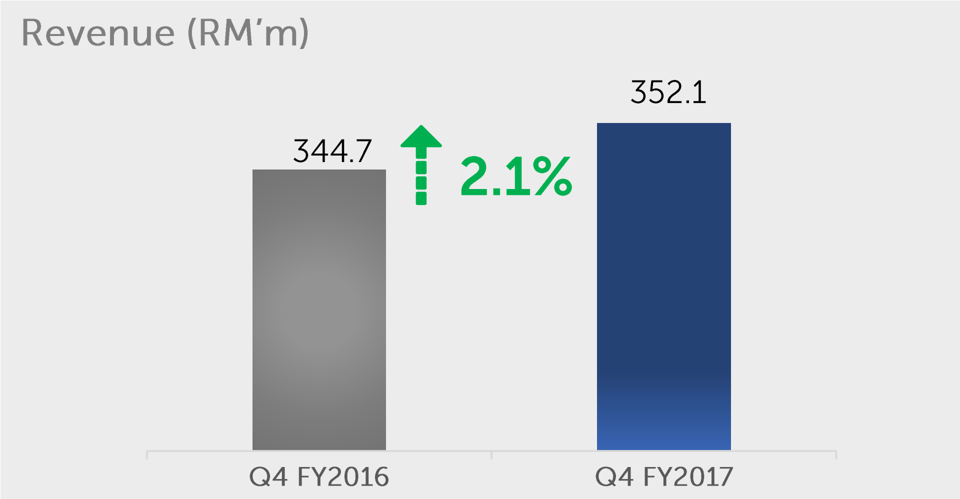
Resilient retail performance – stable revenue with 3% YoY growth in PBT (excluding back charged rental from a tenant), contributed by **higher rental rates** from **new tenants** and **rent reviews** becoming effective in the period, with the ongoing tenant remixing.

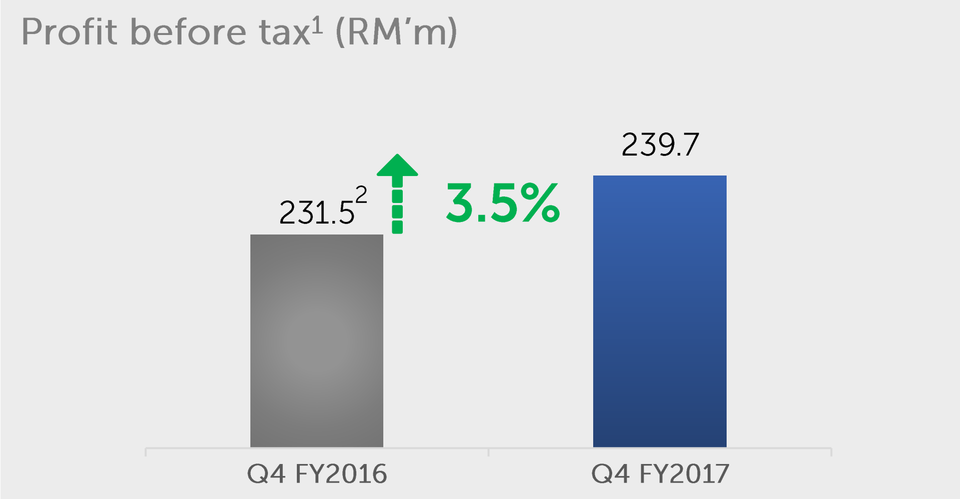
Stronger hotel performance – 11.3% growth in revenue and 49% in PBT driven by higher demand for the **newly refurbished Suites and Club rooms** coupled with **improved contribution from F&B and banqueting**

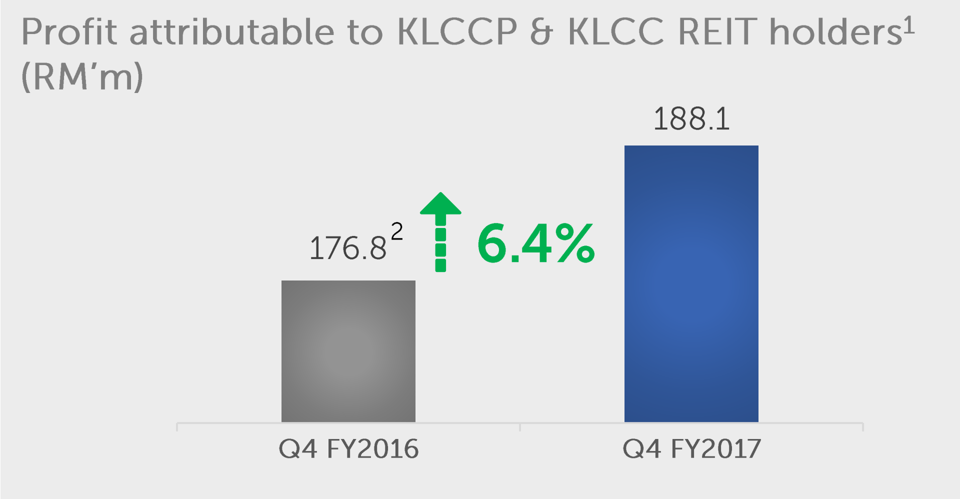
* Excluding fair value adjustment and back charge of rental from a tenant in FY2016

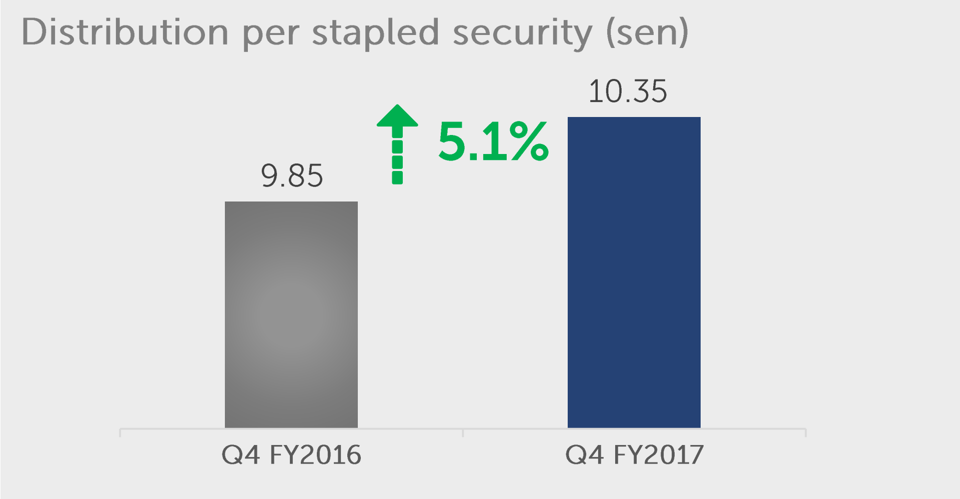
Resilient top-line and earnings growth supported by stronger performance in all segments

Q4 FY2017 vs Q4 FY2016 Financial Performance







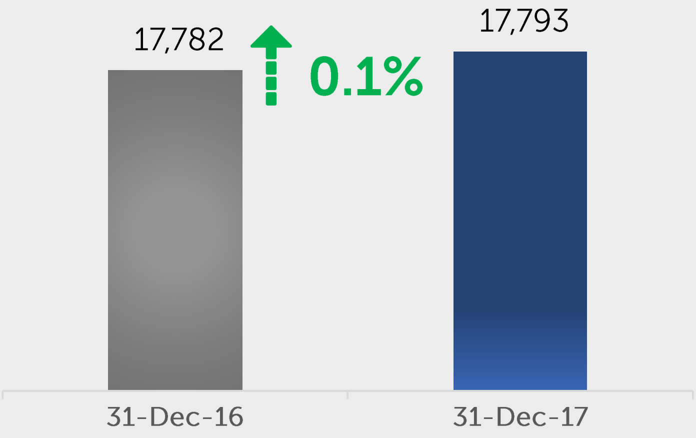


[1] Excluding fair value adjustments
[2] Excluding back charge of rental from a tenant in FY2016

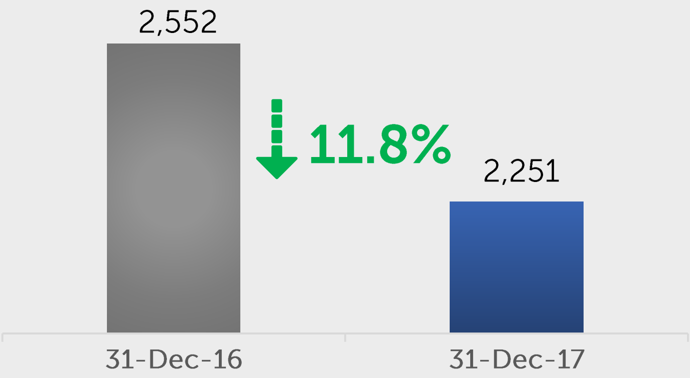
Improved total borrowings from net repayment of RM300 million Sukuk Murabahah Programme by KLCC REIT

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

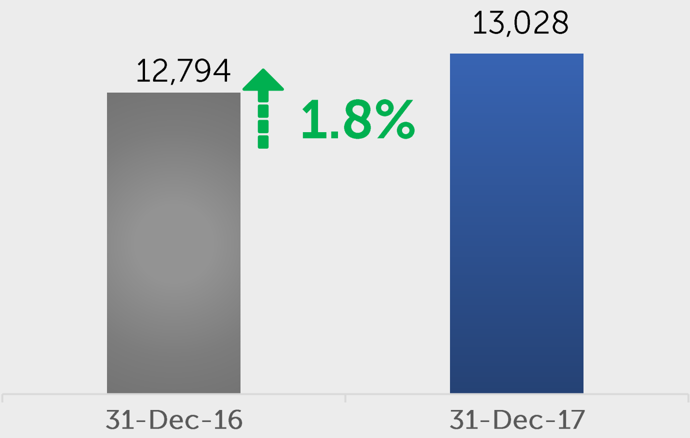
Total Assets (RM'm)



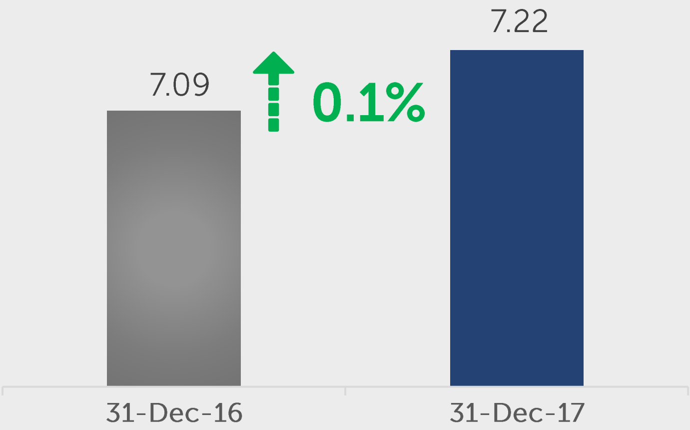
Total Borrowings (RM'm)



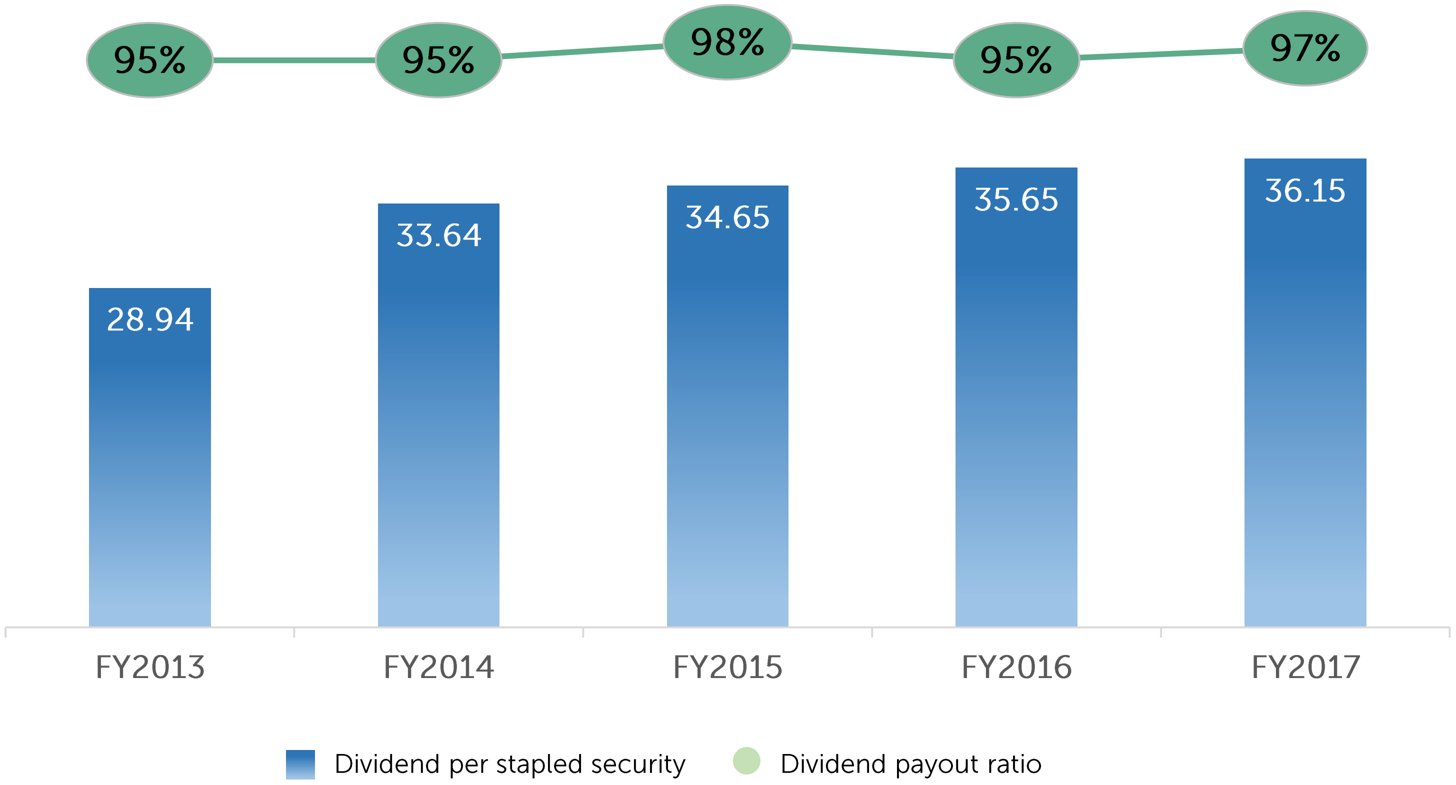
Equity attributable to KLCCP & KLCC REIT holders (RM'm)

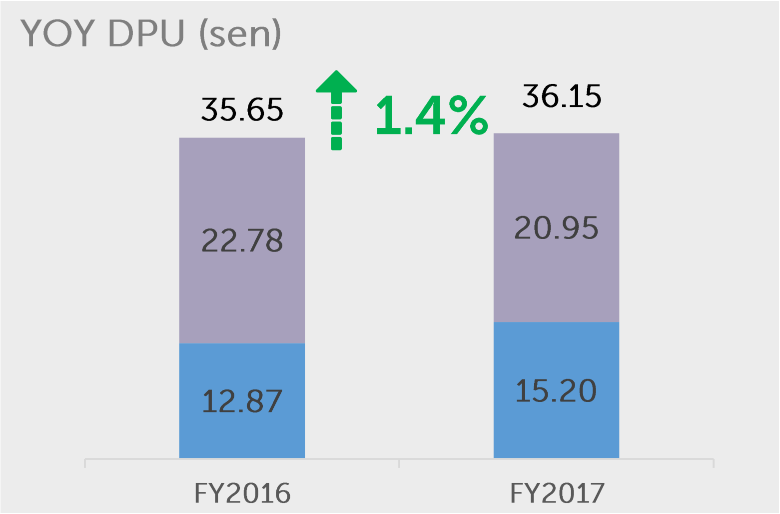


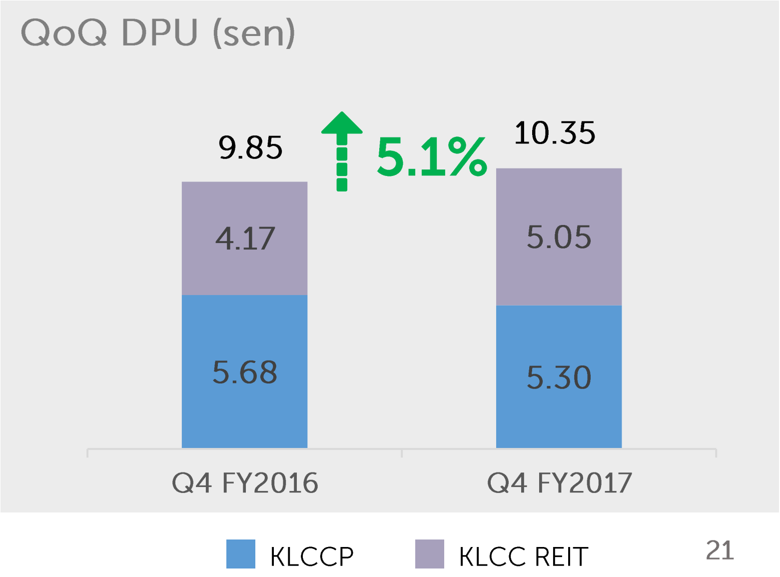
NAV per stapled security (RM)



97% dividend pay-out, delivering on our commitment of sustainable returns to holders of Stapled Securities

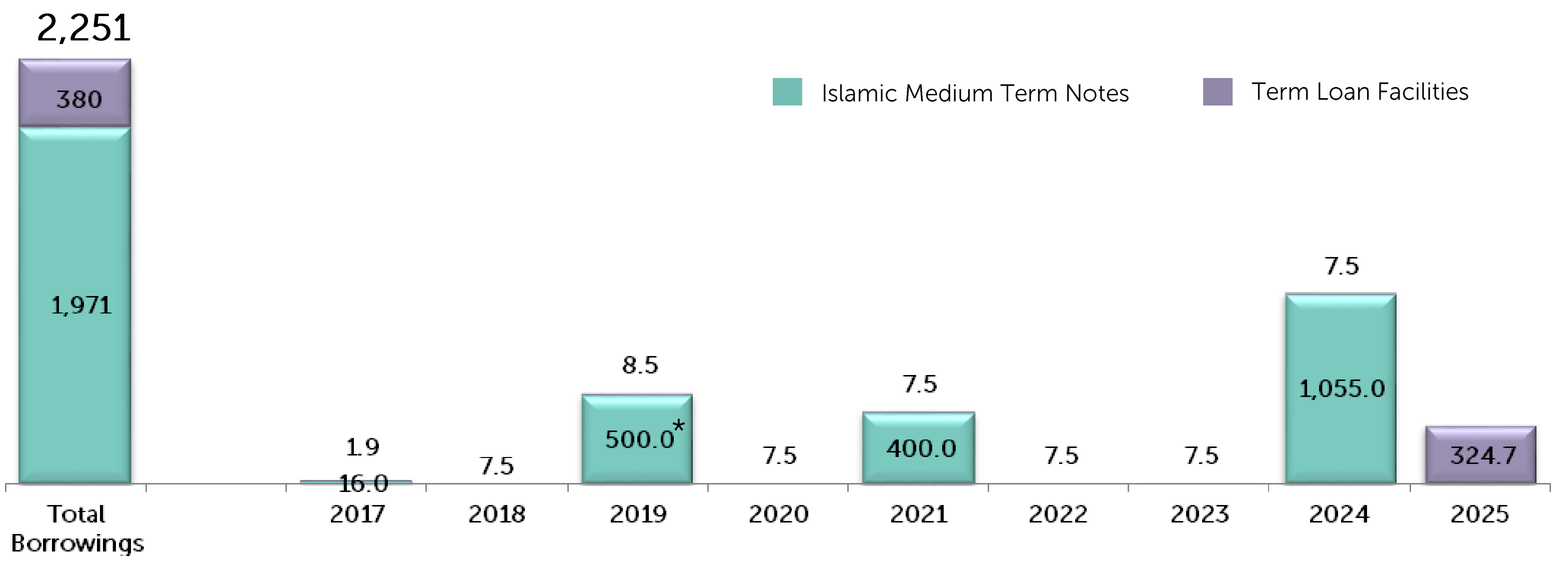




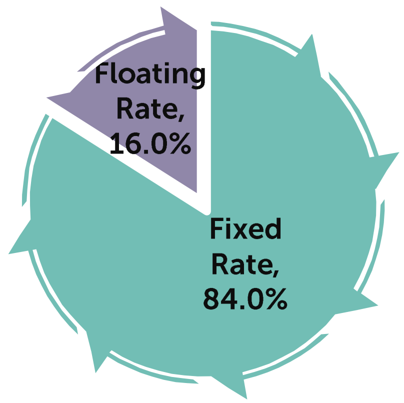


Optimal capital structure to support business needs

Debt Maturity Profile



Interest Rate Profile



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 31 Dec 2017
Debt	RM2,251 mil
Gearing Ratio (%) ▪ Gross ▪ Net	 17.2% 11.5%
Average Cost of Debt	4.55%
Average Maturity Period (years)	5.09

* Includes RM100m interco from KLCCP

Building upon our passion for excellence as a real estate industry player

Enhancing value to stakeholders

- The Edge Billion Ringgit Club 2017
  - Highest ROE over 3 years
- 7th Annual Southeast Asia's Institutional Investor Awards
  - Most Consistent Dividend Policy
  - Most Organised Investor Relations
  - Best Senior Management Investor Relations Support

Management Services

- TheEdgeProperty.com Malaysia's Best Managed Property Awards 2017
  - Gold Award for Non Strata Commercial Category & Editor's Choice Award for Iconic Innovation
- Malaysia Book of Records
  - First parking management company (KPM) to receive the integrated ISO certifications of ISO 9001:2015; ISO 14001:2015 and OHSAS 18001:2007
- MOSPHA OSH Excellence Awards 2017
  - Platinum Award for OSH Management on Parking Management Services

Sustainability

- The Asset Corporate Awards 2017
  - Gold Award for Excellence in Environmental, Social and Corporate Governance

Governance & Transparency

- National Corporate Report Awards (NACRA) 2017
  - Certification of Merit
- Fortune Times REITs Pinnacle Awards 2017
  - Most Value Creation REIT in Asia

Hospitality

- Kuala Lumpur Mayor's Tourism Awards 2017-2019
  - 5-star Hotel Gold Award
- Tourism Malaysia
  - Green Awards
- Travel + Leisure's World's Best Awards 2017
  - No 1 Hotel in Kuala Lumpur
- DestinAsian Reader's Choice Awards 2017
  - Best Hotels & Resorts in Malaysia

Defining transparent and strong sustainability practices across our business

Governance

- In compliance with MCCG 2017 – improvements to corporate governance disclosures, revision to Board Charter
- Identified women leaders to fill board positions to increase quota to 30%
- Recognized in top 100 public-listed companies at MWSG-ASEAN Corporate Governance Recognition 2017

Environmental Stewardship

- Reduced energy consumption in our assets/operations by 9.3%
- Reduced GHG emissions by 9.6%
- Ongoing Green Building Index initiatives for PETRONAS Twin Towers & Menara 3 PETRONAS. Target to achieve full GBI certification in 2018

Safety & Health

- Zero fatal incidents rate since 2012

Our People

- Workforce diversity of senior managerial level of male : female at 61 : 39
- Achieved 85% on Employee satisfaction score
- 96% of employees sent for trainings
- Invested RM2.1 million in learning & development for our employees

Reliable Partner

- Community investment of over RM2.0 mil
- Maintenance of pedestrian walkway connecting Menara Dayabumi to Masjid Negara, promoting building-to-building connectivity for benefit of Kuala Lumpur city

FTSE Russell

FTSE4Good

FTSE4Good Emerging Index

FTSE4Good Bursa Malaysia Index

Office Industry : Expected to remain subdued amidst weaker demand

Highlights of 2017

- Remained lackluster with demand lagging supply and low net absorption
- Growing mismatch continued to exert pressure on overall rental & occupancy levels
- Demand for well-located good grade, dual compliant office buildings remained firm
- Established & upcoming office locations along transport routes remained popular with tenants and office occupiers

Outlook for 2018

- Remains challenging for landlords until market finds its equilibrium
- Vacancy rates expected to trend upwards, owing to slower take-up as tenants seeking cheaper alternatives
- Office supply in KL City & Beyond projected to increase significantly (adding 2.3 mil sq ft to current stock)
- Well-located, good grade office buildings with value added features (green accreditation & MSC status) will continue to attract investors and fund managers' interest
- Emergence of co-working spaces and operators expected to impact office demand and pose challenge for established commercial locations

Quick Facts

51.4 mil sq ft (KL City)
27.3 mil sq ft (KL Fringe)
Current cumulative office supply

80.4%
Average occupancy rate Q4 2017

RM6.03 psf (Grade A)
RM11.33 psf (Prime A+)
Current office average rental rates in KL City

2018 : 22 mil sq ft
NLA Incoming Supply in Greater KL

Source : Knight Frank Real Estate Highlights 3Q 2017, Savills World Research, Asian Cities Report Kuala Lumpur Office 2H 2017, NTL Research Q4 2017 & Savills SunBiz article dated 24 Jan 2018

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

Highlights of 2017

- Performance continued to remain lackluster - retail industry projected growth of 2.2 % for 2017 (2016 : 3.1%)
- Consumer Sentiment Index remained below 100 points threshold, reflecting cautious consumer sentiment
- KL average rental rates generally stable with isolated upward movements in selected complexes
- Major store consolidation and closures – Aeon, Giant, True Fitness
- Traditional retailers disrupted by technologies – emergence of "click & mortar" concept

Outlook for 2018

- Projected retail sales growth at 6% in 2018 by Retail Group Malaysia (RGM) – performance highly dependent on election, external economic demand & performance of ringgit
- New malls likely to struggle to build occupancy and foot traffic given current caution of retailers expansion and diluted market share
- Rise of online shopping and current surplus of mall space will continue to intensify
- Operators to take proactive measures to refurbish, reconfigure & reposition their shopping centres to keep pace with changing customer's tastes & preference

Quick Facts

7.2 mil sq ft (KL City)
19.7 mil sq ft (KL Fringe)
Cumulative retail supply for 1H 2017

87.9%
Occupancy rate 2017 (Greater KL)

RM15 – RM25 per sq ft
Average gross rental rate for prime retail malls

2018: 20 mil sq ft
Estimated future supply in Klang Valley

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

Source : Knight Frank Real Estate Highlights 1H2017, Savills World Research, NTL Research & Consulting, 2017 & Savills SunBiz article dated 24 Jan 2018

Hotel Industry : Remains positive on growing tourist arrivals

Highlights of 2017

- Remained positive – weak currency and growing tourist arrivals
- Gains in MICE activities and leisure segment arrivals , partially off-set the declines in corporate segment
- Implementation of tourism tax on foreign tourists staying at all hotel accommodation with effect Sept 2017 – no visible impact
- Stiff competition heightened from offering of alternative accommodation – AirBnB, catering for longer stay travelers & family segment
- ARR for key luxury hotels saw upward movement to RM664.60 in 3Q 2017 (2016 : RM604.9)

Outlook for 2018

- New supply of luxury hotels continues to fuel competitive environment (5,030 rooms planned for completion by 2021)
- Entry of significant number of guestrooms (upper upscale and luxury) is expected to put downward pressure on occupancy levels over the short to medium term.
- ARR of hotels in the Klang Valley are likely to dip in the medium term with more hotels being completed in the next 4 years
- Efforts to revitalize tourism industry to be in tandem with Visit Malaysia 2020 will further boost hotel segment [Budget 2018]

Quick Facts

FY 2018:
33.1 mil
Targeted Tourist Arrivals

38,695 rooms
Number of rooms in KL for 1H 2017

RM 664.60
Average Daily Rate (ADR) (KL Luxury)

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

77.5%
Occupancy rate (KL Luxury)

Source : NTL Research & Consulting, 2017, Horwarth HTL Kuala Lumpur Hotel & Hotel Residences Market Update, Jan 2018

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7. **Strategic Outlook**

Focused on cash flow generation and driving long term value creation strategy

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

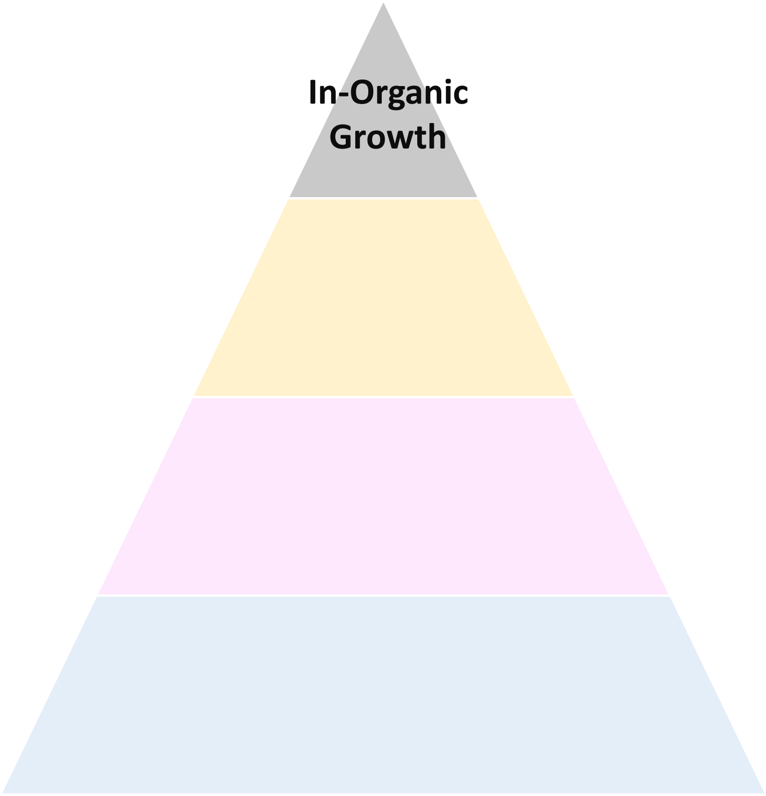
Cash Generating Assets

- 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

Platform to capitalize on future development and investment opportunities



In-Organic Growth / Portfolio Development

- KLCC REIT has a Right of First Refusal (ROFR) for the acquisition of any properties developed by KLCC Holdings
- Significant debt headroom to fund the acquisition of assets worth up to RM6.65 billion (by exercising the ROFR and/or other third party acquisitions)
- Phase 3 refurbishment of Kompleks Dayabumi - substructure works completed and offering of tender for next phase

Portfolio Optimization

- KLCC REIT has early access to the properties owned and currently being developed by KLCCP
- Potential to structure transactions in tax efficient manner

Proactively managing and reconfiguring asset portfolio to overcome challenging 2018 outlook

Office

Industry: KL office market to remain subdued with oversupply in the market

KLCCSS Key Focus:

- Conceptualizing and allowing tenants to create a "Workplace for Tomorrow"
- Long term triple net leases with rent escalations every third year to support revenue growth

Retail

Industry: Retail sales expected to remain steady in spite of tough trading conditions

KLCCSS Key Focus:

- Redesigning mall layout to enhance customer shopping experience
- Digitalization to facilitate retailers promotions and increase customer footfall

Hospitality

Industry: Challenging environment with the intensifying competition coming on stream

KLCCSS Key Focus:

- Completion of renovation program to enhance hotel market positioning
- Innovate Hospitality services and F&B offerings to drive occupancy

Key take-away

1. Proactively managing and reconfiguring asset portfolio to overcome challenging 2018 year ahead
2. Focused on cash flow generation and driving long term value creation strategy through the 6 building blocks of value
3. Business platform to capitalize on future development and inorganic investment opportunities
4. Significant debt headroom across KLCC REIT and KLCCP to support future acquisitions
5. Iconic portfolio and attractive commercial tenancy agreements underpin appraised value of portfolio and net assets per stapled security
6. KLCCSS business profile de-risked through PETRONAS relationship

Thank You