



**PRESS RELEASE**

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## **KLCCP STAPLED GROUP REPORTS FIRST QUARTER 2020 REVENUE OF RM354.6 MILLION**

5 May 2020 – KLCCP Stapled Group reported a stable top-line performance for the first quarter ended 31 March 2020 with revenue of RM354.6 million as compared to RM353.4 million in the first quarter 2019. The marginal increase in revenue was mainly supported by the resilience in the office segment, buoyed by the new tenants from the anchor-to-specialty reconfigured space at the retail mall. Profit Before Tax (PBT) saw a decline of 3.1% year-on-year (YoY) to RM232.3 million, due to the negative impact in the hotel segment arising from the travel restrictions imposed from the Covid-19 outbreak and enforced Movement Control Order (MCO) by the Government.

KLCCP Stapled Group distributed 8.30sen per stapled security, reflective of the overall performance of the Group due to the Covid-19 crisis. This amounted to a total dividend payment of RM 149.8 million for the quarter.

### **Challenging start to the year unprecedented by the Covid-19 crisis**

The Group's office portfolio which comprise the PETRONAS Twin Towers, Menara 3 PETRONAS, Menara ExxonMobil and Menara Dayabumi, continued to anchor the performance of the Group, backed by its long-term, locked-in leases. The office segment which contributes 42% of the Group's revenue, recorded a marginal decrease in YoY PBT attributed to higher one-off repair and maintenance expenses during the quarter.

The retail segment, represented by Suria KLCC and the retail podium of Menara 3 PETRONAS proved that the anchor-to-specialty reconfiguration exercise was successful when it recorded an increase in revenue of RM3.9 million and PBT of 4.5% YoY. This was mainly due to the increase in rental contributed by the new specialty tenants following the partial completion of the reconfiguration exercise. The phase 1 of the reconfigured space was launched on 24 January 2020 and it showcases approximately 50 new tenants, reimagining the shopping experience with a wide mix of international and local fashion brands, cosmetics and food & beverage outlets. The opening of the Phase 2 of the refurbishment which entails the second half of the food court is expected to be delayed in light of the MCO.

In the hotel segment, the quarter performance of Mandarin Oriental, Kuala Lumpur (MOKL Hotel) was severely impacted by the Covid-19 outbreak which saw YoY revenues declined 33.8% to RM28.1 million, resulting in a loss for the hotel. Though MOKL Hotel put in a good month in January 2020, the public health issues and travel restrictions led to a subsequent decline in occupancy and meetings, incentives, conferences and exhibition (MICE) contributions by March 2020, from cancellation and postponements of events arising from the outbreak.

The management services segment comprising facility management and car parking management services recorded an increase in revenue of 23.7% mainly from the new business approach in facility management. However, PBT saw a reduction of 9.7% arising from the lower income from car parks, due to the Covid-19 pandemic and the MCO and the higher depreciation as well as IT cost from the digital initiatives undertaken by KLCC Parking Management to enhance customer experience in the car park.

### **Current business environment amid Covid-19 outbreak**

The recent announcement on the Conditional Movement Control Order (CMCO) by the Government saw the gradual opening of some segments of the economy beginning 4 May 2020. In response to the CMCO enforcement, Suria KLCC resumed operations, albeit shorter business hours. However, stores and outlets such as the Cinema, Gym, Hair, Beauty Salons and Barber and Reflexology/Spa, remain closed during this time.

Meanwhile, MOKL hotel is partially open with its restaurants, Mosaic, Lounge on the Park and Aqua offering a smaller menu while all the spa and wellness facilities remain closed. The hotel rooms are also open but are restricted to only sectors outlined by the Government.

During the CMCO, our offices remain open to our tenants in the essential services sectors, while those in the non-essential services remain working from home. Safe work procedures are already implemented throughout our buildings as a precautionary measure to protect our tenants and employees and to contain the spread of Covid-19 virus.

KLCCP Stapled Group's CEO, Datuk Hashim Wahir said, "As a solutions partner to our stakeholders, we are focused in ensuring a safe environment in terms of facility readiness which reinforces social distancing with enhanced safety measures, to protect employees, tenants, shoppers and hotel guests.

### **Prospects**

The Group expects the performance of the office segment to remain stable backed by the triple net lease agreements and long term leases. The Covid-19 pandemic has significantly affected the Malaysian economy and consequently the retail and hotel segments of the Group. Arising therefrom, the Group anticipates that the hotel segment will be adversely affected for the rest of the year. For the retail segment, the Group remains cautious as Suria continues to operate in a challenging environment, taking into consideration the potential changes in consumer behavior and sentiments upon the up-lift of the Movement Control Order.

**"We are likely to continue to feel the impact of Covid-19 for several months to come as the consumer sentiment is expected to remain cautious across all business segments. Despite the looming uncertainties, we will strive to remain resilient to deliver long-term value to our holders of Stapled Securities, enhance tenants, shopper and hotel guest communications in complying with the new normal whilst maintaining the highest standard of services offered."**

*Datuk Hashim Wahir, Chief Executive Officer, KLCC Property Holdings Berhad*

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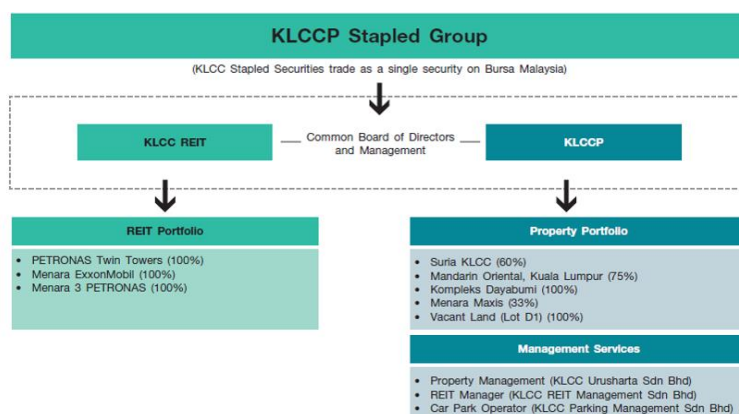
## About KLCCP Stapled Group

KLCC Property Holdings Berhad (KLCCP) and KLCC REIT, collectively known as KLCCP Stapled Group is Malaysia's largest self-managed stapled security that invests, develops, owns and manages a stable of iconic and quality assets.

KLCCP Stapled Group became the first ever Shariah compliant stapled structure in Malaysia upon the listing of KLCC Stapled Securities (KLCCSS) on 9 May 2013. As a constituent of the FBM KLCI Index, KLCCSS trades under the REIT sector of the Index as a single price quotation.

With a market capitalisation of RM14.1 billion as at March 2020, KLCCP Stapled Group constitutes 33% of the market capitalisation of the Malaysian REIT segment.

With KLCCP Stapled Group's core business in property investment and development, the Group has a diverse property portfolio largely located within the Kuala Lumpur City Centre comprising prime Grade A office buildings, a premier retail mall and a luxury hotel. The stabilised and wholly-owned assets namely PETRONAS Twin Towers, Menara ExxonMobil and Menara 3 PETRONAS are under KLCC REIT and the non-wholly owned assets and assets with development and redevelopment potential, Suria KLCC, Mandarin Oriental, Kuala Lumpur hotel and a vacant land (Lot D1) are in KLCCP. KLCCP also has a 33% stake in Menara Maxis.



Two of KLCCP's wholly-owned subsidiaries, namely KLCC Urusharta Sdn Bhd and KLCC Parking Management Sdn Bhd, are engaged in providing facility management services and car parking management services respectively. The REIT Manager who is engaged to manage and administer KLCC REIT is internal and resides within KLCCP as a 100% owned subsidiary.

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