

Thursday, 25 June 2020

## **KLCCP's Office Segment To Remain Stable, Thanks To Triple Net Lease Agreements**



**Despite the anticipated challenging environment, KLCC Property Holdings Bhd (KLCCP) expects its office segment to remain stable this year, on the back of triple net lease agreements that it had entered into as well as long-term leases.**

KLCCP and KLCC Real Estate Investment Trust (KLCC REIT) are known collectively as the KLCCP Stapled Group.

Malaysia's biggest self-managed stapled security, the group invests, owns, develops and manages a portfolio of premium assets in Kuala Lumpur comprising Petronas Twin Towers, Menara ExxonMobil, Menara 3 Petronas, Suria KLCC, Menara Dayabumi, the retail podium of Menara 3 Petronas as well as five-star hotel Mandarin Oriental Kuala Lumpur, reported The New Straits Times.

"Despite the uncertainties that lie ahead of us, the group endeavours to remain resilient and will strive to navigate the challenges to continue to deliver long-term value to our holders of stapled securities," The New Straits Times quoted Datuk Hashim Wahir, Chief Executive Officer of KLCCP, as saying.

KLCCP saw its net profit decline 3.8% year-on-year to RM176.9 million in the three months ending 31 March 2020.

This comes as its hotel segment was adversely affected by the travel restrictions and movement control order (MCO) imposed to contain the spread of Covid-19.

Revenue marginally increased 0.3% year-on-year to RM354.6 million, thanks to the resilience of its office segment and additional rent commencement from new tenants within its anchor-to-specialty reconfigured space.

With the hotel industry substantially impacted by the Covid-19 pandemic, KLCCP expects its hotel segment to be adversely affected for the rest of the quarters, while its retail segment may do better given the latest offerings from the new stores under its anchor-to-specialty reconfiguration exercise.

Nonetheless, the group will remain cautious in view of the potential changes in consumer sentiments and behaviour.

"We are likely to feel the impact of Covid-19 for some time and consumer sentiment is expected to remain cautious across all business segments," it said.

KLCCP's hotel and retail segments opened and resumed operations on 4 May, when the government announced the conditional MCO.

(Source: <https://www.propertyguru.com.my/property-news/2020/6/189435/klccps-office-segment-to-remain-stable-thanks-to-triple-net-lease-agreements>)