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## **CIMB Research retains Hold for KLCCPS**



**KUALA LUMPUR:** CIMB Equities Research is retaining its Hold call for KLCCP Stapled Group (KLCCPS) and dividend discount model based target price of RM7.83 due to the lack of catalysts in the near term.

It said on Thursday KLCCP's earnings should continue to be sustained firstly by stable income from its office assets, with its solid 100% occupancy and long-term leases.

Secondly, the gradual completion of Suria KLCC's tenant remixing exercise, which is expected to be completed in FY18, should bring back occupancy rates for the mall to the historical 98% level and provide a better tenant mix.

Thirdly, increasing occupancy and better room rates at Mandarin Oriental as refurbished rooms gradually return to inventory as it is expected to be concluded in FY19.

"We believe KLCCP deserves to trade at a premium over its peers due to its size, prime locations and secured office assets (long-term and triple net leases) as well as strong brand name of its retail assets.

"Its dividend yield, backed by stable earnings, should attract investor interest, although we note that at current valuations, its FY18-20F yields of 4.8%-5.2% are slightly unattractive vs. the sector average of 5.6%-5.8%," said the research house.

CIMB Research said that stripping off fair value gains on investment properties of RM182.5mil, FY17 core net profit came in at RM695.4mil (-2.2% on-year).

"This was below our and market expectations, forming 96% and 95% of respective full-year forecasts.

"While revenue was in line with our expectations, the deviation in earnings from our forecasts came mainly from higher-than-expected minority interest and taxation," it said.

(Source: <https://www.thestar.com.my/business/business-news/2018/01/25/cimb-research-retains-hold-for-klccps/#okFbALcJg80RMMkG.99>)