

...WE HAVE MAINTAINED OUR POSITION AT THE CUTTING EDGE OF PROPERTY AND ASSET MANAGEMENT AND RETAINED OUR LEADERSHIP AS THE LARGEST REIT, GROWING OUR MARKET CAPITALISATION BY 21% TO CONSTITUTE 31% OF THE MALAYSIAN REIT INDUSTRY...

# LETTER FROM THE CHAIRMAN

TAN SRI AHMAD NIZAM BIN SALLEH  
Chairman



## DEAR STAKEHOLDERS,

It is with great pleasure that I introduce KLCCP Stapled Group's Annual Report for the year 2023, a year that had added significance given that it was our 10<sup>th</sup> anniversary. Ten years mark a significant milestone for any organisation and it is befitting as we celebrate the occasion to reflect on the Group's journey to date.

PROFIT FOR THE YEAR\*

**RM853.8**  
**million**

(2022: 793.3 million)

DIVIDEND PER STAPLED  
SECURITY

**40.50** sen

(2022: 38.00 sen)

\* excluding fair value adjustments

It has definitely been an interesting voyage marked by milestones as well as challenges, the latter including an unprecedented pandemic. It is with a measure of pride to note that the Group managed to overcome every obstacle that came in our way, and in so doing has become stronger and more resilient, increasing our capability to drive excellence while caring for our people and the community.

We have been privileged to have best-in-class assets such as the iconic PETRONAS Twin Towers. Nevertheless, our performance over the last decade stems not just from these assets but rather from the professionalism and dedication of our people in managing and maintaining them to retain their prestige and quality. Everyone, from our leadership to the most junior member of the team, has demonstrated a resolute commitment to upholding the highest integrity in executing all our business and sustainability strategies to see to the Group's steady and sustainable growth.

We have also continuously strengthened our relationships with our business partners and associates, working closely with them to create unique experiences in spaces that will stand the test of time. Driven by innovation, we have constantly refurbished and modernised our offices, retail malls and hotel. Investing in the best technologies, we have installed the latest digital systems for enhanced safety and efficiency in our buildings, car parks and surrounding areas. In the process, we have maintained our position at the cutting edge of property and asset management and retained our leadership as the largest REIT, growing our market capitalisation by 21.2% to constitute 31.0% of the Malaysian REIT industry.

This anniversary marks not just a milestone but is a testament to our collective commitment to shaping a future defined by excellence and meaningful contributions.

During the year itself, the Group delivered a solid set of results with top-line growth of 11.0%, and a 7.6% increase in profit excluding fair value adjustments of RM853.8 million. This was mainly due to increased footfall and spending in our malls as well as higher occupancy in the Mandarin Oriental, Kuala Lumpur Hotel (MOKUL Hotel). The hotel's Revenue per available room (RevPar) is, in fact, in its historical best and I would like to commend the team for their excellent work.

Reflecting the numbers achieved, the Boards of KLCC Property Holdings Berhad (KLCCP) and KLCC REIT Management Sdn Bhd (KLCCRM) approved four interim dividends totalling 40.50 sen per stapled security, 6.6% higher than from last year's distribution of 38.00 sen. This comprises 13.71 sen from KLCCP and 26.79 sen from KLCC REIT, translating to a full-year dividend payout of RM731.2 million compared to RM686.0 million in 2022, which is also the highest dividend payout since the Stapled Group's listing.

## Letter From The Chairman



### BOARD FOCUS IN 2023

The macroenvironment in 2023 was conducive to the property industry as it marked the first full year of recovery from Covid-19. Nevertheless, it was essential that KLCCP Stapled Group had the right strategies in place to fully leverage the economic upswing. The Boards' focus during the year was, therefore, to engage more intensely with Management on three key areas: recovery from the pandemic, growth strategies, and upskilling our people.

A key development to advance our pandemic recovery was the launch of a new 5-year Strategy Blueprint that serves to prepare the Group for our next phase of growth. Through this roadmap, we seek to further entrench our pole position by enhancing assets performance, fostering growth expansion and adapting to shifts in market demand that have been exacerbated by the pandemic. At the same time, we will continue to strengthen our operational and commercial excellence to keep delighting our tenants and customers.

In realising the goals set under our strategy blueprint, it is imperative that we continue to equip our employees with the skills they will need. This includes empowering them to fully leverage digital technologies to embrace an agile way of working. We envision a workplace that encourages a constant flow of ideas to innovate in order to deliver value for the Group. To realise this vision, we are working with Management on nurturing an environment that is constantly evolving towards a sustainable future.

### BUILDING ESG VALUE

One of the Boards' core functions is to guide the Group towards increasingly more environmental, social and governance (ESG)-attuned practices to strengthen our stakeholder value creation.

Over the last five years, the Boards closely monitored progress on the Group's 5-year Sustainability Roadmap. Launched in 2019, the year 2023 marked the culmination of this guided programme. It is with a measure of pride to share that the Group achieved most of the goals and targets that had been set. We are now rolling out the next roadmap that will further solidify KLCCP Stapled Group's position as a leader in ESG. A comprehensive materiality assessment was conducted as part of the process, following which the Boards validated the resulting materiality matrix which ranks our material sustainability matters according to their priority.

As a leading player in the property industry, we are focusing intently on reducing our carbon emissions. We have set some ambitious targets towards this end, including the achievement of net zero emissions by 2050. Having committed to this goal, we will be working towards meeting it through a combination of emissions reduction and offsetting strategies. We have also embarked on our Taskforce on Climate-related Financial Disclosures (TCFD) recommendations journey, both to put in place mitigation and adaptation measures as well as to report our performance transparently.



Over and above environmental initiatives, KLCCP Stapled Group continues to strengthen the social aspects of our ESG commitments. The Boards have been pleased to see this reflected in the emphasis placed on understanding our stakeholders and not just meeting, but often exceeding, their needs.

The Group leverages the use of technology to facilitate transactions and create greater convenience for our retail tenants while partnering them to navigate any challenges. Similarly, we engage closely with our office tenants and welcome feedback on how we can contribute towards a working environment that promotes their well-being.

As a result of intensifying efforts to entrench ESG into our operations and business strategies, KLCCP Stapled Group won two Platinum awards this year. The first was for ESG and CSR Leadership at the 15th Annual Global CSR & ESG Summit & Awards 2023; and the second for overall ESG practices at The Asset ESG Corporate Award 2023.

While the Boards are very pleased with the Group's ESG achievements, we recognise that building and maintaining a sound ESG framework is an ongoing process. We are committed to this endeavour as we seek to guide the Group towards more meaningful value-creating outcomes. Accordingly, the Boards have undertaken to enhance our own sustainability capabilities and joined members of the Leadership Team in attending a half-day session on Creating Impactful Leadership for Sustainability.



The Asset ESG Corporate Awards 2023

15<sup>th</sup> Annual Global CSR & ESG Summit & Awards 2023

## MAINTAINING ROBUST CORPORATE GOVERNANCE

Good governance, and operating with integrity to protect our stakeholders, will always be the cornerstone of the Boards' oversight function. We already have a very sound governance framework, hence our primary objective is to keep our policies updated with best practices such as the guidelines in the Malaysian Code on Corporate Governance (MCCG) issued by the Securities Commission Malaysia, and the Main Market Listing Requirements (MMLR) issued by Bursa Malaysia.

This year, we ensured compliance with Bursa Malaysia's Enhanced Sustainability Disclosure requirements by reporting on all 11 of its identified common sustainability indicators. You will notice that we have also incorporated a Statement of Assurance in this Integrated Annual Report, as well as in our standalone Sustainability Report.

Succession planning is integral to good governance as it ensures leadership continuity. In this regard, it is encouraging to see that the Group has achieved our target of having two ready successors for each executive position. In strategising our succession planning, we are driven to achieve a good gender balance at the Management level, emulating the exemplary level of diversity on the Boards. Since 2021, the Boards have had 50% women directors and 63% independent non-executive directors, well exceeding the targets set by the regulators.

## ACKNOWLEDGEMENTS

Our sustained growth over the last decade could not have been achieved if not for the support of our external and internal stakeholders. On behalf of the Boards of Directors, I would like to personally acknowledge all our business partners, associates, tenants and customers for staying true to the Group through the highs and lows of our operating environment. As for holders of our Stapled Securities, many of whom invested in us when KLCCP was listed in 2004, thank you for your trust in our ability to deliver.

Our people are equally important assets alongside our premium property and investment portfolio. I would like to take this opportunity to express my sincerest appreciation for the dedication demonstrated by the strong team we have here in the Stapled Group. Thank you for your commitment to our corporate objectives, and equally for internalising and living our shared values. It is my 10<sup>th</sup> anniversary wish that we continue to work efficiently as a united team to take our current successes several notches higher. The post-pandemic world, with all its changes, promises to be both challenging yet exciting. Together, we can create another *Decade Defined by Excellence*.

**Tan Sri Ahmad Nizam Bin Salleh**  
Chairman