

Friday, 6 August 2021

Md. Shah Mahmood: Ensuring our buildings are safe and in pristine condition are our priorities now



🗣 Md Shah: I am humbled to be appointed, and I am grateful and thankful to the board for trusting me to helm one of the biggest REITs (real estate investment trusts) in Malaysia and part of KLCC Holdings

It wasn't at the best of times, but that was when opportunity came knocking. Three months into helming the captainship of KLCCP Stapled Group, its chief executive officer Md. Shah Mahmood shares with EdgeProp.my in his first media interview (edited for clarity) how he intends to steer the top-tier ship to profitable landings through the raging pandemic-ridden waves.

EdgeProp: Describe your appointment.

Md. Shah: After 28 years in the oil and gas industry, many may wonder why I am now in the real estate industry. The fact is, in Petronas, talents are given opportunities to explore their strengths. This is the way talents are being groomed.

I am fortunate to have had the opportunity to be chosen to attend the senior management development programme in PETRONAS – INSEAD and the advanced management programme in Harvard Business School. These are the highest programmes on grooming management talents.

The board screening process started a couple of months [before the official appointment]. The board has appointed a third party international consultant to search for suitable candidates. Every candidate would have a one-to-one session with the board members and the board would then discuss and choose the most suitable candidate.

I am humbled to be appointed, and I am grateful and thankful to the board for trusting me to helm one of the biggest REITs (real estate investment trusts) in Malaysia and part of KLCC Holdings.

EdgeProp: How have your first three months in KLCCP Stapled Group been?

Md. Shah: After three months, I would say this (real estate) is an exciting business. Taking up the role of a new CEO amid pandemic times – there are some difficulties, especially when I can't meet the big family in person. Nevertheless, I am having one-on-one virtual sessions with the management team to get to know each other.

For now, the priority is to review and relook at the things that we have done best. KLCCP Stapled Group has a list of premium properties in prime locations, such as Petronas Twin Towers and Menara 3. These two properties have 100% occupancy rate and have recently secured extended triple net leases (TNL) for another 15 years. With this, it can continue to contribute to the group's revenue growth. Currently, the office segment contributes over 50% of the revenue. Moving forward, we will see how far we can go.

EdgeProp: Undeniably, these are premium assets but they are also aging. Your comments?

Md. Shah: Ensuring our buildings are safe and in pristine condition are our priorities now. Other than replacing the wear and tear, we are constantly upgrading the facilities and looking for ways to reduce our energy usage. This includes the changing of lighting to LED.

Investment is not just about investing one and getting one back, but to protect the value of the asset. Look at our buildings. Even though Petronas Twin Towers and Menara 3 as well as

Kompleks Dayabumi are already over 20 years old, they still look impressive and fantastic. Our marble flooring is still shiny like new. All these are the efforts we put in to protect the asset value.

Most importantly, we are embarking on our digitalisation journey to leverage the technology and big data to better control and monitor the buildings and the activities within them.

EdgeProp: Please elaborate on KLCCP Stapled Group's digital roadmap journey.

Md. Shah: In March this year, we completed our building command centre (IBCC) which is able to integrate all the facilities and safety features in one control room. This is truly "hands off eyes on"!

KLCC Urusharta, KLCCP Stapled Group's facilities management arm, launched the IBCC at Tower 2 of the PETRONAS Twin Towers in April this year. IBCC is an automated, real-time building management system which leverages the power of data and enables centralized monitoring, control and command with digital technology to optimize asset performance, improve energy efficiency and reduce service cost.

Currently 3 facilities are operated through the IBCC – PETRONAS Twin Towers, Menara 3 PETRONAS and the KLCC Park Irrigation System

Through the IBCC, the KLCC Park is now digitally operated via the KLCC Park System Automation, which reduces the number of manual manning activities by 93% and in turn saving on cost and reducing the risk of working at height in confined spaces

It also helps to monitor the situation inside the building, such as control of the vertical transportation to speed up the lift transportation to avoid big crowds.

The digital roadmap enables us to improve our efficiency in property management. We are leveraging our talents in the group. We have another board member who is from IBM. She has helped us a lot on this.



i *The 50-acre KLCC park is the green lung in Kuala Lumpur city centre (Photos by Low Yen Yeing/EdgeProp.my)*

Technology can enhance our cybersecurity and support the team in better monitoring what's happening inside and outside the building. For example, there are CCTVs everywhere, and if the system detects someone leaving something, it will notify the security personnel and preventive measures will be taken to ensure the safety of the occupants.

EdgeProp: Besides upgrading the building's hardware, how else do you ensure the safety of occupants post-lockdown?

Md. Shah: Safety is something that we will not compromise. This is also something echoed in the core value of the late Tun Azizan, who was the former Petronas chairman and the management of KLCC Group at that time. He always stressed the importance of safety in buildings and workplaces. This is the important DNA to the group, that's what I have been taught and trained since day one when I joined Petronas.

We are controlling what we can to curb the spread of airborne viruses. We are very cautious on indoor air quality. Even before the Covid-19 pandemic, we had been monitoring our indoor air

quality closely, following requirements set by the World Health Organization, to ensure the health of the building occupants.

We understand 100% air circulation in the building is not possible as we do not have windows all over the place. Hence we are using a double filtration system to improve ventilation. We are constantly looking for other filtration systems that can improve the indoor air quality.

The thermal screening system and face recognition system, on the other hand, ensure the safety of the visitors. We want to make the office and the buildings are safe when they [the working population and visitors] come back.

In KLCC, we go even below 37.7 ° Celsius. When the thermal screening detects someone breaching the safe temperature level, the security personnel will ask him or her to stand aside, to check whether he or she has symptoms or are from high-risk areas.

To further ensure safety, our people will be walking around to observe the activities inside the buildings and to do some spot checks. In addition, we also increase more contactless features such as cashless parking to reduce the risk.

In fact, during the lockdown period, it enables us to work on things to improve the overall environment, which we can't do when everyone is in office, such as raising the cubicle wall to make sure physical distancing is possible.

However, there are things that we cannot control, such as when they step out of the building and go to other public places. How are we going to protect them? Hence, herd immunity is very important to ensure everyone is safe.

EdgeProp: Suria KLCC used to enjoy high footfall. How do you bring back the vibrance?

Md. Shah: Yes, the current footfall to our shopping mall has dropped significantly. Things were getting better in February and March this year and we observed that the footfall was growing fast. However, when a full movement control order was implemented in June this year, the retail business was hit again. We do not know how long this will last, looking at the spiking number of daily cases.

While waiting for reopening, we are reviewing our facilities and our monitoring systems to ensure our buildings are ready when the restrictions are lifted.

Meanwhile, the group has allocated RM90 million last year to help the affected retail tenants and this year the group is looking at spending more than this to help the retail tenants tide over the Covid-19 crisis. We will continue to offer assistance to the tenants who are struggling to survive with different packages.

EdgeProp: How do you see the property business moving forward?

Md. Shah: I remember last year, many were anticipating things would be better this year, but no one had expected the market to remain stagnant now and the infection cases to get more serious.

I believe this is a reset to the industry – a consolidation. The industry players need to review their strategies as there's no point in continuing building when you do not have the occupancy.

Eventually the borders will reopen and people will be able to travel again. We have to make sure our buildings are safe to welcome their return.

Another important thing is to retain talents in times like this. We define our staff as talent and we are like a big family. Currently, our staff number is 1,400 people.

The heads of departments will have conversations and always check on their team members, to see whether there is anything of concern as we care about their mental wellbeing. When there are units not doing well, we see how others can help. While working from home has extended our working hours, we still need to play by the rules and the heads of departments cannot request their talents to work beyond working hours.

EdgeProp: Competitive foreign direct investment is compounded by intense competition from more new buildings coming up in the Kuala Lumpur city centre. How can KLCC remain attractive?

Md. Shah: We are still the tallest twin towers, even after 20 years. We are not complacent with this. Over the years, we have been working on injecting new vibrancies to the KLCC precinct.

We also believe that location is crucial. KLCC's proximity to all infrastructure and amenities will make it well-poised for the rebound.

At the same time, we are also upgrading our security and safety features to retain our attractiveness to investors. Not to forget, we have a 50-acre urban park, something that other new developments may not have.



📍 Mandarin Oriental Kuala Lumpur is still one of the preferred choices for tourists. (Photograph by Mandarin Oriental Kuala Lumpur)

Although there are uncertainties ahead, our office segment is still doing well with 100% occupancy rate. The extended TNL will sustain our revenue growth until 2042.

As for our hospitality segment, Mandarin Oriental Kuala Lumpur and other hotels remain most tourists' preferred choices for its service standard and location. It's a timing problem. We believe once borders are open, the hospitality business will rebound.

EdgeProp: Property management services now constitute a sizeable income for the KLCCP Stapled Group. Are you looking at expanding this beyond the group's assets?

Md. Shah: Yes, this is something we are looking into. We are now managing 22 assets. Eventually that will be our area of expertise, something that we are exploring.

Although we are now managing the parent company's assets, I am looking at how I could add value into what I am doing. It's not about how rich our parents are and how we are getting things on a silver platter. I have to go out and earn it, not only from internal but also external.

To achieve this, we have to look at things in a holistic way, reset ourselves and view things from different angles to find out how we can do better, anything we can pivot on and anything that can make us stronger.

The digital roadmap is one of them, how we leverage our talents and technology to improve ourselves in property management and continue to be the pioneer of the industry.

(Source: [Md. Shah Mahmood: Ensuring our buildings are safe and in pristine condition are our priorities now | EdgeProp.my](#))