

# ECONOMIC



As a real estate player, KLCCP Stapled Group plays a part in contributing towards the nation's economic and industry growth. Since its inception, KLCCP Stapled Group has achieved significant milestones, being the largest Malaysia REIT, constituting 34% of Malaysia's REIT industry. With a diversified asset portfolio strategically located in Kuala Lumpur's most premium location, we are committed to deliver sustainable returns and long term value to our holders of Stapled Securities.

## SUSTAINABLE MATTERS



Supporting the UNSDGs

Financial Sustainability

Economic, Social and Industry Growth

## WHY IT MATTERS

- Ensure improving sustainable returns and yields for our holders of Stapled Securities through stable dividend payout
- High quality office buildings and good track record enable us to secure high quality tenants
- Delivering our role in contributing towards industry and the nation's growth

## VALUES CREATED

- Our strong fundamentals and management capabilities underpin our sustainable growth which is reflected through our credible performance for the year
- Diversified portfolio of iconic and high quality assets offering balance between commercial and public spaces
- Spurring commercial and residential development and heightened economic activities surrounding the KLCC Precinct

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## OUR APPROACH

In the pursuit of creating values and delivering long-term financial sustainability to our stakeholders, KLCCP Stapled Group is committed to manage its business responsibly and aligning its business processes and strategies to support sustainable development and growth across our operations.

As a property investment and development group, and the owner of the iconic properties which placed Malaysia firmly on the world map, we acknowledge our role in contributing positively to the industry's and the nation's growth. We are focused in our commitment to drive sustainable growth through efficient cost management, service level improvements and capitalise growth opportunities to maximise value of investments and ensuring sustainable returns to our stakeholders.

## FINANCIAL SUSTAINABILITY

The past year saw volatility in the equity markets with capital outflows from emerging markets, growing uncertainties in the global economy, political changes on the domestic front, mixed performance of the ringgit, further heightened by the challenging industry landscape and

technological advancements. KLCCP Stapled Group continued to focus its priority to drive sustainable growth and create significant value for its stakeholders through various strategic efforts in our portfolio during the year.

Our strategies of maximising value of investments, resilience in soft market conditions and creating sustainable value saw us responding to the new pace of change to ensure business agility and robustness. Our value creation ensures that our properties are well maintained in pristine condition to drive longer term tenancy prospects. The asset repositioning strategy and asset enhancements transform KLCC Precinct into THE PLACE creating the experience for our customers in driving enduring demand for our spaces.

These strategic priorities coupled with our diligent monitoring of our financial, operational initiatives and cost optimisation efforts resulted in KLCCP Stapled Group delivering a stable performance and sustainable returns to the holders of Stapled Securities. We distributed 96% of our overall distributable income with a distribution of 37.00 sen per stapled security. This is in line with our continued quest in delivering value and growth to the holders of Stapled Securities.

## ECONOMIC, SOCIAL AND INDUSTRY GROWTH

KLCCP Stapled Group has been involved in nation building, realising the vision of making Kuala Lumpur a world class city. The development within KLCC Precinct has marked a milestone in the growth of Kuala Lumpur and is the benchmark for the urban spatial planning and development in Malaysia. Designed to be a city within a city, the KLCC Development sits on a 100-acre precinct and is an integrated mixed development with residential, hotel, convention, retail and leisure components. Our properties within the KLCC Precinct have bridged people together and built a stronger sense of community where people can work, live, shop, play, meet, visit and dine. Our development within the KLCC Precinct has also created significant value enhancements to the properties surrounding and in the periphery of the KLCC Precinct.

KLCCP Stapled Group is committed to building and managing our properties to ensure safety, accessibility and vibrancy to meet social integration and enhance lives of its tenants, shoppers, guests and community.

## Delivering Economic and Social Value

OUR COMMITMENTS	VALUES	IMPACT
<b>Nation Building</b>	<ul style="list-style-type: none"> <li>Malaysia's landmark and pride of the nation</li> <li>Iconic development and major tourists attraction</li> </ul>	<ul style="list-style-type: none"> <li>Approximately two million visitors annually to PETRONAS Twin Towers and the major attractions within the KLCC Precinct</li> <li>Kuala Lumpur Convention Centre hosted over 12,000 events to-date, bringing into Kuala Lumpur over 12 million delegates and visitors</li> </ul>
<b>Catalyst for Surrounding Development</b>	<ul style="list-style-type: none"> <li>Spurred commercial and residential development in the periphery surrounding KLCC Precinct</li> <li>Created significant value enhancement for surrounding properties</li> <li>Selling point for developers of high-rise properties with KLCC view</li> </ul>	<ul style="list-style-type: none"> <li>Notable Developments surrounding KLCC Precinct</li> <li>Offices: Menara TH@ Platinum Park, Menara Darussalam, Menara Prestige</li> <li>Hotels: Four Seasons, Grand Hyatt, W Kuala Lumpur</li> <li>Residential: The Troika, Four Seasons Place, The Ruma</li> </ul>

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## Delivering Economic and Social Value

OUR COMMITMENTS	VALUES	IMPACT
<b>Connectivity</b>	<ul style="list-style-type: none"> <li>Convenient accessibility in built environment within our properties for children, the elderly and the disabled</li> <li>Building-to-building connectivity via air-conditioned pedestrian walkways, providing convenient access to surrounding areas, light-rail and mass rapid transit</li> <li>Unparalleled infrastructure with five entry/exit points from KLCC Precinct connecting various city centre roads and highways</li> </ul>	<ul style="list-style-type: none"> <li>Approximately three million pedestrian ply the walkways and connectivity to and from the KLCC Precinct monthly</li> <li>Approximately 2.7 million vehicles enter/exit KLCC Northwest Development car park annually</li> </ul>
<b>Customer Experience</b>	<ul style="list-style-type: none"> <li>Provides Malaysia's Iconic Experience in Kuala Lumpur in collaboration with our business partners, promoting Kuala Lumpur City Centre as a must visit destination for tourists, travelers and locals</li> <li>Powerful collective offerings from best hotels, restaurants, prime convention centre and entertainment experience</li> <li>Point of business of MICE activities, events, exhibitions, government and global ministerial meetings</li> </ul>	<ul style="list-style-type: none"> <li>Houses 15 oil and gas multinational companies and Fortune 500 companies with over 21,000 employees occupying our assets within the KLCC Precinct</li> <li>Over 400 new concepts/tenancies at our retail mall over the last 13 years</li> <li>Exceeding 48 million annual footfall to our retail mall</li> <li>92% hotel guest satisfaction</li> </ul>

## Promoting Industry Growth through Affiliations

KLCCP Stapled Group seeks to promote industry growth through its various industry associations it supports that are aligned with our shared values. Our memberships enable us to contribute towards the development of the real estate, retail and hotel industries, directly or indirectly through our participation in event, discussions and working groups network with our industry peers. Through the memberships, we are also able to promote professionalism as well as share best practices in the industry.

OUR PROPERTY	MEMBERSHIP	VALUES AND IMPACT
<b>KLCC Property Holdings Berhad (KLCCP)</b>	<b>Council of Tall Buildings and Urban Habitat (CTBUH)</b> KLCCP has been a member of the Council at Patron Level since 1996 and has been actively participating as participants and speakers in conferences organised by the Council	Our contribution has helped put the latest information from research and advanced design practice into the hands of professionals throughout the world
	<b>Federation Internationale des Administrateurs de Bien-Conselis Immobiliers (FIABCI) Malaysian Chapter</b> KLCCP is a member of FIABCI Malaysian Chapter and supports the Federation through its various events, seminars and talks organised annually	Keeping employees abreast of the happenings related to the industry through participation in seminars, workshops and publications  We also receive updates from FIABCI through their newsletter and emails
	<b>Malaysian Investor Relations Association (MIRA)</b> KLCC Property Holdings Berhad registered as a member since 2014. MIRA is the first and only professional association committed to developing and advancing the status and integrity of Investor Relations (IR) professionals	Our participation in seminars, workshops, networking session and awards ceremony enable us to reach out to network with IR professionals in the industry

SEC 01

SEC 02

SEC 03

SEC 04

SEC 05

SEC 06

SEC 07

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## Promoting Industry Growth through Affiliations

OUR PROPERTY	MEMBERSHIP	VALUES AND IMPACT
<b>KLCC REIT</b>	<p><b>Malaysian REIT Managers Association (MRMA)</b></p> <p>KLCC REIT Management Sdn Bhd is a member of the Malaysian REIT Managers Association (MRMA). MRMA also represents its members' interests through engagement with the Malaysian Government and regulators for functional regulations, viable structures and tax harmonisation. This ensures Malaysian REITs remain competitive within the region and internationally</p>	Our active participation keeps us abreast of the development in the REIT industry and also provides us the platform to share ideas and opinions for the betterment of the industry
<b>Suria KLCC</b>	<p><b>Persatuan Pengurusan Kompleks Malaysia International Council of Shopping Centres</b></p> <p>Suria KLCC has been a member of the Persatuan Pengurusan Kompleks (PPK) Malaysia since 1995 and a member of the International Council of Shopping Centres (ICSC) since 2003</p>	As a member of PPK and ICSC, Suria KLCC is able to network with the management of other shopping centres in Malaysia and also benchmark with the retail industry best practices worldwide. Suria KLCC also receives information pertaining to the shopping centre industry, statistical data and other statistical research from the ICSC
<b>Mandarin Oriental, Kuala Lumpur (MOKL Hotel)</b>	<p><b>KLCC Business Events Alliance</b>  <b>Malaysian Employers Federation</b>  <b>Jactim Foundation</b>  <b>Malaysian Association of Hotel Owners</b>  <b>The Japanese Chamber of Commerce</b>  <b>Persatuan Hotel Malaysia</b></p>	<p>MOKL Hotel's membership in these association enables them to expand their business networking, leverage on the Association's database and solicit for potential business</p> <p>MOKL Hotel participates in initiatives carried out by the associations from time to time, contribute opinions and comments when requested. MOKL Hotel also participates in any surveys initiated</p>

### Commitment to Capital Market Development

We are committed to promote REIT as an investment asset class to retail investors. We intensified our communication with retail investors in collaboration with Bursa Malaysia and the Malaysian REIT Managers Association (MRMA). This year, we participated in the Bursa Malaysia's Shariah Investing Fair 2018 via a large track presentation and the Bursa Malaysia-i Shariah Investing Webinar 2018 Series sharing insights on Shariah compliant investment to the retail investors. Both events held in Kuala Lumpur were well received with participation from over 100 retail investors.

**OVER 100**  
PARTICIPATION FROM  
RETAIL INVESTORS

**7 July 2018**  
**BURSA MALAYSIA SHARIAH**  
**INVESTING FAIR 2018** – Kuala Lumpur

**21 November 2018**  
**BURSA MALAYSIA-I SHARIAH INVESTING**  
**WEBINAR 2018 SERIES** – Kuala Lumpur