

# Value Creation Model

## STATEMENT OF PURPOSE

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

## SHARED VALUES

- LOYALTY** Loyal to corporation
- INTEGRITY** Honest and upright
- PROFESSIONALISM** Strive for excellence
- COHESIVENESS** United, trust and respect for each other

### Our Capitals...

#### Inputs

**FC Financial Capital**  
The pool of funds and financial capacity that support asset ownership, operations, capital management and long-term value creation.

- Total assets: RM19.2 billion
- Total equity attributable to holders of Stapled Securities: RM14.1 billion
- Total financing: RM4.3 billion
- Share capital: RM1.8 billion
- Cash generated from operations: RM1.2 billion
- Stable recurring cash flows from prime assets with long-term leases
- Strong balance sheet with low gearing ratio at 30.5%, providing funding headroom

**MC Manufactured Capital**  
A portfolio of large, integrated and high-quality real estate assets that underpin recurring income and precinct-based value creation.

- Diversified REIT with a portfolio of seven properties in Malaysia
- Iconic and high-quality assets:
  - 5 Offices (3 GBI-Certified) | 2 Retail Malls | 1 Hotel
  - 12.0 million sq. ft. GFA under management
- State-of-the-art infrastructure & facilities to ensure best-in-class products and services

**IC Intellectual Capital**  
The intangible assets of our organisation, including institutional knowledge, operational capabilities, systems and processes, as well as our reputation and brand equity.

- Digital enablers to create value through innovation
- Specialised facilities management expertise
- Boards' and Managers' deep industry knowledge
- Efficient business processes and robust management systems
- Robust governance structures centred on ethical conduct
- Integrated risk management culture and framework

**HC Human Capital**  
The Board, leadership and workforce whose expertise, culture and performance drive operational excellence and strategic delivery.

- Total no. of full-time employees: 1,074
- RM2.6 million invested in learning and development to upskill and future-proof talent
- High-performing, future-ready culture aligned with strategic priorities
- Development of structured framework to measure long-term organisational targets and the associated rewards
- Strong HSE discipline, led by leadership at all levels

**SR Social and Relationship Capital**  
The strength of the Group's relationships with tenants, investors, regulators, partners and the community, built on trust, transparency and shared long-term value creation.

- Trusted and transparent stakeholder relationships and strong brand leadership
- Expanded collaborations and partnerships across precinct, retail and hospitality ecosystems
- Placemaking-driven community engagement, anchored by KLCC Park with over 200,000 visitors
- Local procurement: 99%
- Strong network of 384 approved vendors supporting the business
- Responsible ESG and sustainable development practices

**NC Natural Capital**  
The renewable and non-renewable resources that are used throughout the Group, including fuel, water and land, among others.

- Energy consumption: 313,734 Mwh
- Water consumption: 1,339,441 m<sup>3</sup>
- Efficiency and climate risk mitigation initiatives
- Digitalised asset operations to reduce environmental footprint

#### Material Sustainability Matters

##### Planet

- M1** Climate Change and Energy Management
- M2** Environment Management

##### People

- M3** Human Capital Development
- M4** Human Rights
- M5** Labour Standard and Practices
- M6** Health, Safety and Security

##### Peace

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

##### Prosperity

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

Refer to pages 50 to 58

#### Key Market Trends

- MT1** Strengthening Momentum in Tourism Activity
- MT2** Heightened Competition Across Core Markets
- MT3** Rapid Digitalisation and Integrated Technology Adoption
- MT4** Evolving Consumer Preference
- MT5** Advancing Sustainability and Decarbonisation Imperatives
- MT6** Evolving Regulatory Environment

Refer to pages 78 to 80

#### Sustainability Pillars

- Planet**
- People**
- Peace**
- Prosperity**

SR Refer to pages 36 to 83

### Our 3-Pronged Growth Strategy

**MC Maximising Cash Generator**

**EB Expanding Core Business**

**SO Stepping Out**

Refer to pages 88 to 91

#### Our Principal Risks

- R1** Financial Risk
- R2** Market Risk
- R3** Human Capital Risk
- R4** Health, Safety and Environment Risk
- R5** Security Risk
- R6** Asset Management Risk
- R7** Facility Management Risk
- R8** Supplier Risk
- R9** Cybersecurity Risk
- R10** Sustainability Risk

Refer to pages 81 to 87

### Enable Value-Adding Activities

#### OUR INVESTMENT PROPOSITION

Malaysia's largest and the only stapled REIT, representing one-third of the Bursa Malaysia REIT Index

Resilient portfolio quality that consistently delivers **stable earnings, capital resilience and long-term value**

A proven **dividend distribution track record** that underpins long-term shareholder value and income confidence

A clear pathway to **net zero** by 2050, guided by the **KLCC Sustainability Plan 2030**, future-proofing assets while creating lasting environmental and community impact

A singular **integrated ecosystem** with full precinct ownership, curating a complete **destination** to **work, shop, stay** and **play**

#### OUR BUSINESS ACTIVITIES

**Office**  
Refer to pages 94 to 99

**Retail**  
Refer to pages 100 to 105

**Hotel**  
Refer to pages 106 to 111

**Management Services**  
Refer to pages 112 to 117

## Value Creation Model

### That Create Value for our Stakeholders

#### Outputs

- High-quality, income-generating real estate assets created and managed to deliver sustained cash flows and long-term value, while recognising associated environmental and social trade-offs.
- Quality real estate investments that add value to society and deliver sustained cash flow. Our end products include:

#### Office

**5.6 million**  
sq. ft. NLA  
(2024: 5.6 million)

#### Hotel

**629**  
rooms  
(2024: 629 rooms)

#### Car Park Bays Managed

**19,838**  
(2024: 17,421)

#### Retail

**1.1 million**  
sq. ft. NLA  
(2024: 1.1 million)

#### Facilities Managed

**25**  
(2024: 25)

#### Outcomes

##### FC Financial Capital

- Ranked first place in the MREITs industry
  - By market capitalisation: RM15.7 billion (2024: RM14.7 billion)
  - By property value: RM16.7 billion (2024: RM16.2 billion)
- 5-year average total return: 10.0% (2024: 6.3%)
- Revenue: RM1.74 billion (2024: RM1.71 billion)
- PATMI (excluding fair value adjustments): RM0.83 billion (2024: RM0.79 billion)
- Maintained RAM Rating AAA/Stable outlook for KLCCP, KLCC REIT and Suria KLCC

##### MC Manufactured Capital

- Increased fair value adjustment to RM463.9 million (2024: RM234.7 million)
- Average Occupancy Rate
  - Office: 100% (2024: 100%)
  - Retail: 98% (2024: 99%)
  - Hotel: 59% (2024: 58%)
- Secured operations of 2,695 car park bays within Putrajaya (2024: 926 car park bays)

##### IC Intellectual Capital

- Strong governance structure and transparency
- Enhanced IT security systems with zero incidents of cybersecurity breaches
- Conferred with 24 awards and accolades (2024: 22)

##### HC Human Capital

- 30 hours employee training hours (2024: 48 hours)
- Achieved an 80% digital literacy score through the Digital Proficiency Assessment
- Leadership development was strengthened through structured sessions involving 62 leaders

##### SR Social and Relationship Capital

- RM4.8 million spent on Corporate Social Responsibility (2024: RM5.3 million)
- KLCC The Place Instagram & Tiktok followers increased to 58,138 (2024: 35,256)
- Employee volunteerism: 4,848 hours (2024: 3,582 hours)
- Community investment beneficiaries: 1.2 million (2024: 0.8 million)

##### NC Natural Capital

- Scope 1 & 2 GHG emissions: 12% reduction versus 2019 baseline (2024: 12%)
- Sustainable September outcomes:
  - 50 trees planted at KLCC Park
  - 317 kg of waste collected during International Coastal Cleanup
  - 200 kg used cooking oil collected

+ Value Enhanced   - Value Preserved   - Value Diminished

#### Actions To Enhance Outcomes

- Capital management and maintenance of a robust balance sheet
- Strategic investment in digital technologies to enhance efficiencies
- Continuous efforts to reduce cost of financing
- Sustainable redistribution of income ensuring strong shareholder returns

- Asset maintenance and upgrades to enhance their value
- Installation of digital infrastructure to support tenant needs
- Implementation of green technologies to maintain green building certifications
- Strategic planning to acquire more assets

- Continuous strengthening of governance framework
- Heightened risk management and awareness across the organisation
- Maintenance of tight cybersecurity protocols
- KLCC brand-building through impactful placemaking events

- Upskilling and training to create a high-performance culture
- Succession planning for leadership continuity
- Employee engagement and attractive remuneration to attract and retain quality talents
- Diversity and inclusion to enhance workplace perspectives and decision-making
- Highest safety standards to protect our people and assets

- Engagement with tenants, guests, shoppers and visitors to understand their needs
- Timely and meaningful response to feedback
- Maintenance of KLCC Park as a safe, serene green lung for the community
- Social contributions through CSR platform and employee volunteerism

- Expanded efforts to reduce our carbon footprint to include our supply chain
- Tree planting in KLCC in collaboration with FRIM
- Focus on waste reduction, sustainable food waste and hazardous waste management, and increased recycling
- Sustainable water consumption including adoption of water-efficient systems and behaviours

#### Stakeholders

S1 S2  
S3 S4  
S5 S6

S1 S2  
S3 S4  
S5 S6

S1 S2  
S3 S4  
S5 S6

S1 S2

ALL

S1 S2  
S3 S4  
S5 S6

#### UN SDGs



#### Trade-Offs

We allocate our financial capital prudently to maintain healthy cash flow and capital position while preserving our asset value, building our human capital and enhancing operational efficiencies to support our growth aspirations.

Upgrades to assets, such as MOKUL Hotel's ballroom, can impact hotel occupancy and F&B revenue in the short term but result in enhanced value in the long term. The fire in a tenant's space in Menara 3 PETRONAS demonstrated the cost of any gaps in infrastructure integrity. Conversely, its quick containment highlighted the effectiveness of our emergency response system.

Any change to policies or processes requires a change in mindset and/or behaviours among employees, requiring additional resources to facilitate the change. Recognising the need for such additional effort is important to ensure proper implementation and to benefit from strengthened intellectual capital.

Employee development reduces their productivity during training days but enhances overall performance in the long term. With succession planning and internal vacancy fulfilment, it is important to ensure the best person for the job, which sometimes means resorting to external hires.

Building and maintaining relationships is time and cost-intensive, however the effort is rewarded through enhanced brand equity and tenant loyalty. Addressing issues via proper maintenance and upgrades, meanwhile, leads to assets that retain or even elevate their value.

We are progressing in our asset-by-asset decarbonisation programme through the installation of LED lighting and other energy-efficient systems. These bring savings to our tenants, not to the Group as the property owner. However, there is a premium on green buildings which guarantee long-term relevance and market demand.

### OUR WASTE AND EMISSIONS

The Group's operations also generate environmental impacts, which are actively monitored and managed as part of responsible value creation.

Total reduction of carbon emissions (Scope 1 & 2)

**126,877**  
tCO<sub>2</sub>e

(2024: 127,495\* tCO<sub>2</sub>e)

Total waste generated:

**6,620**  
tonnes

(2024: 7,810 tonnes)

Waste diversion from landfill:

**10%**

(2024: 11%)

**318,189**  
KWH

renewable energy generated from solar panels on rooftop of Suria KLCC

\* Restated to reflect a change in reporting boundary