



PRESS RELEASE

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KLCCP STAPLED GROUP SEES PARTIAL RECOVERY IN QUARTER 3, 2020

10 November 2020 – KLCCP Stapled Group posted a stronger third quarter performance compared to quarter two of this year with revenue and PBT increasing 17.0% and 19.3% respectively. This was contributed by a steady recovery in the retail and hotel segments during the quarter. However, the prolonged challenging operating environment due to the Covid-19 pandemic saw the Group's year-on-year revenue and PBT performance for the quarter decline by 11.6% and 16.9% respectively in comparison to quarter three, 2019.

The ongoing pandemic and the various phases of lockdown which came into effect from 18 March 2020 has impacted the 9-month performance for the period ended 30 September 2020 with year-to-date revenue declining 11.7% to RM934.4 million and PBT to RM591.6 million.

Despite the headwinds and the challenges faced, the Group delivered stable returns to its holders of stapled security with a distribution of 7.50 sen per stapled security for the quarter, bringing the total dividend distribution for the cumulative nine months of 2020 to 23.30 sen.

Recovery post Movement Control Order in the Third Quarter

The office segment comprising the PETRONAS Twin Towers, Menara 3 PETRONAS, Menara ExxonMobil and Menara Dayabumi, continued to anchor the Group's performance, backed by its long-term tenancies and full occupancy of all office buildings. The segment registered a marginal increase in PBT to RM121.6 million with a stable revenue of RM149.7 million as compared to the preceding quarter, mainly due to higher share of profit received from associate company.

Following the lifting of the Movement Control Order (MCO) on 4 May 2020 and the re-opening of businesses, Suria KLCC saw a gradual recovery in performance during the quarter. Revenue and PBT increased by 42.1% and 57.7% respectively from quarter two, 2020 amidst cautious consumer sentiment. However, the earnings were impacted by the rental assistance and lower internal digital advertising income. Compared to quarter three, 2019, revenue and PBT saw a decline of 15.0% and 23.0% respectively.

Despite the challenging market conditions, Suria KLCC stayed true to its tagline of “Always Something New” with six new tenants onboard during the quarter which included four first-to-market tenants who made their first presence in the country - BAPE and its BAPE Café - the first one of its kind in the world; A. Lange & Sohne; Berluti and Dragon-i with its first halal restaurant.

Quarter three, 2020 also saw the hotel segment regaining its momentum, achieving a revenue of RM11.7 million from RM3.5 million in quarter two, 2020. The improved performance was mainly contributed by higher F&B and banqueting demand, good traction from the staycation promotions and activation of digital marketing initiatives to strengthen brand visibility. Mandarin Oriental, Kuala Lumpur’s (MOKL Hotel) third quarter performance however remained adversely affected by the pandemic which saw its year-on-year revenue decline 73.6% resulting in a loss of RM16.3 million.

In the management services segment, which comprises facility management and car parking management services, higher revenue was recorded during the quarter which saw an increase of 17.8% compared to quarter three, 2019. This increase was mainly due to the new business approach in the facility management services. PBT, however, was impacted due to lower profit margin and lower carpark income resulting from the reduced number in transient parking due to the pandemic and the extended Recovery Movement Control Order (RMCO).

Prospects

The Group anticipates the office segment to continue to remain stable on the back of long-term tenancies whilst the retail segment, although experienced encouraging footfall and improvement in the consumer spending during the RMCO, is expected to be further impacted by the recent spike in Covid-19 cases especially at the malls in Klang Valley. The demand recovery in the hotel segment will remain weak due to low patronage as the border remained closed and is anticipated to continue to be adversely affected for the remaining of the year.

“The recent spike in the Covid-19 cases in the country poses great challenges to the Group. As we started to gain momentum in the third quarter of the year, the pace has been dampened again by this unprecedented occurrence. Though unavoidable, we will continue to focus on responding to the needs of the organisation, mitigating the adverse market conditions and transforming our strategies towards driving recovery”.

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

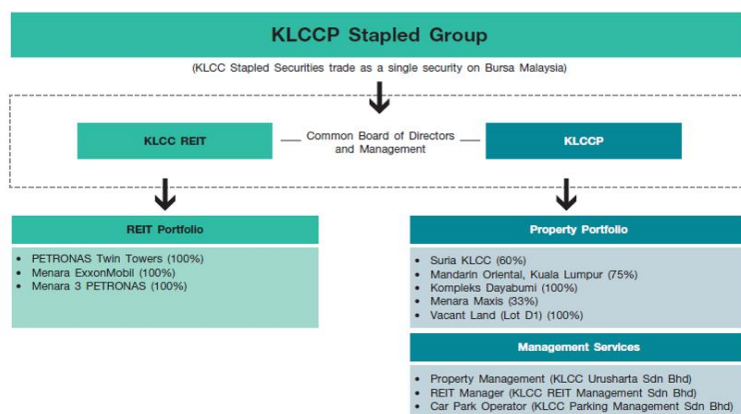
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About KLCCP Stapled Group

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 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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