



PRESS RELEASE

KLCCP STAPLED GROUP YIELDS STRONGER RESULTS FOR FINANCIAL YEAR 2017

24 January 2018 – KLCCP Stapled Group maintained its momentum and distributed 97% of its overall distributable income with a distribution per stapled security of 36.15sen representing an increase of 1.4% compared to 2016. This translates to a full year dividend payment of RM652.6 million and an annual total return of 8.3% to the holders of Stapled Securities.

For the financial year ended 31 December 2017, KLCCP Stapled Group remained resilient and posted a stable performance for the year. Revenue increased by 1.8% year-on-year (yoy) to RM1.4 billion boosted by the stronger than expected performance of the hotel segment, underpinned by the strength and resilience of the office and retail segments. Profit Before Tax (PBT) was consistent with that of the preceding year at RM1.1 billion.

Despite the tough operating landscape and property oversupply, KLCCP Stapled Group remained resilient with its strong fundamentals, long term locked-in tenancy structure with quality tenants and premium property location which continued to sustain value and improve returns for the Group. Taking into consideration the tougher market conditions and operating landscape, the change in tenant-customer dynamics and in order to stay ahead of the intensifying competition, KLCCP Stapled Group put in place a repositioning strategy to provide the impetus for long term growth and continue to drive value for the benefit of all stakeholders.

KLCCP Stapled Group's investment portfolio of iconic and quality assets continue to grow in value. As at December 2017, market value increased to RM15.8 billion, recognising a fair value gain of RM182.5 million.

The office segment continued to be the main revenue driver with a contribution of 43% of KLCCP Stapled Group's overall revenue. Excluding fair value adjustment, the office segment maintained its stability and posted a marginal increase in PBT due to the two-month downtime tenant transition at Menara ExxonMobil which offset the full year impact of additional rental income from the Menara Dayabumi atrium spaces conversion. During the year, KLCCP Stapled Group successfully secured two new long-term leases for Menara ExxonMobil with ExxonMobil Exploration & Production Inc. (EMEPMI) and PETRONAS, both for a tenure of 18 years each. This has put our office segment back on a strong footing with full occupancy across our office portfolio.

The retail segment represented by Suria KLCC and the retail podium of Menara 3 PETRONAS continued with its tenant remixing during the year. The strategy focused on delivering a unique yet differentiating experience in lieu of the rapid transformation taking place in the retail landscape. Revenue remained stable at RM488.4 million whilst PBT grew by 2.6% yoy, excluding a back charge rental in 2016, primarily due to higher rental rates from new tenants and rent reviews becoming effective during the year. Suria KLCC achieved an impressive Total Moving Annual Turnover exceeding the RM2.6 billion mark.

The Mandarin Oriental, Kuala Lumpur (MOKL Hotel), which was recently awarded the Best Hotel Restaurant of the Year Award 2018 for its Lai Po Heen Restaurant, maintained its strong performance from Q3 2017. It capped the year with an 11.8% increase in revenue and registered a PBT of RM5.3 million from a loss recorded in 2016. This was on the back of higher room revenue with the re-launch of the renovated Club Rooms and Suites and improved demand from banqueting and the food & beverage segment.

For the fourth quarter ended 31 December 2017, KLCCP Stapled Group reported a revenue of RM352.1 million representing a growth of 2.1% compared to the corresponding quarter in the preceding year. PBT increased by 4.1% yoy to RM422.8 million. The stronger fourth quarter performance was mainly boosted by the hotel segment. MOKL Hotel completed the first phase of guestroom renovation comprising 157 Club Rooms and Suites as well as the Presidential Suite in July 2017. In terms of availability, 116 Deluxe rooms and Park Suites have also been returned to inventory in September 2017. The new offerings were well received and resulted in higher revenue and earnings for the hotel segment.

For the quarter ended 31 December 2017, KLCCP Stapled Group declared a distribution per stapled security of 10.35sen representing an increase of 5.1% compared to the same period in the corresponding year.

Going into 2018, KLCCP Stapled Group will continue to focus on building long term value across its portfolio. The office segment is expected to remain stable with its solid 100% occupancy and long term leases. The retail landscape will continue to be beset by challenges though Suria KLCC's strong catchment fundamentals and location within the iconic belt will continue to be well supported. MOKL Hotel will continue the ongoing refurbishment of guestrooms throughout 2018 and be ready to showcase the fully renovated property by 2019. MOKL Hotel is also expected to remain stable with its ongoing refurbishment of guestrooms throughout 2018 which is expected to be fully completed by 2019.

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

“Our strategy is to tap market opportunities as they become available and overcome near term operating challenges. By also managing our cost structure in parallel, management is well positioned to drive profitable growth and sustainable value creation in line with our targets.”

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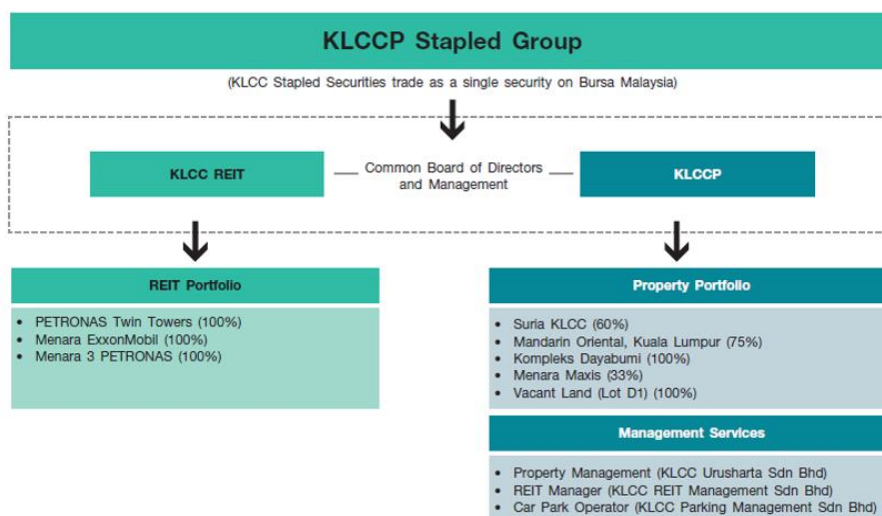
About KLCCP Stapled Group

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 RM15.6 billion as at December 2017, KLCCP Stapled Group constitutes 34% 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.

KLCC Stapled Group is continuously recognised for its excellence in the industry and has been included as a constituent of the FTSE4Good Bursa Malaysia Index and the FTSE4Good Emerging Index for demonstrating strong environmental, social and governance practices.

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Corporate Communications
Investor Relations and Development Department

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