



KLCCP Stapled Group

Financial Results

2nd Quarter ended 30 June 2018

15 August 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.

1. KLCCP Stapled Group Key Highlights

2. Portfolio Performance

3. Capital Management

4. Market Outlook

5. KLCCSS Focus

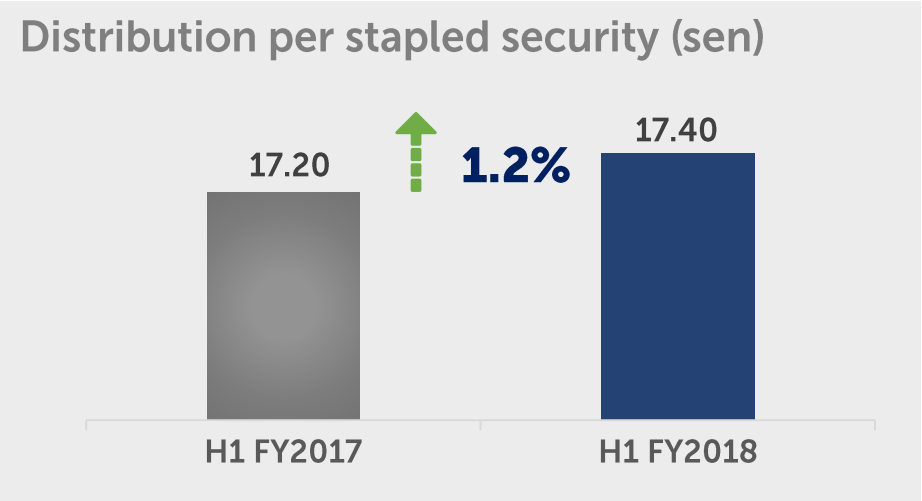
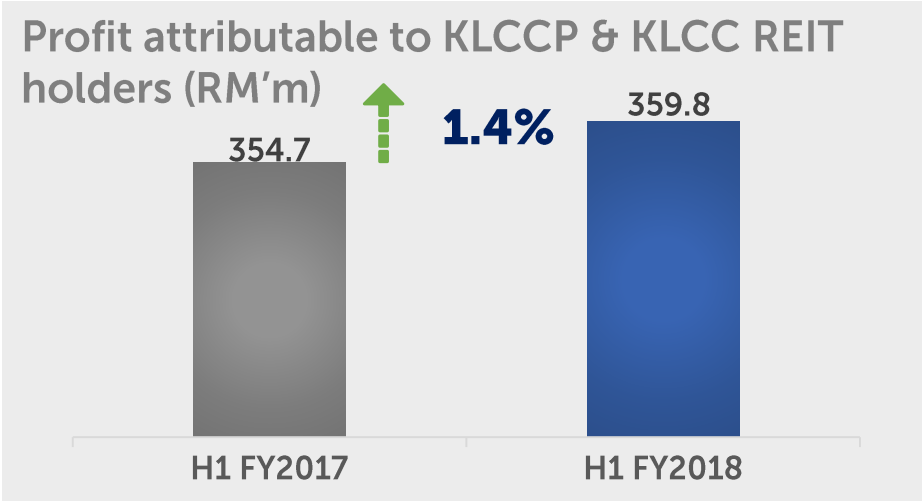
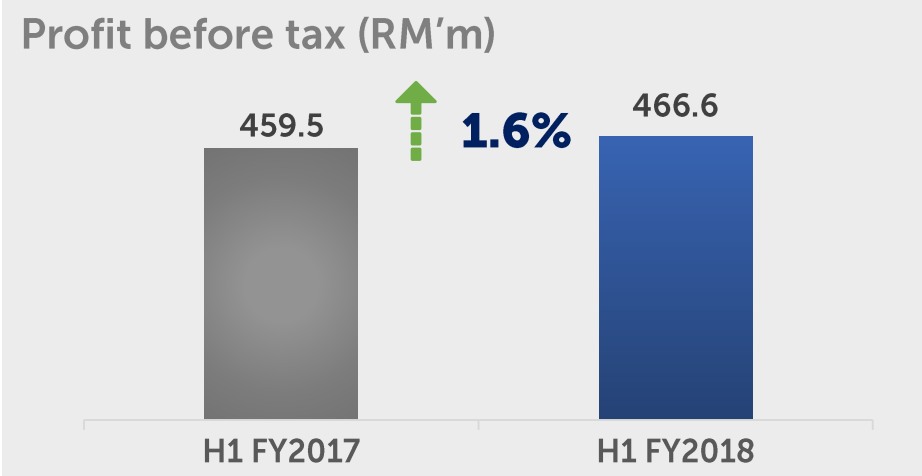
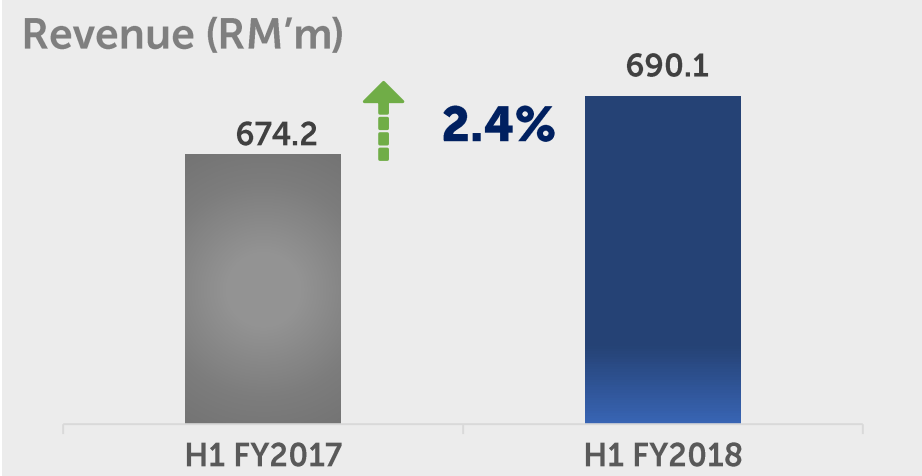


H1 FY2018 Results

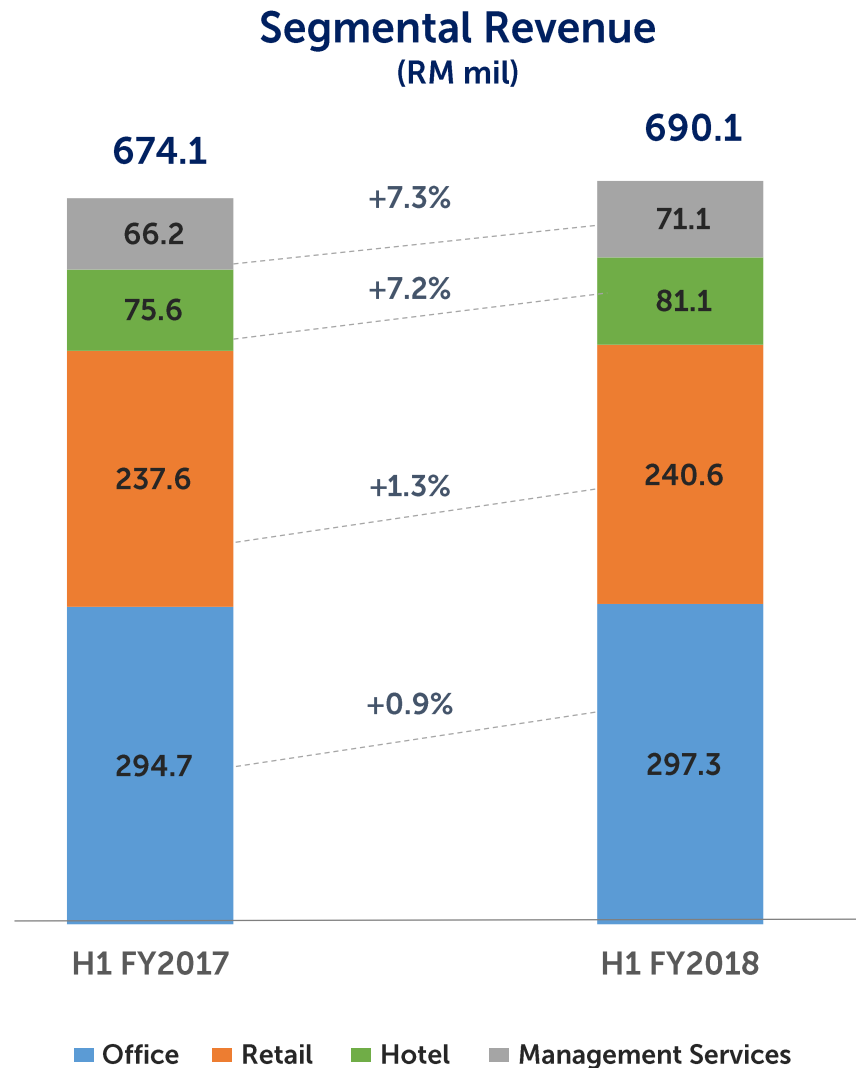


Steady growth in revenue and profit attributable to holders of stapled securities

H1 FY2018 vs H1 FY2017 Financial Performance



Positive revenue contribution and growth from all segments



Composition to total KLCCP Stapled Group revenue (%)

10

12

35

43

OFFICE

Stable and steady growth

RETAIL

Backed by higher rent review during the period and sustained occupancy

HOTEL

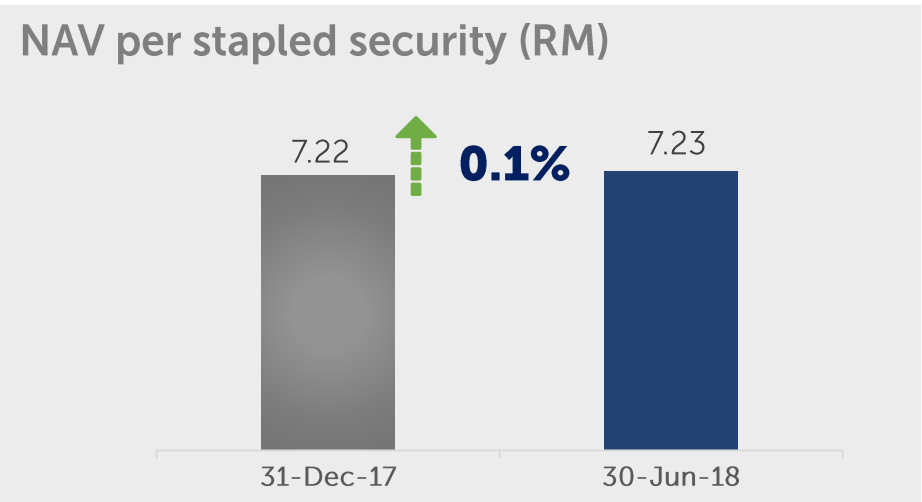
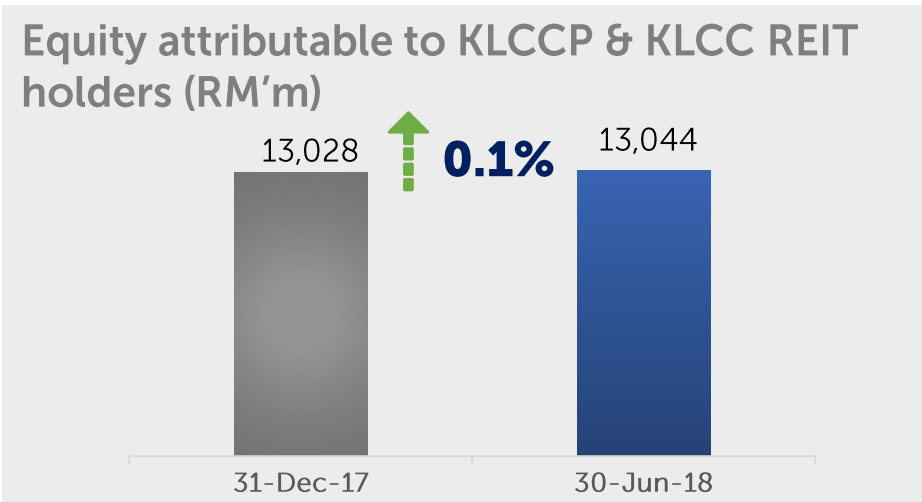
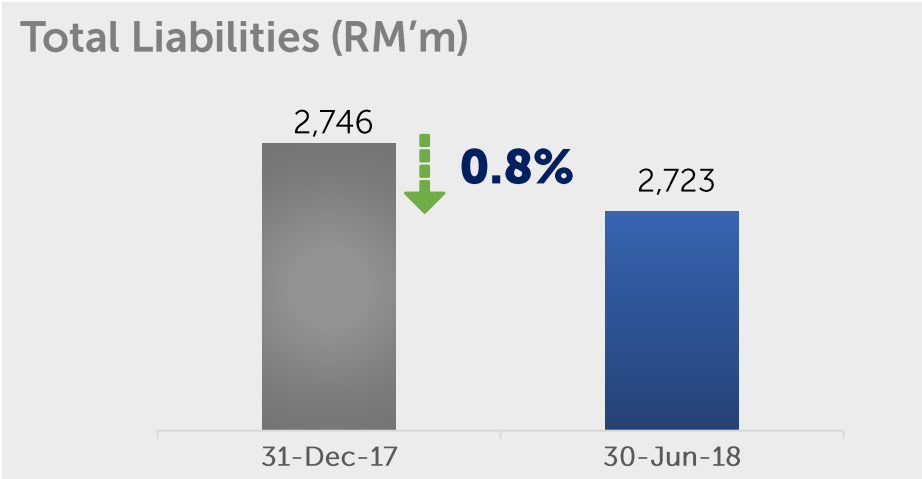
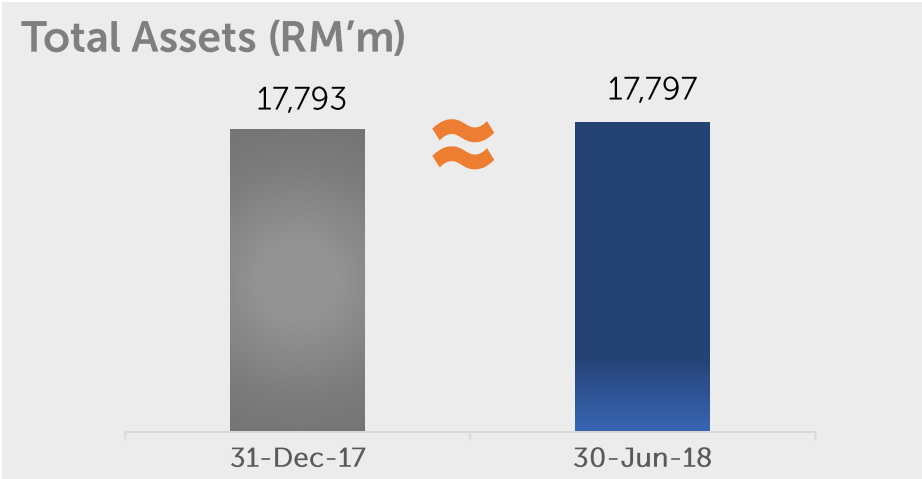
Improved room revenue from renovated guestrooms and increase in average room rate

MANAGEMENT SERVICES

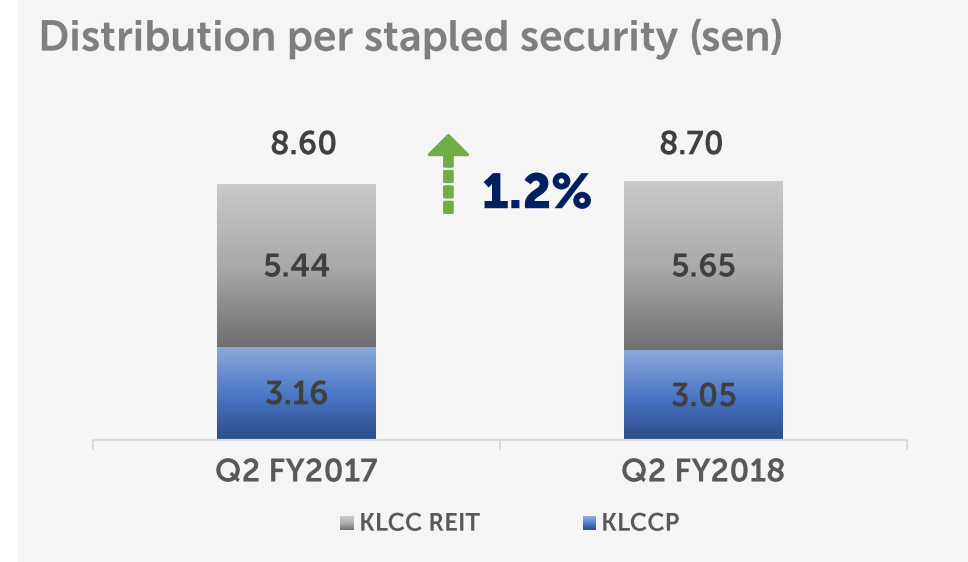
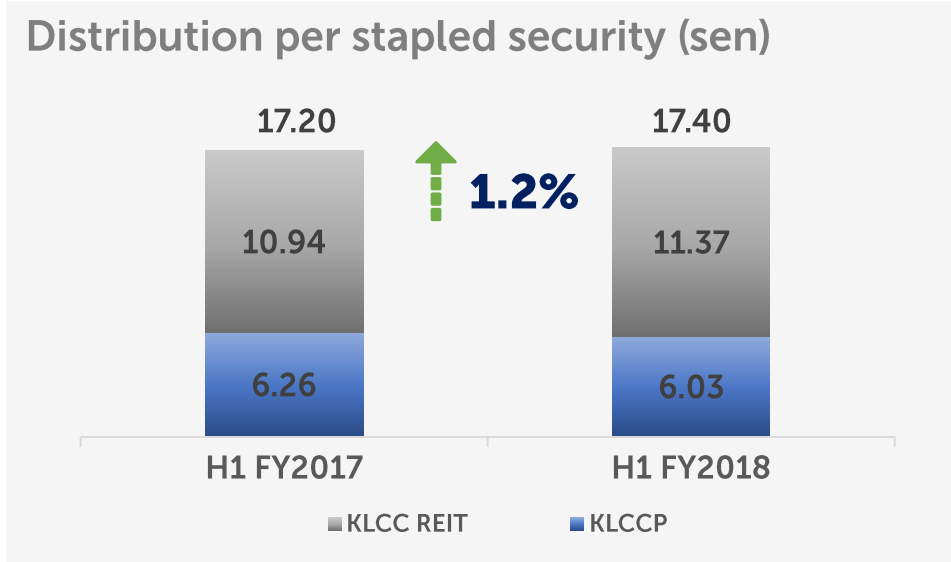
New contracts under facilities management services

Healthy balance sheet providing headroom for long term growth and stability

Statement of Financial Position (30 Jun 18 vs 30 Jun 17)



Delivering sustainable returns with increased contribution of 1.2% yoy



Ex dividend date	29 th Aug 2018
Book closure date	3 rd Sep 2018
Distribution payment date	28 th Sep 2018

Q2 FY2018 Results



Overview of KLCC Stapled Group Q2 FY2018 performance

- **Stable performance** YoY with growth in revenue of 2.2% and profit before tax of 1.2%, in spite of the challenging market



Stable performance from office segment underpinned by **full occupancy** and **long term leases**



1.2% and 1.8% YoY growth in revenue and profit attributed by the **sustained occupancy** and **higher rental rates from new and renewed leases**



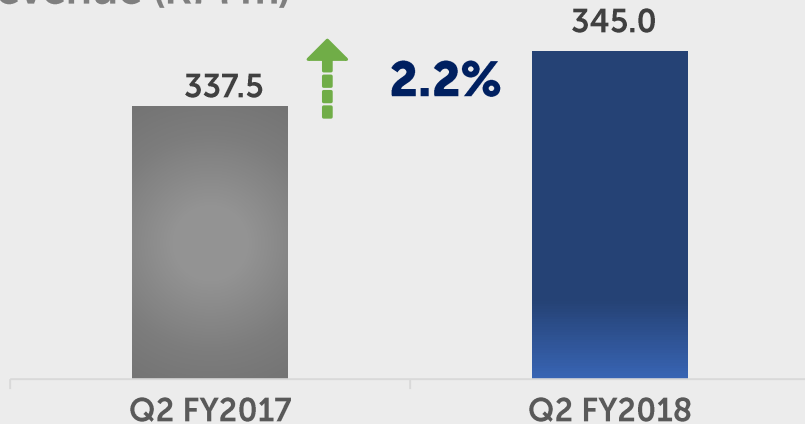
1.7% top-line growth supported by the demand for the **newly refurbished rooms** back in inventory. PBT resulted in a loss mainly due to the **higher depreciation** from the newly refurbished rooms

Stable growth in revenue and profit amidst challenging market

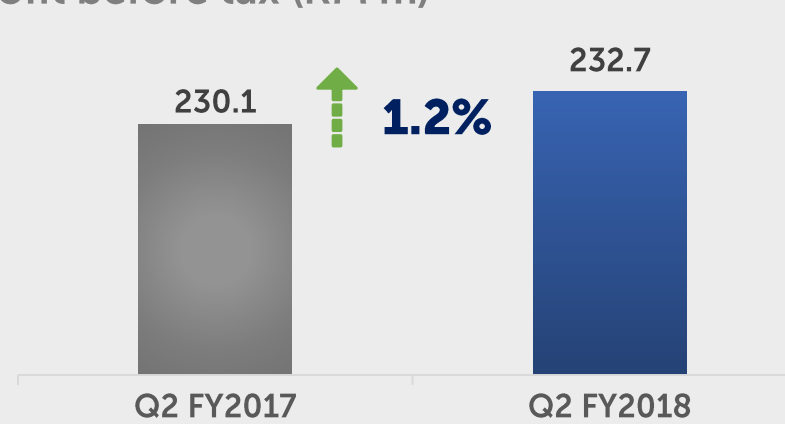


Q2 FY2018 vs Q2 FY2017 Financial Performance

Revenue (RM'm)



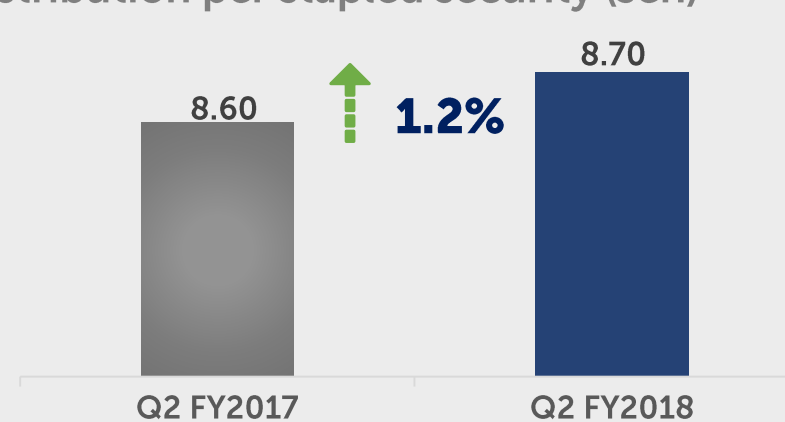
Profit before tax (RM'm)



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



Distribution per stapled security (sen)



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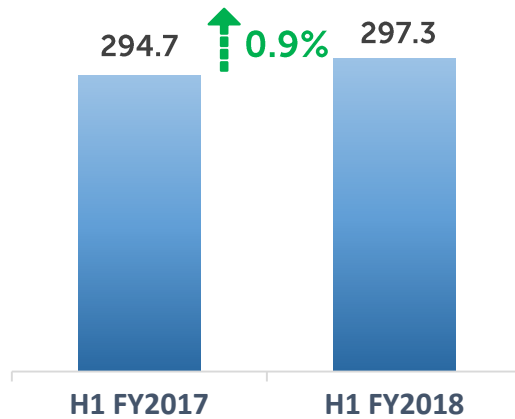
4. Market Outlook

5. KLCCSS Focus

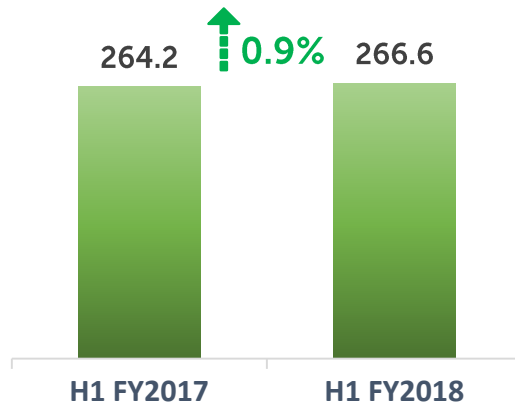


Office – High quality assets driving stable growth

Revenue (RM'm)



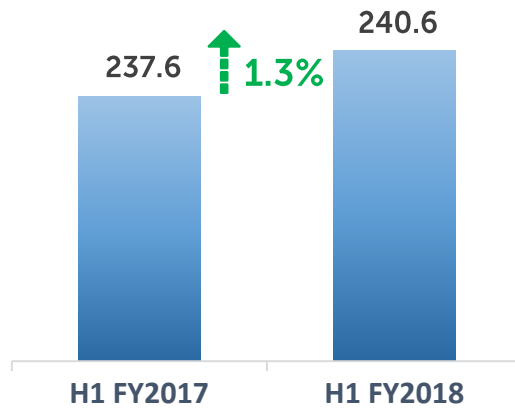
Profit before tax (RM'm)



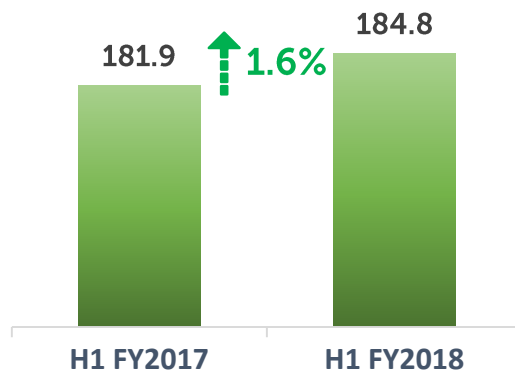
- Stable growth in revenue and PBT reflecting the 100% occupancy in Menara ExxonMobil in April 2017
- Workplace for Tomorrow (WFT) progress – 33% completed, on track for full completion in April 2020 for all office buildings
- Phase 3 redevelopment of City Point podium in tender evaluation stage prior to Board approval

Retail – Steady growth with ongoing tenant remixing, reinventing store experience for ultimate customer convenience

Revenue (RM'm)



Profit before tax (RM'm)

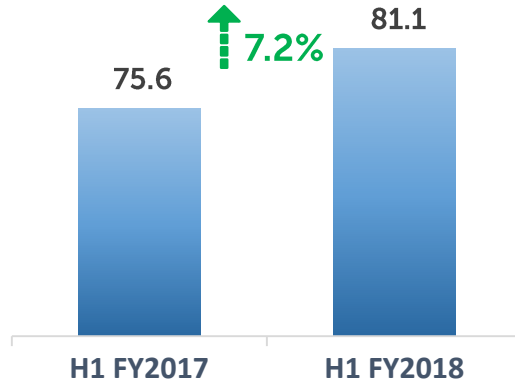


- 1.3% growth in YTD revenue and 1.6% growth in YTD PBT arising from higher rents becoming effective during the period and sustained occupancy
- MAT-tenant sales improved 2.0% YoY mainly from Beauty & Skincare (19.9%) and Jewellery & Gifts (10.1%) segments
- 6 new tenants contributed to tenant mix and enhanced customer experience in Q2 2018
 - Tom Ford – first standalone boutique in Asia
- Tenant re-mixing of level 1 men’s and women’s luxury precinct due to complete in FY2018
- Escalator modernisation progress in Q2 FY2018:
 - Park Mall – ongoing, full completion by end 2018
 - Ampang Mall – to commence in Q2 FY2019

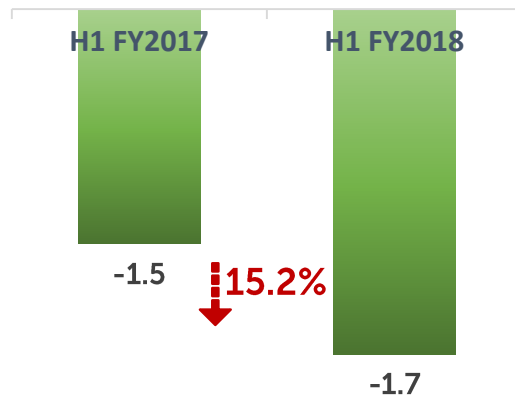
Hotel – Stronger revenue from the newly renovated guestrooms, profit impacted by higher operating cost



Revenue (RM'm)



Profit before tax (RM'm)

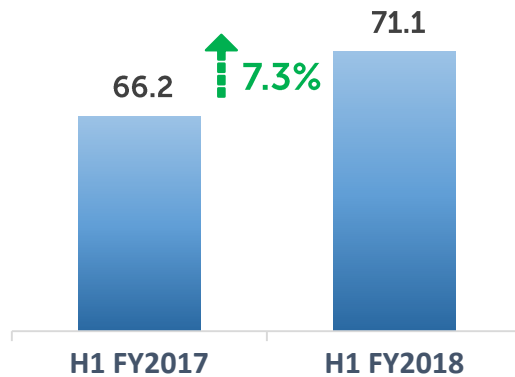


- 7.2% Revenue growth, YoY contributed mainly due to higher average room rate arising from the newly renovated guestrooms
- PBT registered a loss due to the increase in higher depreciation expenses arising from the fully renovated guestrooms
- F&B grew by 2.7% YoY with strong dinner business supporting the restaurants' performance (Aqua, Banqueting and Mosaic). Banqueting business was impacted by the loss of large scale events post general election
- Guestroom renovation progress:
 - Completed 288 rooms (Levels 10-19) of Deluxe Rooms and Park Suites, with remaining 29 rooms (Level 9) target for completion in Q3 FY2018
 - Embarked on renovation of the second presidential suite (Level 27) due to high demand, target for completion in Q4 FY2018
- Introduced Fans of MO, loyalty program in April with over 100,000 members registered to-date to improve online conversion

Management Services – Delivering premium asset management services

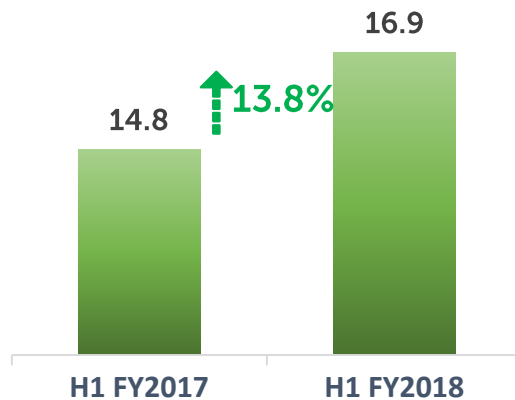


Revenue (RM'm)



- 7.3% growth in YTD revenue and 13.8% growth in YTD PBT from new contracts under facilities management services for the Workplace for Tomorrow (WFT) project and other one-off facility management works in Kertih, Terengganu

Profit before tax (RM'm)



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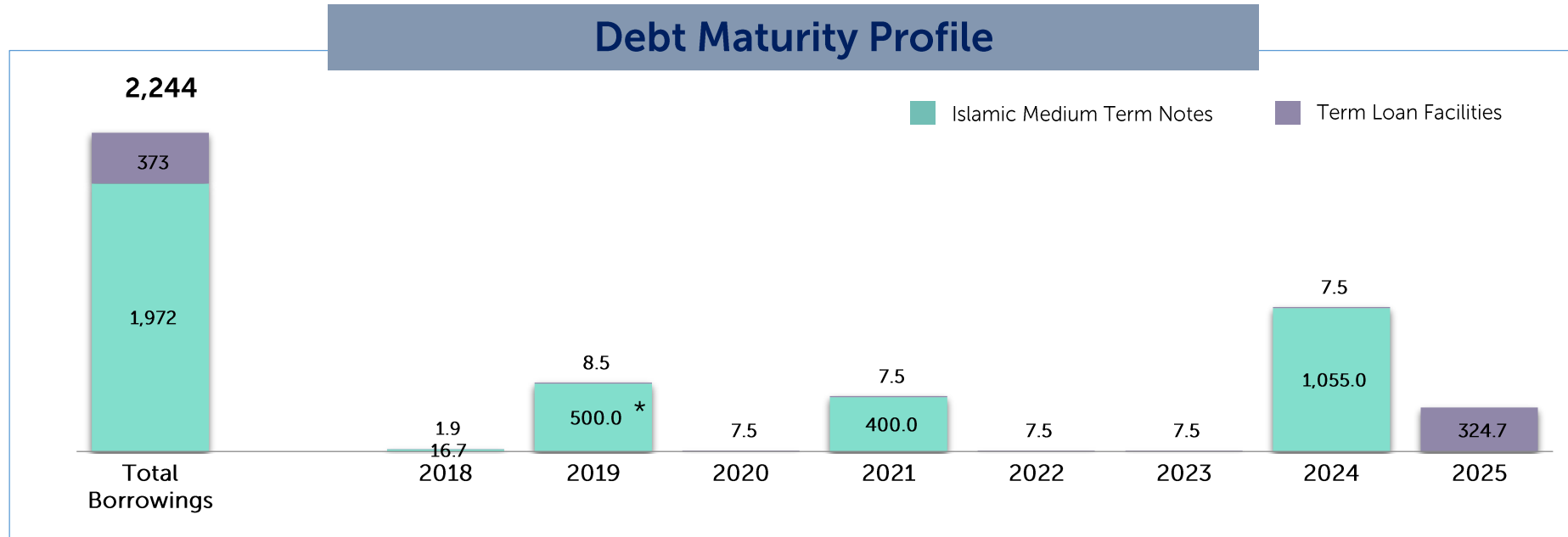
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Optimal capital structure to support business needs



Fixed rate borrowings

84%

(June 17 – 84%)

Gross gearing ratio

17.2%

(June 17 – 17.6%)

Average maturity period

4.58 years

(June 17 – 5.59 years)

Average cost of Debt

4.59%

(June 17 – 4.55%)

* Includes RM100m interco from KLCCP

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Office Industry : Expected to remain lackluster amidst incoming supply

Key Highlights

- 1 Outlook for KL office markets continues to remain lackluster
- 2 Flight to quality continues to impact the office market, particularly the older and lower grade buildings
- 3 Active enquiries and leasing activities from co-working operators exploring new set-up or expansion
- 4 Returning interest from the oil & gas (O&G) sectors is expected to boost demand

Key Industry Metrics

	1H 2018
Occupancy	79.0% (KL City) 83.8% (KL Fringe)
Rental	RM7.16 per sqft (KL City) RM5.72 per sqft (KL Fringe)
Current Supply	82.2 mil sqft (KL)
Incoming Supply	7.2 mil sq ft (KL City) 2.1 mil sq ft (KL Fringe) <i>(2Q2018-2020)</i>

Retail Industry : Continues to face strong headwinds

Key Highlights

- 1 KL retail landscape continues to face strong headwinds due to heightened competition in an already crowded market
- 2 Abolishment of GST and implementation of SST may spur spending with lower prices for necessity goods
- 3 Despite the rise in online shopping, brick-and-mortar outlets continue to remain relevant
- 4 Retail sales growth is expected to be sustained as consumer sentiment improves with higher purchasing power

Key Industry Metrics

	1H 2018
Occupancy	86.0% (KL)
Rental	RM24-26 per sqft (KL City) RM16-17 per sqft (KL Fringe)
Current Supply	7.15 mil sqft (KL City) 20.32 mil sqft (KL Fringe)
Incoming Supply	6.0 mil sq ft (Greater KL) (2018)

Hotel Industry : Remain positive with stagnant tourism growth

Key Highlights

- 1 Hotel sector to remain positive despite stagnant tourism growth
- 2 E-visas will encourage more tourists from the emerging market
- 3 The rise of Airbnb or home-sharing remain as hotel market's main competitor
- 4 Over the short to medium term, ADR growth rates to remain low, in view of promotions offered by new entrants

Key Industry Metrics

1H 2018	
Occupancy	77.5% (KL Luxury)
Average Daily Rate (ADR)	RM664.60 (KL Luxury)
Revenue per available room (RevPAR)	RM444 (KL Luxury)
Targeted Tourist Arrival	33.1 mil (2018)
Targeted Receipt	RM134.0 bil (2018)

Creating value across our businesses through enhanced service excellence and quality experiences

OFFICE



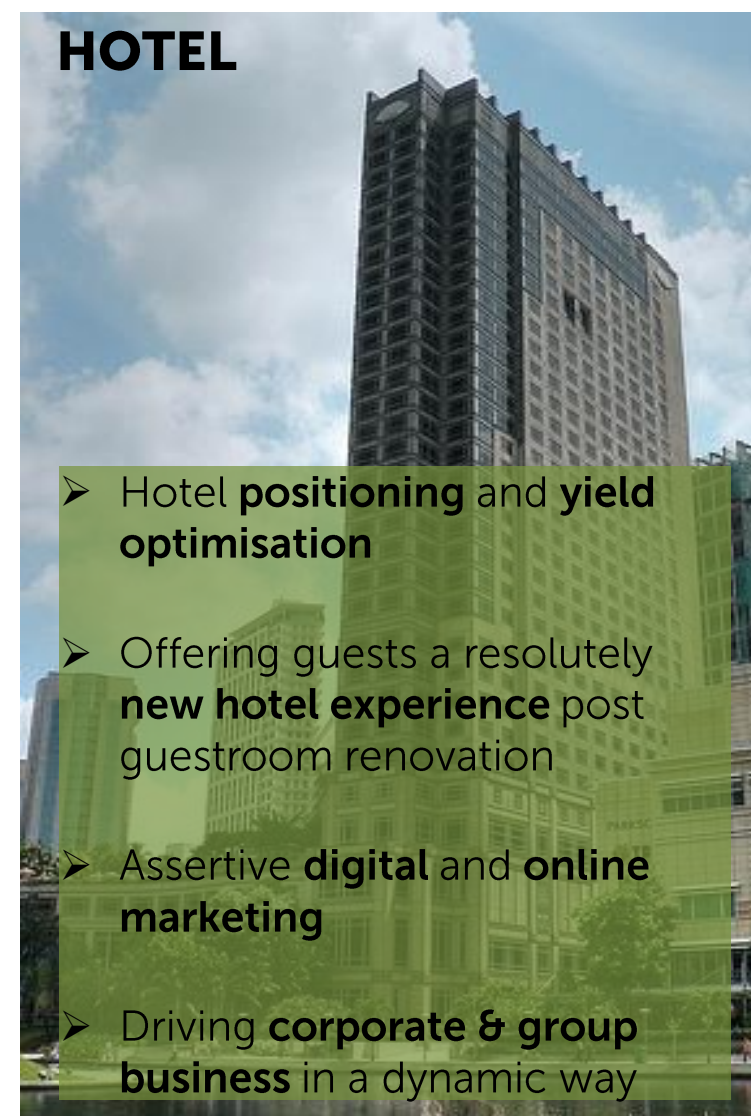
- **Full occupancy & fixed rental uplift** underpin portfolio income
- Conceptualising & creating a **'Workplace for Tomorrow'** for tenants
- **Pro-active lease management**, reinforcing long-term defensiveness and stability

RETAIL



- **Strong** research & leasing team driving performance in challenging retail environment
- Integrating **retail concepts** as a lifestyle & providing **customer-centric** shopping experiences
- Reaching out to new & diverse audience and **strengthening** existing customer loyalty

HOTEL



- Hotel **positioning** and **yield optimisation**
- Offering guests a resolutely **new hotel experience** post guestroom renovation
- Assertive **digital** and **online marketing**
- Driving **corporate & group business** in a dynamic way

Key take-away

- 1 100% Office occupancy with majority on triple net lease structure, cementing stability of office segment
- 2 Re-imagining and re-purposing the retail space to evolve the shopping experience and drive retail sales and shopper traffic
- 3 Offering guests a resolutely new experience at MOKL, capitalising on the fully renovated guestrooms and high volume of banqueting events
- 4 Well staggered debt maturity profile of 4.58 years with 84% of debt at fixed rate
- 5 Distribution per stapled security increased to 17.40 sen with dividend yield underpinned by PETRONAS tenant base

Thank You

