

Tuesday, 10 March 2020

RHB Research raises target price for KLCCP Stapled to RM8.68



KUALA LUMPUR (March 9): RHB Research has reiterated its “buy” call for KLCCP Stapled Group (KLCCP Stapled), comprising KLCC Property Holdings Bhd and KLCC Real Estate Investment Trust, at RM8.15 with a higher target price of RM8.68, from RM8.62 previously, and said Suria KLCC Space will be opened in two phases.

In a note today, the research house said it remains upbeat on KLCCP Stapled's value-unlocking prospects, which should be able to mitigate the REIT's lukewarm hospitality segment moving forward, particularly due to the potential scaling of the space's net lettable area (NLA).

"KLCCP Stapled is our Top Pick," said the research house.

It said Phase 1 of the reconfiguration (80% of the space) was initially scheduled for completion in December 2019, but delays were caused by pending approvals by the fire rescue department.

"Currently, the only portion that has yet to be completed (the remaining half of the Signatures food court on level 2) is scheduled to open by 1H20 (first half of 2020). We remain upbeat on this reconfiguration, as smaller-sized tenants command higher rental psf," it said.

The research house added that around a third of the retail stores have yet to open, with half of the food and beverage offerings on level 2 due to open by the second quarter of 2020 only.

Going forward, Parkson only contributed to circa of 3% of Suria KLCC's total gross income despite occupying circa 12% of the mall's total NLA. The first phase of the revamped space comprises 120,000 sqf worth of NLA.

"At this juncture, no additional NLA is imputed into our forecast, but we assume an additional 5% in rental rates — pending further guidance from management," it said.

At 12.07pm, KLCCP Stapled's share price was unchanged at RM8.15, valuing the group at RM14.71 billion.

(Source : <https://www.theedgemarkets.com/article/rhb-research-raises-target-price-klccp-stapled-rm868>)