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Office Segment To Boost KLCC Stapled Group's Coffer

KUALA LUMPUR, April 13 (Bernama) -- The office segment will continue to be the driver to boost the KLCC Stapled Group's coffer amid a challenging year, said Chief Executive Officer Datuk Hashim Wahir.

He said the group has secured a letter of confirmation for a long-term lease extension from ExxonMobil.

However, Hashim said, the final agreement has yet to be signed.

Hashim said this after the group's annual general meeting here today.

The KLCC Stapled Group consists of KLCC Property Holdings Bhd (KLCCP) (Financial Dashboard) and KLCC Real Estate Investment Trust (KLCC REIT).

KLCC REIT assets comprise Petronas Twin Towers, Menara ExxonMobil and Menara 3 Petronas and had contributed 94 per cent of the office segment revenue last year.

Hashim said the group's long-term lease contracts consisted of triple net lease agreements for 15x15 years and other contracts were 6x6x6 years.

"Our office segment will be primarily anchored by triple net lease agreements for the Petronas Twin Towers, Menara 3 Petronas and Menara Dayabumi.

"We are adding new spaces and already have targeted anchor tenants," Hashim said, adding that the group was not a speculative developer but build only when there was an underwritten space or space that has been targeted for certain tenant.

Hashim said the group was looking to build another 600,000 sq ft of offices in Menara Daya Bumi.

The group has also embarked on an extension of the Phase 2 refurbishment of Menara Dayabumi, which was scheduled to be completed in the first half of 2016, he said.

On another development, he said, the KLCCP's redevelopment of the City Point podium as a mixed development with office, hotel and retail components was under way with sub-structure works.

"We will be building another 60-storey office and hotel tower with retail outlets by 2019 with an estimated gross development of RM1 billion," he said.

On the hotel segment, Hashim said, it faced huge challenges after the MH370 and MH17 disasters as well due to the current soft economy which has led to a reduction in the tourist arrivals which would further dent the occupancy rate.

"Mandarin Oriental KL faced a challenging year in 2015 as it was affected by major renovations to its meeting and recreational facilities," he said.

He said the retail segment was expected to be challenging as consumers would remain cautious with spending in view of the rising costs of living.

Going forward, he said, the group was still on the lookout for assets that were value accretive and distribution accretive as well within KLCC in the future.

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