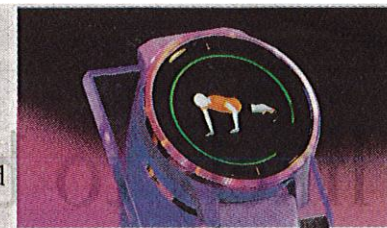




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Glomac mulls foray into data centres

The property developer is in talks with several data centre companies for the expansion plan

by FARA AISYAH

GLOMAC Bhd plans to include data centres as one of its investment properties to diversify its income streams amid the dismal state of the retail market.

The property developer is in talks with several data centre companies for the expansion plan, its group MD and CEO Datuk Seri Fateh Iskandar Mohamed Mansor said.

"We are already talking to data centre experts who may not want to own the building. We can own it while they operate the data centre, and we can share the revenue.

"We have to think outside of the box now. Even before the Covid-19 pandemic hit, the retail market has slowed down, and it is worse now," he told *The Malaysian Reserve*.

Trends show data centres are the next big thing for property players to cater to, as the advancement of technology and the rise of work-from-home arrangements due to the pandemic continue to drive the need for data management.

According to data from Retail Group Malaysia, domestic retail sales contracted by 30.9% in the second quarter of 2020 — the retail industry's worst quarterly performance ever, as the Movement Control Order



Pic by Razak Ghazali

For FY21, Fateh Iskandar says they will give incentives to their tenants and continue to find new or more exciting tenants to make the Glo Damansara more attractive to visit post-Covid-19

(MCO) restricted consumers' shopping habits and retailers' operations.

For the financial year ended April 30, 2020 (FY20), Glomac recorded a RM24.6 million fair value loss on its investment property, namely Glo Damansara mall, its annual report showed.

For FY21, there are no plans to expand the shopping mall located in Kuala Lumpur. Completed in 2016, the mall has been undergoing revitalisation efforts with the signing

of new anchor tenants.

"We have to enhance our mall first, give incentives to our current tenants and find new or more exciting tenants to make the mall more attractive.

"We also need to find ways to make people come back to the mall with more confidence post-Covid-19," Fateh Iskandar said.

The general investment climate was impacted by the Covid-19 pandemic and the subsequent containment measures,

particularly the MCO.

Revenue from the group's property investment segment mainly derived from car park rental and mall rental income.

Total property rental income earned from Glomac's investment properties, all of which are leased out under operating leases, amounted to RM12.53 million, compared to RM8.2 million in FY19.

Direct operating expenses (opex) arising from the investment properties that generated rental income during the current year amounted to RM8.11 million versus RM10.96 million a year ago.

Direct opex arising from investment property that did not generate rental income amounted to RM225,100 in FY20 compared to RM259,165 last year.

The developer's investment properties worth RM311.03 million (compared to RM330.96 million previously) have been pledged as securities for banking facilities granted to the group and the company.

For the year, the property investment segment contributed RM28.96 million to overall group revenue, which stood at RM245.8 million, down 10.1% from RM273.35 million in FY19.

Net profit declined 14.6% to RM12.57 million in FY20 from RM14.72 million the year prior, largely a result of the aforementioned RM24.6 million fair value loss on investment properties.

Glomac was last traded at 31 sen a share, valuing the company at RM240 million.