



# VALUES

REDEFINED



KLCCP Stapled Group  
**ANNUAL REPORT 2017**



PETROSAINS  
The Discovery Centre

BREAKTHROUGH  
MUSICAL SURFERS


TAG Heuer

#OverControl, Under Pressure



TAG HEUER SPORTS WATCH  
BY TAG HEUER

CHRONOMETER



At KLCCP Stapled Group, our **VALUES** are **REDEFINED** to create places that people prefer, redefining the meaning of 'the place to be' and to make us truly future ready

#### **ReDefined SPACES**

We create environments attuned to changing market dynamics and lifestyles, thus unlocking value

We reimagine engaging, sustainable spaces which bring people together through the right mix of occupiers, services and activities

#### **ReDefined EXPERIENCES**

We are customer centric and use our insights into customers' needs to deliver a lifestyle experience tailored to customer preferences

#### **ReDefined TALENT**

We shape our management talent to deliver financial value and social benefits to our stakeholders, building an inclusive culture

#### **ReDefined TRUST**

We leverage the strength of our fundamentals to deliver operational excellence, supporting our leadership position


We embed integrity in our operations, committing to a culture of high standards of governance

# FACTS AT A GLANCE


1 Malaysia's **largest internally managed** stapled security



2 **Largest Malaysian REIT**  
34% of Malaysia's REIT industry



3 Diversified portfolio of **iconic and high quality** assets



4 **Premium property location** centered within the landmark of Kuala Lumpur City Centre



5 Potential **pipeline of assets** within the Group for **future earnings growth**



6 Constituents of **FTSE4Good Bursa Malaysia Index** and **FTSE4Good Emerging Index**



# 2017 KEY HIGHLIGHTS

## KLCCP STAPLED GROUP

Revenue



RM **1.4**  
billion

Profit for  
the Year



RM **1.0**  
billion

Distribution per  
Stapled Security



**36.15**  
sen

Annual Total  
Return



**8.30%**

Net Asset Value  
per Stapled  
Security



RM **7.22**

Property  
Value



RM **15.7**  
billion

Distribution  
Yield



**4.18%**

## KLCC REIT

Revenue



RM **585.5**  
million

Net Property  
Income



RM **555.5**  
million

Distribution  
per Unit (DPU)



**20.95**  
sen

Net Asset Value per  
Unit



RM **4.46**

Property Value



RM **9.2**  
billion

# 5-YEAR FINANCIAL SUMMARY

	2017 RM'mil	2016 RM'mil	2015 RM'mil	2014 RM'mil	2013 RM'mil
<b>Key Operating Results</b>					
Revenue	<b>1,366.8</b>	1,343.5	1,340.2	1,353.5	1,283.7
Operating Profit	<b>999.8</b>	999.3	1,004.2	1,011.9	951.1
Profit before Tax (PBT)	<b>1,115.3</b>	1,102.7	1,518.4	1,280.5	1,147.9
Profit for the Year	<b>1,013.6</b>	1,011.0	1,403.2	1,159.4	1,032.4
<b>Key Statement of Financial Position</b>					
Investment Properties	<b>15,667.5</b>	15,454.0	15,166.7	14,496.2	14,108.7
Total Assets	<b>17,792.6</b>	17,782.1	17,537.1	16,803.8	16,264.6
Total Borrowings	<b>2,251.1</b>	2,552.4	2,560.6	2,511.5	2,326.0
Total Liabilities	<b>2,745.7</b>	3,004.1	3,026.0	2,955.8	2,858.3
Total Equity Attributable to Equity Holders of Stapled Securities	<b>13,028.5</b>	12,794.2	12,551.3	12,026.0	11,694.7
<b>Stapled Securities Information</b>					
Earnings per Stapled Security (sen)	<b>48.63</b>	49.08	62.68	51.95	52.61
Net Asset Value per Stapled Security (RM)	<b>7.22</b>	7.09	6.95	6.66	6.48
Distribution per Stapled Security (sen)	<b>36.15</b>	35.65	34.65	33.64	28.94
Stapled Securities Closing Price as at 31 December (RM)	<b>8.64</b>	8.30	7.06	6.71	5.85
Number of Stapled Securities ('mil)	<b>1,805.3</b>	1,805.3	1,805.3	1,805.3	1,805.3
Market Capitalisation (RM'mil)	<b>15,598.1</b>	14,984.3	12,745.7	12,113.8	10,561.2
<b>Financial Ratios</b>					
PBT Margin	<b>82%</b>	82%	113%	95%	89%
Dividend Payout-Ratio	<b>97%</b>	95%	98%	95%	95%
Gearing (times)	<b>0.17</b>	0.20	0.20	0.21	0.20



Net Lettable Area (sq ft)  
 Office  
 5,603,837  
 Retail  
 1,164,621

No. of Properties  
 Office - **5**  
 Retail - **2**  
 Hotel - **1**

Gross Floor Area (sq ft)  
**11,139,323**



# PORTFOLIO SUMMARY



Occupancy  
 Office - **100%**  
 Retail - **97%**  
 Hotel - **73%**  
(per available rooms)



Property Value  
**RM15.7 million**  
 ↑ **11%** since 2013





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# VISION, MISSION & SHARED VALUES

TO BE THE LEADING REAL ESTATE  
INVESTMENT GROUP OF CHOICE



MAXIMISE VALUE OF  
INVESTMENT AND RETURNS  
TO HOLDERS OF STAPLED  
SECURITIES



COMMITTED TO  
DELIVER SUSTAINABLE  
PERFORMANCE AND  
GROWTH



BUILD ROUNDED  
CAPABILITIES IN REAL  
ESTATE INVESTMENT



## LOYALTY

LOYALTY TO CORPORATION AND NATION

## PROFESSIONALISM

COMMITTED, PROACTIVE AND ALWAYS STRIVING FOR EXCELLENCE

## INTEGRITY

HONEST AND UPRIGHT

## COHESIVENESS

UNITED IN PURPOSE AND FELLOWSHIP

## INNOVATIVE

TREND SETTING MENTALITY THROUGH  
CREATION OF NEW PRODUCTS, IDEAS AND WAYS OF DOING

# CORPORATE PROFILE



KLCC Property Holdings Berhad (“KLCCP”) was incorporated as a public limited company under the Companies Act 1965 on 7 February 2004 and was listed on the Main Board of Bursa Malaysia Securities Berhad on 18 August 2004.

In 2013, KLCCP undertook a corporate restructuring exercise which involved the restructuring of KLCCP Group into a stapled structure known as “KLCCP Stapled Group” where the existing ordinary shares of KLCCP are stapled together with the units in KLCC Real Estate Investment Trust (“KLCC REIT”) forming the resultant KLCCP Stapled Securities.

## CORPORATE PROFILE

On 9 May 2013, KLCCP Stapled Securities were listed under the "REITs" sector of the Main Market of Bursa Malaysia Securities Berhad.

Upon completion of the corporate restructuring exercise, the office buildings held by the subsidiaries of KLCCP namely *PETRONAS Twin Towers*, *Menara ExxonMobil* and *Menara 3 PETRONAS* were acquired by KLCC REIT.

Whilst KLCCP still owns a diverse property portfolio largely within the KLCC Development comprising *Suria KLCC* (a leading shopping mall) and *Mandarin Oriental, Kuala Lumpur* (a luxury hotel), KLCCP also has 33% interest in *Menara Maxis*. Outside the KLCC Development, KLCCP owns *Kompleks Dayabumi* which is located within the older central commercial area of Kuala Lumpur.

Two of KLCCP's wholly-owned subsidiaries, namely KLCC Urusharta Sdn Bhd and KLCC Parking Management Sdn Bhd, are engaged in providing facility management services and car parking management services respectively.

In addition, KLCC REIT Management Sdn Bhd, a wholly-owned subsidiary of KLCCP, has been appointed to manage and administer the KLCC REIT in accordance with the objectives and investment policy of KLCC REIT.

KLCCP Stapled Group's strength is reflected through its premium assets centred within the KLCC Development, one of the largest integrated real estate developments in the world.

KLCCP Stapled Group, with its niche position in property investment and facility management services, intends to continue to grow its earnings potential by building on the strength of its premium assets, maintaining high standards in its operational performance and exploring prospects for sustainable progress.



# KLCCP STAPLED GROUP STRUCTURE



Each ordinary share is stapled to each unit ("Stapled Securities")



## PORTFOLIO OF REAL ESTATE PROPERTIES

- PETRONAS Twin Towers**
- Menara 3 PETRONAS**
- Menara ExxonMobil**

### 100%

- KLCC REIT MANAGEMENT SDN BHD**  
(Manager of KLCC REIT)
- KOMPLEKS DAYABUMI SDN BHD**  
(Kompleks Dayabumi)
- IMPIAN CEMERLANG SDN BHD**  
(Vacant Land (LOT D1))
- KLCC PARKING MANAGEMENT SDN BHD**  
(Car Parking Management)
- KLCC URUSHARTA SDN BHD**  
(Facilities Management)
- ARENA MERDU SDN BHD**  
(Inactive)
- ARENA JOHAN SDN BHD**  
(Inactive)
- MIDCITI RESOURCES SDN BHD**  
(Inactive)

### 75%

- ASAS KLASIK SDN BHD**  
(Mandarin Oriental, Kuala Lumpur)

### 60%

- SURIA KLCC SDN BHD**  
(Suria KLCC)

### 33%

- IMPIAN KLASIK SDN BHD**  
(Menara Maxis)

# CORPORATE INFORMATION

**KLCC PROPERTY HOLDINGS BERHAD ("KLCCP") (641576-U)**

**KLCC REAL ESTATE INVESTMENT TRUST ("KLCC REIT")**

## MANAGER FOR KLCC REIT ("THE MANAGER")

KLCC REIT Management Sdn Bhd  
(1026769-H)

## BOARDS OF DIRECTORS OF KLCCP AND THE MANAGER

**Tan Sri Mohd Sidek bin Hassan**  
(Chairman/Non-Independent Non-Executive  
Director)

**Datuk Hashim bin Wahir**  
(Chief Executive Officer)

**Datuk Manharlal a/l Ratilal**  
(Non-Independent Non-Executive Director)

**Datuk Ishak bin Imam Abas**  
(Non-Independent Non-Executive Director)

**Dato' Halipah binti Esa**  
(Senior Independent Non-Executive Director)

**Datuk Pragasa Moorthi a/l Krishnasamy**  
(Non-Independent Non-Executive Director)

**Mr. Augustus Ralph Marshall**  
(Independent Non-Executive Director)

**Cik Habibah binti Abdul**  
(Independent Non-Executive Director)

## BOARD AUDIT COMMITTEES OF KLCCP AND THE MANAGER

**Mr. Augustus Ralph Marshall** (Chairman)  
**Datuk Manharlal a/l Ratilal**  
**Dato' Halipah binti Esa**  
**Cik Habibah binti Abdul**

## NOMINATION AND REMUNERATION COMMITTEES OF KLCCP AND THE MANAGER

**Dato' Halipah binti Esa** (Chairperson)  
**Datuk Manharlal a/l Ratilal**  
**Cik Habibah binti Abdul**

## COMPANY SECRETARIES OF KLCCP AND THE MANAGER

**En. Abd Aziz bin Abd Kadir** (LS0001718)  
Levels 33 & 34, Menara Dayabumi  
Jalan Sultan Hishamuddin  
50050 Kuala Lumpur

Telephone No. : 03-2783 6000  
Facsimile No. : 03-2783 7810

**Mr. Yeap Kok Leong** (MAICSA 0862549)  
c/o Tricor Corporate Services Sdn Bhd  
Unit 30-01, Level 30, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur

Telephone No. : 03-2783 9191  
Facsimile No. : 03-2783 9111

## REGISTERED OFFICE OF KLCCP AND THE MANAGER

Level 54, Tower 2  
PETRONAS Twin Towers  
Kuala Lumpur City Centre  
50088 Kuala Lumpur

Telephone No. : 03-2783 6000  
Facsimile No. : 03-2783 7231

## CORPORATE OFFICE OF KLCCP AND THE MANAGER

Levels 33 & 34  
Menara Dayabumi  
Jalan Sultan Hishamuddin  
50050 Kuala Lumpur

Telephone No. : 03-2783 6000  
Facsimile No. : 03-2783 7810

## SHARE REGISTRAR FOR KLCCP AND KLCC REIT

Tricor Investor & Issuing House  
Services Sdn Bhd  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur

Telephone No. : 03-2783 9299  
Facsimile No. : 03-2783 9222

## TRUSTEE FOR KLCC REIT

Maybank Trustees Berhad  
8th Floor, Menara Maybank  
100, Jalan Tun Perak, 50050 Kuala Lumpur

Telephone No. : 03-2070 8833/2078 8363  
Facsimile No. : 03-2070 9387

## PROPERTY MANAGER FOR KLCC REIT

Rahim & Co International Sdn Bhd  
Level 17, Menara Liberty  
1008, Jalan Sultan Ismail  
50250 Kuala Lumpur

Telephone No. : 03-2691 9922  
Facsimile No. : 03-2691 9992

## SHARIAH ADVISER FOR KLCC REIT

CIMB Islamic Bank Berhad  
Level 34, Menara Bumiputra Commerce  
11, Jalan Raja Laut, 50350 Kuala Lumpur

Telephone No. : 03-2619 1188  
Facsimile No. : 03-2619 3657

## AUDITORS

Ernst & Young (Firm No. AF 0039)  
Level 23A, Menara Milenium  
Jalan Damanlela, Pusat Bandar Damansara  
50490 Kuala Lumpur

Telephone No. : 03-7495 8000  
Facsimile No. : 03-2095 9076/78

## INTERNAL AUDITOR

Group Internal Audit Division  
KLCC (Holdings) Sdn Bhd  
Levels 33 & 34, Menara Dayabumi  
Jalan Sultan Hishamuddin  
50050 Kuala Lumpur

Telephone No. : 03-2783 6000  
Facsimile No. : 03-2783 7810

## PRINCIPAL BANKERS FOR KLCCP AND KLCC REIT

CIMB Islamic Bank Berhad  
CIMB Bank Berhad  
Malayan Banking Berhad  
Maybank Islamic Berhad

## STOCK EXCHANGE LISTING

Listed on Main Market of Bursa Malaysia  
Securities Berhad on 9 May 2013  
Stock Code : 5235SS  
Stock Name : KLCC





# LEADERSHIP

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**TAN SRI MOHD SIDEK BIN HASSAN**  
Chairman/Non-Independent  
Non-Executive Director

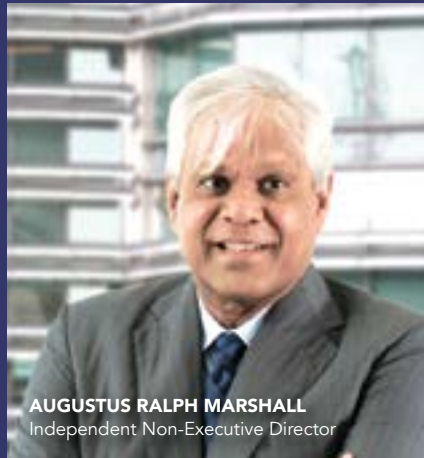
# KLCCP AND KLCC REIT BOARDS OF DIRECTORS



**DATUK HASHIM BIN WAHIR**  
Chief Executive Officer



**DATUK MANHARLAL A/L RATILAL**  
Non-Independent Non-Executive Director



**AUGUSTUS RALPH MARSHALL**  
Independent Non-Executive Director



**DATUK ISHAK BIN IMAM ABAS**  
Non-Independent Non-Executive Director



**DATUK PRAGASA MOORTHI A/L KRISHNASAMY**  
Non-Independent Non-Executive Director



**HABIBAH BINTI ABDUL**  
Independent Non-Executive Director



**DATO' HALIPAH BINTI ESA**  
Senior Independent Non-Executive Director



**ABD AZIZ BIN ABD KADIR**  
Company Secretary



**YEAP KOK LEONG**  
Company Secretary

## PROFILE OF KLCCP AND KLCC REIT BOARDS OF DIRECTORS

**CHAIRMAN/NON-INDEPENDENT  
NON-EXECUTIVE DIRECTOR**

MALAYSIAN  
MALE  
66

## TAN SRI MOHD SIDEK BIN HASSAN



### TAN SRI MOHD SIDEK BIN HASSAN

Tan Sri Mohd Sidek bin Hassan was appointed to the Board and Chairman of KLCC Property Holdings Berhad ("KLCCP") on 22 May 2017.

He was also appointed as Non-Independent Non-Executive Director and Chairman of KLCC REIT Management Sdn Bhd (the Manager of KLCC Real Estate Investment Trust ("KLCC REIT")) on 22 May 2017.

Tan Sri Sidek Hassan is currently the Chairman of PetroliaM Nasional Berhad (PETRONAS), the national oil and gas corporation of Malaysia, a position he assumed in July 2012.

Prior to joining PETRONAS, Tan Sri Sidek served in the Administrative and Diplomatic Service of the Malaysian Civil Service for over 38 years, the last six as the Chief Secretary to the Government.

Tan Sri Sidek began his career on 15 April 1974 as an Assistant Director at the International Trade Division, Ministry of Trade and Industry. He had extensive working experience within the Ministry of International Trade and Industry (MITI) including postings at MITI offices in Tokyo (Japan), Sydney (Australia) and Washington, D.C. (USA). He was appointed as Deputy Secretary-General (Trade) on 19 January 2001 and as the Secretary-General on 24 October 2004.

Tan Sri Sidek served as President of International Islamic University Malaysia (IIUM) between 2008 and 2013, and is currently the Pro-Chancellor of Universiti Teknologi PETRONAS (UTP).

He was a former board member of Top Glove Corporation Berhad and Malayan Flour Mills Berhad. Since 1 May 2016, Tan Sri Sidek is the Chairman of Malaysia Digital Economy Corporation Sdn Bhd (MDEC).

Tan Sri Sidek holds a Bachelor of Economics (Honours) Degree in Public Administration from University of Malaya and Masters of Business Administration (MBA) from New Hampshire College, United States of America.

He also holds Honorary Doctorate Degree in Public Administration from Universiti Tun Abdul Razak (UNITAR), Honorary Doctorate Degree in Management from Universiti Putra Malaysia (UPM), Honorary Doctorate Degree in Management from Universiti Teknikal Malaysia Melaka (UTeM) and Honorary Doctorate Degree in International Business from IIUM.

## PROFILE OF KLCCP AND KLCC REIT BOARDS OF DIRECTORS

## CHIEF EXECUTIVE OFFICER

MALAYSIAN  
MALE  
60

## DATUK HASHIM BIN WAHIR



### DATUK HASHIM BIN WAHIR

Datuk Hashim bin Wahir was appointed to the Board of KLCC Property Holdings Berhad ("KLCCP") on 1 November 2007 and designated as the Chief Executive Officer.

He was also appointed to the Board of KLCC REIT Management Sdn Bhd (the Manager of KLCC Real Estate Investment Trust ("KLCC REIT")) on 5 December 2012 and designated as Chief Executive Officer. He is also a Director of Midciti Sukuk Berhad.

He graduated from Universiti Teknologi Malaysia with a Bachelor of Engineering (Honours) in Mechanical Engineering. He also attended Executive Development Programs at Ashridge Management College, United Kingdom and Johnson School of Management, Cornell University, USA in 1993 and 1998, respectively.

Datuk Hashim joined PETRONAS on 16 June 1981 after graduating from Universiti Teknologi Malaysia. Whilst in PETRONAS, he undertook various assignments within the PETRONAS Group including exploration and production ("E&P") operations, international E&P and gas asset acquisitions, group strategic planning and corporate development. He also held various senior management positions in PETRONAS such as Senior Manager, Petroleum Engineering Department of PETRONAS Carigali Sdn Bhd ("PCSB") from 1995 until 1999, General Manager of Chad/Cameroon JV Project, PCSB from 1999 until 2000, and General Manager of Group Planning & Resource Allocation, PETRONAS from 2000 until 2004. He was appointed as the Chairman for the PETRONAS Group of companies in the Republic of Sudan until November 2007.

Datuk Hashim is presently a Director and the Group Chief Executive Officer of KLCC (Holdings) Sdn Bhd ("KLCCH"). He also sits on the board of Kuala Lumpur City Park Berhad and PETRONAS Hartabina Sdn Bhd.

His other directorships include KLCCH's subsidiaries and associate companies, and subsidiaries of KLCCP.

## PROFILE OF KLCCP AND KLCC REIT BOARDS OF DIRECTORS

**NON-INDEPENDENT  
NON-EXECUTIVE DIRECTOR**

MALAYSIAN  
MALE  
58

## DATUK MANHARLAL A/L RATILAL



### **DATUK MANHARLAL A/L RATILAL** (also known as Datuk George Ratilal)

Datuk George was appointed to the Board of Directors of KLCC Property Holdings Berhad ("KLCCP") on 16 June 2004, a member of Audit Committee of KLCCP on 9 July 2004 and a member of the Nomination and Remuneration Committee of KLCCP on 21 August 2013.

He was also appointed as Non-Independent Non-Executive Director of KLCC REIT Management Sdn Bhd (the Manager of KLCC Real Estate Investment Trust ("KLCC REIT")) ("Manager") on 5 December 2012. He was appointed as a member of the Audit Committee and Nomination and Remuneration Committee of the Manager on 12 December 2012 and 21 August 2013 respectively.

He obtained Bachelor of Arts (Honours) in Accountancy from Birmingham City University, United Kingdom in 1982 and Master in Business Administration from the University of Aston in Birmingham, United Kingdom in 1984.

Datuk George is Executive Vice President & Group Chief Financial Officer of PETRONAS, and a member of its Board and Executive Leadership Team.

Prior to joining PETRONAS in 2003, he was attached with a local investment bank for 18 years, concentrating on corporate finance where he was involved in advisory work in mergers and acquisitions, equity and debt capital markets. From 1997 to 2002, he served as Managing Director of the investment bank.

He also sits on the boards of KLCC Holdings Sdn Bhd, Cagamas Holdings Berhad, MISC Berhad and also a director of PETRONAS and other subsidiaries of PETRONAS.

## PROFILE OF KLCCP AND KLCC REIT BOARDS OF DIRECTORS

**NON-INDEPENDENT  
NON-EXECUTIVE DIRECTOR**

MALAYSIAN  
MALE  
72

## DATUK ISHAK BIN IMAM ABAS



### DATUK ISHAK BIN IMAM ABAS

Datuk Ishak bin Imam Abas was appointed to the Board of KLCC Property Holdings Berhad ("KLCCP") on 7 February 2004 and designated as the Chief Executive Officer until his retirement on 1 April 2007 when he was redesignated as Non-Independent Non-Executive Director.

He was also appointed as Non-Independent Non-Executive Director of KLCC REIT Management Sdn Bhd (the Manager of KLCC Real Estate Investment Trust ("KLCC REIT")) on 5 December 2012.

Datuk Ishak is a Fellow Member of the Chartered Institute of Management Accountants (CIMA) and a member of the Malaysian Institute of Accountants (MIA).

Prior to joining PETRONAS in 1981, he worked as, amongst others, Finance Director of Pfizer (M) Sdn Bhd, Bursar of the University Kebangsaan Malaysia, Finance Director of Western Digital (M) Sdn Bhd and as an accountant in PERNAS International Holding Bhd. He joined PETRONAS in April 1981 and held various senior positions including Deputy General Manager Commercial of PETRONAS Dagangan Berhad, Senior General Manager (Finance) of PETRONAS, Vice-President (Finance) of PETRONAS, and Senior Vice-President of PETRONAS. He was also a board member of PETRONAS and several of its subsidiaries.

Currently, Datuk Ishak is a Non-Executive and Independent Director on the boards of Deleum Berhad, Standard Chartered Bank Malaysia Berhad, Standard Chartered Saadiq Berhad and Integrated Petroleum Services Sdn Bhd.

He is a Non-Executive Chairman of Putrajaya Holdings Sdn Bhd and a Non-Executive Director of Kuala Lumpur City Park Berhad, both of which are members of the PETRONAS Group.

## PROFILE OF KLCCP AND KLCC REIT BOARDS OF DIRECTORS

**INDEPENDENT  
NON-EXECUTIVE DIRECTOR**

MALAYSIAN  
MALE  
66

### AUGUSTUS RALPH MARSHALL



#### **AUGUSTUS RALPH MARSHALL**

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Augustus Ralph Marshall was appointed as a Board member of KLCC Property Holdings Berhad ("KLCCP") and also as the Chairman of the Audit Committee of KLCCP on 1 September 2005.

He was appointed as Independent Non-Executive Director of KLCC REIT Management Sdn Bhd (the Manager of KLCC Real Estate Investment Trust ("KLCC REIT")) ("Manager") on 5 December 2012. He was also appointed as the Chairman of the Audit Committee of the Manager on 12 December 2012.

He has more than 30 years of experience in financial and general management.

He is an Associate of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Certified Public Accountants.



## PROFILE OF KLCCP AND KLCC REIT BOARDS OF DIRECTORS

SENIOR INDEPENDENT  
NON-EXECUTIVE DIRECTOR

MALAYSIAN  
FEMALE  
68

## DATO' HALIPAH BINTI ESA



### DATO' HALIPAH BINTI ESA

Dato' Halipah binti Esa was appointed to the Board of KLCC Property Holdings Berhad ("KLCCP") and as member of the Audit Committee of KLCCP on 1 March 2007. The Board had on 21 August 2013 appointed her as the Chairperson of the Nomination and Remuneration Committee of KLCCP.

She was also appointed as Independent Non-Executive Director of KLCC REIT Management Sdn Bhd (the Manager of KLCC Real Estate Investment Trust ("KLCC REIT")) ("the Manager") on 5 December 2012. She was also appointed as a member of the Audit Committee and the Chairperson of Nomination and Remuneration Committee of the Manager on 12 December 2012 and 21 August 2013 respectively.

Dato' Halipah received her Bachelor of Arts (Honours) in Economics and a Master of Economics from the University of Malaya. She also holds a Certificate in Economic Management from the IMF Institute, Washington and the Kiel Institute for World Economics, Germany as well as a Certificate in Advanced Management Programme from Adam Smith Institute, London.

She started her career with the Administrative and Diplomatic Services in 1973 in the Economic Planning Unit ("EPU") of the Prime Minister's Department. She held various senior positions in the EPU and retired as the Director General in 2006. She had also served in the Ministry of Finance as Deputy Secretary General.

She was previously Chairman of Pengurusan Aset Air Berhad and had also served on the boards of PETRONAS, Employees Provident Fund (EPF), Inland Revenue Board (IRB), Bank Pertanian, Federal Land Development Authority, UDA Holdings Berhad, Malaysia-Thailand Joint Development Authority, Perbadanan Insurans Deposit Malaysia, MISC Berhad and NCB Holdings Berhad. She was a consultant to the World Bank and United Nations Development Programme (UNDP) in advising the Royal Kingdom of Saudi Arabia on economic planning, and had also provided technical advice to planning agencies in Vietnam, Cambodia, Indonesia and several African countries.

Currently, she serves on the boards of Malaysia Marine and Heavy Engineering Holdings Berhad, S P Setia Berhad, Cagamas Berhad and Securities Industry Dispute Resolution Centre.

PROFILE OF KLCCP AND KLCC REIT BOARDS OF DIRECTORS

NON-INDEPENDENT  
NON-EXECUTIVE DIRECTOR

MALAYSIAN  
MALE  
71

**DATUK PRAGASA  
MOORTHY A/L  
KRISHNASAMY**



**DATUK PRAGASA MOORTHY A/L KRISHNASAMY**

Datuk Pragasa Moorthi A/L Krishnasamy was appointed to the Board of KLCC Property Holdings Berhad (“KLCCP”) on 9 September 2004.

He was also appointed as Independent Non-Executive Director of KLCC REIT Management Sdn Bhd (the Manager of KLCC Real Estate Investment Trust (“KLCC REIT”)) (“Manager”) on 5 December 2012.

On 26 January 2015, Datuk Pragasa was re-designated as Non-Independent Non-Executive Director of KLCCP and the Manager.

He graduated as a Quantity Surveyor from Curtin University, West Australia. He worked as a Project Quantity Surveyor for a number of projects in Perth, West Australia from 1971 to 1976. He was then appointed as General Manager/Director of Safuan Group Sdn Bhd from 1977 to 1981 and subsequently, as a Project Director of Sepang Development Sdn Bhd from 1981 to 1983 before he was engaged as a Project Director with WTW Consultant Sdn Bhd.

He joined KLCC Projeks Sdn Bhd in March 1993 as General Manager, a position which he held for 4 years overseeing the management of design, construction and completion of the various building in KLCC such as the PETRONAS Twin Towers, Menara Maxis and Menara ExxonMobil. Subsequently, he was appointed Managing Director of KLCC Projeks Sdn Bhd for another 4 years.

Presently, Datuk Pragasa sits on the board of United Contract Management Sdn Bhd, a private limited company incorporated in Malaysia.

## PROFILE OF KLCCP AND KLCC REIT BOARDS OF DIRECTORS

**INDEPENDENT  
NON-EXECUTIVE DIRECTOR**

MALAYSIAN  
FEMALE  
62

## HABIBAH BINTI ABDUL



### HABIBAH BINTI ABDUL

Habibah binti Abdul was appointed as a Board member of KLCC Property Holdings Berhad ("KLCCP") and also as a member of Audit Committee of KLCCP on 26 June 2013. The Board had, on 21 August 2013, appointed her as a member of the Nomination and Remuneration Committee of KLCCP.

She was also appointed as an Independent Non-Executive Director of KLCC REIT Management Sdn Bhd (the Manager of KLCC Real Estate Investment Trust ("KLCC REIT")) ("Manager") on 26 June 2013. Subsequently, she was appointed as a member of the Audit Committee and Nomination and Remuneration Committee of the Manager on 26 June 2013 and 21 August 2013 respectively.

She graduated from University of Malaya with a Bachelor of Economics (Accounting). She is a Member of the Institute of Chartered Accountants of England and Wales and a Member of Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants.

She has about 34 years of experience in providing audit and business advisory services to large public listed, multinational and local corporations. She was a former member of the Securities Commission from 1999 to 2002.

Presently, Cik Habibah sits on the board of PETRONAS Gas Berhad.

None of the Directors have:

- (i) Any family relationship with any Directors of KLCCP, KLCC REIT and/or major Stapled Securities holders of KLCCP and KLCC REIT;
- (ii) Any conflict of interest with KLCCP and KLCC REIT; and
- (iii) Any conviction for offences (other than traffic offences), received any public sanction or any penalty imposed by the relevant regulatory bodies inside or outside Malaysia within the past 5 years.

MANAGEMENT TEAM

# KLCC PROPERTY HOLDINGS BERHAD





MANAGEMENT TEAM

**KLCC REIT**  
**MANAGEMENT SDN BHD**



## PROFILE OF KLCCP AND KLCC REIT MANAGEMENT TEAM

**DATUK HASHIM BIN WAHIR**

**CHIEF EXECUTIVE OFFICER**  
*KLCC PROPERTY HOLDINGS BERHAD*  
*KLCC REIT MANAGEMENT SDN BHD*

AGED 60, MALE, MALAYSIAN

Datuk Hashim bin Wahir was appointed as the Chief Executive Officer and a Director of KLCC Property Holdings Berhad ("KLCCP") on 1 November 2007.

He was also appointed to the Board of KLCC REIT Management Sdn Bhd (the Manager of KLCC Real Estate Investment Trust ("KLCC REIT")) on 5 December 2012 and designated as Chief Executive Officer. He is also a Director of Midciti Sukuk Berhad.

He graduated from Universiti Teknologi Malaysia with a Bachelor of Engineering (Honours) in Mechanical Engineering. He also attended Executive Development Programs at Ashridge Management College, United Kingdom and Johnson School of Management, Cornell University, USA in 1993 and 1998, respectively.

Datuk Hashim joined PETRONAS on 16 June 1981 after graduating from Universiti Teknologi Malaysia. Whilst in PETRONAS, he undertook various assignments within the PETRONAS Group including exploration and production ("E&P") operations, international E&P and gas asset acquisitions, group strategic planning and corporate development. He also held various senior management positions in PETRONAS such as Senior Manager, Petroleum Engineering Department of PETRONAS Carigali Sdn Bhd ("PCSB") from 1995 until 1999, General Manager of Chad/Cameroon JV Project, PCSB from 1999 until 2000, and General Manager of Group Planning & Resource Allocation, PETRONAS from 2000 until 2004. He was appointed as the Chairman for the PETRONAS Group of companies in the Republic of Sudan until November 2007.

Datuk Hashim is presently a Director and the Group Chief Executive Officer of KLCC (Holdings) Sdn Bhd ("KLCCH"). He also sits on the board of Kuala Lumpur City Park Berhad and PETRONAS Hartabina Sdn Bhd.

His other directorships include KLCCH's subsidiaries and associate companies, and subsidiaries of KLCCP.

**ANNUAR MARZUKI BIN ABDUL AZIZ**

**CHIEF FINANCIAL OFFICER/  
 CHIEF INVESTMENT OFFICER**  
*KLCC PROPERTY HOLDINGS BERHAD*

**HEAD OF INVESTMENT/  
 HEAD OF FINANCE**  
*KLCC REIT MANAGEMENT SDN BHD*

AGED 47, MALE, MALAYSIAN

Annuar Marzuki bin Abdul Aziz was appointed as Chief Financial Officer/Chief Investment Officer of KLCC Property Holdings Berhad ("KLCCP") on 16 December 2013. He was also appointed as the Head of Finance/Head of Investment for KLCC REIT Management Sdn Bhd on 16 December 2013.

He is a Fellow of Certified Practising Accountants, Australia (CPA Australia). He graduated from International Islamic University Malaysia, with Bachelor in Accounting (Honours) and obtained Masters in Business Administration (Finance) from the same institution.

Encik Annuar Marzuki started his career in the Audit & Business Advisory Services Division of the then Pricewaterhouse, Malaysia. He has more than 20 years' experience covering audit, accounting, treasury, corporate finance, procurement, investor relations and general management with a number of conglomerates namely UMW Corporation Sdn Bhd, Renong Berhad (now known as UEM Sunrise Berhad), Commerce International Merchant Bankers Berhad (now known as CIMB Investment Bank Berhad) and UEM Group Berhad. He was appointed as the Head of Corporate Finance of Renong Berhad in 2001 and the General Manager of Office of the Chief Executive Officer, UEM Group Berhad in 2004. He was appointed as the Chief Financial Officer of PLUS Expressways Berhad in 2006 and as the Group Chief Financial Officer of UEM Group Berhad in 2009 before assuming his current role.

Presently, Encik Annuar Marzuki sits on the boards of several subsidiaries of KLCCP.

## PROFILE OF KLCCP AND KLCC REIT MANAGEMENT TEAM



### **ABD AZIZ BIN ABD KADIR**

**HEAD, LEGAL & CORPORATE SERVICES DIVISION**

*KLCC PROPERTY HOLDINGS BERHAD*

**HEAD OF LEGAL & COMPLIANCE**

*KLCC REIT MANAGEMENT SDN BHD*

AGED 53, MALE, MALAYSIAN

Abd Aziz bin Abd Kadir was appointed as the Head of Legal & Corporate Services Division, KLCC Property Holdings Berhad ("KLCCP") on 1 October 2009. He was also appointed as the Head of Legal & Compliance, KLCC REIT Management Sdn Bhd on 5 December 2012. Currently, he is the Company Secretary for both companies.

He graduated with a LLB (Honours) from International Islamic University Malaysia. He joined PETRONAS in July 1991 and had held various legal positions within the PETRONAS Group. Prior to his current role, he was the General Manager of Legal and Corporate Secretarial Affairs Division at MISC Berhad.

Presently, Encik Abd Aziz sits on the boards of several subsidiaries of KLCCP and Kuala Lumpur City Park Berhad.



### **DATIN SR FAUDZIAH BINTI IBRAHIM**

**HEAD, DEVELOPMENT DIVISION**

*KLCC PROPERTY HOLDINGS BERHAD*

**HEAD OF LEASING/ASSET MANAGER**

*KLCC REIT MANAGEMENT SDN BHD*

AGED 54, FEMALE, MALAYSIAN

Datin Sr. Faudziah binti Ibrahim was appointed as the Head of Development Division for KLCC Property Holdings Berhad on 1 January 2012. She was also appointed as the Head of Leasing/Asset Manager for KLCC REIT Management Sdn Bhd on 5 December 2012.

She holds a Diploma in Public Venue Management, Institute of Public Venue Management Australia. She obtained both her Bachelor of Science (Honours) in Estate Management and Masters of Science in Construction Management (majoring Project Management) from Heriot-Watt University, Edinburgh, Scotland, and Diploma in Estate Management, Institute Teknologi MARA (now UiTM) in 1984.

She is a Registered Valuer and Registered Estate Agent with the Board of Valuers, Estate Agents and Appraisers Malaysia since 1998, a member of the Royal Institute of Surveyors Malaysia since 1998 and a Fellow since 2014 and a member of Royal Institute of Chartered Surveyors United Kingdom since 2010.

Datin Sr. Faudziah was an Assistant Director, Project Coordination Unit at Kuala Lumpur City Hall from 1988 and Senior Lecturer/Head of Department of Urban Estate Management, Northern Consortium United Kingdom/ITM from 1988 until 1994 and later was a valuer at Rahim & Co, Chartered Surveyors, Kuala Lumpur.

Subsequently, she joined KLCC (Holdings) Sdn Bhd on 13 November 1995 and held various positions with main responsibilities in the Development and Commercial Leasing of KLCC Development before appointed to her current role on 1 January 2012.

Presently, Datin Sr. Faudziah sits on the board of Kuala Lumpur City Park Berhad and a subsidiary of KLCCP.



## PROFILE OF KLCCP AND KLCC REIT MANAGEMENT TEAM

**SULAIMAN BIN AB HAMID**

**HEAD, HUMAN RESOURCE DIVISION**  
*KLCC PROPERTY HOLDINGS BERHAD*

AGED 42, MALE, MALAYSIAN

Sulaiman bin Ab Hamid was appointed as the Head of Human Resource Division, KLCC Property Holdings Berhad on 1 January 2015.

He obtained an MBA Degree in Strategic Management from Maastricht School of Management, Netherland, and holds a Bachelor of Science in Business Administration (Major in Accounting & Management Information System) from Northeastern University in Boston, Massachusetts, USA.

Encik Sulaiman started his career as an Accountant at the Hartford Financial Insurance Services in Boston, Massachusetts, USA, and later as a Senior Accountant at AIG Group, Boston. He moved to Fugro Jason, Abu Dhabi, United Arab Emirates, as a Regional Controller for Middle East and, subsequently, joined Scomi Group Berhad as the Senior Finance Manager. Prior to his current role, he was the Head of Department of Business Performance, KLCC (Holdings) Sdn Bhd.

**HO MEI LING**

**HEAD DEPARTMENT, GROUP ENTERPRISE RISK MANAGEMENT**  
*KLCC PROPERTY HOLDINGS BERHAD*

AGED 54, FEMALE, MALAYSIAN

Ho Mei Ling was appointed as the Head of Department for Group Enterprise Risk Management, KLCC Property Holdings Berhad on 28 October 2013.

She holds a Bachelor of Arts (Honours) in Economics from York University, Toronto, Canada.

Ho Mei Ling was the Manager of Corporate Recovery at Ernst & Young before joining Putrajaya Holdings Sdn Bhd as a Manager for Business Planning. Throughout the ensuing years, she has assumed various roles in Business Monitoring, Corporate Affairs and Cost Residential & Commercial. Prior to her current role, she was the Head of Customer Relationship Management at Putrajaya Holdings Sdn Bhd.

PROFILE OF KLCCP AND KLCC REIT MANAGEMENT TEAM



**ISHAK BIN YAHAYA**  
**SECURITY ADVISOR**  
 KLCC PROPERTY HOLDINGS BERHAD  
 AGED 67, MALE, MALAYSIAN

Ishak bin Yahaya was appointed as the Security Advisor to KLCC Property Holdings Berhad effective 2 January 2008. Prior to this appointment, he was the General Manager of PETRONAS Corporate Security Division.

He is a retired senior police officer of the Royal Malaysia Police who started his career as an infantry officer in the Regiment of VAT69, a commando unit specialises in Counter Terrorist operation. He was trained by the British SAS and involved in combating the communist insurgency in the country.

He has served in various duties and functions in the Royal Malaysia Police before assuming the duties of General Manager of PETRONAS Corporate Security Division.



**ANDREW WILLIAM BRIEN**  
**EXECUTIVE DIRECTOR/  
 CHIEF EXECUTIVE OFFICER**  
 SURIA KLCC SDN BHD  
 AGED 54, MALE, AUSTRALIAN

Andrew William Brien was appointed as the Chief Executive Officer and later as an Executive Director of Suria KLCC Sdn Bhd on 1 January 2007 and 1 January 2015, respectively.

Mr. Brien holds Bachelor of Commerce, Management Studies (Marketing/Accounting) from University of Wollongong, Australia completed in 1986 .He attended and completed Stanford Executive Program, Stanford University, USA in 2013.

Mr. Brien has 6 years sales and marketing experience with Colgate Palmolive Pty Ltd, Australia in both regional and national roles. His real estate experience spans 25 years' in the disciplines of management, leasing, marketing and development of retail assets commencing with Lend Lease Corporation Ltd, Australia in 1992 and continuing with Westfield Limited, Australia. Mr. Brien was seconded to Suria KLCC Sdn Bhd in 2003 pursuant to the advisory agreement entered into between Suria KLCC Sdn Bhd and Westfield Shopping Centre Management Co. Pty. Ltd. of Australia. In 2006 his secondment concluded with his CEO appointment.

## PROFILE OF KLCCP AND KLCC REIT MANAGEMENT TEAM

**FRANK PETER STOCEK**

**GENERAL MANAGER**  
MANDARIN ORIENTAL, KUALA LUMPUR

AGED 58, MALE, CANADIAN

Frank Peter Stocek, was appointed as the General Manager of Mandarin Oriental, Kuala Lumpur on 1 January 2012.

He obtained his First Year Executive MBA Program at Royal Melbourne Institute of Technology, Australia, in 2001 and have graduated with honours in Hotel and Restaurant Management Program from British Columbia Institute of Technology, Burnaby, British Columbia, Canada, where he received 2 INSFA Awards for outstanding achievement.

Frank started his career with Mandarin Oriental Hotel, Vancouver, British Columbia, Canada in 1983 and was then appointed as an Assistant Food and Beverage Manager, Mandarin Oriental Hotel, Jakarta, Indonesia, before moving to The Excelsior Hong Kong (a Mandarin Oriental Hotel). He was promoted as the Food and Beverage Manager at The Excelsior Hong Kong and later appointed as the Resident Manager.

Mr. Stocek was the General Manager at Hotel Majapahit, Mandarin Oriental of Surabaya, Indonesia, and continued with the same position at Mandarin Oriental Hotel Group, Hong Kong Macau. Prior to his current role, he was the General Manager at Elbow Beach Bermuda (a Mandarin Oriental Hotel).

**SHAMSUDIN BIN ISHAK**

**HEAD**  
KLCC URUSHARTA SDN BHD

AGED 61, MALE, MALAYSIAN

Shamsudin bin Ishak was appointed as the Head of KLCC Urusharta Sdn Bhd on 1 April 2010.

He holds a Bachelor of Science (Honours) in Mechanical Engineering from University College of Swansea, Wales.

Encik Shamsudin started his career as a Research Officer at Standard and Industrial Research Institute of Malaysia (SIRIM) in 1981 before joining the Malaysian Armed Forces (Royal Engineering Corp) and retired as a Major from the service. He started his civilian work as an Assistant Manager at Tooltronic Sdn Bhd and later as an Operation Manager at Subang Jaya Medical Centre. He joined KLCC Projek Sdn Bhd in 1993 and was appointed as the General Manager of KLCC Projek Sdn Bhd in 2000. In 2004, he was appointed as the General Manager of KLCC Urusharta Sdn Bhd and later became the Head of KLCC Urusharta Sdn Bhd in 2010. At the same time, he was also appointed as the Head of KLCC Parking Management Sdn Bhd until 2012.

Presently, Encik Shamsudin sits on the boards of several subsidiaries of KLCCP.

## PROFILE OF KLCCP AND KLCC REIT MANAGEMENT TEAM



### **BURHANUDDIN BIN YAHYA**

**HEAD**

*KLCC PARKING MANAGEMENT SDN BHD*

AGED 58, MALE, MALAYSIAN

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Burhanuddin bin Yahya was appointed as the Head of KLCC Parking Management Sdn Bhd on 1 May 2013.

He holds a Bachelor of Science in Quantity Surveying from Council of National Academic Award (CNAAP), Dundee University, Scotland.

Encik Burhanuddin joined KLCC Property Holdings Berhad in 1991 as a Cost Manager for PETRONAS Twin Towers project. Prior to his current role, he was the Head of Department for TCD, Procurement for Technical Services and Intra & Pre Development (Planning) at Putrajaya Holdings Sdn Bhd, Development Head for Tronoh University City Township, and was attached with EPU for the PR1MA Government affordable housing initiatives.

None of the Management Teams have:

- (i) Any family relationship with any Directors of KLCCP, KLCC REIT and/or major Stapled Securities holders of KLCCP and KLCC REIT;
- (ii) Any conflict of interest with KLCCP and KLCC REIT; and
- (iii) Any conviction for offences (other than traffic offences), received any public sanction or any penalty imposed by the relevant regulatory bodies inside or outside Malaysia within the past 5 years.

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# CHAIRMAN'S STATEMENT

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I am honoured and privileged to deliver this annual review, my first, as the Chairman of KLCCP Stapled Group comprising KLCC Property Holdings Berhad (KLCCP) and KLCC Real Estate Investment Trust (KLCC REIT).



## AT KLCCP STAPLED GROUP, OUR PROACTIVE RESPONSE TO THESE CHALLENGES REJUVENATED OUR FOCUS AND FINE TUNED THE POSITIONING OF OUR ASSETS, PEOPLE AND CULTURE

It is with great excitement that I approach this *Amanah* to lead and guide the Boards of KLCCP and KLCC REIT Management Sdn Bhd (KLCCRM) in overseeing the Group's execution of its strategy in the years ahead.

On behalf of the Boards, I would like to register utmost appreciation to Mr Krishnan C K Menon, for his wise counsel and sharing of in-depth experience throughout his tenure as Chairman since October 2010. KLCCP Stapled Group achieved many great successes under his chairmanship and my fellow directors and I look forward to continuing to deliver long-term sustainable value for holders of our Stapled Securities and adding to the many notable milestones achieved.

### REFLECTION ON 2017 - PASSION FOR EXCELLENCE

The year 2017 kick-started with an upswing in overall market sentiment given the Nation's excellent economic and financial fundamentals. Our business environment benefited from the continued global economic recovery that fueled world trade growth and lifted commodity prices which in turn further improved exports and private investments. Nevertheless, the real estate landscape remained challenging with broad property oversupply impacting investor sentiment particularly towards Real Estate Investment Trusts (REITs).

At KLCCP Stapled Group, our proactive response to these challenges rejuvenated our focus and fine tuned the positioning of our assets, people and culture. It is our aim to continuously enhance KLCCP Stapled Group's overall performance and competitive edge, while at the same time, sustaining the momentum to deliver value for all holders of Stapled Securities.

2017 was another outstanding period for KLCCP Stapled Group as we continued to be recognised for excellence as a real estate industry leader. KLCCP Stapled Group's steadfast commitment to creating sustainable value for our holders of Stapled Securities did not go unnoticed. For the second consecutive year, KLCC REIT's financial performance was acknowledged at The Edge Billion Ringgit Club Corporate Awards 2017 for the Highest Return on Equity over three years under the REIT sector.

At the Asia Pacific Best of the Breeds REITS Awards 2017, we were delighted to be bestowed with the Best of the Breeds REIT in Office and Retail for Malaysia. This was in recognition for our excellence in portfolio management and financial performance whilst maintaining the highest standards of corporate governance. KLCCP Stapled Group also received the Certificate of Merit for quality and transparent corporate reporting at the National Corporate Report Awards (NACRA) 2017. At the Fortune Times' REITs Pinnacle Awards 2017, we were awarded with the Most Value Creation REIT in Asia.

## CHAIRMAN'S STATEMENT



## OUR SUCCESS IS A TRUE TESTAMENT OF BOTH THE HARD WORK OF THE KLCCP STAPLED GROUP TEAM AND ITS RELENTLESS COMMITMENT TO QUALITY AND PURSUIT OF EXCELLENCE, ALL OF WHICH HAVE EARNED US RECOGNITION IN THE EYES OF OUR STAKEHOLDERS

KLCCP Stapled Group was also recognised by institutional investors for its performance in financial management and investor relations. At the 7th Annual Southeast Asia's Institutional Investor Awards for Corporates, we received three awards - Most Consistent Dividend Policy, Best Senior Management Investor Relations Support and Best Strategic Corporate Social Responsibility. In upholding our commitment towards socially responsible and sustainable investment, KLCCP was presented with the Gold Award at The Asset Corporate Awards 2017 for excellence in Environmental, Social and Corporate Governance and recognised as a 'Shortlisted Report' at the ACCA Malaysia Sustainability Reporting Awards (MaSRA) 2017.

We are also pleased to report that PETRONAS Twin Towers was awarded the Gold Award for the Non-Strata Commercial Category and Editor's Choice Award for Iconic Innovation at the TheEdgeProperty.com Malaysia's Best Managed Property Awards 2017. We capped the year

with another notable laurel when KLCC Parking Management Sdn Bhd was listed in the Malaysia Book of Records as the first parking management company to receive the integrated ISO certifications of ISO 9001:2015 (Quality Management System), ISO 14001:2015 (Environmental Management System) and OHSAS 18001:2007 (Occupational Health and Safety Management System) in 2016.

These high profile awards and recognition, across all aspects of our business operations, continue to make us proud and serve as a reminder of the energy and enthusiasm of not just our senior management team but all our employees. Our success is a true testament of both the hard work of the KLCCP Stapled Group team and its relentless commitment to quality and pursuit of excellence, all of which have earned us recognition in the eyes of our stakeholders.



## CHAIRMAN'S STATEMENT

On behalf of the Boards, I would like to express my utmost appreciation to Datuk Hashim Wahir, the Management Leadership team as well as the employees of KLCCP Stapled Group for an outstanding performance in 2017. It was truly a commendable accomplishment and I am confident that we shall continue to deliver more stellar results in years to come.

**DELIVERING VALUE**

The Malaysian economic growth has been strong this year led by a confluence of low inflation, higher employment, improved consumer sentiment and relatively accommodative central bank policies. All of these factors have led to an overall upswing in economic activities thereby also providing a stimulus for corporate earnings. There were continued challenges within the Malaysian REIT (MREIT) sector with an outlook of rising interest rates globally compounded by domestic oversupply in the office and retail space leading to further compression in occupancy rates and rental reversions.

The REIT Index, launched by Bursa Malaysia in October 2017, was seen as timely to spur the REIT industry and it allows investors to gain exposure to all the companies listed, currently 18. The index is aimed at increasing the profile of the listed MREITs and serves as a benchmark to gauge overall performance. The introduction of the REIT Index was also seen in line with global trends where REITs is a steadily rising sector which have become a major asset class for investors who seek dividend-play equities.

Despite the challenging operating environment, KLCCP Stapled Group remained resilient with our strong fundamentals, long-term locked-in tenancy structure with quality tenants and premium property location which continued to sustain value and improve returns for the year in review.

For the financial year ended 31 December 2017, KLCCP Stapled Group achieved profit attributable to the holders of Stapled Securities of RM877.9 million. This is inclusive of fair value gain on investment properties of RM182.5 million. Excluding the effect of the fair value gain, profit attributable to the holders of Stapled Securities of KLCCP Stapled Group stood at RM720.4 million, a marginal increase from the previous year.

The performance of KLCC REIT was underpinned by the resilience of the PETRONAS Twin Towers, Menara ExxonMobil and Menara 3 PETRONAS. Collectively these assets generated a total comprehensive income (excluding fair value adjustment) of RM446.2 million, a dip of 1.8% from 2016, owing to the transitioning of the new lease with PETRONAS for Menara ExxonMobil.

In upholding our continued commitment to a stable dividend pay-out to the holders of Stapled Securities, the Boards of KLCCP and KLCCRM had approved 4 interim dividends totaling 36.15 sen per stapled security, exceeding last year's distribution of 35.65 sen. The total payments to the holders of Stapled Securities comprised 15.20 sen from KLCCP and 20.95 sen from KLCC REIT. This translates to a full year dividend payment of RM652.6 million to the holders of Stapled Securities, from RM643.6 million in 2016.

**CHAMPIONING SUSTAINABILITY**

The Boards of Directors are committed to the highest levels of corporate governance which enhance the credibility and reputation of KLCCP Stapled Group and continue to foster a culture that values ethical behaviour, respect and most importantly integrity. We believe



## CHAIRMAN'S STATEMENT

that adopting and operating in accordance with high standards of corporate governance is imperative for sustainable long-term performance and value creation, whilst promoting and safeguarding the legitimate interests of all our stakeholders.

At the MSWG-ASEAN Corporate Governance Recognition 2017, we were proud to have been recognised in the top 100 public-listed companies with well demonstrated corporate governance practices based on the ASEAN Corporate Governance scorecard methodology. KLCCP Stapled Group was ranked 31st for good corporate governance disclosures and ranked 36th for excellent overall corporate governance and performance. We shall strive to improve our standards of informative disclosure for our holders of Stapled Securities and potential investors. These best practices will enable investors in maintaining their confidence and trust in KLCCP Stapled Group.

With the implementation of the new Malaysian Code on Corporate Governance (MCCG) 2017, KLCCP Stapled Group has adopted and applied these requirements in this year's upgraded Corporate Governance Overview Statement. As an example, we have introduced the Nomination and Remuneration Committees Report in our efforts to strengthen our corporate culture based on accountability and transparency. The Boards of Directors also reviewed and approved revisions to the Board Charter which are in accordance with the new regulations and recommended best practices.

Institutionalising integrity in our people and promoting high standards of leadership governance were also priorities for us during the year. The KLCC Group Integrity Action Plan was developed to manage integrity risk and ensure both Management and employees are fully committed to conducting business with integrity and to champion our stand on Zero Tolerance against all forms of bribery and corruption. We strengthened this further when the Group undertook the Ikrar Bebas Rasuah (Corruption-Free Pledge) in collaboration with the Malaysian Anti-Corruption Commission (MACC) involving our Management Leadership Team. This together with our Code of Conduct and Business Ethics (CoBE) reaffirms the Group's commitment towards the highest level of corporate governance in fulfilling our business obligations with utmost integrity and transparency. We have also launched the KLCC Group Assets Declaration and Gift Register as a means to further anchor ethics and integrity in our organisation.

As part of our strategies in creating long-term value for all stakeholders, our Boards of Directors remain committed in a sustainable manner taking into account the impact of our business on the environment. We continue to fulfil our responsibility towards society by uplifting the communities in which we



operate and maintaining an inclusive, respectful, and progressive working environment for all our people. KLCCP Stapled Group's performance in the areas of economic, environmental, social and governance has once again been clearly acknowledged by the market whereby we maintained our inclusion as a constituent of the FTSE4Good Bursa Malaysia Index and FTSE4Good Emerging Index in 2017.

### LOOKING AHEAD

As we look forward into 2018, global growth momentum is expected to be sustained on the back of synchronised expansions in the world's leading economies. Malaysia's economy is also expected to remain resilient in 2018 with real gross domestic product anticipated to expand above 5% led by domestic demand.

Although the economic outlook continues to be encouraging, some of the challenges we have seen in the market over the past year are expected to continue. In response, KLCCP Stapled Group will remain vigilant, focused on core competencies in our



key market segments and adapt to changing market dynamics. We will continue to maintain our attractive operating margins and safeguard financial strength to benefit all of our stakeholders.

Leasing conditions remain challenging in a subdued office market which has been impacted by oversupply. However, we expect our office segment to remain stable on the back of locked-in long-term tenancies and high quality tenants, maintaining a solid 100% occupancy at all our offices in the portfolio of assets. Although sales at our retail assets continue to grow overall, we do expect challenges to persist in the retail landscape with global retailers consolidating and deploying expansion capital selectively. In addition, volatility in consumer sentiment and fast growing e-commerce activities will need to be managed. Nevertheless, Suria KLCC with its strong catchment fundamentals and location within the iconic belt will continue to attract quality retailers and be well supported.

## I LOOK FORWARD, WITH YOUR SUPPORT, TO THE CHALLENGE OF LEADING THE BOARDS OF DIRECTORS AND GUIDING THE MANAGEMENT LEADERSHIP TEAM IN CONTINUING TO UNLOCK KLCCP STAPLED GROUP'S TRUE POTENTIAL

The hospitality sector is expected to remain stable, although the sharing economy is having a negative impact along with the intensifying competition from the launch of new hotels coming on stream. Our Mandarin Oriental, Kuala Lumpur (MOKL Hotel) will continue with its ongoing refurbishment of guestrooms throughout 2018 and we are on track to showcase the fully renovated property by 2019. We are confident that the successful repositioning of our assets coupled with a pick-up in market conditions, will contribute towards the value creation for our stakeholders.

The Group will work on increasing the participation of women at the Boards as well as in senior roles and functions throughout the organisation.

### ACKNOWLEDGEMENT

I would like to express my appreciation for the full collaboration I have received from members of the Boards of Directors of KLCCP and KLCCRM as well as to the Chief Executive Officer, Datuk Hashim Wahir, and to each and every one since assuming the chairmanship in May 2017. Their dedication and commitment is truly appreciated. I would also like to extend my deepest appreciation to our holders of Stapled Securities for their continued trust, loyalty and support rendered in 2017.

I look forward, with your support, to the challenge of leading the Boards of Directors and guiding the Management Leadership Team in continuing to unlock KLCCP Stapled Group's true potential. We remain focused on ensuring KLCCP Stapled Group is well positioned into the future and delivers consistent and sustainable long-term value for our holders of Stapled Securities.

**TAN SRI MOHD SIDEK BIN HASSAN**  
Chairman

# CEO'S YEAR IN REVIEW



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## **FIFTH ANNIVERSARY POST STAPLED**

The year 2017 marked the fifth year for KLCCP Stapled Group since becoming a stapled structure. During the journey over this period, KLCCP Stapled Group has made significant strides in delivering stable returns, received many industry awards and recognition and continues to build upon its leadership position.



With our strategy and focus to deliver stable and sustainable returns, our holders of Stapled Securities have continued to benefit from higher dividend distributions. In the last five years, we have delivered an average annual total return of 11.6% and a compound annual growth rate of 5.7% with respect to dividend distributions.

## IN SPITE OF THE CHALLENGES FACED, WE DISTRIBUTED 97% OF OUR OVERALL DISTRIBUTABLE INCOME WITH A DISTRIBUTION PER STAPLED SECURITY OF 36.15 SEN, TESTAMENT TO OUR COMMITMENT IN DELIVERING VALUE AND GROWTH

The year past was relatively subdued and beset by a challenging operating landscape and property oversupply, both of which impacted investor sentiment towards the REIT sector. Nevertheless, KLCCP Stapled Group maintained its momentum and posted stable results for the year ended 31 December 2017 which saw a 1.8% increase in top-line revenue and a marginal increase in profit attributable to equity holders. This was driven by the strength and resilience of the office and retail segments which underpinned the sustainability of our earnings and improve performance of our hotel segment. In spite of the challenges faced, we distributed 97% of our overall distributable income with a distribution per stapled security of 36.15 sen, testament to our commitment in delivering value and growth.

### RE-DEFINING OUR BUILDING BLOCKS

In our quest to create value and provide sustainable returns to our holders of Stapled Securities, we

not only aim to leverage on our embedded strengths but also fundamentally looked at repositioning KLCCP Stapled Group to capitalise on the market opportunities. This repositioning strategy will provide impetus for long-term growth and continue to drive value for the benefit of all stakeholders.

### Unlocking Value through Repositioning

Our Malaysia focused diversified asset portfolio located within the landmark of the Kuala Lumpur City Centre is no doubt the crown jewel for KLCCP Stapled Group which includes the country's pride, the PETRONAS Twin Towers. However, taking into consideration the tougher market conditions and operating landscape, the change in tenant-customer dynamics and the need to stay ahead of the intensifying competition, a repositioning strategy was imperative. The key principles of this strategy are to add significant value to our asset's bottom line, retain the quality of our tenant base and continue to attract a larger pool of potential tenants.

CEO'S YEAR IN REVIEW

Over the past year, we have worked closely with our tenant PETRONAS, and embarked on creating a "Workplace for Tomorrow" at all our office buildings. This is a concept where office spaces are being 'reimagined' as a building and one which can positively impact the tenant company's culture, productivity and success. We have been proactively working with our tenants to enable them to right-size their office space and transform the offices within our buildings. It aims at creating workplaces that cater to personalised needs, promote productivity and in-turn builds efficiency.

Menara ExxonMobil in particular saw enhancements to the main lobby, basement, podium and security features during the year. It is also a testament to our maintenance capabilities for having kept the building in pristine condition. In 2017, we secured two new long-term leases for Menara ExxonMobil, one with ExxonMobil Exploration & Production Malaysia Inc, and another with PETRONAS, both for a lease period of 18 years respectively. We managed the transitioning of tenants with the shortest possible down time of only two months and reverted to a 100% occupancy for our office portfolio, despite the oversupply in the commercial property market. Our stable occupancy and quality tenancy covenant also demonstrates KLCCP Stapled Group's ability to maintain a strong and robust portfolio through the cycles of demand.

We also continued to create value across our retail portfolio by shifting our focus to delivering a unique, integrated yet differentiating experience in lieu of the rapid transformation taking place in the retail landscape. With a strong focus on generating sales and value for the retailers, Suria KLCC takes pride in understanding its customers' needs, curating the mall to enhance and uplift the quality and lifestyle of the communities they serve and to deliver a shopping experience tailored

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**IN 2017, WE SECURED TWO NEW LONG-TERM LEASES FOR MENARA EXXONMOBIL, ONE WITH EXXONMOBIL EXPLORATION & PRODUCTION MALAYSIA INC, AND ANOTHER WITH PETRONAS, BOTH FOR A LEASE PERIOD OF 18 YEARS RESPECTIVELY**



## CEO'S YEAR IN REVIEW



SURIA KLCC  
ACHIEVED AN  
IMPRESSIVE  
TOTAL MOVING  
ANNUAL TURNOVER  
EXCEEDING  
RM

**2.6**  
BILLION

to customer preferences. During the year, Suria KLCC continued to differentiate itself by further attracting exclusive luxury brands that offer services namely 'Customisation Atelier', 'personalisation stations' and offerings of several new concepts. Through meeting the customers' demand as well as its intensive research and engagement with tenants, Suria KLCC achieved an impressive Total Moving Annual Turnover exceeding RM2.6 billion for the year ended 31 December 2017.

Suria KLCC has also enhanced its facilities within the mall during the year by replacing two Centre Court bubble lifts with three new glass lifts, catering to larger customer volumes and improving the visibility of shops behind the lifts. We have also commenced the modernisation of the escalators with more reliable and safety features in phases. With social media and the digital revolution redefining customer expectations, Suria KLCC launched its new website with interactive features, upgraded all its mall directories with targeted search content and introduced media and advertising screens and panels within the mall to facilitate retailers' promotions. This digitalisation allows us to engage with the broader community and at the same time evolve to stay relevant, creating unique shopping experiences and embracing the challenges faced to stay ahead.

Our hotel, MOKL Hotel was also in the spotlight. In 2011, MOKL Hotel commenced its repositioning initiatives with a refurbishment programme to be implemented in phases. Over the past year, MOKL Hotel saw the final phase of renovations underway, gearing itself with a competitive customer offering and to be in good stead to compete with the next wave of competitors. In 2017, the hotel completed the first phase of guestroom renovations transforming the 157 Club Rooms and Suites and a further 116 rooms of the



CEO'S YEAR IN REVIEW

Deluxe and Park Suites, thereby completing the renovation for the top 11 levels of the hotel. The re-launch of the renovated guestrooms saw MOKL Hotel benefiting with higher occupancy rates. With a commitment to provide world class hospitality and exceeding guests' expectations for a luxury hotel experience, MOKL Hotel had improved its service quality and launched innovative signature offerings across all its food and beverage outlets. We also grew our banqueting business by leveraging the renovated ballrooms and function rooms facilities.

Due to changing market conditions, shifts in demand patterns and increasing competitive pressures, MOKL Hotel has adopted a repositioning strategy which is based on the opportunity to match the new business traveler behaviour. MOKL Hotel accelerated the expansion of its sales and marketing network and also collaborated to establish the KLCC Precinct's Kuala Lumpur Business Events Alliance which is aimed at driving lead generation and convention group business within the KLCC Precinct. Complimentary high speed internet access at MOKL Hotel has also been enhanced to offer guests a mobile and safe digital experience with multi-device availability throughout the hotel, making it easy for guests to access and use the technologies. The completion of renovations on the Suite and Club Floor levels of the hotel showcase the hotel's luxurious, comfortable new accommodation. With these new initiatives in place, our hotel is well positioned to offer guests a resolutely new hotel experience at a time when the hospitality industry is continuing to grow.

In keeping up with technological advances, our North West Development basement car park of KLCC Precinct development saw improvements during the year when our car parking management company, KLCC Parking Management (KPM) installed a Car Finding System. This is to assist customers in locating their car through the license plate recognition camera

**WE VALUE OUR PEOPLE AND BUILDING AN INCLUSIVE CULTURE IS VITAL IN DELIVERING OUR FINANCIAL AND OPERATIONAL PERFORMANCE FOR OUR CUSTOMERS, COMMUNITIES AND STAKEHOLDERS**

at the entry and exit barriers. With the adoption of digitilisation, KPM improved the visual messaging to customers with the installation of digital and directional LED signages in the KLCC basement car park. Through this implementation, customers are guided to the vacant parking bays creating a smooth and efficient traffic flow.

**Reshaping the KLCC A-Team**

In 2016, KLCCP Stapled Group rolled out a cultural development programme for Management and all our employees, with the aim of adopting the PETRONAS Cultural Beliefs framework and thereby instilling a high performance culture in delivering results. Stemming from the programme, we continued our journey in 2017 to reinforce the high performance culture with transparent accountability and implementing best practices to make a positive impact.

We reviewed our leadership competencies and aligned ourselves to PETRONAS' leadership model and talent management strategies and initiatives which focuses on people, passion and performance. Between 2016 and 2017, we fully implemented development programmes for the top 10 critical positions in the organisation and during the year, we have invested RM2.1 million in learning and development for our employees. The investment that we made in our people and culture, saw us achieve an employee engagement score of 85% in the financial year. This places us above the industry norm and is a testament to the fact that we value our people and building an inclusive culture is vital in delivering our financial and operational performance for our customers, communities and stakeholders.



In an effort to promote the right work environment and to foster diversity and inclusivity, we continuously review our core people policies to ensure robustness and flexibility in its implementation. As at December 2017, the Group Boards had approved several enhancements to KLCC employee benefits to take effect from January 2018 to support our stand on work-life integration, namely the enhancement of flexible dental-optical benefits and the extension of maternity leave to 90 days.

In empowering accountability and improving service delivery to employees, our Human Resource Division embraced digitalisation by continuing its efforts to relook at its current processes for automation. This journey started several years ago when we outsourced administrative and transactional activities to a shared services company, PETRONAS Human Resource Centralised Services (PETRONAS HRCS). The year 2017 has seen various digitalisation initiatives



## CEO'S YEAR IN REVIEW



including the introduction of the eRecruitment system and the eLearning modules which promote self-learning and learning on the go. The year also saw the revamp of the intranet portal which serves as a communication and engagement platform between employees and Management. Its many interactive features align to current trends and resonate with the working practices of the millennials.

#### OUR SUSTAINABILITY JOURNEY

In our second year of our Sustainability Roadmap journey, we have made significant in-roads and have been recognised by the industry for defining strong and transparent Environmental, Social and Governance (ESG) principles. During the year, we were awarded the Best Social Corporate Responsibility award for Malaysia at Southeast Asia's Corporate Institutional Awards 2017, the Gold Award for Excellence in Environmental, Social and Governance at The Asset Corporate Awards 2017 and recognised as a 'Shortlisted Report' at the ACCA Malaysia Sustainability Reporting Awards (MaSRA) 2017.

KLCCP Stapled Group recognises that to create lasting value, we need to not only have a clear strategy and strong fundamentals to seize the opportunities but also successfully mitigate the risks along the way. Sustainability continues to be one of the biggest opportunities for us to be a reliable partner that creates and delivers value to our stakeholders.

#### MANAGING OUR CAPITAL POSITION

Our disciplined approach at managing capital has ensured our financial position remains strong and continues to provide a conducive business environment for long-term stability. In April 2017, the first tranche of the Islamic Medium Term Notes under the KLCC REIT Sukuk Murabahah Programme (Sukuk Programme) amounting to RM300.0 million matured and was funded through internal cash and the new issuance of the Sukuk Programme (fourth tranche), utilising the existing RM3.0 billion Sukuk Programme.

Our capital position has remained strong with gearing at 17.2% and average cost of debt maintained at 4.5%, providing KLCCP Stapled Group with meaningful debt capacity to fund future developments and pursue strategic asset acquisitions. Suria KLCC's restructuring of its Sukuk Murabahah Programme with a combined limit of up to RM600.0 million retained its AAA rating following the review by RAM Ratings in 2017.

#### EXPECTATIONS OF 2018

Global growth momentum is expected to be sustained in 2018 supported by favorable economic policies and structural reforms in the advanced countries. Malaysia's economic outlook continues to be encouraging with the country's fundamentals improving steadily.

In the MREITs sector, the outlook remains challenging with the oversupply in office and retail properties translating into potential earnings risks. However, MREITs with sustained occupancy rates, long-term leases, rental step-ups, positive rental reversions and prime assets in strategic locations are still expected to perform well. Although the possible Overnight Policy Rate (OPR) hike may initially dampen the appeal for investing in MREITs, it could also provide investors with the opportunity to accumulate quality REITs in that period.

Our strategy is to tap market opportunities as they become available, overcome operating challenges, manage our cost structure and drive profitable growth and sustainable value creation in line with our targets.

The office segment will remain stable and be primarily anchored with its Triple Net Leases for the PETRONAS Twin Towers, Menara 3 PETRONAS and Menara Dayabumi. The new secured leases for Menara ExxonMobil will definitely boost the stability in our office segment by maintaining the full occupancy of our office portfolio. The Phase 3 refurbishment of

## CEO'S YEAR IN REVIEW



Kompleks Dayabumi which entails the redevelopment of the City Point podium saw the completion of its substructure works in 2017. The tender process for the next phase of development will commence in 2018. We will continue to seek quality anchor tenants for our new development and complete the greening efforts of PETRONAS Twin Towers and Menara 3 PETRONAS for the full Green Building Index Certification by 2018.

With expectations of a boost in consumer confidence and the anticipated lower cost of living as a result of an appreciation in the Ringgit, the retail landscape is anticipating growth in 2018. Suria KLCC is expected to remain resilient with its strong fundamentals, being a prime shopping mall strategically located within the iconic belt and catchment area of Kuala Lumpur City Centre. In a bid to stay ahead of the curve and be the mall of the future, Suria KLCC will stay focused on refreshing its retail assets to adapt to the changing market dynamics.

The hospitality segment will continue to operate in a challenging environment with the intensifying competition coming on stream. The anticipated opening of more

new 5-star hotels over the next 5 years will lead to a surge in supply of hotel rooms within MOKL Hotel's primary catchment area. The planned completion of the hotel's masterplan renovation programme by 2018 will prepare MOKL Hotel to face the new competition with an attractive and competitive customer offering.

#### SPECIAL APPRECIATION

I would like to express my sincere gratitude to Mr Krishnan C K Menon who stepped down as Chairman and member of the Boards of Directors of KLCCP and KLCCRM on 6 April 2017. He has been the Chairman for almost 7 years and under his guidance and wise counsel, KLCCP Stapled Group reached new heights with significant milestones and recognition. On behalf of the Management Leadership Team, we wish him the very best in his future endeavours.

It is with pleasure that I welcome the appointment of Tan Sri Mohd Sidek Hassan, our new Chairman, which took effect from 22 May 2017. On behalf of the Management Leadership Team and all our employees, we congratulate Tan Sri Sidek on his appointment to lead KLCCP Stapled Group towards our next stage of growth under his stewardship.

Our employees have demonstrated their tenacity in redefining the values for KLCCP Stapled Group and have continued to set the momentum towards the organisation's sustainable performance. My utmost appreciation to you for your unparalleled dedication, passion and hard work in delivering desired results.

Finally, I would like to express my deepest gratitude to the Boards of Directors of KLCCP and KLCCRM for their invaluable contribution and steering the Management Leadership Team to strive for excellence. My sincere appreciation is also extended to our holders of Stapled Securities for their continued loyalty, support and confidence in KLCCP Stapled Group's commitment to creating long-term growth and stakeholder value.

**DATUK HASHIM BIN WAHIR**  
Chief Executive Officer