

KLCCP Stapled Group: Office rental income remains resilient

By Kamarul Anwar | April 13, 2016 4:49 PM MYT

KUALA LUMPUR (April 13): KLCCP Stapled Group, which comprises units in KLCC real estate investment trust (REIT) stapled together with the shares of KLCC Property Holdings Bhd, expects a 1% to 2% revenue increase in the current financial year ending Dec 31, 2016 (FY16), as it adds 45,000 sq ft of office space to its office rental income.

Its chief executive officer Datuk Hashim Wahir said the KLCC office rental income will remain resilient despite the slowdown in the oil and gas (O&G) sector which has hit its O&G-related tenants.

"We have secured long-term rental agreements with these tenants, with tenures ranging from six years to 15 years. So far, we're not seeing any impact from the downturn," he told reporters after KLCC REIT's and KLCC Property's annual general meetings today.

The O&G sector has been bludgeoned by the oil price crashing from over US\$110 two years ago, and thousands of people in the workforce have been let go due to drastic cost-cutting measures. With fewer people working, there are concerns that rental space occupied by oil-related firms will be smaller.

Hashim said for 2HFY16, there will be an additional 45,000 sq ft of office space contributing to the group's office rental income, which has been leased to Petroliam Nasional Bhd.

– *theedgemarkets.com*