



KLCCP STAPLED GROUP

# THE PLACE A Decade Defined by Excellence

INTEGRATED ANNUAL REPORT 2023





## A Decade Defined *by Excellence*

This year, KLCCP Stapled Group reached a significant milestone, commemorating the 10th anniversary since its establishment as the largest internally managed Stapled Security in the country. As we pay tribute to our rich eclectic history, we reflect on a journey that symbolises a decade of unparalleled inventive growth and leadership. One that showcases our strength, built not only from the people within the Group, but also from our valued partners, customers and the community with whom we have collaborated extensively. Together with our tenants, we continuously upgrade our assets, from the tallest twin icons in the world to one of the city's largest green lungs – keeping them at the cutting edge with increasingly advanced innovation and technology.

By actively listening to our esteemed customers and guests, we have meticulously maintained the vibrancy of our malls, elevating the customer journey through immersive lifestyle experiences. We have refined our prestigious hotel to attract and enchant even the most discerning guests, ensuring unique unforgettable stays. Our resolute dedication to creating value for our stakeholders has not only propelled us to thrive during favourable times but also boosted our ability to endure and survive the most unprecedented challenges.

Keeping a pulse on evolving needs, we proudly maintain our stature as the largest REIT in the country, consistently providing sustainable returns to our valued shareholders. Thanks to all our stakeholders, and our visionary leadership, we continue to be the place for all.











# 10 EXCEPTIONAL YEARS

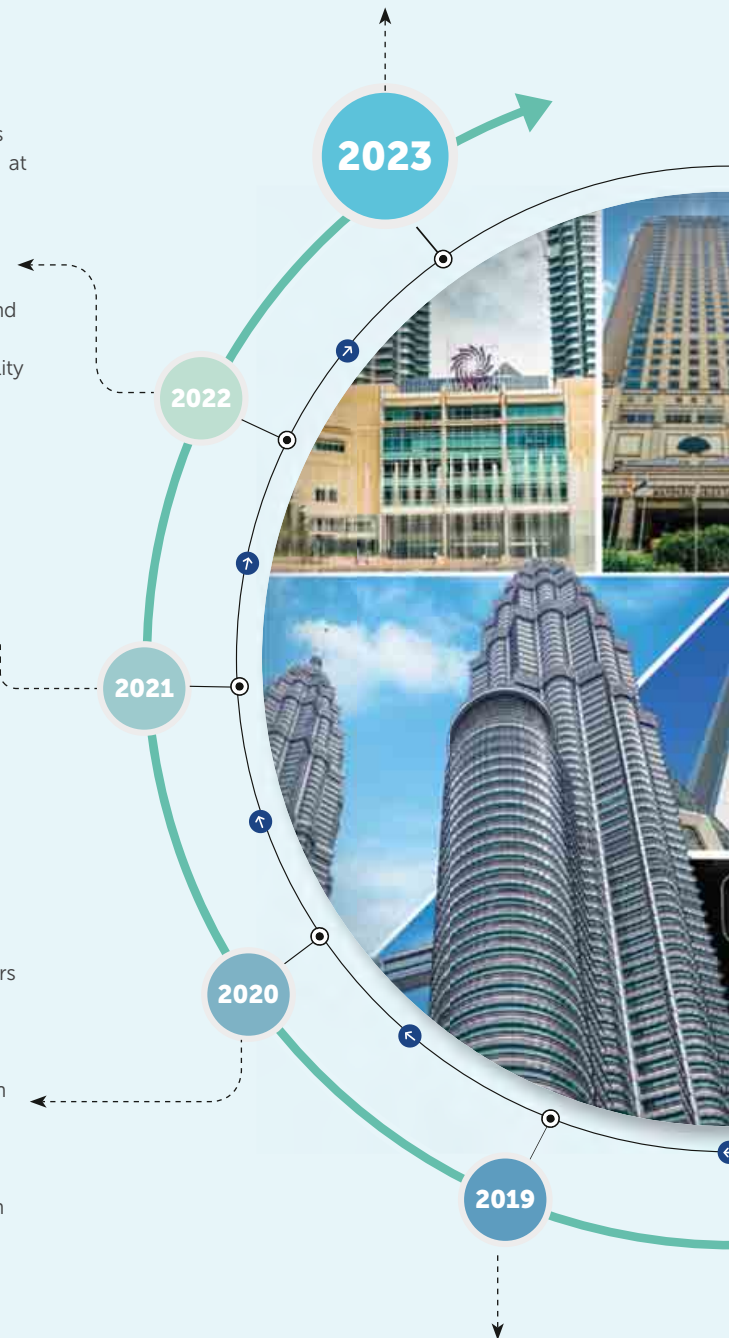
- Launched the 5-year Strategy Blueprint for the next growth phase
- Rolled out KLCC Group Digital Roadmap, charting its digital journey
- Completed the Group's first 5-year Sustainability Roadmap (2019-2023)
- Embarked on Task Force on Climate-related Financial Disclosure (TCFD) recommendations journey towards climate change adaptation and management
- Launched the Sustainable September campaign with the mission to establish KLCC Precinct as Malaysia's first Sustainability Development Goal hub
- Secured GBI Silver certification for Menara Maxis

- Attained MSC status for PETRONAS Twin Towers and Menara ExxonMobil
- Installed over 900 LED lights on the external facade of PETRONAS Twin Towers
- Installed facial recognition devices for improved security and contactless access at PETRONAS Twin Towers
- Installed 57 EV chargers within KLCC Precinct, making it the venue with the largest number of EV charging points in Malaysia
- Launched pedestrian bridge connecting Menara Dayabumi and Central Market
- Achieved Green Hotel Standard and Sustainable Low Carbon Building 3-Diamond Rating for MOKUL Hotel
- KPM collaborated with Gentari Sdn Bhd to explore opportunities in green mobility and renewables within KLCC Precinct and its managed facilities

- Established Integrated Building Command Centre (IBCC) to monitor building performance in real time
- Established Integrated Security Operation Centre to enhance KLCC Precinct security
- 100% elimination of Single-Use plastic in Mandarin Oriental, Kuala Lumpur hotel (MOKUL Hotel) operations
- Launched 49 Premium Parking bays with 20 EV chargers at Suria KLCC parking for customers' convenience, towards carbon footprint reduction

- Secured 15-year Triple Net Lease (TNL) extension for PETRONAS Twin Towers and Menara 3 PETRONAS up to 2042 & 2041 respectively
- KLCC Park named World's Top 5 Best Urban Park by the International Large Urban Parks
- Attained ISO37001:2016 Anti-Bribery Management System (ABMS) certification for KLCC Property Holdings Berhad (KLCCP), KLCC REIT Management (KLCCRM), KPM and KLCC Urusharta (KLCCUH)
- Completed the anchor-to-specialty space reconfiguration involving 72 tenants, many of which were among the pioneering stand-alone stores in Malaysia and exclusive to Suria KLCC

- PETRONAS Twin Towers featured in Top 50 Most Influential Tall Buildings of the Past 50 Years by Council on Tall Buildings and Urban Habitat (CTBUH)
- PETRONAS Twin Towers named the Top 10 Green Buildings of the Decade by Green Building Council Malaysia
- Secured GBI Gold for PETRONAS Twin Towers and Silver for Menara 3 PETRONAS



From the time KLCCP Stapled Group was established as the first stapled REIT in Malaysia, we have journeyed not only to maintain the prestige of our premium portfolio, but add to its value as we also created value for our tenants, customers, guests, investors and the community at large. This is reflected in the string of awards won over the last decade as a Property and REIT group, and recognition gained as an organisation that has become progressively greener and increasingly in tune with changing trends as well as societal expectations. While we celebrate our 10<sup>th</sup> anniversary with a sense of pride, it is with even greater pleasure that we look forward to the next decade and more of working closely with all our stakeholders to shape a continuously dynamic and vibrant landscape.



# Our Reporting Journey

We are pleased to present our Integrated Annual Report (IAR) as the primary source of information of our Group's financial and non-financial performance for year ended 31 December 2023. At KLCCP Stapled Group, we strive to continuously deliver a coherent, transparent, and balanced assessment of the Group's ability to create and sustain value to ensure short, medium and long-term viability for all our stakeholders.

## SCOPE AND BOUNDARY

This Integrated Annual Report has been prepared by KLCCP Stapled Group to provide stakeholders with an understanding of the Group's business model, strategy, past performance and future prospects. The report is written primarily for shareholders and investors. It covers the activities of the Group for the financial year 1 January 2023 to 31 December 2023, and addresses the material financial and non-financial risks and opportunities that impact value creation and strategy development. Any material events after year-end, but before publication of this report, have been included.

## OUR INTEGRATED REPORTING BOUNDARY

Covers the risks, opportunities and outcomes arising from our:

- Statement of Purpose, Shared Values and Cultural Beliefs  Refer pages 24 to 25
- Value Creation @ KLCC  Refer pages 36 to 50
- Business and Performance Review  Refer pages 96 to 151
- Governance  Refer pages 186 to 217

## MATERIALITY

This report provides information on all those matters that we believe are key to KLCCP Stapled Group's ability to create value over time and which are likely to have a significant impact on our business and stakeholders. These matters were identified, prioritised and validated via a four-step materiality assessment approach.

## STATEMENT OF ASSURANCE

We employ a combined assurance model to manage various aspects of our business operations. The assurance for this report is provided by the management, our internal auditors, and independent external service providers, as well as oversight by our Board of Directors. Additionally, our financial statements are independently audited by Ernst & Young PLT, ensuring adherence to relevant accounting standards. This multi-layered approach guarantees the accuracy, reliability, and transparency of our reporting.

## FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements that involve inherent risks and uncertainties and, if one or more of these risks materialise, or should the underlying assumptions prove incorrect, actual results may be different from those anticipated. Words such as "believe", "anticipate", "intend", "seek", "will", "plan", "could", "may", "endeavour", "project" and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. Forward-looking statements apply only as of the date on which they are made, and KLCCP Stapled Group does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

## BOARD RESPONSIBILITY STATEMENT

The Boards of Directors of KLCCP and KLCCRM acknowledge their responsibility in ensuring the integrity of this Integrated Report, in which to the best of the Boards' knowledge, addresses all key issues that are material to the Group's ability to create value and fairly present the integrated performance of KLCCP Stapled Group. This report has been prepared in accordance with the International Integrated Reporting Framework (IIRF) under the IFRS Foundation. This report was approved by the Boards on 7 February 2024.



**Tan Sri Ahmad Nizam bin Salleh**  
Chairman





**Datuk Md. Shah bin Mahmood**  
Chief Executive Officer

## FEEDBACK

Your feedback is important to us moving forward. We value and welcome all inputs and comments towards enhancing the quality of our IR disclosures. Please visit [www.klcc.com.my](http://www.klcc.com.my) for more information or contact us for any queries via email at [investor\\_relations@klcc.com.my](mailto:investor_relations@klcc.com.my).

## CROSS REFERENCE

-  Tells you where you can find additional information within the Report
-  Link to corporate website at [www.klcc.com.my](http://www.klcc.com.my)

## OUR REPORTING SUITE

### INTEGRATED ANNUAL REPORT 2023



IAIR

Scan QR Code to read the online report

#### GUIDED AND IN ACCORDANCE WITH REPORTING FRAMEWORKS AND REGULATIONS

- International Integrated Reporting Framework (IIRF) under the IFRS Foundation, previously known as Value Reporting Foundation (VRF)
- Companies Act, 2016 (Companies Act)
- Bursa Malaysia's Main Market Listing Requirements (MMLR)
- International Financial Reporting Standards (IFRS)
- Malaysian Financial Reporting Standards (MFRS)
- Bursa Malaysia's Corporate Governance Guidelines 4<sup>th</sup> Edition, and MD&A Guidelines
- Securities Commissions Malaysia, Listed REIT Guidelines
- FTSE4Good themes and indicators for Real Estate Holdings and Development Sector
- Malaysian Code on Corporate Governance 2021 issued by Securities Commission Malaysia
- Securities Commission's Guidelines on Islamic Capital Market Products and Services (ICMPS Guidelines)

### SUSTAINABILITY REPORT 2023



SR

Scan QR Code to read the online report

#### GUIDED AND IN ACCORDANCE WITH REPORTING FRAMEWORKS AND REGULATIONS

- Bursa Malaysia's Sustainability Reporting Guide 3<sup>rd</sup> Edition 2022 and related toolkits
- World Economic Forum's Stakeholder Capitalism Metrics (WEF SCM)

Referenced to:

- Global Reporting Initiative (GRI) Universal Standard
- Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard
- United Nations Sustainable Development Goals (UNSDG)
- Task Force on Climate-related Financial Disclosures (TCFD) Recommendations
- FTSE4Good Themes and Indicators for Real Estate Holdings and Development Sector
- Sustainability Accounting Standards Board (SASB) Sector Specific Disclosures
- Dow Jones Sustainability Indices (DJSI) through S&P Global's Corporate Sustainability Assessment (CSA)

## HOW TO NAVIGATE OUR REPORT

### OUR CAPITALS

- |                                |   |
|--------------------------------|---|
| <b>FC</b> Financial Capital    | <b>IC</b> Intellectual Capital            |
| <b>MC</b> Manufactured Capital | <b>SR</b> Social and Relationship Capital |
| <b>HC</b> Human Capital        | <b>NC</b> Natural Capital                 |

### STRATEGIC FOCUS AREAS

- MC** Maximising Cash Generator
- EB** Expanding Core Business
- SO** Stepping Out

### MATERIAL SUSTAINABILITY MATTERS

#### PEOPLE

- |                                     |   |
|-------------------------------------|---|
| <b>M1</b> Human Capital Development | <b>M3</b> Labour Standard and Practices |
| <b>M2</b> Human Rights              | <b>M4</b> Health, Safety and Security   |

#### PLANET

- |  |                                    |
|--|------------------------------------|
| <b>M5</b> Climate Change and Energy Management | <b>M6</b> Environmental Management |
|--|------------------------------------|

#### PEACE

- |                                |   |
|--------------------------------|---|
| <b>M7</b> Corporate Governance | <b>M9</b> Cyber Security and Data Privacy |
| <b>M8</b> Business Ethics      |   |

#### PROSPERITY

- |   |  |
|---|--|
| <b>M10</b> Financial Sustainability       | <b>M12</b> Supply Chain Management         |
| <b>M11</b> Customer and Tenant Management | <b>M13</b> Corporate Social Responsibility |

### STAKEHOLDER GROUP

- |   |   |
|---|---|
| <b>S1</b> Shareholders, Investors and Business Partners | <b>S4</b> Tenants, Customers and Guests   |
| <b>S2</b> Employees                                     | <b>S5</b> Suppliers and Service Providers |
| <b>S3</b> Government, Local Authorities and Regulators  | <b>S6</b> Community                       |
|   | <b>S7</b> Media                           |

### KEY RISKS

- |   |                                    |
|---|------------------------------------|
| <b>R1</b> Financial Risk                      | <b>R5</b> Security Risk            |
| <b>R2</b> Human Capital Risk                  | <b>R6</b> Asset Management Risk    |
| <b>R3</b> Health, Safety and Environment Risk | <b>R7</b> Facility Management Risk |
| <b>R4</b> Market Risk                         | <b>R8</b> Supplier Risk            |

### UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UNSDG)

CONTRIBUTING towards UNSDG to ensure environmentally, socially and economically sustainable business





KLCC PROPERTY  
HOLDINGS BERHAD

21<sup>st</sup>

KLCC REAL ESTATE  
INVESTMENT TRUST

11<sup>th</sup>

ANNUAL GENERAL  
MEETINGS



Wednesday, 24 April 2024



10.30 a.m.

To be held virtually and broadcasted live from:

**Crystal Room**

Level 2, Mandarin Oriental, Kuala Lumpur,  
Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia.



INSIDE

THIS REPORT





## 1 DRIVEN BY COMMITTED LEADERSHIP

- 08 Letter From The Chairman
- 12 In Conversation With The CEO
- 18 CFO'S Review

## 2 OVERVIEW OF KLCCP STAPLED GROUP

- 20 Our Investment Case:
  - Financial Highlights
  - Business Highlights
  - Sustainability Highlights
  - Awards & Recognitions
  - Our Investment Proposition
- 24 We Are KLCCP Stapled Group
- 27 What We Offer Our Iconic Portfolio in the Heart of Kuala Lumpur
- 34 How We Are Structured Group Corporate Structure

## 3 VALUE CREATION @ KLCC

- 36 Our Integrated Approach to Value Creation
- 38 Value Creation Model
- 40 Our Key Capitals
- 42 Stakeholder Engagement and Value Creation
- 50 How We Distribute Value Created

## 4 MANAGEMENT DISCUSSION AND ANALYSIS

### A. STRATEGIC REVIEW

- 51 Material Sustainability Matters
- 60 Operating Landscape
  - Economic & Market Review and Outlook
  - Key Market Trends
- 82 Understanding Our Principal Risks
- 92 Our Strategy

### B. BUSINESS REVIEW

- 98 Office
- 102 Retail
- 108 Hotel
- 114 Management Services

## C. PERFORMANCE REVIEW

### KLCCP STAPLED GROUP

- 118 Financial Review
- 124 5-Year Financial Summary
- 125 5-Year Financial Highlights
- 128 Value Added Statement
- 129 Capital Management
- 132 Investor Information

### KLCC REIT

- 138 Manager's Financial and Operational Review
- 146 5-Year Financial Highlights
- 147 Value Added Statement
- 148 Fund Performance

## 5 TOGETHER TOWARDS A SUSTAINABLE FUTURE

- 152 A City Park Like No Other
- 154 Sustainability @ KLCC
- 156 ESG At The Forefront
- 158 Sustainability Steering Committee Chairman's Message
- 160 Our Contribution to UNSDG

## 6 LEADERSHIP

- 164 Corporate Information
- 166 KLCCP and KLCC REIT Boards of Directors
  - Board Composition
- 168 Profiles of KLCCP and KLCC REIT Board of Directors
- 176 KLCCP and KLCC REIT Management Team
- 178 Profiles of KLCCP and KLCC REIT Management Team
- 184 Profile of Shariah Adviser
- 185 Organisation Structure

## 7 BUILDING TRUST THROUGH THE STRENGTH OF OUR GOVERNANCE

- 186 Chairman's Corporate Governance Overview Statement
- 188 Corporate Governance Overview Statement
- 201 Nomination and Remuneration Committees Report
- 209 Board Audit Committees Report
- 212 Board Risk Committees Report
- 213 Statement on Risk Management and Internal Control
- 217 Additional Compliance Information

## 8 FINANCIAL STATEMENTS

- 218 KLCC Property Holdings Berhad
- 302 KLCC Real Estate Investment Trust

## 9 OTHER INFORMATION

- 362 Analysis of Shareholdings and Unitholdings
- 365 List of Properties of KLCCP Stapled Group
- 367 Corporate Directory
- 368 Notice of Annual General Meeting
- 374 Administrative Details

Proxy Form





...WE HAVE MAINTAINED OUR POSITION AT THE CUTTING EDGE OF PROPERTY AND ASSET MANAGEMENT AND RETAINED OUR LEADERSHIP AS THE LARGEST REIT, GROWING OUR MARKET CAPITALISATION BY 21% TO CONSTITUTE 31% OF THE MALAYSIAN REIT INDUSTRY...

# LETTER FROM THE CHAIRMAN

TAN SRI AHMAD NIZAM BIN SALLEH  
Chairman



## DEAR STAKEHOLDERS,

It is with great pleasure that I introduce KLCCP Stapled Group's Annual Report for the year 2023, a year that had added significance given that it was our 10<sup>th</sup> anniversary. Ten years mark a significant milestone for any organisation and it is befitting as we celebrate the occasion to reflect on the Group's journey to date.

PROFIT FOR THE YEAR\*

**RM853.8**  
**million**

(2022: 793.3 million)

DIVIDEND PER STAPLED  
SECURITY

**40.50 sen**

(2022: 38.00 sen)

\* excluding fair value adjustments

It has definitely been an interesting voyage marked by milestones as well as challenges, the latter including an unprecedented pandemic. It is with a measure of pride to note that the Group managed to overcome every obstacle that came in our way, and in so doing has become stronger and more resilient, increasing our capability to drive excellence while caring for our people and the community.

We have been privileged to have best-in-class assets such as the iconic PETRONAS Twin Towers. Nevertheless, our performance over the last decade stems not just from these assets but rather from the professionalism and dedication of our people in managing and maintaining them to retain their prestige and quality. Everyone, from our leadership to the most junior member of the team, has demonstrated a resolute commitment to upholding the highest integrity in executing all our business and sustainability strategies to see to the Group's steady and sustainable growth.

We have also continuously strengthened our relationships with our business partners and associates, working closely with them to create unique experiences in spaces that will stand the test of time. Driven by innovation, we have constantly refurbished and modernised our offices, retail malls and hotel. Investing in the best technologies, we have installed the latest digital systems for enhanced safety and efficiency in our buildings, car parks and surrounding areas. In the process, we have maintained our position at the cutting edge of property and asset management and retained our leadership as the largest REIT, growing our market capitalisation by 21.2% to constitute 31.0% of the Malaysian REIT industry.

This anniversary marks not just a milestone but is a testament to our collective commitment to shaping a future defined by excellence and meaningful contributions.

During the year itself, the Group delivered a solid set of results with top-line growth of 11.0%, and a 7.6% increase in profit excluding fair value adjustments of RM853.8 million. This was mainly due to increased footfall and spending in our malls as well as higher occupancy in the Mandarin Oriental, Kuala Lumpur Hotel (MOKUL Hotel). The hotel's Revenue per available room (RevPar) is, in fact, in its historical best and I would like to commend the team for their excellent work.

Reflecting the numbers achieved, the Boards of KLCC Property Holdings Berhad (KLCCP) and KLCC REIT Management Sdn Bhd (KLCCRM) approved four interim dividends totalling 40.50 sen per stapled security, 6.6% higher than from last year's distribution of 38.00 sen. This comprises 13.71 sen from KLCCP and 26.79 sen from KLCC REIT, translating to a full-year dividend payout of RM731.2 million compared to RM686.0 million in 2022, which is also the highest dividend payout since the Stapled Group's listing.

## Letter From The Chairman



### BOARD FOCUS IN 2023

The macroenvironment in 2023 was conducive to the property industry as it marked the first full year of recovery from Covid-19. Nevertheless, it was essential that KLCCP Stapled Group had the right strategies in place to fully leverage the economic upswing. The Boards' focus during the year was, therefore, to engage more intensely with Management on three key areas: recovery from the pandemic, growth strategies, and upskilling our people.

A key development to advance our pandemic recovery was the launch of a new 5-year Strategy Blueprint that serves to prepare the Group for our next phase of growth. Through this roadmap, we seek to further entrench our pole position by enhancing assets performance, fostering growth expansion and adapting to shifts in market demand that have been exacerbated by the pandemic. At the same time, we will continue to strengthen our operational and commercial excellence to keep delighting our tenants and customers.

In realising the goals set under our strategy blueprint, it is imperative that we continue to equip our employees with the skills they will need. This includes empowering them to fully leverage digital technologies to embrace an agile way of working. We envision a workplace that encourages a constant flow of ideas to innovate in order to deliver value for the Group. To realise this vision, we are working with Management on nurturing an environment that is constantly evolving towards a sustainable future.

### BUILDING ESG VALUE

One of the Boards' core functions is to guide the Group towards increasingly more environmental, social and governance (ESG)-attuned practices to strengthen our stakeholder value creation.

Over the last five years, the Boards closely monitored progress on the Group's 5-year Sustainability Roadmap. Launched in 2019, the year 2023 marked the culmination of this guided programme. It is with a measure of pride to share that the Group achieved most of the goals and targets that had been set. We are now rolling out the next roadmap that will further solidify KLCCP Stapled Group's position as a leader in ESG. A comprehensive materiality assessment was conducted as part of the process, following which the Boards validated the resulting materiality matrix which ranks our material sustainability matters according to their priority.

As a leading player in the property industry, we are focusing intently on reducing our carbon emissions. We have set some ambitious targets towards this end, including the achievement of net zero emissions by 2050. Having committed to this goal, we will be working towards meeting it through a combination of emissions reduction and offsetting strategies. We have also embarked on our Taskforce on Climate-related Financial Disclosures (TCFD) recommendations journey, both to put in place mitigation and adaptation measures as well as to report our performance transparently.



Over and above environmental initiatives, KLCCP Stapled Group continues to strengthen the social aspects of our ESG commitments. The Boards have been pleased to see this reflected in the emphasis placed on understanding our stakeholders and not just meeting, but often exceeding, their needs.

The Group leverages the use of technology to facilitate transactions and create greater convenience for our retail tenants while partnering them to navigate any challenges. Similarly, we engage closely with our office tenants and welcome feedback on how we can contribute towards a working environment that promotes their well-being.

As a result of intensifying efforts to entrench ESG into our operations and business strategies, KLCCP Stapled Group won two Platinum awards this year. The first was for ESG and CSR Leadership at the 15th Annual Global CSR & ESG Summit & Awards 2023; and the second for overall ESG practices at The Asset ESG Corporate Award 2023.

While the Boards are very pleased with the Group's ESG achievements, we recognise that building and maintaining a sound ESG framework is an ongoing process. We are committed to this endeavour as we seek to guide the Group towards more meaningful value-creating outcomes. Accordingly, the Boards have undertaken to enhance our own sustainability capabilities and joined members of the Leadership Team in attending a half-day session on Creating Impactful Leadership for Sustainability.



The Asset ESG Corporate Awards 2023

15<sup>th</sup> Annual Global CSR & ESG Summit & Awards 2023

## MAINTAINING ROBUST CORPORATE GOVERNANCE

Good governance, and operating with integrity to protect our stakeholders, will always be the cornerstone of the Boards' oversight function. We already have a very sound governance framework, hence our primary objective is to keep our policies updated with best practices such as the guidelines in the Malaysian Code on Corporate Governance (MCCG) issued by the Securities Commission Malaysia, and the Main Market Listing Requirements (MMLR) issued by Bursa Malaysia.

This year, we ensured compliance with Bursa Malaysia's Enhanced Sustainability Disclosure requirements by reporting on all 11 of its identified common sustainability indicators. You will notice that we have also incorporated a Statement of Assurance in this Integrated Annual Report, as well as in our standalone Sustainability Report.

Succession planning is integral to good governance as it ensures leadership continuity. In this regard, it is encouraging to see that the Group has achieved our target of having two ready successors for each executive position. In strategising our succession planning, we are driven to achieve a good gender balance at the Management level, emulating the exemplary level of diversity on the Boards. Since 2021, the Boards have had 50% women directors and 63% independent non-executive directors, well exceeding the targets set by the regulators.

## ACKNOWLEDGEMENTS

Our sustained growth over the last decade could not have been achieved if not for the support of our external and internal stakeholders. On behalf of the Boards of Directors, I would like to personally acknowledge all our business partners, associates, tenants and customers for staying true to the Group through the highs and lows of our operating environment. As for holders of our Stapled Securities, many of whom invested in us when KLCCP was listed in 2004, thank you for your trust in our ability to deliver.

Our people are equally important assets alongside our premium property and investment portfolio. I would like to take this opportunity to express my sincerest appreciation for the dedication demonstrated by the strong team we have here in the Stapled Group. Thank you for your commitment to our corporate objectives, and equally for internalising and living our shared values. It is my 10<sup>th</sup> anniversary wish that we continue to work efficiently as a united team to take our current successes several notches higher. The post-pandemic world, with all its changes, promises to be both challenging yet exciting. Together, we can create another *Decade Defined by Excellence*.

**Tan Sri Ahmad Nizam Bin Salleh**  
Chairman



**Although the pandemic is officially over, various challenges remain. For example, global GDP growth has slowed down as a result of dampened trade, high interest/profit rates and geopolitical unrest, among other factors. What has the situation been like in Malaysia, and for the KLCCP Stapled Group specifically?**



It has been challenging with high inflation following several Overnight Policy Rate (OPR) hikes in response to increasing interest rates in the US, and an increase in electricity tariffs. What this means is that we have been living in a high-cost environment which has impacted our operations as well as consumer spending. The depreciation of the ringgit further exacerbated the situation as it increased the price of imported goods.

Nevertheless, KLCCP Stapled Group did very well. The leadership team had several strategic discussions with the Boards and, with their approval, we put into action key initiatives to enhance each of our businesses while mitigating the challenges to drive the business forward sustainably.

We have always positioned Suria KLCC as a people's mall. We offer a good mix of local and foreign brands across the price range spectrum – both in our retail and Food and Beverage (F&B) segments. By appealing to everyone, we continued to see footfall in the mall increase. More importantly, tenant sales grew 12.3% year-on-year (YoY).

In the Hotel segment, the depreciation of the ringgit was a boon as it made Malaysia more affordable to foreigners. Consequently, the country experienced an influx of visitors from all over the world with Singapore and Indonesia topping the list. Tourism growth to 26 million visitors from 19.1 million in 2022, was another triumphant factor for both our Hotel and Retail segments. On a related note, Meetings, Incentives, Conferences and Exhibitions (MICE) activities also picked up, with very encouraging spillover effects on our Hotel and Retail operations.

In the Office space, we are fortunate that we have long-term leases with our tenants and enjoy 100% occupancy rates. This segment therefore remains stable in the face of changes and challenges in the operating landscape. Our Management Services, meanwhile, expanded its portfolio of carparks and completed Workplace for Tomorrow office transformation amongst other projects, both of which contributed to significant revenue and profit growth.

Overall, it was a year we can be proud of, with each business segment showing improved performance. For the entire team, it was the best possible gift we could have to celebrate our 10<sup>th</sup> anniversary!

OVERALL, IT WAS  
A YEAR WE CAN BE  
PROUD OF, WITH  
EACH BUSINESS  
SEGMENT SHOWING  
IMPROVED  
PERFORMANCE. FOR  
THE ENTIRE TEAM,  
IT WAS THE BEST  
POSSIBLE GIFT WE  
COULD HAVE TO  
CELEBRATE OUR 10<sup>TH</sup>  
ANNIVERSARY!



A portrait of Datuk Md. Shah Bin Mahmood, Chief Executive Officer, wearing a dark suit, white shirt, and patterned tie. He is standing against a dark blue background with a subtle geometric pattern.

# IN CONVERSATION WITH THE CEO

**DATUK MD. SHAH BIN MAHMOOD**  
Chief Executive Officer

## In Conversation with the CEO

Q

**The year also saw the completion of more commercial and retail buildings in Kuala Lumpur. Do you see this as a challenge?**

A

While we acknowledge the competition, KLCC Precinct has unique advantages, namely office spaces and a mall located in the most iconic building in Malaysia, a world-class hotel, an international-standard convention centre and an award-winning 50-acre park – all located in the heart of Kuala Lumpur. What's more, these businesses collaborate and create synergies among each other, boosting profitability.

It is only natural that new developments attract people as consumers are always on the look-out for something new. Yet, our properties have been around for more than 25 years, and we continue to draw the crowds. If anything, the numbers keep increasing because of our unbeatable location, PETRONAS Twin Towers' timeless allure, the strong Mandarin Oriental brand, and Suria KLCC mall's mass appeal. Let's not forget, the Group's ability to maintain these properties at the highest standards of quality, comfort and safety using advanced and sustainable technologies.

We continuously upgrade our properties ensuring our customers' and tenants' comfort and well-being. In 2023 itself, we spent RM16.8 million towards the building control system upgrade in Menara Exxonmobil, refurbishment of the MOKUL Hotel and several digital technology upgrades within our properties. In the Office space, we completed the Workplace for Tomorrow 2.0 transformation in PETRONAS Twin Towers, Menara 3 PETRONAS and Permata Sapura spanning 19 floors and about 370,000 sq. ft. We have also been progressively retrofitting our office towers to be more sustainable with the installation of LED lights. Of note, during the year, Menara Maxis achieved a Silver GBI rating and Platinum LEED certification.

At the end of the day, the quality of our properties is reflected in their market value; and this has steadily increased in the last decade. At the end of 2023, our investment properties were valued at RM16.1 billion, placing them firmly in the premium range of the REIT sector.



Q

**Consumer tastes and preferences keep changing. How do you keep up, especially in the retail sector where so many new brands emerge all the time? How do you know what will be a hit and what a miss?**

A

We have a dedicated team that conducts market research on retail as well as F&B trends, ensuring we stay up-to-date in every consumer demographic. More than that, we recognise that people don't go to malls just to shop. They want a lifestyle experience – somewhere to have coffee or lunch; to watch a film; or to read a book on a bench outdoors. And we provide all of this. The team is improving at orchestrating engaging experiences at the Concourse Mall and a variety of activities at the KLCC Park, from the newly introduced Picnic in the Park to The Arty Inflatable during the Mental Wellness Week, and Art in the Park during the Merdeka and New Year weeks.

Of course, we also keep reviewing our retail tenant mix and constantly refresh our F&B outlets. This year itself, we brought in 35 new tenants, 15 of which are in F&B including Bacha Coffee, a legendary coffeehouse from Morocco, and the local favourite Cili Kampung restaurant. The constant change that you see in Suria KLCC is what keeps us exciting and relevant, and is what brings people back.





**Your business is very people-centric, requiring the Group to focus on customer centricity. What about your own people? How do you bring out the best in your employees and keep them wanting to work with the Group?**



It goes without saying that our people are extremely important to us. We rely on them to execute our strategy and achieve our corporate objectives. We are therefore intensifying efforts to upskill and reskill our employees in core competencies. We have established a structured capability development framework while also designing individual capability development programmes for executives and managers in technical positions. To fast-track knowledge acquisition, we provide job mobility opportunities for talent, with 20% of staff enjoying cross functional postings and promotions this year. Meanwhile, we achieved an average of 41 learning hours per employee in 2023.

Another focus area is collaboration across boundaries where we work towards excellence cohesively as a Group. To enhance Group dynamics, we have launched programmes such as Iconnect and CeritaKITA, focusing on cementing trust and further strengthening collaboration and camaraderie across businesses within the organisation. We recognise the potential of 'crowdsourcing' using our pool of employees in the Group for ideas and input. We did this for the first time ever this year via a Hackathon to generate innovative customer solutions. The exercise attracted good response and generated solid ideas which we will be taking on board. Given its success, we will be organising more such activities to tap into the power of the collective as well as to create greater cohesion.

Efforts to engage employees to be part of the change we want to see are bearing fruit. We can already discern stronger teamwork and the adoption of new ways of working as employees are more energised in contributing to the Group's purpose and goals. This year, 99% of employees participated in our Organisational Culture Survey 2023 (compared with 91% in 2022) and we achieved an index score of 78, which was a five-point improvement from 2022.



**As we reflect on the accomplishments and challenges of the Group in 2023, how satisfied are you with its overall performance?**



Considering it was a very challenging year, the Group did exceptionally well financially and even broke a few records. We achieved a total revenue of RM1.6 billion, 11.0% higher than in 2022, and a profit for the year of RM1.1 billion, 17.0% higher YoY.

While all the segments performed well, MOKUL Hotel surpassed expectations, bouncing back from three years of losses during the pandemic to score a profit before tax (PBT) of RM3.0 million. This was due to a commendable occupancy rate of 55% (25 percentage points higher than in 2022) and a surge in revenue per available room (RevPar) capitalising on group stays and banqueting events. Room rates in December 2023, traditionally our peak season, was the highest ever since the hotel opened in 1998.

The Office sector anchored the Group's stability with revenue of RM582.5 million while PBT (excluding fair value adjustments) grew by 0.9% to RM523.4 million. Experiencing a 29.6% growth in footfall and 12.3% increase in tenant sales, hitting the highest sales value in the mall's 25-year history. Retail grew its revenue by 6.6% to RM516.1 million and recorded a 5.7% increase in PBT (excluding fair value adjustments) to RM392.9 million. Management Services also demonstrated a significant jump in revenue of 25% to RM309.7 million with PBT (excluding fair value adjustments) surging 68% to RM46.2 million. This was based on the additional facility management works and new parking lots secured.

The Group's stellar performance, supported by a prudent cost management, enabled us to offer a dividend of 40.50 sen, a remarkable 6.6% increase YoY and the highest dividend distribution in a decade.



## In Conversation with the CEO



**In light of the Group's excellent performance in 2023, what plans do you have for KLCCP Stapled Group going forward? Where and how do you see room for improvement?**



Given the industry landscape today, there is no room for complacency. Yes, we have done well in 2023, but there is still work to be done to maintain our leadership and build a sustainable future. In this regard, we will be guided by our Strategy Blueprint 2023-2027. This blueprint is the result of intense discussions with the Leadership Team and our key business partners on challenges facing the industry and how best to strategise our recovery from the pandemic while capitalising on opportunities.

The blueprint borrowed from our enterprise model which emphasises Commercial Excellence, Project Excellence and Operational Excellence centred around Customer Centricity, supported by our culture, capability, digitalisation, HSE and sustainability. Together, this model shapes our Winning Formula. We recognise that, to win, we need to focus relentlessly on customer centricity while optimising efficiencies in resource utilisation, bringing down costs and enhancing our sustainability. There are two key aspects to this, namely digitalisation and enhanced competencies, which we have been investing into significantly.



Ultimately, our Strategy Blueprint is to guide us to achieve our 3-pronged growth strategy, namely Maximising Cash Generator, Expanding Core Business, and Stepping Out. The first is about improving our cashflow from operations from sweating our assets, encompassing energy savings, the consolidation of operational procurement and prudent capital management. Here, our investments in digital technologies are key. To expand our business, we have been growing the number of facilities we manage. Our very recent acquisition of the remaining 40% equity interest in Suria KLCC reflects our commitment to expanding our core. This move offers KLCCP a strategic opportunity to boost the growth of Suria KLCC and align synergies within the ecosystem, providing both strategic and operational flexibility. Moving forward, we will continue to explore the opportunities to expand our property portfolio.

In terms of stepping out, we are actively exploring feasible opportunities. Any investments will need to be aligned with our target growth and profitability and most importantly, provide value for our holders of Stapled Securities.

A key part of our journey going forward is to become more sustainable as an organisation and to contribute to the management of critical issues such as climate change. As a member of the PETRONAS Group, we seek to become a net zero carbon emissions organisation by 2050. A milestone prior to reaching this goal is to reduce our emissions by 25% by 2030 from our 2019 baseline. Towards this end, we have established a Carbon Reduction Strategy and established targets for each operating and business unit Group-wide. Going forward, we will be enhancing efforts not only to mitigate climate change but also to identify and adapt to its risks as we adopt the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

We are guided by the 5-year Sustainability Roadmap, and I am pleased to share that we met most of the targets set in the last roadmap which ended in 2023. The next roadmap will see our sustainability agenda reach another level, driven by the firm commitment of everyone across the Group to deliver impactful sustainability results.



...THERE IS INCREASING URGENCY FOR US TO EXPAND AND DIVERSIFY OUR BUSINESS TO MAINTAIN OUR LEADERSHIP AND RELEVANCE IN A RAPIDLY CHANGING LANDSCAPE. WHILE ACKNOWLEDGING THE NEED TO BE CAUTIOUS, WE WILL BE MORE PROACTIVE IN EXPLORING POSSIBILITIES AND SEIZING OPPORTUNITIES THAT FIT OUR CRITERIA...



**Finally, what is the outlook for KLCCP Stapled Group? What can stakeholders expect in 2024?**



The immediate outlook for the Group is looking bright. No doubt, certain economic and industry challenges will persist and new ones may arise. Yet, adhering to our strategic framework and leveraging enhanced Group synergies, KLCCP Stapled Group is set to maintain the momentum achieved into the coming year, with each business segment continuing to flourish, supported by robust fundamentals.

There is increasing urgency for us to expand and diversify our business to maintain our leadership and relevance in a rapidly changing landscape. While acknowledging the need to be cautious, we will be more proactive in exploring possibilities and seizing opportunities that fit our criteria.

As always, the Group will be guided in our growth by the sound counsel of our highly experienced Directors, and the strategic thinking of our Leadership Team; while all plans outlined will be executed by our driven and dynamic team. I would like to express my gratitude to everyone in this fantastic team for your commitment to our shared values and goals. At the same time, I would like to acknowledge the invaluable contributions of all our stakeholders over the last 10 years without which we would not be where we are today. Thanks to all our internal and external stakeholders, the Group has enjoyed *A Decade of Excellence*. With your continued support, we will extend this excellence well past another decade into the future.

**Datuk Md. Shah Bin Mahmood**  
Chief Executive Officer



# CFO'S REVIEW

“

Despite a confluence of factors that impacted Malaysia's economic growth in 2023, KLCCP Stapled Group continued to demonstrate robust resilience, with our top and bottom lines growing substantially YoY and our PBT exceeding that achieved in 2019, pre-pandemic. ”



The year 2023 was another challenging year despite the recovery and stabilisation of the economy post pandemic. Geopolitical volatilities impacted global trade, increasing the cost of goods and supplies. The United States' Federal Reserve repeatedly raised its interest rates to suppress inflation. In Malaysia, Overnight Policy Rate (OPR) hikes by Bank Negara Malaysia, a depreciating Ringgit together with a high-cost environment impacted consumer spending.

Exacerbating the situation, utility costs increased by 32.9% YoY as a result of the 300% hike in electricity tariff following the Imbalance Cost Pass Through (ICPT) review at end 2022. Meanwhile, the addition of 1,347 new 5-star hotel rooms and 1.4 million sq ft of retail space added further pressure in a market facing oversupply.

Amid this backdrop of weakened consumer spending, higher cost of doing business and heightened competition, we remained focused on improving our cash flow from operations (CFFO) whilst maintaining discipline in our capital management. The ultimate objective, as always, was to ensure growth in our bottom line and a strong balance sheet to meet our financial obligations with sufficient resources to capitalise on any opportunities that arise.

Our revenue achieved growth of 11.0% contributing 7.9% higher PBT (excluding fair value adjustments) than 2022. The collaborative efforts with KLCC precinct partners, innovative marketing initiatives, and a strong customer focus have propelled our revenue from the hotel and retail sectors. Simultaneously, our office segment continues to provide a stable return for the Group.

A significant focus in 2023 was to dive deeper into cost optimisation and create efficiencies across the value chain, from energy utilisation to procurement. Leveraging technology, we continue to improve our energy and water efficiencies and have even started the use of remote gondola monitoring with GPS technology, all managed from the IBCC. At the same time, we have centralised certain aspects of our procurement for more streamlined processes and to enjoy economies of scale. We are also enhancing our reporting and collaboration amongst divisions and business units with the use of digital tools. This includes the online access of financial

## REVENUE

**RM1.6 billion**

2022: RM1.5 billion

**+11.0%**

**PROFIT BEFORE TAX\***  
excluding fair value adjustments

**RM1.0 billion**

2022: RM0.9 billion

**+7.9%**

**MARKET VALUE – INVESTMENT PROPERTIES**

**RM16.1 billion**

2022: RM15.9 billion

**+1.1%**

reports and Limit of Authority (LOA) which further improve performance monitoring and interaction capabilities for effective decision making.

Acknowledging the vital role of the finance function in advancing our Environmental, Social and Governance (ESG) agenda, our strategic approach not only supports but also aligns with the intricate interrelations between financial considerations and sustainability measures. This commitment is reinforced by our dedication to climate change adaptation and management, in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

We have always been prudent in our capital management, with more than 80% of our financing on a fixed rate. This has protected us against the spike in interest/profit rates with our cost of debt within

the reasonable level of 4.6%. At the same time, we continue to adopt a diligent approach for potential investment to ensure satisfactory returns.

As a result of conscientious efforts to maintain the quality of our assets, their valuations continue to increase. For the year 2023, the investment properties held by the Group were valued at RM16.1 billion, RM172.3 million more than in 2022. This indicates healthy rental reversion, fortifying our leasing position and concurrently bolstering our overall profitability.

Of particular note, our performance enabled us to declare a dividend of 40.50 sen per stapled security compared to 38.00 sen in FY2022, marking a 6.6% or 2.50 sen increase. This is the highest dividend declared by KLCCP Stapled Group.

## OUTLOOK

The immediate future is looking exciting as, during the year, we received the Board's mandate to expand our investment portfolio. This has spurred us to explore new property investments from 2024 onwards. In the meanwhile, we have also developed a framework for diversifying into new ventures. Our current gearing, at 18%, is very healthy and provides ample room for growth.

A key focus in 2024 will be to meet our financing obligations. We have two sukuk tranches totalling RM1.1 billion maturing in April and December. Our strong AAA/Stable rating, together with an anticipated moderation in interest/profit rates in the coming year, lend us confidence to raise the funds required at optimal cost.

Nevertheless, the year will not be without challenges. Starting from March 2024, Malaysia's Sales and Service Tax (SST) is to be increased from 6% to 8%. This is to be followed by the introduction of a High Value Goods Tax (HVG) effective 1 May. While the impact of these has yet to be seen, we will continue to provide exceptional service to our retail and office tenants as well as guests at MOKUL Hotel while looking at growth opportunities and stepping up our focus on ESG. We believe that in doing so, we will not only preserve but grow KLCCP Stapled Group's prestige and place ourselves on an even stronger footing to face any challenges that come our way.

**Rohizal Bin Kadir**

Chief Financial Officer

## Our Investment Case

### FINANCIAL HIGHLIGHTS



Revenue  
**RM1.6 billion**  
(2022: RM1.5 billion)



Property value  
**RM16.0 billion**  
(2022: RM15.7 billion)



Net Asset Value per  
Stapled Security  
**RM7.39**  
(2022: RM7.27)



Profit for the year  
**RM1.1 billion**  
(2022: RM0.9 billion)



Distribution per  
Stapled Security  
**40.50 sen**  
(2022: 38.00 sen)

### BUSINESS HIGHLIGHTS

#### OFFICE



**Premium Grade-A**  
office with  
**100% occupancy**

#### RETAIL

Suria KLCC's '**Picnic in the Park**' won the prestigious Platinum Award for '**Best Experiential Marketing**' in the 2022-2023 Malaysia Shopping Malls Association Awards



#### HOTEL



Attained the **highest Revenue per available room** since the hotel opened in 1998



**Upward rental revisions** for **Menara 3 PETRONAS** and **Menara ExxonMobil** for a further **3-year** term

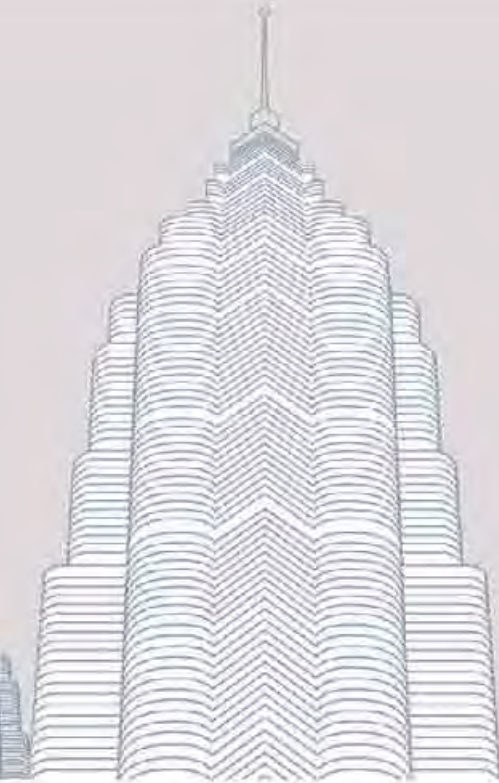


Brought in **35 new tenants**, adding to the almost **600 new tenants** introduced since the mall opened in 1998



**Achieved a remarkable guest satisfaction score** of **90%**, a testament to the exceptional service provided to our guests





MANAGEMENT SERVICES



**KPM** secured the operations of **1,680 car parking bays** at various locations in Kuala Lumpur and Putrajaya



**KLCC Urusharta expanded** its facilities management works including the **Workplace for Tomorrow**

SUSTAINABILITY HIGHLIGHTS

PEOPLE



**RM 1.8 million** Invested in Learning & Development



**41 Hours** Average Learning Hours per year per employee



**Zero fatalities**



**39% women** in the workforce



**Zero** recorded cases of substantiated grievance on discrimination and human rights

PEACE



**50% Women Directors** on Boards



**63% Independent Non-Executive Directors** on Boards



**Zero** Bribery and Corruption cases



**Zero** Cyber security incidents



**100% operations** assessed for corruption related risks

PLANET



**23%** reduction in GHG emissions compared to base year 2015



**13%** waste diverted from landfill



**13%** reduction in energy consumption compared to base year 2015



**16%** reduction in water consumption compared to base year 2015



**440,468 kWh** renewable energy generated from Solar PV installed on Suria KLCC's rooftop in 2023

PROSPERITY



**RM104.5 million** of tax paid to the Government



**RM4.6 million** contributed to Corporate Social Responsibility (CSR)



**90%** Average Customer satisfaction score for Office, Car Park, and Hotel segment



**73** Net Promoter Score (NPS) for Retail segment, well above industry benchmark of **43**



**RM723.9 million** dividend paid, increase of **RM63.2 million** compared to 2022

## Our Investment Case



### AWARDS & RECOGNITIONS

#### KLCC Property Holdings Berhad

- 1 Platinum for CSR & ESG Leadership Award at the 15<sup>th</sup> Annual Global CSR & ESG Summit and Awards 2023
- 2 Platinum Award for Excellence in Environmental, Social and Governance (ESG) at The Asset ESG Corporate Awards 2023
- 3 Silver for Australasian Reporting (ARA) Awards 2023

#### KLCC Parking Management

- 1 Gold Award in The Royal Society for the Prevention of Accidents (RoSPA) Health & Safety Awards 2023

#### KLCC Urusharta

- 1 Gold Award in The Royal Society for the Prevention of Accidents (RoSPA) Health & Safety Awards 2023
- 2 International Safety Awards at British Safety Council Award 2023

#### PETRONAS Twin Towers

- 1 Gold, Anugerah Penghargaan Penerima Penarafan Bangunan Hijau, Majlis Penyampaian Anugerah Khas, Jabatan Kawalan Bangunan Dewan Bandaraya Kuala Lumpur
- 2 Kategori Bangunan Ikonik, Anugerah Penghargaan Pencahayaan Bangunan Terbaik, Majlis Penyampaian Anugerah Khas, Jabatan Kawalan Bangunan Dewan Bandaraya Kuala Lumpur
- 3 Terbaik Keseluruhan, Anugerah Penghargaan Pencahayaan Bangunan Terbaik, Majlis Penyampaian Anugerah Khas, Jabatan Kawalan Bangunan Dewan Bandaraya Kuala Lumpur

#### Menara Maxis

- 1 Green Building Index (GBI) Certification – Silver





### Suria KLCC

- 1 Platinum for Best Experiential Marketing 2022-2023 for Picnic in the Park – Malaysia Shopping Malls Association (PPK Malaysia)

### Mandarin Oriental, Kuala Lumpur

- 1 Travel + Leisure Luxury Awards Asia Pacific 2023: Ranked Number 7 for City Hotels in Malaysia
- 2 Harper's Bazaar Beauty Awards 2023: Best Body Massage for Oriental Qi
- 3 World Spa Awards 2023: Winner of Malaysia's Best Hotel Spa
- 4 HAPA Awards Malaysia Series 2023
  - Top 30 Best Hotels and Resorts
  - Top 30 Chinese Restaurants (Lai Po Heen)
  - HAPA Best HR and Talent Development in the Hospitality Industry
- 5 Best Solid Waste Management in the Commercial Sector by SW Corp: '5 Star Rating Award'
- 8 'Top Hotel Partner with Best Guest Review Score' and 'Top Performing Hotel on Year over Year Growth awarded by Expedia Group.
- 9 Partner Appreciation Award 2023 by Booking.com
- 10 DestinAsian Reader's Choice Awards – voted as the 2nd Best Hotel in Malaysia in the Readers' Choice Awards 2023
- 11 2023 Most Preferred Graduate Employers to Work For – Graduates' Choice Award is Asia Pacific's Most Authoritative Graduate Employer Branding Award
- 12 Forbes Travel Guide Rating Evaluation: Four-Star Award announced for Hotel and Spa

## OUR INVESTMENT PROPOSITION

### SUPERIOR QUALITY INVESTMENT PORTFOLIO

ensuring resilient earnings and stability



### STRONG BALANCE SHEET

with RM18.3 billion in total assets



### ROBUST GOVERNANCE STRUCTURE

supported by steadfast leadership committed to ethical conduct



**ESG PRINCIPLES ARE CORE** to our value creation strategy



**FOCUSED ON DRIVING IMPACTFUL CHANGES** to future-proof the business

# We Are KLCCP Stapled Group

## WHO WE ARE

Malaysia's largest REIT and only Stapled Security in the country, comprising KLCCP and KLCC REIT. KLCC REIT focuses on active asset management and acquisition growth strategies, whilst KLCCP is the development arm of the Stapled Group. At the forefront of Malaysia's real estate industry, our unique structure allows us to maximise the value we create for all our stakeholders.

To read more, refer to How We Are Structured: Group Corporate Structure on pages 34 to 35

**7 Properties**

Market Capitalisation  
**RM12.8 billion**

Property Value  
**RM16.0 billion**

Gross Floor Area  
**12.0 million (sq. ft.)**

## STATEMENT OF PURPOSE

# A PROGRESSIVE ENERGY AND SOLUTIONS PARTNER ENRICHING LIVES FOR A SUSTAINABLE FUTURE

Menara 3  
 PETRONAS



### CULTURAL BELIEFS

#### CUSTOMER FOCUSED

I deliver solutions from the customer lens

#### BE ENTERPRISING

I seek opportunities and make them happen

#### INNOVATE NOW

I challenge norms and push boundaries

#### SPEAK UP

I express my views openly

#### COURAGE TO ACT

I take action to progress with pace



### SHARED VALUES

#### LOYALTY

Loyal to corporation

#### INTEGRITY

Honest and upright

#### PROFESSIONALISM

Strive for excellence

#### COHESIVENESS

United, trust and respect for each other

Menara  
 ExxonMobil

Mandarin  
 Oriental,  
 Kuala Lumpur



# WHAT WE DO

We own, manage, develop and invest in a portfolio of premium assets comprising office, retail and hotel properties in the heart of Kuala Lumpur. This is complemented by our award winning asset management services provided by KLCC Urusharta Sdn Bhd (KLCCUH) and KLCC Parking Management Sdn Bhd (KPM). This synergy of property investment and asset management strengthens the earning potential of our stable of iconic properties.

📖 To read more, refer to Business Review on pages 96 to 117

# HOW WE DO IT

We are committed to creating a progressive lifestyle experience within the KLCC Precinct while enhancing the value of our property portfolio. We are focused on optimising sustainable value creation through a strategic approach that capitalises on our unique Stapled Group structure and our competitive differentiators, well positioned for the future.

📖 To read more, refer to Our Strategy on pages 92 to 95 and Value Creation Model on pages 38 to 39



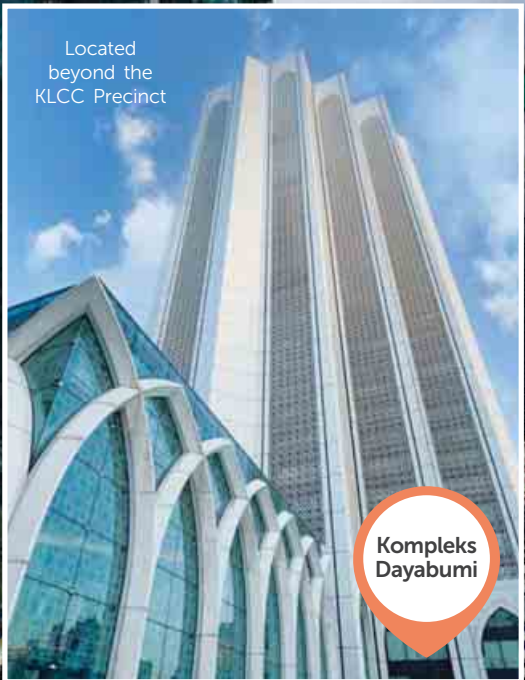
**PETRONAS  
Twin  
Towers**

**Suria  
KLCC**

KLCCP owns a 33% stake in Menara Maxis

**Menara  
Maxis**

- Office and Retail
- Office
- Hotel
- Retail



Located beyond the KLCC Precinct

**Kompleks  
Dayabumi**



A World-Class Portfolio

timeless iconic  
structures which  
resonate with the  
unique features  
of their  
surrounding  
communities





# What We Offer

## Our Iconic Portfolio in the Heart of Kuala Lumpur

### PETRONAS TWIN TOWERS

An iconic landmark and the world's tallest twin towers. The corporate headquarters of PETRONAS, the national petroleum company



**TENURE:**  
Freehold

**ACQUISITION DATE:**  
10 April 2013

**AGE OF BUILDING:**  
26 years

**LOCATION:**  
Kuala Lumpur City Centre,  
50088 Kuala Lumpur

**ACQUISITION PRICE:**  
RM6,500,000,000

**ENCUMBRANCES:**  
Nil

**TITLE:**  
GRN 43697, Lot 169, Seksyen 58,  
Bandar Kuala Lumpur,  
Daerah Kuala Lumpur,  
Wilayah Persekutuan Kuala Lumpur

**LEASE/TENANCY PROFILE:**  
Leased to a single lessee, Petroliam Nasional Berhad (PETRONAS) vide a Triple Net Lease Agreement for a term of 15 years, expiring on 30 September 2027. PETRONAS has exercised its option to extend the lease to 30 September 2042, for a further term of 15 years

**NET BOOK VALUE AS AT 31 DECEMBER 2023:**  
RM6,760,205,648

**APPRAISED VALUE:**  
RM6,950,000,000

**DATE OF VALUATION:**  
31 December 2023

**INDEPENDENT VALUER:**  
Savills (Malaysia) Sdn Bhd

**Green Building Certification**  
Green Building Index – Gold (2019)

**MSC Status**  
MSC Cyberjaya @ KLCC

**234,007**  
Land Area (sq. ft.)

**5,499,468**  
Gross Floor Area (sq. ft.)

**3,195,544**  
Net Lettable Area (sq. ft.)

**4,897\***  
Car Park bays (sq. ft.)

\* North West Development Car Park, shared by PETRONAS Twin Towers, Suria KLCC and Menara Maxis

**100%**  
Occupancy (31 December 2023)





## What We Offer Our Iconic Portfolio in the Heart of Kuala Lumpur

### MENARA 3 PETRONAS

A premium Grade-A, 58-storey office tower with exclusive retail and sky dining

**46,306**

Land Area (sq. ft.)

**1,500,814**

Gross Floor Area (sq. ft.)

**195**

Car Park bays

**816,377 (Office)**

Net Lettable Area (sq. ft.)

**133,437 (Retail)**

Net Lettable Area (sq. ft.)

**100% (Office)**

Occupancy (31 December 2023)

**88% (Retail)**

Occupancy (31 December 2023)

**TENURE:**

Freehold

**ACQUISITION DATE:**

10 April 2013

**AGE OF BUILDING:**

12 years

**LOCATION:**

Kuala Lumpur City Centre,  
50088 Kuala Lumpur

**ACQUISITION PRICE:**

RM1,790,000,000

**ENCUMBRANCES:**

Nil

**TITLE:**

GRN 43699, Lot 171, Seksyen 58,  
Bandar Kuala Lumpur,  
Daerah Kuala Lumpur,  
Wilayah Persekutuan Kuala Lumpur

**LEASE/TENANCY PROFILE:**

Leased to a single lessee, Petroliam Nasional Berhad (PETRONAS) vide a Triple Net Lease Agreement for a term of 15 years, expiring on 14 December 2026. PETRONAS has exercised its option to extend the lease to 14 December 2041, for a further term of 15 years

**NET BOOK VALUE**

**AS AT 31 DECEMBER 2023:**

RM1,971,646,263

**APPRAISED VALUE:**

RM2,038,000,000

**DATE OF VALUATION:**

31 December 2023

**INDEPENDENT VALUER:**

Savills (Malaysia) Sdn Bhd

**Green Building Certification**

Green Building Index – Silver (2019)





## MENARA EXXONMOBIL

29-storey office building strategically located at the south-eastern portion of the KLCC Development and is home to major oil and gas corporations



**43,044**

Land Area (sq. ft.)

**562,064**

Gross Floor Area (sq. ft.)

**406,932**

Net Lettable Area (sq. ft.)

**528**

Car Park bays

**100%**

Occupancy (31 December 2023)

**TENURE:**

Freehold

**ACQUISITION DATE:**

10 April 2013

**AGE OF BUILDING:**

27 years

**LOCATION:**

Kuala Lumpur City Centre,  
50088 Kuala Lumpur

**ACQUISITION PRICE:**

RM450,000,000

**ENCUMBRANCES:**

Nil

**TITLE:**

GRN 43685, Lot 157, Seksyen 58,  
Bandar Kuala Lumpur,  
Daerah Kuala Lumpur,  
Wilayah Persekutuan Kuala Lumpur

**LEASE/TENANCY PROFILE:**

Leased to ExxonMobil Exploration and Production Malaysia Inc for an initial period of 9 years with an option to renew for 3 successive terms of 3 years each; and Tenancy to PETRONAS for an initial period of 3 years with an option to renew for 5 successive terms of 3 years each

**NET BOOK VALUE  
AS AT 31 DECEMBER 2023:**

RM540,000,000

**APPRAISED VALUE:**

RM540,000,000

**DATE OF VALUATION:**

31 December 2023

**INDEPENDENT VALUER:**

Savills (Malaysia) Sdn Bhd

**MSC STATUS:**

MSC Cybercity @ KLCC





## What We Offer

### Our Iconic Portfolio in the Heart of Kuala Lumpur

#### KOMPLEKS DAYABUMI

An integrated office development with retail podium located within the former city centre of Kuala Lumpur

##### TENURE:

99 years leasehold interest expiring on 27 January 2079 (lot 45), 5 June 2122 (lot 38), 9 November 2081 (lot 39) and 98 years leasehold interest expiring on 5 June 2121 (lot 51)

##### ACQUISITION DATE:

31 May 2004

##### AGE OF BUILDING:

39 years

##### LOCATION:

Kuala Lumpur City Centre,  
50050 Kuala Lumpur

##### ENCUMBRANCES:

Nil

##### TITLE:

HS(D) 123344, PN 53463, PN 33471,  
HS(D) 123343, Lot 38, 39, 45, & 51  
Seksyen 70, Bandar Kuala Lumpur,  
Daerah Kuala Lumpur,  
Wilayah Persekutuan Kuala Lumpur

##### LEASE/TENANCY PROFILE:

Leased to a single lessee, PETRONAS vide a Triple Net Lease Agreement for a term of 6 years expiring on 31 December 2025

##### NET BOOK VALUE AS AT 31 DECEMBER 2023:

RM753,300,000

##### APPRAISED VALUE:

RM755,194,250

##### DATE OF VALUATION:

31 December 2023

##### INDEPENDENT VALUER:

Cheston International (KL) Sdn Bhd

**315,082**

Land Area (sq. ft.)

**1,040,108**

Gross Floor Area (sq. ft.)

**648,790**

Net Lettable Area (sq. ft.)

**731**

Car Park bays

**100%**

Occupancy (31 December 2023)



## SURIA KLCC

Premier shopping destination in Malaysia with exclusive specialty stores, making it the best place for shopping, dining and entertainment



**303,112**

Land Area (sq. ft.)

**1,545,361**

Gross Floor Area (sq. ft.)

**950,074**

Net Lettable Area (sq. ft.)

**96%**

Occupancy (31 December 2023)

**TENURE:**

Freehold

**ACQUISITION DATE:**

31 May 2004

**AGE OF BUILDING:**

25 years

**LOCATION:**

Kuala Lumpur City Centre,  
50088 Kuala Lumpur

**ENCUMBRANCES:**

Nil

**TITLE:**

GRN 43698, Lot 170, Seksyen 58,  
Bandar Kuala Lumpur,  
Daerah Kuala Lumpur,  
Wilayah Persekutuan Kuala Lumpur

**LEASE/TENANCY PROFILE:**

Tenanted to various retailers on a 3  
to 5-year term tenancy

**NET BOOK VALUE**

**AS AT 31 DECEMBER 2023:**

RM5,615,193,535

**APPRAISED VALUE:**

RM5,630,000,000

**DATE OF VALUATION:**

31 December 2023

**INDEPENDENT VALUER:**

Nawawi Tie Leung Property  
Consultants Sdn Bhd

## What We Offer

### Our Iconic Portfolio in the Heart of Kuala Lumpur

#### MANDARIN ORIENTAL, KUALA LUMPUR

A five-star luxury hotel in the heart of Kuala Lumpur, offering impressive views with elegant interiors, spacious rooms, fabulous facilities and a wealth of dining options


**87,123**

Land Area (sq. ft.)

**998,705**

Gross Floor Area (sq. ft.)

**629**

No. of rooms

**544**

Car Park bays

**55%**

Occupancy (31 December 2023)

**TENURE:**

Freehold

**ACQUISITION DATE:**

31 May 2004

**AGE OF BUILDING:**

25 years

**LOCATION:**

 Kuala Lumpur City Centre,  
 50088 Kuala Lumpur

**ENCUMBRANCES:**

Charged by Asas Klasik Sdn Bhd to Public Bank Berhad registered on 12 June 2008

**TITLE:**

 GRN 43700, Lot 172, Seksyen 58,  
 Bandar Kuala Lumpur,  
 Daerah Kuala Lumpur,  
 Wilayah Persekutuan Kuala Lumpur

**NET BOOK VALUE**
**AS AT 31 DECEMBER 2023:**

RM526,351,127

**APPRAISED VALUE:**

RM817,000,000

**DATE OF VALUATION:**

31 December 2023

**INDEPENDENT VALUER:**

 Nawawi Tie Leung Property  
 Consultants Sdn Bhd



## MENARA MAXIS

49-storey office tower with unique and distinctive architecture. Houses one of the leading communications service provider in Malaysia and its associate companies



**46,597**

Land Area (sq. ft.)

**814,741**

Gross Floor Area (sq. ft.)

**537,085**

Net Lettable Area (sq. ft.)

**100%**

Occupancy (31 December 2023)

**TENURE:**

Freehold

**ACQUISITION DATE:**

31 May 2004

**AGE OF BUILDING:**

25 years

**LOCATION:**

Kuala Lumpur City Centre,  
50088 Kuala Lumpur

**ENCUMBRANCES:**

Nil

**TITLE:**

GRN 43696, Lot 168, Seksyen 58,  
Bandar Kuala Lumpur,  
Daerah Kuala Lumpur,  
Wilayah Persekutuan Kuala Lumpur

**LEASE/TENANCY PROFILE:**

Leased to Tanjong City Centre Property Management Sdn Bhd vide a Triple Net Lease Agreement for a term of 15 years, expiring on 31 May 2028

**GREEN BUILDING CERTIFICATION:**

Green Building Index – Silver (2023)

**Note:**

KLCCP owns a 33% stake in Menara Maxis



# How We Are Structured

## Group Corporate Structure



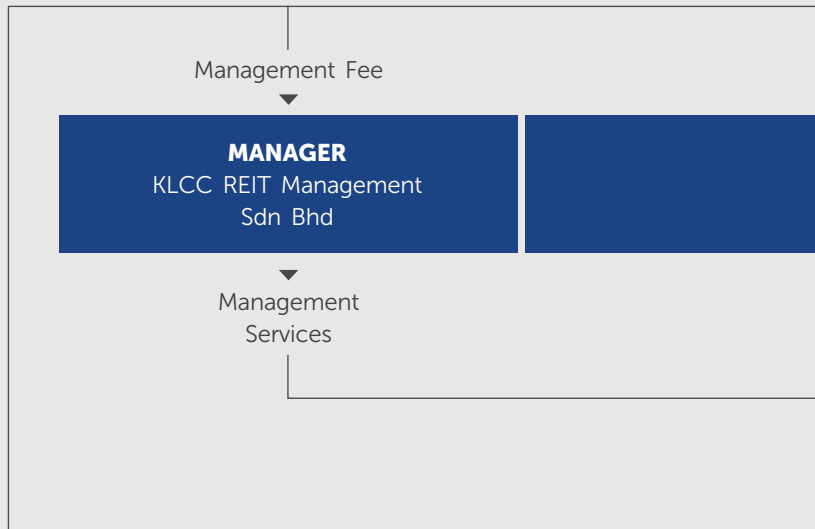
Each ordinary share is stapled to each unit (Stapled Securities)

### KLCC PROPERTY HOLDINGS BERHAD ("KLCCP")

- 100% **KOMPLEKS DAYABUMI SDN BHD**  
(Kompleks Dayabumi)
- 100% **KLCC URUSHARTA SDN BHD**  
(Facilities Management)
- 100% **KLCC PARKING MANAGEMENT SDN BHD**  
(Car Parking Management)
- 100% **KLCC REIT MANAGEMENT SDN BHD**  
(Manager of KLCC REIT)
- 100% **IMPIAN CEMERLANG SDN BHD**  
(Vacant Land – Lot D1)
- 75% **ASAS KLASIK SDN BHD**  
(Mandarin Oriental, Kuala Lumpur)
- 60% **SURIA KLCC SDN BHD**  
(Suria KLCC)
- 33% **IMPIAN KLASIK SDN BHD**  
(Menara Maxis)

**Note:**

Inactive companies have been excluded from this corporate structure. The detailed corporate structure of the Group can be found on the KLCCP Stapled Group's corporate website at [www.klcc.com.my](http://www.klcc.com.my)



### KLCC REIT SALIENT FEATURES

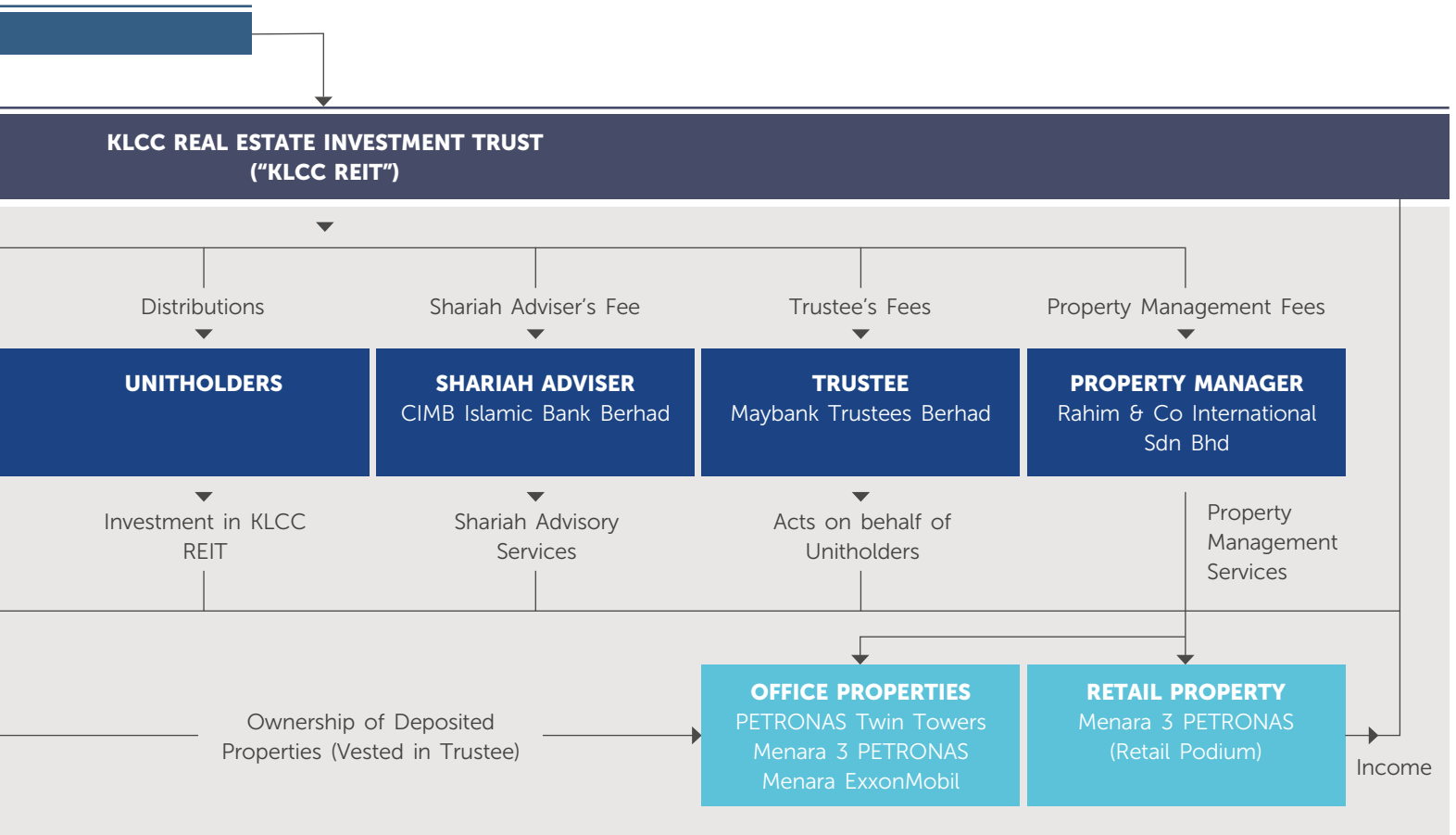
Name of Fund
KLCC REAL ESTATE INVESTMENT TRUST ("KLCC REIT")

#### Duration of Fund/Termination Date

The earlier of:

- 999 years falling on 8 April 3012
- The date on which KLCC REIT is terminated by the Trustee or the Manager, in circumstances as set out under provisions of the Trust Deed dated 2 April 2013 (as amended and restated by the Amended and Restated Trust Deed dated 3 September 2019)





Fund Type	Fund Category	Listing Date	Stock Name & Code
Income and Growth	Islamic Real Estate Investment Trust	9 May 2013	KLCC & 5235SS

**Approved Fund Size**

1,805,333,085 units

**Market Capitalisation**

RM12,799,811,558 (as at 31 December 2023)

**Investment Objective**

To provide the unitholders with regular and stable distributions, improving returns from property portfolio and capital growth, while maintaining an appropriate capital structure

**Investment Policy**

To invest, directly and indirectly, in a Shariah-compliant portfolio of income producing Real Estate used primarily for office and retail purposes in Malaysia and overseas

**Distribution Policy**

95% of KLCC REIT's distributable income for FY2013 and FY2014 and at least 90% for each subsequent financial year

Distributions can be on a quarterly basis or such other intervals

**Gearing Policy**

Up to 50% of total asset value of the Fund

# Our Integrated Approach to Value Creation

At KLCCP Stapled Group, we have integrated value creation into our business model. This requires us to consider various elements that could impact our ability to create value for the Group as well as our stakeholders in the short, medium and long term. Through an assessment of our operating environment and the needs of our stakeholders, we are able to develop strategies to achieve our end goals.

## ASSESSING OUR CONTEXT

## IDENTIFY AND PRIORITISE OUR MATERIAL ISSUES

### EVALUATE OUR OPERATING ENVIRONMENT

See pages 78-81

We analyse our operating environment and identify mega trends, risks and opportunities which have the greatest impact on our ability to create value in the short, medium and long terms. These include global and local economic activity, property trends, market volatilities, geopolitical tensions, competition, changing customer expectations, as well as increasing social, regulatory and environmental requirements.

### STRENGTHEN STAKEHOLDER ENGAGEMENT

See pages 42-49

Proactive engagement with key stakeholders allows us to understand their needs and be responsive to their expectations, prioritising what each stakeholder group values the most. In the process of delivering sustained value to all our stakeholders, we develop quality relationships with them which contribute to the continued growth and sustainability of our business.

- |   |  |   |
|---|--|---|
| <b>S1</b> Shareholders, Investors and Business Partners | <b>S3</b> Government, Local Authorities and Regulators | <b>S5</b> Suppliers and Service Providers |
| <b>S2</b> Employees                                     | <b>S4</b> Tenants, Customers and Guests                | <b>S6</b> Community                       |
|   |  | <b>S7</b> Media                           |

### IDENTIFY RISKS & OPPORTUNITIES

See pages 82-91

Our ability to create value is impacted by risks that could derail the attainment of our goals; and opportunities that could accelerate or accentuate positive outcomes. We have in place a comprehensive risk management framework that allows us to identify these risks and opportunities, and manage them as we pursue our strategic and business objectives.

- |   |                                    |
|---|------------------------------------|
| <b>R1</b> Financial Risk                      | <b>R5</b> Security Risk            |
| <b>R2</b> Human Capital Risk                  | <b>R6</b> Asset Management Risk    |
| <b>R3</b> Health, Safety and Environment Risk | <b>R7</b> Facility Management Risk |
| <b>R4</b> Market Risk                         | <b>R8</b> Supplier Risk            |

### REINFORCE OUR ESG COMMITMENTS

In line with our vision to be at the forefront of ESG developments in the real estate sector, we recently conducted a fresh materiality assessment to reaffirm our material sustainability matters; and will be developing a new sustainability roadmap to further enhance our environmental and social performance with key learnings from the recently-completed 2019-2023 roadmap.

### IDENTIFY OUR MATERIAL SUSTAINABILITY MATTERS

See pages 51-59

Material sustainability matters are those that could impact our ability to deliver value in the short, medium and long term. These are identified through an analysis of the macro-environment, our operating context, the resources we rely on, as well as feedback from our stakeholders. Our 13 material sustainability matters inform our strategy to manage our risks and leverage our opportunities.

#### PEOPLE

- |                                     |   |
|-------------------------------------|---|
| <b>M1</b> Human Capital Development | <b>M3</b> Labour Standard and Practices |
| <b>M2</b> Human Rights              | <b>M4</b> Health, Safety and Security   |

#### PLANET

- |  |                                    |
|--|------------------------------------|
| <b>M5</b> Climate Change and Energy Management | <b>M6</b> Environmental Management |
|--|------------------------------------|

#### PEACE

- |                                |   |
|--------------------------------|---|
| <b>M7</b> Corporate Governance | <b>M9</b> Cyber Security and Data Privacy |
| <b>M8</b> Business Ethics      |   |

#### PROSPERITY

- |   |  |
|---|--|
| <b>M10</b> Financial Sustainability       | <b>M12</b> Supply Chain Management         |
| <b>M11</b> Customer and Tenant Management | <b>M13</b> Corporate Social Responsibility |



**FORMULATE OUR STRATEGY → ALLOCATE OUR RESOURCES INTO OUR BUSINESS MODEL**

**CREATING VALUE**

**OUTLINE OUR STRATEGY**

See pages 92-95

Our 3-pronged growth strategy focuses on:



By concentrating on these three areas of focus, we will strengthen our business viability and performance through enhanced efficiencies across our operations and expansion of our asset portfolio to stay in tune with evolving needs and trends.

**ALLOCATE OUR CAPITAL**

See pages 40-41

The execution of our strategy relies on the disciplined allocation of the six capitals:

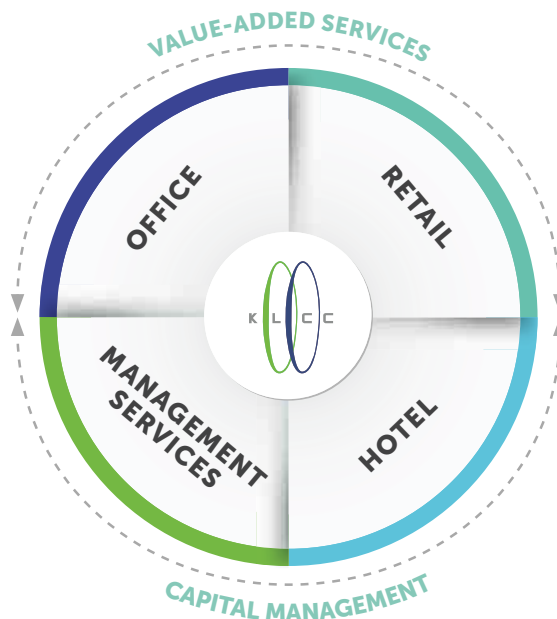
- FC** Financial Capital
- HC** Human Capital
- SR** Social and Relationship Capital
- MC** Manufactured Capital
- IC** Intellectual Capital
- NC** Natural Capital

We deploy our resources optimally and align our relationships to drive growth, reinforce resilience and deliver sustainable value for all our stakeholders.

**INTEGRATE OUR BUSINESS MODEL**

See pages 38-39

We seek to actively manage our activities and their impact to ensure we enhance the positive and minimise the negative outcomes of our business model, thereby sustaining value for all our stakeholders.



**Enhance Our Value**

Ultimately, KLCCP Stapled Group seeks to create long-term value for the Group as well as our shareholders and other stakeholders. We track our operational outcomes through various Key Performance Indicators which are measured against our strategies and strategic performance.

- A source of sustained growth in total returns for investors and shareholders
- An employer of choice for employees
- A preferred business partner for vendors and suppliers
- A responsible community partner

**Creating a Positive Impact**

# Value Creation Model

## STATEMENT OF PURPOSE

A Progressive Energy and Solutions Partner  
Enriching Lives for a Sustainable Future

### OUR CAPITALS...

#### INPUTS

#### FC Financial Capital

- Total equity attributable to holders of Stapled Securities **RM13.3 bil**
- Total financing **RM2.4 bil**
- Share Capital: **RM1.8 bil**
- Cash Generated from Operations: **RM1.1 bil**

#### MC Manufactured Capital

- Iconic and high-quality assets
  - 5 Offices (3 GBI Certified) – 1 Hotel
  - 2 Retail
- We are a diversified REIT with a portfolio of 7 properties in Malaysia
- State-of-the-art infrastructure & facilities to ensure best-in-class products & services

#### IC Intellectual Capital

- Digital Enablers to create value through innovation
- Specialised facilities management expertise
- Boards and Manager's deep industry knowledge
- Efficient business processes and robust management systems

#### HC Human Capital

- Total Employees: **1,044**
- High performing talents and future driven culture
- Implementation of Diversity, Equality and Inclusivity (DEI) Policies
- Reward Structures linked to performance and value drivers

#### SR Social and Relationship Capital

- High integrity, trust and transparent communication with our key stakeholders
- Local Procurement: **99%**; International Procurement: **1%**
- A focus on responsible local procurement and supplier development
- Embracing sustainable development as well as responsible ESG Practices

#### NC Natural Capital

- Energy Consumption: **128,830 MWh**
- Initiatives to reduce consumption of natural resources
- Carbon emissions inventory being compiled to identify further reduction
- Digitalisation efforts and initiatives to reduce environmental footprint

### ...ENABLE VALUE-ADDING

#### MATERIAL SUSTAINABILITY MATTERS

##### PEOPLE

- M1** Human Capital Development
- M2** Human Rights
- M3** Labour Standard and Practices
- M4** Health, Safety and Security

##### PLANET

- M5** Climate Change and Energy Management
- M6** Environmental Management

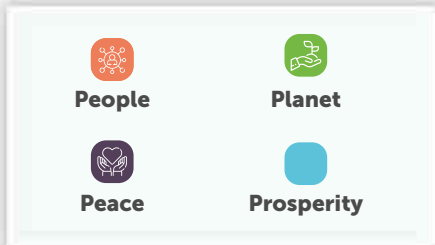
##### PEACE

- M7** Corporate Governance
- M8** Business Ethics
- M9** Cyber Security and Data Privacy

##### PROSPERITY

- M10** Financial Sustainability
- M11** Customer and Tenant Management
- M12** Supply Chain Management
- M13** Corporate Social Responsibility

#### SUSTAINABILITY PILLARS



### ...ACTIVITIES

#### OUR 3-PRONGED GROWTH STRATEGY

##### STRATEGIC PILLARS

- MC** Maximising Cash Generator
- EB** Expanding Core Business
- SO** Stepping Out



#### MARKET TRENDS

Accelerated Digital Transformation

Experiential and Immersive Customer Experience

#### UNDERPINNED BY

We are committed to the highest standards of governance and constantly review our framework to align with stakeholders' best interest



UNDERPINNED BY:  
**OUR SHARED VALUES**

**LOYALTY**  
Loyal to corporation

**INTEGRITY**  
Honest and upright

**PROFESSIONALISM**  
Strive for excellence

**COHESIVENESS**  
United, trust and respect for each other

**THAT CREATE...**

**...VALUE FOR OUR STAKEHOLDERS**

**OUTPUTS**

**OUR PRODUCTS**

- KLCCP Stapled Group's core output is quality real estate assets. Through our business activities of developing and managing of these properties to recycle capital, we aim to create value across our capitals, while recognising that some capitals are negatively affected through this process, despite our best efforts.
  - Quality real estate investments that add value to society and deliver sustained cash flow.
- Our end products include:
- Office: **5.6 mil** sq. ft. NLA
  - Retail: **1.1 mil** sq. ft. NLA
  - Hotel: **629** rooms
  - Facilities managed: **25**
  - Car park bays managed: **16,495**
  - Total Directly and Indirectly held Portfolio GFA of **12.0** million sq. ft. (2022: **12.0** mil sq. ft.)

**OUR WASTE AND EMISSIONS**

- Total GHG emissions of: **100,362** tCO<sub>2</sub>e (2022: 97,051)
- **6,392 tonnes** of waste generated from the Group's operation, with 13% diverted from landfill. (2022: 4,768, 14%)

**OUTCOMES**

**FC Financial Capital**

- Ranked 1<sup>st</sup> in the MREITs industry
  - By market capitalisation: **RM12.8 bil** (2022: RM12.1 bil)
  - By property value: **RM16.0 bil** (2022: RM15.7 bil)
- Annual total return: **11.4%** (2022: 8.1%)
- **RM1.6 bil** Revenue (2022: RM1.5 bil)
- **RM0.9 bil** Profit for the year (excluding fair value adjustments) (2022: RM0.8 bil)

**MC Manufactured Capital**

- Average occupancy rate
  - Office: **100%**    – Retail: **96%**
  - Hotel: **55%**
- Retail tenant sales growth out-performed pre-Covid levels
- Secured **1,680** car park bays

**IC Intellectual Capital**

- Strong governance structure and transparency
- **84%** Managers upskilled with enhanced leadership competencies
- **80%** senior management upskilled with enhanced leadership competencies
- Enhanced IT security systems with zero incidents of cybersecurity breaches

**HC Human Capital**

- **41** employee training hours (2022: 28 hours)
- Enhanced employee skillset and capabilities
- Improvement on safety performance
- Improvement in Organisational Culture Survey Index Score to **78** (2022: 73)

**SR Social and Relationship Capital**

- Analysis report coverage: **11**
- **RM4.6 mil** spent on corporate social responsibility
- Organisational Culture Survey index score of **77** on integrity
- **90%** average customer satisfaction score for Office, Car Park, and Hotel segment

**NC Natural Capital**

- Minimised environmental impact
- Achievement of sustainability roadmap 2023 targets
- Strategic collaboration towards green mobility and renewable energy

**TRADE-OFFS**

We apply our financial capital to execute our growth strategy, which increases our manufactured capital, as well as to manage every aspect of our operations, hence increasing our human, intellectual and social & relationship capitals. It is important to balance the allocation of our financial capital prudently to maintain healthy cash flow and capital position without impeding our growth aspirations.

Investments into optimal maintenance of our physical properties decreases our financial capital in the short term but increases it in the long term, as reflected in their increased valuation. The short-term decrease in financial capital also results in enhanced energy efficiency and other environmentally-friendly initiatives (natural capital), increased tenant and customer satisfaction (social and relationship capital) and a stronger brand (intellectual capital).

Increasing our intellectual capital involves investing into our digital platforms and technologies, building the knowledge and expertise of our talents, and continuously enhancing our organisational processes and procedures. While draining our financial capital in the short term, this will be enhanced in the long term as we maintain quality assets (manufactured capital), satisfy customers' and tenants' needs (social & relationship), increase our organisational capabilities (human capital), and reduce our carbon footprint (natural capital).

Our people are key to our sustained success, hence it is important to channel sufficient resources into their training and development, engagement, remuneration and benefits in order to improve the quality of our assets (manufactured capital), reduce our footprint (natural capital) and develop better stakeholder relationships (social & relationship capital). This results in stronger organisational expertise and brand equity (intellectual capital) leading to enhanced profits.

We invest into building strong relationships with key stakeholders including our customers, tenants, suppliers and the community. This helps build our brand equity and maintaining tenant loyalty (intellectual capital). We are best in class in managing our facilities (manufactured and natural capitals) hence continuously improving our property valuation (financial capital).

Through increased use of energy-efficient technologies (financial & intellectual capital), we are able to reduce our energy consumption (natural capital) and therefore our carbon emissions in line with our corporate agenda to attain net zero carbon status by 2050. This demonstrates our commitment to the carbon transition, increasing our reputation (intellectual capital) while saving costs and enhancing our business in the long term (financial capital).



Sustainability – the net zero race      The Talent Challenge

## Our Key Capitals

Our capitals are the key resources we use to enhance our operations and grow our business. Broadly categorised as financial, manufactured, intellectual, human, social & relationship, and natural, these capitals are inter-related and play off each other. Our aim is to grow their stock optimally through effective capitals management as this is integral to value creation for the Group and our stakeholders.

### FINANCIAL CAPITAL



This comprises the pool of funds available to us including debt, retained earnings and sukuk/equity funding. Our financial capital is used to maintain and upgrade our assets as we invest in best-in-class technologies, while enhancing the capabilities and competencies of our people. Our objective is to maintain strong cash flow and a robust balance sheet in order to execute our strategy while continuing to be agile in responding to opportunities and mitigating risks.



Total assets:

**RM18.3 bil**



Cash Balance:

**RM1.2 bil**

**40.50 sen**

Distribution per  
Stapled Security

Earnings Per Share:

**51.59 sen**

### MANUFACTURED CAPITAL



This is represented by the physical assets that we own and use across our operations. It consists primarily of our diversified portfolio of properties in the sought-after KLCC Precinct and Dayabumi Kompleks. We maintain these assets optimally, meeting the needs of our tenants and customers while ensuring their value to retain their prestige over time.



Property Value:

**RM16.0 bil**

Property, Plant  
& Equipment:

**RM0.5 bil**



Property AUM valued

at **RM16.5 bil**

### INTELLECTUAL CAPITAL



This refers to our intangible assets such as the knowledge and capability intrinsic to our organisation, our systems and processes, as well as our reputation. We continue to build our intellectual capital through investments in digital technology, deepening our understanding of the property industry and enhancing our execution capabilities.



**Deep** Real Estate  
**Experience**

**Strong** capital  
management  
**expertise**

Recognised with **23**  
industry awards and  
accolades by the  
industry

**50% Women**  
Directors on Boards



### HUMAN CAPITAL



Our human capital comprises the 1,044 individuals who make up KLCCP Stapled Group, each of whom plays an important role in our day-to-day operations and in ensuring the success of our strategies. We invest significantly into empowering the team with new skills and capabilities while caring for their safety and well-being. Our objective is for them to realise their full potential to drive a high-performance culture in the Group.

Investment in Employee Training and Development:

**RM1.8 mil**

Total Employees:

**1,044**

Females	Males
<b>405</b>	<b>639</b>
39%	61%

**184**  
employee turnover

Organisational Culture Survey Index Score: **78**

### SOCIAL AND RELATIONSHIP CAPITAL



This comprises the multitude of relationships and partnerships we have developed with our wide network of stakeholders, including our tenants and customers, investors and business partners, suppliers and service providers, employees, the government and regulators, and the community at large. We seek to engage with, understand and meet the needs of each stakeholder group to build trust-based symbiotic relationships that engender the creation of two-way value, further entrenching our social licence to operate.



**99%** of qualified vendors are local entities



Over **2,300** stakeholders engaged



**90%** Average Customer satisfaction score for Office, Car Park, and Hotel segment

### NATURAL CAPITAL



Our natural capital is represented by all the renewable and non-renewable resources that are used throughout the Group. It includes fuel, water and land, among others. We recognise the need to use these natural resources efficiently to manage environmental issues such as climate change while protecting the natural environment for the sustainability of our operations and, indeed, the planet.



**1,221,346 m<sup>3</sup>**  
of water consumed

**128,830 MWh**  
of electricity consumed

**23%** reduction in GHG Emissions from 2015 (base year)



**13%** waste diversion rate

## Stakeholder Engagement and Value Creation

Our key stakeholders are those who have an impact on our operations and/or are impacted by what we do. Premised on their relationship with KLCCP Stapled Group, we seek to understand our stakeholders' expectations of us, and address their interests. This is integral to our value creation process.





Legend: **D** – Daily **W** – Weekly **M** – Monthly **T** – Bi-monthly **B** – Bi-annually **Q** – Quarterly **A** – Annually **R** – As required

## S1 SHAREHOLDERS, INVESTORS AND BUSINESS PARTNERS

### WHY WE ENGAGE

Our shareholders, investors and business partners define the trust, reputation and credibility of our organisation and provide access to funding to grow our business

### ENGAGEMENT CHANNEL AND FREQUENCY

- Annual General Meetings (AGMs) **A**
- Business partners' board meetings **Q**
- Investor and analyst briefings **Q**
- Results announcements **Q**
- Corporate website **R**
- Annual Report **A**
- Sustainability Report **A**
- Press Releases **R**

### KEY TOPICS AND CONCERNS

- Financial management
- Business resilience and sustainability
- Environmental, Social and Governance (ESG) practices
- Business strategy and long-term growth
- Governance practices
- Negative reports

### OUR RESPONSES

- Quarterly results announcements, analyst briefings, one-on-one video conferences, Board meetings, AGMs and news coverage
- Communication of our ESG practices through our Sustainability Report, corporate website, emails and online ESG World Platform
- Strong corporate strategies that provide clear business direction
- Engagement with investors through ESG themed site visits

### VALUE CREATED FOR SHAREHOLDERS, INVESTORS & BUSINESS PARTNERS

- Stable returns to holders of Stapled Securities
- Strong brand positioning to sustain competitive advantage
- Enhance decision making due to Group's transparency and timely performance updates
- Strong ESG values to attract established and strategic business partners

### VALUE FOR KLCCP STAPLED GROUP

- Access to funds/capital from shareholders and investors
- Provision of consistently high returns enhances KLCCP Stapled Group's credit rating and attracts more investors
- Business partners' technical skills and expertise strengthen the Group's intellectual capital, hence performance
- Recognition by the industry, e.g. The Asset Platinum Award on ESG Excellence

### RISKS

- Underperformance resulting in lower share price
- Resistance from shareholders to corporate plans or strategies, hampering the attainment of corporate objectives
- Non-alignment in values or strategic objectives with business partners creating friction in operations

### OPPORTUNITIES

- Reinforce the trust and confidence of shareholders, investors and business partners through transparency and integrity
- Engage constantly with shareholders, investors and business partners to share the Group's goals and objectives, and align their expectations with our objectives and strategies
- Conduct due diligence on business partners to ascertain their integrity and values, in addition to their skills and expertise

### BUSINESS INITIATIVES

- Investor relations team engages frequently with investing community
- Participation in investor conferences
- Provision of timely and relevant information to shareholders, e.g. quarterly briefings and press releases, production of annual reports
- Maintenance of constantly updated IR site on corporate website
- Strong governance and culture of integrity to enhance Group's performance

### VALUE CREATION INDICATORS & HIGHLIGHTS

- Paid out RM723.9 million in 2023 based on total dividend of 40.50 sen, the highest for the Group
- Maintained our credit rating of AAA/Stable rating by RAM Ratings for Suria KLCC & KLCC REIT Sukuk Murabahah Programmes
- Increased property valuation to RM16.1 billion

### MAP TO

Capitals:



Material Sustainability Matters:



UNSDG:



# Stakeholder Engagement and Value Creation

## S2 EMPLOYEES

### WHY WE ENGAGE

Our employees are the Group's greatest asset. Through their dedication, passion and belief in our shared values, we deliver desired results

### ENGAGEMENT CHANNEL AND FREQUENCY

- CEO Townhall sessions providing updates on financial performance, growth plans and employee matters
- Dialogue and engagement with Leadership Team
- Training/workshop/teambuilding/sharing sessions
- Performance reviews where career progression is discussed
- Intranet/emails/HR Careline/memos
- Employee satisfaction survey/Organisational Culture Survey
- Health and recreational activities
- KLCC MyWellness Website and App

A  
R  
R  
O  
R  
A  
R  
D

### KEY TOPICS AND CONCERNS

- Group's strategies, long-term growth and performance
- Skills and capability development
- Career progression
- Employee benefits and compensation
- Security, safety, health and well-being
- Work-life balance
- Job security

### OUR RESPONSES

- Updates on financial performance, growth plans and employee matters
- Structured training and e-learning for all levels
- Quarterly employees' career advancement discussions at the Human Capital People Development Committee
- Various Health Safety and Environment (HSE) awareness programmes
- Staff engagement sessions assuring job security
- Thoughtful health assessment/campaigns/talks through MyWellness KLCC to support mental health and fitness

### VALUE CREATED FOR EMPLOYEES

- Equal employment opportunities and attractive career progression
- Healthy and safe work environment that promotes sustainability
- Opportunities for learning, development and growth
- Competitive remuneration and benefits
- Opportunities to take part in sports, recreational and environmental conservation activities

### VALUE FOR KLCCP STAPLED GROUP

- Energised and engaged employees ensure valuable contributions to our business strategy and growth
- Innovative, up-to-date and competent workforce provides long-term relevance in the industry
- High-performance and customer-focused work culture

### RISKS

- Failure to retain employees by not meeting their expectations
- Failure to equip employees with skillsets required
- Emotional stress or anxiety leading to lack of productivity
- Reputational damage if perceived to practice discrimination or violate labour laws

### OPPORTUNITIES

- Embrace technology, communication channels and change management programmes to stay ahead of the curve and increase skills and experience in order to remain relevant
- Transform our workforce with the right mindset and culture; and maintain organisational resilience with satisfied and competent employees
- Reduced cost of hiring and training from lower employee turnover
- Elevate women leadership in line with the nation's aspiration
- Maintain a safe workplace and healthy workforce for a sustainable business
- Efficient and sustainable management systems and work processes

### BUSINESS INITIATIVES

- Leverage e-learning platforms to empower employees to upskill themselves
- Evaluate core capabilities ensuring talents are equipped with the right skills
- Enhance organisational performance and sustainability via robust succession plans
- Offer diverse activities through KLCC Sports and Recreation Club (KSRC) for work-life integration
- Implemented a Digital Health platform and organise wellness talks & health checks to encourage a healthier lifestyle
- Connect regularly with employees to establish meaningful relationships
- Practice Equality, Diversity and Inclusion
- Establish grievance mechanism for human rights issues
- Provide attractive remuneration and benefits to attract and retain top talent
- Establish a Generative HSE Culture

### VALUE CREATION INDICATORS & HIGHLIGHTS

- RM1.8 million spent on learning and development
- 2.4:1 succession ratio of ready talents per critical position
- 40,124 total training hours clocked in 2023 at an average 41 hours of online digital self learning and physical training session per staff
- Organisational Culture Survey index score of 78
- 36% of Top Management are women
- Zero incident of discrimination in the workplace

### MAP TO

Capitals:



Material Sustainability Matters:



UNSDG:





Legend: **D** – Daily **W** – Weekly **M** – Monthly **T** – Bi-monthly **B** – Bi-annually **Q** – Quarterly **A** – Annually **R** – As required

### S3 GOVERNMENT, LOCAL AUTHORITIES AND REGULATORS

#### WHY WE ENGAGE

The government, local authorities and regulators provide the regulatory framework in which we operate in respect to compliance and risk mitigation

#### ENGAGEMENT CHANNEL AND FREQUENCY

- Emails/letters to provide feedback, updates, and queries
- Formal meetings, briefings, forums, visits, and consultations
- HSE inspections of business premises
- Collaboration with local authorities in managing KLCC Precinct’s safety and security

R  
R  
M  
R

#### KEY TOPICS AND CONCERNS

- Contribution to economic and industry growth
- Compliance with government policies, laws and regulatory requirements
- Ethical business practices
- Report on carbon emissions data

#### OUR RESPONSES

- Conduct briefings to relevant ministries, government departments and agencies on Group’s operations or areas of interest
- Monitor compliance through periodic internal assessments
- Implement containment strategy, initiatives and adhered to health and hygiene protocols
- Respond to local authority’s request for carbon emissions data of our assets

#### VALUE CREATED FOR GOVERNMENT, LOCAL AUTHORITIES & REGULATORS

- Complied with policies, regulations, guidelines, and standards relevant to the industry
- Contributed to the nation’s coffers with taxes due
- Advanced industry standards through adoption of best practices across our operations
- Contributed to government’s low-carbon transition

#### VALUE FOR KLCCP STAPLED GROUP

- Excellent rapport with the investment community through regular feedback/data to regulators for analysis and in promoting the REIT industry
- Establish the trust of government and relevant agencies, building strong working relationship

#### RISKS

- Non-compliance with laws, regulations or licenses could result in reputational damage and financial loss

#### OPPORTUNITIES

- Regular engagement with regulatory bodies to keep updated on policies and guidelines allows us to keep risks in check and assures sound and stable business operations

#### BUSINESS INITIATIVES

- Adhere to ISO37001 ABMS guidelines to maintain high level of integrity, corporate governance, transparency and best practices
- Emissions reduction initiatives supporting government’s ambition to achieve net zero carbon emissions by 2050
- Continuously review and enhance risk and crisis management

#### VALUE CREATION INDICATORS & HIGHLIGHTS

- Paid RM104.5 million to the Government in taxes for the year
- Achieved carbon emissions reduction of 23% compared to 2015 (base year)
- Achieved zero non-compliance with all relevant regulatory requirements

#### MAP TO

Capitals:



Material Sustainability Matters:



UNSDG:



# Stakeholder Engagement and Value Creation

## S4 TENANTS, CUSTOMERS AND GUESTS

### WHY WE ENGAGE

Our tenants, customers and guests drive market dynamics that underpin the growth and success of our business

### ENGAGEMENT CHANNEL AND FREQUENCY

- Hotline, surveys, and emails to manage queries, customers/tenants' feedback
- Environmental campaigns, i.e., energy conservation, water use, promoting digital platforms
- Loyalty programmes for shoppers and hotel guests
- Dialogue and engagement sessions
- Social media and other online platforms to promote products & services
- Website



### KEY TOPICS AND CONCERNS

- Security within the KLCC Precinct
- Customer satisfaction on products and services
- Product safety
- Condition of amenities provided in our properties
- Promotions and rewards

### OUR RESPONSES

- Provide safe and comfortable environment
- Offer a diverse retail mix catering to lifestyle and trends
- Hold promotional and reward programmes at our hotel and malls to drive occupancy and footfall
- Improve customer/guest experience via digital lifestyle products and self-service customer care solutions
- Continued the "Safe Space" initiative to address mental health issues; and "WeCareProgramme" to enhance high standards of hygiene awareness

### VALUE CREATED FOR TENANTS, CUSTOMERS AND GUESTS

- Reliable professional services, safe shopping environment and innovative trendsetting products and services
- Higher footfall and tenant sales contributed by experiential reward programmes and campaigns
- Healthy hotel occupancy contributed by high level of hotel maintenance and regular upgrades

### VALUE FOR KLCCP STAPLED GROUP

- Increased revenue and income from retail and hotel segments
- Safeguard reputation for premier office, retail and hotel spaces
- Continuously enhanced value of property portfolio

### RISKS

- Failure to keep up with the rapid changes in customer expectations and digital revolution
- Loss of market leadership due to intensifying competition and disruption to business trends

### OPPORTUNITIES

- Reimagine office spaces to meet evolving tenant needs
- Re-strategise retail with refreshing tenant and trade mix to drive footfall
- Differentiate consumer offerings with a focus on experience
- Innovate hotel's services and offerings to adapt to the new norm and provide quality guest experience
- Partnership and collaboration with retail tenants to understand shopper's behaviour and preferences
- Boost shopper traffic, guest arrivals and sales upon re-opening of businesses

### BUSINESS INITIATIVES

- Excellent tenancy management, marketing support and customer/facilities management services
- Increasing digitalisation, automation and adoption of smart technologies
- Adoption of energy and water saving practices to lower our environmental impact
- Employment of a waste management hierarchy to prevent, reduce and minimise waste

### VALUE CREATION INDICATORS & HIGHLIGHTS

- Achieved customer satisfaction score of 96%, 90% and 85% for office, hotel and parking operations respectively
- Achieved retail Net Promoter Score (NPS) of 73
- Increased property portfolio valuation from RM15.9 billion to RM16.1 billion
- Achieved record occupancy (66.9%) for MOKUL Hotel in October 2023

### MAP TO

Capitals:



Material Sustainability Matters:



UNSDG:





Legend: **D** – Daily **W** – Weekly **M** – Monthly **T** – Bi-monthly **B** – Bi-annually **Q** – Quarterly **A** – Annually **R** – As required

**S5 SUPPLIERS AND SERVICE PROVIDERS**

**WHY WE ENGAGE**

Our suppliers and service providers drive our value chain with expertise and support, contributing to the quality of our products and services

**ENGAGEMENT CHANNEL AND FREQUENCY**

- Meetings and workshops
- Safety, procurement procedures and Anti-Bribery Management System (ABMS) briefings
- Evaluations/performance reviews/audits
- Corporate presentations
- Supplier training programmes

**R**  
**R**  
**A**  
**R**  
**R**

**KEY TOPICS AND CONCERNS**

- Fair competition and compliance with procurement guidelines
- Potential business opportunities
- Transparency of tender processes
- Compliance with laws and regulations
- Contract extensions/expiries
- Prompt issuance of payments

**OUR RESPONSES**

- Provide equal opportunities to eligible suppliers
- Request for information to meet project/service requirements
- Engage with suppliers on HSE matters, procurement procedures and ABMS
- Support local employment through our supply chain

**VALUE CREATED FOR SUPPLIERS AND SERVICE PROVIDERS**

- Growth and business expansion opportunities for local suppliers
- Assurance of fair and ethical treatment as the Group's procurement complies with the Code of Conduct and Business Ethics (CoBE)
- Enhanced ESG awareness and practices in line with KLCCP Stapled Group's ESG values

**VALUE FOR KLCCP STAPLED GROUP**

- Reliable supply of quality products and services to enable the Group's smooth operations
- Suppliers and vendors that demonstrate same ESG values as KLCCP Stapled Group ensure sustainable practices along the entire value chain, enhancing the Group's reputation and standing

**RISKS**

- Potential conflicts of interest, corruption and unethical practices
- Quality and safety of products and services at stake
- Introduction of ESG risk into the supply chain
- Overdependence on foreign suppliers may result in cost escalation and increase in carbon emissions

**OPPORTUNITIES**

- Create a database of reputable and reliable suppliers, and continuously enhance the pool of quality suppliers
- Collaborate with reputable suppliers to strengthen relationships hence reliability
- Build capability in ESG practices amongst local suppliers

**BUSINESS INITIATIVES**

- Implement AI-powered software SMART GEP for enhanced vendor management and cashflow monitoring
- Contractually mandate adherence to our CoBE for our suppliers and service providers
- Conduct annual supplier audit to ensure suppliers' adherence to CoBE

**VALUE CREATION INDICATORS & HIGHLIGHTS**

- Spent RM261.4 million on suppliers and service providers
- 99% of total procurement spent on local suppliers
- Scored 90% Average Customer satisfaction for Office, Car Park, and Hotel segment

**MAP TO**

Capitals:



Material Sustainability Matters:



UNSDG:



# Stakeholder Engagement and Value Creation

## S6 COMMUNITY

### WHY WE ENGAGE

Our community defines our social relevance, how we connect and foster goodwill and deliver a lasting positive impact by addressing their needs

### ENGAGEMENT CHANNEL AND FREQUENCY

- Corporate Social Responsibility (CSR) programmes
- News portals, emails, websites, leaflets, kiosks, posters
- Events held at KLCC Park



### KEY TOPICS AND CONCERNS

- Environmental and social benefits and impact caused by our business activities
- Health and safety measures in our business operations

### OUR RESPONSES

- Participation in CSR programmes, (e.g. donations and sponsorships, and environmental conservation programmes)
- Enhanced security measures in KLCC Precinct through 24/7 monitoring via CCTV with analytics
- Contributed to welfare fund of the local authorities
- Contributed to maintenance of public infrastructure e.g., KLCC Park and pedestrian walkways

### VALUE CREATED FOR COMMUNITY

- Safe and secure environment for tenants, shoppers and guests in KLCC Precinct
- CSR contribution to local infrastructure, education and healthcare benefit the local community, and especially marginalised pockets of the community

### VALUE FOR KLCCP STAPLED GROUP

- Community investments cultivate positive relationships with stakeholders, establishing the Group's long-term relevance in the industry
- Social citizenry drives our brand, enhancing our reputation and the market's perception

### RISKS

- Lack of corporate social responsibility initiatives would damage the Group's reputation
- Random allocation of funds/selection of beneficiaries may lead to accusations of bias

### OPPORTUNITIES

- Enhance visibility of a socially responsible KLCC brand in the wider community
- Increase employee awareness of social inequities and involvement in initiatives to create a positive and lasting impact on the community

### BUSINESS INITIATIVES

- Mental Health Awareness campaign at Suria KLCC
- Sponsor and contribute to various programmes and charitable organisations
- Promotion of sustainability practices in KLCC Precinct through the KLCC Sustainable September campaign

### VALUE CREATION INDICATORS & HIGHLIGHTS

- Contributed RM4.6 million towards corporate social responsibility
- Benefitted 16,983 individuals and organisations through corporate outreach programmes

### MAP TO

Capitals:



Material Sustainability Matters:



UNSDG:



Legend: **D** – Daily **W** – Weekly **M** – Monthly **T** – Bi-monthly **B** – Bi-annually **Q** – Quarterly **A** – Annually **R** – As required

**S7 MEDIA**

**WHY WE ENGAGE**

The media shapes market perception and is a key multiplier of information to the public helping to build positive dialogue with our organisation

**ENGAGEMENT CHANNEL AND FREQUENCY**

- Press releases
- Emails
- Press conferences
- Interviews
- Media events

**R**  
**R**  
**R**  
**R**  
**R**

**KEY TOPICS AND CONCERNS**

- Financial performance, growth strategy and plans
- Timely and transparent disclosure
- Media investment, i.e., media buy, subscription of media services

**OUR RESPONSES**

- Press releases on quarterly results, events and notifications
- Participation in media events and interviews
- Maintain communication with media through media interviews, press conferences and provision of relevant information when requested

**VALUE CREATED FOR MEDIA**

- Timely updates on our financial performance, growth strategy and plans to aid media's reporting
- Advertising support through advertising spend and subscription of media services
- Strong media relations

**VALUE FOR KLCCP STAPLED GROUP**

- Good relationship with the media helps to enhance our reputation and credibility via fair and balanced content reporting
- Positive media coverage helps to address various stakeholder concerns, enhancing brand equity and public confidence
- Increased exposure and visibility of the of the Group's reputation, credibility and brand

**RISKS**

- Poor visibility due to insufficient media coverage
- Occurrence of inaccurate or false information

**OPPORTUNITIES**

- Build stronger media relationship at top level
- Expand our network of media friends to be able to disseminate information when required
- Communicate transparently with media to establish stakeholders' trust and confidence in KLCCP Stapled Group

**BUSINESS INITIATIVES**

- Press releases on quarterly results, events and notifications
- Participation in media events and interviews

**VALUE CREATION INDICATORS & HIGHLIGHTS**

- Achieved RM21.0 million Earned Media Value (EMV) from coverage in conventional media
- Achieved positive coverage of 74% for conventional media

**MAP TO**

Capitals:



Material Sustainability Matters:



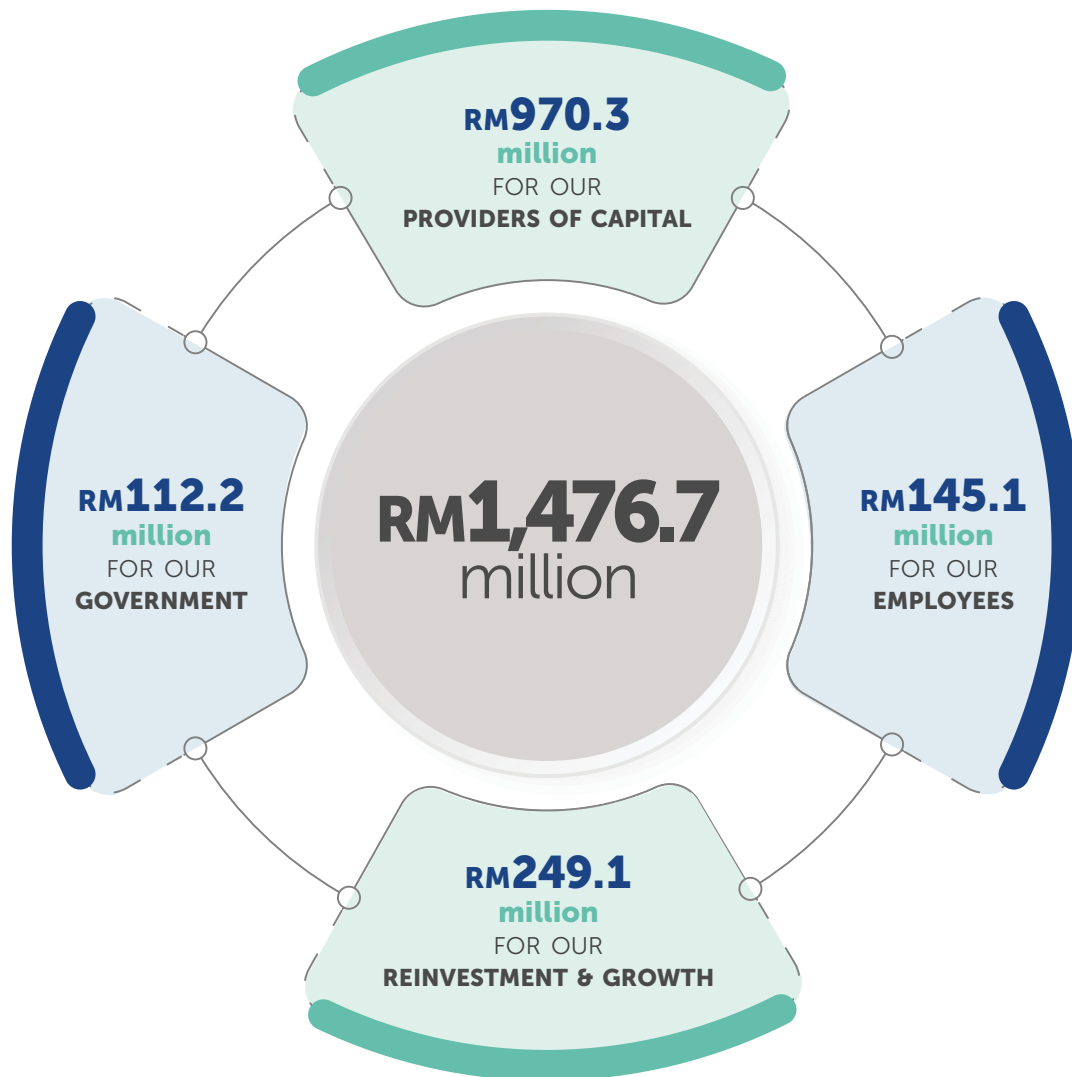
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## How We Distribute Value Created

In fulfilling our promise to our stakeholders, KLCCP distributes value created in relevant and meaningful ways – and for some stakeholder groups, beyond financial means. Stakeholders receive intangible benefits ranging from employee upskilling programmes to diverse community initiatives, in our effort to enable a more sustainable future. Value created in 2023 was distributed as follows:



### 65.7%

We rewarded and paid both shareholders & bank **RM970.3 million** during the year.



### 7.6%

A total of **RM112.2 million** of corporate taxes.



### 16.9%

**RM249.1 million** retained to fund future growth across our diversified portfolio.



### 9.8%

Salaries and rewards to KLCCP's employees amounted to **RM145.1 million**.

# Material Sustainability Matters

At KLCCP Stapled Group, sustainability is deeply embedded within our strategic planning, risk management, and is a fundamental aspect across all facets of our business and value chain. As a diversified entity engaged in property development, investment, and management services, we identify prospects to generate enduring value while mitigating external trade-offs associated with our operations and value chain.

We formulate our sustainability agenda to tackle issues that hold significance for both our internal and external stakeholders. Consequently, obtaining input and addressing sustainability matters considered material to our key stakeholders is an essential component of our sustainability management strategy.

## APPROACH

### Step 1 Identification

- In 2019, we strategically conducted a horizon scanning exercise, benchmarking against industry standards and identifying key risks and opportunities, resulting in the identification of 12 material sustainability matters for the company.
- In 2022, the list was realigned to include the Bursa Malaysia Prescribed Common Sustainability Matters. A total of 13 material sustainability matters were listed for the Group.
- In 2023, a meticulous review and scrutiny process was undertaken to finalise our materiality matrix.

### Step 2 Prioritisation

- The company examined the material sustainability matters identified in Identification Phase.
  - The process considered two main factors:
    - The size of their impact (economic, environmental, or social) following KLCC Enterprise Risk Management guidelines.
    - Influence on stakeholders' assessments and decisions, based on a survey towards appropriate stakeholder groups.
- In addition, stakeholder prioritisation was conducted based on their influence and dependence on KLCCP Stapled Group business, as per Bursa Guideline.

### Step 3 Validation

- Both the process and outcome of the materiality assessment undertaken are reviewed and approved by the KLCCP Stapled Group Sustainability Steering Committee and the Board.

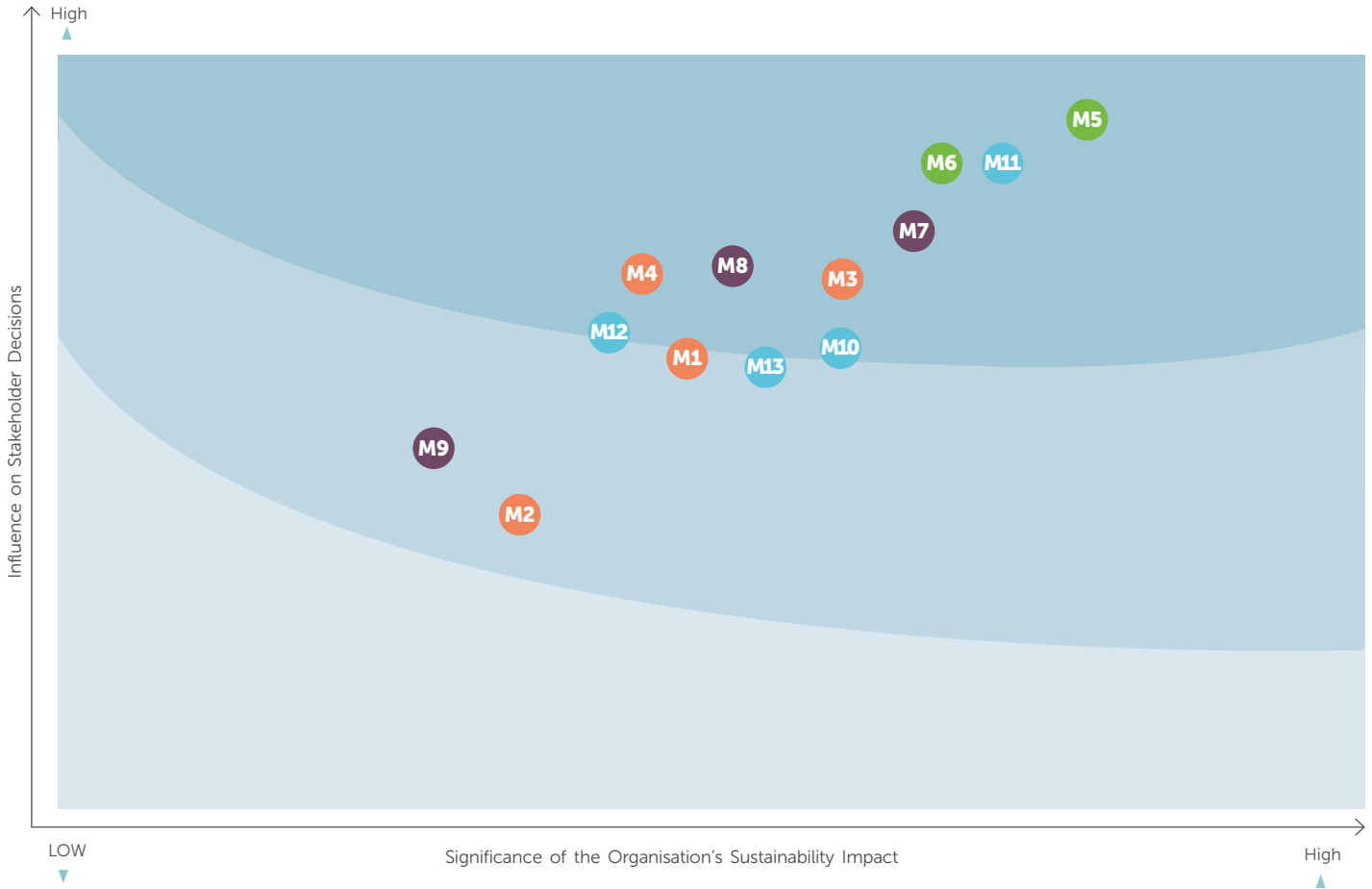
### Step 4 Matrix

- The results of all prior processes culminates in the Materiality Matrix for KLCCP Stapled Group.
- The Materiality Matrix will undergo subsequent limited review annually, while a full scale materiality assessment will be done at least once every 3 years or if there are major changes to its business model or operating context.

## Material Sustainability Matters

Based on the result of the assessment for each material sustainability matter, a materiality matrix was plotted as shown in the following figure.

### Materiality Matrix



- PEOPLE
- PLANET
- PEACE
- PROSPERITY

- M1 Human Capital Development
  - M2 Human Rights
  - M3 Labour Standard and Practices
  - M4 Health Safety and Security
  - M5 Climate Change and Energy Management
  - M6 Environment Management
- M7 Corporate Governance
  - M8 Business Ethics
  - M9 Cyber Security and Data Privacy
  - M10 Supply Chain Management
  - M11 Financial Sustainability
  - M12 Customer and Tenant Management
  - M13 Corporate Social Responsibility



01 PEOPLE

Human Capital Development

DESCRIPTION

Our unwavering dedication to developing human capital drives our strategy to maintain a perpetually prepared and highly skilled workforce.

WHY IS IT MATERIAL

Human capital development is pivotal in ensuring competence to execute essential strategies, underlining business sustainability across all facets of the triple bottom line.

RISKS





- Failure to retain employees
- Failure to equip employees with skillsets required with advancements in technology
- Failure to address financial and emotional stress leading to lack of productivity


OPPORTUNITIES


- Transforming our workforce with the right mindset and culture
- Keeping a resilient organisation with satisfied and competent employees
- Reduced cost due to employee turnover

OUR APPROACH

- Training and Development
- Workforce Sustainability and Core Capabilities Building
- Workforce Engagement and Wellbeing

MAP TO Capitals:    

Stakeholders: 

UNSDG:  

Human Rights

DESCRIPTION

Human rights is about the freedom of every individual to live a life free from fear, harassment or discrimination.

WHY IS IT MATERIAL

In the workplace, it is important to protect human rights in order to demonstrate the value placed on all employees and to nurture a culture in which everyone feels empowered to realise his or her true potential, thereby contributing to the long-term success and sustainability of the Group.

RISKS





- Failure to prevent reputational damage if perceived to practice discrimination

OPPORTUNITIES

- Elevating women leadership within the Group, in line with the nation's aspiration
- Attracting and retaining customers who are concerned with human rights

OUR APPROACH

- Equality, Diversity, and Inclusion
- Non-Discrimination
- Grievance Mechanism for Human Rights Issues
- Managing Human Rights Risks Strategically

MAP TO Capitals:    

Stakeholders:    

UNSDG:   

# Material Sustainability Matters

01

PEOPLE

## Labour Standards and Practices

### DESCRIPTION

It is important to adhere to the country's robust labour standards and practices to support our commitment in treating all employees with the respect and dignity they deserve.

### WHY IS IT MATERIAL

The Group views this adherence to Labour Standards and Practices, to be in line with our commitment to responsible and sustainable business operations, and serves as a strategic investment in our workforce, driving our competitive edge in the industry.

### RISKS

- Failure to prevent reputational damage due to perceived violation of labour practices
- Failure of complying with regulations

### OPPORTUNITIES

- Implementing good grievance mechanism and practices
- Enhancing productivity and employee retention

### OUR APPROACH

- Compensation, Benefits and Talent Retention
- Responsible Employment

### MAP TO

Capitals:

Stakeholders:

UNSDG:

## Health, Safety and Security

### DESCRIPTION

KLCCP Stapled Group recognises the vital role that Health, Safety and Security management plays in fostering a resilient and responsible corporate environment. Our steadfast commitment to the well-being of all stakeholders, be they employees, partners, customers or the communities we operate in, underscores our dedication to creating lasting value.

### WHY IS IT MATERIAL

We understand that our success hinges on the well-being of our people and the security of our operations. As such, we strive continually to elevate our Health and Safety (H&S) standards, ensuring our practices exceed industry benchmarks.

The KLCCP Stapled Group believes that by prioritising Health, Safety and Security, we not only mitigate risks but also fortify the foundation upon which sustainable business resilience is built.

### RISKS

- Threats to employees' Health and Safety – work related illnesses, and occupational hazards
- Threats to security of our guests, tenants, customers, and assets in relation to any global security threats
- Threats to employees' mental health due to work stress, job security and other personal issues

### OPPORTUNITIES

- Maintaining a healthy workforce and safe workplace for a sustainable business
- Ensuring leadership commitment in heightening safety and health standards
- Providing support to improve health and well-being for a sustainable work-life balance

### OUR APPROACH

- Health and Safety Management
- Proactive Incident Management
- Generative HSE Culture
- Digitalising HSE
- Security Management

### MAP TO

Capitals:

Stakeholders:

UNSDG:

02 PLANET

**Climate Change and Energy Management**

**DESCRIPTION**

The effects of climate change are becoming more evident in increasing climate events such as floods, typhoons, heat waves, forest fires and droughts, among others. These necessarily have a negative impact on communities, often damaging homes as well as livelihoods.

**WHY IS IT MATERIAL**

For the KLCCP Stapled Group, climate change, which is exacerbated by carbon emissions (from energy consumption among others), has the potential to damage our assets and communities and needs to be mitigated.

**RISKS**

- Potential worsening of global warming
- Potential business disruption due to severe weather conditions
- Failure to meet increase in operation costs due to material/resource scarcity because of climate change
- Threats to human health – physical and psychological well-being
- Failure to meet increase in demand by investors for low carbon/climate resilient companies

**OPPORTUNITIES**

- Supporting the government’s efforts to transition to a low-carbon economy by 2050
- Reducing energy usage by adopting energy efficient practices
- Assessing climate risk helps to future proof our business operation
- Attracting investments by being a climate resilient business

**OUR APPROACH**

- Climate Action Strategies
- Carbon Emissions Accounting and Reduction
- Energy Management

**MAP TO**

Capitals: **FC** **NC**

Stakeholders:

**S1** **S2** **S3** **S4** **S5** **S6**

UNSDG:



**Environmental Management**

**DESCRIPTION**

Our commitment to environmental management goes beyond strategy; it is a profound recognition of our role in building a sustainable future. Through conscientious eco-friendly practices, we actively reduce our ecological footprint, positioning our properties as symbols of modernity and environmental responsibility.

**WHY IS IT MATERIAL**

Engaging stakeholders in environmentally conscious practices empowers individuals to contribute actively to global environmental preservation. Our commitment to improving the environmental quality of surrounding communities reflects a deep-seated belief that our actions today shape tomorrow’s world. In summary, our environmental management strategy serves as a testament to our dedication to creating a sustainable and responsible future.

**RISKS**

- Degradation of environment quality caused by our operations
- Financial and reputational loss due to legal non-compliance
- Environmental pollution causing negative impact to the community

**OPPORTUNITIES**

- Implementing good waste management practices
- Promoting circularity in environmental management
- Enhancing our credibility by being certified to ISO 14001 Environmental Management System
- Saving costs by resources conservation

**OUR APPROACH**

- Water Management
- Waste Management

**MAP TO**

Capitals: **FC** **NC**

Stakeholders:

**S1** **S2** **S3** **S4** **S5** **S6**

UNSDG:





## Material Sustainability Matters

### Corporate Governance

#### DESCRIPTION

Corporate governance is crucial in shaping the trajectory of a company. Through well-structured corporate governance frameworks, companies are able to ensure that policies and procedures are adhered to across the entire value chain, protecting the organisation's financial and non-financial wellbeing while protecting stakeholders' interests and contributing positively to sustainability.

#### WHY IS IT MATERIAL

The Group's sustained growth is reliant upon maintaining a robust and effective corporate governance, which include identification and proactive management of risks that could impact the company's ability to achieve its strategies, as well as transparent communication of these strategies fostering stakeholder trust and confidence.

#### RISKS

- Heightened legal, regulatory and reputational risks
- Business disruption due to lack of preparedness to face crisis/emergencies

#### OPPORTUNITIES

- Promoting governance practices that contribute to growth and management stability.
- Engaging shareholders on investment decisions and promoting management transparency
- Ensuring business continuity and resilience

#### OUR APPROACH

- Risk and Crisis Management
- Board Diversity and Capacity Building

MAP TO Capitals:

Stakeholders:

UNSDG:

### Business Ethics

#### DESCRIPTION

True to our commitment to transparency and responsible business practices, KLCCP Stapled Group places paramount emphasis on upholding rigorous standards of business ethics.

#### WHY IS IT MATERIAL

In an ever-evolving business landscape where stakeholders increasingly prioritise social responsibility, our commitment to business ethics becomes a key differentiator. As we strive for sustainable growth, we recognise that ethical behaviour is not just a compliance requirement but an essential element that ensures the resilience and longevity of the Group.

#### RISKS

- Lack of control and strategic alignment leading to corruption, negligence, fraud, and lack of accountability
- Potential corporate legal liability
- Reputational loss if perceived as a corrupt corporate

#### OPPORTUNITIES

- Improving organisational efficiency and effectiveness in managing bribery and corruption risks to foster trust and integrity.
- Enhancing credibility of anti-corruption practices in the organisation by being certified to ISO37001 ABMS

#### OUR APPROACH

- Integrity and Corruption Management
- Top Leadership Commitment
- Anti Bribery Management System

MAP TO Capitals:

Stakeholders:

UNSDG:

## Cyber Security and Data Privacy

### DESCRIPTION

Cyber Security and data privacy encompass the measures and protocols implemented by KLCCP Stapled Group to safeguard its digital infrastructure and sensitive information from unauthorised access, breaches, and exploitation. These encompass robust technological defenses, procedural guidelines, and adherence to regulatory standards, forming the foundational pillars of the company's operational integrity.

### WHY IS IT MATERIAL

KLCCP Stapled Group prioritises the protection of our systems and data, recognising the critical role that cybersecurity and data privacy play in sustaining our business operations and fostering trust with our stakeholders. Our commitment to these principles underscores our dedication to maintaining the highest standards of security and privacy, ensuring the longevity and resilience of our Group.

### RISKS

- Threat to data security
- Financial loss due to failure on recovery of system
- Potential corporate legal liability due to data leakage

### OPPORTUNITIES

- Engaging with stakeholder and employees to create awareness on data protection and accountability
- Creating awareness on network and data protection to minimise cyber risks

### OUR APPROACH

- Education and Awareness
- Phishing Tests
- SWITCH Training
- Enterprise Cyber Security Governance Framework
- Cyber Security Business Impact Assessment (CS-BIA)

### MAP TO

Capitals:



Stakeholders:



UNSDG:



## Material Sustainability Matters

### Financial Sustainability

#### DESCRIPTION

Financial sustainability goes beyond mere financial metrics. It reflects the Group's resilience in navigating economic uncertainties, market fluctuations, and industry challenges, thus safeguarding its operational continuity, stakeholder confidence, and ability to pursue broader sustainability objectives effectively.

#### WHY IS IT MATERIAL

Financial sustainability is not merely a financial metric for KLCCP Stapled Group; it is a strategic imperative that underpins our commitment to responsible and enduring business practices. By prioritising financial health, we ensure not only our survival but also the continuity of our sustainability efforts, translating aspirations into tangible results that benefit our company, stakeholders, and the world at large.

#### RISKS

- Unexpected increase in costs due to global uncertainty and volatile market
- Insufficient working capital leading to financial insolvency
- Inability to compete in a challenging market
- Lack of efficiency and competitiveness to survive in the digital era

#### OPPORTUNITIES

- Reducing operating costs to conserve cash for survival
- Unlocking value through asset portfolio optimisation
- Leveraging core competencies to promote economic and industry growth.
- Improving operational efficiency and cost effectiveness through digitalisation and new technology

#### OUR APPROACH

- Ensuring Business Resilience
- Impactful Value Sharing
- Ensuring Sustainability Aspirations
- Supporting Socio-Economic Benefits
- Digitalisation

MAP TO Capitals:

Stakeholders:

UNSDG:

### Customer and Tenant Management

#### DESCRIPTION

Being a multifaceted concept, sustainability is addressed not only through environmental initiatives but also by emphasising strong relationships with customers and tenants. By understanding their needs, KLCCP Stapled Group builds trust and collaboration, positioning ourselves as reliable partners in the communities we serve.

#### WHY IS IT MATERIAL

Keeping customer and tenants, engaged and satisfied not only fosters brand loyalty but also contributes to positive social impact, creating vibrant and inclusive communities. Our dedication to providing the best customer experience ensures satisfaction, reinforcing our position as a responsible corporate citizen and driving positive change in the business ecosystem.

#### RISKS

- Failure to keep up with the rapid changes in customer expectations and digital revolution
- Failure to maintain market leader position due to intensifying competition and disruption to business trends

#### OPPORTUNITIES

- Reimagining office spaces to meet the evolving needs of our tenants
- Re-strategising retail with refreshing tenant and trade mix to drive footfall
- Differentiating the consumer offering with a focus on experience
- Innovating hotel's services and offerings to adapt to the new norm to provide quality guest experience
- Boosting shopper traffic, guest arrivals and sales with experiential and exciting new promotional events

#### OUR APPROACH

- Extensive Engagement
- Feedback Mechanisms
- Customer Satisfaction

MAP TO Capitals:

Stakeholders:

UNSDG:



04 PROSPERITY

Supply Chain Management

DESCRIPTION

Beyond operational excellence, our supply chain is a vehicle for social impact. We actively seek suppliers who share our commitment to fair labour practices, diversity and ethical standards.

WHY IS IT MATERIAL

A more sustainable network of supply chain, contributes to positive outcomes for workers and communities, in line with our broader goal of being a responsible corporate citizen. Moreover, our streamlined and sustainable supply chain is designed to provide the best customer experience, exceeding expectations and reinforcing our reputation for excellence.

RISKS

- Potential conflict of interest, corruption and unethical practices
- Failure to ensure quality and safety of products and services
- Failure to mitigate ESG risks in the supply chain
- Overdependence on foreign suppliers may result in cost escalation and increase in carbon emissions

OPPORTUNITIES

- Creating a database of reputable and reliable suppliers
- Collaborating with suppliers
- Enhancing the pool of suppliers for procurement of quality products and services
- Building capability in ESG practices amongst local suppliers

OUR APPROACH

- Robust Procurement Management

MAP TO Capitals:  

Stakeholders:     

UNSDG:  

Corporate Social Responsibility

DESCRIPTION

Community enrichment and well-being emphasise a company's role in enhancing the communities it serves.

Corporate Social Responsibility (CSR) through investments in local infrastructure, education and healthcare not only foster sustainable growth but also cultivate positive relationships with stakeholders, demonstrating a genuine commitment to community development.

WHY IS IT MATERIAL

Corporate Social Responsibility (CSR) is crucial to sustainable operations as it encompasses a commitment to social impact and community wellbeing. Social impact initiatives, such as philanthropy and sustainable practices, address societal challenges and contribute to community betterment.

RISKS

- Unfavourable Group reputation due to lack of involvement in corporate social responsibility initiatives
- Preference to charitable beneficiaries may lead to perception that the Group is not genuine in their CSR intentions



OPPORTUNITIES

- Enhancing brand visibility to the wider community
- Increasing employee awareness and involvement
- Giving back and creating a positive and lasting impact on the community
- Creating value for society

OUR APPROACH

- Corporate Social Responsibility (CSR) Initiatives
- KLCC Sustainable September

MAP TO Capitals:  

Stakeholders:  

UNSDG:  