Corporate Update

KLCCP Stapled Group

(5235 | KLCCSS MK) Main | REIT

3 Stars

SHARIAH Compliant

Maintain **NEUTRAL**

Unchanged Target Price **RM8.80**

Briefing Note
Neutral Long-term Outlook

We attended results briefing of KLCCP Stapled Group. We came away the briefing feeling neutral on the long-term prospect of KLCCP Stapled Group. Key takeaways from the briefing as below:

Retail segment remains solid. KLCCP Stapled Group recorded higher core net income of RM820.7m (+4.9%yoy) in FY25, mainly driven by higher contribution from retail division. Profit before tax (PBT) of retail division was higher (+2.77%yoy), mainly due to low single digit positive rental reversion. The low single digit positive reversion is deem decent given the high base rental rate of Suria KLCC. Meanwhile, occupancy rate of retail portfolio was healthy at 98% while footfall was 9% higher, underpinning by the strategic location of Suria KLCC at tourist hotspots. Nevertheless, tenant sales were weaker by 8% in FY25 as tenant sales normalized from the high base in FY24. On the other hand, Visit Malaysia 2026 is expected to support tenant sales in FY26 and support positive rental reversion. However, impact from expected higher tourist arrivals is expected be marginal positive as 98% of lease is on fixed rent while only 2% of lease on variable rent.

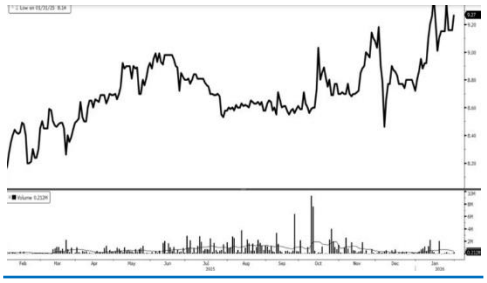
Hotel division expected to be flattish in FY26. Hotel division recorded better performance in FY25 with PBT increasing by 12.3%yoy. The improved performance was mainly due to completion of ballroom upgrading works. Going forward, management expects performance of hotel division in FY26 to be comparable with performance in FY25 despite catalyst from Visit Malaysia 2026 as refurbishment are planned for apartments in FY26. The improved product offerings of hotel are expected to support growth in FY27. In a nutshell, occupancy rate of Mandarin Oriental is expected to remain flattish at 60% level in FY26.

Incremental earnings from management services division. Management services division saw healthy growth of 7.6% in PBT due to additional retail facilities management works and new parking bays. Notably, KLCCP Stapled Group provides facilities management for Ombak, KLCC. Ombak KLCC is a new 6-floor lifestyle mall located near Suria KLCC which is scheduled to open in 2026. Income from facilities management for Ombak, KLCC is expected to increase upon opening of the mall.

Maintain NEUTRAL with an unchanged TP of RM8.80. We maintain our earnings forecast for FY26/27/28. We maintain our **TP** of **RM8.80** for KLCCP Stapled Group. Our TP based on dividend discount model. We see outlook for KLCC Stapled Group to remain stable in the near-term as contribution from retail and office segments should remain steady. Nevertheless, we maintain our **NEUTRAL** call on KLCCP Stapled Group as upside is limited.

RETURN STATISTICS	
Price @ 30th Jan 2026 (RM)	9.27
Expected share price return (%)	-5.0
Expected dividend yield (%)	+4.9
Expected total return (%)	-0.1

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	6.3	2.0
3months	6.3	-0.7
12 months	13.9	1.6

INVESTMENT STATISTICS

FYE Dec	2026E	2027F	2028F
Revenue	1,750	1,782	1,799
Operating Profit	1,107	1,128	1,143
PBT	945	969	987
Core Net Income	839	858	870
Core EPU (sen)	46.47	47.51	48.21
Gross DPU (sen)	45.50	46.00	47.00
Dividend Yield	4.9%	5.0%	5.1%

KEY STATISTICS

FBM KLCI	1,740.88
Issue shares (m)	1805.33
Estimated free float (%)	24.84
Market Capitalisation (RM'm)	16,735
52-wk price range	RM8 – RM9.53
3-mth average daily volume (m)	0.44
3-mth average daily value (RM'm)	3.93
Top Shareholders (%)	
Petroliam Nasional Bhd	64.68
EPF	10.80
Amanah Saham Nasional Bhd	7.46

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FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	1,711	1,740	1,750	1,782	1,799
Operating Profit	1,067	1,077	1,107	1,128	1,143
PBT	1,201	1,430	945	969	987
Net Income	1,017	1,280	844	864	877
Core Net Income	782	821	839	858	870
Core EPU (sen)	43.3	45.5	46.5	47.5	48.2
Core PER (x)	21.4	20.4	19.9	19.5	19.2
NAV/unit (RM)	7.59	7.85	8.20	8.22	8.24
P/NAV (x)	1.22	1.18	1.13	1.13	1.12

Balance Sheet (RM'm)	2024A	2025A	2026E	2027F	2028F
Investment Properties	16,201	16,682	16,878	17,076	17,276
Total non-current assets	17,210	17,588	18,045	18,254	18,462
Cash	1,361	1,515	1,052	853	664
Other Assets	92	135	538	569	595
Total Assets	18,663	19,238	19,636	19,677	19,721
LT Borrowings	3,905	3,792	3,846	3,901	3,957
ST Borrowings	412	526	457	398	346
Other Liability	641	745	527	534	537
Total Liability	4,959	5,063	4,831	4,833	4,840
Unitholders' capital	1,823	1,823	1,823	1,823	1,823
Capital Reserve	3,165	3,515	3,520	3,526	3,533
Other Equity	11,020	8,837	9,462	9,495	9,525
Total Equity	16,008	14,175	14,805	14,844	14,881
Equity + Liability	18,663	19,238	19,636	19,677	19,721

Cash Flow (RM'm)	2024A	2025A	2026E	2027F	2028F
Cash flows from operating activities					
Net income before taxation	1201	1430	945	969	987
Net cash from operating activities	1136	1172	923	950	978
Cash flows from investing activities					
Expenditure on investment properties	-8	-16	-31	-32	-33
Net cash used in investing activities	-2001	-52	-27	-28	-29
Cash flows from financing activities					
Net cash from/(used in) financing activities	1006	-982	-1114	-1121	-1138
Net increase/(decrease) in cash and cash equivalents	142	138	-217	-199	-189
Cash and cash equivalent at 1 January	1190	1132	1269	1052	853
Cash and cash equivalent at 1 December	1331	1269	1052	853	664

Profitability Ratios (%)	2024A	2025A	2026E	2027F	2028F
PBT margin	70.2%	82.2%	54.0%	54.4%	54.9%
Core net income margin	45.7%	47.2%	47.9%	48.1%	48.4%
ROE	5.4%	5.9%	5.8%	5.8%	5.9%
ROA	4.2%	4.3%	4.3%	4.4%	4.4%

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STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology