

A CONVERSATION WITH THE CEO

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DATUK MD. SHAH BIN MAHMOOD
Chief Executive Officer



Q1

You are in the second year at the helm of KLCCP Stapled Group. Can you tell us how different this year was compared to your first year?

2022 was indeed busy and challenging but satisfying nonetheless, as we started to see positive signs of resilience and recovery towards normalisation of business activities following the transition to the endemic phase beginning 1 April 2022. It was good to have our tenants finally returning to office in full force, our retail malls gaining momentum with increased local and tourist footfall, and our hotel seeing a turnaround in occupancy from pent-up demand in group and event bookings. It was liberating to finally experience the buzz back at the KLCC Precinct with more than 1,000 events held bringing in over 700,000 visitors to the precinct.

Whilst we have been at the forefront of the Nation's recognisable landmarks, during the pandemic, we continued to preserve our spaces well and to see them stay relevant and still be the destination of choice is truly humbling. Our iconic buildings and spaces are a statement of our history, ambition and a source of pride and yet even today, they still give the community a feel of a-city-within-a-city and not to mention, insta-worthy pictures to take home too!

Q2

We finally saw the light at the end of the tunnel when the country transitioned to the endemic phase on 1 April 2022. Can you describe the key highlights and achievements during the year?

2022 has been a year of encouraging momentum. Our pathway towards recovery began as the Malaysian economy reopened and transitioned into the endemic phase. With the relaxation of domestic travel restrictions and gradual recovery from inbound travel demand, we saw improved domestic tourism and pick-up in international leisure travel which significantly spurred our retail and hotel performance.

Our revenue increased by 24.6% to RM1.5 billion, from the healthy rebound in our retail and hotel segments, anchored by the stable office segment. Profit Before Tax (PBT) excluding fair value adjustment also improved in tandem from RM712.5 million to RM894.5 million, up 25.5%. With this encouraging performance, KLCCP Stapled Group distributed 38.00 sen per Stapled Security, 13.1% higher compared to 2021, delivering on our commitment to our holders of Stapled Securities.

2022 Highlights

Anchored on our **Three-Pronged Growth Strategy**, we set out to establish clear targets, to position the Group as a Solutions Partner.

Unveiled the **Group's New Operating Model**

- **Enterprise model** to achieve effectiveness in **deliverables**, efficiency in **value chain processes** and **clear accountability**
- New organisation structure which is centred on a **collaborative model**, hybrid matrix structure
- New limits of authority.

In accelerating our sustainable mobility, during the year, **KLCC became the venue with the largest number of EV charging points in Malaysia.**

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Our retail, Suria KLCC and the retail podium of Menara 3 PETRONAS recorded its highest tenant sales, almost doubled last year's and even surpassed pre-Covid levels in 2019 by 9.5%. Living up to its tagline of "Always Something New", Suria KLCC continued to differentiate itself and brought in 16 new tenants including the first downtown Burger & Lobster outlet in Kuala Lumpur, providing its shoppers with a diverse blend of experiences.

Our hotel, Mandarin Oriental, Kuala Lumpur (MOKL Hotel) saw a strong rebound in the second half of the year benefitting from the full economic reopening - its average occupancy almost tripled last year's whilst occupancy during the New Year's week in December hit 72%. The hotel also saw its F&B business outperform, with over 50 banqueting, wedding and MICE events, generating more than RM16.0 million in revenue. MOKL Hotel's milestone for the year was actually their sale of more than 12,000 boxes of mooncakes during the mooncake promotion, raking in RM2.0 million in revenue, its best achievement since the hotel's opening 24 years ago.



We hear that the Group strengthened its push towards going green and embarked on several significant strategic initiatives during the year. Can you enlighten us on these initiatives?

In accelerating our sustainable mobility, during the year, KLCC became the venue with the largest number of EV charging points in Malaysia. We installed 35 EV chargers at KLCC Precinct, bringing the total EV chargers to 57. Another 42 units of EV chargers will be installed across the Group's other managed facilities namely Menara Dayabumi, and properties in Putrajaya by end 2023. This is the collaboration with Gentari Sdn Bhd, to jointly explore opportunities in potential projects and services related to green mobility and renewables to be implemented within the KLCC Precinct and its managed facilities.

We also fitted energy saving LED lights on the external facade of the PETRONAS Twin Towers with state-of-the-art lamp colours technology, replacing the metal halide lightings. This will not only enable the PETRONAS Twin Towers to be lit up in various colours but will also potentially save in energy consumption and maintenance cost. Towards digitalisation and in collaboration with our tenant, we successfully installed facial recognition devices for improved security and contactless access at the PETRONAS Twin Towers during the year.

With all these initiatives and more, under the KLCC Business Events Alliance (KLCCBEA), the KLCC Precinct partners have set their sights on creating a Sustainable



Development Goals (SDG) precinct as a catalyst to spur the competitive standing of Kuala Lumpur as a preferred destination for international conferences. The main goal is for visitors to “meet, eat, sleep, shop and play” sustainably in the precinct. Interestingly, at the KLCCBEA & Urbanice Malaysia Symposium held in September 2022, it was highlighted that based on the activities of our precinct partners collectively, we actually hit 17 of the SDGs and 119 out of 169 targets. That’s a commendable 70%! We are looking to delivering more precinct-wide SDG activities and to enlarging this initiative to include other non KLCC owned hotels surrounding the KLCC Precinct in implementing the roadmap towards this aspiration.



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How are you driving the strategic direction of the Group, to future ready the organisation and be in a position of strength?

When I came on board in 2021, I had 3 priorities – Business Performance & Operational Resilience; Workforce Agility and Sustainable Customer Solutions. I worked on setting clarity of the Group’s strategic direction, coupled with an aligned organisation design which would allow me to foster a culture of greater empowerment and accountability. In 2022, we unveiled the Group’s New Operating Model which was designed as an enterprise model to achieve effectiveness in deliverables, efficiency in value chain processes and clear accountability; the new organisation structure which is centred on a collaborative model – hybrid matrix structure; and the new limits of authority.

During the year, we engaged with the Boards and Leadership team on the Group’s portfolio assessment and viable strategic initiatives to plan towards the Group’s next growth. Anchoring on our Three Pronged-Strategy – Maximising Cash Generators; Expanding Core Business and Stepping Out; we set out to establish clear targets to meet stakeholder needs and position the Group as a solutions partner, progressing lifestyle for a sustainable future.

Moving forward, we will focus on maximising our cash generators by sweating our assets and building a solid foundation for growth. We plan to expand our core real estate business by growing our property investments and enhancing our integrated business model. We will also step out to build capabilities which will put us in good stead to venture out in future years.

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Employee engagement initiatives are one of the primary objectives of a CEO.

Can you describe some of the employee initiatives that you have rolled out this year?

I was delighted to see our office come to life with the return of our talents back to the office. I finally got to meet our KLCC family in person from the Townhall and the 3 engagement sessions I had, to the Group Raya Open House, Long Service Award ceremony and Annual Dinner.

Our talents are responsible for ensuring our organisation's purpose is met and it's crucial that they thrive in our workplace environment as we understand the importance of attracting and retaining a high performing workforce. Following the reorganisation of the KLCC group structure, we revamped the organisational performance review and employment model. Our Human Capital team conducted a talent mapping

exercise to fit the right talent to the right position, enhanced the job and salary grade - benchmarking against the property development and management companies. In ensuring sustainability of our talents' capability, we initiated a capability inventory review to align with the areas of excellence towards supporting the Strategic Framework – 6 core capabilities areas were identified and will be rolled-out by Q1, 2023.

We conducted a series of performance management upskilling covering 95% of managers and introduced enhanced leadership competencies, where we upskilled over 80% of Senior Managers and above. We also continued with our "Learning Friyays" initiative which included classroom and digital learning platforms and todate, we have an encouraging 85% of employee participation with an average of 28 training hours per employee. Our aim is to create a future fit organisation where people join, stay, grow and belong.



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Last but not least, what is the Group's outlook for 2023 since the Covid-19 pandemic is behind us?

We are hopeful that 2023 will be a better year for us though we are mindful that the year ahead may be impacted by heightened macroeconomic and geopolitical uncertainty. As the business returns to normalcy, we anticipate more robust performance, particularly from the retail and hotel segments. We are optimistic that the office segment will remain stable and continue to generate steady cash flows for the Group. Our strategic initiatives, sustainability aspiration in support of climate action and strong investment property portfolio, will enable us to continue to deliver long-term value and accretive returns to our holders of Stapled Securities.

I would like to express my gratitude to the Leadership Team and the KLCC family for their hard work, dedication and enthusiasm in being onboard with me on this meaningful journey towards delivering on our operational excellence and Moving Forward Together aspirations. My sincere appreciation to the KLCCP and KLCC REIT Board of Directors for their astute insights and wise counsel throughout this year, enabling the Group to emerge more resilient. Together with the KLCC family, I look forward to delivering on our Group's purpose and creating sustainable value and growth for our customers, employees and the local communities where we operate.

Datuk Md. Shah bin Mahmood
Chief Executive Officer



Arising from the #IAmAccountable campaign launched last year, how do you see the progress in creating a more agile, customer focused and engaged culture?

Strengthening the culture of our organisation and aligning it to our Strategic Framework is key to getting the most out of our talents within the Group and successfully delivering on our strategy in the long-term. In 2022, pursuant to our new organisational structure, we set up a dedicated Culture and Change Management team to spearhead the culture and change agenda within the Group. We started with the #IAmAccountable in 2021 and progressed into a meaningful change with #TimeToDeliver in 2022 - for our people to take ownership and become more agile, more customer centric and better placed as a Solutions Partner, to respond to changes in the external market conditions and to our stakeholders.

We leveraged on our Cultural Beliefs and conducted engagements with Divisions and Departments together with our Culture & Change Influencers to rally towards our desired culture, culminating in the Organisational Culture Survey in December. This was to measure culture and engagement across 6 drivers – purpose, clarity, empowerment, connection, growth and wellbeing. We had a 91% response rate from our employees, and a 87% score on integrity. 78% of our people are excited about the future prospects of the Group. I must thank the KLCC Family for all the feedback we received and we have identified focus areas to improve on as part of our 2023 roadmap on culture change.

A change is always difficult but nevertheless, it is a journey, and I am confident that with the talents we have, we will be able to move far and beyond in achieving our desired high performing culture in delivering on potential opportunities in an efficient and effective way.