

Wednesday, 24 June 2020

Office segment to remain stable, says KLCCP



KLCC Property Holdings Bhd says its office segment will remain stable, despite the anticipated challenging environment in 2020. NSTP/Photo

KLCC Property Holdings Bhd (KLCCP) says its office segment will remain stable, despite the anticipated challenging environment in 2020, thanks to its triple net lease agreements and long-term leases.

"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," said KLCCP chief executive officer Datuk Hashim Wahir in a statement.

KLCCP and KLCC Real Estate Investment Trust (KLCC REIT), collectively known as KLCCP Stapled Group is Malaysia's largest self-managed stapled security that invests, develops, owns and manages a portfolio of premium assets comprising office, retail and hotel properties in Kuala Lumpur.

Its portfolio comprises Petronas Twin Towers, Menara 3 Petronas, Menara ExxonMobil, Menara Dayabumi, Suria KLCC, the retail podium of Menara 3 Petronas, and Mandarin Oriental Kuala Lumpur (total gross floor area of 11.9 million square ft) worth RM15.9 billion.

For the three months ended March 31, 2020, KLCCP's net profit fell 3.8 per cent to RM176.9 million year-on-year (YoY) mainly due to the adverse impact in the hotel segment arising from the travel restrictions imposed from the Covid-19 outbreak and movement control order (MCO).

Revenue increased marginally by 0.3 per cent to RM354.6 million YoY, mainly supported by the resilience of the office segment and additional rent commencement from the new tenants in the anchor-to-specialty reconfigured space.

KLCCP anticipates that its hotel segment would be adversely affected for the remaining quarters, adding that the Covid-19 pandemic has substantially impacted the hotel industry.

The retail segment may likely do better as it has the advantage of the latest offerings from the newly opened stores under the anchor-to-specialty reconfiguration exercise.

Nevertheless, it will remain cautious in light of the prevailing challenging environment, on potential changes in consumer behaviour and sentiments during the period.

"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.

The retail and hotel segments have opened and resumed business since May 4, 2020, when the conditional MCO was announced.

KLCCP said the group would continue to seek growth opportunities and explore innovative solutions to elevate the experience of its tenants, shoppers and hotel guests.

(Source: <https://www.nst.com.my/property/2020/06/602863/office-segment-remain-stable-says-klccp>)