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# KLCCP Stapled Group expects stable performance this year

BY M. HAFIDZ MAHPAR



Menara ExxonMobil is seen with one of the towers of the Petronas Twin Towers reflected on its facade. The KLCCP Stapled Group recently secured a long-term lease with Petronas for the remaining 40% office space at Menara ExxonMobil.

KUALA LUMPUR: The overall performance of the KLCCP Stapled Group - comprising KLCC Property Holdings Bhd and KLCC Real Estate Investment Trust - is forecast to remain stable this year mainly on the back of long-term office tenancy agreements.

KLCCP Stapled Group, which makes up a third of the market capitalisation of the Malaysian REIT segment, said in a statement that this was primarily backed by the long-term tenancy agreements of the office segment.

It noted that the group secured a long-term lease with Petroliam Nasional Bhd (Petronas) for the remaining 40% office space at Menara ExxonMobil, Kuala Lumpur City Centre, in April 2017.

This is for an initial term of three years with the option to renew for five successive terms of three years each.

“With the leases at Menara ExxonMobil fully secured, KLCCP Stapled Group is on a strong footing with occupancy for the office portfolio back to 100%,” it said.

Reporting its quarterly unaudited results to Bursa Malaysia, the KLCCP Stapled Group showed little change in earnings in the second quarter (Q2) of 2017 at RM177.96mil against RM177.86mil a year earlier.

Revenue also remained fairly flat, growing 0.9% to RM337.52mil for the quarter ended June 30.

For the half-year, earnings fell by a marginal 1.6% to RM354.68mil despite a 0.7% year-on-year growth in revenue to RM674.18mil.

The KLCCP Stapled Group said office property investment was the only segment posting profit before tax (PBT) growth in Q2 and in the first half-year.

The segment’s revenue and PBT increased by 0.8% and 1.5% respectively due to recognition of rental from additional net lease area in Menara Dayabumi, which began in Q3 2016, and savings of interest costs on repayment of borrowings in April this year.

The board has declared a second interim dividend of 8.6 sen per stapled security (5.44 sen per KLCC REIT unit and 3.16 sen per KLCC Property share) for the financial year ending Dec 31, 2017.

KLCC Property owns properties such as Suria KLCC and Mandarin Oriental, while KLCC REIT's portfolio comprises the Petronas Twin Towers, Menara 3 Petronas and Menara ExxonMobil.

Read more at <http://www.thestar.com.my/business/business-news/2017/08/15/klccp-stapled-group-expects-stable-performance-this-year/#ZS9UXhVT78OSGw5d.99>