

THE PLACE

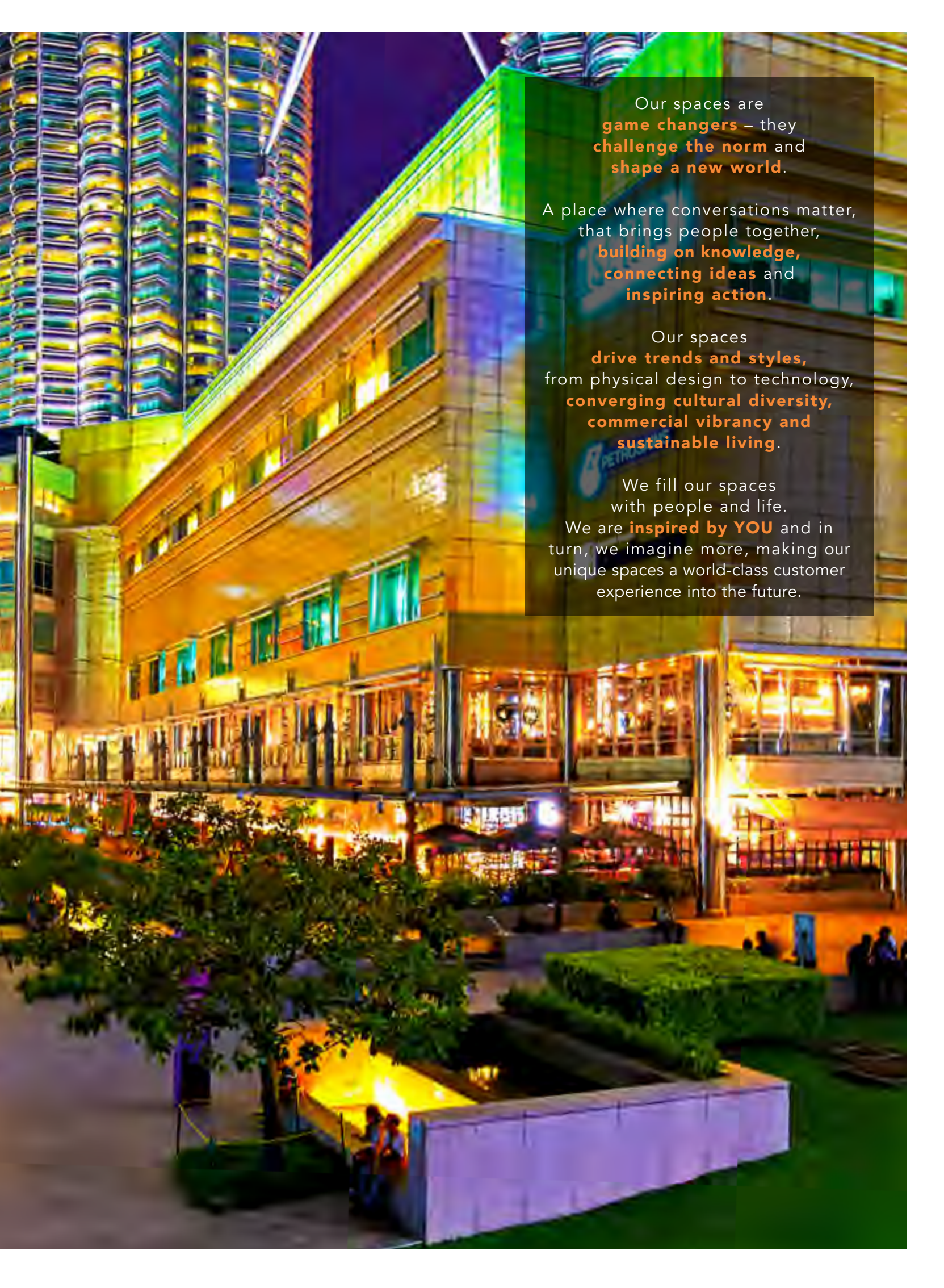
SPACES INSPIRED FOR THE PEOPLE



KLCCP Stapled Group

SPACES INSPIRED FOR THE PEOPLE





Our spaces are **game changers** – they **challenge the norm** and **shape a new world**.

A place where conversations matter, that brings people together, **building on knowledge, connecting ideas** and **inspiring action**.

Our spaces **drive trends and styles**, from physical design to technology, **converging cultural diversity, commercial vibrancy** and **sustainable living**.

We fill our spaces with people and life.

We are **inspired by YOU** and in turn, we imagine more, making our unique spaces a world-class customer experience into the future.

ABOUT THIS REPORT

THE KLCCP
STAPLED
GROUP'S
INTEGRATED
ANNUAL
REPORT AIMS
TO PROVIDE
STAKEHOLDERS
WITH A
BALANCED
ASSESSMENT OF
THE GROUP'S
ABILITY TO
CREATE AND
SUSTAIN VALUE
TO ENSURE
SHORT, MEDIUM
AND LONG-TERM
VIABILITY

OUR INTEGRATED JOURNEY

As part of our on-going efforts to improve corporate reporting standards and adoption of best practices, KLCCP Stapled Group embarked on a journey to integrated corporate reporting, explaining how the organisation's strategy, governance, performance and prospects, in the context of economy, social as well as environment, lead to the creation of stakeholder value over the short, medium and long-term.

This annual report enhances our disclosure of the relationship between our resources, actions and the value we create as well as draws closer links between our financial and non-financial risks and opportunities.

REPORTING PRINCIPLES AND FRAMEWORKS

The Integrated Annual Report has been prepared in accordance with the concepts and guiding principles of the International Integrated Reporting (<IR>) Framework issued by the International Integrated Reporting Council (IIRC), including disclosures based on the six identified capitals. KLCCP Stapled Group has also applied the principles of Malaysian Code on Corporate Governance (MCCG), Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia), Guidelines on Listed Real Estate Investment Trusts (Listed REITs Guidelines) of Securities Commission Malaysia, Bursa Malaysia's Management Discussion and Analysis Disclosure Guide (MD&A), as well as Companies Act 2016 (CA 2016). In preparing the Sustainability Report, KLCCP Stapled Group is guided by Bursa Malaysia's Sustainability Reporting Guide.

Disclosures are guided by the material economic, environmental and social issues which the directors believe have the potential to substantially impact the Group's ability to create and sustain value for its stakeholders. Due consideration is given to appropriate internal and external factors, including the operating environment, stakeholder expectations, the Group's strategies, risks and opportunities.

Additionally, the financial statements of KLCC Property Holdings Berhad (KLCCP) and KLCC Real Estate Investment Trust (KLCC REIT) are prepared in accordance with the Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards and the requirements of CA 2016.



FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements characterised by the use of words and phrases such as "might", "forecast", "anticipate", "project", "may", "believe", "predict", "expect", "continue", "will", "estimate", "target", and other similar expressions. As our business operates in a changing environment, it is subject to uncertainties that could cause actual results to differ from those reflected in any forward-looking statements.

ABOUT THIS REPORT

REPORTING STRUCTURE AND NAVIGATION ICONS

The Integrated Annual Report 2019 is a key document in the suite, and should be read in conjunction with the Sustainability Report. The suite comprises:

		
REPORTING SUITE	INTEGRATED ANNUAL REPORT 2019	SUSTAINABILITY REPORT 2019
REPORTING FRAMEWORK	<ul style="list-style-type: none"> • MCGG • Bursa Malaysia's MD&A • MMLR • MFRS • <IR> Framework • CA 2016 • Listed REITs Guidelines 	<ul style="list-style-type: none"> • Bursa Malaysia's Sustainability Reporting Guide • FTSE4Good Themes and Indicators for Real Estate Holdings and Development Sector • <IR> Framework <p><i>Our full fledged Sustainability Report 2019 is available at www.klcc.com.my/sustainability.php</i></p>

NAVIGATION ICONS

The following navigation icons are used throughout this Integrated Annual Report to link our strategies, material matters, risks and key performance indicators:



This icon tells you where you can find related information in this report.

SIX CAPITALS



Strong Financial Position



Portfolio of Diverse, Iconic Assets and Management Services



Deep Knowledge and Strong Capabilities



Engaged and Inspired Employees



Natural Resources



Trusted Relationships with Stakeholders

STRATEGIC PILLARS



Maximising Value of Investments



Resilience in Soft Market Conditions



Creating Value Through Sustainability



Embracing Digital For Business Enhancement

STRATEGIC PRIORITIES



S1 Leverage industry-leading capabilities and relationships to drive growth and opportunities



S2 Customer-led provision of vibrant spaces which inspire



S3 Active management of capital and risks



S4 Pursue organic and inorganic growth



For a more bitesized version of our report, please scan the QR code or log on to www.klcc.com.my/investor-relations/annual_report.html



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KLCCP STAPLED
GROUP



KLCC PROPERTY
HOLDINGS BERHAD



KLCC REAL ESTATE
INVESTMENT TRUST
(KLCC REIT)



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AT A GLANCE

7

Properties

11.9

million Gross Floor Area (sq. ft.)

RM15.9

billion Portfolio Value

Diversified
office-focused REIT

6 MENARA MAXIS

4 SURIA KLCC

1 PETRONAS TWIN TOWERS

● OFFICE AND RETAIL ● OFFICE ● RETAIL ● HOTEL

1 PETRONAS TWIN TOWERS
An iconic landmark, the world's tallest twin towers

2 MENARA 3 PETRONAS
Premium office and retail space seamlessly connected to Suria KLCC

3 MENARA EXXONMOBIL
Office tower currently tenanted by major oil and gas corporations

4 SURIA KLCC
The premier shopping destination in the heart of Kuala Lumpur



NATION BUILDING
A progressive symbol of Malaysia – Malaysia's iconic belt, point of business as the oil and gas hub and centre of MICE activities



SOCIAL DEVELOPMENT
An inclusive space that bridges people together and builds a stronger sense of community – Place to Work, Shop, Stay, Dine and Play



CATALYST FOR SURROUNDING DEVELOPMENT
A game-changer spurring the growth of millions of sq. ft. of commercial build-up, creating significant value enhancements



CUSTOMER EXPERIENCE
A must-visit destination where there is a perfect experience for everyone – Malaysia's Iconic Experience in Kuala Lumpur (MIEKL)



3 MENARA EXXONMOBIL

5 MANDARIN ORIENTAL, KUALA LUMPUR

3 MENARA 3 PETRONAS

5 **MANDARIN ORIENTAL, KUALA LUMPUR**
A 5-star award winning luxury hotel

6 **MENARA MAXIS**
Home to one of the leading communications service provider in Malaysia

7 **KOMPLEKS DAYABUMI**
An integrated office and retail development
(located outside the KLCC Precinct)



CONNECTIVITY

Excellent urban connectivity within and surrounding the KLCC Precinct – connected with various city centre roads, integrated with LRT station and pedestrian walkways



SUSTAINABLE DEVELOPMENT

A balanced ecosystem between commercial, public space and natural greenery

OUR PURPOSE

WE CREATE PLACES PEOPLE LOOK FORWARD TO, PROGRESSING LIFESTYLE FOR A SUSTAINABLE FUTURE

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 KLCCP Stapled Group and KLCC REIT Structure on pages 18 to 19

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 and KLCC Parking Management Sdn Bhd. This synergy of property investment and asset management strengthens the earning potential of our stable of iconic properties.



To read more, refer to Management Discussion and Analysis on pages 92 to 107

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.

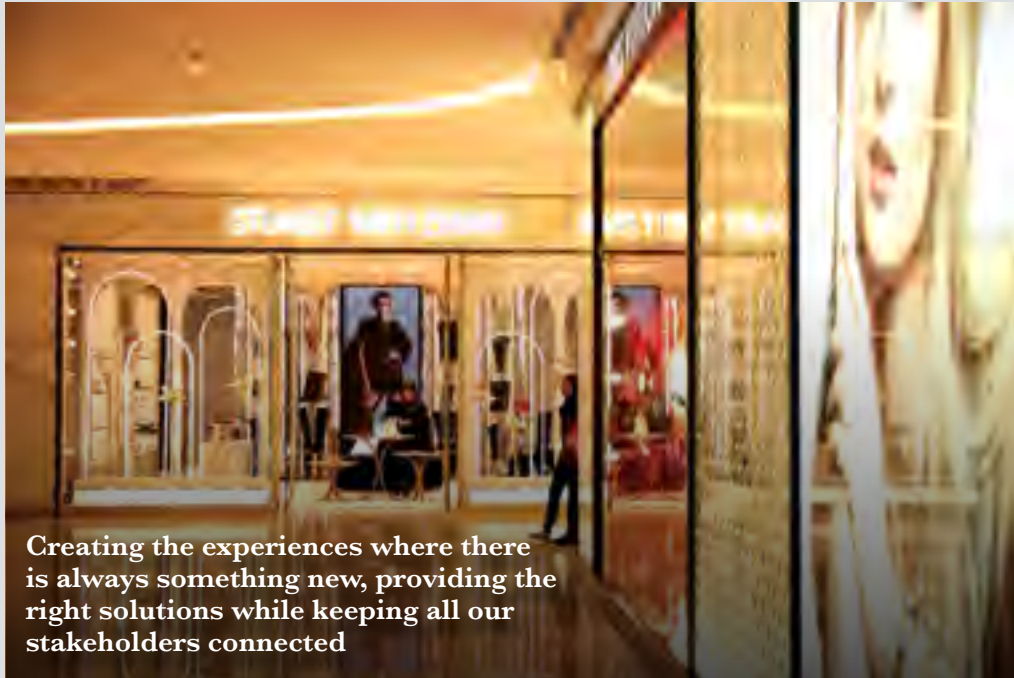


To read more, refer to Value Creating Business Model on pages 74 to 77

2019 KEY H

KLCCP STAPLED GROUP

KLCC



RM **591.4** mil
Revenue

(2018: RM588.5 mil)

25.00 sen
Distribution Per Unit

(2018: 23.35 sen)

RM **1.4** bil
Revenue

(2018: RM1.4 bil)

RM **0.9** bil
Profit for
the year

(2018: RM0.8 bil)



38.00 sen
Distribution Per
Stapled Security

(2018: 37.00 sen)

RM **15.9** bil
Property
Value

(2018: RM15.7 bil)

RM **7.32**
Net Asset Value per
Stapled Security

(2018: RM7.25)

HIGHLIGHTS

REIT

SUSTAINABILITY

RM **561.6** mil
Net Property
Income

(2018: RM558.4 mil)

15.8%
Reduction in
GHG Emission

(2018: 5.0%)

4.6%
Reduction in
Water Use

(2018: 6.7%)

RM **9.2** bil
Property
Value

(2018: RM9.2 bil)



Harnessing key strengths to keep employees inspired through our corporate culture

RM **4.47**
Net Asset Value
per Unit

(2018: RM4.48)

18.9%
Reduction in Energy Consumption

(2018: Increase by 3.6%)



Endeavour to drive sustainability in broader perspectives for a future-proof sustainable business

RM **1.8** mil
Staff Learning and
Development

(2018: 1.4 mil)

RM **2.0** mil
Community
Investment

(2018: RM2.0 mil)

PROPERTY PORTFOLIO



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

TENURE
FREEHOLD

AGE OF BUILDING
22 YEARS

LOCATION
KUALA LUMPUR CITY CENTRE,
50088 KUALA LUMPUR

DATE OF ACQUISITION
10 APRIL 2013

ACQUISITION PRICE
RM6,500,000,000



Title
GRN 43697, Lot 169, Seksyen 58,
Bandar Kuala Lumpur,
Daerah Kuala Lumpur,
Wilayah Persekutuan Kuala Lumpur

Encumbrances
Nil

Lease/Tenancy Profile
Leased to a single lessee, Petroliam Nasional Berhad vide a Triple Net Lease Agreement for a term of 15 years, expiring 30 September 2027

Net Book Value as at 31 December 2019
RM6,680,631,826

Appraised Value
RM7,014,000,000

Date of Valuation
22 November 2019

Independent Valuer
Cheston International (KL) Sdn Bhd

234,007
Land Area (sq. ft.)

5,499,468
Gross Floor Area
– office and car park (sq. ft.)

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

5,053¹
Car Park bays

100
Occupancy as at
31 December 2019 (%)

¹ North West Development (NWD) Car Park, shared by PETRONAS Twin Towers, Suria KLCC and Menara Maxis

PROPERTY PORTFOLIO

A Premium Grade-A
59-storey office tower
with exclusive retail
and sky dining

Title

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

Encumbrances

Nil

Lease/Tenancy Profile

Leased to a single lessee, Petroliam Nasional Berhad vide a Triple Net Lease Agreement for a term of 15 years, expiring 14 December 2026. Retail Podium, Menara 3 PETRONAS is tenanted to various retailers on a 3 to 5-year term tenancy

Net Book Value as at 31 December 2019

RM1,976,558,785

Appraised Value

RM2,053,100,000

Date of Valuation

12 November 2019

Independent Valuer

Cheston International (KL) Sdn Bhd

46,306

Land Area (sq. ft.)

1,500,814

Gross Floor Area (sq. ft.)

170,782

Gross Floor Area
– car park (sq. ft.)

812,806 (Office)

133,312 (Retail)

Net Lettable Area (sq. ft.)

193

Car Park bays

100 (Office) **95** (Retail)

Occupancy as at
31 December 2019 (%)

TENURE FREEHOLD

AGE OF BUILDING 8 YEARS

LOCATION KUALA LUMPUR CITY CENTRE, 50088 KUALA LUMPUR

DATE OF ACQUISITION 10 APRIL 2013

ACQUISITION PRICE RM1,790,000,000



Petronas



Retail Podium



Upper Level

**MENARA 3
PETRONAS**

PROPERTY PORTFOLIO

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



MENARA EXXONMOBIL

TENURE
FREEHOLD

AGE OF BUILDING
23 YEARS

LOCATION
KUALA LUMPUR CITY CENTRE,
50088 KUALA LUMPUR

DATE OF ACQUISITION
10 APRIL 2013

ACQUISITION PRICE
RM450,000,000



Facade



Lobby



Ground Level

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

Encumbrances
Nil

Lease/Tenancy Profile
Leased to two lessees, 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 another with PETRONAS for 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 2019
RM536,799,267

Appraised Value
RM536,800,000

Date of Valuation
16 October 2019

Independent Valuer
Cheston International (KL) Sdn Bhd

43,045
Land Area (sq. ft.)

559,520
Gross Floor Area (sq. ft.)

240,981
Gross Floor Area – car park (sq. ft.)

408,105
Net Lettable Area (sq. ft.)

528
Car Park bays

100
Occupancy as at 31 December 2019 (%)

PROPERTY PORTFOLIO

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

Title

PN 2395, PN 4073, PN 33471,
PN 32233, Lot 38, 39, 45 & 51
Seksyen 70, Bandar Kuala Lumpur,
Daerah Kuala Lumpur,
Wilayah Persekutuan Kuala Lumpur

Encumbrances

Nil

Lease/Tenancy Profile

Leased to a single lessee, Petroleum Nasional Berhad vide a Triple Net Lease Agreement for a term of 6 years, expiring 31 December 2031, with option to extend the lease for further 2 successive terms of 6 years each

Net Book Value as at 31 December 2019

RM790,000,000

Appraised Value

RM790,000,000

Date of Valuation

11 November 2019

Independent Valuer

Cheston International (KL) Sdn Bhd

315,802

Land Area (sq. ft.)

1,059,783

Gross Floor Area (sq. ft.)

316,018

Gross Floor Area
– car park (sq. ft.)

650,297

Net Lettable Area (sq. ft.)

677

Car Park bays

100

Occupancy as at
31 December 2019 (%)

TENURE

99 YEARS LEASEHOLD INTEREST
EXPIRING ON 27 JAN 2079
(LOT 38 & LOT 45), 9 NOV 2081
(LOT 39) AND 98 YEARS
LEASEHOLD INTEREST EXPIRING
ON 21 JAN 2079 (LOT 51)

AGE OF BUILDING

37 YEARS

LOCATION

KUALA LUMPUR CITY CENTRE,
50050 KUALA LUMPUR

DATE OF ACQUISITION

31 MAY 2004



**KOMPLEKS
DAYABUMI**

PROPERTY PORTFOLIO



TENURE
FREEHOLD

AGE OF BUILDING
21 YEARS

LOCATION
KUALA LUMPUR CITY CENTRE,
50088 KUALA LUMPUR

DATE OF ACQUISITION
31 MAY 2004

Premier shopping destination in Malaysia with over 400 specialty stores making it the best place for shopping, dining and entertainment

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

Encumbrances
Nil

Lease/Tenancy Profile
Tenanted to various retailers on a 3 to 5-year term tenancy

Net Book Value as at 31 December 2019
RM5,598,422,383

Appraised Value
RM5,615,000,000

Date of Valuation
15 November 2019

Independent Valuer
Cheston International (KL) Sdn Bhd

303,112
Land Area (sq. ft.)

1,545,361
Gross Floor Area (sq. ft.)

948,908
Net Lettable Area (sq. ft.)

99
Occupancy as at 31 December 2019 (%)



PROPERTY PORTFOLIO

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

Title

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

Encumbrances

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

Net Book Value as at 31 December 2019

RM623,865,249

Appraised Value

RM865,000,000

Date of Valuation

14 November 2019

Independent Valuer

Cheston International (KL) Sdn Bhd

87,123

Land Area (sq. ft.)

998,706

Gross Floor Area (sq. ft.)

170,317

Gross Floor Area
– car park (sq. ft.)

629

No. of rooms

544

Car Park bays

64

Occupancy as at
31 December 2019 (%)

TENURE
FREEHOLD

AGE OF BUILDING
21 YEARS

LOCATION
KUALA LUMPUR CITY CENTRE,
50088 KUALA LUMPUR

DATE OF ACQUISITION
31 MAY 2004



Level 0



Level 2



Level 1



MANDARIN ORIENTAL, KUALA LUMPUR

PROPERTY PORTFOLIO



MENARA MAXIS

TENURE
FREEHOLD

AGE OF BUILDING
21 YEARS

LOCATION
KUALA LUMPUR CITY CENTRE,
50088 KUALA LUMPUR

DATE OF ACQUISITION
31 MAY 2004



Facade



Lobby



Upper Level

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

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

Encumbrances
Nil

Lease/Tenancy Profile
Leased between Impian Klasik Sdn Bhd and Tanjung City Centre Property Management Sdn Bhd vide a Triple Net Lease Agreement for a term of 15 years, expiring 31 May 2028

46,597
Land Area (sq. ft.)

814,741
Gross Floor Area (sq. ft.)

537,085
Net Lettable Area (sq. ft.)

100
Occupancy as at 31 December 2019 (%)

Note: KLCCP owns a 33% stake in Menara Maxis

CORPORATE INFORMATION

KLCC PROPERTY HOLDINGS BERHAD ("KLCCP") 200401003073 (641576-U)

KLCC REAL ESTATE INVESTMENT TRUST ("KLCC REIT")

MANAGER FOR KLCC REIT ("THE MANAGER")

KLCC REIT MANAGEMENT SDN BHD ("KLCCRM") 201201042293 (1026769-H)

BOARDS OF DIRECTORS OF KLCCP AND THE MANAGER

Datuk Ahmad Nizam bin Salleh
(Chairman/Non-Independent
Non-Executive Director)

Datuk Hashim bin Wahir
(Chief Executive Officer)

Tengku Muhammad Taufik
(Non-Independent Non-Executive
Director)

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

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

Pn. Farina binti Farikhullah Khan
(Independent Non-Executive
Director)

Dato' Jamaludin bin Osman
(Independent Non-Executive
Director)
Appointed w.e.f. 1 January 2020

BOARD AUDIT COMMITTEES OF KLCCP AND THE MANAGER

Pn. Farina binti Farikhullah Khan
(Chairperson)
Tengku Muhammad Taufik
Cik Habibah binti Abdul

NOMINATION AND REMUNERATION COMMITTEES OF KLCCP AND THE MANAGER

Cik Habibah binti Abdul
(Chairperson)
Tengku Muhammad Taufik
Pn. Farina binti Farikhullah Khan

COMPANY SECRETARIES OF KLCCP AND THE MANAGER

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

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

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

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

REGISTERED OFFICE OF KLCCP AND THE MANAGER

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

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

CORPORATE OFFICE OF KLCCP AND THE MANAGER

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

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

SHARE REGISTRAR FOR KLCCP AND KLCC REIT

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

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

TRUSTEE FOR KLCC REIT

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

Telephone No. : 03-2070 8833
Facsimile No. : 03-2070 9387

PROPERTY MANAGER FOR KLCC REIT

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

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

SHARIAH ADVISER FOR KLCC REIT

CIMB Islamic Bank Berhad
13th Floor, Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur

Telephone No. : 03-2261 8888
Facsimile No. : Nil

AUDITORS

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

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

INTERNAL AUDITOR

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

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

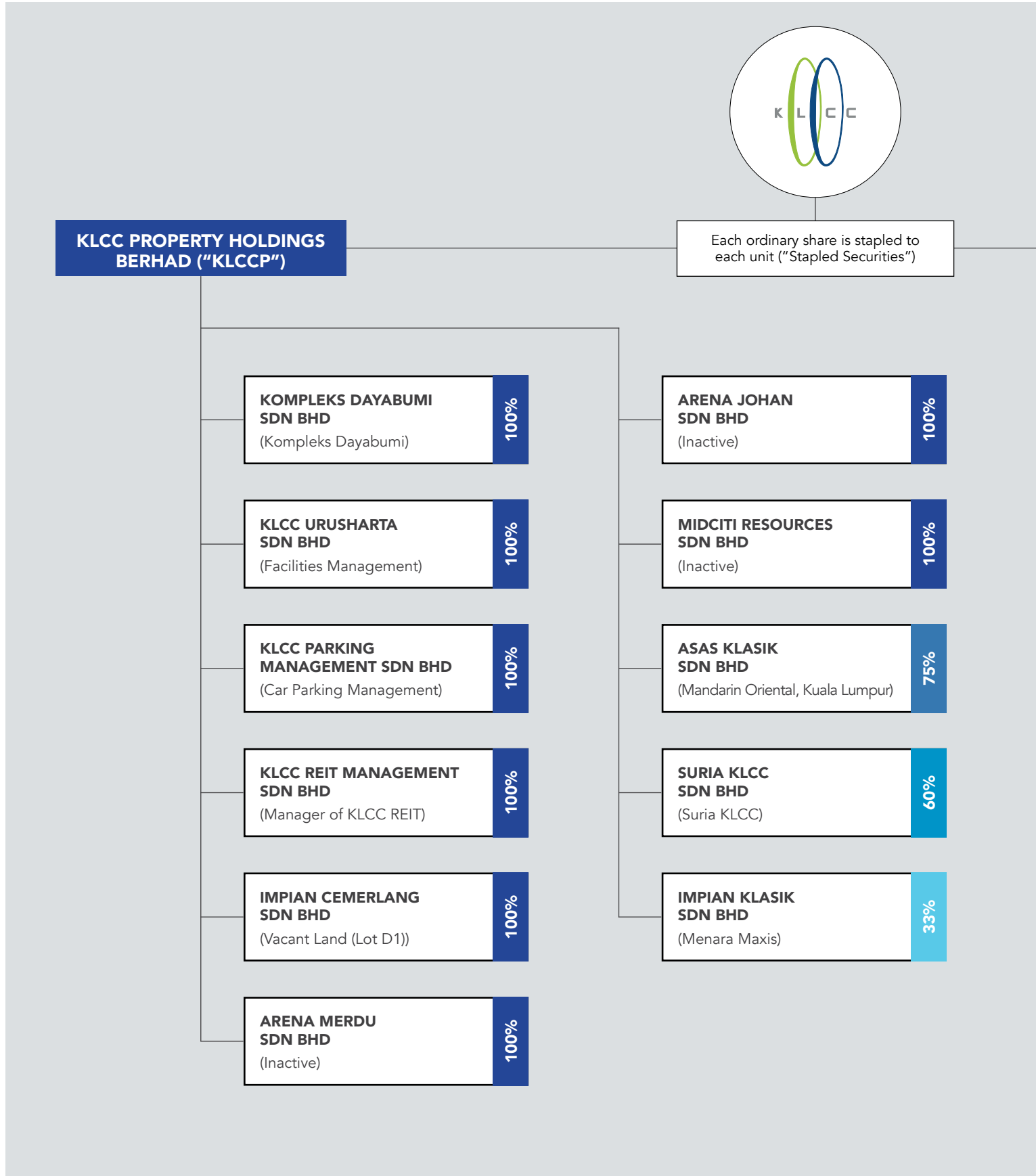
PRINCIPAL BANKERS FOR KLCCP AND KLCC REIT

CIMB Islamic Bank Berhad
CIMB Bank Berhad
Maybank Islamic Berhad

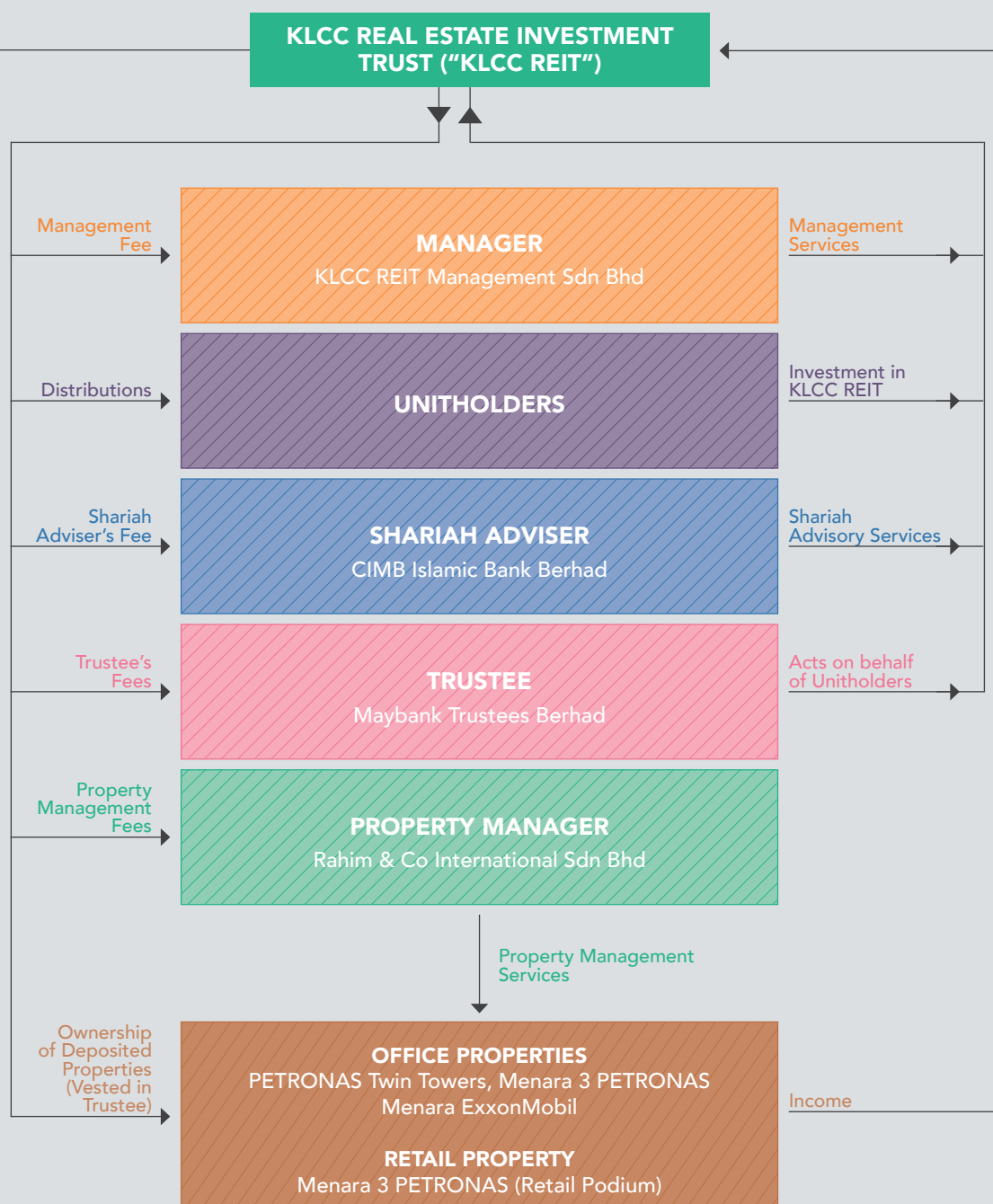
STOCK EXCHANGE LISTING

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

KLCCP STAPLED GROUP AND KLCC REIT STRUCTURE



KLCCP STAPLED GROUP AND KLCC REIT STRUCTURE





LANCÔME



ALWAYS
SOMETHING
NEW



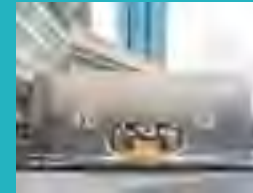
With a focus on creating the definitive lifestyle in Malaysia, Suria KLCC has continued to reinvent and reimagine the shopping experience.

Our retail space sets the bar for on-trend fashion with a wide mix of brands and collaborations, cementing Suria KLCC as the lifestyle trendsetter in Kuala Lumpur.

- Unlocking value through the anchor-to-specialty space reconfiguration of approximately 120,000 sq. ft. to broaden the retail offer and introduce a diverse mix of brands
- Infusion of approximately 80 exclusive sought-after brands to satisfy the most fashion-savvy and style-conscious shoppers
- Empowering our retailers' omnichannel marketing strategies through interactive digital signages for a holistic experience across the customer touchpoints

EXPERIENCING SOMETHING NEW THROUGH STRATEGIC BRAND COLLABORATIONS

We constantly create fresh and unique experiences. Through uniquely curated collaborations with renowned brands, customers experience something new with every visit



Exclusive Louis Vuitton Time Capsule Exhibition in partnership with Suria KLCC



Malaysia's first Men's Fashion Gallery



Le Labo - A luxury perfume brand based in New York, makes its first foray into the Malaysian market



Babel - Ultra-luxurious gym with state-of-the-art gym equipment



Gucci Beauty - First standalone boutique in Malaysia



THE **PREMIUM** SHOPPING EXPERIENCE



THE LEADER IN **MODERN** AND ORIGINAL RETAIL CONCEPTS



THE LIFESTYLE **TRENDSETTER** IN KUALA LUMPUR

THIS IS THE PLACE WHERE THERE IS ALWAYS SOMETHING NEW

A modern, brightly lit office lounge area. The ceiling features a large, circular recessed light fixture. The floor is covered in a patterned carpet. In the foreground, there is a small white table on a metal stand, surrounded by colorful beanbag chairs (red, blue, yellow, green). In the background, there is a bar area with red stools and a large screen. The overall atmosphere is bright and contemporary.

THE RIGHT SOLUTIONS



In today's fast paced world, businesses need to be agile, connected and efficient. We are hard at work creating a conducive and flexible environment to help our tenants work smarter through an ecosystem that facilitates collaboration, promotes productivity and drives efficiency.

- Supporting our tenant initiative of the "Workplace for Tomorrow", realising the improved tenant experience
- Collaborating with our tenants and meeting their needs with our award-winning facilities and asset management services to optimise the performance of our property portfolio
- Maintaining the GBI accreditation status of the office buildings leading to long-term cost savings for our tenants

OFFERING RELIABLE PROFESSIONAL SERVICES AS A SOLUTIONS PARTNER

We add value to our tenants by providing them with the right services and solutions that help create a better office experience



Collaborative workspaces as a strategic lever for innovation and idea generation



Award-winning facilities management services which keep our buildings in pristine condition

AWARDS

The EdgeProp Malaysia's Best Managed Property Awards

2019: Menara Dayabumi	BRONZE
Menara ExxonMobil	BRONZE
2018: Menara 3 PETRONAS	GOLD
2017: PETRONAS Twin Towers	GOLD

2019 Green Building Index (GBI) Certification

PETRONAS Twin Towers	GOLD
Menara 3 PETRONAS	SILVER

2019 Malaysia Green Building Council

PETRONAS Twin Towers	TOP 10
Green Buildings of the Decade	

SUPPORTING THE
EVOLVING
NEEDS OF OUR TENANTS

CREATING THE
RIGHT SPACE
FOR OUR TENANTS TO
THRIVE

REDEFINING
THE WORKPLACE
EXPERIENCE

THIS IS THE PLACE THAT PROVIDES THE RIGHT SOLUTIONS



**KEEPING
YOU
CONNECTED**



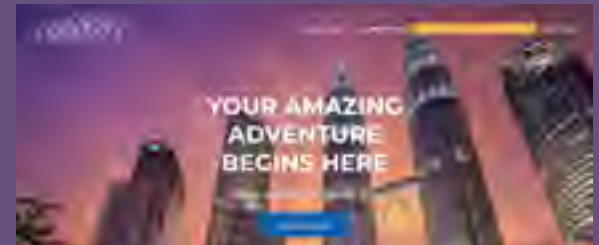
In a world connected by modern technology with the customer at its heart, we are embracing the digital transformation in line with national efforts to develop Kuala Lumpur into a smart city.

We are committed to initiatives that are aligned with our core tenets of safety, security, connectivity, convenience, and seamlessness. We are taking a fresh and innovative approach to enhancing the physical and digital space across our portfolio.

- Development and enhancement of digital capabilities to improve customers' digital lifestyle
- Digital infrastructure through provision of Wi-Fi networks to complement the physical connectivity within the KLCC Precinct
- A seamless digital experience across all devices and channels, keeping customers engaged and connected at all times

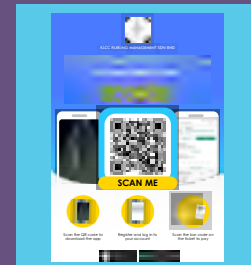
ENHANCING PHYSICAL AND DIGITAL SPACES

We understand the importance of designing experiences that cross the physical and digital space and have embarked on innovative solutions to keep our customers engaged



MALAYSIA'S **ICONIC EXPERIENCE**
IN KUALA LUMPUR

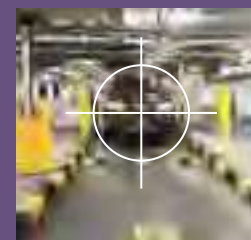
Brand new digital hub that enables tourists to explore, discover and seek their own adventure within the KLCC Precinct



The Iconik parking app provides customers the cashless payment experience at the North West Development car park



World's largest rotating LED screen providing an all-encompassing digital advertising in Suria KLCC



License Plate Recognition – using cameras powered by AI, to ensure safety and a frictionless parking experience



EXPANDING AND **ENHANCING**
DIGITAL INFRASTRUCTURE



PRODUCING A **SEAMLESS**
DIGITAL EXPERIENCE



ACCELERATING THE JOURNEY TOWARDS A **KLCC SMART PRECINCT**

THIS IS THE PLACE WHERE WE KEEP YOU CONNECTED ALWAYS

LETTER FROM THE CHAIRMAN

THIS REPORT IS KLCCP STAPLED GROUP'S FIRST INTEGRATED REPORT, PREPARED IN ACCORDANCE WITH THE INTERNATIONAL INTEGRATED REPORTING FRAMEWORK

comprehensive overview of KLCCP Stapled Group's performance in 2019, in both financial and non-financial dimensions.

DRIVING SUSTAINABLE VALUE

The year 2019 saw the weakening of global economic growth with the continued external headwinds of the US-China trade war weighing down Malaysia's export sector. As a result, the Malaysian economy grew moderately at 4.3%, the slowest pace of growth since 2009.



DEAR SHAREHOLDERS,

On behalf of the Boards of Directors of KLCC Property Holdings Berhad (KLCCP) and KLCC REIT Management Sdn Bhd (KLCCRM), it is my pleasure to present the Integrated Annual Report of KLCCP Stapled Group for the financial year ended 31 December 2019.

This report is KLCCP Stapled Group's first Integrated Report, prepared in accordance with the International Integrated Reporting Framework. It provides a

SUSTAINING CREDIBLE PERFORMANCE

PROFIT FOR THE YEAR (RM'mil)

2019	945.7
2018	838.9
2017	1,013.6
2016	1,011.0
2015	1,403.2

TOTAL ASSETS (RM'mil)

2019	18,211.3
2018	17,860.3
2017	17,792.6
2016	17,782.1
2015	17,537.1

SUSTAINING OPERATIONAL EXCELLENCE

We have progressed to enhance the physical and digital spaces, aligned to our core tenets of safety, security, connectivity and convenience towards a seamless experience

CULTURE OF INTEGRITY AND TRUST

We have committed to undertake anti-corruption measures and have given our full support in the Group's journey to implement the Anti-Bribery Management Systems towards ISO37001:2016 certification

LETTER FROM THE CHAIRMAN



DATUK AHMAD NIZAM BIN SALLEH
Chairman

BOARD CHANGES

In accordance with the Malaysian Code on Corporate Governance, we are planning to increase the number of independent directors and will endeavour to have a more balanced gender representation in the Board membership by 2021

LOOKING AHEAD - 2020

We will continue to embark on realising our digital journey across our operations and capture value from new opportunities in the market

LETTER FROM THE CHAIRMAN

Amidst the challenging environment, KLCCP Stapled Group delivered a commendable performance for the financial year ended 31 December 2019. I am pleased to report that KLCCP Stapled Group achieved profit attributable to the holders of Stapled Securities of RM732.8 million (excluding fair value gain), representing a RM6.1 million increase from the previous year.

In upholding our continued commitment to a stable dividend payout to the holders of Stapled Securities, the Boards of KLCCP and KLCCRM have approved four interim dividends totaling 38.00 sen per Stapled Security, amounting to a declared dividend payment of RM686.0 million for financial year 2019. This represents an increase of RM18.0 million from the preceding year, a testimony of the Group's commitment to creating value for our holders of Stapled Securities.

SUSTAINING OPERATIONAL EXCELLENCE

Living up to its tagline of "Always Something New", Suria KLCC undertook an "anchor-to-specialty" space reconfiguration to further enhance Suria KLCC's value proposition. The reconfiguration exercise spanning a space of approximately 120,000 sq. ft., will house approximately 80 specialty stores, offering a diverse mix of fashion, food and beverage and cosmetics outlets, further strengthening Suria KLCC's position as the premier retail spot in Kuala Lumpur.

In the office segment, we added value to our tenants by providing them with the right solutions to create a renewed office experience through the PETRONAS'



"Workplace for Tomorrow" effort. This exercise which covered 151 floors across our four office buildings, was fully completed by the end of 2019. The Group has also made further strides in the sustainability space when PETRONAS Twin Towers was named one of the winners at the Top 10 Green Buildings of the

Decade Awards organised by the Malaysia Green Building Council in June 2019. Later in October, the PETRONAS Twin Towers was also ranked among the Top 50 Most Influential Tall Buildings for the past 50 Years by the Council of Tall Building and Urban Habitat (CTBUH) based in Chicago. This esteemed accolade is testament to the PETRONAS Twin Towers' great influence and impact to the society and skyscrapers industry at large, creating social and economic values to the people and the nation.



We delivered a credible performance for the financial year ended 31 December 2019, achieving profit attributable to the holders of Stapled Securities (excluding fair value gain) of RM732.8 million, representing a RM6.1 million increase from 2018.

LETTER FROM THE CHAIRMAN



**INSTITUTIONALISING
INTEGRITY AND PROMOTING
HIGH STANDARDS OF
LEADERSHIP GOVERNANCE
CONTINUE TO BE OUR
PRIORITY. AT THE SAME TIME,
WE BELIEVE THAT BUILDING
TRUST IS PARAMOUNT TO
GROWING A SUSTAINABLE
BUSINESS**

As we embrace the digital wave and keep our customers connected, we have progressed to enhance the physical and digital spaces, aligned to our core tenets of safety, security, connectivity and convenience towards a seamless experience. This has seen an increase in customer satisfaction to 76% from 73% in 2018, based on the Group's internal survey. With a four-year Digital Transformation Roadmap in place, we aim to be a digitally competent organisation by 2023.

TALENT DEVELOPMENT

I would also like to take this opportunity to commend our dedicated employees who share our passion in creating vibrant and inspiring spaces for customers to look forward to. The skills and experience they bring, together with a unifying KLCC culture enabled us to preserve and continue to create value for the Group. In recognition of KLCC's people-centric approach, KLCCP Stapled Group won the Top Workplace in Asia at the Asia Corporate Excellence and Sustainability (ACES) 2019 awards. The Group was also awarded the Best Workforce at the Sustainable Business Awards Malaysia 2019 for the second consecutive year.

During the year, the Nomination and Remuneration Committee enhanced the criteria of succession management to develop a pool of quality and competent employees for leadership roles and responsibilities. The Group has also realigned the salary structure of employees to retain and attract the best talents as well as to enhance the Group's competitive advantage.

CULTURE OF INTEGRITY AND TRUST

At KLCCP Stapled Group, we strongly believe that the right culture must encourage sound decision-making by managing risks and upholding

business ethics. Institutionalising integrity and promoting high standards of leadership governance continue to be our priority. The Board of KLCCP executed the Corporate Integrity Pledge in November 2019 in collaboration with the Malaysian Anti-Corruption Commission (MACC). In the pledge, our Boards of Directors have committed to undertake anti-corruption measures in all aspects of business operations. The Boards have also given their full support in the Group's journey to implement the Anti-Bribery Management Systems, towards attaining the Malaysian Standard ISO37001:2016 certification.

During the year, the Malaysian Institute of Corporate Governance (MICG) assessed top 100 Public Listed Companies on their anti-corruption programmes and the state of readiness for corporate liability when the law becomes effective in June 2020. In the assessment, KLCCP Stapled Group was ranked second in the overall ranking of corporate reporting and transparency category.

At the same time, we believe that building trust is paramount to growing a sustainable business. In a climate of diminishing trust, the Group is also focusing on efforts to make trust building a priority across every aspect of the business. KLCCP Stapled Group was a Top 20 finalist in PwC's Building Trust Awards 2019 upon appraisal of its significant efforts to build trust through communications and interactions with stakeholders.



Our people are our greatest asset. To read more on our people, refer to our Sustainability Statement on pages 140 to 143

LETTER FROM THE CHAIRMAN

BOARD CHANGES

The year 2019 is also a year we say thank you and bid farewell to our directors namely Dato' Halipah Esa and Datuk Ishak Imam Abas, both of whom retired from the Boards. Both directors have been our long serving members and have contributed immensely to the Board and the business growth of the Group. On behalf of the Board, I would like to express my sincere appreciation for their contributions, and I would like to wish them all the very best in their future endeavors.

While we bid farewell to Dato' Halipah Esa and Datuk Ishak Imam Abas, I am also delighted to welcome Dato' Jamaludin Osman, who was appointed to the Boards of KLCCP and KLCCRM, effective from 1 January 2020.

Dato' Jamaludin has wide experience in the real estate industry, including township development and infrastructure management. I am confident that he would make an excellent addition to our team and we look forward to his valuable contribution to the Board.

In accordance with the Malaysian Code on Corporate Governance, we are planning to increase the number of independent directors and will endeavour to have a more balanced gender representation in the Board membership by 2021.

LOOKING AHEAD - 2020

As we look ahead to 2020, we remain focused on providing solutions to our customers and stakeholders. We will continue to embark on realising our digital journey across our operations and capture value from new opportunities in the market.



We hold good governance very close to our hearts. To read more, refer to Corporate Governance Overview Statement on pages 169 to 176

LETTER FROM THE CHAIRMAN

**I TRUST THAT
THE STRONG
FUNDAMENTALS WE
HAVE ESTABLISHED
WILL ENABLE US TO
FACE THE CHALLENGES
AND SUSTAIN OUR
GROWTH IN 2020**

It is expected that the macroeconomic environment will remain challenging as global growth across most regions remain relatively subdued amidst slowing global trade. The recent COVID-19 outbreak will add another level of uncertainty especially in the tourism, retail and hospitality sectors. Nonetheless, the potential economic stimulus package and the eventual discovery of antidote would help to cushion the negative impact arising from the outbreak.

In view of the challenging business environment, KLCCP Stapled Group remains steadfast in leveraging on its core competencies in key market segments to ensure its business remains agile amid volatile business conditions.

We expect our office segment to remain stable on the back of the long-term profile of office leases and high-quality tenants. The full opening of the reconfigured space by mid-2020 at Suria KLCC is expected to sustain the retail segment's performance, while the hotel segment will focus on intensifying its digital marketing to broaden its network and personalise its guest service to capture market share.

With the clear and ongoing focus to deliver long-term value for our holders of Stapled Securities, I trust that the strong fundamentals we have established will enable us to face the challenges and sustain our growth in 2020.

APPRECIATION

2019 has been a year of many milestones. The passion and commitment of our employees and the Leadership Management Team have supported our many achievements over the past years. Accordingly, I would like to thank the entire KLCC family for their hard work, perseverance, commitment and dedication in delivering creditable performance amid the challenging market dynamic.

I would also like to express my heartfelt appreciation to all our stakeholders, including our holders of Stapled Securities, business partners, associates, customers and tenants who have jointly contributed to our accomplishments.

Finally, I would like to thank my fellow Board members for their continuing counsel, commitment and efforts to guide KLCCP Stapled Group realise its long-term strategy for success.



**DATUK AHMAD NIZAM BIN
SALLEH**
Chairman



CEO'S YEAR IN REVIEW

Q WITH THE CHIEF EXECUTIVE OFFICER

A

Datuk Hashim Wahir answers questions on KLCCP Stapled Group's performance for the year, the initiatives during the year, the realignment of the business and longer-term challenges and focus

HOW DID KLCCP STAPLED GROUP PERFORM THIS YEAR GIVEN THE CONTEXT OF THE OPERATING ENVIRONMENT AND MARKET LANDSCAPE? WHAT WERE THE KEY DRIVERS?

2019 was a year marked by uncertainties, volatility and challenges in the market – market volatility muting overall sector growth, incoming supply of office, retail and hotels outstripping demand, rapidly evolving consumer preferences coupled with the wave of the digital revolution reshaping markets and societies. The silver lining was the easing interest rate environment which came as a reprieve for the REIT sector, amplifying its attractiveness as a defensive play.

Our performance was anchored by the stable office segment and improved performance in the retail and hotel segments, which contributed to the overall top-line growth of 1.2% whilst Profit Before Tax (PBT) excluding fair value gain saw a RM8.3 million increase. KLCCP Stapled Group delivered sustained value despite the headwinds in the market. Testament to our commitment in delivering value to our holders of Stapled Securities, we distributed a distribution per Stapled Security of 38.00 sen, an increase of 2.7% from the prior year. This achievement demonstrates our track record of delivering consistent distribution growth, resulting in a 4.6% compounded annual growth rate since FY2013.



We strongly believe our numbers are due to the efforts and trust of the KLCC team and our customers. To read more about the results of the Group, refer to Financial Review in the Management Discussion and Analysis on pages 88 to 91

DURING THE YEAR, WE SOLIDIFIED OUR STRATEGIES AND CONTINUED TO FOCUS ON OUR EXISTING ASSETS AND IN FUTURE-PROOFING OUR POSITION TO BECOME THE SOLUTIONS PARTNER TO ALL OUR STAKEHOLDERS

CEO'S YEAR IN REVIEW

TODAY'S MARKET IS EVER MORE CHALLENGING TO NAVIGATE. HOW DO YOU ENSURE THE APPEAL OF KLCC AS "THE PLACE" EVOLVES TO MEET CUSTOMERS CHANGING BEHAVIOUR PATTERNS AND HOW IS KLCC RESPONDING TO THESE CHALLENGES?

Aligned with this year's theme, it is our customers who continue to inspire us to create a progressive lifestyle experience within the KLCC Precinct. Thus, "Spaces Inspired for the People". During the year, we solidified our strategies and continued to focus on our existing assets

DELIVERING VALUE AND GROWTH

Testament to our commitment in delivering value to our holders of Stapled Securities, we distributed a distribution per Stapled Security of 38.00 sen, an increase of 2.7% from the prior year. This achievement demonstrates our track record of delivering consistent distribution growth, resulting in a 4.6% compounded annual growth rate since FY2013.



2.7
%

DATUK HASHIM BIN WAHIR
Chief Executive Officer

and in future-proofing our position to become the solutions partner to all our stakeholders. This involved us strategising and collaborating with our strategic brand retailers and business alliance partners on solutions to embed resilience for the longer-term and create sustainable value, leveraging opportunities and technology.

At our offices, we progressed in supporting the evolving needs of our tenants in providing the right solution to create a renewed office experience through the PETRONAS' "Workplace for Tomorrow" – collaborative workspaces designed to encourage a new way of

CEO'S YEAR IN REVIEW

THE RECONFIGURATION EXERCISE SPANNING A SPACE OF APPROXIMATELY 120,000 SQ. FT. OF NLA HAS BEEN EXCLUSIVELY FITTED OUT WITH APPROXIMATELY 80 SPECIALTY STORES INCLUDING FASHION, FOOD AND BEVERAGE AND COSMETICS.

working, shifting from a linear mode to a more dynamic, digital one. Our facility management team worked together with our tenant to transform 151 floors across 2.5 mil sq. ft. of net lettable area (NLA) within our four office buildings into the office of tomorrow, which saw full completion as at 31 December 2019.

Our retail, Suria KLCC, following the lease expiration of one of its anchor tenant in March 2019, embarked on a strategic anchor-to-specialty reconfiguration exercise to broaden the retail offer and introduce a diverse mix of prominent local and international brands. The reconfiguration exercise spanning a space of approximately 120,000 sq. ft. of NLA has been exclusively fitted out with approximately 80 specialty stores including fashion, food and beverage and cosmetics. The first phase of the reconfigured space saw its opening on 24 January 2020 with the second phase expected to open in mid-2020.

The luxury men's precinct was successfully launched in April 2019, following the entry of the final two major brands during the year to fully complete the men's precinct. This men's precinct is touted to be the first of its kind in a shopping mall in the country and has seen increased foot traffic and double-digit sales growth in its tenant sales compared to the prior year since the launch. During the

year, the retail podium of Menara 3 PETRONAS also saw renewed vibrancy with 16,000 sq. ft. over two floors being taken up by an ultra-luxurious gym with state-of-the-art equipment, making it one of Malaysia's iconic wellness club.

Living up to its tagline of "Always Something New", Suria KLCC has continued to differentiate itself providing its customers quality and convenience alongside a diverse blend of experiences with 33 new tenants during the year. To-date the mall has a total of nine first-to-market stores in Malaysia, exclusive to Suria KLCC. Despite the cautious consumer sentiment during the year, Suria KLCC together with the retail podium of Menara 3 PETRONAS sustained and surpassed its Moving Annual Turnover – tenant sales, hitting the RM2.67 billion mark with customer footfall in excess of 48 million, retaining its position as the highest grossing sales per sq. ft. mall in the country.

With the full completion of the guestroom renovation in June 2018, Mandarin Oriental, Kuala Lumpur (MOKL Hotel) enthralled its guests with a refreshed product and together with the hotel's luxury spa, swimming pool and recreational facilities continued to receive a high satisfaction score of 92% from its guests. The robust growth in 'Fans of MO', MOKL Hotel's global guest recognition program, continued to boost



CEO'S YEAR IN REVIEW

the hotel's loyal guests following. In June 2019, the hotel completed the refurbishment of its Mandarin Grill restaurant. The newly renovated restaurant boasts a contemporary modern Italian grill concept, offering guests the best in dining experience.

Thus, by understanding our customers' needs, and the people and community who use our spaces every day, we can then be responsive to the trends that impact them by providing real estate services and solutions at each customer touchpoint. In doing so, we create a myriad of experiences to tantalise, engage and connect with our customers and community seamlessly. This enables our spaces to meet the evolving needs and aspirations and keep our customers coming back to the KLCC Precinct for more. As a forward-thinking organisation, we keep challenging ourselves to drive incremental value for the Group and our stakeholders and continue to evolve to stay relevant.



We understand that trends are ever changing. To see how we respond to them, refer to Operations Review in the Management Discussion and Analysis on pages 92 to 107

ALWAYS SOMETHING NEW

Suria KLCC has continued to differentiate itself providing its customers quality and convenience alongside a diverse blend of experiences with 33 new tenants during the year. To-date the mall has a total of nine first-to-market stores in Malaysia, exclusive to Suria KLCC.

33
New
Tenants

CEO'S YEAR IN REVIEW

CULTURE COMMITMENT SETS THE TONE FOR DESIRED VALUES AND TRANSFORMATION OF AN ORGANISATION. HOW HAS THE GROUP EMBEDDED CULTURE AND ASSESSED THE ORGANISATIONAL CULTURE IN RESPONSE TO THE CHANGING BUSINESS NEEDS AND MARKET ENVIRONMENT?

At KLCCP Stapled Group, we have a culture that values our people, offers mutual support, promotes trust, rewards employees' efforts, contributing to a unique social environment that gives meaning to employees' work. Our business culture transformation started way back in 2010 with the 1KLCC Agenda, which streamlined our objectives and aligned all business units through initiatives - inculcating the right mindset and behaviour, providing access to one common platform and institutionalising core business capabilities through structured capability development plans.

Making quality our pride, 5QPs, was another initiative in elevating the level of quality adoption within respective business units and divisions which ultimately heightened the quality spirit throughout the Group. This fortified KLCC's employees with the highest standard of quality practice and with the right quality mindset in propelling the Group in achieving its vision. We have also over the years, strengthened our HSE culture and capabilities through the strict adherence of our ZeTo Rules, achieving a "Proactive" culture in our aim towards a HSSE "Generative" culture.

In our focus to sustain competitive edge and elevate performance to the next level, the Group rolled out a cultural development programme for management and all employees in 2016, adopting the PETRONAS Cultural Beliefs (PCB) to instill a high performance culture in delivering results. We developed the KLCC Group desired culture and embraced the principles in inculcating a culture of accountability to drive result-oriented performance through focused execution, aimed at encouraging synergistic collaboration and shared success within the KLCC Group.



**AT KLCCP
STAPLED GROUP, WE
HAVE A CULTURE THAT
VALUES OUR PEOPLE,
OFFERS MUTUAL SUPPORT,
PROMOTES TRUST,
REWARDS EMPLOYEES'
EFFORTS, CONTRIBUTING
TO A UNIQUE SOCIAL
ENVIRONMENT THAT
GIVES MEANING TO
EMPLOYEES'
WORK**

We measure the progress on culture clarity and alignment across the KLCC Group via the PETRONAS Organisational Culture Survey which was rolled out to the KLCC Group in 2011. This survey is conducted every 2 years and is measured in respect to mission, consistency, involvement and adaptability. The Employee Engagement score has seen a huge improvement, from 70% in 2014 to 85% in 2018 reflecting employees' adoption and alignment to our Cultural Beliefs.

CEO'S YEAR IN REVIEW



This year, the Strategy team revamped our organisational survey, adopting the PETRONAS survey methodology (using a 4-point Likert scale) and also made improvements on the survey questions and simplified the layout after taking into consideration employee feedback from the roadshows conducted. This led to a high survey participation of 85% with a 62% satisfaction score.

In assessing the PCB values in our leaders, the Peer Review Survey demonstrated that our leaders walk the talk with a satisfaction score of 70%.

To-date, through the building blocks we have put in place, we are proud to have a culture that embodies high performance, integrity, HSE, innovation, rewards and recognition. It is this that shapes our people towards achieving performance excellence. Our people are the heart of our business, and we continue to invest in them, broadening and developing their skills and capabilities with the right skillsets to future-proof our talents in facing the ever-changing global landscape. We aim to always provide an ecosystem where personal growth and professional development thrives.

HOW HAS KLCCP STAPLED GROUP CREATED VALUE THROUGH ITS SUSTAINABILITY INITIATIVES?

I believe that to create, capture and deliver value, we need to be future ready and be part of a sustainable society. Year-on-year, we have built upon our strength to demonstrate growth and how our responsible approach to business creates a powerful business model for the long-term. This year, with our journey towards Integrated Reporting, we reviewed our business model, re-identified our key resources and through our clear operational activities and business practices, we have delivered value across our business - through nation building, spurring social development, enhancing customer experiences, providing building-to building connectivity, being the catalyst for surrounding development and providing the balance between commercial, public space and greenery through sustainable development.

We are also proud that our sustainability efforts have been clearly recognised by the industry, with the numerous awards and recognition received during the year including, improving our ranking to within the top 11 percentile among our supersector peers in the FTSE4Good Index series.

With the conclusion of our 3-Year (2016-2018) Sustainability Roadmap, during the year, we established a 5-Year (2019-2023) Sustainability Roadmap going forward covering three main goals – Building a Smart, Safe and Sustainable KLCC Precinct; Building an Agile, Inclusive and Sustainable Workforce; Combating Climate Change and Reducing Environmental Impact. Aligned to our 5 chosen UNSDGs, we aim to monitor our progress year-on-year across the organisation against the targets we have set.



We are always endeavouring to do more, delivering value beyond numbers. To know more on our initiatives, refer to Sustainability Statement on pages 114 to 149

COULD YOU SHARE WITH US THE GROUP'S DIGITALISATION JOURNEY THUS FAR AND THE SIGNIFICANT INITIATIVES EMBARKED UPON?

Digital transformation is forcing companies to change their business models to adapt to the new market reality. However, in actual fact, it is not the companies that are driving this change but it is being driven by the customers. Today, customers expect relevant content in relation to what they are doing anytime, anywhere and in the format and on the device of their choosing. It is their journey that is dictating our strategies.

CEO'S YEAR IN REVIEW

This year, we set up a new department – Digital Strategy & Collaboration to spearhead the digital transformation within the KLCC Group. With a four-year Digital Transformation Roadmap in place, we aim to be a digitally competent organisation by 2023. To us, the digital transformation embodies the integration of digital technology into all areas of a business, fundamentally changing how we operate and deliver value to our users and customers. It is actually a cultural change that requires us to continually challenge the status quo, experiment, and get comfortable with a new way of working.

Safety and security of our customers and community within the KLCC Precinct is of utmost importance to us and as such, this year, we invested in a smart security and surveillance system – CCTV, Automatic Number Plate Recognition and Network Video Recording with video analytics, alarm handling systems and virtual fencing. This enables an enhanced security monitoring with live video surveillance that leverages on high data speeds, allowing real-time monitoring and high definition picture quality, transforming The Place into a more secure destination for our people.

In delighting our customers to improve the efficiency and comfort of the car parking experience at our North West Development, (NWD) car park, KLCC Parking Management Sdn Bhd, (KPM) our car parking company actively pursued cashless initiatives whilst keeping pace with the advancement in technology. KPM implemented the License Plate Recognition which leverages on AI solution, installed the first in Malaysia integrated payment reader at the entries and exits of our car parks as well as launched the ICONIK mobile app which enables cashless parking payments. To-date, 45% of our customers are utilising the cashless payment mode.

At our retail mall, we have been reinventing the store experience for the connected customers. Our largest double-sided rotating LED screen in the world, together with the media advertising screens and panels allow our retail malls to engage with the broader community and simultaneously evolve to stay relevant. These digital exertions which provide great opportunity for branding and a highly effective advertising tool has resulted in a new revenue stream for Suria KLCC increasing their casual mall revenues from retailers' advertising by double-digit growth.

By expanding and enhancing the digital infrastructure and producing a seamless digital experience, we aim to keep our customers and community always connected, to deliver an unmatched customer experience.

IN AN ENVIRONMENT OF UNCERTAINTY AND DISRUPTIONS, WHAT IS KLCCP STAPLED GROUP DOING TO STAY ON TRACK OF ITS GROWTH TRAJECTORY? WHAT CAN INVESTORS EXPECT IN THE NEXT THREE TO FIVE YEARS?

The uncertainties surrounding the global and domestic economy will continue to pose challenges. We will continue to be responsive to mitigate disruptions in the market such as the Coronavirus (COVID-19) outbreak and normalise the situation, leveraging on our core competencies in key market segments, technology and taking advantage of opportunities. We will focus on creating value from KLCC as a destination brand and enhance the progressive lifestyle experience within the KLCC Precinct for our customers and community – personalising tenant experience that engage the "Connected Tenant" in our office properties; delivering

bespoke and engaging retail experiences that meet lifestyle needs of our customers; intensifying digital marketing in our hotel to broaden network and capture market share; elevating quality and convenience of our car parking services and operational efficiency of our assets.

BY EXPANDING AND ENHANCING THE DIGITAL INFRASTRUCTURE AND PRODUCING A SEAMLESS DIGITAL EXPERIENCE, WE AIM TO KEEP OUR CUSTOMERS AND COMMUNITY ALWAYS CONNECTED, TO DELIVER AN UNMATCHED CUSTOMER EXPERIENCE

With our aim of creating a KLCC Smart Precinct, we are working towards inculcating a digital-first mindset where our leaders will be equipped to maintain a forward focus and inspire ongoing innovation and improvement within the Group as it transitions into a digital future. Building upon our initiatives in 2019, we intend to focus on creating a delightful customer experience at our KLCC Smart Precinct by using the full potential of technology advancement as an enabler.

Our car parks will be transformed to fully cashless and with total digital surveillance, ensuring our customers feel secure through their handheld devices. Our facilities management will leverage on Industrial Revolution 4.0 technologies, namely Internet of Things (IoT), Cloud and Big Data and evolve to take the lead in real-time solutions for sustainable energy and facility management, needed for critical building and utility operations. The advanced analytics will provide insights on the facilities' performance enabling



Your safety is our priority. To read more, refer to Operations Review in the Management Discussion and Analysis on pages 106 to 107

CEO'S YEAR IN REVIEW



Datuk Hashim Wahir was awarded Property CEO of the Year at the Malaysia Property Award 2019 by FIABCI Malaysian Chapter

WE WILL FOCUS ON CREATING VALUE FROM KLCC AS A DESTINATION BRAND AND ENHANCING THE PROGRESSIVE LIFESTYLE EXPERIENCE WITHIN THE KLCC PRECINCT FOR OUR CUSTOMERS AND COMMUNITY

us to better manage energy consumption, reduce operating costs and make smarter intuitive decisions.

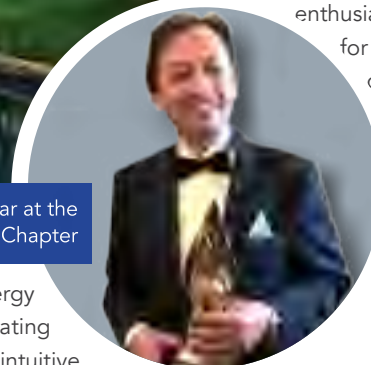
I am confident that KLCCP Stapled Group with its future potential will continue to deliver on its strategies and build on its capabilities to provide incremental value to the holders of Stapled Securities and make a real difference to the people in the community in which it operates.

IN APPRECIATION

I would like to express my appreciation to Dato' Halipah Esa and Datuk Ishak Imam Abas, who retired from both the KLCCP and KLCCRM Boards with effect from 3 April 2019 and 1 January 2020 respectively. They have been our long serving Board members and have contributed immensely to the stewardship of the Group. On behalf of the Management Leadership Team, we wish Dato' Halipah and Datuk Ishak the very best in their future endeavours.

I would like to express my deepest gratitude to the Boards for their ongoing guidance and invaluable contribution in steering the organisation to exceed excellence. My sincere appreciation to the holders of Stapled Securities for your continued trust and investment in KLCCP Stapled Group. We look forward to many more years of your valued support in us.

The success and achievements of the Group would not have been possible without our most treasured employees. Your hardwork, enthusiasm and passion in striving for greater heights keeps the organisation moving towards operational excellence, stretching its targets and delivering value to the stakeholders. My utmost appreciation to the whole KLCC team.



DATUK HASHIM BIN WAHIR
Chief Executive Officer