

KLCC Stapled eyes two multibillion ringgit assets

Group has first right of refusal for the projects from its parent

BY AHMAD NAQIB IDRIS

KUALA LUMPUR: KLCC Stapled Group, which is made up of KLCC Property Holdings Bhd (KLCC Prop) and KLCC Real Estate Investment Trust (KLCC REIT), is mulling the addition of two multibillion ringgit prime land assets here to its portfolio from its parent company, Petroliam Nasional Bhd (Petronas).

KLCC REIT chief executive officer Datuk Hashim Wahir said it might acquire the two mixed-development projects within the Kuala Lumpur City Centre (KLCC), on Lot 185 and Lot 91, upon the completion of the projects within the next five years.

"We are not only eyeing the projects, but we also have the first right of refusal for the properties," Hashim told reporters after KLCC REIT's annual general meeting yesterday.

According to Hashim, Lot 185 is

where a 50:50 joint venture (JV) between KLCC (Holdings) Sdn Bhd and Qatari Diar REIT is located. The property will comprise two towers, one 56 storeys and the other 77 storeys tall. Hashim declined to reveal the gross development value of the project. But he said the project is expected to be completed by 2020.

Lot 91, meanwhile, will house the 50:50 JV between KLCC (Holdings) and Sapura Resources Bhd (fundamental: 1.7; valuation: 2.1) that involves the construction of a new office tower, which is due for completion in 2018.

KLCC REIT's portfolio includes the Petronas Twin Towers, Menara ExxonMobil and Menara 3 Petronas. It was reported that these properties had a combined value of RM8.76 billion in 2013.

KLCC Stapled (fundamental: 1.6; valuation: 2.1) is 75.47% owned by

Petronas via its wholly-owned unit KLCC (Holdings).

On KLCC Prop's Lot D1, Hashim said the group has yet to secure an anchor tenant for the development.

"The management has been striving to get an anchor tenant, because, as you know, we are not a speculative developer. We only develop when there's an anchor tenant. We've been working very hard with InvestMalaysia and InvestKL to bring in MNCs (multinational corporations), but to date, we have not been successful," said Hashim.

On why KLCC Prop has not been able to secure an anchor tenant, Hashim said it is mainly due to tenants not having enough capacity to occupy the 800,000 sq ft allocated.

As for the new mixed development to be constructed near the Dayabumi Complex, he said the demolition of the City Point shopping centre at the

project site has already commenced.

The development will comprise 500,000 sq ft of office space, a hotel and a service retail element. It is to be completed in 2019.

"Basically, we are looking at another development which is equivalent to the Menara 3 Petronas project," Hashim said.

KLCC Stapled closed unchanged at RM7.12 yesterday, with a market capitalisation of RM12.85 billion.

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