

# Lot D1 in KLCC yet to have anchor tenant

> No companies with the capacity to take up big space available, says KLCC Stapled Group CEO

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**KUALA LUMPUR:** KLCC Stapled Group, which aims to grow its operating profit by 5% to 8% this year, is still searching for an anchor tenant for its development on Lot D1 in KLCC, said its CEO Datuk Hashim Wahir.

"We've been working very hard together with Invest KL to bring in multinational companies (MNCs) but to date, we have not been successful. However, I would like to mention, the next tenancy for Exxon Mobil will be expiring in 2017 and we are in advanced discussion with the tenant for a long-term tenancy beyond 2017," he told reporters after its AGM yesterday.

Hashim said the group has been unsuccessful at securing an anchor tenant thus far as there are no companies today with the capacity to take up the large space available.

"Lot D1 will have about one million sq ft of net lettable area. If we take into

account the philosophy that we take, the podium will be retail, plus of course the office lobby, that will be 20%. We will be having 800,000 sq ft (for rent)," he said.

Its chairman Krishnan C.K. Menon said even if the anchor tenancy was shared between two parties, it would still have to carry out due diligence to ensure that both parties are able to commit to the space and the development will be built according to the anchor tenant's specifications.

"In today's environment, a lot of people are postponing capital commitments, so we'll wait and see.

"Our original land cost is not that prohibitive compared to a lot of others who bought land at current prices who are then forced to develop quickly because the cost of holding is quite high. In our case, it's been there. We can hold, there's no borrowing, nothing. We can sit out this one, no problem," he added.

Lot D1 is a plot of land in front of Mandarin Oriental Hotel and news of the group searching for an anchor tenant surfaced as early as 2013. The group intends to start developing the land after securing an anchor tenant.

KLCC Stapled Group comprises KLCC Property Holdings Bhd and KLCC Real Estate Investment Trust (REIT). Other projects on its plate

include Lot 185, Phase 3 of Menara Dayabumi and Lot 91.

Lot 185 is a 50:50 joint venture (JV) between KLCC Holdings Sdn Bhd and Qatari Diar Asia Pacific whereby it will develop two towers comprising offices, hotel and retail space that will be connected to Suria KLCC. Work on the land has just begun and will be completed in 2020.

Hashim declined to reveal the gross development value (GDV).

Over at Menara Dayabumi Phase 3, demolition works have started on City Point, which will be replaced with a tower housing a hotel, office and service retail. Hashim said it is finalising the hotel management agreement with Shangri-La Group for a 500-room hotel.

Meanwhile, Lot 91 is a JV with Sapura Resources Bhd and piling works have just begun on the development in front of the convention centre.

"It is going to be extension of the exhibition space and office tower. It will be 52 storeys, targeted for completion in 2018," said Hashim.

Krishnan said 2015 will see stable and steady growth driven by its office segment which is on 15-year triple net lease and rental revisions. The average rental rate on the retail side is RM28 per sq ft with an occupancy rate of 97%.