

Headline	Outperform rating for KLCCP amid REIT plans		
MediaTitle	New Straits Times		
Date	10 Apr 2013	Language	English
Circulation	136,530	Readership	330,000
Section	Business Times	Page No	B1,2
ArticleSize	380 cm ²	Journalist	N/A
PR Value	RM 37,050		



**'Outperform'
rating on KLCC
Property**

→ B2

Outperform rating for KLCCP amid REIT plans

MAY LISTING: Potential RM15.4b assets, RM12b market cap expected to draw investors

KUALA LUMPUR

THE sheer size of KLCC Property Holdings Bhd's new unit, KLCCP Stapled Group, will make it a stock that fund managers will want to hold, a research house said.

CIMB Research said fund managers will not be able to ignore KLCCP Stapled's RM15.4 billion assets and over RM12 billion market capitalisation.

KLCCP Stapled is the country's first ever stapled real estate investment trust (REIT) and is due to be listed in early May.

CIMB Research said investors should accumulate KLCC Property's shares upon requotation on the stock exchange as a stapled group in early May. This is because KLCC Property will easily be Malaysia's largest REIT by asset value and market capitalisation with a portfolio size that is three times that of the current leader Sunway

REIT.

Shareholders' approval on the formation of KLCCP Stapled should act as a catalyst for KLCC Property, the firm added.

"We maintain our 'outperform' rating while raising our target price because we think that news of the shareholders' approval will catalyse the stock.

"Further catalysts are the potential transfer of assets like Suria KLCC and Kompleks Dayabumi to the REIT, which could mean higher dividends as tax savings can be returned to shareholders," CIMB said in its research note yesterday.

KLCC Property's shareholders approved all the resolutions put forward at the extraordinary general meeting (EGM) held on Monday, which paved the way for it to form KLCCP Stapled.

In the circular to shareholders issued prior to the EGM, the company stated its intention to pay out 95 per

cent of its 2013 distributable income, in line with CIMB Research's forecast.

The firm is not surprised by the shareholders' approval as investors had responded well to the proposal, going by the 27 per cent rise in KLCC Property's share price since the proposal was announced in November last year.

"We believe that KLCCP Stapled deserves to trade at least in line with the bigger cap retail REITs such as IGB REIT and Pavilion REIT.

"This is due to its sheer asset size of RM15.4 billion, largest market cap, most prime location in Kuala Lumpur city centre, best-in-class asset quality (the iconic Twin Towers), best tenant (Petronas) and low-risk profile," it said.

The REIT's low gearing ratio of 15 per cent means that it has less than RM5 billion debt headroom for any acquisition opportunities before hitting the 50 per cent statutory limit.

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