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## **KLCCP expects office segment to be biggest revenue churner**



KUALA LUMPUR: KLCC Property Holdings Bhd (KLCCP) expects its office segment to continue being the main revenue driver this year in spite of the current market glut.

KLCC group of companies group chief executive officer Datuk Hashim Wahir said the group's office segment, with its 100% occupancy and quartile rental profile leases, contributed 43% to revenue last year.

He said the full-year impact from the uplift in rental rate for Menara 3 Petronas and the full occupancy of Menara ExxonMobil, following the tenant transitioning in 2017, contributed to the steady performance of the office segment.

“Our office segment will continue to be the mainstay for the group,” Hashim said at a press conference following the company’s AGM today.

The group’s retail component contributed 35% to revenue, followed by its hotel (12%) and management services (10%) segments.

Separately, the KLCCP group said in a statement that it remains cautiously optimistic on the prospects of the overall property market, in light of intensifying competition.

“The recently refurbished rooms at Mandarin Oriental KL Hotel will provide the hotel segment the opportunity to compete in a more challenging market with additional rooms from new competitors.”

The group added that the retail segment is expected to maintain its competitiveness, focusing on its repositioning efforts to create differentiation in consumer offerings.

KLCCP recorded a lower net profit of RM724.91mil for the financial year ended Dec 31, 2018 compared with RM877.90mil a year ago.

Its revenue increased to RM1.41bil from RM1.37bil a year earlier.

For the fourth quarter ended Dec 31, 2018, net profit fell to RM183.67mil compared with RM345.52mil in the previous corresponding period, while revenue increased to RM366.35mil from RM352.07mil previously.

In its notes accompanying its 2018 financial results, the company said performance in the fourth quarter was mainly contributed by the retail segment which saw revenue and pre-tax profit grow 6.1% and 7.7%, respectively.

(Source: <https://www.thestar.com.my/business/business-news/2019/04/03/klccp-expects-office-segment-to-be-biggest-revenue-churner/#AGTCTGpMUe3TKxUB.99>)