



PRESS RELEASE

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KLCCP STAPLED GROUP DISTRIBUTES 98% OF DISTRIBUTABLE INCOME FOR FY2020

Kuala Lumpur, 27 January 2021

Highlights of FY2020

- Recorded a revenue of RM1.2 billion for the financial year ended 31 December 2020 amidst the impact of the COVID-19 pandemic with mandatory closures and movement restrictions, particularly on the retail and hotel segments
- Achieved Profit Before Tax (PBT) of RM772.0 million (*excluding fair value adjustments and impairment*), a decline of 19.1% mainly from the pandemic impact and support accorded to retail tenants
- The office segment remains the key revenue contributor to the Group, contributing 48% to the Group's total revenue backed by its long-term tenancies and full occupancy of all office buildings. The Triple Net Lease (TNL) extension for PETRONAS Twin Towers and Menara 3 PETRONAS for a further 15 years to 2042 and 2041 respectively, further strengthens the segment and our positioning in the market
- Distributed 30.0 sen per stapled security, with a full year dividend payment of RM541.6 million, testament to our continued commitment to our holders of Stapled Securities

Year-to-Date, 2020 Performance

For the year ended 31 December 2020, KLCCP Stapled Group recorded a revenue of RM1.2 billion and Profit Before Tax (PBT) excluding fair value adjustments and impairment of RM772.0 million, under the backdrop of a very challenging year marred by the unprecedented COVID-19 pandemic.

Despite the challenging environment, KLCCP Stapled Group distributed 98% of its distributable income to deliver on its commitment to the holders of Stapled Securities. The Group distributed 6.70 sen per stapled security for quarter four, 2020, bringing the total distribution to 30.0 sen per stapled security for the year which translates to a full year dividend payment of RM541.6 million.

The office segment comprising PETRONAS Twin Towers, Menara 3 PETRONAS, Menara ExxonMobil and Menara Dayabumi, continued to anchor the Group's performance, contributing 48% to the Group's total revenue. The full occupancy of the office buildings backed by the long-term tenancies recorded a PBT of RM396.4 million for the financial year ended on the back of RM591.6 million in revenue.

Suria KLCC and the retail podium of Menara 3 PETRONAS which represents the retail segment, saw revenue contracting 19.6% to RM413.8 million while PBT decreased 26.0% to RM290.4 million, compared to 2019. This was attributable to the tenant assistance extended from quarter two, 2020, to support sustainability of our retail partners in their recovery, following the various phases of the Movement Control Order (MCO). With the support and collaboration of our tenants, Suria KLCC maintained its occupancy at 97% for the financial year ended 31 December 2020.

During the year, Suria KLCC successfully completed the anchor-to-specialty reconfiguration exercise, covering an area of 108,940 sq. ft. and brought onboard 72 tenants, ranging from international and local fashion to F&B and cosmetic brands. Majority of these stores are first stand-alone stores in Malaysia and exclusive to Suria KLCC. The mall saw encouraging recovery between July and September under the Recovery Movement Control Order (RMCO) period, when it held the 45-day Golden-Ticket campaign, a reward programme for lucky shoppers. Coupled with the increased customer confidence and relaxation in movement restrictions, footfall and tenant sales increased by 50% and 25% respectively compared to the month of June.

Mandarin Oriental, Kuala Lumpur's (MOKL Hotel) performance meanwhile, remained adversely affected by the mandatory closure and pandemic restrictions between March and December 2020. The hotel suffered a 70.2% decline in revenue compared to the previous year as a result of reduced occupancy and F&B covers from event postponement and cancellations.

Nevertheless, the hotel focused on the domestic leisure business during the RMCO period through its tailored staycation packages which saw weekend occupancy increase to a high of 44%, improved corporate and group demand and hosted 131 events and nine weddings. The hotel also innovated with various signature offerings through its Mandarin Online Shop and was the first hotel in the city to introduce the assisted buffet arrangement concept at its Mosaic restaurant, which saw great success for its F&B revenues.

The management services segment, which comprises facility management and car parking management services recorded a 22% year-on-year (YoY) increase in revenue from the new business approach in facilities management services. However, PBT registered a decline from lower carpark income as a result of reduced transient parking due to the varying stages of COVID-19 movement restrictions.

Quarter 4, 2020 Performance

The reinstatement of the Conditional Movement Control Order (CMCO) during the quarter in response to the resurgence of COVID-19 cases has dampened the road to recovery, particularly for the Group's retail and the hotel segments. This resulted in the Group recording a decline in revenue to RM304.7 million, lower by 16.5% while PBT, excluding fair value adjustments and impairment, dropped 27% to RM180.4 million for the 4th quarter ended 31 December 2020.

The revenue from the office segment decreased to RM142.8 million during the quarter, as a result of the accounting adjustments to reflect the extension of Triple Net Lease (TNL) agreements for PETRONAS Twin Towers and Menara 3 PETRONAS for a further 15 years. The TNL extension, involving office spaces of over four million sq. ft. is a commitment of our lessee, reflecting their requirement of office spaces in the future. This lease extension will reinforce the Group's stability, further strengthen our position in the market and boost our efforts in delivering value to our stakeholders in the long term.

During the quarter, the Group has recognised an impairment of investment property under construction of RM81.4 million arising from the ongoing development of Kompleks Dayabumi Phase 3. Excluding fair value adjustments and impairment, our office PBT stood at RM127.9 million, 3.8% lower compared to the previous year.

The retail segment meanwhile recorded a decline in revenue and PBT of 25.2% and 35.9% respectively mainly due to the provision of rental assistance accorded to affected tenants as a result of the CMCO which was re-imposed from 14 October 2020. Staying true to its tagline of *"Always Something New"*, Suria KLCC welcomed six new tenants during the quarter, ranging from F&B outlets to fashion accessories namely Maria's Signature steak house, Sakana, a Japanese restaurant and fashion accessories store, New Era.

The festive month of December proved a boon for the mall when supported by its strategic partnerships and collaborations with tenants saw tenant sales recover to 82% of the December 2019 sales, mainly contributed by the anchor and fashion tenants. Its "Unlock a Christmas Surprise" which allowed customers to redeem shopping vouchers was also a fruitful event, driving over 3,000 customers during the month.

MOKL Hotel continued to feel the severe impact during the quarter which resulted in the hotel reporting a loss before tax of RM18.0 million. Despite the reinstatement of the CMCO from October till year end, MOKL Hotel did see an improved performance in December when occupancy peaked at 26%. Room revenue increased significantly from stronger demand of the clubrooms and suites while F&B also saw resumption of demand in all outlets compared to the RMCO period in June.

Under the Management Services segment, higher revenue was observed during the quarter, recording an increase of 34% mainly from the new business approach in the facility management services whilst PBT continued to be impacted due to the decline in transient parkers.

Prospects

Despite the uncertainties still looming, the Group remains hopeful and looks forward to a better year in 2021, given the availability of vaccines and the expected eventual roll-out in the year. Under the current climate, the hotel segment will continue to operate in a challenging environment, focused on domestic market until border reopens for international arrivals. Suria KLCC and its retail partners will continue to work together to regain shoppers' confidence in visiting the mall, enhance their shopping experience and reward them, leveraging on its completed anchor-to-specialty reconfiguration. The performance of the office segment is expected to remain stable backed by the triple net lease agreements and long-term leases.

"Despite this extremely difficult period, we will continue to engage across our stakeholder group and collaborate with our partners, tenants and business community to weather the crisis and sustain our presence in the market. With the acceleration of our digital journey, we will enable effective digital solutions in driving excellence in our operations and creating an experiential experience for our customers at KLCC The Place."

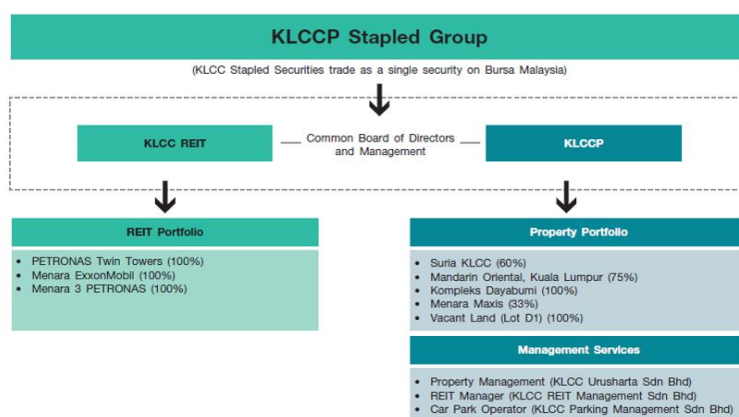
Datuk Hashim Wahir, Chief Executive Officer, KLCC Property Holdings Berhad

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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