THE PLACE

TOGETHER, LOOKING BEYOND

KLCCP STAPLED GROUP
INTEGRATED ANNUAL REPORT 2020

THE PLACE

TOGETHER, LOOKING BEYOND

In our journey to look towards a better tomorrow, we needed to come together and reflect. **Reflect on our purpose** and where we are today in delivering our commitments.

Reflecting on the essence of partnership, we continued **constant communication with all stakeholders**, placing business continuity and the safety of our people at the forefront. We recognised our responsibilities beyond our own spaces and remained **committed towards supporting our stakeholders**, keeping our customers connected and our community safe.

Reflecting on delivering unique lifestyle choices, we continued our focus on **redefining customer experience** to meet the needs of the evolving trends and our customers' and guests' lifestyles. In providing a seamless digital experience for our people and our community, we **accelerated our digital journey** through enhanced digital infrastructure and innovative solutions in shaping our digital future.

Reflecting on the essence of dedication and commitment, we continued to **enrich and inspire our people** in order to stay competitive and relevant in our quest towards becoming an empowered and agile workforce and above all, we **acknowledged our frontliners** who are our heroes, who relentlessly carried out their responsibilities in ensuring the health and safety of our people and that of our community are protected.

The harsh and trying times was a test to our resiliency and perseverance but we are moving to **evolve and adapt** to the needs of the environment, create vibrant and inspiring spaces for our community and **deliver long-term sustainable value to our stakeholders**.

Together, looking beyond.

Cover image: View of Tower 1 from the observation deck at Level 86, Tower 2, PETRONAS Twin Towers

INSIDE THIS REPORT

THIS IS OUR REPORTING JOURNEY

Our Integrated Annual Report is published annually and presents an overview of the present and future direction and prospects of KLCCP Stapled Group that are most important to value creation

SCOPE AND BOUNDARY

This Integrated Annual Report has been prepared by KLCCP Stapled Group to provide stakeholders with an understanding of the Group's business model, strategy, past performance and future prospects. The report is written primarily for shareholders and investors. It covers the activities of the Group for the financial year 1 January 2020 to 31 December 2020, and addresses the material financial and non-financial risks and opportunities that impact value creation and strategy development.

Any material events after year-end, but before publication of this report, have been included.

REPORTING FRAMEWORKS AND REGULATIONS

The Integrated Annual Report has been prepared in accordance with the concepts and guiding principles of the International Integrated Reporting (<IR>) Framework issued by the International Integrated Reporting Council (IIRC), including disclosures based on the six capitals. KLCCP Stapled Group has also applied the principles of Malaysian Code on Corporate Governance (MCCG), Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia), Guidelines on Listed Real Estate Investment Trusts (Listed REITs Guidelines) of Securities Commission Malaysia, Bursa Malaysia's Management Discussion and Analysis Disclosure Guide (MD&A), as well as Companies Act 2016 (CA 2016).

In preparing the Sustainability Report, KLCCP Stapled Group is guided by the Bursa Malaysia's Sustainability Reporting Guide. All relevant disclosures are guided by the material economic, environmental and social (EES) issues which the directors believe have the potential to substantially impact the Group's ability to create and sustain value for its stakeholders. Due consideration is given to appropriate internal and external factors, including the operating environment, stakeholder expectations, the Group's strategies, risks and opportunities.

Additionally, the financial statements of KLCC Property Holdings Berhad (KLCCP) and KLCC Real Estate Investment Trust (KLCC REIT) are prepared in accordance with the Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS) and the requirements of CA 2016.

MATERIALITY

This report provides information on all those matters that we believe are key to KLCCP Stapled Group's ability to create value over time and which are likely to have a significant impact on our business and stakeholders. These matters were identified, prioritised and validated via a four-step materiality assessment.

FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements that involve inherent risks and uncertainties and, if one or more of these risks materialise, or should the underlying assumptions prove incorrect, actual results may be different from those anticipated. Words such as "believe", "anticipate", "intend", "seek", "will", "plan", "could", "may", "endeavour", "project" and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. Forward-looking statements apply only as of the date on which they are made, and KLCCP Stapled Group does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

OUR CAPITALS

F STRONG FINANCIAL POSITION

Our strong cash flow and robust balance sheet enable us to execute our growth strategy and be agile in responding to opportunities and mitigating risks

P PORTFOLIO OF DIVERSE, ICONIC ASSETS AND MANAGEMENT SERVICES

We have a diverse portfolio within the sought-after KLCC Precinct comprising iconic and high quality assets and management services, which generate earnings for the Group

K DEEP KNOWLEDGE AND STRONG CAPABILITIES

We have deep knowledge in the real estate industry, unique market insights and outstanding execution capabilities which keep us agile to respond and adapt to the new pace of change

E ENGAGED AND INSPIRED EMPLOYEES

Our people are our core strength and our organisation's success highly depends on their skills, capabilities and commitment

N NATURAL RESOURCES

We rely on natural resources like electricity and water as an owner, developer and manager of our properties. We consciously manage and work towards minimising our environmental impact

R TRUSTED RELATIONSHIPS WITH STAKEHOLDERS

Our trusted relationships with our investors, partners, employees, regulators and the communities where we have business operations, provide us the social license to operate and access capital

REPORTING SUITE

Integrated Annual Report 2020

Sustainability Report 2020

REPORTING FRAMEWORK

- MCCG
- Bursa Malaysia's MD&A
- MMLR
- MFRS
- IFRS
- <IR> Framework
- CA 2016
- Listed REITs Guidelines
- Bursa Malaysia's Sustainability Reporting Guide
- FTSE4Good Themes and Indicators for Real Estate Holdings and Development Sector

NAVIGATION ICONS

SIX CAPITALS

- F Strong Financial Position
- P Portfolio of Diverse, Iconic Assets and Management Services
- K Deep Knowledge and Strong Capabilities
- E Engaged and Inspired Employees
- N Natural Resources
- R Trusted Relationships with Stakeholders

STRATEGIC PILLARS

- Maximising Value of Investments
- Resilience in Soft Market Conditions
- Creating Value through Sustainability
- Embracing Digital for Business Enhancement

Find more information inside this report

Link to corporate website at **www.klcc.com.my**

Scan to read our Sustainability Report 2020

Scan to read a bitesized version of our Integrated Annual Report 2020

KLCC

Integrated Annual Report

A JOURNEY
BEST MADE TOGETHER


LIVE
STREAMING
WHERE CONVERSATIONS
CONTINUE TO MATTER

WHERE STRATEGY AND MEGA TRENDS DRIVE OUR TRANSFORMATION

ROSAINS
The Discovery Centre
BALLY

WHERE SPACES SHAPE YOUR LIFESTYLE - TO WORK, LIVE, SHOP, DINE AND ENTERTAIN


ASCOTT

TOWARDS ENRICHING LIVES FOR A SUSTAINABLE FUTURE

WE ARE KLCCP STAPLED GROUP

SHARED VALUES

INNOVATIVE
Trend setting mentality through creation of new products, ideas and ways of doing

COHESIVENESS
United in purpose and fellowship

LOYALTY
Loyalty to corporation and nation

INTEGRITY
Honest and upright

PROFESSIONALISM
Committed, proactive and always striving for excellence

CULTURAL BELIEFS

CUSTOMER FOCUSED
I deliver solutions from the customer lens

INNOVATE NOW
I challenge norms and push boundaries

BE ENTERPRISING
I seek opportunities and make them happen

SPEAK UP
I express my views openly

COURAGE TO ACT
I take action to progress with pace

OUR PURPOSE

WE CREATE PLACES PEOPLE LOOK FORWARD TO, PROGRESSING LIFESTYLE FOR A SUSTAINABLE FUTURE

WHO WE ARE

Malaysia's largest REIT and only Stapled Security in the country, comprising KLCCP and KLCC REIT. KLCC REIT focuses on active asset management and acquisition growth strategies, whilst KLCCP is the development arm of the Stapled Group. At the forefront of Malaysia's real estate industry, our unique structure allows us to maximise the value we create for all our stakeholders.

To read more, refer to A Strong Corporate Structure on pages 26 to 27

WHAT WE DO

We own, manage, develop and invest in a portfolio of premium assets comprising office, retail and hotel properties in the heart of Kuala Lumpur. This is complemented by our award winning asset management services provided by KLCC Urusharta Sdn Bhd (KLCCUH) and KLCC Parking Management Sdn Bhd (KPM). This synergy of property investment and asset management strengthens the earning potential of our stable of iconic properties.

To read more, refer to Operations Review on pages 90 to 115

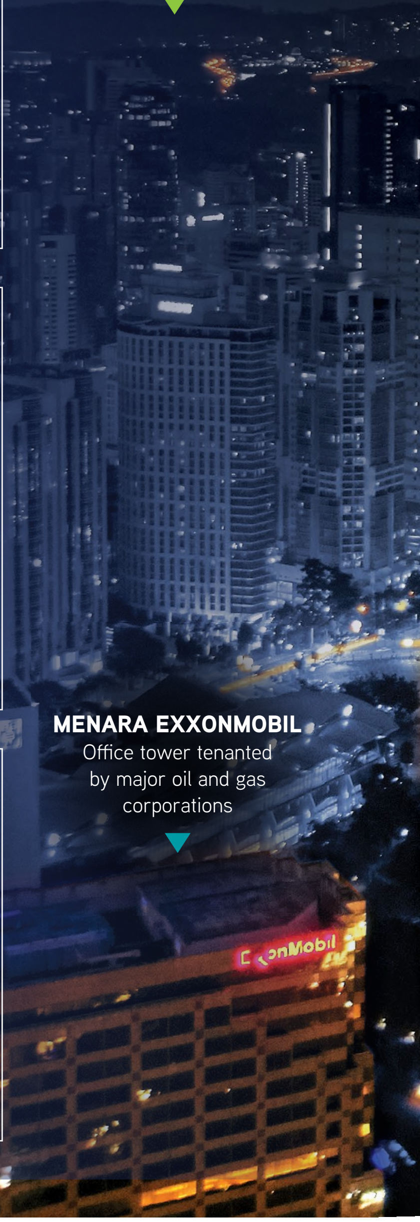
HOW WE DO IT

We are committed to creating a progressive lifestyle experience within the KLCC Precinct while enhancing the value of our property portfolio. We are focused on optimising sustainable value creation through a strategic approach that capitalises on our unique Stapled Group structure and our competitive differentiators, well positioned for the future.

To read more, refer to Our Strategic Value Creation on pages 72 to 73

KOMPLEKS DAYABUMI
An integrated office and retail development
(located outside the KLCC Precinct)

MENARA EXXONMOBIL
Office tower tenanted by major oil and gas corporations



7 Properties

11.9 million
Gross Floor Area (sq. ft.)

RM15.7 billion
Property Value

Diversified
office-focused REIT

* KLCCP owns a 33% stake in Menara Maxis

OUR ICONIC PORTFOLIO IN THE HEART OF KUALA LUMPUR

PETRONAS TWIN TOWERS

An iconic landmark and the world's tallest twin towers. The corporate headquarters of PETRONAS, the national petroleum company

Tenure Freehold **Age of Building** 23 years	**Location** Kuala Lumpur City Centre, 50088 Kuala Lumpur
Acquisition Date 10 April 2013	**Acquisition Price** RM6,500,000,000
Encumbrances Nil	**Title** GRN 43697, Lot 169, Seksyen 58, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur
Lease/Tenancy Profile Leased to a single lessee, Petroliam Nasional Berhad (PETRONAS) vide a Triple Net Lease Agreement for a term of 15 years, expiring on 30 September 2027. PETRONAS has exercised its option to extend the lease to 30 September 2042, for a further term of 15 years.	
Net Book Value as at 31 December 2020 RM6,680,638,786	**Appraised Value** RM7,014,000,000
Date of Valuation 31 December 2020	**Independent Valuer** Cheston International (KL) Sdn Bhd

234,007 Land Area (sq. ft.)	5,499,468 Gross Floor Area - Office and Car Park (sq. ft.)	3,195,544 Net Lettable Area (sq. ft.)	5,092[1] Car Park Bays	100% Occupancy as at 31 December 2020

[1] North West Development Car Park, shared by PETRONAS Twin Towers, Suria KLCC and Menara Maxis

MENARA 3 PETRONAS

A Premium Grade-A, 58-storey office tower with exclusive retail and sky dining

Tenure Freehold **Age of Building** 9 years	**Location** Kuala Lumpur City Centre, 50088 Kuala Lumpur
Acquisition Date 10 April 2013	**Acquisition Price** RM1,790,000,000
Encumbrances Nil	**Title** GRN 43699, Lot 171, Seksyen 58, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur
Lease/Tenancy Profile Leased to a single lessee, PETRONAS vide a Triple Net Lease Agreement for a term of 15 years, expiring on 14 December 2026. PETRONAS has exercised its option to extend the lease to 14 December 2041, for a further term of 15 years. The retail podium of Menara 3 PETRONAS is tenanted to various retailers on a 3 to 5-year term tenancy	
Net Book Value as at 31 December 2020 RM1,971,574,986	**Appraised Value** RM2,048,500,000
Date of Valuation 31 December 2020	**Independent Valuer** Cheston International (KL) Sdn Bhd

46,306 Land Area (sq. ft.)	1,500,814 Gross Floor Area (sq. ft.)	170,782 Gross Floor Area - Car Park (sq. ft.)	195 Car Park Bays		Net Lettable Area (sq. ft.)	Occupancy as at 31 December 2020
				Office	812,806	100%
				Retail	133,437	93%

OUR ICONIC PORTFOLIO IN THE HEART OF KUALA LUMPUR

MENARA EXXONMOBIL

29-storey office building strategically located at the south-eastern portion of the KLCC Development and is home to major oil and gas corporations

Tenure Freehold **Age of Building** 24 Years	**Location** Kuala Lumpur City Centre, 50088 Kuala Lumpur
Acquisition Date 10 April 2013	**Acquisition Price** RM450,000,000
Encumbrances Nil	**Title** GRN 43685, Lot 157, Seksyen 58, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur
Lease/Tenancy Profile Leased to two lessees, ExxonMobil Exploration and Production Malaysia Inc for an initial period of 9 years with an option to renew for 3 successive terms of 3 years each; and another with PETRONAS for an initial period of 3 years with an option to renew for 5 successive terms of 3 years each	
Net Book Value as at 31 December 2020 RM536,800,000	**Appraised Value** RM536,800,000
Date of Valuation 31 December 2020	**Independent Valuer** Cheston International (KL) Sdn Bhd

43,045	562,064	238,437	408,105	528	100%
Land Area (sq. ft.)	Gross Floor Area (sq. ft.)	Gross Floor Area – Car Park (sq. ft.)	Net Lettable Area (sq. ft.)	Car Park Bays	Occupancy as at 31 December 2020

KOMPLEKS DAYABUMI

An integrated office development with retail podium located within the former city centre of Kuala Lumpur

Tenure 99 years leasehold interest expiring on 27 January 2079 (lot 38 and lot 45), 9 November 2081 (lot 39) and 98 years leasehold interest expiring on 21 January 2079 (lot 51)		
Age of Building 38 years	**Acquisition Date** 31 May 2004	**Encumbrances** Nil
Location Kuala Lumpur City Centre, 50050 Kuala Lumpur		
Title PN 2395, PN 53463, PN 33471, PN 32233, Lot 38, 39, 45 and 51, Seksyen 70, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	**Lease/Tenancy Profile** Leased to a single lessee, PETRONAS vide a Triple Net Lease Agreement for a term of 6 years, expiring on 31 December 2031, with option to extend the lease for further 2 successive terms of 6 years each	
Net Book Value as at 31 December 2020 RM655,000,000	**Appraised Value** RM655,000,000	
Date of Valuation 31 December 2020	**Independent Valuer** Cheston International (KL) Sdn Bhd	

315,802	1,059,783	316,018	650,297	677	100%
Land Area (sq. ft.)	Gross Floor Area (sq. ft.)	Gross Floor Area – Car Park (sq. ft.)	Net Lettable Area (sq. ft.)	Car Park Bays	Occupancy as at 31 December 2020

OUR ICONIC PORTFOLIO IN THE HEART OF KUALA LUMPUR

SURIA KLCC

Premier shopping destination in Malaysia with exclusive specialty stores, making it the best place for shopping, dining and entertainment

Tenure Freehold **Age of Building** 22 years	**Location** Kuala Lumpur City Centre, 50088 Kuala Lumpur	
Acquisition Date 31 May 2004	**Encumbrances** Nil	
Title GRN 43698, Lot 170, Seksyen 58, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur		
Lease/Tenancy Profile Tenanted to various retailers on a 3 to 5-year term tenancy		
Net Book Value as at 31 December 2020 RM5,547,423,272	**Appraised Value** RM5,565,000,000	
Date of Valuation 31 December 2020	**Independent Valuer** Cheston International (KL) Sdn Bhd	

303,112	1,545,361	951,262	97%
Land Area (sq. ft.)	Gross Floor Area (sq. ft.)	Net Lettable Area (sq. ft.)	Occupancy as at 31 December 2020

Tenure Freehold **Age of Building** 22 years	**Location** Kuala Lumpur City Centre, 50088 Kuala Lumpur
Acquisition Date 31 May 2004	**Encumbrances** Charged by Asas Klasik Sdn Bhd to Public Bank Berhad registered on 12 June 2008
Title GRN 43700, Lot 172, Seksyen 58, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	
Net Book Value as at 31 December 2020 RM597,514,969	**Appraised Value** RM816,000,000
Date of Valuation 31 December 2020	**Independent Valuer** Cheston International (KL) Sdn Bhd

MANDARIN ORIENTAL, KUALA LUMPUR

A five-star luxury hotel in the heart of Kuala Lumpur, offering impressive views with elegant interiors, spacious rooms, fabulous facilities and a wealth of dining options

87,126 Land Area (sq. ft.)	998,705 Gross Floor Area (sq. ft.)	170,317 Gross Floor Area – Car Park (sq. ft.)	629 No. of rooms	544 Car Park Bays	19% Occupancy as at 31 December 2020

OUR ICONIC PORTFOLIO IN THE HEART OF KUALA LUMPUR

MENARA MAXIS

49-storey office tower with unique and distinctive architecture. Houses one of the leading communications service provider in Malaysia and its associate companies

Tenure Freehold **Age of Building** 22 years	**Location** Kuala Lumpur City Centre, 50088 Kuala Lumpur
Acquisition Date 31 May 2004	**Encumbrances** Nil
Title GRN 43696, Lot 168, Seksyen 58, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	
Lease/Tenancy Profile Leased to Tanjung City Centre Property Management Sdn Bhd vide a Triple Net Lease Agreement for a term of 15 years, expiring 31 May 2028	

46,597	814,741	537,085	100%
Land Area (sq. ft.)	Gross Floor Area (sq. ft.)	Net Lettable Area (sq. ft.)	Occupancy as at 31 December 2020

Note: KLCCP owns a 33% stake in Menara Maxis

OUR INVESTMENT PROPOSITION

KLCCP STAPLED GROUP

REVENUE
(2019: RM1.4 bil)
RM1.2 bil

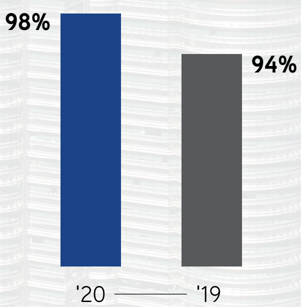
PROFIT FOR THE YEAR
(2019: RM0.9 bil)
RM0.5 bil

PROPERTY VALUE
(2019: RM15.9 bil)
RM15.7 bil

NET ASSET VALUE PER STAPLED SECURITY
(2019: RM7.32)
RM7.21

DISTRIBUTION PER STAPLED SECURITY
(2019: 38.0 Sen)
30.0 Sen

PAYOUT RATIO



BUSINESS HIGHLIGHTS

TRIPLE NET LEASE (TNL) EXTENSION
for PETRONAS Twin Towers and Menara 3 PETRONAS for a further term of
15 years

BROUGHT ONBOARD
40 **NEW RETAIL TENANTS**
many of which are first stand-alone stores in Malaysia and exclusive to Suria KLCC

97%
RETAIL OCCUPANCY
(2019: 99%)

87%
HOTEL GUEST SATISFACTION SCORE
for bespoke hotel experiences

100%
TICKETLESS AND CASHLESS PAYMENT at North West Development (NWD) car park

PILOT LAUNCH OF
Integrated Building Command Centre (IBCC)
to manage our facilities in real time and leverage on the power of data

SUSTAINABILITY

68%
ELIMINATION OF SINGLE-USE PLASTIC IN HOTEL OPERATIONS
(2019: 65%)

Zero
FATALITY
(2019: Zero)

0.13
LOST TIME INJURY FREQUENCY (LTIF)
(2019: 0.78)

RM3.3 mil
SPENT ON STAFF LEARNING AND DEVELOPMENT
(2019: RM1.8 mil)

100%
PARTICIPATION OF EMPLOYEES ON E-LEARNING PLATFORM

64%
EMPLOYEE SATISFACTION SCORE
(2019: 62%)

74%
CUSTOMER SATISFACTION SCORE
(2019: 76%)

RM95.3 mil
SPENT ON COMMUNITY INVESTMENT AND RETAIL TENANT ASSISTANCE
(2019: RM2.0 mil)

43%
WOMEN DIRECTORS ON BOARDS
(2019: 29%)

ATTAINED
Anti-Bribery Management System (ABMS) ISO 37001:2016 Certification
for KLCCP, KLCCRM, KLCCUH and KPM

OUR APPROACH TO SUSTAINABILITY

With growing awareness and greater emphasis on sustainability, KLCCP Stapled Group stayed focused on its effort in pursuing the sustainability agenda, embedding sustainability in all aspects of its businesses, simultaneously supporting its stakeholders and business partners to ensure business continuity and sustainability.

As one of the leading real estate players, we continue to manage our business in a responsible manner taking into consideration the risks and opportunities impacting our business and the industry at large. We strongly believe that sustainability is a force that will shape the future of our business and the way we live. Thus, we continue to focus on addressing our material matters which impact our businesses and stakeholders.

KLCCP Stapled Group's ultimate objective is to create, deliver and share value with our stakeholders, to be future ready and be part of a sustainable society. As we progress towards achieving this objective and to further strengthen our sustainability approach, we continue to advance our sustainability journey, aligning to our corporate strategy, culture and values which are deeply embedded in our business model. Our 5-Year Sustainability Roadmap (2019-2023) which is aligned to our strategies in future-proofing our purpose, is our commitment towards advancing sustainability focusing on Building a Smart, Safe and Sustainable KLCC Precinct; Building an Agile, Inclusive and Sustainable Workforce in a VUCA World and Combating Climate Change and Reducing Environmental Impact.

Guided by our purpose, we champion sustainability development premised on our strategies and initiatives to drive our sustainable goals, economically, environmentally and socially (EES) taking into account Corporate Governance issues and opportunities that matter most to our stakeholders. We continue to track our sustainability performance against our five prioritised United Nation's Sustainable Development Goals (UNSDGs) to accelerate our commitment in contributing towards a lower-carbon future through efficient energy use and reducing the footprint of our operations, provide access to a safe, secure and conducive environment for our community to work, live and conduct leisure activities, creating growth opportunities, and operating with the highest standard of integrity and respect for human rights.

In pursuing our sustainable development goals, we are also guided by the PETRONAS Sustainability Agenda, where the commitment to conduct and grow the business is focused on four Sustainability Lenses of Continued Value Creation; Safeguard the Environment; Positive Social Impact and Responsible Governance, in ways that strike a balance between economic pursuits and good Environmental, Social and Governance (ESG) practices.

Our efforts in advancing sustainability practices are supported by the strength of our Sustainability Steering Committee (SSC) comprising members of our senior leadership, who drive our sustainability agenda and progress of the Group's sustainability performance. Toward this end, we will continue to work collaboratively with our stakeholders including our shareholders, investors, customers, suppliers and our communities to create positive outcomes and a lasting legacy. As aptly reflected in this year's theme, "**The Place: Together, Looking Beyond**", we endeavour to move forward to ensure business stability and at the same time, collaborating and caring for our community to create a sustainable future together.

To read more, refer to our online Sustainability Report 2020 at www.klcc.com.my/sustainability.php

Our Alignment to the United Nation's 2030 Agenda of the 5Ps

PROSPERITY

Ensure all our stakeholders enjoy prosperous and fulfilling lives and that economic, social and technological progress can benefit all in the long run

To read more, refer page 134

PLANET

Protecting our planet through responsible environmental management and taking urgent action on Climate Change to support the needs of present and future generations

To read more, refer page 134

PEOPLE AND PARTNERSHIP

Ensure our people fulfil their potential in dignity, equality and in a healthy environment

Collaborate with our community towards a sustainable future and continue to build trust with our diverse group of stakeholders

To read more, refer page 135

PEACE

Embracing a corporate culture encompassing values, exemplary attitude and behavior in all areas of conduct

To read more, refer page 136

CORPORATE INFORMATION

KLCC PROPERTY HOLDINGS BERHAD ("KLCCP") 200401003073 (641576-U)	KLCC REAL ESTATE INVESTMENT TRUST ("KLCC REIT")

MANAGER FOR KLCC REIT ("THE MANAGER")
KLCC REIT Management Sdn Bhd ("KLCCRM") 201201042293 (1026769-H)

BOARDS OF DIRECTORS OF KLCCP AND THE MANAGER

Tan Sri Ahmad Nizam bin Salleh Chairman Non-Independent Non-Executive Director	**Datuk Hashim bin Wahir** Chief Executive Officer	**Pn. Liza binti Mustapha** Non-Independent Non-Executive Director Appointed w.e.f 12 October 2020

Datuk Pragasa Moorthi a/l Krishnasamy Non-Independent Non-Executive Director	**Cik Habibah binti Abdul** Senior Independent Non-Executive Director	**Pn. Farina binti Farikhullah Khan** Independent Non-Executive Director	**Dato' Jamaludin bin Osman** Independent Non-Executive Director

BOARD AUDIT COMMITTEES OF KLCCP AND THE MANAGER

Pn. Farina binti Farikhullah Khan
Chairperson

Pn. Liza binti Mustapha	Cik Habibah binti Abdul

NOMINATION AND REMUNERATION COMMITTEES OF KLCCP AND THE MANAGER

Cik Habibah binti Abdul
Chairperson

Pn. Liza binti Mustapha	Pn. Farina binti Farikhullah Khan

COMPANY SECRETARIES OF KLCCP AND THE MANAGER

En. Abd Aziz bin Abd Kadir
(SSM PC No. 201908001622) (LS0001718)
Levels 33 and 34, Menara Dayabumi
Jalan Sultan Hishamuddin
50050 Kuala Lumpur
Telephone No. : 03-2783 6000
Facsimile No. : 03-2783 7810

Mr. Yeap Kok Leong
(SSM PC No. 202008001750) (MAICSA 0862549)
c/o Tricor Corporate Services Sdn Bhd
Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Telephone No. : 03-2783 9191
Facsimile No. : 03-2783 9111

REGISTERED OFFICE OF KLCCP AND THE MANAGER

Level 54, Tower 2
PETRONAS Twin Towers
Kuala Lumpur City Centre
50088 Kuala Lumpur
Telephone No. : 03-2783 6000
Facsimile No. : 03-2783 7231

CORPORATE OFFICE OF KLCCP AND THE MANAGER

Levels 33 and 34, Menara Dayabumi
Jalan Sultan Hishamuddin
50050 Kuala Lumpur
Telephone No. : 03-2783 6000
Facsimile No. : 03-2783 7810

SHARE REGISTRAR FOR KLCCP AND KLCC REIT

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Telephone No. : 03-2783 9299
Facsimile No. : 03-2783 9222

TRUSTEE FOR KLCC REIT

Maybank Trustees Berhad
8th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Telephone No. : 03-2070 8833
Facsimile No. : 03-2070 9387

PROPERTY MANAGER FOR KLCC REIT

Rahim & Co International Sdn Bhd
Level 17, Menara Liberty
1008, Jalan Sultan Ismail
50250 Kuala Lumpur
Telephone No. : 03-2691 9922
Facsimile No. : 03-2691 9992

SHARIAH ADVISER FOR KLCC REIT

CIMB Islamic Bank Berhad
12th Floor, Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur
Telephone No. : 03-2261 8888
Facsimile No. : Nil

AUDITORS

Ernst & Young PLT
[Firm No. 202006000003 (LLP0022760-LCA) & AF 0039]
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Telephone No. : 03-7495 8000
Facsimile No. : 03-2095 9076/78

INTERNAL AUDITOR

Group Internal Audit Division
KLCC (Holdings) Sdn Bhd
Levels 33 and 34, Menara Dayabumi
Jalan Sultan Hishamuddin
50050 Kuala Lumpur
Telephone No. : 03-2783 6000
Facsimile No. : 03-2783 7810

PRINCIPAL BANKERS FOR KLCCP AND KLCC REIT

CIMB Islamic Bank Berhad
CIMB Bank Berhad
Maybank Islamic Berhad

STOCK EXCHANGE LISTING

Listed on Main Market of Bursa Malaysia Securities Berhad on 9 May 2013
Stock Code : 5235SS
Stock Name : KLCC

A STRONG CORPORATE STRUCTURE

Each ordinary share is stapled to each unit ("Stapled Securities")

KLCC PROPERTY HOLDINGS BERHAD ("KLCCP")

100%	**KOMPLEKS DAYABUMI SDN BHD** (Kompleks Dayabumi)
100%	**KLCC URUSHARTA SDN BHD** (Facilities Management)
100%	**KLCC PARKING MANAGEMENT SDN BHD** (Car Parking Management)
100%	**KLCC REIT MANAGEMENT SDN BHD** (Manager of KLCC REIT)
100%	**IMPIAN CEMERLANG SDN BHD** (Vacant Land - Lot D1)
100%	**ARENA MERDU SDN BHD** (Inactive)
100%	**ARENA JOHAN SDN BHD** (Inactive)
100%	**MIDCITI RESOURCES SDN BHD** (Inactive)
75%	**ASAS KLASIK SDN BHD** (Mandarin Oriental, Kuala Lumpur)
60%	**SURIA KLCC SDN BHD** (Suria KLCC)
33%	**IMPIAN KLASIK SDN BHD** (Menara Maxis)

Management Fee

MANAGER
KLCC REIT Management Sdn Bhd

Management Services

KLCC REIT SALIENT FEATURES

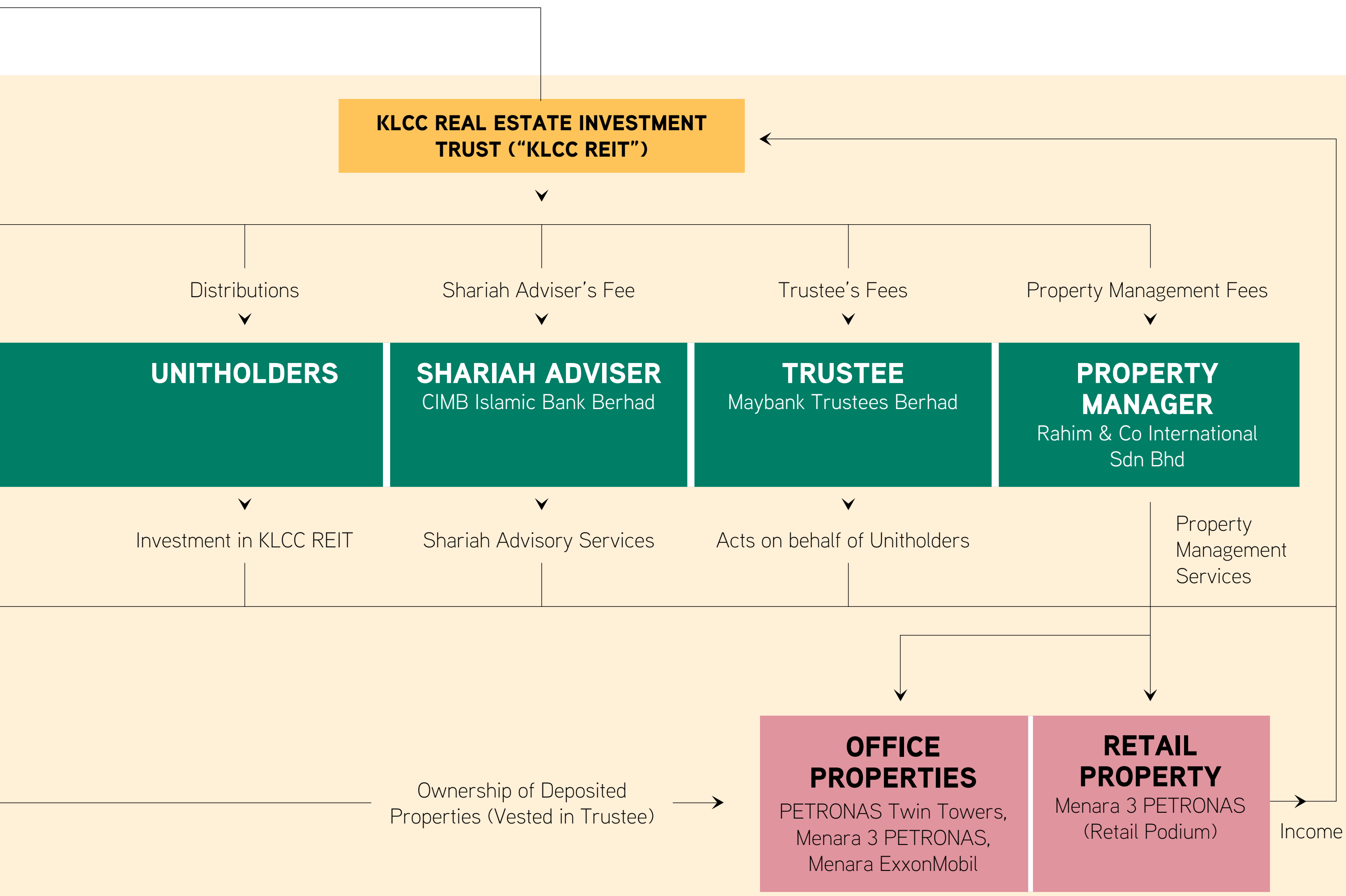
Name of Fund
KLCC REAL ESTATE INVESTMENT TRUST (KLCC REIT)

Fund Type
Income and Growth

Fund Category
Islamic Real Estate Investment Trust

Listing Date
9 May 2013

Stock Name & Code
KLCC & 5235SS



Duration of Fund/ Termination Date	The earlier of: • 999 years falling on 8 April 3012 • The date on which KLCC REIT is terminated by the Trustee or the Manager, in circumstances as set out under provisions of the Trust Deed dated 2 April 2013 (as amended and restated by the Amended and Restated Trust Deed dated 3 September 2019)
Approved Fund Size	1,805,333,085 units
Market Capitalisation	RM12,781,758,000 (as at 31 December 2020)
Investment Objective	To provide the unitholders with regular and stable distributions, improving returns from property portfolio and capital growth, while maintaining an appropriate capital structure
Investment Policy	To invest, directly and indirectly, in a Shariah-compliant portfolio of income producing Real Estate used primarily for office and retail purposes in Malaysia and overseas
Distribution Policy	95% of KLCC REIT's distributable income for FY2013 and FY2014 and at least 90% for each subsequent financial year Distributions can be on a quarterly basis or such other intervals
Gearing Policy	Up to 50% of total asset value of the Fund

COMING TOGETHER, DURING

For KLCCP Stapled Group, the COVID-19 pandemic was all about our people. It put the spotlight on human capital and with a focus on supporting the Government initiatives in flattening the curve and prioritising the health and safety of our people, we reacted swiftly and decisively in implementing our business continuity plans, aligned to the Government's directives on the movement restrictions which took effect from 18 March 2020.

As a real estate player and landlord to tenants of our office buildings and a progressive solutions partner in our businesses, our main priority was to highly uphold our Statement of Purpose especially in the moment of crisis - focusing on delivering value and nurturing trust in our entrusted role to enrich the lives of our many stakeholders, for a sustainable future.

FOCUS AREAS | **PEOPLE** | **BUSINESS CONTINUITY** | **TECHNOLOGY**

WE REACHED OUT TO ALL STAKEHOLDERS

OUR PEOPLE

Enabled technology - Accelerated the **roll-out of Microsoft Office 365 (M365)** for a seamless transition to work from home and to enable engagement with clients and group sessions

Provided **mandatory COVID-19 screening** for all employees prior to Return to Work in Office in June 2020

Provided executive employees with a **one-off reimbursement on internet data plan** during the Movement Control Order (MCO) period

Engaged employees with e-learning - **Harvard ManageMentor (HMM)** and **Cybersecurity Awareness programmes** and mental and physical wellness exercises via virtual platforms

Issued **hygiene kits to our front-line teams** and provided weekly supply of face masks, face shields and hand sanitiser for employees

At 31 December 2020, the Group had:

2	2	53
CONFIRMED CASES	RECOVERIES	PERSON UNDER SURVEILLANCE

OUR TENANTS AND CUSTOMERS

Ensured **facility readiness**, installed thermal imaging cameras, social distancing labelling and markers at all common areas of our properties. Adhered to strict hygiene standards and increased sanitisation and disinfection of frequent touchpoints

Prioritised **retail tenant assistance** to preserve business sustainability

Focused initiatives to regain shoppers' and hotel guests' confidence on specific and ongoing communication across multiple platforms, detailing our response on COVID-19 to safeguard their comfort, health and safety

UNPRECEDENTED TIMES

GOVERNMENT, REGULATORS AND LOCAL AUTHORITIES

Mandarin Oriental, Kuala Lumpur (MOKL Hotel) **donated food packages for the police on duty** during the pandemic

Provided information to regulators pertaining COVID-19 related financial impact and sustainability of REITs

Proactively worked with the Government, Ministry of Health and industry bodies to implement **effective COVID-19 containment measures** at our assets and within the KLCC Precinct. Adhered strictly to the health and hygiene protocols in curbing the spread of COVID-19

The Group **supported** the Government's **"Buy Malaysian Product"** campaign through venue sponsorship at Dewan Filharmonik foyer for the launch event and product display at Suria KLCC by local vendors

Enabled a **safe buying experience** for our shoppers through omni-channel and personal shopper experience

Accelerated **digital solutions** and various touchless and communication channels (cashless, social media, QR code)

OUR COMMUNITY

Honoured the frontliners of the retail team comprising 200 personnel from the maintenance, cleaning, sanitising and security departments who have been working tirelessly since the onset of the pandemic

Monetary donation to University Malaya Medical Centre (UMMC) to **purchase Personal Protective Equipment (PPE)** and medical equipment to treat COVID-19 patients

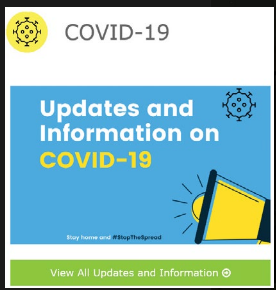
Installed **safety measures** including **custom-made signages** and markers on social distancing **within the KLCC precinct**

Collaborated with *Komuniti Tukang Jahit (KTJ)*, a social enterprise working for the benefit of the **lower-income earners (B40)**

Distributed **food packages and supplies** to healthcare personnel on duty and hotel colleagues who were severely affected by the pandemic

WE ENSURED COMMUNICATION CHANNELS WERE OPEN

Over
300
posters and articles shared



Set up a dedicated COVID-19 section on our intranet portal to instill awareness and education

Issued KLCC COVID-19 Guide Book on New Norms and COVID-19 prevention and FAQs

Leadership Video Messages

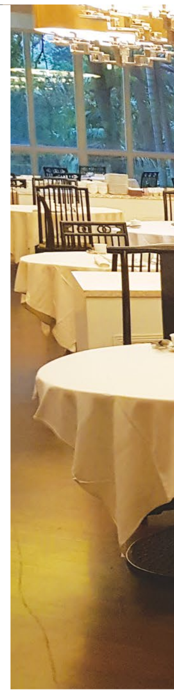
Social Media Campaigns

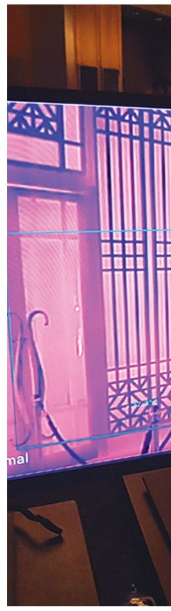
Scan to watch

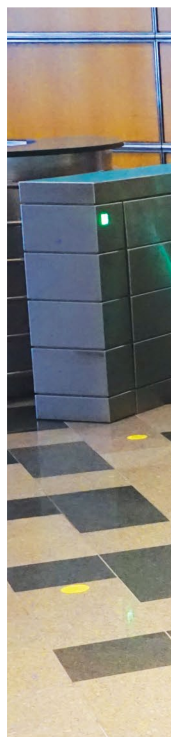
Suria KLCC Welcome Back Video

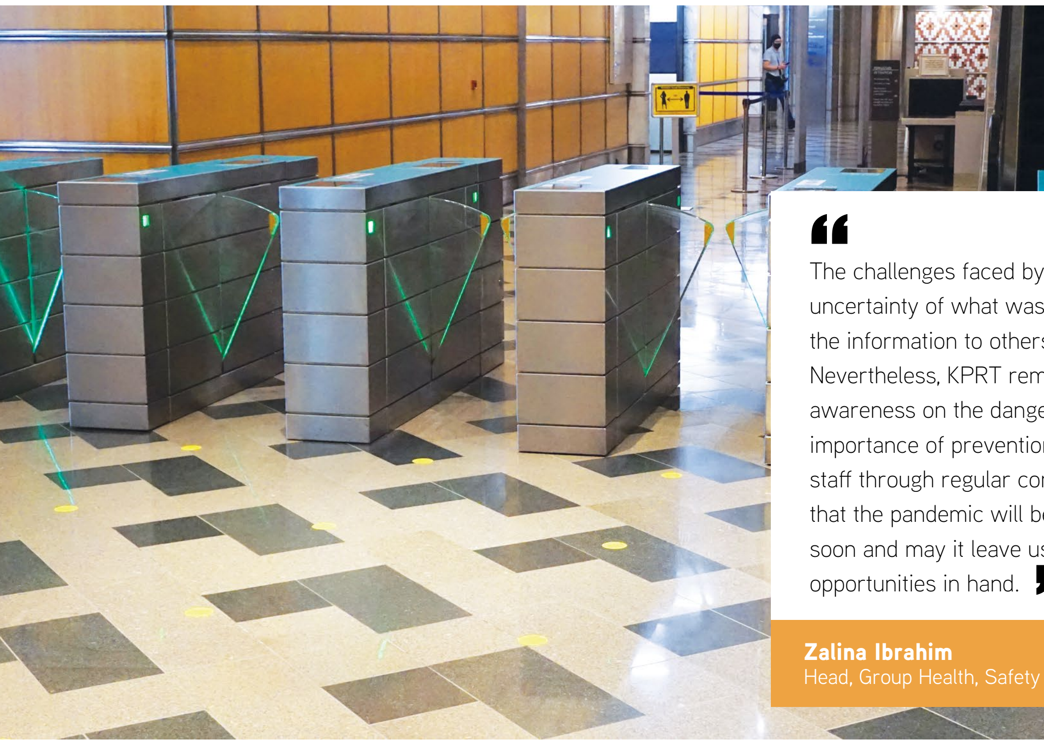
Scan to watch

MOKL Hotel WE CARE Video









OUR IMMEDIATE RESPONSE TO COVID-19

- Established **KLCC Pandemic Preparedness and Response Team (KPRT)** representing various functions to support and guide our operational and strategic response related to the COVID-19 pandemic
- Supported the **PETRONAS Pandemic Preparedness and Response Team (PPRT)** on mitigation measures and preparedness of facilities
- Set up COVID-19 **crisis working committee** to monitor and issue daily reports to Senior Management including the active cases, recoveries and self-isolation
- Set up **Incident Action Plan – Communicable Disease Outbreak** at our office buildings including Emergency Response Team with proper PPE, a quarantine room, infrared thermometers and SOP on medical transport for suspected cases
- Conducted **workplace/project site risk assessments** and implemented appropriate occupational health procedures and controls
- Carried out **stress tests and simulation exercises** to simulate mass entry into our facilities for preparedness to return to work
- Implemented **immediate cost control measures** to defer non-critical expenses and capital expenditure to preserve cash

“ The challenges faced by KPRT at the initial stage was on the uncertainty of what was to come as well as on how to impart the information to others who were of non-HSE background. Nevertheless, KPRT remained focused on inculcating awareness on the dangers of COVID-19 and the importance of prevention among the KLCC Group staff through regular communication. It is hoped that the pandemic will be brought to an end soon and may it leave us with the attained opportunities in hand. ”

Zalina Ibrahim
Head, Group Health, Safety and Environment

EMBRACING DIGITAL, DRIVING INNOVATION

We are committed to enabling dynamic and innovative digital solutions while creating an environment which allows everyone to embrace digital as a new way of working for a sustainable future

In our digital journey at KLCC, we are focused on delivering customer experiences that are smart, simple and trusted. We create new value whilst boosting operational and cost efficiency. Importantly, our digital initiatives are holistic, which involve people, processes and tools, in ensuring our people remain safe, and the business continues to deliver sustainable value. Our digital journey is business-led and focused on becoming more agile, more consumer-centric and to be a digitally competent organisation by 2023.

Expansion of digital infrastructure	Customer experience focused solutions	Data-driven organisation

Appointed Digital Head to lead the Group's Digital Initiatives

Established a Digital Committee to shape the business digital adoption and key focus areas

Set up of the Digital Vision to shape and design our digital roadmap

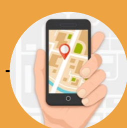
Established a KLCC Digital Roadmap 2020-2023 with five digital focused areas

KLCC DIGITAL ROADMAP (2020-2023)

Integrated and Human Intuitive Building and Facilities Management
Enable the workplace of the future through proactive management of asset anywhere and anytime for timely and quality services

State-of-the-Art Parking Solutions
Connecting mobility for a seamless and delightful customer experience

Innovative Product and Service Management
Personalised options with value impact



Predictive Engine and Smart Tenancy Solutions
Space management analytics to ensure long-term viability in the new norm

OUR DIGITAL PROGRESS TO-DATE

Digital Integrated Ways of Working and Doing Business

- **Rolled out – Microsoft Office 365 (M365)**
  Implemented cloud-based communication and collaboration tool across the organisation to facilitate remote working

- **Finance - launched TravEX**
  A reimagined travel and experience management platform – an easy, and centralised access point to manage all travel and expense needs from anywhere, anytime

- **Facilities Management - going paperless**
  Simplified all processes involving passive forms and paper to an efficient end-to-end digital solution with the new digital ways of working

- **Car Park Management – enhancement to the existing ICONIK application**
  Enabled premium parking booking system and cashless payment system at North West Development car park

- **Suria KLCC – introduction of QR code**
  Developed a QR code for the mall management to utilise on shopping vouchers and point of sale materials to further drive traffic to the website

- **MOKL Hotel – implemented cloud-based PMS solutions**
  Implemented a new Property Management System (PMS), a set of solutions to enhance the service and the needs of guests post COVID-19 pandemic

- **Digital HSSE**
  Leveraged Group Health, Safety, Security and Environment (HSSE) PETRONAS' integrated digital platform and data lakes for predictive and prescriptive risk analysis and interventions

Agile and Intelligent Project Management
Design to construction, to ensure project delivery as per scheduled

Innovative Solutions for Market Needs

Pilot launch of Integrated Building Command Centre (IBCC)

- Enables centralised monitoring, control and command, complete with digital and technology facilities to optimise asset performance within KLCC Precinct
- Operates on a robust cloud-based IoT platform, leveraging big data analytics and machine learning to optimise the asset performance
- Enables predictive maintenance analysis to minimise the impact on system breakdown and operations disruption, thus improving overall system performance
- Currently three facilities will be operated under IBCC - PETRONAS Twin Towers, Menara 3 PETRONAS and KLCC Park (irrigation system)

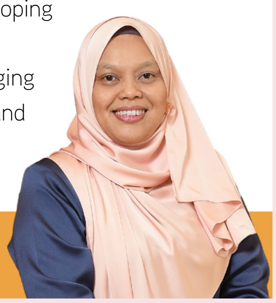
Fully ticketless and cashless parking solutions

- Strengthened parking solution systems at North West Development car park – transitioned 5,092 car park bays to ticketless and cashless, using a smart parking system to enhance multiple e-wallet and cashless payment options, creating a safe space for its customers

Launched Innovation Hub

- A design-thinking platform to solve and prototype business-focused solutions
- Rolled-out the first phase of the lab in September 2020, which was a test bed to identify the capacity and capability of KLCC Group employees in cultivating an innovative mindset in working in an unknown environment from ideation to prototyping towards delivering value for the organisation
- Concluded four business cases which have been taken up by the respective business units for prototyping purposes

“In redesigning our workplace ecosystem where the workforce would be able to acquire a broad array of future skillsets in adapting to the new ways of working, HR is developing programs to migrate our workforce from digital nomads to digital natives, leveraging IR 4.0 emerging skills and capabilities, as well as deeper societal and emotional intelligence, to successfully build a dynamic and thriving workforce.”



Salha Ahmad Dahlan
Head, Human Resource Division

Cybersecurity and Data Privacy

As we continue to digitalise our business and enable services for our customers, protecting our information and privacy is critical. We remained focused on data safety measures to protect our business and our people from cybersecurity related threats.

In 2020, the Enterprise Cybersecurity Governance Framework was launched across the organisation to drive a hollistic approach in managing this risk. The Group also ramped up on Cybersecurity Awareness programmes to instill accountability and ownership that “everyone is responsible for cybersecurity” through trainings, campaign collaterals and interactive videos.

Cyber Security Awareness Programmes	Employees completion of Cyber Security Awareness Programmes
164 (as of 31 December 2020)	47% (as of 31 December 2020)

INSTITUTIONALISING INTEGRITY

Safeguarding the integrity of our organisation, our brand and our people have always been our utmost priority and, more so today, the COVID-19 headwinds have heightened integrity challenges in emerging markets.

At KLCCP Stapled Group, we are clear of our stand on integrity as we continue to promote ethical practices amongst our stakeholders which reinforces our commitment to:

- Protect our reputation and brand value by demonstrating our **zero tolerance** to bribery and corruption
- Reduce, prevent and detect bribery risks and promote anti-bribery and corruption culture within our organisation
- Safeguard our integrity values and stakeholder interest and minimise the risk of unlawful behavior
- Build stakeholder trust and confidence in the organisation and assurance for their long-term investment

This year, we took one step further in strengthening our commitment towards ethical business practices and combating bribery and corruption by pursuing our goal towards attaining the Anti-Bribery Management System (ABMS) ISO 37001:2016 Certification.

The certification exercise involved KLCCP and KLCC REIT and its business units, together with KLCC Urusharta Sdn Bhd (KLCCUH) and KLCC Parking Management Sdn Bhd (KPM).

ABMS Scope of Certification:

KLCCP

1. **Provision of Real Estate Investment and Corporate Management Services to KLCCP Group of Companies**
2. **Provision of Real Estate Investment and Management Activities**

Subsidiaries included in the certification of KLCCP:

- Arena Johan Sdn Bhd
- Arena Merdu Sdn Bhd
- Impian Cemerlang Sdn Bhd
- KLCC REIT Management Sdn Bhd
- Kompleks Dayabumi Sdn Bhd
- Midciti Resources Sdn Bhd

KLCCUH

Provision of Integrated Facilities Management Services for Buildings, Parks, Infrastructure and Multimedia Super Corridor (MSC) Status Building

KPM

Provision of Vehicles Parking Management and Space Rental within Parking Area

Our aim towards attaining the ABMS ISO 37001:2016 certification was driven by our determination in ensuring the Group's readiness for the new provision in the Malaysian Anti-Corruption Commission (MACC) Act (Amendment 2018) under Section 17A: Corporate Liability which took effect from 1st June 2020.

With the certification, the Group shall uphold its responsibilities in ensuring the ABMS is effective to enhance ethics, be sustainable and to create long-term value through integrity.

ZERO TOLERANCE TOWARDS BRIBERY AND CORRUPTION

ABMS ISO 37001:2016 CERTIFICATION JOURNEY

2012

Code of Conduct and Business Ethics

Adopted and rolled out PETRONAS' Code of Conduct and Business Ethics (CoBE) and No Gift Policy

Whistleblowing Policy

Adopted PETRONAS' Whistleblowing Policy and the Anti-Bribery and Corruption (ABC) Manual which provide and facilitate appropriate communication and feedback channels for employees

2013

ABC Manual

Adopted ABC Manual – Zero tolerance policy against any form of bribery and corruption

2014

Memorandum on Insider Trading

Implemented a Memorandum on Insider Trading whereby Directors and employees of KLCCP Stapled Group are prohibited from trading in the Stapled Securities when in possession of price-sensitive information and knowledge of facts not publicly announced

2017

Corruption-Free Pledge

Management Leadership Team signed a Corruption-Free Pledge at a ceremony held in collaboration with MACC

Integrity Action Plan

Established an Integrity Action Plan to strengthen existing systems and procedures to address root causes of integrity issues resulting from poor enforcement, weak internal control and acceptance culture

Asset Declaration

Launched the Asset Declaration initiative where employees declared their assets to the organisation through the Human Resource Division via sealed envelopes to ensure confidentiality

Gift Register

Launched a Gift Register where employees are required to register any form of gift received or given

2018

Integrity Action Plan

Implementation of Integrity Action Plan across key critical business units to enable KLCCP Stapled Group to identify potential corruption risk and the appropriate mitigation to further strengthen resiliency model

2019

ABMS and Corporate Integrity Pledge

KLCCP Board approved the adoption of ABMS ISO 37001:2016 and executed the Corporate Integrity Pledge

CULTURE

AMONG
TOP 80
companies
in Malaysia with
ABMS ISO 37001:2016
Certification

1ST
REAL ESTATE
INVESTMENT AND
MANAGEMENT COMPANY
in Malaysia to receive
ABMS ISO 37001:2016
Certification

2020

January

Rolled out training on Section 17A of MACC Act and signing of:

- Corporate Integrity Pledge by subsidiaries of KLCCP
- Integrity Pledge by all Directors and Top Management

February - May

- Conducted Risk Assessment groupwide on bribery and corruption, spearheaded by the Group Risk Management Department outlining three key bribery and corruption risks:
  - Falsification of financial documents
  - Abuse of authority/power
  - Leakage of confidential information
- Risk Documents finalised and ABMS approved by Management

June

- Rolled out training on Section 17A of MACC Act, CoBE, ABC Manual and Whistleblowing Policy to all employees
- Enhanced processes and Standard Operating Procedures across the organisation

August

- KLCCP Board adopted ABMS and Risk Assessment Report

Rolled out Policy Statement on Anti-Bribery and Corruption to all stakeholders

September - October

- Rolled out awareness and ABMS training and signing of the Integrity Pledge

258 employees attended training and signed the Integrity Pledge

148 vendors and service providers attended training

- Promoted campaigns and awareness programmes via:
  - Leaders' video and live streaming messages
  - Face-to-face meetings and online engagements with employees
  - Campaign collaterals in intranet portal
- Conducted Audit by Internal ABMS Auditors

September - November

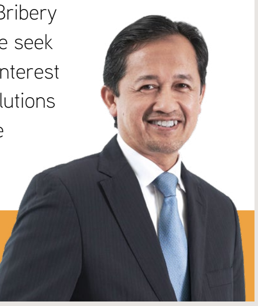
Conducted Stage 1 and Stage 2 ABMS ISO 37001:2016 Certification Audit by SIRIM QAS International Sdn Bhd

November - December

- KLCC Property Holdings Berhad and eight subsidiaries received AMBS ISO 37001:2016 Certification from SIRIM QAS International Sdn Bhd and IQ NET, The International Certification Network

Note: For more information on CoBE, Whistleblowing Policy, Anti-Bribery and Corruption Manual and Policy Statement on Anti-Bribery and Corruption, please visit our corporate website at www.klcc.com.my/sustainability-management.php#corporate

"All the steps taken throughout the years have brought upon a positive change and build a culture based on integrity and honesty. These change agents have inculcated the culture of doing what is right in every circumstance of our business operations which in return builds a higher level of trust and increases confidence within our stakeholder community and further elevates the KLCC brand. By institutionalising adequate procedures in the Anti-Bribery Management System, we seek to enrich stakeholders' interest and be a progressive solutions partner for a sustainable future."



Datuk Hashim Wahir
CEO, KLCC Property Holdings Berhad

LETTER FROM THE CHAIRMAN

TAN SRI AHMAD NIZAM BIN SALLEH

DESPITE THE ENORMOUS CHALLENGES THROUGHOUT THE YEAR, KLCCP STAPLED GROUP HAS MANAGED TO DELIVER SUSTAINABLE VALUE TO ITS STAKEHOLDERS AND PLACE PEOPLE AT THE CENTRE OF WHAT WE DO

DEAR SHAREHOLDERS,

The year 2020 will be long remembered as a defining moment in the history of mankind. The outbreak and spread of the COVID-19 pandemic have inevitably impacted many individuals and companies. Nevertheless, it has been a timely awakening for us to realise that it is not just about achievements alone - it is also about surviving during these unprecedented times and braving the impact of the pandemic together.

Despite the enormous challenges throughout the year, KLCCP Stapled Group has managed to deliver sustainable value to its stakeholders and place people at the centre of what we do. I wish to take this opportunity to commend all our dedicated employees who have come together with their creativity and adaptability in navigating the crisis, keeping the organisation intact and working in tandem with the Leadership Team. The resilience in delivering results and unity in action have indeed enabled us to sustain the Group during this intense period of need.

On behalf of the Boards of Directors of KLCC Property Holdings Berhad (KLCCP) and KLCC REIT Management Sdn Bhd (KLCCRM), it gives me great pleasure to present the second Integrated Annual Report of KLCCP Stapled Group for the financial year ended 31 December 2020.

BUILDING A STRONGER SENSE OF COMMUNITY

Our development within the KLCC Precinct has long been the catalyst for economic growth and a place where people converge for business and leisure, thus building a stronger sense of community. We continued to focus on driving enduring demand for our spaces, towards delivering both financial and societal value to our many stakeholders.

The KLCC Precinct partners strategically collaborated to heighten vibrancy and drive shoppers and alleviate guest traffic through a range of promotional offers, incentives and packages to boost sales. Both the retail and hotel segments also leveraged on social media and digital communications and worked closely with "Brand Ambassadors" and influencers to promote KLCC as "**The Place**". Suria KLCC together with MOKL Hotel collaborated with MHholidays, the tour operating arm of Malaysian Airlines, providing customers with the opportunity to explore and experience the capital of Kuala Lumpur with packages of flights, hotel stays and shopping, as well as dining and entertainment discounts.

In our effort towards contributing positively to the community, we extended support to the front liners who had tirelessly carried out their duties, as well as employees who were affected by the pandemic. In addition to this, we embarked on the "Buy Malaysian Product" campaign not only to ease the pain of local entrepreneurs but also to help revive the domestic economy. It is our hope that this campaign will assist the affected businesses in their time of need and provide some relief in this difficult period.

A CHALLENGING YEAR

The COVID-19 crisis has resulted in the contraction of the global economy by 3.5% in 2020 - the worst recession since the Great Depression of the 1930s. The Malaysian economy was also adversely impacted, registering a negative growth of 5.6% - the sharpest decline since the 1997 Asian Financial Crisis.

With the effects of the pandemic on the business felt across the board, the Group's financial performance was not spared. The profit attributable to holders of Stapled Securities, excluding fair value adjustments declined 25.3% from RM732.8 million in 2019 to RM547.1 million this year, mainly owing to the significant impact in the retail and hotel segments.

In mitigating the effect, the Group took prompt action by focusing on prudent balance sheet management, strong capital discipline and cash management to strengthen liquidity. We also supported our retail partners to sustain their business operations and survive the impact of the pandemic with various tenant assistance during the year, exceeding RM90 million. The malls embarked on experiential reward-driven shopper engagements to boost footfall and drive sales. Our hotel, Mandarin Oriental, Kuala Lumpur (MOKL Hotel) implemented a comprehensive action plan to sustain its business operations. Amidst the aggressive cost-reduction efforts within the hotel, MOKL Hotel capitalised on the domestic leisure business and innovated its food and beverage offerings to gain traction and keep its business intact.

Notwithstanding the adverse impact on the business, we were able to fulfill our commitment in delivering reasonable returns to the holders of Stapled Securities. The Boards of KLCCP and KLCCRM approved four interim dividends totaling 30.0 sen per Stapled Securities, amounting to a declared dividend payment of RM541.6 million for the year ended 31 December 2020.

INSTITUTIONALISING A CULTURE OF INTEGRITY

While facing the challenges posed by the pandemic, we remained focused in strengthening our governance and integrity across the Group. Following the Boards' approval and roll-out of the Group's Anti-Bribery Management System (ABMS) in 2019, during the year, the ABMS team embarked on auditing, training and risk assessments on various units under the Group. I am pleased to announce that as of December 2020, KLCCP, KLCCRM and the business units of KLCC Urusharta Sdn Bhd (KLCCUH), and KLCC Parking Management Sdn Bhd (KPM) achieved their respective ABMS ISO 37001:2016 certifications.

Moving forward, we will continue to uphold the Group's commitment and enforce Anti-Bribery and Anti-Corruption principles, in line with the Group's Code of Conduct and Business Ethics.

To read more, refer to Institutionalising Integrity Culture on pages 34 to 35

COMMITMENT TO OUR SUSTAINABILITY AGENDA

KLCCP Stapled Group is committed to manage its business in a socially responsible and holistic manner for long-term growth and sustainability. We strongly believe that sustainability will shape the future of our business and the way we live. Thus, our sustainability agenda has been entrenched in our business model and form an integral part of the "Business As Usual" for KLCCP Stapled Group.

For the year under review, our priority remained on the health, safety and wellbeing of our people and stakeholders. We transitioned into the new ways of working, evolving our processes to ensure a safe, secure, and conducive environment for people to work, live and conduct leisure activities. We also accelerated our digital transformation, improving our systems and technology to support our workforce. In future-proofing our business, we continue to focus on understanding our customer needs, including shifting our approaches to optimise customers' experience and satisfaction. In fact, the pandemic has served as the first real learning experience for us in integrating economic, environmental, and social considerations into our businesses.

During the year, our sustainability efforts have resulted in the Group receiving Platinum Award for Excellence in Environment, Social and Governance (ESG) at The Asset ESG Corporate Awards 2020, a recognition of our efforts on ESG disclosures. Our commitment in maintaining KLCC Park as "The Peoples' Park" was acknowledged by the International Large Urban Parks Award 2020 as the World's Top Urban Park (Silver Award) in a ceremony held in Albania. KLCCUH was also awarded the Gold Award by the Malaysia Green Building Council for Best Sustainability Leadership for Facility Management 2020, a testament to KLCCUH's capabilities in providing sustainable focused solutions while ensuring a comfortable, safe and secure environment for our tenants and visitors to our properties.

To read more, refer to Together Towards A Sustainable Future on pages 130 to 141

BOARD CHANGES

On behalf of the Boards of KLCCP and KLCCRM, I would like to express my sincere appreciation to Tengku Muhammad Taufik for his contribution and wish him all the very best in his new role as the President and Group CEO of PETRONAS. Whilst we bid farewell to Tengku Taufik, I would like to welcome Puan Liza Mustapha, the Senior Vice President and Group Chief Financial Officer of PETRONAS who was appointed to the Boards of KLCCP and KLCCRM, as a Non-Independent Non-Executive Director effective from 12 October 2020. With the appointment of Puan Liza to the Boards, I am pleased to announce that the Group's women representation on the Boards now stands at 43%, surpassing the country's aspirational target of 30% women representation at the Board level for public listed entities.

KLCC Park was recognised as the **World's Top Urban Park (Silver Award)** at the International Large Urban Parks award ceremony held in Albania

LOOKING AHEAD

With the battle against COVID-19 being far from over and its impact continuing to unfold, the availability of vaccines and the concerted effort to provide this to the public is indeed encouraging news. It is our hope that the vaccine roll-out, which has already commenced in February 2021, will lift consumers' confidence, providing the much-needed boost in the retail and hotel segments.

Our focus will continue to be on strengthening KLCCP Stapled Group's core competencies as we adapt and pivot seamlessly to the new norm. With our offices fully occupied, we expect our office segment to remain stable on the back of the long-term profile of office leases and high-quality tenants.

The retail and hospitality outlook going into 2021 will remain a great challenge. The second Movement Control Order, which came into effect on 13 January 2021, is expected to delay recovery in the retail and hospitality sectors. Our retail mall, Suria KLCC will continue to leverage its core strengths in understanding customers' needs and retailer partnerships whilst creating an engaging and safe environment for mall visitors. Amidst the uncertainty surrounding the pandemic and expectations of Malaysian borders opening only in mid-2021, MOKL Hotel will continue to focus on strengthening its position as the most desired hotel for staycations.

KLCCUH was awarded the **Gold Award** by the Malaysia Green Building Council for Best Sustainability Leadership for Facility Management 2020

© Mohamad A Jamal

I remain confident that **Together**, KLCCP Stapled Group will be **Looking Beyond** to drive positive momentum towards a sustainable future. We will continue to deliver value to our stakeholders and steer through this challenging environment.

APPRECIATION

I would like to thank the Management and our employees for their perseverance despite the headwinds faced during the pandemic. I would also like to thank my fellow Board Members for sharing their wisdom and experiences amid the 'new normal'. My heartfelt gratitude to all our stakeholders, including our holders of Stapled Securities, our business partners, associates, customers and tenants, whose continued support gives us strength in these times of adversity.

I am certainly eager for the day when we can all see each other again, face-to-face. Until that time, keep safe and stay well.

TAN SRI AHMAD NIZAM BIN SALLEH
Chairman

CEO'S YEAR IN REVIEW

DATUK HASHIM BIN WAHIR

THE YEAR TOTALLY REFLECTED HOW WE, AS A GROUP, CAME TOGETHER AND SHOWED CARE FOR THE WELLBEING, SAFETY AND SECURITY OF OUR STAKEHOLDERS

In your words, how would you describe 2020?

"A TOTAL RESET"… 2020 has indeed been a wake-up call and has forced everyone to hit the reset button - a reset of the workplace and work itself, a reset of the employer and employee relationship, and a reset of the whole business ecosystem. The year totally reflected how we, as a Group, came together and showed care for the wellbeing, safety and security of our stakeholders. With the Business Continuity Plan and technology, we were able to put into action our business continuity as well as that of our tenants, retail and hotel partners.

We supported PETRONAS, as our main tenant through the set-up of the KLCC Pandemic Preparedness and Response Team (KPRT) and by becoming front liners for them – responding to their needs and as a solutions partner, we ensured our physical spaces were reset and well equipped with stringent adherence to Standard Operating Procedures in order for our tenants who are part of the essential services to trust that they can safely do their jobs at the offices, curbing the risk of spreading the virus.

We had thermal cameras installed at building entrances for temperature check and reinforced social distancing to make them feel confident to return to work and transition back to the new norm. Similarly, our retail and hotel committed themselves to define conditions for a safe experience that restored confidence and trust in their shoppers and hotel guests to return to shop and stay.

With 2020 as a year of "We Care", we are now **Together, Looking Beyond** to clearly deliver the experience of KLCC as the trusted place for our tenants, shoppers, hotel guests and the community at large.

To read more, refer to Coming Together, During Unprecedented Times on pages 28 to 31

> **We reset our strategies to manage risk holistically and ensure appropriate controls were embedded and applied into our overall working environment in pivoting to the new normal**

Trust this had been the most challenging year yet for KLCCP Stapled Group. How did KLCCP Stapled Group perform for the financial year 2020?

It certainly has been – it was tough seeing the performance of the Group negatively impacted quarter-on-quarter, setting us back almost 7 years. The only saving grace was, we were not alone - many others were also in the same boat with us.

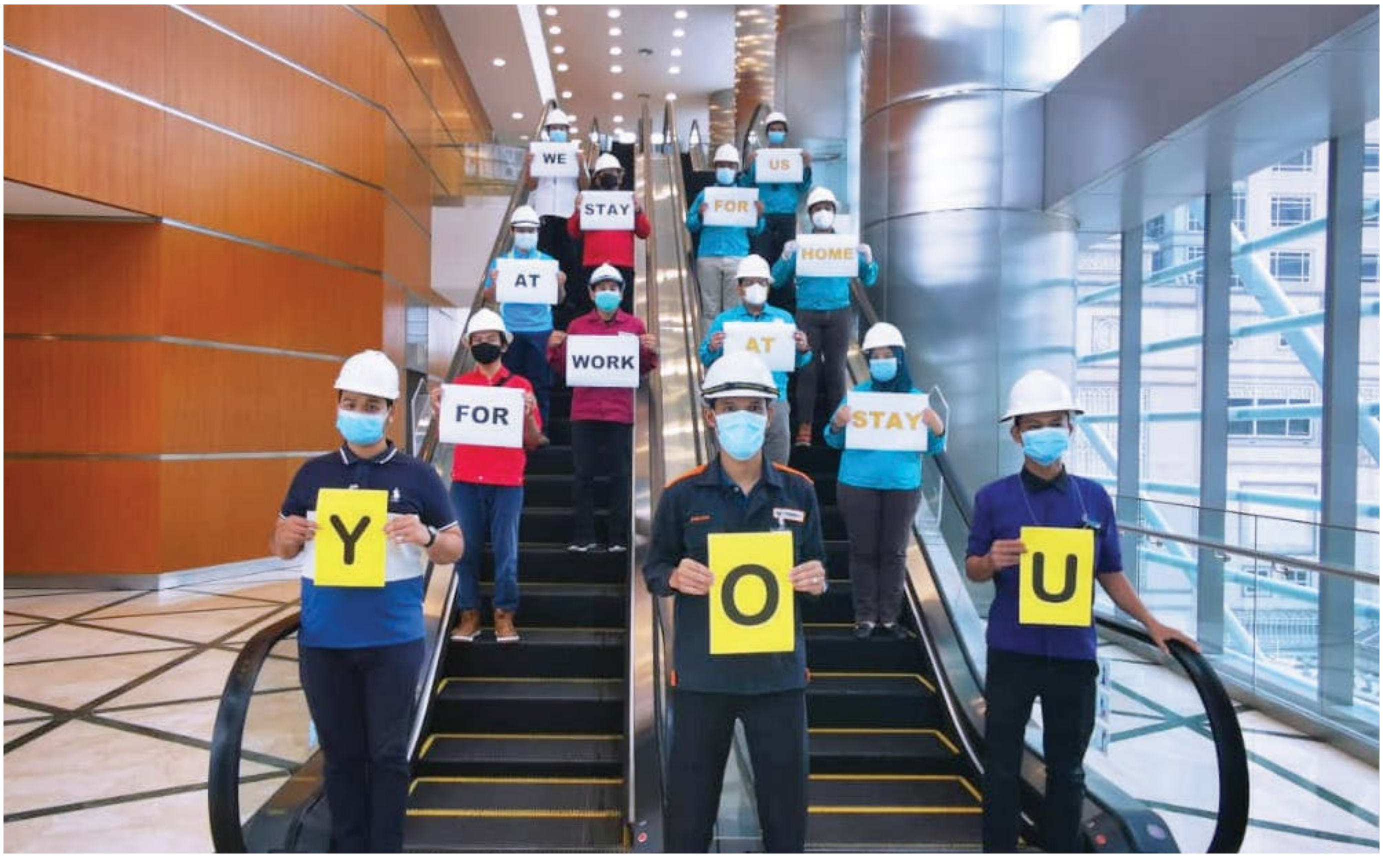
Reflecting on the impact of the pandemic on our business operations, KLCCP Stapled Group achieved revenue of RM1.2 billion, a decrease of 12.9% from last year on the back of a stable office segment, lower revenue from retail reflecting the tenant assistance provided to our retail partners coupled with the unprecedentedly low volume of business and almost non-existent Meetings, Incentives, Convention and Exhibition (MICE) events in the hotel segment. Profit Before Tax (PBT) excluding impairment and fair value loss saw a 19.1% decline resulting from the negative impact to the retail and hotel business. The non-cash impairment charges on the Phase 3 of Kompleks Dayabumi – redevelopment of City Point podium of RM81.4 million was for an investment property under construction which was delayed, mainly due to the fact that we were actively trying to secure an anchor tenant, prior to proceeding with the development, as we are not a speculative developer.

Despite the challenging business environment, KLCCP Stapled Group distributed 98% of its distributable income to deliver on its commitment to the holders of Stapled Securities, bringing the total distribution to 30.0 sen per stapled security for the year.

What was the strategic approach to combat the impact of the crisis on the business and performance of the Group? How will this redefined strategy strengthen the business?

The year saw us facing strong headwinds from the onset of the pandemic in March 2020 followed by the economic aftershocks of a soft real estate market, oil price rout coupled with the uncertainties in the capital markets. We acted quickly to stabilise our cash position, shored up risk and crisis management capabilities to rethinking and reinforcing resilience in response to the sudden economic shock. We had to be brave, to uproot and reimagine our strategies, prioritising long-term value and growth versus the short-term disruptions, towards a new reality.

We reset our strategies to manage risk holistically and ensured appropriate controls were embedded and applied into our overall working environment in



pivoting to the new normal. This strategy reset entailed a business re-evaluation in respect to digital transformation, our peoples' skillsets and sustainability strategies. We will not be able to do this alone, thus purposeful engagement across our stakeholder group was critical and continued collaboration with our partners, customers, supply chain and business community will be key in making KLCC as **The Place** remain relevant, in our quest of delivering an unbeatable tenant and customer experience.

How did the change in the retail landscape due to the pandemic affect Suria KLCC and what did the mall do to reinvent itself for survival?

The pandemic changed shopper behaviour drastically – safety concerns and new expectations towards safety precautions and the negative impact on the economy and labour market caused shoppers to re-evaluate their needs, impacting footfall to the malls. With the prolonged pandemic and the various lockdown impositions, tenant survival was also a big concern.

Suria KLCC focused on regaining shopper confidence and loyalty by providing a safe, easy and experiential shopping environment. The mall was a first mover to introduce top of the line thermal scanning with facial recognition at their key entrances and the first to communicate clearly to their customers the need to socially distance, with signages, both physical and digital throughout the mall.

Through Suria KLCC's retailer partnership commitment, the mall supported their retail tenants and together, they shared the economic pain to preserve business continuity. Suria KLCC's leasing team relentlessly worked through hundreds of leases and engaged each and every tenant to understand their concerns, financial constraints and feedback. The mall extended various tenant assistance on a lease by lease basis throughout most of the year exceeding RM90 million to assist the retailers to weather the crisis. Suria KLCC also developed strategic partnerships and collaborated with tenants to highlight their brand in order to drive sales and enhance shopper experience. Suria KLCC's Golden Ticket Campaign, a customer reward programme was very successful in driving traffic and sales, bringing in almost 5,000 shoppers in the 45 days of the campaign, increasing sales by 24%. Though there were various phases of lockdown throughout the year, Suria KLCC recorded the highest tenant sales in December 2020 since February 2020, hitting over 80% recovery to pre-COVID-19 levels of December 2019.

Despite the challenges in the retail landscape, Suria KLCC fully completed its reconfiguration of the anchor-to-specialty space which commenced in March 2019. The final phase of the Signatures Food Court refurbishment was completed and opened to public on 1 November 2020. The mall maintained its occupancy at 97% as at year end and even brought in 40 new tenants during the year, many of which are first stand-alone stores in Malaysia and exclusive to Suria KLCC. The mall also intensified its efforts in digital technology by leveraging on its YouTube channel and social media platforms to stay connected with customers with a series of video contents on safety, promotions and opening of new stores.

Retail performance aside, Suria KLCC put their customers and retail partners at heart - creating an engaging environment for the customers with "Always Something New", elevating shopper experience and supporting their retail tenants to survive the impact of the pandemic together.

The hospitality industry has been decimated by the pandemic. What was Mandarin Oriental, Kuala Lumpur's business model in staying afloat and surviving this unprecedented magnitude of a crisis?

2020 is indeed a year no hotelier has ever lived being one of the worst-hit industries due to the pandemic. The travel bans, border closures, event cancellations, quarantine requirement and fear of the virus spread placed extreme challenges on the hospitality sector which saw many hotels forced to shut their operations. Mandarin Oriental, Kuala Lumpur (MOKL Hotel) was not spared either. We actually went through the exercise on whether to consider total shutdown of the hotel and if it made economic sense. However, as a Group, we decided that brand value was important to us. The hotel implemented strict measures to remain afloat, from extensive cost reduction practices, sturdier negotiations with suppliers for mutual sustenance, taking care of the MOKL team and maintaining effective communication with guests and business partners.

When the lockdown was lifted, the hotel promoted its "We Care' programme to regain guests' confidence and adapted itself to the local leisure market. The hotel had to innovate and adapt to customer-centricity and technology where it was the first in town with the "assisted buffet" arrangement concept which was a great success for its F&B revenues. It also utilised its MO Online Shop to increase its revenues and bring the hotel's signature products onto the guests' doors, multiplying the revenues generated. During the period when the restrictions were eased, MOKL Hotel saw encouraging recovery where the weekend occupancy increased to a high of 44% from locally tailored staycation promotions, improved corporate and group demand and saw growth in F&B from banqueting and weddings.

Despite the hardships, MOKL Hotel played a huge part in contributing to the community through social-relief deeds, charitable efforts, supporting community commitment and local businesses, making a positive impact to the society during trying times.

Suria KLCC granted over

RM90 mil

in assistance packages to its affected tenants

Suria KLCC brought on board

40

new tenants many of which are first stand-alone stores and exclusive to Suria KLCC

MOKL Hotel was the

FIRST

in town with the "assisted buffet" arrangement concept

As the management services segment complements the property portfolio of the Group, what action did KLCC Urusharta Sdn Bhd (KLCCUH) and KLCC Parking Management Sdn Bhd (KPM) take in order to transform themselves in line with the Group's aim of creating a KLCC Smart Precinct?

KLCCUH, our facilities management company, has embarked on a comprehensive business transformation program, KLCCUH 4.0 - with the vision of transforming facility management into a more integrated and efficient team enabling the Group to better manage asset efficiency and performance, energy consumption, reduce operating costs and make smarter intuitive decisions. This transformation leverages the technology of Internet of Things (IoT), Cloud and Big Data.

CEO's Express'O session with employees of the Group

During the year, KLCCUH successfully executed the pilot launch of the new Integrated Building Command Center (IBCC) to manage our facilities in real time and leverage on the power of data to be more efficient. Sensors and devices capitalising on IoT have been put in place throughout our Green Building Index (GBI) buildings – PETRONAS Twin Towers and Menara 3 PETRONAS, to improve energy efficiency and proactively manage the comfort level of our tenants. Security enhancements to the existing infrastructure within KLCC Precinct was also installed to include real-time facial recognition and Crowd Management Sensors. The Group is also in the midst of elevating the experience of visitors to the PETRONAS Twin Towers via a Visitor Management System which we hope to have ready by 2021.

Our parking management company, KPM, continued to elevate its quality of services and improved operational efficiency. In an effort of going fully digital and contactless for our customers' convenience, KPM successfully transitioned the North West Development (NWD) car park of 5,092 bays to ticketless and cashless, using a smart parking system to embrace multiple e-wallet and cashless payment options, creating a safe space for its customers. Currently, KPM is in the final stage of completion of its Premium Parking area at the NWD car park which includes features such as security personnel, valet services, surveillance cameras and electric vehicle charger. This new service offered which is targeted to be opened to the public in Quarter 1 2021 will elevate the standard of car parking and deliver an exceptional level of parking experience for our customers.

As businesses accelerate their migration to digital technologies, driven by the COVID-19 pandemic, what were some of the milestones for KLCCP Stapled Group in respect to digitalisation?

We started our digitalisation journey in 2018 by integrating it as part of our strategy, driving business enhancements towards a connected and seamless experience. Following last year's establishment of a digital department, we accelerated our digital journey in 2020 by establishing a Digital Committee (DigiCo) represented by key business leaders to shape business digital adoption on the new ways of working. Given today's challenges of reopening physical workspaces, leading business recovery and returning to growth, we accelerated the implementation of digital technologies within the organisation. We identified five focus areas under the 4-Year Digital Roadmap to create a delightful experience for stakeholders and to benefit via reduced operational cost, increased revenue contribution and ensuring we have a sustainable and efficient future.

Heeding this paradigm shift in 2020, the Group focused on virtual events and digital marketing initiatives to engage its broad-based investors and customers. In transforming towards a digital native mindset amongst the employees, the Group also introduced digital in a fun and interactive way through a digital immersion program which featured lessons to develop digital skills. We also launched the KLCC Group Innovation Hub in September 2020 and rolled-out the first phase of the lab which was a test bed to identify the capacity and capability of KLCC Group talents in working in an unknown environment, from ideation to prototyping towards delivering value for the organisation. We continue to remain committed in enabling dynamic and innovative digital solutions while creating an environment which allows our people to embrace digital as a new way of working for a sustainable future. By expanding and enhancing the digital infrastructure and producing a seamless digital experience, we also aim to keep our customers and guests always connected, to deliver an unmatched lifestyle experience.

To read more, refer to Embracing Digital, Driving Innovation on pages 32 to 33

KLCCUH and KPM received the Royal Society for the Prevention of Accidents (RoSPA) Award for excellence in health and safety, at a virtual ceremony streamed live from the United Kingdom

As an employer that cares, how did KLCCP Stapled Group shape employees towards becoming empowered, agile and enabled for the future?

Our greatest asset is human capital - our people. As an employer that cares, we have a responsibility to our people – to nurture agility, adaptability and re-skilling. In line with our 5-Year Sustainability Roadmap (2019 - 2023) Goal #2, our aim is to build an agile, inclusive and a sustainable workforce within the Group to adapt to the new volatile, uncertain and complex world. Having the right culture in place was instrumental in enabling the Group navigate the external shocks of the pandemic. With this roll-out of the refreshed Cultural Beliefs, we aim to deliver on our commitment to our stakeholders and in moving the organisation forward to a digital future. The Employee Feedback Survey conducted during the year returned a score of 64%, an improvement from 62% the previous year. Our people experienced improved management leadership quality as leaders exhibited the Cultural Beliefs. In promoting transparency, the Management team will look into the constructive feedback from our people for continuous improvement and to build and uphold the trust they have in our organisation.

In line with our 5-Year Sustainability Roadmap (2019 - 2023) Goal #2, our aim is to build an agile, inclusive and a sustainable workforce within the Group to adapt to the new volatile, uncertain and complex world

Pivotal talent is also crucial to move the organisation forward – talent with critical skills that the organisation needs. We enhanced the succession planning framework, to realign the critical position successors in enhancing and retaining qualified and competent talent for business sustainability. Our Group Human Resource Division also refreshed the Capability Development Working Committee with new members to steer organisational capability development and review capability inventory and standards to set the benchmark and thresholds. We will continue to focus on developing our leadership capability to achieve our business outcomes, while nurturing our top talents.

To read more, refer to Measuring Progress in Pursuing Sustainability Goals on pages 137 to 139 and Our People, in our online Sustainability Report at www.klcc.com.my/sustainability.php

What is your hope for 2021 personally and for your organisation?

I went into 2021 with renewed hope - that 2021 will show a path out of the pandemic that has upended our way of life and be back into what we yearn to experience again. I want this not just for our economic health but equally for our societal health.

As an organisation, I believe the head-on challenges and opportunities have given us courage and confidence for the future. My hope is for us to have a better year ahead. We at KLCCP Stapled Group will remain committed to caring for our stakeholders and positioning KLCC as **The Place**, progressively adapting to the new norm and reimagining the experiential customer lifestyle, embracing digital towards a sustainable future.

As we leave 2020 behind, what would you like to say to your KLCC team and stakeholders?

I am very thankful to my Management Leadership team and my KLCC family for standing with me and coping with the extraordinary demands the pandemic had dealt us. I have had the opportunity to have more individual contact with each of you and I believe these connections frame the behaviours and ambitions we want as a team. A special thank you to our facility management team, KLCCUH and the KPRT for all your hard work and commitment in ensuring office readiness and safeguarding the health and wellbeing of our workforce and stakeholders.

I would also like to express my deepest gratitude to the Boards of KLCCP and KLCCRM for their care especially during these tough times and ongoing guidance and stewardship in steering the organisation towards excellence. My sincere appreciation to the holders of Stapled Securities for their continued loyalty, support and confidence in KLCCP Stapled Group. Some of you have invested in us right from the time KLCCP was listed in 2004 and have supported us when we become a stapled security in 2013 and till today. We are in it for the long haul and remain committed to creating sustainable value and growth for you.

DATUK HASHIM BIN WAHIR
Chief Executive Officer

MARKET REPORT

EXECUTIVE SUMMARY

ECONOMIC OVERVIEW

	2019	2020	
Gross Domestic Product (GDP) Growth	4.3%	-5.6%	GDP contracted due to restrictions in economic activities following the COVID-19 pandemic
Unemployment Rate	3.3%	4.5%	Increased as job retrenchments and recruitment freeze exacerbated the labour market
Consumer Price Index (CPI)	0.7%	-1.2%	Lower CPI due to a decline in consumer purchasing power and spending
Overnight Policy Rate (OPR)	3.00%	1.75%	OPR reduced by 125 basis points to cushion the financial impact on businesses and households
Private Investment Growth	1.5%	-11.9%	Lower investments in the services sectors while the small and medium-sized enterprises (SMEs) were affected by investors' uncertainty and cautious economic outlook
Public Investment Growth	-10.8%	-21.4%	Contracted due to major infrastructure projects slowdown as Government funds were predominantly channelled to mitigate the impact of COVID-19
Private Consumption Growth	7.6%	-4.3%	Significantly declined due to movement restrictions, reduced disposable income and weak consumer sentiment
Public Consumption Growth	2.0%	4.1%	Increased expenditure by Government in a series of financial assistance schemes to lower income groups and SMEs

Source: Bank Negara Malaysia, CBRE | WTW Research, December 2020

OFFICE MARKET OVERVIEW

Kuala Lumpur office market performance will continue to face pressure due to slower leasing activities, acceleration in remote working trends and large incoming supply. However, physical office spaces still be required by companies.

KUALA LUMPUR OFFICE SUPPLY

83.9 million sq. ft.
(2019: 83.3 million sq. ft.)

AVERAGE OCCUPANCY RATE

'20	78.8%
'19	80.8%

RETAIL MARKET OVERVIEW

The large incoming supply and cautious consumer sentiment will be the main challenges to the retail sector. However, prime retail malls with strategic location and residential dwellings around are expected to remain stable. For now, tenant retention, flexible leasing and promotional activities are the current key strategies to sustain retail mall businesses.

KUALA LUMPUR RETAIL SUPPLY

31.5 **million sq. ft.**
(2019: 31.1 million sq. ft.)

AVERAGE OCCUPANCY RATE

HOTEL MARKET OVERVIEW

With prolonged travel restrictions and ongoing pandemic, Kuala Lumpur hotel occupancies slumped from 67% in 2019 to 22% in 2020 with several hotels discontinuing operations or temporarily closing down. The industry will continue to be dependent on domestic tourism until international travel restrictions are lifted.

KUALA LUMPUR 5-STAR HOTEL SUPPLY

33 **hotels,** 14,000 **rooms**
(2019: 33 hotels, 14,000 rooms)

AVERAGE OCCUPANCY RATE OF 5-STAR HOTELS

MARKET REPORT

ECONOMIC OVERVIEW

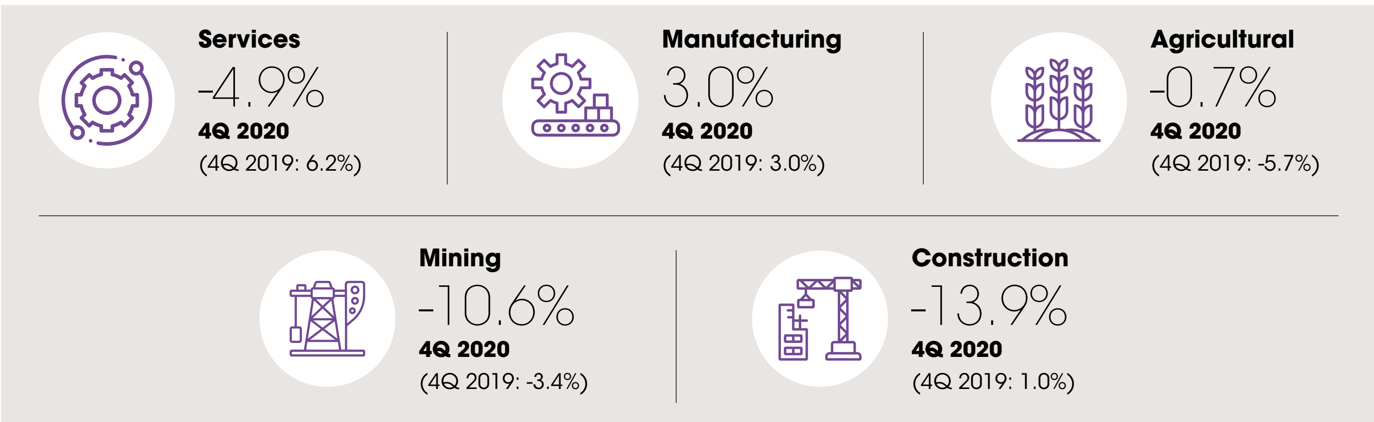
Figure 1.1: Real GDP Growth

Source: Bank Negara Malaysia, CBRE | WTW Research, December 2020

Malaysia's economy was severely impacted by the pandemic, slump in crude oil prices coupled with political uncertainties. This has resulted in the full year 2020 GDP to contract 5.6% (2019: 4.3%), the worst decline since the Asian Financial Crisis in 1998. The GDP growth in 4Q 2020 declined 3.4% (4Q 2019: 3.6%) (Figure 1.1) as the fourth wave of the COVID-19 emerged locally while new COVID-19 mutations emerged in South Africa and the UK. All economic sectors recorded negative 4Q growth except for the manufacturing sector with 3% growth, backed by a stronger external demand for medical-related products and equipment. The construction sector faced the biggest decline at 13.9% followed by the mining and quarry sector of 10.6%. Whilst the services sector dropped 4.9% as tourism-related industries contracted in performance due to travel restrictions (Figure 1.2). Despite these shortcomings, the Ministry of Finance (MOF) has projected GDP growth at 6.5% - 7.5% in 2021, amidst the most awaited rollout of the vaccination programme, followed by the full resumption of economic activities in more industrial and services sectors.

On the expenditure side, investment activities and private consumption declined following the COVID-19 induced economic downturn. Domestic demand is still in recovery mode since economic activities resumed in April 2020, meanwhile public expenditure remained focused on COVID-19 containment and stimulus packages.

Figure 1.2: Real GDP by sub-sectors

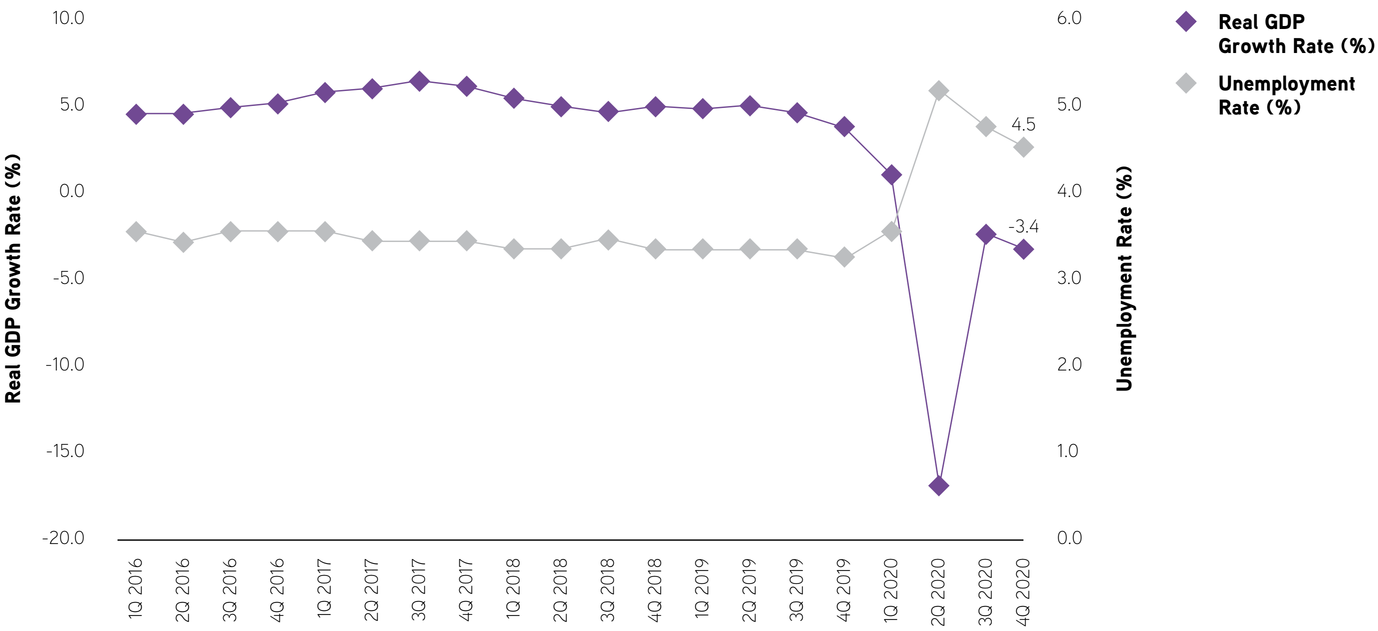


Source: Bank Negara Malaysia, CBRE | WTW Research, December 2020

The headline inflation rate in Malaysia was -1.2% in 2020, reflecting a deflationary trend as the pandemic suppressed demand for goods and services. With an expected early roll-out of COVID-19 vaccine and unfettered pent-up demand, MOF has projected the inflation rate to make a comeback at 2.5% in 2021, signifying stronger consumer spending and higher global oil prices.

Following the movement restrictions and border closures, retrenchment in the labour market increased the unemployment rate to 4.5% for the year ended 2020 (Figure 1.3), adding up the number of unemployed persons by 1.1% on a month-on-month basis. The Government's stimulus measures such as the Prihatin and Penjana Packages provided relief to household spending and helped to support consumers' confidence. The unemployment rate is projected to decrease to 3.5% following the economic rebound in 2021.

Figure 1.3: Real GDP Growth vs Unemployment Rate

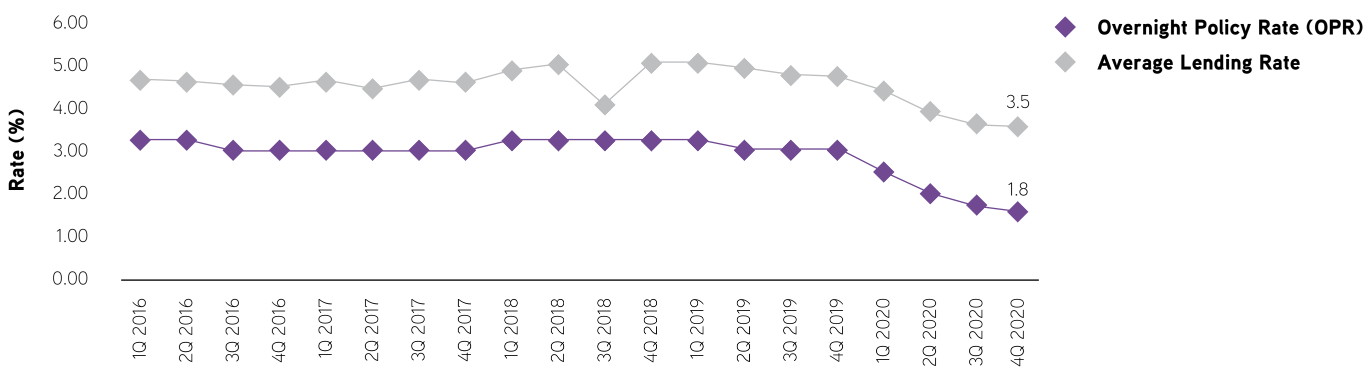


Source: Bank Negara Malaysia, CBRE | WTW Research, December 2020

In light of the weak global economy and to cushion the financial impact on businesses and households brought about by the pandemic, Bank Negara Malaysia (BNM) lowered the Overnight Policy Rate (OPR) to 1.75% in July 2020 – the lowest level since the global financial crisis 2007/2009 (Figure 1.4). This was the fourth cut in the OPR in 2020 following reductions in January, March and May totaling 100-basis points. BNM maintained the OPR at 1.75% in January 2021, holding the low OPR unchanged for four consecutive meetings of the Monetary Policy Committee (MPC).

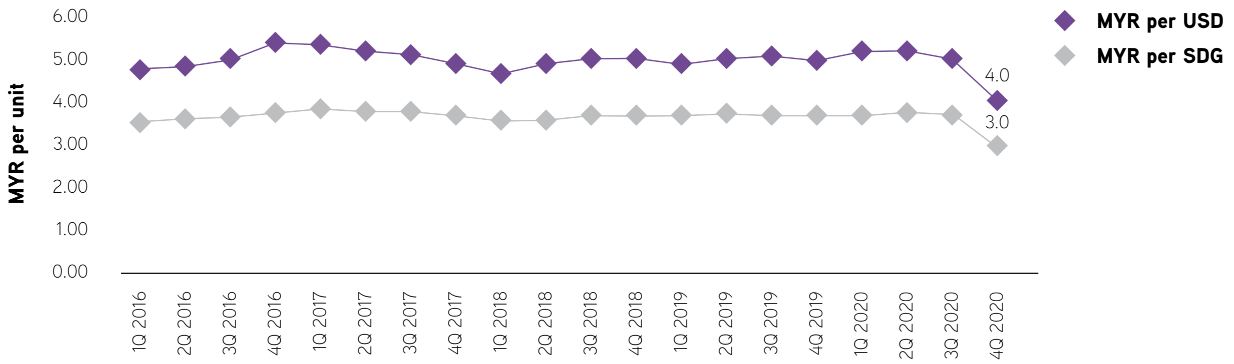
Meanwhile, the Ringgit appreciated to its strongest level against the US dollar in 2020 (RM4.01- RM4.03 to US$1), as the US economy faced strong headwinds from the US-China Trade War (Figure 1.5). The Ringgit is expected to further strengthen as the signing of the Regional Comprehensive Economic Partnership (RCEP) will boost exports from Malaysia to other ASEAN countries and China.

Figure 1.4: Overnight Policy Rate (OPR)



Source: Bank Negara Malaysia, CBRE | WTW Research, December 2020

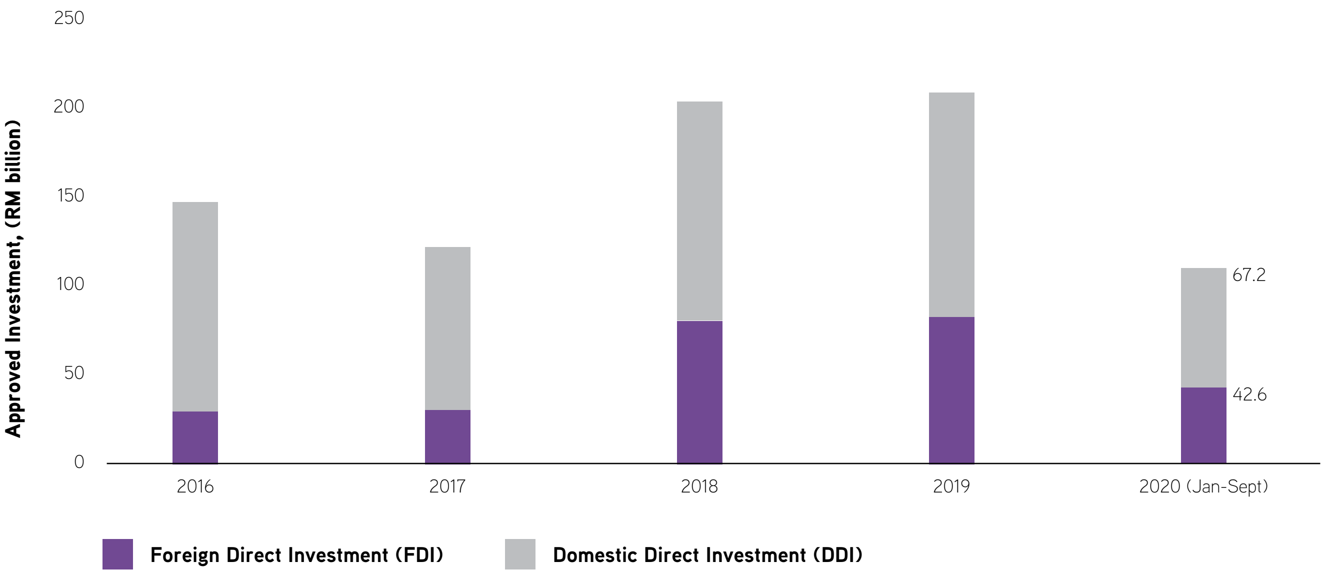
Figure 1.5: Exchange Rate



Abbreviation: MYR – Malaysia Ringgit, USD – United States Dollar, SGD – Singapore Dollar
Source: Bank Negara Malaysia, CBRE | WTW Research, December 2020

In terms of total investments, RM109.80 billion was approved as at September 2020, comprising domestic investments of RM67.2 billion and foreign investments of RM42.6 billion (Figure 1.6) with manufacturing sector recording a 16.6% y-o-y growth with an investment worth of RM65.6 billion.

Figure 1.6: Approved Foreign Investment vs Domestic Investment



Source: Ministry of International Trade and Industry (MITI)

Several measures were implemented to ensure Malaysia as a competitive investment destination, such as fast-track approval for factory licenses and a one-stop investment facilitation unit by Malaysian Investment Development Authority (MIDA). With the availability of infrastructure, supporting industries and workforce, Malaysia continues to attract potential investments in electrical and electronics, machinery and equipment, aerospace, automotive and medical devices industries.

Following that, the Business Confidence Index (BCI) recovered modestly to 86.3 points in 3Q 2020 as the Services Sector grew by 4.0% (2Q 2020: -16.2%). Malaysia will continue to strive to garner investors' interest, especially to Kuala Lumpur city by maintaining a friendly and progressive business environment and competitive operating cost.

Malaysia's economic growth is expected to be positive, buttressed by the country's diversified economic base and rich natural resources. The mitigation measures together with various stimulus packages by the Government, a gradual global economic recovery, and the anticipated vaccine rollout is expected to further boost economic conditions.

OFFICE MARKET OVERVIEW

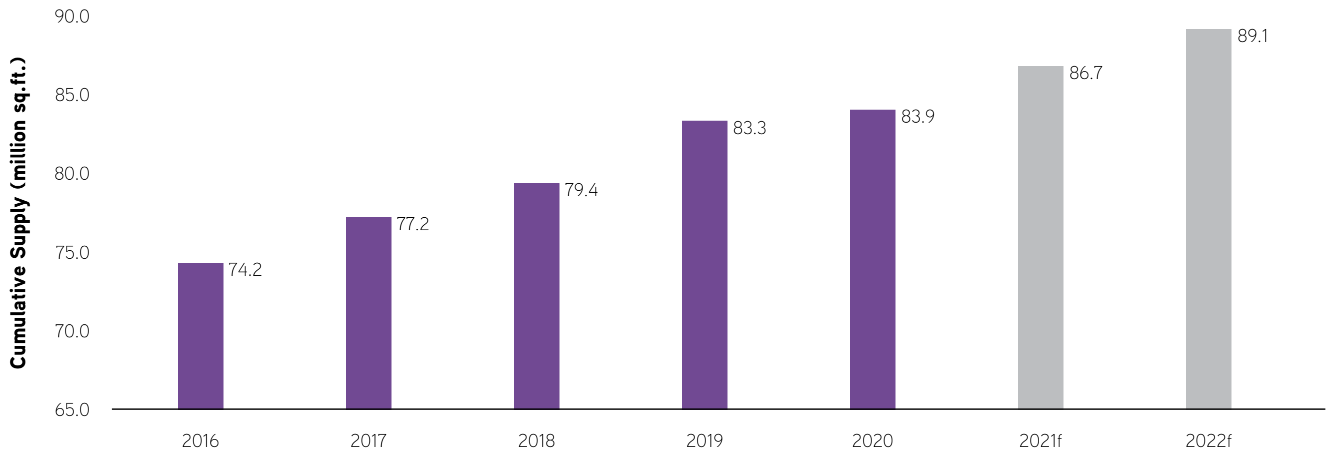
The Kuala Lumpur office market softened as a result of the large impending supply, exacerbated by a weakened oil and gas sector, increasing remote working trends and uncertain economic landscape.

Kuala Lumpur accumulated office supply increased marginally to 83.9 million sq. ft. from 83.3 million sq. ft. in 2019 out of which 36.8% are in the city centre (Figure 2.1). The incoming supply of 5.2 million sq. ft. which is due to come in 2022 poses a major concern to the market, however, this is mitigated as most of the impending supply will be owner-occupied such as Affin Bank HQ and HSBC HQ in Tun Razak Exchange (TRX), and the Merdeka PNB 118 which will be the tallest tower in Malaysia and South East Asia upon completion.

Office leasing enquiries are slowly improving, but companies are still very cautious with the subdued office market outlook. Consequently, lease renewals and new leasing are being deferred. Despite this, the average occupancy rate of office space in Kuala Lumpur remained stable at 78.8% (Figure 2.2), a decrease of 2.6% y-o-y. To-date, there is 17.9 million sq. ft. of vacant space in the market which is expected to remain challenging to be occupied over the medium term. With many large corporations continue to adopt extensive remote working as the MCO continues to be in force, the Kuala Lumpur office vacancy rate is expected to inch up to 21% by 2022.

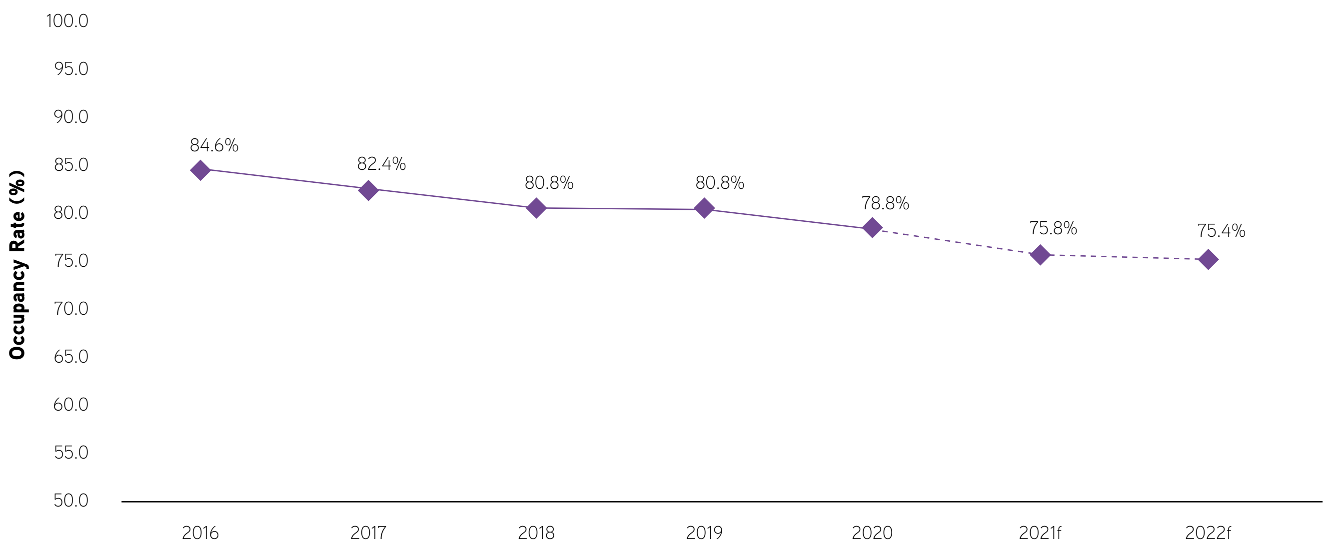
With the stagnant oil and gas sector as well as the changing office working styles, office take-up declined from 2017 to 2019, averaging 550,000 sq. ft. in Kuala Lumpur with almost 50% lower than average annual take up rate in 2017. With the continuous slowdown in leasing activities, a mere net take-up of 140,000 sq. ft. was observed in 2020.

Figure 2.1: Cumulative Office Supply in Kuala Lumpur



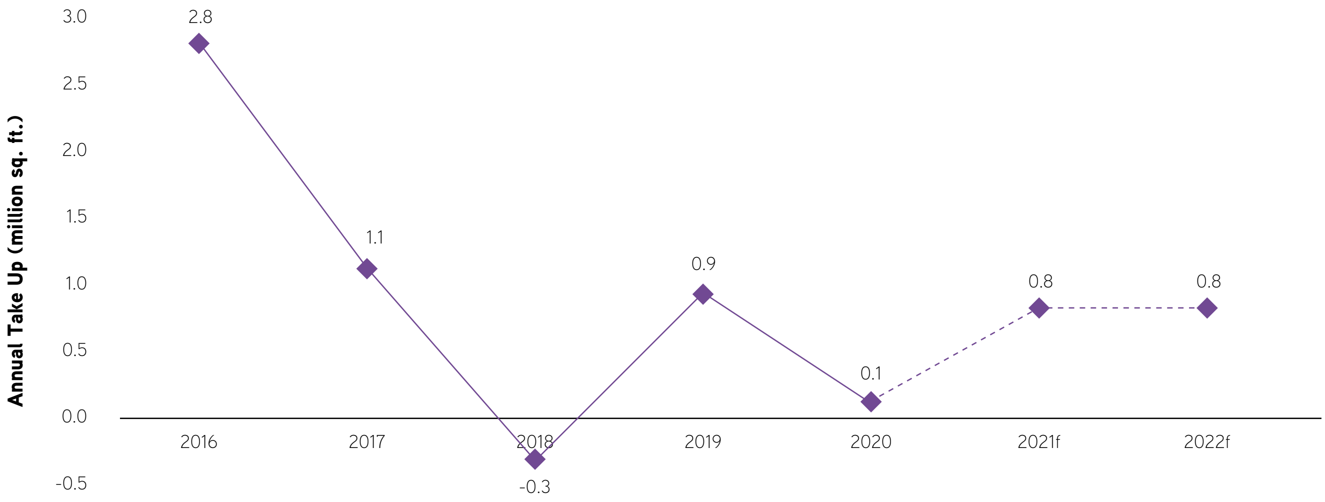
Abbreviation: sq. ft. – square feet, f – forecast
Source: CBRE | WTW Research, December 2020

Figure 2.2: Office Occupancy Rate in Kuala Lumpur



Source: CBRE | WTW Research, December 2020

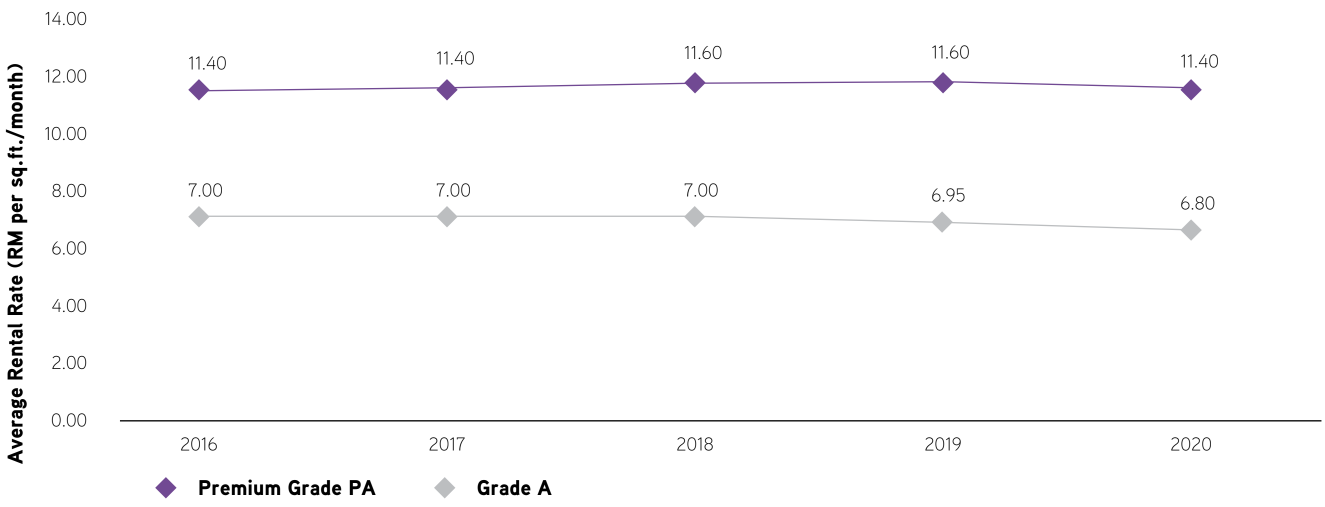
Figure 2.3: Annual Take-Up of Office Buildings in Kuala Lumpur



Source: CBRE | WTW Research, December 2020

In terms of rental, office buildings in Kuala Lumpur command the highest rates, being the preferred choice of multinational companies for their Kuala Lumpur head offices. During these tough times, landlords have aided businesses by providing rental discounts for tenant retention. Nevertheless, monthly rental rates of Grade A and Premium Grade A office buildings remained firm at RM6.50 – RM9.00 and RM11.00 – RM12.00 per sq. ft., respectively (Figure 2.4).

Figure 2.4: Average Prime Rent of Office Building in Kuala Lumpur



Abbreviation: PA - Prime A
Source: CBRE | WTW Research, December 2020

With the subdued office market outlook, transaction activities remained quiet. In 2020, Menara MIDF in Jalan Sultan Ismail was the only major office transaction in Kuala Lumpur city centre, while the other two transactions were Menara Guocoland in Damansara Heights and UOA Corporate Tower in Bangsar South. With this, capital yields continue to remain under pressure and is expected to persist in the coming years.

Businesses which resumed in May 2020 after the lockdown led to many delayed new office building completions. The only significant completions in 2020 were Menara TCM along Jalan Tun Razak and Menara Hap Seng 3, with Tokio Marine being its most noteworthy new tenant.

Figure 2.5: New Office Developments in Kuala Lumpur

Development	Location	Expected Completion	Estimated Net Lettable Area (sq. ft.)
Lot 91 KLCC*	KLCC	2021	2,800,000
HSBC HQ @ TRX*	Tun Razak Exchange		
Affin Bank @ TRX*	Tin Razak Exchange		
PNB 1194 (Bangunan MAS)	Jalan Sultan Ismail		
UOB 2*	Jalan Raja Laut		
Great Eastern 2	Jalan Ampang		
Aspire Tower @ KL Eco City**	KL Eco City	2022	2,400,000
Merdeka PNB 118*	Jalan Stadium		
			5,200,000

Note: *Largely owner-occupied, ** Stratified office available for sale purposes
Source: CBRE | WTW Research, December 2020

The Kuala Lumpur office market will continue to be tenant-led in the short and medium-term. Landlords continued to adopt leasing strategies for tenant retention and improved market competitiveness to attract newcomers. The latter tenants may prefer more flexible space usage (such as co-working space) and short-term leases between 6 to 12 months. Nonetheless, physical office remains essential as a centre for connectivity and productivity, despite the increasing trend of remote working and transformation of traditional private work cubicles.

With full occupancy at KLCCP Stapled Group's office buildings, its office portfolio remains on very strong footing, backed by its long-term leases with high quality tenants. The triple net lease arrangements particularly for PETRONAS Twin Towers, Menara 3 PETRONAS and Menara Dayabumi, shield the Group from the volatile market conditions, with minimal impact to earnings.

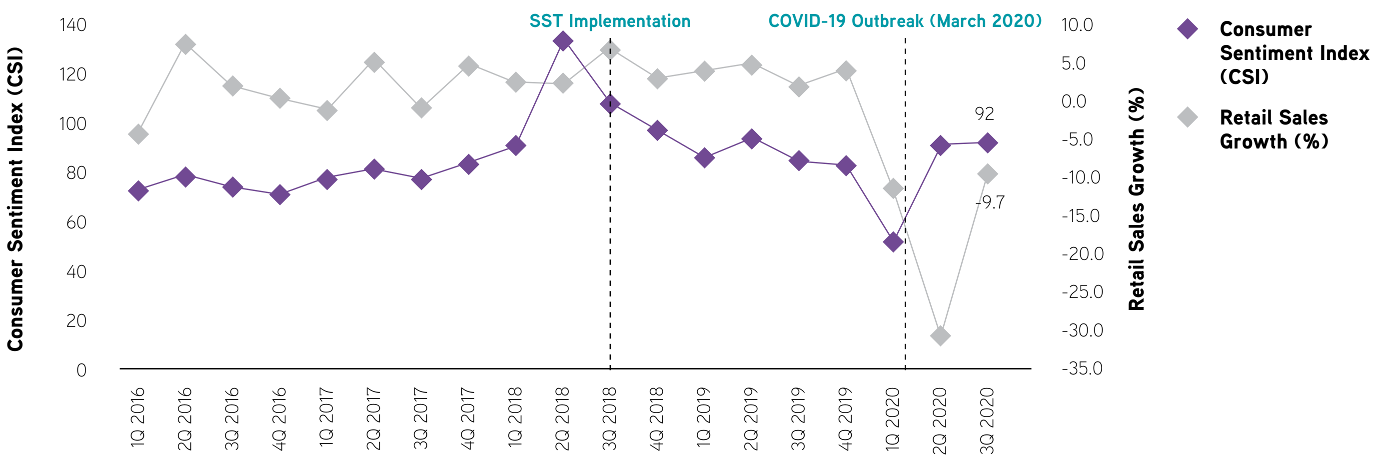
RETAIL MARKET OVERVIEW

The retail sector was one of the most affected by the pandemic coupled with uncertain economic conditions. Retail sales improved slightly (-9.7%) in 3Q 2020, after a plunge of -11.4% and -30.9% in 1Q 2020 and 2Q 2020 respectively (Figure 3.1). Consequently, Retail Group Malaysia (RGM) has revised their 2020 sales growth projection from -9.3% to -15.8%, after taking into consideration the third-wave of COVID-19, interstate travel restrictions and delay in school openings.

Since June 2020, consumer confidence improved as MCO was eased and Government financial aid packages began to take effect. This was reflected by the Consumer Sentiment Index (CSI) rising from 51.1 points in 1Q 2020 to 91.5 in 3Q 2020. However, still being below the 100-point optimism threshold since early-2020, this marks consumers' lack of confidence over the economic well-being.

Some of the Government aid packages included a discount on monthly electricity bills for retail malls, e-PENJANA e-wallet credit of RM50 and the National "Buy Malaysia" campaign to encourage sales of local products.

Figure 3.1: Consumer Sentiment Index and Retail Sales Growth

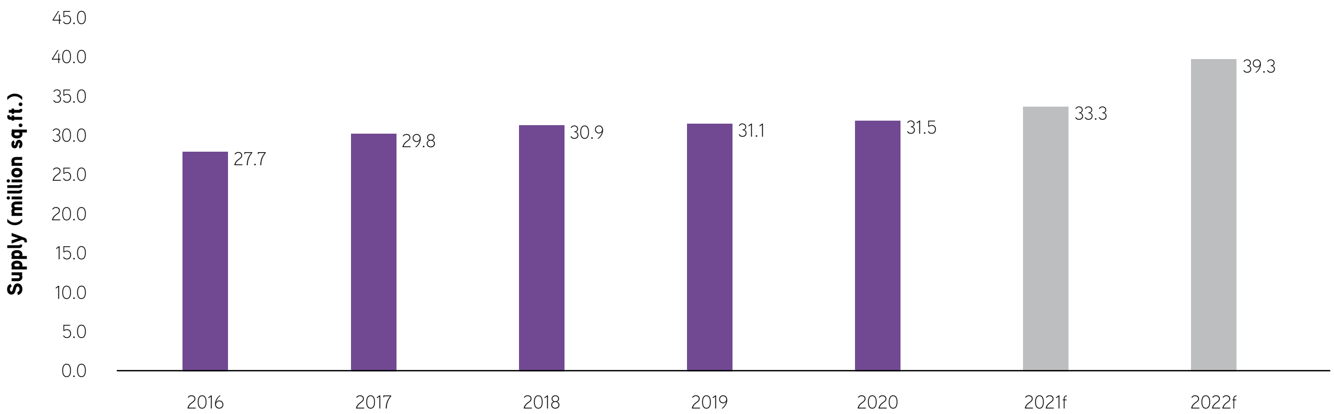


Source: Malaysian Institute of Economic Research (MIER) and Malaysia Retailers Association (MRA), December 2020

MARKET REPORT

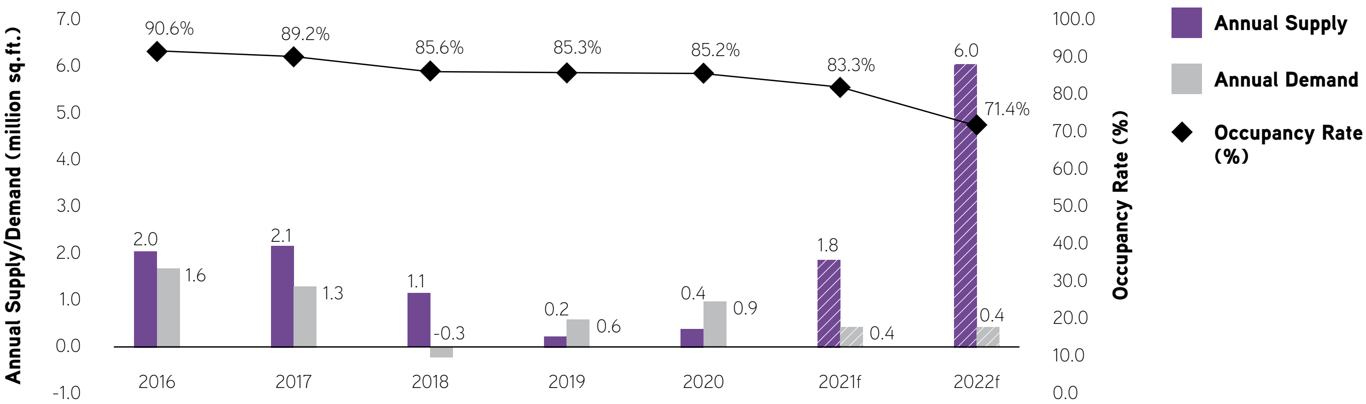
As at December 2020, Kuala Lumpur has a total of 31.5 million sq. ft. of retail space (Figure 3.2). Despite a marginal increase in cumulative supply from last year, retail occupancy in Kuala Lumpur remained stable at 85.2% as at 2020 (Figure 3.3). An additional 7.8 million sq. ft. is expected to be completed by 2022 primarily comprising Tun Razak Exchange Lifestyle Quarter, Warisan Merdeka Mall and Mitsui Shopping Park Lalaport which have all been actively securing pre-leases.

Figure 3.2: Retail Mall Supply in Kuala Lumpur



Source: CBRE | WTW Research, December 2020

Figure 3.3: Supply, Demand & Occupancy Rate of Retail Malls in Kuala Lumpur



Note: The above analysis includes the ongoing future supply which has commenced construction during the review period and taking into consideration on the pre-committed leases.
Source: CBRE | WTW Research, December 2020

In respect to rental, the average gross rental rate of prime retail malls in Klang Valley is approximately RM25 per sq. ft., an improvement of 19% compared to the corresponding year. Despite the challenging market conditions, prime retail mall rentals are expected to remain stable with yields between 6.0% and 7.0%. In this challenging climate, landlords continue to provide rental rebates/waivers and are currently prioritising tenant retention to weather this crisis.

Apart from that, leasing activity continued to slow down while vacancy rate is expected to rise to 28% by 2022 amidst the challenging Kuala Lumpur retail market condition coupled with the large incoming supply. More flexible leasing terms are expected in tenancy renewals and new leases, while collaboration and attractive packages continue to be rolled out by retail mall operators to boost shopper traffic and sales.

In 2020, the only new retail mall completion in Kuala Lumpur was KL East Mall in 4Q 2020, contributing an additional supply of 360,000 sq. ft. and anchored by Jaya Grocer, Harvey Norman, MBO Cinema and Blue Ice Skating tenants.

Figure 3.4: New Retail Malls in Kuala Lumpur

Development	Location	Expected Completion	Estimated Net Lettable Area (sq. ft.)
Datum Jelatek	Dato Keramat	2021	1,800,000
Mitsui Shopping Park Lalaport KL	Jalan Pudu		
Lot 91 KLCC	KLCC		
Pavilion Damansara Heights	Damansara Heights	2022	6,040,000
Maju KL Retail Mall	Sg Besi		
8 Conlay Lifestyle Quarter	Jalan Conlay		
Tun Razak Exchange Lifestyle Quarter	Jalan Tun Razak		
Warisan Merdeka Mall (PNB 118 Retail Centre)	Stadium Merdeka		
Pavilion Bukit Jalil	Bukit Jalil		
			7,840,000

Source: CBRE | WTW Research, December 2020

Since the MCO in March 2020, retailers have increasingly shifted to online delivery platforms (e.g. Grab, Lalamove) and online collaborations (e.g. Shopee, Lazada) to boost sales and generate additional revenue. Some retail mall operators acknowledged this trend and developed their social media platforms (e.g Telegram, Facebook, Instagram etc) to promote their offerings and attract customers to improve sales. E-wallets, QR-pay and instalment payments are becoming popular payment options as shoppers try to minimise physical contact through handling of cash. Although e-commerce and technology are becoming highly significant, physical stores still remain relevant for most shoppers that prefer face-to-face engagement for effective service and product satisfaction.

Suria KLCC mall with its undisputed strategic location and accessibility by both rail and road continued to maintain high occupancy and trade well despite the retail headwinds. It also offers a diverse list of attractions providing customers with a world-class shopping, leisure and cultural experiences. During the year, Suria KLCC reinvented the store experience by bringing in first-to-market brands, continuously embraced digitalisation to stay relevant and leveraged on its completed anchor-to-specialty reconfiguration.

HOTEL MARKET OVERVIEW

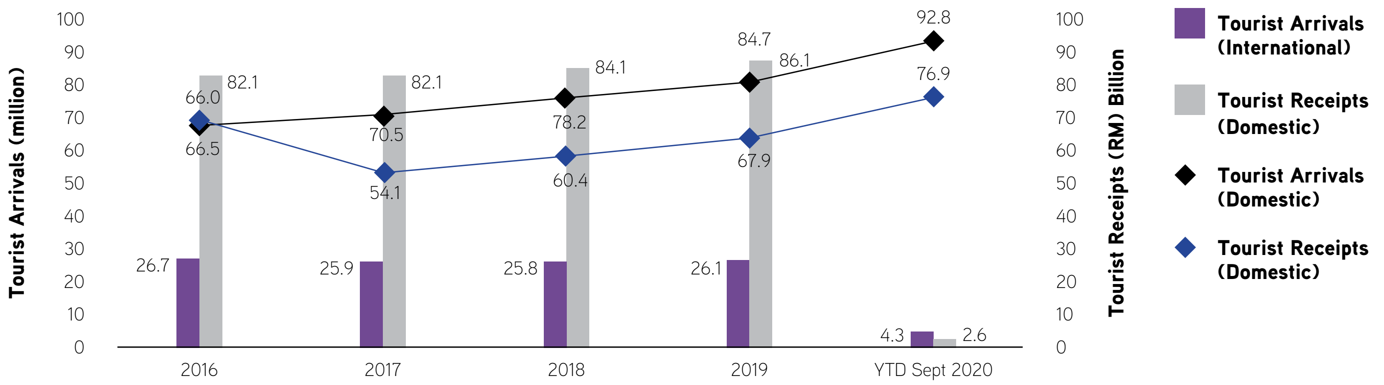
The hotel sector was among the hardest hit by the COVID-19 pandemic from the international border closures and decline in tourism activities. Since the lockdown in early 2020, hotels have been operating below capacity for safety precaution and the cost turnover was then affected with the compromised room occupancies.

Tourist arrivals tumbled to 4.3 million during the first nine months of 2020, down 79% y-o-y, while tourist receipts declined by 80.9% to RM12.6 billion. Other ASEAN countries similarly registered more than 70% drop in their tourist arrivals and subsequently, major tourism events and campaigns including Visit Malaysia 2020 (VM2020) were cancelled.

Following the impact brought by the pandemic, the Government budgeted RM200 million for the Tourism Recovery Plan to assist the recovery of the industry. The plan would involve restoring confidence in travel, reviving domestic tourism and maximising current resources. With the international borders still being closed, the industry has turned to domestic tourism and expects more local tourist visitations in Kuala Lumpur in the coming festive months when inter-state travel is allowed.

Other measures were also introduced to boost and revitalise domestic tourism sector, with the cooperation of every industry player including price discounts for tourist destinations, family holiday packages, arts and culture promotions and accommodation vouchers.

Figure 4.1: Tourist arrivals and tourist receipts



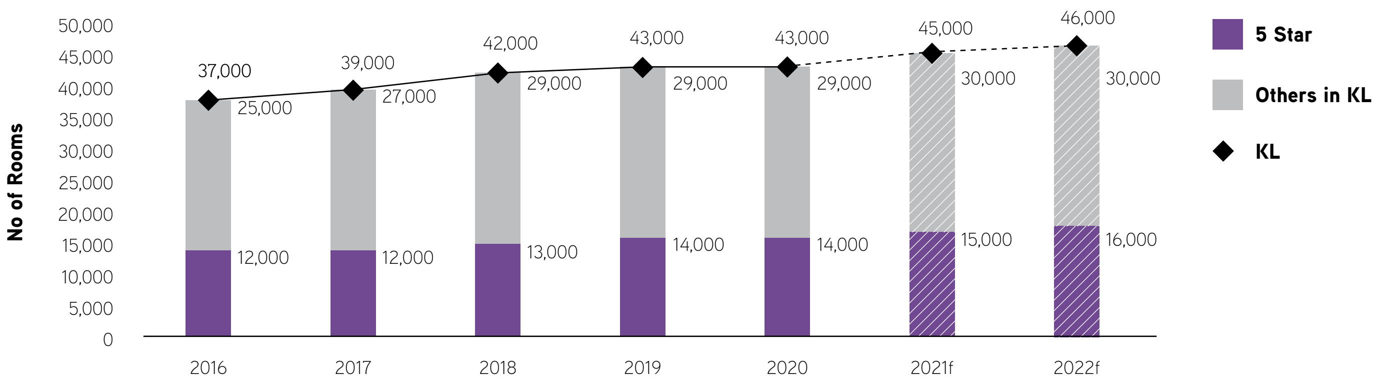
Source: Department of Statistics Malaysia (DOSM) and Ministry of Tourism, Arts and Culture (MOTAC)

MARKET REPORT

The local hotel industry was severely affected by the outbreak, having some hotels closed temporarily, such as Parkroyal Kuala Lumpur and Sheraton Imperial Kuala Lumpur. With no hotel openings in 2020 and the permanent closure of G-Tower Hotel, Kuala Lumpur overall hotel supply stood at 145 hotels with 42,400 rooms (2019: 146 hotels with 42,600 rooms) (Figure 4.2) as at end 2020. About 41% of Kuala Lumpur hotels are located within the city centre whilst 5-star hotels accounted for 33 hotels and 14,000 rooms.

Kuala Lumpur new hotel supply is expected to be held in abeyance, although close to 3,750 rooms by 13 hotels are in the pipeline up to 2022. About 56% of future supply are in Kuala Lumpur city centre, including Capri by Fraser, Canopy by Hilton @ BBCC and Kempinski @ 8 Conlay (Figure 4.4). Some hotels will experience construction delays, postponements in hotel opening or cancellations due to the prevailing market conditions and limitations.

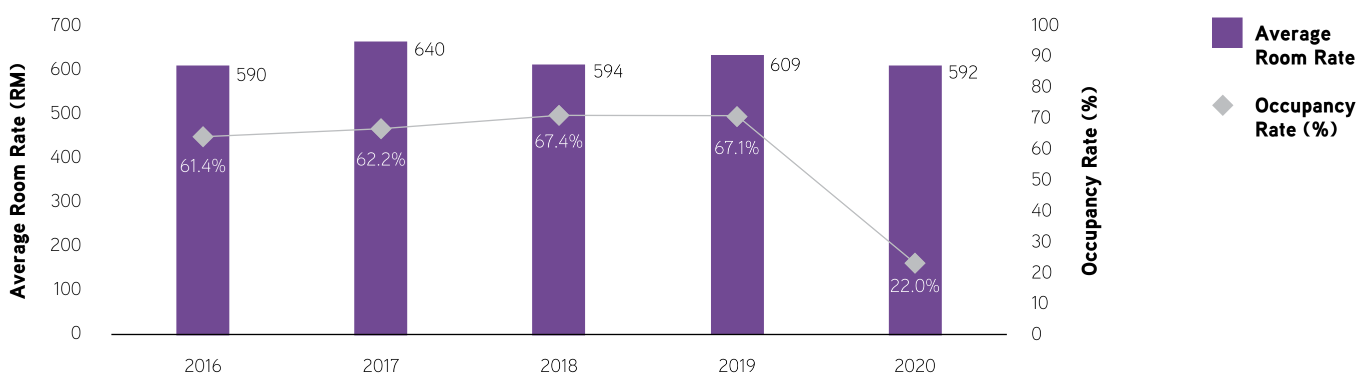
Figure 4.2: Total Hotel Room Supply in Kuala Lumpur



Source: CBRE | WTW Research, December 2020

The overall Kuala Lumpur hotel occupancy rate fell to 31% in 2020, a significant drop of 57% y-o-y, while the average room rate dropped 25% y-o-y to RM271 in 2020. Luxury/5-star hotels reported average room rates ranging from RM500 to RM600 at an average occupancy rate of 22% (Figure 4.3). With the lingering impact of COVID-19, hotel performance continues to be under immense pressure and hotel investors remain uncertain.

Figure 4.3: Average Room Rate (ARR) and Occupancy Rate of 5-Star Hotel in Kuala Lumpur



Source: CBRE | WTW Research, December 2020

While international borders remain closed and MICE activities are put on hold, few hotels have taken this opportunity to either refurbish, upgrade or do a makeover for a brand-new look preparing to receive guests once the situation recovers. This includes Westin Hotel, Hilton KL, Park Royal KL and Berjaya Times Square Hotel KL. Meanwhile, other hotels such as Fairfield by Marriott KL and Ascott Star KLCC which are currently still under construction, are expected to open in 2021 upon their full completion.

Figure 4.4: Selected New Hotels in Kuala Lumpur

Development	Location	Expected Completion	Estimated Total Number of Rooms
Fairfield by Marriott KL	Jalan Ipoh	2021	2,900
Ascott Star KLCC	KLCC		
Kempinski @ 8 Conlay	Jalan Raja Chulan		
Capri By Fraser Bukit Bintang	Bukit Bintang		
Amari Hotel	KL Eco City		
PNB Hotel	Jalan Sultan Ismail		
Park Hyatt Hotel	Jalan Stadium	2022	850
Canopy by Hilton @ BBCC	Bukit Bintang City Centre (BBCC)		
			3,750

Source: CBRE | WTW Research, December 2020

To mitigate the impact arising from the mandatory closure of borders and travel restrictions, Kuala Lumpur hotels offered staycations and "work-from-hotel" packages to attract local guests. Tapping into the luxury accommodation and fine dining niche, 5-star hotels are promoting hospitality, dining, shopping and entertainment options in their efforts to increase revenue and room sales.

Online digital strategies were also introduced to create higher brand awareness and more active guest engagement. This includes online marketing of promotional packages, better loyalty program integration, more flexible cancellation policy as well as personalised hotel services.

The Government has provided financial aid and promotional support to encourage domestic tourism and the recovery of the hotel sector. With the easing of domestic travel since June 2020 and in conjunction with the festive season, hotels recorded improved room sales and higher revenue.

Hotel performance is expected to remain challenging until international travel restrictions are lifted. However, hotel performance will gradually improve in 2021 with the gradual reopening of borders, the vaccine rollout and as the industry restructures and re-invents itself.

Facing challenges from the onset of the COVID-19 pandemic, MOKL Hotel continues to capitalise on domestic business and strategic partnership collaborations until borders reopen for international arrivals. MOKL Hotel will also intensify its digital marketing efforts to broaden its network and personalise products and services to gain market share and maintain competitiveness.

CBRE-WTW Joint Venture

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MARKET REPORT

KEY TRENDS SHAPING OUR MARKET

2020 was a difficult operating landscape as we battled headwinds of disruptions, cost pressures, policies and regulations whilst adapting to environmental and social concerns. The COVID-19 pandemic has changed our landscape and the effects will last. We identified five key trends that have influenced our ability to create value in the short, medium and long-term. While most of these trends are already evident, as a solutions partner to all our key stakeholders, we had to transition for recovery, prioritise our long-term value as we re-begin our journey to shape the future in the next normal. This section outlines the key trends that have shaped our market for the year and how we have responded to them.

SHARP SLOWDOWN IN ECONOMIC ACTIVITIES IMPACTED BY THE COVID-19 PANDEMIC

F P

Description	How we are monitoring and responding to the trend	Read more
Malaysia's economy has been severely affected by the COVID-19 pandemic. Due to the pandemic, Malaysia's 2020 real Gross Domestic Product (GDP) contracted -5.6%. The resurgence of COVID-19 cases and the renewed restrictions introduced in January 2021 have affected the economic recovery momentum in Quarter 1 2021. Nevertheless, the growth trajectory is expected to pick up from the second quarter on the back of the restored consumer confidence following the vaccine roll-out from February 2021 onwards and the re-opening of various economic sectors.	The Group primary focus has been the health and safety of our people. We acted quickly to stabilise our cash position, shored up risk and crisis management capabilities to rethinking and reinforcing resilience in response to the sudden economic shock. The Group also continued emphasis on cash preservation and cash optimisation efforts to provide further flexibility to withstand the current volatile environment.	CEO Year's in Review on pages 40 to 45 Understanding Our Principal Risks on pages 74 to 79

PARADIGM SHIFTS – NEW NORMAL

K E R

Description	How we are monitoring and responding to the trend	Read more
This new normal is accelerating society's shifts in three ways; "lifestyle", "work style" and "business style". Work styles will shift towards remote working and likely to remain prevalent moving forward. Business styles are likely to shift more to the virtual arena to overcome location and time barriers. As for lifestyle, as people are now more cautious about health and safety standards, the rise of touchless operations that will automate the principles of safety and sanitation and post-infection tracing to prevent outbreaks will become a part of our daily life. Hence, it is critical now than ever for businesses to alter the way they are doing business.	The current risks and disruptions which have transformed the real estate landscape, have compelled the Group to reset its current strategy in reframing its future competitiveness and resilience in the "new normal". During the year, the Group reframed its strategy into 3 phases – Respond, Reimagine and Sustainable. This strategy reset entailed a business re-evaluation regarding digital transformation, our peoples' skillsets and sustainability strategies.	CEO's Year in Review on pages 40 to 45 Strategy Blueprint on pages 70 to 71 Operations Review on pages 90 to 115

EVOLVING CUSTOMER BEHAVIOUR

P K E R

Description	How we are monitoring and responding to the trend	Read more
The outbreak has pushed customer out of their everyday routines. Customers are adopting new habits and behaviours and believe this will become a permanent change in their future behaviour and spending pattern. Spurred by technology, digital commerce has also seen a boost as consumers migrate to online shopping.	Embracing change and innovation is critical for survival and future growth. Our skills and approach in repurposing and curating our places to meet the ever-changing expectation together with strategic partnerships and collaborations with a wide range of stakeholders will enable us to pivot seamlessly to the new norm. With resilience and business continuity in place, the Group will focus on shaping its competitive positioning through personalised customer and digital business experiences in transforming KLCC Precinct into a vibrant, smart and secure precinct for its people and community.	Operations Review on pages 90 to 115

TECHNOLOGY AND DIGITAL ADAPTION

F P K E R

Description	How we are monitoring and responding to the trend	Read more
The COVID-19 pandemic has changed both the trajectory and the digital transformation speed. It is no longer add-ons but must be an integral part of the business. Proptech - the merger of the real estate and tech spheres has also accelerated in today's operating climate, encompassing everything from security systems to tenant-screening algorithms to digital rental platforms.	The advent of the COVID-19 pandemic has accelerated the digital transformation journey within the KLCCP Stapled Group measurably. During the year the Group established a Digital Committee (DigiCo) represented by key business leaders to shape business digital adoption on the new ways of working. We have also identified five focus areas under the 4-Year Digital Transformation Roadmap to create a delightful experience for stakeholders and to benefit via reduced operational cost, increased revenue contribution leading to a sustainable and efficient future. Towards transforming digital native mindset amongst the employees, the Group also introduced a series of digital immersion programs which featured lessons to level up their digital skills.	Embracing Digital, Driving Innovation on pages 32 to 33 Together Towards A Sustainable Future on pages 130 to 141

ESG BECOMING MAINSTREAM

F P N K E R

Description	How we are monitoring and responding to the trend	Read more
The health crisis has resulted in the rise in "S" in ESG as companies expand their policies to cover broader issues, such as employee welfare and company culture. Notwithstanding that, the growing relevance of environmental issues linked to climate change, natural resource scarcity and efficiency is also undoubtedly driving greater interest in ESG products and solutions. Sustainable investing is growing at a rapid rate worldwide as evidenced from the surge in sustainability funds. The pandemic has increased scrutiny by the investment community to add ESG considerations into their investment decisions.	Sustainability permeates everything we do to remain relevant. We continue to progress our sustainability journey in our pursuit to advance our sustainability reporting and practices, aligning to our corporate strategy, culture and values which are deeply embedded in our business model. This year, we aligned our reporting to the United Nation's 2030 Agenda of five critical dimensions i.e. Prosperity, Planet, People, Partnership and Peace in line with our commitment to contribute towards the five prioritised United Nation's Sustainable Development Goals.	Letter from The Chairman on pages 36 to 39 Our Strategic Value Creation on pages 72 to 73 Together Towards A Sustainable Future on pages 130 to 141

STAKEHOLDER MANAGEMENT

WORKING CLOSELY WITH OUR STAKEHOLDERS FOR A SUSTAINABLE FUTURE TOGETHER

Our key stakeholders are defined by their significance, interest, impact and influence on our businesses. Every group of our stakeholders is important to us and we continue to engage them to address their concern, obtain their views and feedback on areas of interests and manage their expectations.

Especially during these trying times, we aspire to maintain a trusted and long-lasting relationship with our stakeholders. We engaged and updated them on our operations, performance and plans via both formal and informal channels. By engaging effectively with our stakeholders, we will not only contribute towards improving our performance but also enriching the lives of our community. Our objective of delivering on our strategy is driven by our purpose to create value for our stakeholders. We aim to achieve profitable growth and create long-term value for our stakeholders and our community at large. The spread inset shows a summary of our stakeholder engagment, why they are important to us, our value proposition to them, how we responded to them and the values we created.

Our shareholders, investors and business partners define the trust, reputation and credibility of our organisation and provide access to funding to grow our business

Our employees are the Group's greatest asset. Through their dedication, passion and belief in our shared values, we deliver desired results

The Government, local authorities and regulators provide the regulatory framework in which we operate in respect to compliance and risk mitigation

Our tenants, customers and guests drive the pace of the market dynamics that underpins the growth and success of our business

Our suppliers and service providers drive our sustainable value chain with valued expertise and support, contributing to the quality of services and products we procure

Our community define our social relevance, how we connect and foster goodwill and deliver a lasting positive impact by addressing their needs

The media shapes market perception and is a key multiplier of information to the public and builds positive dialogue with our organisation

STAKEHOLDER MANAGEMENT

	SHAREHOLDERS, INVESTORS AND BUSINESS PARTNERS	EMPLOYEES
HOW WE ENGAGE	• Annual General Meeting • Business Partners' Board Meetings • Investors and analysts' briefings • Results announcements • Investor relations events • Corporate website • Annual report	• Townhall session by CEO • Dialogue and engagement • Training/workshop/teambuilding • Emails/HR Careline/memos
KEY TOPICS AND CONCERNS	• Financial management • Business resilience and sustainability • ESG practices • Business strategy and long-term growth • Current and future project development • Governance practices • Negative reports in social media	• Company's long-term growth and perforr • Skills and capability development • Career progression • Employee benefits • Security, safety, health and wellbeing • Work life balance • Job security
OUR RESPONSES	• Continued to update through quarterly results announcement, analysts' briefings, one-on-one teleconference/videoconference, Board meetings and AGM • Updated Economic, Environmental, Social and Governance practices through our Sustainability Report, corporate website and emails • Developed and implemented robust corporate strategies providing clear business direction	• Updated employees through internal com growth plans and employment matters • Offered employees structured training an the-job-training to equip employees with • Employees' career progression was raise Human Resource Planning and Developm • Conducted various HSE awareness progr • Ensured the health and safety of our peo
ENGAGEMENT/ SUPPORT AND CONTRIBUTIONS DURING COVID-19	• Conducted first ever virtual AGM with participation from over 300 shareholders • Engaged with over 200 institutional investors, analysts and fund managers via virtual engagements - teleconferencing, videoconferencing and webinars • Communicated timely and transparent real-time data on the impact of the pandemic to the organisation	• Conducted first ever virtual CEO Townha future plans and address employees' con the challenges and its impact to the Grou ensure a safe working environment • Engaged via Microsoft Teams for various • Utilised e-Learning platform i.e. Harvard learning concept of "learning anywhere, a • Made available external consultation aver and physical health • Introduced virtual sports/workout sessior work life balance • Carried out awareness and information s on our intranet portal • Retain staff employment for the year • MOKL Hotel supported part-time/contrac between April to June 2020 • Provided mandatory COVID-19 screening spent over RM360,000 for this initiative • Provided executive employees with a one period exceeding RM70,000
VALUES CREATED	• Delivered stable returns to holders of Stapled Securities - distributed 98% of distributable income amounting to a full year dividend payment of RM541.6 million • Promoted transparent practices which contributed to better-informed investment community through engagement with institutional investors, analysts and fund managers. • Identified opportunities for operational excellence and long-term growth plans • Enhanced brand positioning to sustain competitive advantage by communicating our business strength and future prospects	• Promoted inclusivity through fair employr equal employment opportunities and care • Provided a healthy, safe and inspiring wo workforce. Achieved an employee satisfa • Provided competitive salaries and benefit benchmarks with reviews conducted ann • Created opportunities for our employees RM3.3 million was spent on learning and training during the year • Enriched our employees through particip conservation activities • Recognised our employees for good perf recognition • Created a greater sense of purpose, belo • Ensured long-term employment from hire

	GOVERNMENT, LOCAL AUTHORITIES AND REGULATORS
• Intranet communication • Employee satisfaction survey • Health and recreational activities	• Feedback/updates/appeals through emails/letters • Participate in formal meetings, policy briefings, forums and consultations • HSE inspections of business premises • Event collaboration with government departments to support industry/economic growth • Collaboration with local authorities in managing the safety and security of KLCC Precinct • Site visits
mance	• Contribution to economic, and industry growth • Compliance to government policies, laws and regulatory requirements eg. reporting frameworks COVID-19 Bill 2020, Employment Act • Adoption of best practices • Compliance to COVID-19 Standard Operating Procedures (SOPs)
munication platforms on financial performance, d leadership programmes, workshops and on the relevant skills ed to be discussed on a quarterly basis by the nent Committee rammes and sharing sessions ple with stringent protocols and measures	• Briefing to the relevant ministries, government departments and agencies on KLCC Development and other areas of interest • Monitored compliance through periodic internal assessment • Reported on compliance in Annual Report and corporate website
ll to communicate company's performance, cerns. Also shared on the COVID-19 health crisis, p and for all employees to comply to the SOPs to meetings/discussions ManageMentor (HMM) and HMM Spark providing new anytime" and explore self-learning experience ues for employees who require assistance on mental ns towards building a healthy and productive haring on COVID-19 via a dedicated COVID-19 section t staffs with basic food supplies on a monthly basis for all employees prior to return to work in office - e-off reimbursement on internet data plan during MCO	• Provided updates to regulators on information pertaining to COVID-19 related financial impact and sustainability of REITs • Implemented containment strategies initiatives and adhered strictly to the COVID-19 SOPs and health and hygiene protocols throughout our business operations • Supported the Government's "Buy Malaysian Product" campaign by sponsoring venue for the event launch and product display at Suria KLCC by the local entrepreneurs to further promote their brands to a wider market
ment practices and gender equality by providing er progression rk environment creating an agile and enabled ction score of 64% s, aligned to industry's best practices and market ually to grow and develop, personally and professionally. development with 75% employees underwent ation in sports, recreational and environmental ormance and achievement through focused nging and pride in the company e to retire	• Complied to policies, regulations, guidelines and standards set forth in relation to the industry and our operations and provided regular feedback/data to regulators for analysis and in promoting the REIT industry • Ensured payment of taxes due to the Government. Total taxes paid for the year amounted to RM72.1 million • Provided business opportunities for local entrepreneurs through Government's campaigns and programmes • Advanced industry standards through adoption of best practices across our operations • Supported the Government's aspiration towards achieving a neutral carbon economy by 2050 through our focused initiatives on energy efficiency and reducing our carbon footprint throughout our operations. Reduced our GHG emission by 4.2% in 2020 compared to 2019 due to reduced building occupancy and operational capacity

TENANTS, CUSTOMERS AND GUESTS	SUPPLIERS AND SERVICE PROVIDERS
• Customers/tenants feedback management - hotline, surveys, email queries • Campaigns/promotions • Awareness campaigns on environmental conservation i.e. waste recycling, zero single-use plastic • Loyalty programmes • Dialogue and engagement sessions • Social media • Website	• Meetings and workshops • Safety briefings • Evaluation/performance review • Corporate presentations • Supplier training programmes • Supplier evaluation and audit
• COVID-19 safety measures • Security within the KLCC Precinct • Customer satisfaction on product and services offered • Product safety • Promotions/rewards • Tenant assistance packages for retail tenants • Online payment options • Condition of the amenities provided in our properties	• Fair competition and compliance to procurement guidelines • Potential business opportunities • Transparency of tender processes • Company's compliance with laws and regulations • Contract extension/expiry • Prompt issuance of payment
• Provided safe, convenient and experiential environment for customers/guests • Enhanced security features within KLCC Precinct • Broadened retail offer and introduced a diverse mix of prominent local and international brands to cater to lifestyle and trends • Offered various experiential reward-driven campaigns and promotions to attract customers/guests • Improved service quality and launched tantalising dining/banqueting experience across all F&B outlets at our hotel • Embarked on digitalisation initiatives to enhance customer/guest experience	• Provided equal opportunities for eligible suppliers to present their proposal • Request for information to meet the project/service requirements
• Installed thermal imaging camera for temperature checks, markings for social distancing and complied with all relevant COVID-19 SOPs • Continued tenant support by extending various assistance packages on a lease by lease basis to affected retailers exceeding RM90 million • Engaged through social media, video messages, digital advertising and e-flyers to communicate updates on safety measures, campaigns, sales and product promotions • Collaborated with brand ambassadors and influencers to create awareness on health and safety in the mall to restore shopper confidence • Introduced 40 new tenants which are first stand-alone stores in Malaysia and exclusive to Suria KLCC, elevating shopper experience • Suria KLCC organised a Welcome Back campaign by rewarding shoppers with shopping vouchers • MOKL Hotel tailored value for money staycation programmes for the domestic leisure guests • MOKL Hotel implemented the 'We Care' programme with stringent protocols to further safeguard the comfort, health and safety of hotel guests and employees • Innovated F&B service offerings at MOKL Hotel – 1st to introduce assisted buffet arrangement, prioritising guests' health and safety	• Utilised online platform i.e. email for bid submission by vendors • Conducted virtual awareness sessions on procurement procedure and implementation of Anti-Bribery Management System • Monthly engagement with suppliers on HSE related matters which include COVID-19 SOPs for our business operations
• Provided a safe and secured place for our tenants, shoppers and guest to work, shop and stay • Delivered high service level standards and enhanced customer experience by successfully transitioning the NWD car park to ticketless and cashless • Supported our retail tenants towards business sustainability to weather the crisis, recover quickly and rebuild loyal customer base maintaining Suria KLCC's occupancy at 97% • Offered our tenants, customers and guests with reliable professional services, reimagined shopping experiences and innovative trend setting products and services resulting in a customer satisfaction score of 74% and guest satisfaction score of 87% • Attractive and competitive offerings meeting customer and guest expectations on value for money • Rewarded our customers through experiential reward programmes and campaigns resulted in increased footfall in the mall	• Provided opportunities to grow business through sustainable procurement • Increased local procurement from 90% in 2019 to 95% in 2020 providing bigger business opportunities for local vendors • Initiated knowledge sharing creating the opportunity to innovate and improve products and services tailored to business requirements • Instilled a culture of sustainable procurement through the supply of environmentally friendly products • Promoted a culture of ethical practices by complying to our Code of Conduct and Business Ethics (CoBE) resulting in zero bribery incident • Provided support for local suppliers in our hotel operations achieving accreditation of suppliers in food safety of 40%

COMMUNITY	MEDIA
• Various CSR and sustainable development programmes in the areas of education, health, environment and special community needs • Engagement via emails/letters/social media/website/leaflet/kiosks • Annual events i.e. National Day, New Year Countdown, festive celebration, etc	• Press releases • Emails • Press conferences • Interviews • Media events
• Contribution to the community through donations and sponsorships • Health and safety measures and environmental impact within and around business operations	• Financial performance, growth strategy and future plans • Media investment i.e. media buy, subscription of media service • Participation in events and engagement with media
• Conducted CSR programmes i.e fundraising activities, internship for university students, environmental conservation programmes, and maintenance of public amenities • Enhanced security measures within KLCC Precinct	• Issued press releases on quarterly results, events and notifications • Emailed response on specific media queries i.e. project development, financial/ industry performance, growth prospects • Participated in media events • Purchased advertorial space
• Monetary donation to University Malaya Medical Centre (UMMC) to purchase personal protective equipment (PPE) and medical equipment to treat COVID-19 patients • Extended support to frontliners by distributing food packages for their contribution during the pandemic • Collaborated with *Komuniti Tukang Jahit* (KTJ), a social enterprise working for the benefit of the lower-income earners (B40) by purchasing their hand-sewn batik masks to be included into the essential kits which were given complimentary to shoppers at Suria KLCC • Implemented safety measures by placing custom-made signages and markers for social distancing within the KLCC Precinct	• Communicated via emails as main medium of communication • Issued press release on quarter financial results • Issued press release on re-opening of children's playground at KLCC Park in September 2020
• Supported the growth of local businesses particularly during the pandemic • Enriched the lives of our community through our Corporate Social Responsibility (CSR) programmes focusing on the needy and underprivileged society. Invested RM1.6 million on community programmes and social development for the year • Enhanced skills and capabilities and provided exposure to the working environment within our industry for our communities through our CSR programmes in the area of education • Provided a greener environment and improved societal well-being through various environmental conservation programmes and initiatives • Established strategic partnerships with charity organisations, thus creating an avenue for us to reach out and empower our community • Provided a healthier, cleaner, safe and secure environment at KLCC Precinct for our community to enjoy leisure activities such as to shop, dine or jog and exercise at the KLCC Park • Maintained public infrastructure, providing convenient access and building-to-building connectivity – pedestrian tunnels connecting the KLCC LRT station to Suria KLCC and Kompleks Dayabumi connecting to the National Mosque and pedestrian bridge connecting Kompleks Dayabumi to Pasar Seni LRT station	• Fostered good relations with the media by providing timely response to their queries • Provided accurate information for error-free reporting thus reflecting integrity of the media • Issued six press releases for the year

STAKEHOLDER MANAGEMENT

INVESTOR RELATIONS

The year 2020 was crucial for Investor Relations Officers (IROs) as not only was it a health, economic and people crisis, it was also a crisis of trust and confidence. We saw a myriad of changes take place from the volatility in markets where share prices plunged, rise of homeworking, internal communication becoming more pressing, and shareholder communication becoming critical.

The role of an Investor Relations (IR) professional has never been more relevant. The crisis provided us with an opportunity to demonstrate visibility, our role in protecting the business's reputation, keeping the investing community connected with how our management led through the crisis, and clearly humanising the organisation. For our IR team at KLCCP Stapled Group, it was a shift in communication strategy – increased engagement in a virtual world, transitioning to a virtual investor relations model.

2020: A YEAR OF

With so many unknowns and no immediate end in sight, we had to swiftly address the near and long-term effects of COVID-19 to our business. We also had to determine the most efficient way to communicate with the shareholders and investing community as we had limited opportunity to connect via physical meetings during the lockdown period. This period was especially crucial for timely and transparent communications with shareholders and investors.

The challenge for us was keeping up with the insatiable demand for updates by the investing community in a perfect storm of uncertain performance and volatile market conditions. Transparency and consistency in our messaging to both internal and external parties was another challenge due to the rapid shifts in COVID-19 control regulations - it was a landscape which presented opportunities but risk-laden at the same time. We needed to reinforce our long-term purpose and way forward to demonstrate the Group's strengths and long-term value as an investment. In short, we had to provide a pathway for Management to calm the fear and instil confidence in shareholders.

OUR HIGHLIGHTS

CREATED A CONNECTED EXPERIENCE

Engaged
250
institutional investors, analysts, fund managers

Participated in
12
conferences/briefings, out of which 8 was conducted virtually

Connected with
43
foreign investors via Zoom, Microsoft Teams and other online platforms

Presented to almost
100
RHB retail broking dealers and remisiers nationwide in their weekly Retail Talk webinar

CHALLENGES AND OPPORTUNITIES

Our focused initiatives:

COVID-19 CONTENT

We introduced content covering the COVID-19 situation and its impact to our business operations in our communication materials. It included the measures implemented by the Government and how the Group was navigating the crisis. We outlined our action plan in mitigating the risks of the crisis, our support to the stakeholders and how our business segments were adapting to the changes in the landscape.

QUARTERLY ANALYST BRIEFINGS

The briefing cycle was increased from bi-annual to quarterly. The increase in frequency was needed to keep the analysts abreast of the numerous developments that occurred during the year. At the same time, this allowed us to establish a clear and more current business position to the analysts.

ESG WORLD PLATFORM

ESG WORLD

Subscribed to a new tool that allowed the investment community easy access to our Group's ESG database on our corporate website.
It provides KLCC's information on ESG indicators and other related areas that are referenced to the current Global Reporting Initiative (GRI) standard. The platform is used to communicate our latest ESG disclosures.

292 VIEWS since its launch in November 2020

Scan here to view the ESG World platform

VIRTUAL ENGAGEMENTS

Throughout the year, the IR team leveraged digital communication tools in place of physical meetings to communicate with our investment community. Using teleconferencing, video-conferencing and webinars, we were able to stay connected and engaged with our stakeholders.

INVESTING IN KLCC STAPLED SECURITIES

We shared knowledge about the fundamental advantage of REIT securities as a defensive investment strategy in volatile market conditions to retail broking dealers and remisiers.

2020

Quarter	Date	Event
Q1	9 January	DBSV Pulse of Asia 2020
	23 January	Q4 FY2019 Analyst Briefing
	3 February	PKNS National C-Level REITs Conference 2020
Q2	6 May	Q1 FY2020 Analyst Briefing (Teleconference)
	11 Jun	Bursa-Daiwa-Affin Hwang Malaysia Corporate Day (Virtual)
	23 June	KLCCP and KLCC REIT Virtual Annual General Meeting
Q3	2 July	CLSA Property/REITs Corporate Access Day (Virtual)
	6 August	Q2 FY2020 Analyst Briefing
	26 August	RHB Retail Talk Webinar (Virtual)
	28 September	Maybank Investors Virtual Forum
Q4	10 November	Q3 FY2020 Analyst Briefing (Teleconference)
	1 December	Malaysian REIT Managers Association (MRMA) Malaysia REIT Forum 2020 (Virtual Webinar)

STAKEHOLDER MANAGEMENT

EMBEDDING DIGITAL CONTENT

- **CEO's Year in Review video** – The CEO addressed the transformation that was taking place in the organisation, how the Group was coping with the crisis, and the future activities of the Group as we became acquainted with the new normal. The video was shared with our holders of Stapled Securities during the Virtual AGM and subsequently uploaded onto the corporate website
- **Bitesite for 2019 Integrated Annual Report** – A condensed version of the Integrated Annual Report featuring key information was accessible through QR code for holders of Stapled Securities

HOSTED OUR FIRST VIRTUAL ANNUAL GENERAL MEETING

KLCC Property Holdings 17th and KLCC REIT 7th AGM were held concurrently on the 23rd of June 2020

304 shareholders registered for the event

232 shareholders logged-on to the Remote Participation and Voting Facility

All **43** questions were answered during the live event

The CEO's Year in Review video was played

All proposed resolutions tabled were duly passed

CO-HOSTED THE 2ND MALAYSIA REIT FORUM AND FIRST VIRTUAL WEBINAR WITH MALAYSIAN REIT MANAGERS ASSOCIATION (MRMA)

The event was themed **"M-REITs Navigating the New Normal"**

900 participants comprising property stakeholders, international and domestic fund managers, investment bankers and research analysts

Featured prominent global speakers on real estate and investment banking who shared their experiences and expertise on economic outlook, latest technology, latest trends in the sector and the market's future

INDUSTRY RECOGNITION FOR INTEGRATED ANNUAL REPORT

ARC Awards 2020

- Best in Malaysia (Grand Winner)
- Gold Award for Specialised Annual Report REIT & Stapled Securities

National Annual Corporate Report Awards (NACRA) 2020

- Silver Award for Best Designed Annual Report

Australian Reporting Awards (ARA) 2020

- Bronze Award

FINANCIAL CALENDAR

- **MAY'20** – 5: 1st quarter ended 31 March 2020
- **JUN'20** – 18
- **JUL'20** – 23: KLCCP 17th Annual General Meeting; KLCC REIT 7th Annual General Meeting
- **AUG'20** – 5: 2nd quarter ended 30 June 2020
- **SEPT'20** – 23
- **OCT'20**
- **NOV'20** – 10: 3rd quarter ended 30 September 2020

IR TAKES ON ESG

The COVID-19 pandemic has accelerated the focus on ESG and is deemed the single most disruptor and megatrend which will shape and shift how companies are run, how boards operate and how communication and engagement will be conducted over the next few years. Given the increasing importance of ESG-compliance in today's investment landscape, we are seeing an increased number of investors and analysts, particularly the institutional funds, asking about ESG to understand the current level of ESG compliance and awareness of their investee companies. During the year, a few of the research houses began rolling out ESG disclosures, incorporating ESG matters and impact on corporate business models into their analyst reports.

In order to ease our investors and shareholders' understanding on our ESG compliance, during the year, we subscribed to the ESG World platform and launched it on our corporate website. This new tool allows the investment community easy access to our company's ESG data and compliance to sustainability indicators and other related areas that are referenced to the current Global Reporting Initiative (GRI) standard. We update the platform regularly to communicate our latest ESG disclosures.

Our Management team also showed their commitment in driving sustainability within the organisation by actively participating in various Sustainability Dialogues. Our CEO Datuk Hashim Wahir discussed the impact of ESG investing at the Maybank Investment Bank's Malaysia REIT event. En. Annuar Marzuki, our CFO participated in the CFO Roundtable - Sustainability by Design, jointly organised by Capital Markets Malaysia in partnership with UN Global Compact Network Malaysia to share insights and best practices related to corporate sustainability in the new normal. The ED/CEO of Suria KLCC, Mr Andrew Brien addressed how the pandemic changed the attitudes of investors from a sustainability angle, at the Business Foresight Forum organised by SIDC.

As ESG concerns become the norm, the IR team will continue to be the primary touchpoint and communicate the Group's clear plan on its sustainability journey and address any gaps in ESG practices.

TAKE ACTION: NEXT AND BEYOND

As our societies continue in its fight to end the pandemic, the economic landscape will continue to go through constant evolution. There will be new pandemic guidance, easing and tightening of restrictions and new economic policies.

The responsibilities of IROs have become progressively broader, encompassing aspects of treasury, sustainability reporting and environmental, social and governance communication. The IR Team at KLCCP Stapled Group will build trust with our potential investors whom we have yet to meet and will continue to sustain trust with our current shareholders. We remained focused on creating and communicating the value of ESG focused areas in our engagements with industry funds and substantial investors. Leveraging technology in our communication will be strengthened as we aim to provide a more engaging digital experience with valuable content on the Group's strategy, increasing the organisation's value creation and preservation.

We look forward to continuing positive engagements with our holders of Stapled Securities and with the broader investment community.

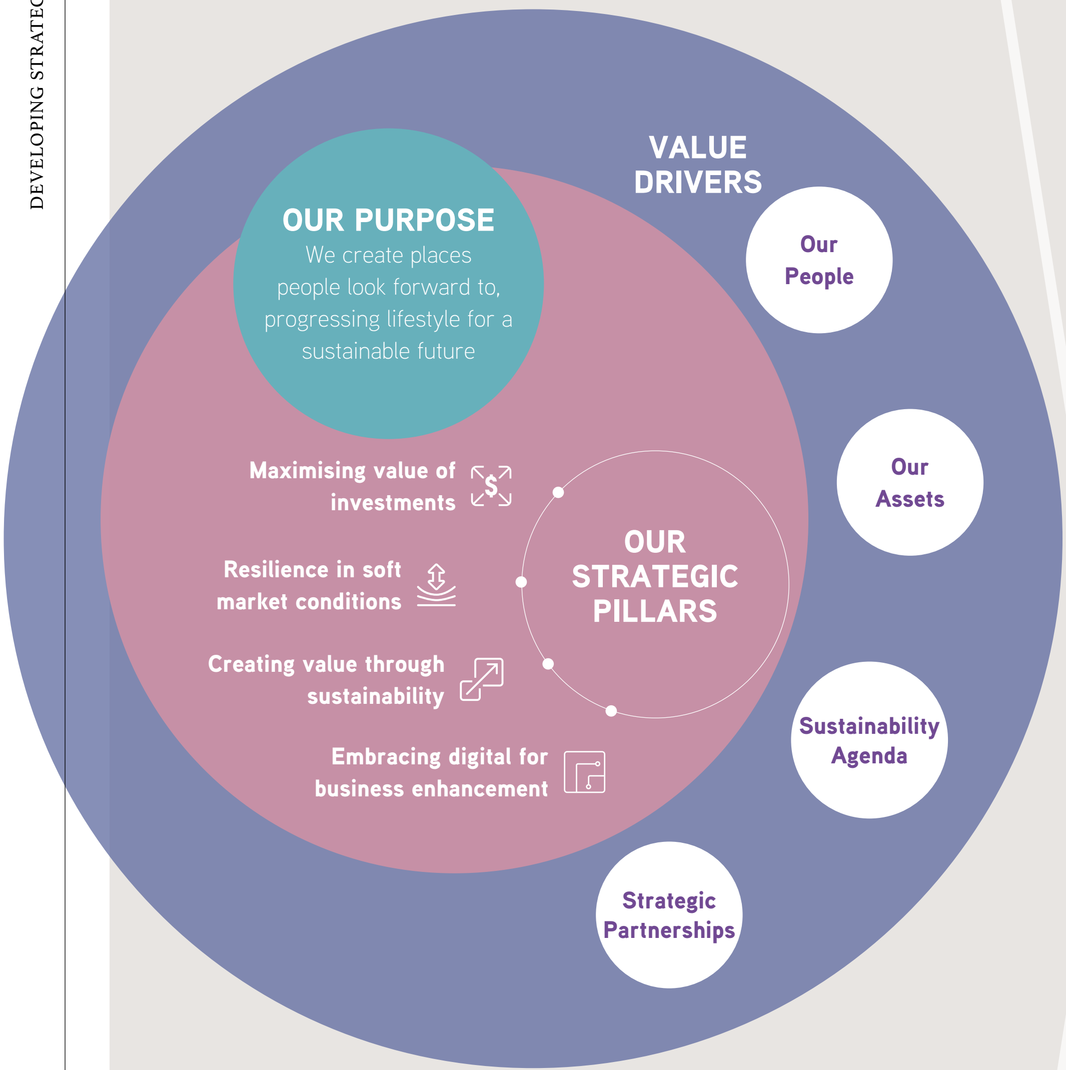
Please direct any of your comments, suggestions, queries or requests for (publicly available) information to **investor.relations@klcc.com.my**

● Announcement of Quarterly Results ● Date of Payment of The Interim Dividend ● Annual General Meeting

- **DEC'20**
  - 18 (Date of Payment of The Interim Dividend): 3rd quarter ended 30 September 2020
- **JAN'21**
  - 27 (Announcement of Quarterly Results): 4th quarter ended 31 December 2020
- **FEB'21**
  - 26 (Date of Payment of The Interim Dividend)
- **MAR'21**
  - 19:
    - Date of Notice of KLCCP 18th Annual General Meeting and KLCC REIT 8th Annual General Meeting
    - Date of Issuance of FY2020 Integrated Annual Report
- **APR'21**
  - 22 (Annual General Meeting): KLCCP 18th Annual General Meeting, KLCC REIT 8th Annual General Meeting

STRATEGY BLUEPRINT

Our strategy is to deliver sustainable long-term value to our holders of Stapled Securities and stakeholders across the economic, social, environment and governance spheres. With deep real estate experience, unique market understanding, insights and outstanding execution capabilities, we create synergy within our property portfolio, anticipate future tenant and customer needs to deliver financial and societal value to all stakeholders.



SUPPORTED BY OUR SUSTAINABILITY GOALS

Building a Smart, Safe and Sustainable KLCC Precinct	Building an Agile, Inclusive and Sustainable Workforce in a VUCA (Volatility, Uncertainty, Complexity and Ambiguity) World	Combating Climate Change and Reducing Environmental Impact

To read more on how our Sustainability Goals are guided by our prioritised UNSDGs and actioned through our 5-Year Sustainability Roadmap, please refer to page 137 to 139

2020 - 2021

RECOVERY

Immediate and short-term response to the market challenges

Strategic Pillars

Strategic Objectives

- Restore stakeholder trust
- Raise business resilience and business continuity
- Sustain profitability position

Our Priorities

- Trusted transition back to physical operations for employees, customers, hotel guests
- Provide a safe, enjoyable, frictionless place to work for our tenants
- Clear, transparent & credible communication to our investors, leveraging digital technology
- Stabilise business operations with focused strategies
- Cash preservation and cost optimisation efforts across our business portfolio

With the sudden shocks of the COVID-19 pandemic upon us in 2020, we were faced with several challenges across our business portfolio which prompted us to reimagine on how we deliver value to our stakeholders – prioritising health and safety of our people and ensuring business sustainability.

We reframed our strategy over three phases - to steer the Group through the pandemic for business continuity, whilst recalibrating the business resilience to adapt to the new normal in creating a lifestyle experience for our stakeholders through our portfolio of assets and within the KLCC Precinct in the longer term.

2021 - 2024

REIMAGINE

Reshape the organisation and positioning

- Increase brand trust and visibility
- Shape an innovative corporate culture and digital mindset
- Provide a tech-enabled experience to connect with our stakeholders
- Shape competitive positioning through personalised customer and business digital experience

- Strong focus on safety and security of our people at our assets and the KLCC Precinct
- Move to agile operating model to strengthen resilience and long-term sustainability
- Recalibrate organisation's talent strategies to adapt to evolving reality
- Accelerate business digital solutions with increased focus on cybersecurity
- Achieve emission reductions with positive social impact and adherence to business ethics and corporate governance

2025 and Beyond

SUSTAINABLE

Sustainable value thinking and action

- Offer an unrivalled consumer experience to our stakeholders and community
- Deliver sustainable long-term value and growth to shareholders
- Be a digitally competent organisation with an agile and inclusive workforce

- Harness growth from potential inorganic acquisitions through the Right of First Refusal (ROFR) granted by KLCC (Holdings) and/or third-party acquisitions
- Continue to identify factors for holistic growth in the long-term
- Provide a workplace of the future - shared sense of purpose, culture of collaboration with built ecosystem to drive business value

OUR REIMAGINED FOCUS

Building organisational resilience, adopting digital technology for operational excellence and flexibility in responding to changes in our operational and business landscape, be it today or tomorrow

Being a solutions partner to our stakeholders, in meeting the evolving needs of our customers

Inculcating an innovative mindset and culture towards a progressive organisation

OUR STRATEGIC VALUE CREATION

STRATEGIC PILLARS

MAXIMISING VALUE OF INVESTMENTS

RESILIENCE IN SOFT MARKET CONDITIONS

CREATING VALUE THROUGH SUSTAINABILITY

EMBRACING DIGITAL FOR BUSINESS ENHANCEMENT

OUR CAPITALS AND INPUTS

F STRONG FINANCIAL POSITION

Total equity attributable to holders of Stapled Securities

RM13.0 bil

Total financings

RM2.3 bil

To read more, refer to A Statement from the CFO on pages 80 to 81 and KLCCP Stapled Group 5-Year Financial Highlights and Summary on pages 82 to 85

P PORTFOLIO OF DIVERSE, ICONIC ASSETS AND MANAGEMENT SERVICES

Iconic and high-quality assets

5 Offices | **2** Retails | **1** Hotel

Property Value

RM15.7 bil

To read more, refer to Our Iconic Portfolio on pages 16 to 22 and Operations Review on pages 90 to 115

K DEEP KNOWLEDGE AND STRONG CAPABILITIES

Deep **real estate experience**

Digital enablers to create value through innovation

To read more, refer to KLCCP and KLCC REIT Boards of Directors on pages 144 to 150 and Management Team on pages 152 to 154, Operations Review on pages 90 to 115 and Embracing Digital, Driving Innovation on pages 32 to 33

E ENGAGED AND INSPIRED EMPLOYEES

Total Employees

868 permanent | **106** contract

High performing people and **future driven culture**

To read more on Our People, refer to online Sustainability Report at www.klcc.com.my/sustainability.php

N NATURAL RESOURCES

50 acres of **KLCC Park** (green lung) with **1,700** trees

947,728 m³ of **water used** in our buildings

88,531,212 kWh of **electricity used** in our buildings

To read more on our Environmental practices, refer to online Sustainability Report 2020 at www.klcc.com.my/sustainability.php

R TRUSTED RELATIONSHIPS WITH STAKEHOLDERS

High integrity, trust and transparent communication with our key stakeholders

To read more, refer to Stakeholder Management on pages 60 to 65

MATERIAL MATTERS

Prosperity

Financial Sustainability
Economic, Social and Industry Growth

- Committed in ensuring business sustainability and delivering sustainable returns to holders of Stapled Securities
- Contributing towards industry and the nation's growth
- Digitalisation is key to future business success and keeping our assets relevant

Planet

Climate Change
Environmental Management

- We are concerned about our environmental footprint and committed to reduce environmental impact for our future generation

People and Partnership

Our People
Human Rights and Labour Practices

- Our people define the culture of the organisation and contribute towards business success
- We respect the rights and dignity of every individual within our business operations

Security, Safety and Health

- Our people are our invaluable assets and caring for their health, safety and well-being is paramount to our business operations
- The Group's data is highly confidential, and leakages of data could jeopardise the organisation's integrity

Customer and Tenant Management

- Our customers/guests and tenants inspire us to continue to create a collaborative, engaging and experiential lifestyles

Supply Chain Management

- Crucial to have a supply chain of credible suppliers
- Enables us to support diverse local suppliers
- Procuring high quality products and services is our priority

Corporate Social Investment

- Our way of giving back to the community
- Creating a positive and lasting social impact

Peace

Corporate Governance and Business Ethics
Risk and Crisis Management

- Best corporate governance practices reflect the Group's transparency and integrity
- An effective and sound risk management and internal control system supports our business strategy and underpins our business model

To read more, refer to Material Matters 2020 in our online Sustainability Report 2020 at www.klcc.com.my/sustainability.php

RISKS AND OPPORTUNITIES	VALUES CREATED	TRADE-OFFS

Risks
- Unexpected increase in costs resulting from the pandemic
- Insufficient working capital to cover business obligations resulting in financial insolvency
- Inability to compete in a challenging market
- Lack of efficiency and competitiveness to survive in the digital era

Opportunities
- Reduce operating costs in order to conserve cash for survival
- Unlocking value through optimisation of our portfolio of assets
- Reshaping competitive edge by recognising our collective strength and leveraging on our core competencies to promote economic and industry growth
- Stay connected and accessible during the pandemic with the available digitalised services

RM1.2 bil
Revenue

RM0.5 bil
Profit for the year

30.0 sen
Distribution per Stapled Security

F P

Risks
- Negative impact to the environment and surrounding community resulting from our operations

Opportunities
- In support of the Government's initiatives towards achieving a low carbon economy status by 2050
- Be a responsible organisation who is committed to operate and grow in an environmentally responsible and sustainable development

Reduced **4.2%**
Total GHG emission from 2019

RM1.8 mil
Energy cost saving since 2014 from the solar panel at the rooftop of Suria KLCC mall

Eliminated **68%**
single-use plastic in hotel operations

N

Risks
- Higher attrition and failure to retain skillful and talented employees
- Employees not well-equipped with the skillsets required with advancements in technology
- Reputational damage if perceived to practice discrimination
- Threats to employees' health and safety – resulting from the global pandemic, work related illnesses, accidents and occupational hazards
- Threats to safety of our guests, tenants, customers, assets with rising global security risks and being located on the iconic belt
- Failure to keep pace or stay ahead of the rapid transformation of customer expectations and digital revolution
- Customers lack of confidence/trust in the safety and security of our facilities
- Compromised quality of our product and services from poor supply chain management
- Poor brand visibility and perceived negatively by stakeholders

Opportunities
- Transform our workforce with the right mindset and culture - to be empowered, agile and enabled in the VUCA world
- Maintain a healthy workforce and safe workplace for a sustainable business
- Upgrade data protection infrastructure to provide a secured network for data storage and transfer
- Differentiate customers/guests offering with focus on quality products/ services, experience and convenience
- Boost shopper traffic, guests' arrival and sales during the pandemic
- Better collaboration with suppliers in managing procurement processes
- Enhance brand visibility and outreach to a wider community

96% Employee retention rate

RM3.3 mil
Spent on staff learning and development

87% Hotel guest satisfaction score

Zero
Number of fatalities recorded since 2014

95% Products sourced locally

40%
Nominated suppliers in MOKL Hotel have accreditation in food safety requirement

RM95.3 mil
Spent on community investment and retail tenant assistance

K E R

Risks
- Heightened legal, regulatory and reputational risks
- Lack of control and strategic alignment leading to corruption, negligence, fraud and lack of accountability

Opportunities
- Good governance practices represent a critical benchmark in an organisation's success for growth, competitive advantage and management stability
- Promote trust and integrity through improved organisational efficiency and effectiveness in managing risks associated with bribery and corruption
- Engage shareholders in making investment decisions and promote management transparency

To read more on our operational risks, refer to Understanding Our Principal Risks on pages 74 to 79

43% Women directors on Board

ABMS ISO 37001:2016
Certification attained for KLCCP, KLCCRM, KLCCUH and KPM

K

TRADE-OFFS

STRONG FINANCIAL POSITION

Financial capital is applied to enable us to execute our growth strategy and in mitigating risks to sustain performance typically with positive impacts on Portfolio, Employees, Knowledge and Relationships capitals. This however may result in depletion of Natural resources.

PORTFOLIO OF DIVERSE, ICONIC ASSETS AND MANAGEMENT SERVICES

Investing in asset enhancement initiatives and reducing the environmental footprint will benefit the Natural, Knowledge, Employees and Relationships capitals, but comes at a cost to Financial capital. However, in the long-term, these investments expand our business' capacities, and grow our financial position.

DEEP KNOWLEDGE AND STRONG CAPABILITIES

Investment in leadership capabilities development, ongoing business processes and digital technology lead to positive impact on the Portfolio, Employees, Natural and Relationships capitals but will negatively impact the Financial capital. However, this will benefit all our six capitals in the longer term.

ENGAGED AND INSPIRED EMPLOYEES

Investment in employees' continuous training and development as well as to support employees working from home during the pandemic have depleted our Financial capital. However, this will benefit our Financial, Portfolio, Natural and Relationships capitals in the longer term.

NATURAL RESOURCES

Utilisation of natural resources in our business operations negatively impacts the Natural capital. We manage our emission, electricity consumption and water use to minimise environmental degradation resulting in positive impact to Financial capital and indirectly boost other capitals that create value for our stakeholders.

TRUSTED RELATIONSHIPS WITH STAKEHOLDERS

Our commitment in providing tenant assistance and giving back to the community have reduced our Financial capital. Studier negotiations with stakeholders in our effort to preserve cash may impede relationship throughout our supply chain. However, this will uplift all our six capitals in the long run.

UNDERSTANDING OUR PRINCIPAL RISKS

OUR APPROACH TO RISK MANAGEMENT

Risk is a key strategic tool which forms an integral part of KLCCP Stapled Group's business that supports delivery of our strategy and underpins our business model. Our risk management policy and procedures are designed to embrace best practices for risk management, reduce the potential of financial and non-financial risk exposure and to protect our assets and reputation. The principal risks and opportunities in managing KLCCP Stapled Group are assessed and evaluated against our risk appetite and tolerance levels whilst mitigation plans and key risk indicators are identified to reduce the risk exposure and monitor performance of the risks.

"Managing risk is everyone's responsibility"

RISK STRATEGY AND CULTURE

Our risk strategy is based on the belief that risk management is everyone's responsibility and that it must be integrated into strategy formulation, capital allocation, decision making and day-to-day operations.

Our Management is fully committed to fostering a strong risk centric culture, setting the appropriate tone at the top, and demonstrating strong support for risk management. KLCCP and KLCC REIT risk policy is to equip the Group towards the next level of preparedness in facing the volatility, uncertainty and complexity of the industry. The risk policy is imperative for risk management to be in line with the organisation's aspirations for the future and evolving industry landscape.

KLCCP Stapled Group is committed towards becoming a risk resilient organisation, and we aim to strive to implement risk management best practices to protect and create value within the set boundaries.

RISK RESILIENT	**RISK MANAGEMENT BEST PRACTICES**
RISK BASED DECISION MAKING	**EVERYONE'S RESPONSIBILITY**

Annually, the Group Risk department inculcates risk management knowledge and concepts by conducting workshops for all levels and functions. This is to promote a culture of risk awareness and embed risk management principles in decision making and business processes. During the year, we focused on reinforcing risk based decision making wherein all board papers for decision making or debate requiring board approval are required to be accompanied by a risk assessment, providing a balanced and holistic view of exposures to achieve business objectives. As both hospitality and retail segments were severely affected industry caused by the COVID-19 pandemic arising from the movement restrictions and closure of borders across the world, scenario planning and risk assessments were carried out for business recovery and strategy continuity.

RISK APPETITE

The KLCCP Stapled Group's risk appetite reflects the nature and extent of risks the Group is willing to pursue to achieve its strategic objectives. The risk appetite was established covering 5 main areas which flows across our business.

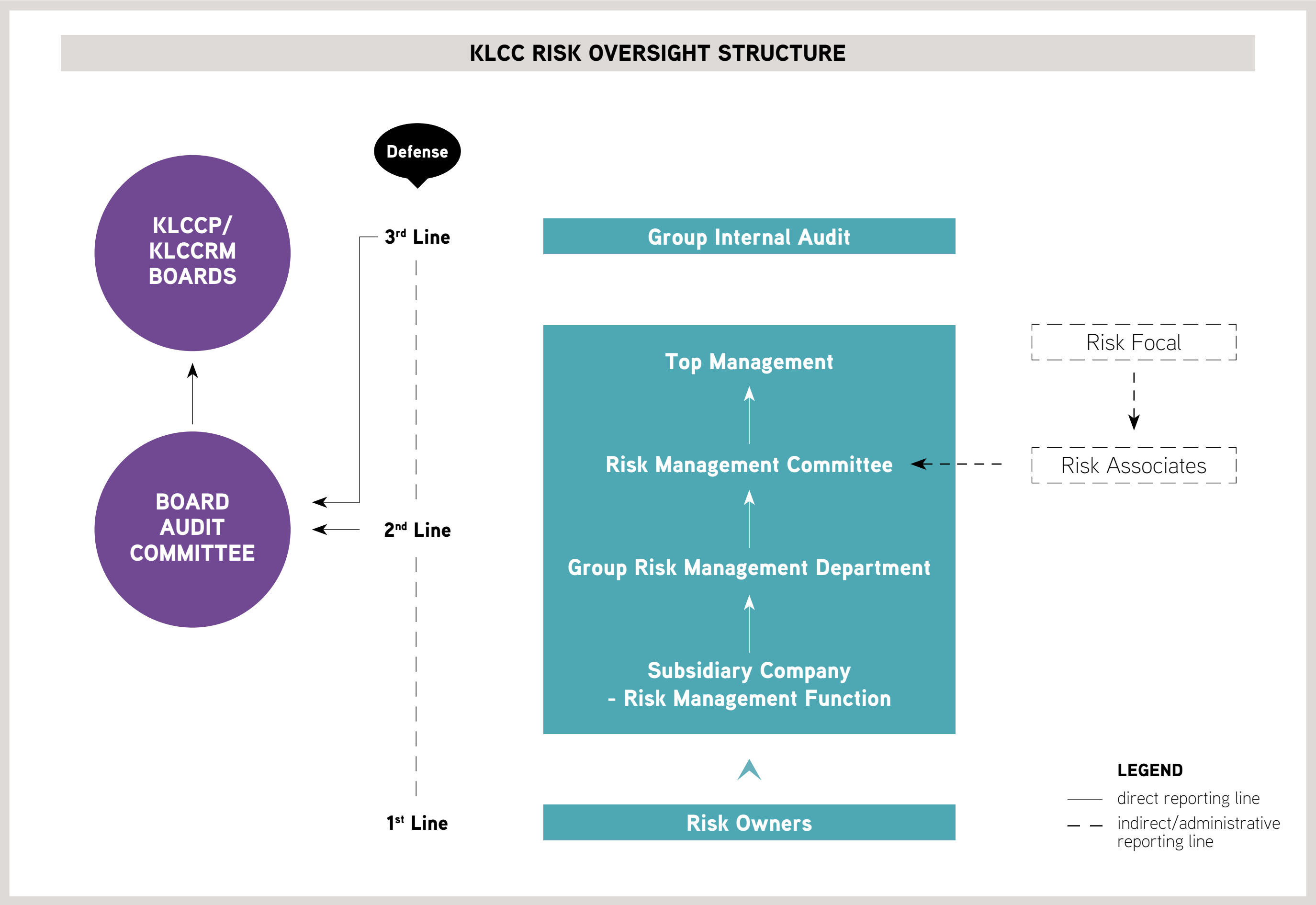
Strategic	Measures the degree of variability in investment returns and capital efficiency that the Group is willing to take in ensuring achievement of business objectives
Financial	Measures capital, profitability and liquidity position in pursuing the Group's business objectives
Operational	Measures the direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events which affects the achievement of Group's business objectives
Reputational	Measures the risk of failure to meet stakeholder expectations as a result of any event, behavior, action or inaction of the Group that may form negative view towards the Group by stakeholders
Legal and Regulatory Compliance	Measures the risk of non-compliance with prevailing laws and regulations governing the business

During the year, the Group Risk Department reviewed the Risk Appetite to provide comprehensiveness to the current risk appetite statements in ensuring the financial and non-financial risk exposure and type of risk to be pursued or retained by KLCCP Group Stapled in achieving its strategic objectives are properly defined. The risk appetite statement, risk tolerances and risk threshold were reviewed and presented to the Risk Management Committee, Audit Committee and the Boards of KLCC Property Holdings Berhad and KLCC REIT Management Sdn Bhd.

RISK GOVERNANCE STRUCTURE

The risk governance structure is organised such that risk management is institutionalised and becomes a culture. The mechanism ensures that risk information flow is comprehensive and timely for each respective authority to manage risks effectively at all levels.

KLCCP Stapled Group adopts a three-line of defense model which propagates clear demarcation of roles, responsibility & accountability.



PRINCIPAL RISKS AND ASSESSMENT

We actively review and manage the risks facing our businesses over the short, medium and long-term, overseen by the Risk Management Committee where both hospitality and retail segments were severely affected industries caused by the COVID-19 pandemic arising from the movement restrictions and border closure across the world.

It will be a slow recovery even upon lifting of the movement restrictions due to travel restrictions, social distancing and reticence to travel by individuals.

The principal risks and opportunities of KLCCP Stapled Group are assessed by the Boards and evaluated against our risk appetite and tolerance levels whilst mitigation plans and key risk indicators are identified to reduce the risk exposure and monitor performance of the risks. The risk management is operationalised through the Enterprise Risk Management Framework and is monitored via our Interisk system, a dedicated web-based risk management tool.

The financial and market risk is elevated as a result of the closure of borders and movement restrictions due to COVID-19 pandemic which have adversely impacted our retail and hotel business operations.

In this section we outline our key risks and KLCCP Stapled Group's approach to responding to them, combined with how the key risks link to our material matters and key resources. For more information on our material matters, refer to Our Strategic Value Creation on pages 72 to 73.

UNDERSTANDING OUR PRINCIPAL RISKS

FINANCIAL

Change in Impact	▲
Change in Likelihood	▲

Material Matters
Financial Sustainability

Risk Management Strategy	Principal mitigation	Activities in 2020
We have put in place all practical measures to ensure any potential financial risk exposures which may impair the ability to provide adequate return on investment. We have an established Integrated Financial Risk Management (IFRM) Guidelines consisting 7 principles of financial risks.	We maintain strong capital, profitability and liquidity position in pursuit of business objectives to support sustainability and growth of the business operation and activities. Our gearing ratio is one of the lowest in the Malaysian REIT industry which provides us a sizeable debt headroom and greater financial flexibility to tap into the equity markets, as excessive debt could lead to financial risk exposure. We maintain adequate cash and bank balances to meet the working capital requirements and we maximise the return from cash balances via fund placements in the money market whilst minimising counterparty risk exposure. We diligently manage trade receivables to avoid trapped liquidity. We deal with approved counterparties with minimum A-rating for fund investment on best terms and limits.	We continued our diligence on monitoring our financial, operational and cost optimisation efforts towards driving sustainability of our business. We have put in place effective containment measures and established of new SOPs to comply with the new authorities requirements since recommencement of business operations in order to restore customers' trust and confidence. Various assistance packages were provided to the eligible retail tenants. Due to the prolonged COVID-19 pandemic and uncertainty in the hospitality industry, risk assessments were carried out to identify potential options available for the hotel operations towards sustaining business.

MARKET

Change in Impact	▲
Change in Likelihood	▲

Material Matters
Economic, Social and Industry Growth,
Risk and Crisis Management, Corporate Social Investment

Risk Management Strategy	Principal mitigation	Activities in 2020
We undertake a comprehensive and robust study on the viability of potential investment proposal in line with the Group's business plan. A structured process for new investment and ventures is in place, encapsulating feasibility and market studies, analysis report, negotiation on terms and conditions and execution of agreement.	A structured risk assessment process as part of decision making is to be carried out prior to any decision point to provide decision makers with balanced view for informed decision making through richer risk conversation and considerations of risk reward trade-off. All proposed capital investment shall meet the business return risk appetite threshold and maximise capital efficiency through a healthy portfolio distribution.	We unlocked value through the repositioning of our assets, taking into consideration the tougher market conditions and operating landscape, the change in tenant-customer dynamics and the need to stay ahead of the intensifying competition. We also continued to seek yield accretive assets for opportunistic acquisitions.

Increased risk	▲
Decreased risk	▼
Remained risk	◄►

HUMAN CAPITAL

Change in Impact	◄►
Change in Likelihood	▼

Material Matters
Our People, Human Rights and Labour Practices

Risk Management Strategy	Principal mitigation	Activities in 2020
We maintain an effective succession plan for key positions and critical portfolios in order to enhance and retain qualified and competent talent for business sustainability. Anchoring on the theme of Right Leader and Right Environment, talents are managed from hire to retire.	Competency validation study to identify the gap for succession plan. Structured program for knowledge transfer and cross business mobility. Annual employee feedback survey/peer survey to identify gaps for improvement.	Identified 9 critical positions with 15 successors to fill the next leadership roles within the organisation, bringing the succession management ratio to 1:1.67. Established of talent management programmes for the second-tier succession line – KLCC Group Elite Leadership Program (KELPro) which covers the 3Ps leadership competencies encompasses of Passion, Performance and People centric. The modules include Individual Personality Assessment, Individual Leadership Development Profiling (ILDP), Emotional- Social-Spiritual Programs, Coaching and Mentoring Techniques, Image Positioning & Impression Management Workshop, Team Dynamics, Personal Conference, Leadership Certification Program and Leading Business (Business Simulation, Project Assignment & Presentation). Self-driven E-Learning programmes and development of Skill Groups to upskill technical competencies and knowledge.

HEALTH, SAFETY AND ENVIRONMENT (HSE)

Change in Impact	◄►
Change in Likelihood	◄►

Material Matters
Security, Safety and Health, Climate Change, Environmental Management

Risk Management Strategy	Principal mitigation	Activities in 2020
Zero tolerance towards fatality and major fire that could lead to damage of assets and business disruption. A robust and institutionalised HSE culture is in place to ensure safe working environment through the establishment of HSE Management Systems (HSEMS).	Scheduled HSE assurance audit (tier 1-yearly, tier 2-yearly, tier 3-once every 5 years) is conducted to ensure compliance to DOSH and PETRONAS Technical Standard (where applicable). Take all reasonable, practicable and proactive steps to prevent and eliminate the risk of injuries, occupational illness, damage to properties and to protect the environment wherever we operate. Consequence management process to justify ZETO HSE non-compliance. Maintain minimum HSEMS rating at 3.00.	Established the HSE Generative Culture leadership program. Our HSE Management Systems (HSEMS) includes management of communicable disease where effective implementation and compliance of new requirements by authorities on the management of COVID-19 were carried out and monitored. We have established monitoring programs on the ground as assurance to the requirements e.g. daily monitoring program, Return To Work (RTW) readiness assurance and drills.

UNDERSTANDING OUR PRINCIPAL RISKS

SECURITY

Change in Impact	◀▶
Change in Likelihood	▼

Material Matters
Security, Safety and Health

Risk Management Strategy	Principal mitigation	Activities in 2020
We put in place all practical and precautionary steps to safeguard our assets and people against crime. Our KLCC Precinct Security Master Plan details out the overall precinct security overlay where security control and crisis response measures are identified and implemented to safeguard our assets. The Security Master Plan was updated in 2017 to suit the current security risk environment. We also successfully implemented the CPTED (Crime Prevention Through Environment Design) in our design maintenance and use of our buildings and environment to enhance quality of life and to reduce incidence of crime. Our security team also works closely with the respective security team of each building, PETRONAS Group Security and Polis DiRaja Malaysia (PDRM) for security intelligence updates.	Established Security Coordination Platform to coordinate security matters within the KLCC Precinct -KLCC Precinct Security Management Working Group (PSMWG) and Dayabumi Heritage Trail comprising representatives from surrounding building owners e.g. Masjid Negara, Muzium Textile, Agro Bank , POS Malaysia, Central Market and RAPID KL. KLCC Precinct Security Operation Centre (KPSOC) was established as a security focal point by all facilities within the KLCC Precinct and Local Authorities. Implemented Automatic Number Plate Recognition (ANPR) System within the KLCC Below Grade Parking which captures vehicles registration number and face recognition. Incident Action Plan briefing to stakeholders on preparedness in handling different types of incidents e.g.: unattended packages, bomb threat/call. Set up a police beat base at KLCC park.	Implemented the enhanced security surveillance coverage of KLCC Precinct leveraging on existing infrastructure for Menara ExxonMobil and KL Convention Center perimeter CCTV with KLCC Precinct Security Management Centre (KPSMC).

ASSET MANAGEMENT

Change in Impact	◀▶
Change in Likelihood	◀▶

Material Matters
Customer and Tenant Management

Risk Management Strategy	Principal mitigation	Activities in 2020
Our properties and assets are properly managed with the aim of creating value and maximising returns. Robust procedures and guidelines for selection of operators and asset management are in place and currently all our assets are managed by well accredited international operators to ensure tenant sustainability.	A comprehensive leasing strategy to attract quality tenants. Constant engagement with our retailers and tenants to understand their needs and keep them updated on the evolving trends Annual customer satisfaction survey and shopper exit survey to identify gaps for improvement.	Dynamic review and enhancement of tenant mix and placement to ensure a balance of retail spaces between the new brands with younger market appeal and luxury brands with exclusive services. Evolving our current office space under the Work Place For Tomorrow initiative with our tenants to meet the fluid requirements where the workplace and workers are flexible, agile and collaborative.

FACILITY MANAGEMENT

Change in Impact	◀▶
Change in Likelihood	◀▶

Material Matters

Customer and Tenant Management, Security, Safety and Health, Environmental Management

Risk Management Strategy

Our assets are professionally managed to ensure effectiveness and efficiency of the performance and integrity sustenance of the assets.

Our facility management arm is accredited with ISO 14001, ISO 9001 and OSHAS 18001.

Our facility management team are involved in the design and construction stage (Day 1 and 2) in ensuring the practicality of lay out design and appropriate system and technology used will function effectively and efficiently upon building completion.

The facility management team also conducts annual building technical audits for continual improvement and provide assurance that the buildings are maintained at pristine condition.

Principal mitigation

Implementation of predictive, preventive and corrective maintenance strategies and initiatives to provide high level of service standard with minimal service interruption.

100% compliance with agreed Service Level Agreement (SLA) with customers:

1. **Emergency Power Supply Availability** (Gen set) to provide alternate power supply during disruption from service provider.
2. **Mechanical Systems for Air-Conditioning** to control Indoor Air Quality for room temperature, humidity and airflow, not only for the comfort of the tenants/occupants but also to protect sensitive electronic equipment at data center, electrical and telecommunication rooms.
3. **Vertical transportation** to facilitate smooth movement of building occupants.
4. **Mechanical Systems for Domestic Water** (Water storage tank) to ensure 24 hours supply for drinking, domestic use and fire-fighting system.

Activities in 2020

Continue implementation and monitoring of predictive, preventive and corrective maintenance strategies and initiatives.

PROJECT MANAGEMENT (for development platform of KLCCP only)

Change in Impact	◀▶
Change in Likelihood	◀▶

Material Matters

Risk and Crisis Management, Security, Safety and Health, Corporate Governance and Business Ethics

Risk Management Strategy

We put in place measures to ensure that the performance of projects delivery in meeting its development commitments in terms of time, cost and quality are met.

All our projects are managed by a qualified and competent project management company with accreditation of ISO 14001, ISO 9001, OSHAS 18001 and ISO 37001:2016.

Risk assessments are required to be carried out for all projects undertaken.

Principal mitigation

Control and monitor project risk events through Project Management Standards to attain Project Delivery Excellence in term of time and cost.

Activities in 2020

Close monitoring of projects to ensure delivery schedule and cost shall not exceed the stipulated threshold and adversely impacting project investment rate of return.

SUPPLIER

Change in Impact	◀▶
Change in Likelihood	◀▶

Material Matters

Supply Chain Management, Corporate Governance and Business Ethics

Risk Management Strategy

The performance of supplier in meeting the deliverables commitment is important to mitigate disruption and support sustainability of the business.

We have stringent selection of suppliers/contractors selection guidelines and an established tender management system consisting of:

- Overall contracting strategy
- Tender plan
- Invitation to Bid
- Technical and Commercial evaluation
- Contractor Risk Assessment

Principal mitigation

Annual review of supplier's performance/contractors is carried out for continual improvement.

Database of potential qualified suppliers.

Activities in 2020

Tightened procurement policies in shortlisting bidders, established guidelines for separate tender evaluation teams, included anti-bribery assessment for Contractor's Risk Assessment for all projects.

We also ensured all vendors (including suppliers and service providers) preparedness on the measures to be taken in managing the impact of COVID-19 in order to provide continuous support to our business operation without disruption.

Continuous assessment of existing and potential suppliers to meet standards of operational excellence.

A STATEMENT FROM THE CFO

ANNUAR MARZUKI BIN ABDUL AZIZ

OUR DISCIPLINED APPROACH AT MANAGING CAPITAL HAS ENSURED OUR FINANCIAL POSITION REMAINS STRONG AND CONTINUES TO PROVIDE A CONDUCIVE BUSINESS ENVIRONMENT FOR LONG-TERM STABILITY

How did you and your finance team lead the Group's businesses in contingency planning and recalibrating business models for the COVID-19 economy? What were the first few action items?

We needed to ensure that the organisation weather the immediate business shocks – stabilise the Group in the near term, create the right conditions for growth as we emerge from the crisis and build resilience the Group will need to get through the next several cycles. We reviewed the business continuity of critical businesses, took hold of the expenditure and re-looked at the cashflows in order to preserve cash. We also needed to quickly understand the emergency spending we required to spend on digital tools to enable remote working and, most importantly, to see which expenditure we could reduce, defer or renegotiate payments.

High-level scenario planning was vital to developing strategies for the businesses to deal with in the crisis. The businesses had to think about scenarios and debate about them and the business implications to the organisation. We also engaged the Boards to get the tone from the top with guidance on strategy, risk management and business continuity planning.

What were some of the challenges faced, and how did you deal with it?

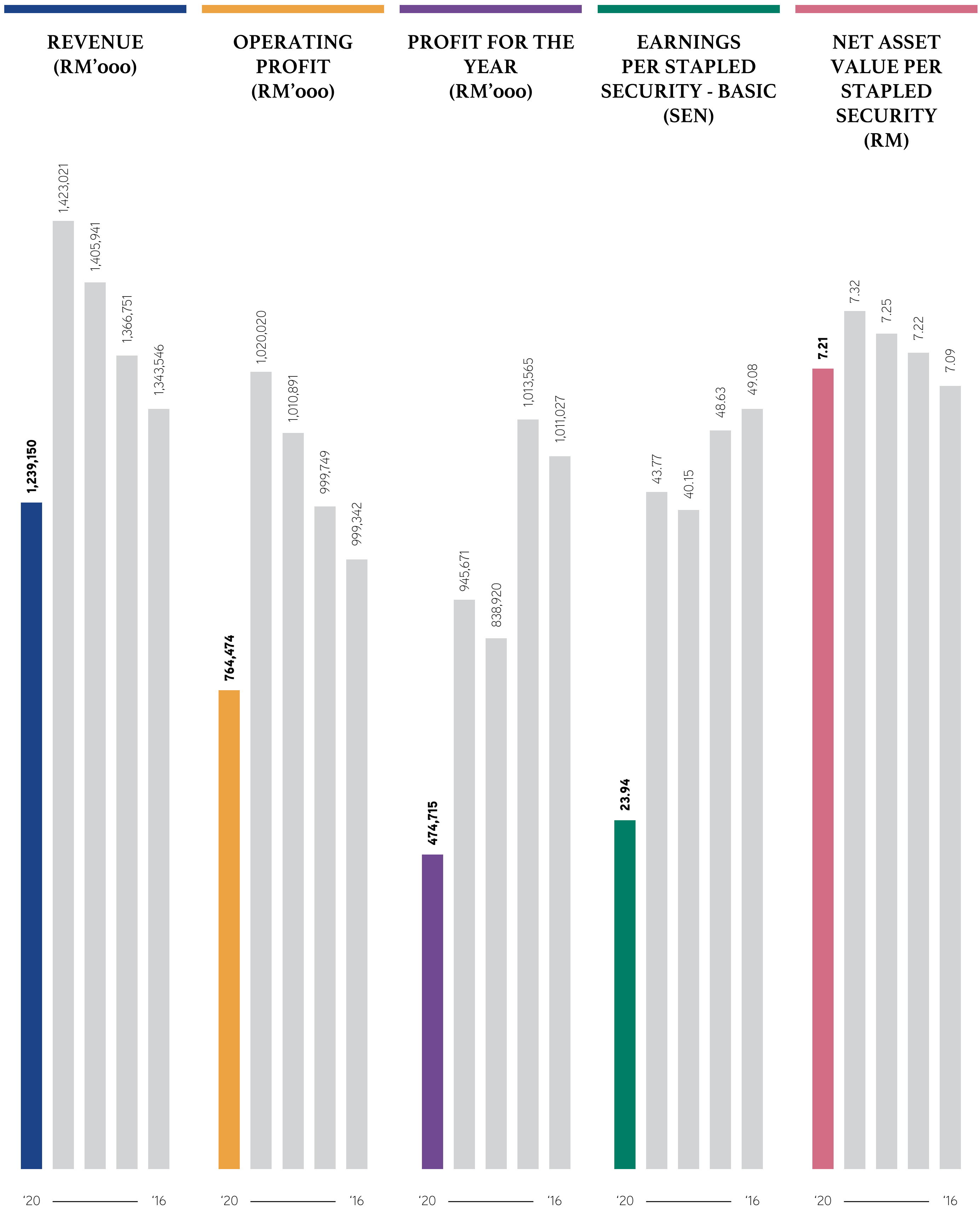
Sustaining hotel operations	Sustaining investment property valuation	Impairment of an investment property under construction
As the hotel segment was the hardest hit, we had to ensure the hotel was able to navigate the crisis and cut its losses as much as possible. We thoroughly reviewed the manpower cost of our hotel colleagues – there were voluntarily pay cuts by the senior management team, and staff had to rotate taking unpaid leave. Several service and maintenance contracts were renegotiated. We also looked into our debt facilities to finance the operational activities and other commitments of our hotel. With cheaper cost of borrowing, this relieved some cash flow pressure.	Sustaining property valuation was another big challenge, especially in this COVID-19 times. KLCCP Stapled Group's premium assets of RM15.7 billion were scrutinised as the soft market impacted yield and recoverability of each property. With the extension of the TNL for PETRONAS Twin Towers and Menara 3 PETRONAS for another 15 years during the year, the Group was able to defend the value of the properties, as it strengthened KLCC's positioning, providing stability and visibility of future cash flows. With this reassurance of long-term tenancies, particularly for the office segment, we were able to manage the impact on the investment properties and as a result, the investment properties only decreased 1.3% compared to last year in spite of the catastrophic landscape during the year.	As we are not a speculative developer, proceeding with the Kompleks Dayabumi Phase 3 development hinged on us securing an anchor tenant for the office development. With the over-supply in the office market exacerbated by the pandemic, securing an anchor tenant proved even more difficult. As such with the prolongation of the project and the market conditions during the year, the Group had to impair RM81.4 million which contributed to the loss of RM44.7 million in the fourth quarter of the financial year.

Going into 2021, how are you ensuring the financial strength of KLCCP Stapled Group remains resilient and what would be your focus areas?

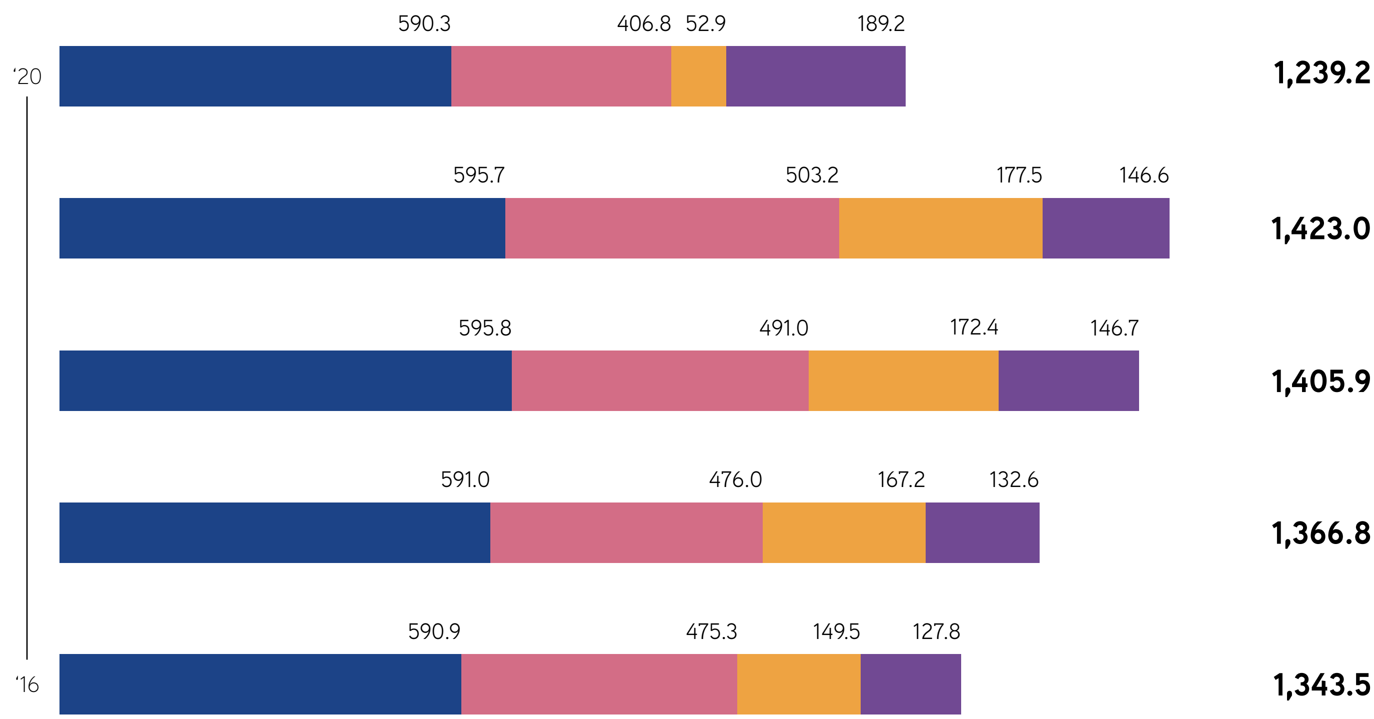
Our disciplined approach at managing capital has ensured our financial position remains strong and continues to provide a conducive business environment for long-term stability. There is a refinancing of RM400 million of KLCC REIT's Sukuk due in April 2021, and with our stable future cashflows, we anticipate the refinancing exercise can be carried out successfully.

We have also streamlined our overall budgeting processes to react more quickly and efficiently. In collaboration with the business leaders, we will continue to conduct rigorous periodical review of spending in key areas, CAPEX management and perform stress tests of the Group's future plans. It is also critical to establish clear communication– scheduling weekly meetings and "pulse checks" to gauge how teams and projects are faring.

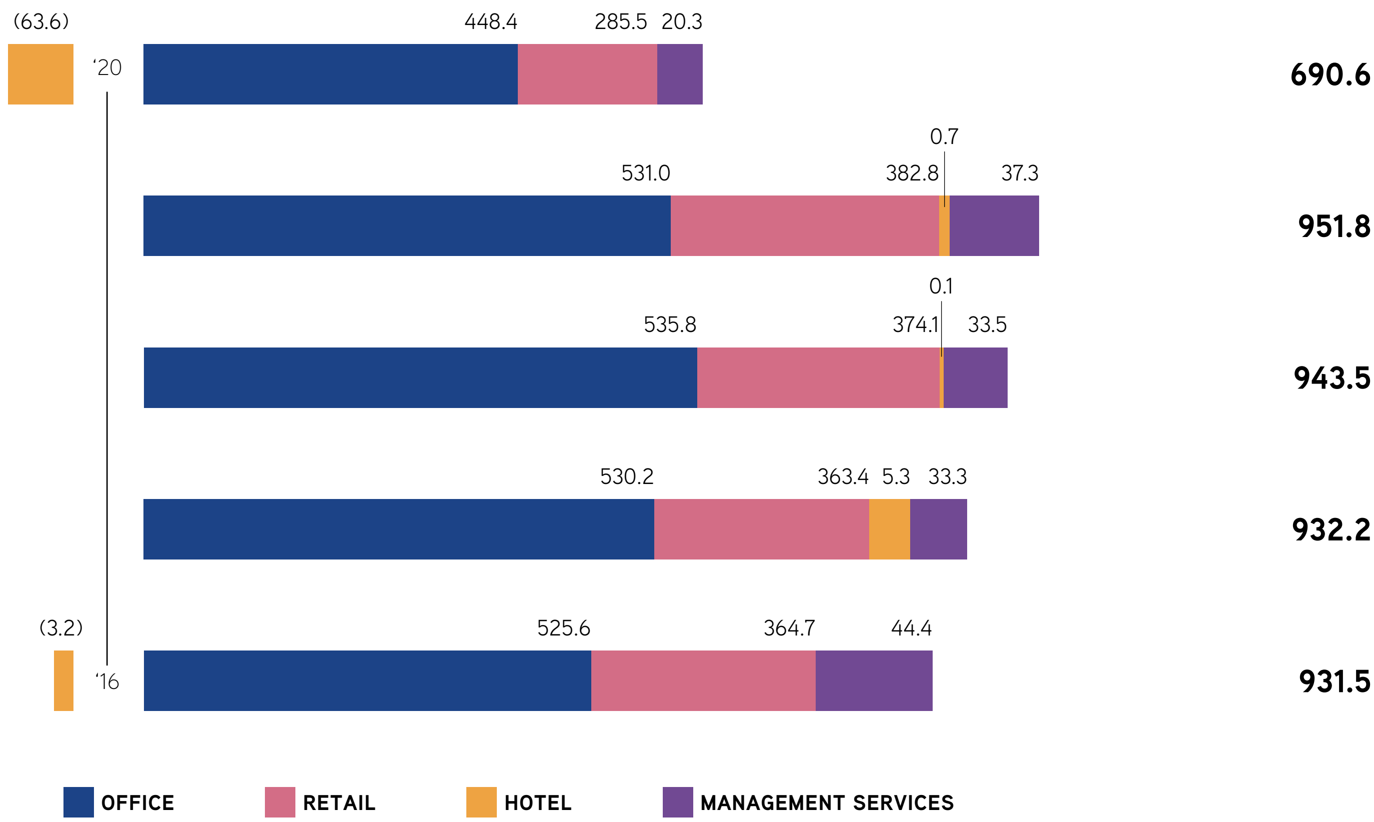
KLCCP STAPLED GROUP 5-YEAR FINANCIAL HIGHLIGHTS



SEGMENTAL REVENUE
(RM'mil)

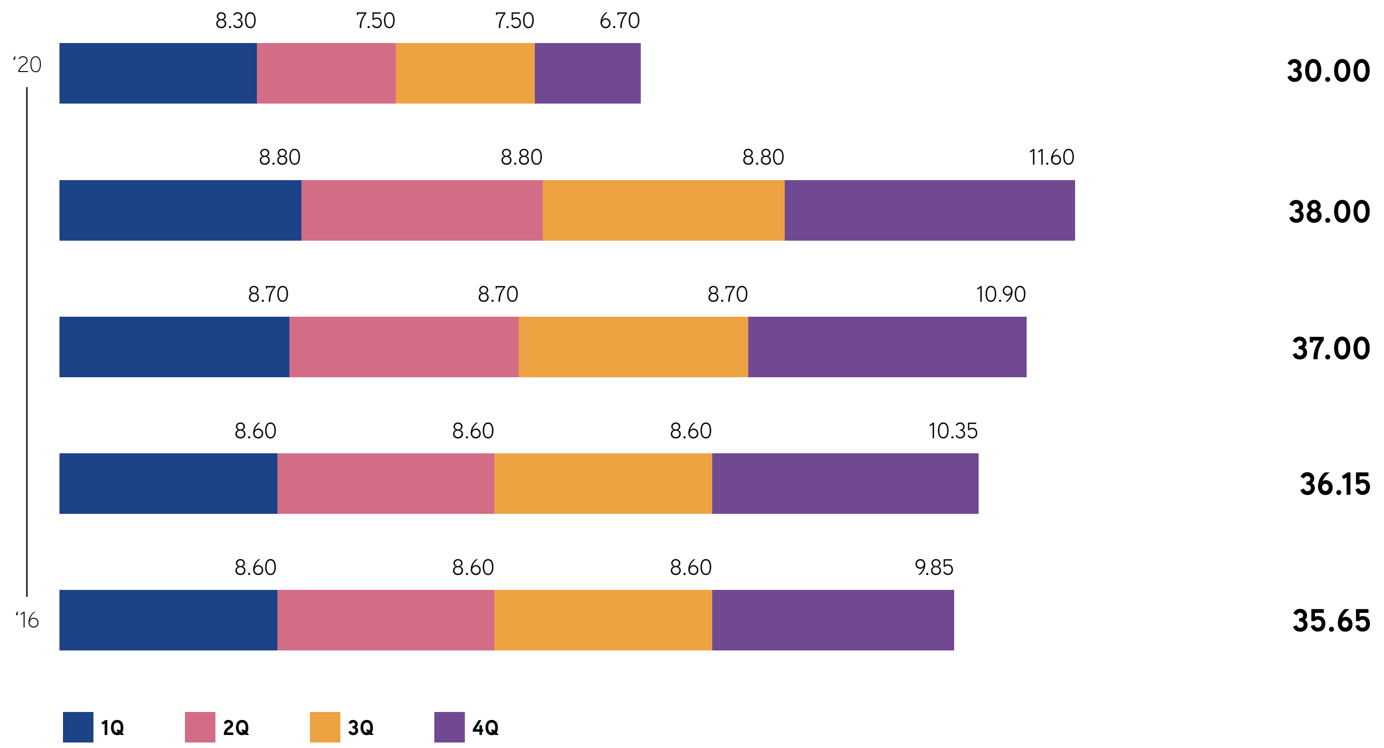


SEGMENTAL PBT
Excluding fair value adjustments
(RM'mil)

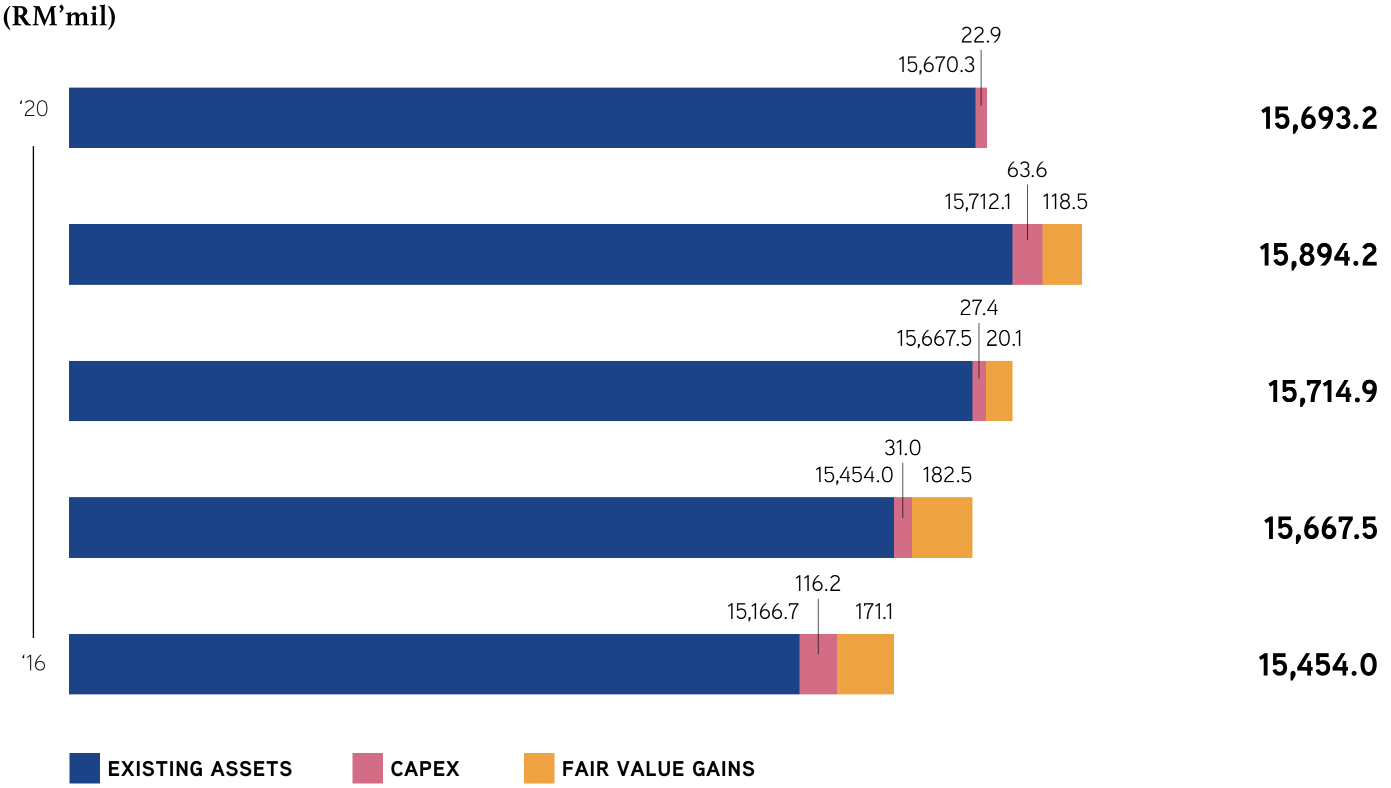


KLCCP STAPLED GROUP 5-YEAR FINANCIAL HIGHLIGHTS

DISTRIBUTION PER STAPLED SECURITY (SEN)



PROPERTY VALUE (RM’mil)



KLCCP STAPLED GROUP 5-YEAR FINANCIAL SUMMARY

	2020	2019	2018	2017	2016
Key Operating Results (RM'mil)					
Revenue	**1,239.2**	1,423.0	1,405.9	1,366.8	1,343.5
Operating Profit	**764.5**	1,020.0	1,010.9	999.8	999.3
Profit Before Tax (PBT)	**546.8**	1,071.3	964.1	1,115.3	1,102.7
Profit For The Year	**474.7**	945.7	838.9	1,013.6	1,011.0
Key Statement of Financial Position (RM'mil)					
Investment Properties	**15,693.2**	15,894.2	15,714.9	15,667.5	15,454.0
Total Assets	**17,995.5**	18,211.3	17,860.3	17,792.6	17,782.1
Total Financings	**2,349.4**	2,346.6	2,244.7	2,251.1	2,552.4
Total Liabilities	**2,917.5**	2,917.8	2,735.2	2,745.7	3,004.1
Total Equity Attributable to the Equity Holders of Stapled Securities	**13,014.1**	13,212.0	13,095.3	13,028.5	12,794.2
Stapled Securities Information					
Earnings per Stapled Security - Basic (Sen)	**23.94**	43.77	40.15	48.63	49.08
Net Asset Value per Stapled Security (RM)	**7.21**	7.32	7.25	7.22	7.09
Distribution per Stapled Security (sen)	**30.00**	38.00	37.00	36.15	35.65
Stapled Securities Closing Price as at 31 December (RM)	**7.08**	7.90	7.66	8.64	8.30
Number of Stapled Secuirties (mil)	**1,805.3**	1,805.3	1,805.3	1,805.3	1,805.3
Market Capitalisation (RM'mil)	**12,781.8**	14,261.9	13,828.9	15,598.1	14,984.3
Financial Ratios					
PBT Margin	**44%**	75%	69%	82%	82%
Dividend Payout - Ratio	**98%**	94%	96%	97%	95%
Gearing (times)	**0.18**	0.18	0.17	0.17	0.20

KLCCP STAPLED GROUP VALUE ADDED STATEMENT

	2020 RM'000	2019 RM'000
Total Turnover	**1,239,150**	1,423,021
Interest/profit income	**23,004**	31,636
Operating expenses	**(326,957)**	(244,825)
Value added by the KLCCP Stapled Group	**935,197**	1,209,832
Share of profits of an associate	**12,554**	12,615
Fair value adjustments on investment properties	**(142,535)**	118,471
	805,216	1,340,918
Reconciliation		
Profit attributable to holders of Stapled Securities	**432,166**	790,151
Add:		
Depreciation & amortisation	**50,316**	43,334
Finance costs	**110,662**	111,421
Staff costs	**97,403**	114,842
Taxation	**72,120**	125,650
Other non-controlling interest	**42,549**	155,520
	805,216	1,340,918
Value Distributed		
Employees		
Salaries and other staff costs	**97,403**	114,842
Government		
Corporate taxation	**77,975**	102,941
Providers of capital		
Dividends	**630,061**	673,389
Finance costs	**110,662**	111,421
Other non-controlling interest	**42,549**	155,520
Reinvestment and growth		
Depreciation & amortisation	**50,316**	43,334
Capital reserve*	**(110,313)**	78,141
Income retained by the Group	**(93,437)**	61,330
	805,216	1,340,918

* Capital reserve represents the fair valuation gain on properties which is only distributable upon disposal of investment property

FINANCIAL REVIEW

A YEAR IMPACTED BY THE PANDEMIC

2020 was a painful year as the business operations of the Group grappled with the profound impact of the global pandemic, particularly in the retail and hotel segments, which affected the revenue and the bottom line of KLCCP Stapled Group for the financial year. Revenue contracted 12.9%, from RM1.4 billion to RM1.2 billion whilst profit for the year (excluding fair value adjustments) reduced to RM618.0 million from RM848.1 million by 27.1%.

Nevertheless, the Group stayed committed to its shareholders with a higher payout ratio of 98% compared to 94% last year, delivering a distribution per stapled security of 30.0 sen for the financial year.

	2020 RM'mil	2019 RM'mil	Variance %
Revenue	**1,239.2**	1,423.0	(12.9)
Operating profit	**764.5**	1,020.0	(25.0)
Profit before tax*	**690.6**	951.8	(27.4)
Profit for the year*	**618.0**	848.1	(27.1)
Profit attributable to equity holders*	**547.1**	732.8	(25.3)
Operating profit margin*	**62%**	72%	(13.9)
Profit before tax margin*	**56%**	67%	(16.4)
Earnings per stapled security* (sen)	**30.3**	40.6	(25.4)
Distribution per stapled security (sen)	**30.0**	38.0	(21.1)
Payout ratio (%)	**98%**	94%	4.3

* Excluding fair value adjustments

The Group's revenue decreased by RM183.8 million to RM1.2 billion during the year mainly due to the various phases of lockdowns and restrictions marred by the unprecedented COVID-19 pandemic. Suria KLCC in particular, supported its retail tenants with various tenant assistance from Quarter 2 to Quarter 4 2020 amounting to approximately 23% of the mall's revenue for the year, in support of tenant sustainability and recovery.

MOKL Hotel's performance was also severely affected with a sharp decline in revenue to RM52.9 million from RM177.5 million in 2019, due to the drastic decline in volume of business arising from continuous cancellations of room bookings, suspension of events coupled with the closure of international borders.

The office segment remained stable, contributing 48% of the Group's total revenue. During the year, the segment recorded a marginal decrease in revenue from the accounting adjustments to reflect the extension of Triple Net Lease (TNL) agreements for PETRONAS Twin Towers and Menara 3 PETRONAS for a further term of 15 years. This extension will strengthen KLCC's positioning with the long-term lease commitment beyond FY2026/27.

Revenue from the management services segment increased 29.1% from RM146.6 million to RM189.2 million. This is primarily driven by the change in the business model of KLCCUH from a fixed fee charging to a full comprehensive facility maintenance service. However, this was partially offset by lower car park income during the year.

KEY HIGHLIGHTS

- Recorded a revenue of RM1.2 billion for the financial year ended 31 December 2020 on the back of stable office segment and lackluster performance of the retail and hotel segments.

- Suria KLCC's performance was affected by the various assistance packages granted to the retail tenants from Quarter 2, 2020 to support tenant sustainability and recovery, whilst MOKL Hotel suffered as the hospitality business was confined to domestic leisure in the absence of corporate and MICE events.

- The office segment remained the key revenue contributor to the Group, contributing 48% to the Group's total revenue backed by its long-term tenancies and full occupancy of all office buildings. The Triple Net Lease (TNL) extension for PETRONAS Twin Towers and Menara 3 PETRONAS for a further term of 15 years to 2042 and 2041 respectively, further strengthens the segment and KLCC's positioning in the market.

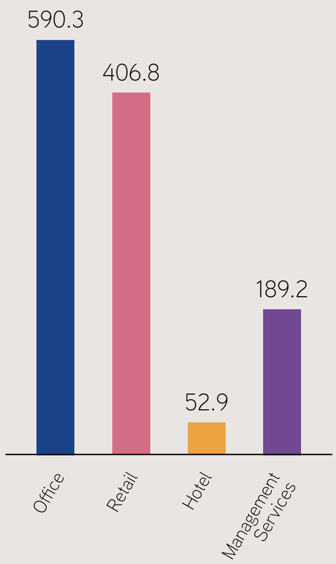
- Despite the headwinds and the challenges faced, the Group distributed 30.0 sen per stapled security, with a full year dividend payment of RM541.6 million, a testament to our continued commitment to our holders of Stapled Securities.

FINANCIAL REVIEW

Revenue

RM1,239.2 million

(2019: RM1,423.0 million)

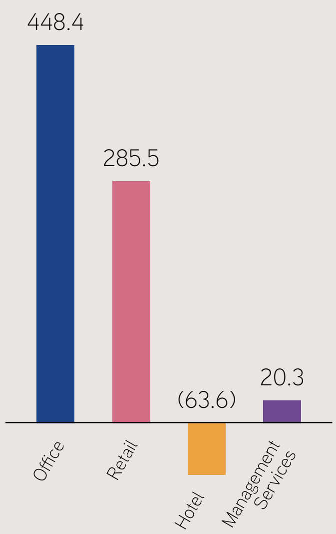


Profit before tax

(excluding fair value adjustments)

RM690.6 million

(2019: RM951.8 million)



Profit Before Tax (excluding fair value adjustments)

PBT decreased from RM951.8 million to RM690.6 million; a 27.4% drop from 2019 as a result of the lacklustre performance in the retail and hotel segments. The Group recognised an impairment in respect to investment property under construction (IPUC), amounting to RM81.4 million during the year. This was attributable to the current economic conditions and prolongation of the redevelopment of the City Point podium. Consequently, PBT margin dipped by 16.4% from 67% to 56%.

Profit for the Year

The effective tax rate for KLCCP Stapled Group was approximately 13.0% with KLCC REIT distributing more than 90.0% of its distributable income and was thus exempted from tax. The capital expenditure in respect to the hotel building also provided additional investment tax allowance for the deduction against taxable income.

Distribution per Stapled Security

KLCCP Stapled Group remained focused on delivering its commitment of value and growth to its holders of Stapled Securities. For FY2020, the Group declared a distribution per Stapled Security of 30.00 sen, a 98% pay-out of its distributable profit and realised income. Albeit the decrease by 8.0 sen from 2019, 2020 saw the highest payout ratio since 2015. This translates to a declared dividend payment of RM541.6 million for the year in review.

FINANCIAL POSITION REVIEW

	2020 RM'mil	2019 RM'mil	Variance %
ASSETS			
Investment properties	**15,693.2**	15,894.2	(1.3)
Property, plant and equipment	**638.3**	671.7	(5.0)
Right of use asset	**9.5**	11.8	(19.5)
Receivables	**516.5**	484.1	6.7
Cash and bank balances	**871.7**	883.9	(1.4)
Others	**266.3**	265.6	0.3
	17,995.5	**18,211.3**	**(1.2)**
LIABILITIES			
Payables	**396.2**	429.1	(7.7)
Financings	**2,349.4**	2,346.6	0.1
Others	**171.9**	142.1	21.0
	2,917.5	**2,917.8**	**0.0**
Total Equity attributable to equity holders of KLCCP and KLCC REIT	**13,014.1**	13,212.0	(1.5)
Net Asset Value per stapled security (NAV) (RM)	**7.21**	**7.32**	**(1.5)**

The financial position of the Group remained in a healthy position with sufficient cash and low gearing for future development and long-term stability. The Group's total assets contracted 1.2% mainly due to the depreciation in fair value of the investment properties during the year.

Net asset value per stapled security (NAV) decreased from RM7.32 to RM7.21 whilst total equity attributable to equity holders decreased to RM13.0 billion.

	Market Value		Carrying Value	
Property	31 Dec 2020 RM'mil	31 Dec 2019 RM'mil	31 Dec 2020 RM'mil	31 Dec 2019 RM'mil
KLCC REIT Assets	**9,599.3**	9,603.9	**9,189.0**	9,194.0
Suria KLCC	**5,565.0**	5,615.0	**5,547.4**	5,598.4
Kompleks Dayabumi*	**541.0**	597.0	**655.0**	790.0
Lot D1*	**279.0**	289.0	**301.8**	311.8
Total	**15,984.3**	**16,104.9**	**15,693.2**	**15,894.2**

* The carrying value of Kompleks Dayabumi and Lot D1 includes the IPUC, which was valued at cost.

Investment Properties and Fair Value Adjustments

Investment Properties of KLCCP Stapled Group represents 87% of the Group's total assets and it houses some of the most prestigious and premium assets in Kuala Lumpur. Our assets include PETRONAS Twin Towers, Menara 3 PETRONAS, Menara Exxonmobil, which are held in KLCC REIT, as well as KLCCP's assets, Suria KLCC, Menara Dayabumi, the City Point podium land and the vacant land of Lot D1.

The market value of these properties recorded a marginal dip of 0.7% to RM16.0 billion as at 31 December 2020. This was inevitable, given the current market conditions. Our retail asset, Suria KLCC saw a RM50.0 million decline in fair value, whilst, the development in progress, Phase 3 of Kompleks Dayabumi reduced by RM56.0 million.

The market value for offices remained as per last year, reinforcing the strength and stability of our assets. During the year, the extension of the TNL has strengthened the value of PETRONAS Twin Towers and Menara 3 PETRONAS office albeit the competitive rates and the imbalanced demand and supply in the office industry.

Under MFRS 140 Investment Properties, accounting adjustments were made to exclude the accrued operating lease income and capital expenditure incurred during the year to avoid double counting of assets. Taking the above into consideration, RM142.5 million was recognised as fair value adjustments in FY2020.

Property, Plant and Equipment

Property, plant and equipment (PPE) for the Group comprise mainly the cost of MOKL Hotel's building.

During the year, KLCCP Stapled Group spent RM8.8 million mostly to complete the upgrades of the security system within the KLCC Precinct and the pilot launch of the Integrated Building Command Center (IBCC). The capital expenditure was set-off against depreciation charged and write-offs/disposal of assets no longer in use.

Receivables

Receivables was 6.7% higher this year at RM516.5 million compared to RM484.1 million last year attributable to higher amount due from tenants in the retail segment.

CASHFLOW REVIEW

	2020 RM'mil	2019 RM'mil
Operating activities	**808.5**	1,040.5
Investing activities	**(28.2)**	(99.1)
Financing activities	**(792.1)**	(790.3)
Change in cash and cash equivalent	**(11.8)**	151.2
Cash with PETRONAS IFSSC	**525.3**	544.8
Deposits with licensed banks	**332.7**	334.2
Cash and bank balances	**13.7**	4.9
Cash and cash equivalents	**871.7**	883.9

Operating Activities

The lower net cash generated from operating activities of RM808.5 million compared to RM1.0 billion was mainly due to the significant decline in the volume of business for the hotel segment coupled with tenant assistance granted to the retail tenants and overall slower collection in receivables.

Investing Activities

The Group spent RM28.2 million during the year mainly towards the completion of the reconfiguration exercise in Suria KLCC and security system upgrades around KLCC Precinct during the year.

Financing Activities

The financing activities of the Group consist of servicing of interest/profit for the KLCC REIT's Sukuk Murabahah Program (Sukuk) and term loan of the hotel. During the year, the Group made a net drawdown of RM7.0 million from the existing term loan to finance the hotel's operation and capital spending.

The Group proactively managed the available cash with prudence through placement in fixed deposits or with PETRONAS Integrated Financial Services Centre (IFSSC) whereby the balance is interest/profit bearing.

THE PLACE TO WORK

This is the place that inspires creativity and passion

NO. OF ASSETS

5 [2019: 5]

NLA SQ. FT.

5.6 million

[2019: 5.6 million]

OCCUPANCY

100% [2019: 100%]

REVENUE CONTRIBUTION BY SEGMENTS

48% [2019: 42%]

"The office spaces of the new norm will see work from home co-existing with traditional office spaces. Landlords will need to focus on more intelligent, productive ways to utilise office spaces to meet tenant requirements, yet prioritising social distancing features. We believe traditional office space is still relevant, however it will need to facilitate collaboration across the physical and virtual environments and offer immersive technology."

Datin Faudziah Ibrahim
Head Development Division, KLCCP and
Head of Leasing/Asset Manager, KLCCRM

OPERATIONS REVIEW

DEALING WITH COVID-19

As organisations are reimagining their work and the role of offices as a clean, safe and productive environment for employees, the Group took swift actions to ensure the wellbeing of tenants and visitors to the building were safeguarded. Thermal scanners and temperature screening devices were installed at all entrances, label markers were placed in confined spaces and queueing areas to ensure social distancing practices were adhered to, hand sanitisers, hand wash and other cleaning agents were regularly replenished and proactive monitoring of workplace safety compliance were carried out.

WHAT WE SAID WE WOULD DO

Our primary goal in the office segment was to future-proof the business whilst creating a "Connected Tenant", progressing lifestyle towards a digitally smart, safe and sustainable KLCC Precinct. We also sought to proactively engage with our tenants and be more progressive with the lease structures to retain quality anchor tenants.

KLCCP Stapled Group's revenue was driven broadly by the asset strength in the office segment, underpinned by the full occupancy and long-term leases of its office buildings. As at 31 December, the office segment contributed 48% of the Group's total revenue reaffirming KLCCP Stapled Group's standing as a diversified office-focused REIT in Malaysia.

The office segment of KLCCP Stapled Group comprises premium Grade-A office portfolio, located strategically within the Kuala Lumpur City Centre. PETRONAS Twin Towers, Menara Exxonmobil and Menara 3 PETRONAS are held under KLCC REIT whilst Menara Dayabumi, which is located within the former Central Business District of Kuala Lumpur, is held under KLCCP. KLCCP Stapled Group also has a 33% stake in the office tower of Menara Maxis, another prime office building in the KLCC Precinct.

During the year, our office portfolio retained its 100% occupancy and continued to drive strength while commanding top quartile rental profiles. The long-term locked-in tenancies also underpinned the stability of the revenue stream for this segment, shielding the Group from the soft market conditions.

INDUSTRY LANDSCAPE AND OPERATING CHALLENGES

2020 will go down as an unprecedented year as countries around the world battled the novel COVID-19 pandemic. Malaysia was not spared of the ramifications that adversely affected an already dampened market as the Government imposed various phases of the travel restrictions to curb the spread of the virus. The global pandemic which wreaked havoc in an already muted office market added further pressure to Klang Valley's office space oversupply woes.

Reeling from the already oversupplied office market, newly completed office buildings and lack of near-term catalysts continued to outweigh absorptions, exacerbating the disequilibrium between demand and supply. The oversupply situation resulted in adjustments within the

FROM THE ONSET OF THE COVID-19 PANDEMIC, OUR PRIORITY FOCUSED ON RESPONDING TO THE NEEDS OF OUR TENANTS IN ENSURING THEIR WELLBEING, SAFETY AND SECURITY

WHAT WAS DONE

2020 saw the Group successfully extend its existing leases under the Triple Net Lease arrangement for PETRONAS Twin Towers and Menara 3 PETRONAS for a further term of 15 years with PETRONAS, further reinforcing the Group's long-term defensiveness and quality of our office spaces. The office segment also saw both tenants in Menara ExxonMobil renewed their leases for a further 3-years of the 18-year lease tenure.

WHAT TO EXPECT IN THE FUTURE

We will continue to maintain and retain our quality tenant profile, and to create office spaces that will facilitate collaboration between employees and companies. This will be harmonised with the intensification of efforts prioritising safety, health and hygiene, while preserving the buildings in utmost pristine condition to ensure longer term tenancy prospects. With the prolong COVID-19 pandemic and adapting to the new normal, a Visitor Management System is expected to be installed at PETRONAS Twin Towers in 2021 which includes real-time facial recognition and crowd management sensors.

office market, with landlords dangling attractive incentives in the form of lower rents, longer rent-free periods, and paying for fit-outs to entice and retain tenants. As a result, rental prices and occupancy rates for the country's office spaces remained under pressure. The mismatch between supply and demand continued to intensify from the weaker demand and a shrinking pool of tenants.

In this dynamic market environment, the emergence of co-working spaces and flexible working solutions which experienced a rise in demand prior to the pandemic also witnessed a decline and a corresponding reduction in demand for office space. As health and safety took precedence, the outbreak brought about drastic changes to the office market with companies embracing new and creative workplace strategies to minimise the risk of transmission. The year saw working from home, rotation schedules and multi-location offices becoming the new norm, while several large corporations have opted to shut their offices completely until 2021. Notwithstanding that it is improbable that working from home will completely replace the need for office spaces, market leasing volumes were seen to take a hit in 2020 due to the prolonged movement restrictions.

As the pandemic piles on to existing vulnerabilities, office building owners need speedy and agile solutions in maneuvering and sustaining its operations. KLCCP Stapled Group's office segment was less affected by the pandemic compared to the other segments within the Group largely owing to the nature of our leasing strategy. With most of the Group's assets strategically located within the heart of Kuala Lumpur City Centre, tenanted by PETRONAS and other major oil and gas corporations who seek a prestigious address, our offices continue to be the preferred choice. Supported by the triple net lease arrangement wherein the tenant bears all the property outgoings, the Group is shielded from the soft market conditions, with minimal impact to earnings. Complementarily, with the backing of full occupancy, existing long-term leases and high-quality tenants at our office buildings, the Group's office portfolio is on strong footing and continues to remain resilient in navigating through the challenging climate.

OPERATIONS REVIEW

STRATEGY AND INITIATIVES FOR THE YEAR

Our strategic plan for the office segment was instituted on the premise of the continued pursuit of retaining our high-quality tenants as well as creating an unsurpassed office experience for them. From the onset of the COVID-19 pandemic, our priority focused on responding to the needs of our tenants in ensuring their wellbeing, safety and security.

1 CREATING A SAFER COVID-19 ERA WORKPLACE

The pandemic forced the adoption of new ways of working and organisations are reimagining their work and the role of offices as a clean, safe and productive environment for its employees. In ensuring our office buildings operate in the highest standard of safety and cleanliness, thermal scanners and temperature screening devices were installed at all entrances, label markers were placed in confined spaces and queueing areas to ensure social distancing practices are adhered to. Hand sanitisers, hand wash and other cleaning agents were regularly replenished and proactive monitoring of workplace safety compliance were carried out. Our facility management company, KLCCUH ensured the physical spaces were reset and well-equipped to cater for our tenants who are part of the essential services to safely return to our office buildings.

2 LEASES EXTENSION CEMENTING STABILITY

Despite the suppressed office market during the year, our leasing team continued to intensify efforts with pro-active lease management in seeking quality anchor tenants whilst also redefining the unique and compelling value of properties beyond existing demand. Always looking ahead, the year saw the Group secure the Triple Net Lease extension arrangement for Menara 3 PETRONAS and PETRONAS Twin Towers for a further term of 15 years with PETRONAS. The leases will commence upon expiry of the current term which will expire on 14 December 2026 for Menara 3 PETRONAS and 30 September 2027 for PETRONAS Twin Towers. This extension will further strengthen the Group's positioning and it demonstrate PETRONAS's ongoing commitment and support towards KLCCP Stapled Group in the long-term, particularly in this uncertain COVID-19 environment.

Complementing this, the year also saw the lease renewals at Menara ExxonMobil for both its tenants, ExxonMobil Exploration and Production Malaysia Inc (EMEPMI) and PETRONAS for a further 3-years of the 18-year lease tenure. This will augur well for the continued long-term stable income from the office segment whilst maintaining our high occupancy levels. The year also saw an upward rental revision for Menara 3 PETRONAS which took effect in December 2020 and a full-year impact from the uplift in the rental rate for Menara Dayabumi in December last year.

3 CREATING VIBRANCY AND CONNECTEDNESS AT MENARA DAYABUMI

To improve the resilience of our income stream, KLCCP Stapled Group embarked on improving the facilities and amenities in Menara Dayabumi to provide tenants and their employees a workplace environment that facilitates engagement and connectedness. These efforts are aimed to enliven and enhance the visibility of Menara Dayabumi which is already well connected to a transportation hub with covered walkways to the bus, LRT, KTM and the new MRT station, enabling it to be truly central of the former city centre of Kuala Lumpur. Further to complementing the areas' connectedness, during the year, the 10-metre pedestrian bridge across the Klang river connecting Menara Dayabumi and Central Market was completed. The bridge will be maintained by KLCCUH as part of the Group's CSR initiative to benefit the community around us.

FINANCIAL REVIEW

	REVENUE			PROFIT BEFORE TAX (Excluding fair value adjustments)			PBT contribution
PROPERTY	**2020 RM'mil**	**2019 RM'mil**	**Variance %**	**2020 RM'mil**	**2019 RM'mil**	**Variance %**	**2020 %**
PETRONAS Twin Towers	**416.7**	424.2	(1.8)	**366.2**	375.2	(2.4)	**69**
Menara 3 PETRONAS	**88.3**	88.1	0.2	**84.7**	85.3	(0.7)	**16**
Menara ExxonMobil	**44.7**	44.2	1.1	**30.0**	28.6	4.9	**6**
Menara Dayabumi	**40.6**	39.2	3.6	**35.0**	33.1	5.7	**6**
Menara Maxis*	**-**	-	-	**13.9**	11.6	19.8	**3**
Total Office Segment	**590.3**	595.7	(0.9)	**529.8**	533.8	(0.7)	**100**
Citypoint Development	**-**	-	-	**(81.4)**	(2.8)	n.m	**n.m**
Total	**590.3**	**595.7**	**(0.9)**	**448.4**	**531.0**	**(15.6)**	**100**

* share of results of associates; n.m – not meaningful

Whilst most of the economic sectors were severely impacted by the COVID-19 pandemic, revenue for office segment remained stable at RM590.3 million backed by the TNL agreements and long-term leases. PETRONAS Twin Towers remained the largest contributor, contributing 69% of the office segment revenue followed by Menara 3 PETRONAS at 16%.

On 18 November 2020, PETRONAS exercised the option to extend the TNL tenure for Menara 3 PETRONAS and PETRONAS Twin Towers upon the expiry date of the current term. The leases of Menara 3 PETRONAS and PETRONAS Twin Towers are due to expire on 14 December 2026 and 30 September 2027 respectively. With the TNL secured for another 15 years, the office segment is expected to maintain its stability and remain resilient going forward.

During the year, the proposed City Point Podium redevelopment of Kompleks Dayabumi saw an impairment of the investment property under construction (IPUC) of RM81.4 million due to the current economic condition and prolongation of the project.

PROSPECTS

Our office segment anchored by the Triple Net Lease Agreements with defensive long-term locked-in tenancy structure for the PETRONAS Twin Towers, Menara 3 PETRONAS and Menara Dayabumi will continue to fortify and lend stability to the Group. The Group's strong fundamentals and core portfolio have demonstrated resilience with ongoing positive income growth, high levels of occupancy and long-term lease periods. Nevertheless, we are determined to continue pursuing the retention of quality anchor tenants for our office buildings and to create office experiences that will facilitate collaboration between employees and companies for our tenants. In spite of the growing trend of working from home, office spaces are still expected to remain relevant as a place to foster partnership, connection and innovation. The office segment will continue to see the intensification of efforts prioritising safety, health and hygiene, while preserving the buildings in utmost pristine condition to ensure long-term tenancy prospects.

THE PLACE TO SHOP

This is the place that inspires the expression of lifestyle and bespoke uniqueness

NO. OF ASSETS
2 [2019: 2]

NLA SQ. FT.
1.1 million
[2019: 1.2 million]

OCCUPANCY
97% [2019: 99%]

REVENUE CONTRIBUTION BY SEGMENTS
33% [2019: 35%]

"The Suria KLCC team took a step back and looked at our long-term core strengths. Creating an engaging environment for our customers is our core strength and this comes from understanding our customers and our long-term retailer partnerships. We thought of our customers from the outset, sought their feedback via our research to understand what will bring them back to what we know they love – shopping with us and spending time in Suria KLCC. The range of safety measures saw us lead the industry and we continued to focus on this. We have also enhanced our retail offer throughout 2020 and it is our deep understanding of the global retail market and our strong partnerships with our retailer partners that will see us emerge stronger from the challenges of 2020."

Andrew Brien
Executive Director/Chief Executive Officer, Suria KLCC Sdn Bhd

OPERATIONS REVIEW

DEALING WITH COVID-19

Taking swift actions in response to the pandemic and in efforts to gain shoppers' confidence, the malls were quick to address public concerns about hygiene and safety with the installation of thermal scanners and contactless thermometers, placing "social distancing" stickers at common facilities, appointing security guards at all entrances to ensure shoppers scan the QR code prior to entering the mall as well as regularly displaying reminders on SOPs and physical distancing on digital screens. The malls also added a personal touch to restore confidence by collaborating with a local celebrity on a welcome back campaign video to demonstrate the safety and convenience of shopping in Suria KLCC.

WHAT WE SAID WE WOULD DO

Our strategic focus was centred on understanding and catering to shopper needs and delivering a bespoke and engaging retail experience that meets our customers' lifestyle needs, which are not attainable through online platforms. We sought to leverage various digital exertions, to shape the consumer experience and take the shopping experience to the next level.

The retail portfolio of KLCCP Stapled Group represented by Suria KLCC and the retail podium of Menara 3 PETRONAS was challenged by the profound impact of the COVID-19 pandemic coupled with the subdued consumer sentiment seen throughout the year. The year saw its revenue contribution to the overall Group's revenue decline from 35% to 33% due to the pandemic.

With the global outbreak of the COVID-19 pandemic and subsequent implementation of movement restrictions in various phases, consumer behaviour and business operations were seen to be heavily altered to prioritise health, safety and convenience. The retail segment of KLCCP Stapled Group was profoundly impacted as malls were required to partially close at the onset of the movement restrictions order. Consumer behaviour driven by the new Standard Operating Procedures (SOPs) introduced by the authorities in efforts to curb the transmission of the virus resulted in reduced capacity of restaurants and retails stores.

Despite the many challenges faced by the retail industry, Suria KLCC maintained its benchmark as the country's premier and desired shopping mall, creating retail spaces with the latest curation and services for established and new brands coming into the market while catering to a safe and seamless shopping experience for its customers.

INDUSTRY LANDSCAPE AND OPERATING CHALLENGES

The country's retail industry was faced with strong headwinds in the external environment following the global outbreak of the COVID-19 pandemic. The year brought unprecedented uncertainty, complexity and transformation to the industry. Amplified with the existing challenges of heightened competition in an already crowded market, the retail segment saw temporary closure with the exception of essential stores with the imposition of various degrees of movement restrictions as a preventive measure to curb the pandemic's spread.

SURIA KLCC SUPPORTED THEIR RETAIL TENANTS AND SHARED THEIR ECONOMIC PAIN TO PRESERVE BUSINESS CONTINUITY

WHAT WAS DONE

Suria KLCC set about on a series of strategic initiatives encompassing a strong emphasis on partnership and collaboration with tenants along with a deep understanding and research on shopper behaviour and preferences. The malls granted various assistance packages in support of its tenants to cushion the impact of the movement restrictions imposed. In a bid to boost sales and visitor traffic, the malls rolled out a range of promotional offers, incentives and packages through experiential and reward-driven campaigns. Suria KLCC also successfully brought on board close to 40 new tenants during the year, many of which are first stand-alone stores in Malaysia and exclusive to the mall.

WHAT TO EXPECT IN THE FUTURE

Tactical efforts will be channelled to ensure the delivery of an experiential customer journey with continued emphasis on health and safety of its shoppers. The mall will continue to bring first-to-market tenants with exclusive service offerings, collaborate with its retail tenants to drive brand value and engage with its shoppers through digital marketing.

The rapid changes in the external environment surrounding the retail industry have significantly transformed the conventional norm and have created a "new normal" that carries a wide range of implications to consumer behaviour and lifestyles, the running of business operations, and the digital technologies supporting them. Added with the changes in the working environment which required many non-essential workforce to work remotely from the comfort of their own home, both malls saw a significant decline in the overall footfall and sales during the year.

The global pandemic also saw several global brands' closure during the year with the lack of cash flow, causing tenants to cease operations altogether. Some tenants were forced to creatively reach out to customers through various means including the "click & collect" method where shoppers make a purchase online but collect the items at the boutiques to redeem more freebies as well as the "home-to-home" option where the tenants would visit customers' at their house to allow them to try out apparels. At the broad level, retailers were forced to think out of the box and offer attractive promotions to lure customers and boost sales. Nevertheless, while many retailers were faced with a challenging time, some managed to take advantage of technology and the digital platforms to reach out and build a larger customer portfolio which facilitated in driving sales during the pandemic.

The digital revolution which drives customer expectations and interactions through the online and digital channels, has drastically redefined and shaped the new way of life. The digital technologies supporting online lifestyle, which has been prevalent for some time saw its spread accelerating explosively since the onset of the pandemic. The rise of e-commerce and online shopping which provides consumers with a viable and relevant alternative to the traditional shopping experience continues to be an increasing threat to malls' brick and mortar outlets. Added with the continual action required in response to changes in consumer behavior to the new behavior patterns concerning social distancing and contactless interactions, physical stores now have to move towards integrating their business models to cater to a safe and convenient mode of operating while also tailoring its shopping experience to meet customer preferences.

OPERATIONS REVIEW

STRATEGY AND INITIATIVES FOR THE YEAR

In an endeavour to survive the challenging landscape, our retail malls set about on a series of strategic initiatives and tactical efforts channelled at restoring confidence and loyalty, by providing a safe and easy shopping experience. Suria KLCC also supported its retail tenants to preserve business continuity and embrace digital-technology to reach, communicate and engage with its shoppers.

1 SUPPORTED TENANT SUSTAINABILITY WHILST ENSURING HIGHEST SOPs

Reeling from the year that was, Suria KLCC and the retail podium of Menara 3 PETRONAS too was not spared from the adverse effects of the COVID-19 pandemic. Resultant from the prolonged imposition of movement restriction and muted tourist arrival in the country, the retail segment of KLCCP Stapled Group saw a subdued overall performance. Suria KLCC supported their retail tenants and shared their economic pain to preserve business continuity.

The mall's leasing team relentlessly worked through hundreds of leases and engaged each tenant to understand their concerns and financial constraints. Various assistance packages were granted from Quarter 2, 2020 to Quarter 4, 2020, to support our tenants and the retail partners to weather the crisis, recover quickly and rebuild their loyal customer base. With our tenants' support and collaboration, Suria KLCC maintained its resilient occupancy at 97% for the financial year ended 31 December 2020.

WELCOME BACK CAMPAIGN

Concurrently, our malls also put forth several operational efficiency measures to all its retailers by way of stringent protocols, particularly in observing the SOPs set out by the authorities. Suria KLCC was the first to install the thermal imaging scanners and place "social distancing' stickers at common facilities, appointing security guards at all entrances to ensure shoppers scan the QR code prior to entering the mall as well as regularly displaying reminders on SOPs and physical distancing on digital screens. The malls also deployed a dedicated crew to sanitise all common areas and facilities such as lifts, escalators, touch-screen directories and toilets regularly. Suria KLCC rolled-out its "Welcome Back" campaign, embracing "safe & easy" shopping to enhance shopper awareness and confidence in the mall as a safe shopping destination.

The malls also deployed a dedicated crew to **sanitise** all common areas and facilities such as lifts, escalators, touch-screen directories and toilets regularly

This campaign was part of its corporate social responsibility initiative wherein it collaborated with *Komuniti Tukang Jahit*, a social enterprise working for the benefit of the lower-income earners B40 segment of Malaysia. The hand-sewn reusable batik masks by the underprivileged households throughout the Klang Valley were given complimentary to shoppers as part of the essential kit. Adding a personal touch to restore confidence, our retail malls also collaborated with a local celebrity on a welcome back video to demonstrate the safety and convenience of shopping in Suria KLCC. Social media influencers were also engaged to help promote and drive traffic for new tenants that came on board during the year.

2 ALWAYS SOMETHING NEW

During the year, Suria KLCC responded to the arduous environment with boosted efforts and initiatives, focusing on a detailed understanding of Malaysia's consumers and retailers to increase vibrancy and drive sales. In a bid to stay ahead and despite the ongoing pandemic, Suria KLCC successfully brought on board close to 40 new tenants during the year, many of which are first stand-alone stores in Malaysia and exclusive to Suria KLCC. The mall's scene was elevated with the several newly opened stores including BAPE and its BAPE Café, Sisley Paris, History of Whoo, Berluti, A.Lange & Sohne and many more. BAPE Store, a superior Japanese streetwear brand, launched its first store in Malaysia on the Ground Floor of Suria KLCC with its renowned and iconic range of ready-to-wear apparel for men, women, and kids. This first Malaysian store of Japanese fashion brand also boasts its own world-first concept cafe, named BAPE Café located alongside the boutique, making it an ideal place for shoppers to have a seamless and enjoyable shopping experience.

Further enhancing the vibrancy in Suria KLCC, 2020 saw the full completion of the anchor-to-specialty reconfiguration with the second half of the Signatures Foodcourt opened to public on 1 November 2020. The newly reconfigured Signatures food court boasts seating capacity of more than 1,500 while still adhering to physical distancing requirements. The newly-opened foodcourt saw the new F&B outlets' opening featuring local favourites, Japanese, Taiwanese, and Western cuisines to further complement its food offerings. Ren by Dragon-i, serving an ensemble of Chinese cuisine with a touch of elegance and modern sophistication opened in Suria KLCC as its first halal restaurant in Malaysia. The mall also saw the opening of Sakana, a modern dining restaurant serving a range of impeccable Japanese cuisine and Maria's Signature, a steak house offering a selection of premium quality dishes. The completed anchor-to-specialty reconfiguration exercise, covering an area of over 108,000 sq. ft. brought onboard 72 tenants, ranging from international and local fashion to F&B and cosmetic brands.

OPERATIONS REVIEW

3 EXPERIENTIAL, REWARD-DRIVEN SHOPPER ENGAGEMENTS

Suria KLCC took proactive steps by embarking on researching shoppers' behaviour and preferences during the pandemic. To stay relevant, attract tenants and encourage a higher footfall, Suria KLCC rolled out a range of promotional offers, incentives and packages through experiential and reward-driven campaigns to boost visitor traffic to the mall during the year. The Golden Ticket campaign launched in June 2020 to encourage shoppers to spend in Suria KLCC saw a total of over 50 shoppers rewarded with RM5,000 Suria KLCC shopping vouchers each, with the campaign redemption achieving a total receipt of close to RM3.3 million, well above the mall's target.

In December, the mall continued with its shopping voucher giveaway through the "Unlock a Christmas Surprise" campaign that rewarded two shoppers daily with RM5,000 Suria KLCC shopping vouchers which helped drive direct sales back to its tenants. Coupled with the increased customer confidence and relaxation in movement restrictions, December 2020 recorded the highest tenant sales, which saw a recovery of over 80% of sales compared to the preceding year.

4 DIGITAL, MULTI-CHANNEL EXPERIENCE

The mall intensified efforts to leverage technology and digitalisation to enhance the efficiency and effectiveness which ultimately bodes well to improve customer experience. Some of the efforts put in place were the introduction of several new features on the Suria KLCC website highlighting the new brands and products as well as selected featured tenants on a weekly basis to enhance brand awareness. The mall also created a "Work From Home" content on the "What's Hot" page of the Suria KLCC website highlighting a range of ideas on things to do at home, safety tips and facts from the World Health Organization to educate our shoppers as well as the malls' initiatives in ensuring procedures of the new norm are adhered to build confidence.

> The mall also created a "Work From Home" content on the **"What's Hot"** page of the Suria KLCC website highlighting a range of ideas on things to do at home, safety tips and facts from the World Health Organization to educate our shoppers as well as the malls' initiatives in ensuring procedures of the new norm

Suria KLCC also developed a QR code for the mall management to use on shopping vouchers and point of sale materials to further drive traffic to the website. The YouTube channel set up in 2018 to stay connected with shoppers through a series of video contents also doubled as a platform to run YouTube ads in the bid to expand our reach to target shoppers. Leveraging on social media, the malls collaborated with celebrity chef and fashion influencers to promote participating outlets with a series of self-produced online videos as well as new shops and brands that came in during the year. The initiatives proved fruitful as the social media outreach of YouTube subscribers increased 69% whilst Suria KLCC's Instagram followers increased more than 20% during the year.

Given the changing consumer expectations and external market environment, digitalisation has enabled Suria KLCC to adapt better and address the onset and reality of the COVID-19 environment as consumers are more concerned with health, safety and convenience. Further enhancing awareness of safety, the malls created a series of interactive animations aired within the mall digital panels to remind shoppers of safety practices, including the need to wear masks and abide by the social distancing requirements. In embedding mindfulness on safety as well as gain traction for the malls, Suria KLCC ran Instagram quizzes to reward and stay connected with shoppers on the mall's safety measures practices. These digital exertions enabled our retail malls to engage with the broader community while taking the cue to evolve in order to stay relevant, thereby creating new and unique shopping experiences in the face of the challenges in the retail market.

FINANCIAL REVIEW

	REVENUE			PROFIT BEFORE TAX (Excluding fair value adjustment)			PBT contribution
PROPERTY	2020 RM'mil	2019 RM'mil	Variance %	2020 RM'mil	2019 RM'mil	Variance %	2020 %
Suria KLCC	**376.2**	469.3	(19.8)	**271.0**	364.5	(25.7)	**95**
Menara 3 PETRONAS (Retail Podium)	**30.6**	33.9	(9.7)	**14.5**	18.3	(20.8)	**5**
Total Retail Segment	**406.8**	**503.2**	**(19.2)**	**285.5**	**382.8**	**(25.4)**	**100**

The retail landscape was disrupted during the year as the economy came into an abrupt halt during Quarter 2 of the year, where movement restrictions were imposed, and only essential businesses were allowed to operate. With the gradual easing of the movement restrictions, all outlets were fully operational from July 2020.

The retail segment contributed 33% of the overall KLCCP Stapled Group's revenue. For the period ended 31 December 2020, retail segment recorded a decrease in revenue and PBT to RM406.8 million and RM285.5 million respectively. This was mainly due to the various assistance pacakages granted to the tenants in both Suria KLCC and the retail podium of Menara 3 PETRONAS coupled with lower internal digital advertising income.

PROSPECTS

Though the movement restrictions which came into effect on 13 January 2021 is expected to delay the recovery of the retail sectors, our retail segment anchored by Suria KLCC will continue to leverage on its strategic location, and engage its shoppers while focusing its efforts on delivering a safe, convenient and experiential experience for shoppers. Coupled with a deep understanding of the global retail market and strong partnerships with its retailers, Suria KLCC expects to emerge stronger from the challenges of 2020.

THE PLACE TO STAY

This is the place that inspires a truly luxurious experience

NO. OF ASSETS

1 [2019: 1]

NO. OF ROOMS

629

[2019: 629]

OCCUPANCY

19% [2019: 64%]

REVENUE CONTRIBUTION BY SEGMENTS

4% [2019: 13%]

❝
The biggest achievement for us in 2020 has been to maintain our team together and have everyone share the pain of cost contingency actions that have affected our way of working and everyone's personal economy. It has enhanced the union in our team and strengthened our MOKL family in preparing to be better operators at all levels in the coming year. ❞

Christian Tavelli
General Manager, Mandarin Oriental, Kuala Lumpur

OPERATIONS REVIEW

DEALING WITH COVID-19

In restoring confidence of our guests, MOKL Hotel redefined the service operating procedures and prepared the hotel facilities by adhering and promoting "We Care", a Mandarin Oriental worldwide campaign to ensure the highest cleaning, disinfection and protection standards in the industry. Operationally, the hotel carried out a comprehensive cost reduction plan including the freezing of new hires, implementing senior management pay cuts and sturdier negotiations with suppliers for mutual sustenance to stay afloat.

WE CARE

Scan to watch

MOKL Hotel WE CARE Video

WHAT WE SAID WE WOULD DO

Without foreknowing the gravity of the COVID-19 pandemic, the hotel had expected more MICE related business in the years to come, along with a growth in tourists' volume with the Visit Malaysia campaign planned for 2020. The hotel's plans revolved around intensifying its digital marketing to broaden its network and capture market share with priority always placed on its brand-defining personalised guest service.

Recognised as one of the country's finest luxury hotels, MOKL Hotel represents the hotel segment of KLCCP Stapled Group, offering guests an exceptional experience transcending the typical accommodation.

While MOKL Hotel is well-positioned in the competitive landscape with its newly rejuvenated guestrooms, the year 2020 saw the Malaysian hospitality sector drastically impacted by the unprecedented COVID-19 pandemic. The border closures and imposition of a country-wide movement restrictions implemented in various phases, led to the curtailed international and domestic travels. MOKL Hotel faced an extremely challenging year with the unprecedented low volume of business and MICE events. As a result, the hotel revenue contribution to the Group's total revenue saw a sharp decline to 4% from 13% in the preceding year.

Despite the challenging climate and resultant from the relentless pursuit of unrivaled guest service, MOKL Hotel sustained its award winning streak and was bestowed 13 awards during the year. Amongst them were the Malaysia's Leading Hotel 2020 by World Travel Awards, Malaysia's Leading Hotel Residences 2020 by World Travel Awards, Asean Green Award 2020-2022 by Asean Tourism Forum, Top 20 Hotels in Asia by Conde Nast Traveler bagging the third spot, Customer Review Awards 2020 by Agoda and Green Hotel Standard 2020-2022 by Ministry of Tourism, Arts & Culture. Mandarin Grill, offering an array of premium authentic Italian cuisine also bagged the T- Dining Best Restaurants 2020 by Tatler Malaysia.

INDUSTRY LANDSCAPE AND OPERATING CHALLENGES

2020 was touted to be a big year for the Malaysian tourism industry with plans for its Visit Malaysia 2020 campaign well set out. Tourism Malaysia was expecting to greet some 30 million international tourists during the year, more than the recorded number of 26 million in the previous year. Unfortunately, the sudden impact of the COVID-19 pandemic paired with the movement restriction controls as a preventive measure to contain the virus brought about devastating implications to the sector among other industries.

THE NEW NORM BROUGHT THE TEAM TO REDEFINE SERVICE OPERATING PROCEDURES AND PREPARE THE HOTEL FACILITIES TO REGAIN THE CONFIDENCE OF ITS GUESTS BY ADHERING AND PROMOTING "WE CARE"

WHAT WAS DONE

MOKL Hotel's strategic plan during the pandemic focused on the domestic market with an array of initiatives designed to target various channels and type of guests while upholding the needs and expectations of its clients. Numerous offers and promotional packages, specially curated for each client segment were launched to gain traction for the hotel. The hotel also leveraged its strategic partnership with KLCC Business Events Alliance and formed the O&MO Alliance between the Oberoi Hotels and Resorts and Mandarin Oriental Group in attracting guests and boasting brand value.

WHAT TO EXPECT IN THE FUTURE

MOKL Hotel will continue to drive its strategic initiatives to enhance its brand-defining services further to elevate guest experience and satisfaction. With the cost management controls put in place, the hotel is expected to sustain business operations until tourism fully recovers. The hotel remains cautious on its future outlook as the operations will still largely depend on international arrivals in the long run. Nevertheless, MOKL Hotel will gear to face the challenges ahead with continuous tactical initiatives and prudent cost containment measures, while upholding its brand value of delivering world-class hospitality beyond guests' expectations for a luxury hotel experience.

Reeling from the impact of the pandemic which saw the cancellation of the Visit Malaysia 2020 campaign and the eventual closure of many hotels, hotel operators were forced to tread water under the dire circumstances. With the challenging market environment and stiff competition, most hotels had to adapt to a new lower price demand with a differentiated offering to remain competitive. The pandemic also brought about a change in client profile from corporate business to local leisure attracted by price sensitive offers which provide value for money.

With the opening of five new luxury hotels in the KLCC vicinity with approximately 1,000 rooms in the past two years, the hospitality sector has become even more competitive leading to price wars amongst the hotels, clamouring for the same market share. This along with the movement and gathering restrictions imposed saw the hotel's restaurants and banqueting events taking a hit.

Various stimulus packages by the Government, initiatives and assistance were extended to the hospitality industry to alleviate the pandemic's impact and revive travel demand in the long-term. Incentives for the tourism industry among others included the extension of the tourism tax and service tax exemptions for hotels until June 2021 and the Wage Subsidy Program of RM600 for each employee earning less than RM4,000. Under the Prihatin stimulus package, special individual tax relief of up to RM1,000 for domestic tourism expenditure was given to encourage the public to travel domestically.

The mandate on movement restrictions was a strenuous period for MOKL Hotel where efforts were concentrated on containing costs, protecting the asset, taking care of the team while also planning for the recovery by defining the new norm. The new norm brought the team to redefine service operating procedures and prepare the hotel facilities to regain the confidence of its guests by adhering and promoting "We Care", a Mandarin Oriental worldwide campaign to ensure the highest cleaning, disinfection and protection standards in the industry.

Thermal cameras were installed in the hotel entrances, proper social distancing were established in restaurants and public areas, disinfectant gel and masks were also provided complementary to all guests. MOKL Hotel further ensured that staff members were provided with personal protective equipment as well as comprehensive training to ensure new norms were adhered to and actioned.

With the overall hospitality industry seeing a decimation by the pandemic with massive layoffs taking place during the year, MOKL Hotel too was not spared the need to take prompt drastic measures in handling the unprecedented climate. The hotel carried out a comprehensive

OPERATIONS REVIEW

plan including the reduction of headcount, freezing of new hires, implementing senior management pay cuts and sturdier negotiations with suppliers for mutual sustenance to stay afloat. In spite of these sudden and radical changes, MOKL Hotel's management team exhibited a great degree of empathy and leadership through consistent open communication, addressing the concerns of hotel employees as well as embracing collective efforts and creative ideas in uplifting morale. The painful implications shared as a result of the implementation of these cost contingency measures fostered a sense of unity and strength amongst the employees of the hotel, instilling a determination to thrive through the challenges ahead.

Moving forward with the uncertain market conditions, shift in demand patterns, heightened competitive pressures and tight operating costs, attractive customer offerings, a motivated workforce complemented with personalised service redefining guests experience are the key differentiators for MOKL Hotel.

STRATEGY AND INITIATIVES FOR THE YEAR

A year unlike any other, 2020 started off on a high note for MOKL Hotel with the hotel seeing one of the strongest January results in a decade. MOKL Hotel was poised to continue to run at high occupancy levels before the pandemic hit Malaysia in February 2020. However, this hope was short-lived as the spread of the pandemic persisted on, leading to the movement restrictions in March 2020. The country's hospitality sector was seen to suffer a devastating blow given the steep decline of inbound international tourists with border closures and mass cancellation of hotel bookings. In view of the stiff competition and to ride through these uncertain times, MOKL Hotel implemented a comprehensive action plan to sustain its operations through various forms of efficiency improvement initiatives, innovated and adapted to customer-centricity and technology.

1 CAPITALISED ON DOMESTIC BUSINESS

As a result of the changing market conditions, shifts in demand patterns and increasing competitive pressures, the hotel ramped up sales efforts and customised its service offerings to attract local demand. MOKL Hotel focused on the domestic market with an array of strategies designed to target various channels and types of guests while upholding its clients' needs and expectations.

In a bid to stay ahead of the game and gain traction from the local leisure segment, MOKL Hotel promoted several offers including "Staycations at MO" which offered attractive discounts in both Deluxe and Club & Suites, "Urban Resort" which focused on the hotel's premium inventory targeting guests with higher spending power, "One More Night" focusing on guests who booked longer stays in the hotel's premium inventory amongst others. Staycation at MO was the most successful promotion enabling the hotel generate revenues and occupancy, driving 65% of the total bookings in December 2020.

Considering the decline in the corporate market segment that was most affected due to the economic restrictions, MOKL Hotel channelled its sales effort on this segment through several tactical initiatives. Amongst the offers included the "Work from MO" which allowed guests a day-use package to work from the hotel at 50% off the best available rate, "Corporate Flash" which offered corporate clients a second night complimentary stay as well as other partnerships and promotional packages targeting high net worth individuals. These new offerings were well received and aided the recovery of the hotel's revenue and average room rates which took a beating during the year.

2 OFFERED TANTALISING DINING AND BANQUETING EXPERIENCE

The challenges from the COVID-19 pandemic required the hoteliers to reinvent and innovate its service offerings to adapt to the new normal. MOKL Hotel paved the way for the new normal of hotel buffets, being the first hotel in the city to introduce the "assisted service" through a glass-enclosed buffet. This unique assisted buffet arrangement concept allowed our guests to window shop their preferred meals which were delivered to their tables, which saw great success for its F&B revenues.

MOKL Hotel also enhanced its online gourmet shop extending from the traditional cakes and sweets offerings to include full menus showcasing the hotel restaurants' best-selling dishes to be delivered directly to the doorstep of our guests. The success stemmed from leveraging this platform saw the hotel's revenue from this outlet multiply, compared to previously limited to walk-in guests to the hotel's lobby shop.

Whilst large event gatherings were prohibited during the various phases of lockdowns, the hotel focused on smaller scale events. To boost the demand, MOKL Hotel rolled out wedding promotions with early bird offers and organised wedding fairs which were well received despite the pandemic. During the year, the hotel hosted nine weddings and 131 events.

3 DIGITAL COMMUNICATION AND MARKETING

With the disruption brought by the global pandemic, digital platforms and technology have proven to be an essential channel of communication and engagement platform with clients, corporate partners and vendors. During the year, the hotel embraced new systems and digital technology in promoting hotel offerings and maintaining effective communication with guests and business partners through social media interaction. Furthering efforts to gain traction for the hotel, MOKL Hotel organised various campaigns through social media platforms such as Instagram and Facebook with curated experiences showcasing recipes from the hotel's chefs as well as activities from the fitness & wellness team.

2020 saw the implementation of a new Property Management System in MOKL Hotel, a robust tool which enables hotel staff to learn about guests, customise each service and enhance guests experience, ultimately contributing to the hotel's revenue generation. The hotel launched a new tier in its already recognised "Fans of MO" loyalty program. The new "Elite" tier recognises the hotel's ultra-loyalist guests who enjoy spending time in MO hotels, generating the largest amount of room nights and revenues. MOKL Hotel's Elite Club with more than 4,000 members benefited from special offers and updates on the hotel facilities as well as operational hours though the membership mobile application. This new form of recognition further strengthens the hotel's relationship with guests and plays a significant role in the promotion of the MOKL Hotel brand.

4 STRATEGIC PARTNERSHIPS AND COLLABORATIONS

Strategic partnerships and collaborations were also a significant part of MOKL Hotel efforts to gain customer traction. The O&MO Alliance between Oberoi Hotels & Resorts and Mandarin Oriental Hotel Group which launched during the year is an alliance that brings together two of the world's leading luxury hotel brands, teaming up as partners across a diverse range of areas. This collaboration creates an open platform for both brands to communicate and collaborate, ultimately with the objective of boosting both brands to create value and grow. The broader portfolio of choice will allow for "Fans of MO" members to receive exclusive privileges when staying at Oberoi hotels and vice versa.

The hotel's strategic partnership with the KLCC Business Events Alliance saw the "Fly+Shop+Stay" campaign launched in collaboration with Suria KLCC, Malaysian Airlines and Aquaria to attract customers to KLCC. Other collaborations included strategic campaigns launched with the Hotel's online travel agency partners as well as teaming up with social media influencers to post on their "stay experience" at MOKL Hotel to attract guests.

FINANCIAL REVIEW

	2020 RM'mil	2019 RM'mil	Variance %
Revenue	**52.9**	177.5	(70.2)
(Loss)/Profit before tax	**(63.6)**	0.7	(>100)

During the year, the hotel segment was the most severely impacted by the COVID-19 pandemic - closure of borders, interstate travel restrictions and prohibition of large social gatherings during the various phases of the movement restrictions.

Despite the hard-hit year for the hotel industry, MOKL Hotel continued to enhance guests experience through various tailored promotions and innovative F&B offerings.

The hotel segment ended the year with a loss before tax of RM63.6 million on the back of a 70% decline in revenue from 2019.

PROSPECTS

MOKL Hotel is expected to face a challenging environment amidst the uncertainty surrounding the pandemic and stiff competition from new hotels within the vicinity. The hotel remains cautious in the near term outlook as full recovery will still depend on international arrivals in the long run. The cost management controls put in place will continue to ensure a sustainable operation until tourism fully recovers. Noting that many countries are similarly affected by the outbreak, the hotel does not expect to see an immediate growth spurt to globetrotting activities once other Governments reopen their borders. Quite assuredly, it would be a gradual recovery in the coming years before the hotel expects to see the business going back to its pre-COVID-19 levels. Nevertheless, MOKL Hotel will continue to drive its strategic initiatives to stay at the forefront and enhance its brand-defining services while upholding its brand value in of delivering world-class hospitality beyond guests' expectations for a luxury hotel experience.

OPERATIONS
REVIEW

THE PLACE TO PLAY

This is the place that inspires learning and captivates the mind

NO. OF FACILITIES MANAGED

23 [2019: 20]

NO. OF CAR PARKING BAYS MANAGED

11,837

[2019: 12,634]

REVENUE CONTRIBUTION BY SEGMENTS

15% [2019: 10%]

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Our facilities have been designed to operate with the most efficient performance and volume. COVID-19 required us to rethink our strategy to balance safety and operational efficiency. Thus, we embarked on a journey of our KLCCUH 4.0 Business Transformation Program, with the aim of transforming KLCCUH into an integrated and efficient company. It involves strategic sourcing to create more value, leverage economies of scale, the adoption of Real Time Operations to improve customer experience, energy efficiency and cost management, digital transformation focusing on data analytics & Internet of Things (IoT) and importantly, human capital development- equipping our staff with the future skills in Facility Management.

KLCCUH 4.0 Transformation

- Digitalisation
- Operational Excellence
- Safe & Secure
- Business Excellence
- Great Place to Work

Izwan Hasli
Executive Director/Head, KLCC Urusharta Sdn Bhd

OPERATIONS REVIEW

DEALING WITH COVID-19

The year saw KLCCUH focus on two critical areas embodying facility cleanliness as well as the safety of employees and tenants - ranging from the evaluation of housekeeping schedules and daily cleaning practices to spot sterilisation and workplace-specific sanitisation standards as well as disinfecting. From embracing touch-free parking to using data and becoming more environmentally conscious in the COVID-19 era, during the year KPM successfully transitioned the North West Development (NWD) car park to fully ticketless and cashless.

WHAT WE SAID WE WOULD DO

To accelerate KLCCUH's transformation as a solutions partner, leveraging Industrial Revolution 4.0 technologies namely IoT, Cloud and Big Data to better manage energy efficiency, reduce operating costs and make smarter intuitive decisions. At the same time, our car parking management company was positioned to spearhead the digital efforts within the Group towards elevating quality and experience of its car parking services, enhancing its cashless initiatives with total digital surveillance within the NWD car park.

The management services portfolio which continues to complement the property portfolio of KLCCP Stapled Group comprises two broad categories namely – facilities management and car parking management.

The facilities management arm under KLCC Urusharta Sdn Bhd (KLCCUH) undertakes the management of all the office buildings within the KLCCP Stapled Group portfolio, common facilities and common estates which include KLCC Park, all within KLCC Development as well as various facilities of PETRONAS and KLCC (Holdings) Sdn Bhd. The Company offers a comprehensive scope of services in the spectrum of facilities management aimed at meeting the full range of needs by building owners and tenants.

KLCC Parking Management Sdn Bhd (KPM) provides parking management services with more than 10 years of industry experience, befitting the premium standard required for the assets portfolio within the KLCC Group of Companies. Apart from addressing the parking demands of the facilities, KPM ensures its operations complement the integrated needs of the retail, office tenants, hotel and convention centre and provides advisory services to owners and operators on the practical, functional and aesthetic aspects of car park facilities.

INDUSTRY LANDSCAPE AND OPERATING CHALLENGES

The facilities management industry was not spared from the repercussion of the novel COVID-19 pandemic which disrupted even the most well-managed facilities. Prior to the pandemic, the key challenges faced by most facilities managers revolved around tackling the rising cost environment and keeping costs down while aiming to deliver high quality service to its building occupants. While these challenges remain relevant in today's climate, the focus now has shifted to ensuring workforce and facilities cleanliness and safety as well as alleviating fear and anxiety of employees and tenants returning to work.

DESPITE A YEAR OF HEADWINDS, BOTH KLCCUH AND KPM CONTINUED TO RAMP UP EFFORTS TO ENHANCE ITS OPERATIONAL EFFICIENCIES AND IMPROVE ITS DELIVERY OF QUALITY SERVICES WHICH TRANSCENDS THE NEEDS OF ITS STAKEHOLDERS

WHAT WAS DONE

During the year, KLCCUH invested in an Integrated Building Command Centre (IBCC) to enable the operations and management of multiple buildings and services on a real-time dashboard and leverages big data analytics and machine learning to optimise the asset performance. Keeping abreast with the advances in technology, KPM successfully transitioned the NWD car park to fully ticketless and cashless.

WHAT TO EXPECT IN THE FUTURE

KLCCUH is well underway with its transformation initiatives to be a future-ready facility management company encompassing digital ways of operating with Industrial Revolution 4.0 technologies, strong technical capability and operational excellence to further improve the operational efficiencies, enhance safety and security as well as drive smarter strategic decisions. Alongside this, KPM is in the final stage of completion of its Premium Parking at the NWD car park with security personnel, valet services, surveillance cameras and electric vehicle charger, targeted to be opened to public in Quarter 1 2021. This will ultimately elevate the service quality and parking experience for its customers.

Since the onset of the pandemic, facilities managers had to deal with the outbreak in the workplace, take action towards implementing the right prevention and containment strategies in cases of infection. As offices and workplaces gradually began to reopen, the call for a safe and clean working environment became a primary requirement, with demand for thermal scanners, hand sanitising stations and social distancing signages installed to ensure adherence to the new SOPs. Faced with an unprecedented climate while battling the existing challenges which took the form of ensuring adequate maintenance for the buildings and escalating operational costs, KLCCUH remained steadfast in its efforts to create a safe working environment while efficiently and prudently managing all its overheads.

Almost overnight, the outbreak of the COVID-19 pandemic turned the global parking industry on its head. From office buildings and shopping malls to airports, many parking lots were left almost empty and some completely closed. In the wake of the global pandemic, local authorities issued various phases of restrictions on movements and instructed for the public to stay at home, thereby reducing mobility and resulting in an enormous contraction in the overall parking activity nationwide. From empty parking lots to the rising concern of safety and hygiene, now more than ever, it is vital for parking operators to reinvent itself to respond the needs of the community for a safe, convenient and seamless parking experience.

Ridesharing and e-hailing services that were previously set on an upward trend saw a decline during the year due to concerns surrounding the pandemic's spread. While the MRT railway opening has made commuting easier and more convenient, commuters who own private vehicles will likely opt to drive instead of resorting to public transport options or hiring a ridesharing service in the short-term. This arguably could result in higher utilisation of parking facilities in the immediate future. However, in the long run, the pandemic related woes will likely alleviate, and commuters may grow comfortable using ridesharing, e-hailing, and public transportation again.

In view of this, KPM offers the flexibility of payment methods, convenience in finding car park spaces, enhanced security features as well as other ancillary services including charging stations for hybrid cars reinforcing its commitment of delivering a high standard of parking experience for its customers. Further upholding and living up to the name of a premium car parking management service provider, KPM ensures the delivery of its quality operations by having robust audit procedures as well as the requisite knowledge and experience which promises effective returns for car park owners.

OPERATIONS REVIEW

STRATEGY AND INITIATIVES FOR THE YEAR

Despite a year of headwinds, both KLCCUH and KPM continued to ramp up efforts to enhance its operational efficiencies and improve its delivery of quality services which transcends the needs of its stakeholders. These two companies continue to play a pivotal role in upholding the premium status of the offices of PETRONAS Twin Towers, Menara 3 PETRONAS and Menara ExxonMobil.

1 SHIFTED FOCUS ON SAFETY & SECURITY

A year driven by groundbreaking transformation initiatives, KLCCUH paved the way in its purpose of being a progressive facilities management solutions partner. The year witnessed the Company tackling key areas from the disruptive global pandemic to prevailing concerns pertaining the safety and security, ageing buildings, escalating operational costs as well as digital technology and sustainability.

In the face of the COVID-19 pandemic, KLCCUH as a facility management service provider saw its primary role and priority shifted from focusing on maintenance services to being the frontliner in creating a safe work environment for tenants and employees. KLCCUH's focus was on two critical areas embodying facility cleanliness as well as the safety of employees - from evaluation of housekeeping schedules and daily cleaning practices to spot sterilisation and workplace-specific sanitisation standards as well as disinfecting. Further extending to facility policies, KLCCUH embarked on a mission of reeducating employees and visitors on workplace interactions, mask mandates, proper use of shared amenities and workplace distancing parameters with constant oversight to ensure these policies are followed, adapted, and improved. The company saw its cleaning procedures and policies change radically and these best practices is anticipated to shape future standard even post pandemic.

2 LEVERAGING ON INDUSTRIAL REVOLUTION 4.0

Taking heed of the underlying risks in hot spots such as the PETRONAS Twin Towers, Suria KLCC and KLCC Park, various exertions were deployed to fortify the Safety and Security team to safeguard the wellbeing of visitors to the area. Under the Security Enhancement Project, KLCCUH invested in an Integrated Building Command Centre (IBCC) to enable the operations and management of multiple buildings and services on a real-time dashboard. This will in turn, maximise efficiency, workforce productivity as well as optimise operation performance in managing facilities.

Apart from providing centralised real-time monitoring, control, and command centre that operates on a robust cloud-based IoT platform, the IBCC leverages big data analytics and machine learning to optimise the asset performance. The IBCC will further act as predictive maintenance analysis to minimise the impact on the system breakdown and other operations disruption, thus improving overall system performance. With these multifaceted enhancements, KLCCUH is able to significantly mitigate its security risks, improve overall safety and ultimately grant users and the community a peace of mind.

As a testament to the continuous service level improvement and exemplary quality standard, KLCCUH was bestowed the Malaysia GBC Leadership in Sustainability Awards 2020 for Best Sustainability Leadership for Facility Management 2020 (Gold Award), Royal Society for the Prevention of Accidents (RoSPA) Health and Safety Awards (Gold Award) and the MSOSH OSH Award Program 2019 Service Sector (Gold Award). KLCC Park maintained by KLCCUH received the World's Top Urban Park (Silver Award) recognition at the International Large Urban Park Award 2020.

3 FULLY TICKETLESS AND CASHLESS PARKING

To stay on top of the game, our car parking management services company, KPM continued to deliver high service level standards to elevate and enhance customer experience. During the year, the widespread COVID-19 pandemic required KPM to review its operations holistically, laying the foundation to be more virtual, safe, customer friendly, and embrace new technologies.

Keeping abreast with the advances in technology while maneuvering in an unprecedented climate, KPM set out to further improve on its existing cashless payment initiatives. Over the years, the Company had transitioned towards cashless payment methods by equipping the auto pay machines within the NWD car park with credit card facilities and the activation of online payment for season car card holders via their website. This initiative further saw the installation of the integrated reader for Touch n Go, credit and debit card at the entry and exit terminals of our NWD basement car park of KLCC Precinct development. The mobile phone application, ICONIK, which features online ticket payment system, car park availability and information on services available including parking rates further serves to complement the other existing cashless payment initiatives. These well received adoption of cashless payment methods offered the advantage of greater safety and convenience for patrons, promotes greater accountability of parking transactions and reduced the leakage arising from cash related transactions.

During the year, KPM successfully transitioned the NWD car park of 5,092 bays to ticketless and cashless, using a smart parking system, embracing multiple e-wallet and cashless payment options, creating a safe space for its customers.

KPM has also been working on converting 62 car park bays located at Level P2 to a Premium Parking area at the NWD car park. This new area includes added features such as security personnel, valet services, surveillance cameras and electric vehicle (EV) charger and is targeted to open to the public in Quarter 1 2021. This new service offering will elevate the standards of car parking to deliver an exceptional parking experience for our customers.

FINANCIAL REVIEW

PROPERTY	REVENUE 2020 RM'mil	REVENUE 2019 RM'mil	Variance %	PROFIT BEFORE TAX (Excluding fair value adjustment) 2020 RM'mil	2019 RM'mil	Variance %	PBT contribution 2020 %
Facilities Management	**145.7**	77.6	87.8	**18.0**	20.0	(10.0)	**89**
Car Park Management	**39.1**	61.9	(36.8)	**4.9**	12.5	(60.8)	**24**
Others	**4.4**	7.1	(38.0)	**(2.6)**	4.8	(>100)	**(13)**
Total Segment	**189.2**	**146.6**	**29.1**	**20.3**	**37.3**	**(45.6)**	**100**

For the financial year 2020, the management services segment, contributed a total of RM189.2 million in revenue, an increase of 29.1% from the previous year. This constituted 15% of KLCCP Stapled Group's revenue. Despite the increase in revenue, PBT recorded a decrease of 45.6% from lower transient parking due to the various phases of movement restrictions.

Facilities Management reported an escalated growth of 87.8% in revenue. However, PBT for the year contracted 10.0% mainly due to the new business model adopted during the year which shifted from a fixed fee to a comprehensive maintenance services effective January 2020.

With reduced footfall in Suria KLCC due to the travel restrictions and tenants from the surrounding offices adopting the flexible working arrangements, revenue from car park management declined by 36.8% to RM39.1 mil due to the noticeable reduction in transient car count at the NWD car park. PBT declined by 60.8% from higher operating expenses from its digital initiatives.

'Others' represents mainly the interest income earned as well as general management services provided by the Company to the entire KLCC Group of Companies.

The Group's management services segment also includes the REIT management services under KLCC REIT Management Sdn Bhd. The stapled structure of our Group ensures no leakage of management fees. The management fees charged which is part of KLCC REIT expense is recycled back into the income stream within the KLCCP Stapled Group, hence does not impact the profitability. The income earned by KLCC REIT Management is subsequently utilised to distribute dividends to the holders of Stapled Securities.

PROSPECTS

Entering a new year with the COVID-19 pandemic, utmost priority will continue to be placed in ensuring the safety, health and convenience for all our stakeholders. KLCCUH as a facility manager has distilled best practices for health and safety from the hard-learned lessons of 2020, radically changing practices to accommodate new ways of both doing business and providing a safe workplace.

KLCCUH is well underway with its transformation initiatives to be a future-ready facility management company encompassing digital ways of operating with Industrial Revolution 4.0 technologies - strong technical capability and operational excellence to improve the operational efficiencies further, enhance safety and security as well as drive smarter strategic decisions. Our car parking management company under KPM is well on the path to be a future-ready car parking management company. KPM will continue to drive its efforts towards promoting convenience and improving its car parking services' safety and security with cashless payment and total digital surveillance and premium parking, ultimately elevating the service quality and parking experience for its customers.

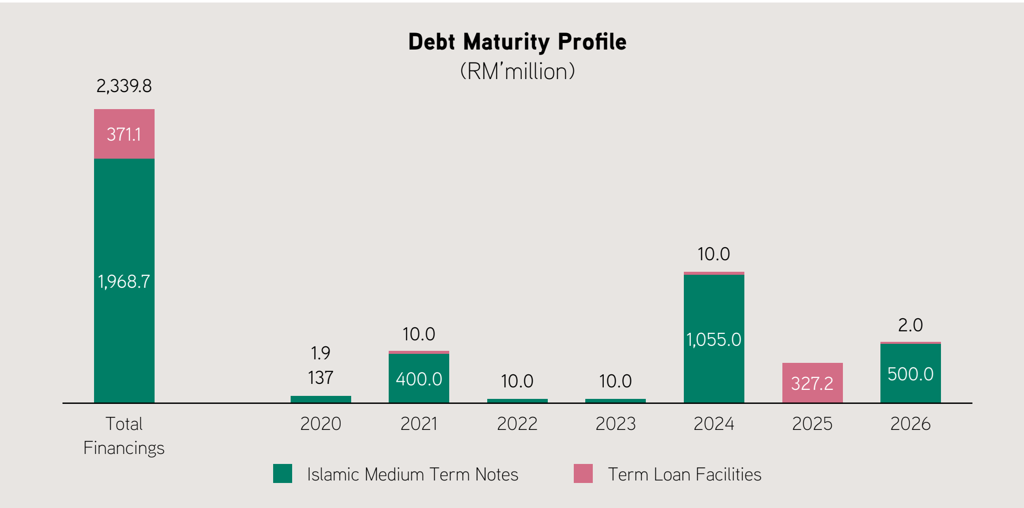
CAPITAL MANAGEMENT

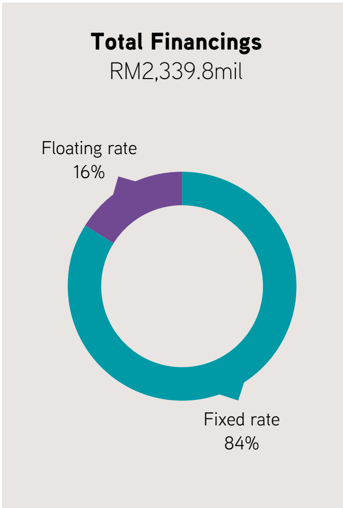
The financial standing of the Group remains fundamentally strong and consistent amidst the pandemic and trying times during year. Gearing ratio as at 31 December 2020 is still low and prudent at 18% as the Group prepares to renew the RM400 million Sukuk which will come due in April 2021. The extension of the TNL tenure for a further term of 15 years upon the expiry of the existing term bodes well with the Group's capital management strategy - to sync stable income stream to the long-term financings and maturity schedule.

As set out in KLCC Group's Corporate Financial Policy, the Group's objective in managing capital is to maintain an optimal capital structure and ensure availability of funds for businesses and operations whilst maximising shareholder value.

	2020	**2019**	**2018**	**2017**	**2016**
Total financings (RM million)	**2,339.8**	2,334.7	2,244.7	2,251.1	2,552.4
Average cost of debt (%)	**4.4**	4.6	4.6	4.6	4.5
Fixed: Floating ratio	**84**	84	84	84	85
Average maturity period (years)	**3.6**	4.6	4.1	5.1	5.6
Gearing ratio (%)					
- Gross	**18.0**	17.8	17.1	17.2	19.9
- Net	**11.3**	11.1	11.5	11.5	12.0

(Note: Total financings is excluding arrangement accounted for as leases under MFRS 16)





KLCC REIT and Suria KLCC restructured its facilities in 2014 with the establishment of Sukuk Murabahah with a combined limit of RM3.0 billion and RM600 million respectively which were rated AAA by RAM ratings. In 2015, Asas Klasik Sdn Bhd, a 75% owned subsidiary of KLCC which owns MOKL Hotel, restructured its existing borrowings of RM330 million into 2 restructured term loan facilities with an aggregate sum of RM378.0 million.

In 2019, KLCC REIT successfully renewed its second and fifth tranches of Sukuk Murabahah with total amounting to RM500 million. The next due will be in April 2021 and the Group is preparing for the renewal with a probable lengthened debt maturity profile beyond 2027. The Group's average maturity period was reduced to 3.6 years since no refinancing exercise occured during the year.

As for MOKL Hotel, the year's effective interest rate reduced to 3.6% from 4.5% following two overnight policy rate (OPR) cuts during the year to a record low of 1.75% as at year end. Taking advantage of the cheaper borrowing cost, a net drawdown of RM7.0 million was made during the year to finance the operational and capital spending for the hotel. With the lower financing cost from long-term loan, the Group's average cost of debt reduced from 4.6% to 4.4% as at year end.

Overall, the Group has sufficient capital support with its RM3.0 billion Sukuk Murabahah. With more than 50% of the unutilised programme together with the mandate granted by the holders of Stapled Securities to issue new shares up to 10% of the approved share capital, the Group has the financial flexibility to tap into the debt-equity markets to gear up further, to fund future acquisitions.

CAPITAL EXPENDITURE

The Group has taken a more conservative approach and rationalised the necessity of each capital expenditure to be undertaken during the year. The Group spent RM28.2 million during the year compared to RM99.1 million in 2019. This was towards the completion of existing projects namely, the reconfiguration exercise in Suria KLCC and the investment for the pilot launch of IBCC that houses high-tech specifications with digitally featured security system. These expenditure commitments were funded from the available internal cash.

Previously approved capital expenditure which were to be undertaken by the hotel in 2020 were deferred as part of cost containment measures for operations and business continuity.

In respect to the redevelopment of the City Point Podium of Kompleks Dayabumi, the Group will review the funding requirements when the need arises and will raise debt funding accordingly. As of current development, all expenses incurred were sourced through internal funds.

FINANCIAL RISK MANAGEMENT

Guided by the PETRONAS Integrated Financial Risk Management (IFRM) Guideline, the Group is cognizant of the financial risks in the course of its day-to-day business.

As part of prudent financial risks management, the Group has reviewed, appraised and deliberated identified financial risks to its acceptance level, taking into consideration the impact from the pandemic and current economic factors. The identified risks will be continuously monitored and regulated with adequate levels of mitigative actions in accordance with the Group's view of the balance between risk and reward.

Credit Risk

Credit risk is the possibility of default collections of amounts owing to us and that could bring adverse impact on the financial performance. Although credit risk appetite differs from one business segment to another, the Group strives to minimise credit risk through efforts such as entering into contracts with highly credit rated counterparties, necessitate collaterals or any form of credit enhancements.

During the year, credit risk from the retail segment was higher than previous years as the pandemic significantly impacted several businesses of the retail tenants with the implementation of the movement restrictions in various phases and the overall abrupt change in consumer behaviour and spending power.

Trade Receivables of the Group as at 31 December 2020 grew 2.5 times from 2019 with the ageing profile reflecting the on-going tenant discussions and negotiations in the retail segment.

Trade Receivables' Aging	RM'000
Not past due	1,386
Past due 1 to 30 days	6,697
Past due 31 to 60 days	5,350
Past due 61 to 90 days	2,900
Past due more than 90 days	7,465
	23,798
Less: Allowance for impairment loss on trade receivable	(3,362)
	20,436

To reflect the current credit risk profile and the economic condition, the Group increased the allowance for impairment loss on trade receivables from RM0.2 million to RM3.4 million during the year.

Nevertheless, the retail operators carry out thorough credit evaluation using qualitative and quantitative criteria on new tenants and continuous follow up with the tenants to ensure collectability. Constant monitoring of the tenants' affordability of the rental charges is also part of the credit risk mitigation.

Similarly, the hotel segment also conducts thorough reviews and assessments of the credit worthiness of customers who are provided credit limits to ensure timely collection of payment obligation when due falls.

Liquidity Risk

Liquidity risk is the possibility of the Group encountering difficulties in meeting obligations of financial liabilities.

The Group maintained adequate cash and bank balances to meet its working capital requirement as part of the overall liquidity management. Periodic cash flow forecasts are undertaken to determine optimal cash requirement, taking into consideration the realisation of receivables, payment of suppliers and other capital and financial obligations. This proactive cash management ensures that any idle monies are placed in interest/profit bearing accounts.

As disclosed under the Debt Maturity Profile, KLCCP Stapled Group's outstanding financings are only due within the medium to long-term. In addition, KLCCP Stapled Group has significant headroom which will allow it to tap onto financing as and when required.

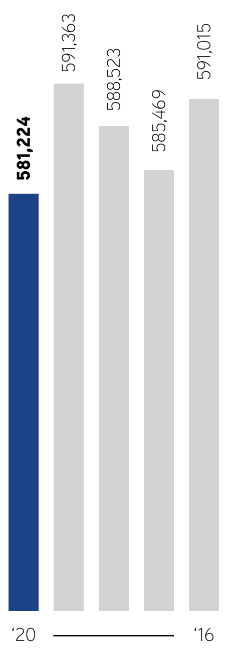
Foreign Currency Risk

Foreign Currency Risk is the risk arising from the exposure to foreign currency and exchange rate fluctuations. As KLCCP Stapled Group operates predominantly in Malaysia and transacts mainly in Malaysian Ringgit, it is not exposed to any significant foreign currency risk.

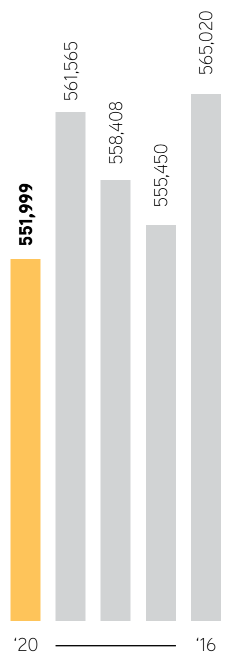
To read more, refer to Understanding Our Principal Risks on pages 74 to 79

KLCC REIT FINANCIAL HIGHLIGHTS

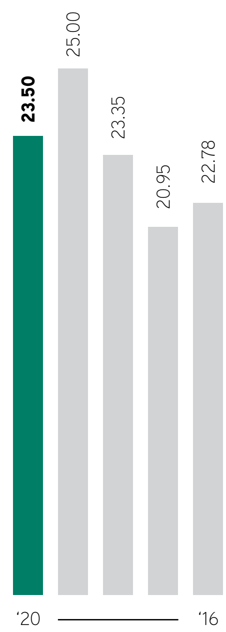
TOTAL PORTFOLIO REVENUE (RM'000)



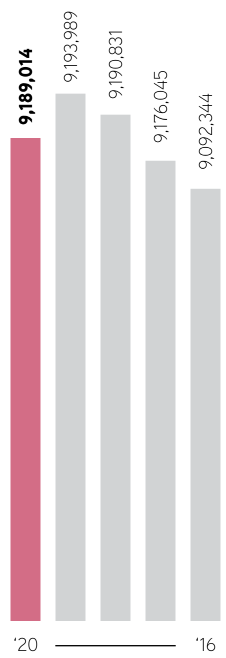
TOTAL PORTFOLIO NET PROPERTY INCOME (RM'000)



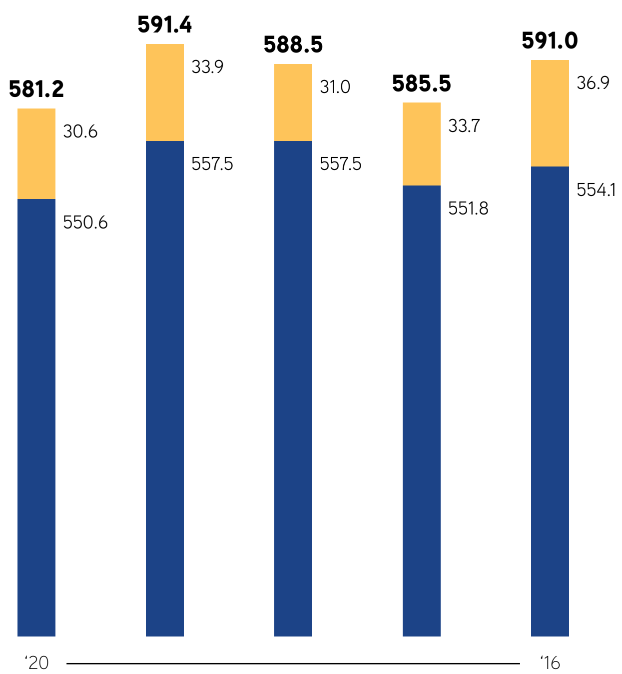
DISTRIBUTION PER UNIT (SEN)



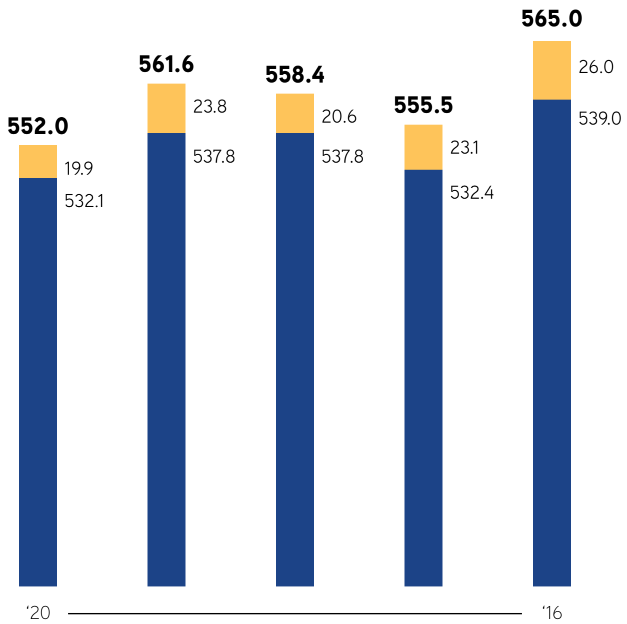
INVESTMENT PROPERTIES (RM'000)



SEGMENTAL REVENUE (RM'mil)



SEGMENTAL NET PROPERTY INCOME (RM'mil)



OFFICE RETAIL

KLCC REIT VALUE ADDED STATEMENT

	2020 RM'000	2019 RM'000
Total Turnover	**581,224**	591,363
Profit income	**2,127**	3,634
Fair value adjustments of investment properties	**(5,085)**	1,092
Operating and tax expenses	**(28,716)**	(51,651)
	549,550	544,438
Reconciliation		
Profit for the year	**439,671**	433,648
Finance costs	**63,899**	64,504
Managers fees	**45,380**	45,686
Trustee fees	**600**	600
	549,550	544,438
Value Distributed		
Trust expenses		
Managers fees	**45,380**	45,686
Trustee fees	**600**	600
Providers of capital		
Finance costs	**63,899**	64,504
Income distribution	**434,182**	451,694
Reinvestment and growth		
Undistributed income	**10,065**	2,715
Capital reserve*	**(4,576)**	(20,761)
	549,550	544,438

* Capital reserve represents the fair valuation gain on properties which is only distributable upon disposal of investment property

KLCC REIT FUND PERFORMANCE

STATEMENT OF COMPREHENSIVE INCOME

Key Data & Financial Ratios	2020	2019	2018	2017	2016
Revenue (RM'000)	**581,224**	591,363	588,523	585,469	591,015
Net Property Income (RM'000)	**551,999**	561,565	558,408	555,450	565,020
Total Comprehensive Income: (RM'000)					
- Realised	**444,247**	454,409	450,362	446,148	454,349
- Unrealised	**(4,576)**	(20,761)	(9,701)	81,496	92,584
Income Available for Distribution (realised) (RM'000)	**447,372**	451,569	421,928	397,177	411,451
Income Distribution (RM'000)	**424,253**[1]	451,333	421,545	378,217	411,255
Distribution per Unit (DPU) (sen)	**23.50**	25.00	23.35	20.95	22.78
Distribution Yield[2] (%)	**4.24**	4.81	4.83	4.18	4.30
Basic Earnings per Unit (sen)	**24.35**	24.02	24.41	29.22	30.30
Management Expense Ratio[3] (%)	**0.59**	0.60	0.60	0.60	0.61

STATEMENT OF FINANCIAL POSITION

Key Data & Financial Ratios	As at 31 Dec 20	As at 31 Dec 19	As at 31 Dec 18	As at 31 Dec 17	As at 31 Dec 16
Investment Properties (RM'000)	**9,189,014**	9,193,989	9,190,831	9,176,045	9,092,344
Total Assets (RM'000)	**9,706,139**	9,696,441	9,663,354	9,631,719	9,683,102
Total Financings (RM'000)	**1,368,704**	1,370,738	1,371,907	1,371,026	1,572,478
Total Liabilities (RM'000)	**1,627,294**	1,623,085	1,571,952	1,581,455	1,770,891
Total Unitholders' Fund (RM'000)	**8,078,845**	8,073,356	8,091,402	8,050,264	7,912,211
Total Net Asset Value (NAV) (RM'000)	**8,078,845**	8,073,356	8,091,402	8,050,264	7,912,211
Net Asset Value (NAV) per unit:					
- before distribution (RM)	**4.47**	4.47	4.48	4.46	4.38
- after distribution (RM)	**4.42**	4.41	4.42	4.41	4.33
Highest NAV per unit (RM)	**4.50**	4.52	4.52	4.46	4.38
Lowest NAV per unit (RM)	**4.45**	4.45	4.45	4.37	4.29
Gearing ratio (%)	**14.1**	14.1	14.2	14.2	16.2
Average cost of debt (%)	**4.50**	4.50	4.50	4.50	4.41
Debt Service Cover Ratio (times)	**8.2**	8.5	8.6	9.1	8.7

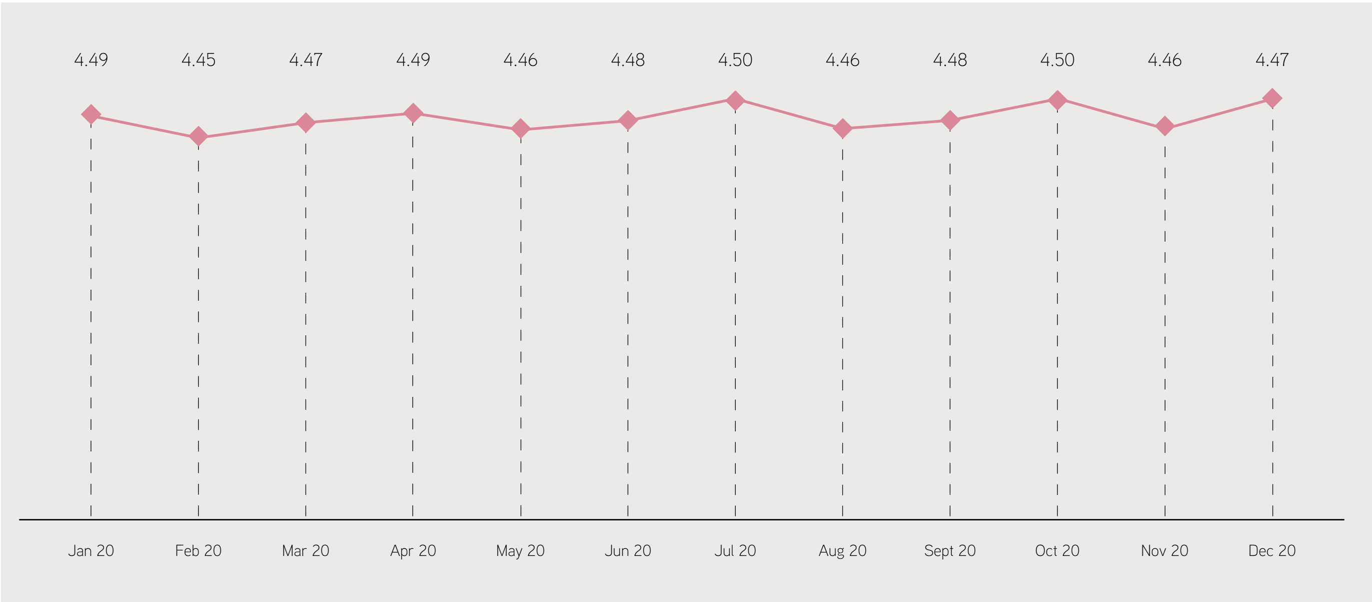
[1] Includes the 2020 fourth income distribution payable on 26 February 2021.

[2] Based on DPU of KLCCP Stapled Group of 30.00sen (2019: 38.00sen) and the closing price of KLCC Stapled Securities of RM7.08 (2019: RM7.90) as KLCC REIT units are stapled with KLCCP ordinary shares and traded as a single price quotation.

[3] Ratio of total fees and expenses incurred in operating KLCC REIT including Manager's fee, Trustee's fee, auditor's remuneration, tax agent's fee, valuation fees and other trust expenses to the NAV of KLCC REIT.

Past performance is not necessarily an indication of future performance as market conditions may change overtime.

NET ASSET VALUE PER UNIT (RM)



TRADING PRICE PERFORMANCE OF KLCC STAPLED SECURITIES[1]

Trading Summary	2020	2019	2018	2017	2016
Stapled Securities Closing Price at 31 December (RM)	**7.08**	7.90	7.66	8.64	8.30
Highest traded price for the year (RM)	**8.26**	8.40	8.00	8.64	8.30
Lowest traded price for the year (RM)	**7.08**	7.68	6.88	7.70	6.80
Capital Appreciation (%)	**(10.4)**	3.1	(11.3)	4.1	17.6
Annual Total Return (%)[2]	**(6.1)**	7.9	(6.5)	8.3	21.9
Average Total Return (3 years) (%)	**(1.6)**	3.2	7.9	13.4	17.2
Average Total Return (5 years) (%)	**5.1**	8.3	10.7	-	-
Number of Stapled Securities ('000)	**1,805,333**	1,805,333	1,805,333	1,805,333	1,805,333
Market Capitalisation (RM'000)	**12,781,758**	14,262,131	13,828,851	15,598,077	14,984,264

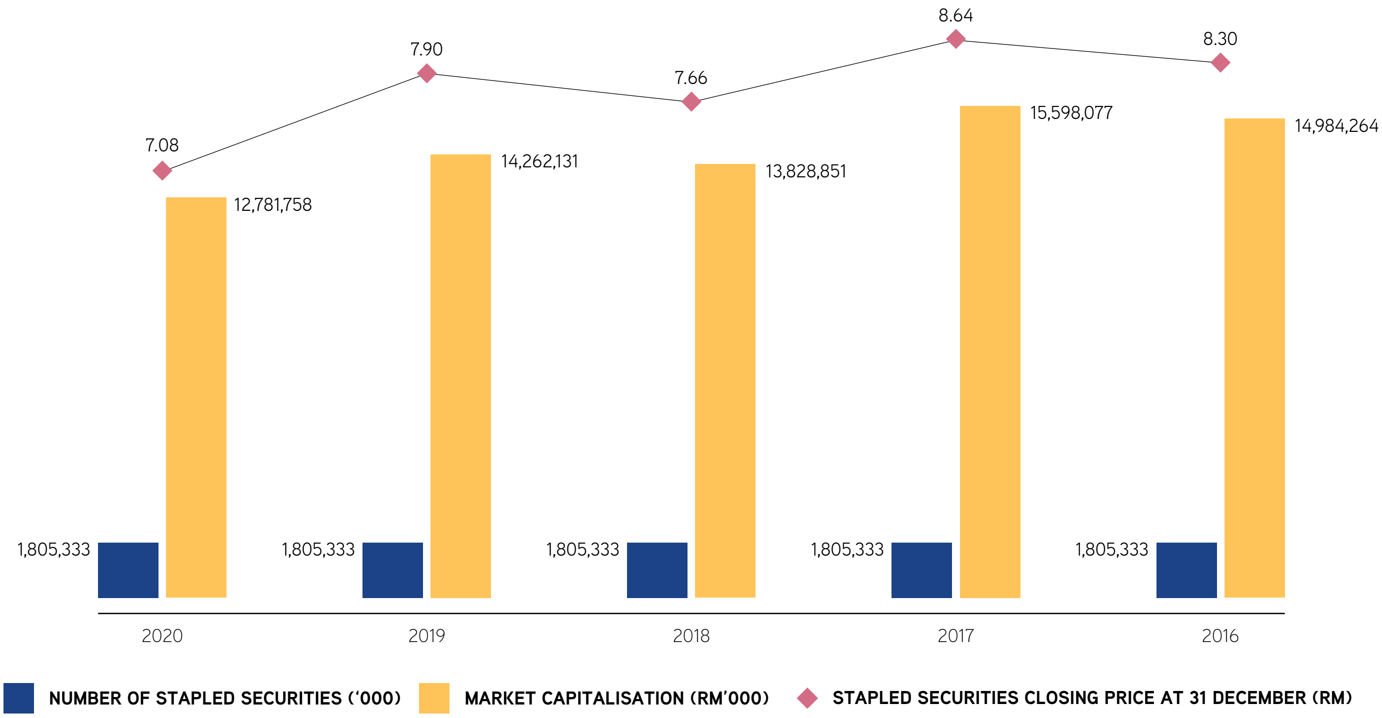
1 The trading price performance of KLCC REIT is based on the price performance of KLCC Stapled Securities as KLCC REIT units are stapled with KLCCP ordinary shares and traded as a single price quotation

2 Annual total return comprises capital appreciation from 1 January 2020 to 31 December 2020 of (10.4%) (2019: 3.1%) and distribution yield of KLCCP Stapled Group of 4.24% (2019: 4.81%)

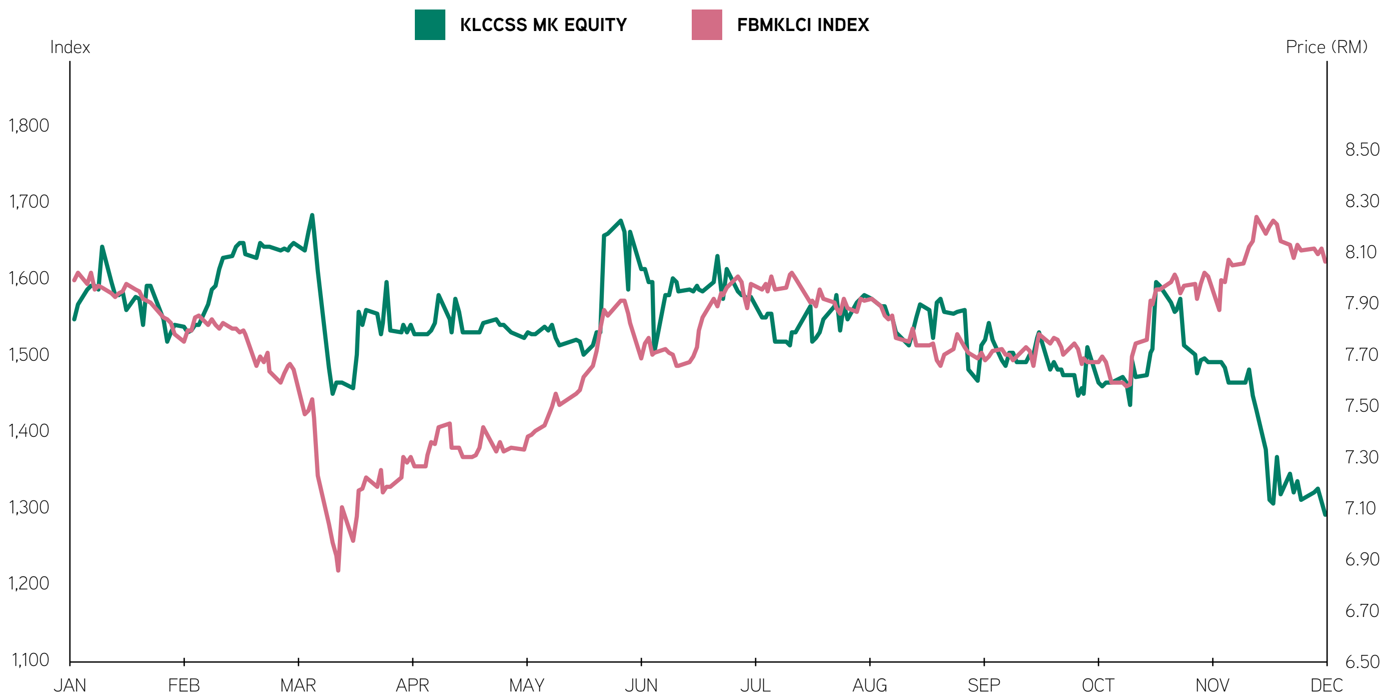
Past performance is not necessarily an indication of future performance as market conditions may change over time.

KLCC REIT FUND PERFORMANCE

MARKET CAPITALISATION, SHARE PRICE PERFORMANCE AND NUMBER OF STAPLED SECURITIES

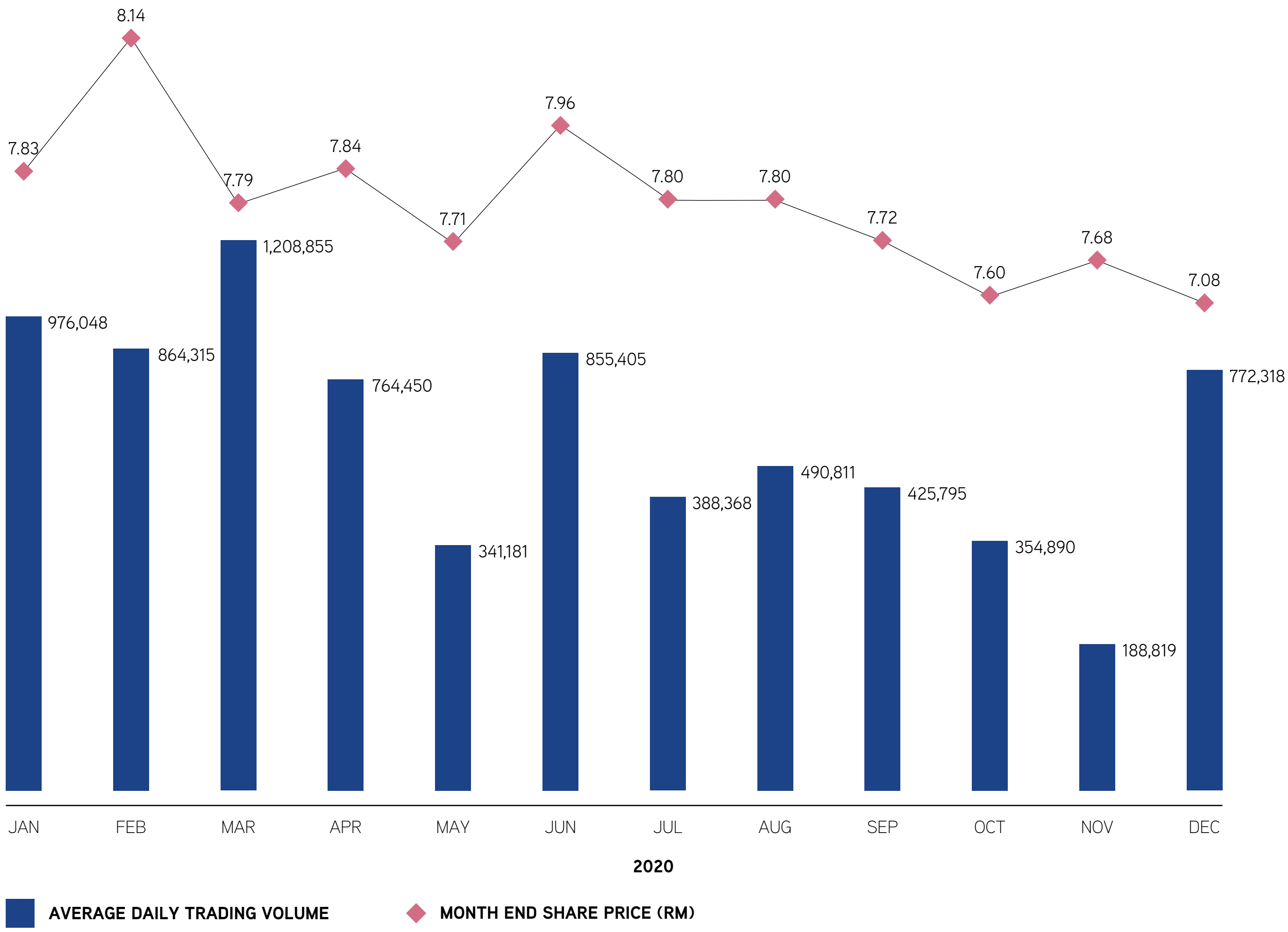


KLCC STAPLED SECURITIES PRICE VS FTSE BURSA MALAYSIA KLCI INDEX PERFORMANCE BENCHMARK

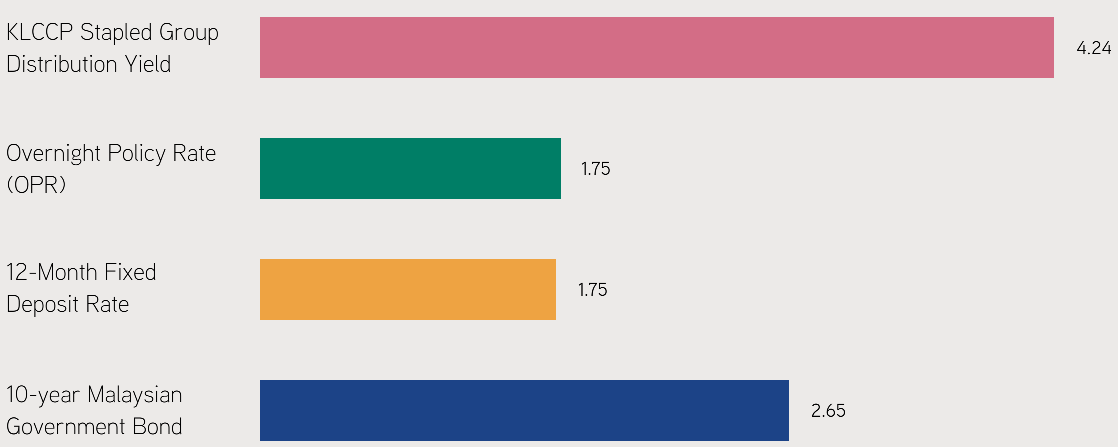


Past performance is not necessarily an indication of future performance as market conditions may change over time.

KLCC STAPLED SECURITIES MONTHLY TRADING PERFORMANCE



COMPARATIVE YIELDS AS AT 31 DECEMBER 2020 (%)



Source: Bank Negara website

MANAGER'S FINANCIAL AND OPERATIONAL REVIEW

THE MANAGER OF KLCC REAL ESTATE INVESTMENT TRUST (KLCC REIT OR THE FUND), KLCC REIT MANAGEMENT SDN BHD (THE MANAGER), IS PLEASED TO SUBMIT THE MANAGER'S FINANCIAL AND OPERATIONAL REVIEW FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (FY2020).

KEY HIGHLIGHTS

Amidst the global pandemic, KLCC REIT's overall performance remained resilient backed by its long-term, locked-in leases contributing 64.3% of the PBT for KLCCP Stapled Group.

PRINCIPAL ACTIVITY AND INVESTMENT OBJECTIVES

KLCC REIT is an Islamic Real Estate Investment Trust established to own and invest primarily in Shariah compliant real estate for office and retail purposes. The Fund was constituted by the Trust Deed dated 2 April 2013 and an Amended and Restated Trust Deed dated 3 September 2019 entered into between the Manager and Maybank Trustees Berhad (the Trustee). The Amended and Restated Trust Deed was registered and lodged with the Securities Commission (SC) on 16 October 2019 and 17 October 2019 respectively, and the Fund was listed on the Main Board of Bursa Malaysia Securities Berhad on 9 May 2013.

The key objective of the Fund is to provide unitholders with stable distributions of income supported by KLCC REIT's strategy of improving returns from its property portfolio and capital growth.

INVESTMENT STRATEGIES

The Manager is focused on active asset management and acquisition growth strategy to provide regular and stable distributions to unitholders and ensure capital growth and improved returns from its property portfolio.

Active asset management strategy

Continue to optimise the rental and occupancy rates and the Net Lettable Area (NLA) of the properties in order to improve the returns from KLCC REIT's property portfolio.

Acquisition growth strategy

Acquire real estate that fit with KLCC REIT's investment policy and strategy to enhance the returns to the unitholders and capitalise on opportunities for future income and Net Asset Value (NAV) growth.

DESPITE THE NEGATIVE SENTIMENTS BROUGHT ABOUT BY THE PANDEMIC, KLCC REIT PERSEVERED AND DELIVERED SUSTAINED RESULTS REFLECTIVE OF ITS STRONG PORTFOLIO OF ASSETS

The retail segment performance came under pressure as footfall was decimated with the temporary closure of the mall during the various phases of movement restrictions and the weak consumer sentiment.

KLCC REIT proactively secured the extension of the Triple Net Lease (TNL) Agreement for Menara 3 PETRONAS and PETRONAS Twin Towers for a further term 15 years upon the expiry of the current term in 2026 and 2027 respectively. This extension strengthens KLCC REIT's positioning as the office segment and will continue to remain as the main income generator for the Group, providing stability and visibility of future cash flows.

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OVERVIEW OF PROPERTY PORTFOLIO

KLCC REIT is an office-centric diversified REIT whose portfolio includes three unique prime commercial assets with strong and stable asset performance – the iconic PETRONAS Twin Towers, Menara ExxonMobil and Menara 3 PETRONAS. The retail podium of Menara 3 PETRONAS represents the retail segment of KLCC REIT, which capitalises on Suria KLCC's reputation as a premier shopping destination in Malaysia.

The properties with a combined NLA of over 4.5 million sq. ft. are located in the prime area of Kuala Lumpur City Centre, popularly known as KLCC, within the 100-acre KLCC Development, ranked among the largest real-estate developments in the world. The integrated commercial development within the KLCC Precinct is a combination of prime Grade-A offices, premier retail outlets, 4 to 5 star hotels, high-end residential, MICE (meeting, incentives, convention and exhibition) facilities and world-class entertainment, fronting a lush KLCC Park.

Financial Review

	2020 RM'mil	2019 RM'mil	Variance (%)
Revenue	**581.2**	591.4	(1.7)
Net property income	**552.0**	561.6	(1.7)
Profit for the year*	**444.2**	454.4	(2.2)
Income available for distribution*	**447.4**	451.6	(0.9)
Income distribution*	**424.3**	451.3	(6.0)
Earnings per unit* (EPU) (sen)	**24.61**	25.17	(2.2)
Distribution per unit (DPU) (sen)	**23.50**	25.00	(6.0)

* Excluding fair value adjustments

2020 has undoubtedly been an unpredictable and unparalleled year with the COVID-19 pandemic continuing to disrupt many industries worldwide profoundly. The scale of the disruption brought about by the pandemic has weighed on the economic activities, employment, and inflation, and posed considerable risks to the economic outlook domestically and globally.

In Malaysia, the impact of the outbreak has been significant. The ravages of COVID-19 did not spare anyone nor the businesses. To curb the spread of the virus, various movement restrictions were implemented from 18 March 2020. The sharp contraction in the economic activities led Bank Negara Malaysia (BNM) to cut the Overnight Policy Rate (OPR) to a new record low of 1.75%, in order to provide additional policy stimulus to accelerate the pace of economic recovery.

MANAGER'S FINANCIAL AND OPERATIONAL REVIEW

The Malaysian Real Estate Investment Trust (MREITs) industry has been hit hard by the COVID-19 outbreak and measures to contain the pandemic. Lockdowns and social distancing have further strained the industry, particularly to the retail and hospitality segments, in spite of the COVID-19 relief stimulus support.

Despite the negative sentiments brought about by the pandemic, KLCC REIT persevered and delivered sustained results reflective of its strong portfolio of assets. For the financial year ended 31 December 2020, KLCC REIT's portfolio of assets reported revenue of RM581.2 million contributing 46.9% of KLCCP Stapled Group's revenue whilst profit for the year (excluding fair value adjustments) was at RM444.2 million. Net asset value remained at RM4.47 per unit as at 31 December 2020.

Income available for distribution reduced marginally, attributed to the tenant assistance granted to retail tenants in order to sustain their business operations and survive the impact of the pandemic. Correspondingly, KLCC REIT distributed 94.8% of its distributable income with a DPU of 23.50 sen, which was 6.0% lower than 2019. This brought the total income distribution to the unitholders to RM424.3 million for the financial year 2020.

	Revenue			Net Property Income			Profit for the Year*		
	2020 RM'mil	2019 RM'mil	Variance %	2020 RM'mil	2019 RM'mil	Variance %	2020 RM'mil	2019 RM'mil	Variance %
PETRONAS Twin Towers	**416.7**	424.1	(1.7)	**415.6**	422.8	(1.7)	**332.7**	340.4	(2.3)
Menara ExxonMobil	**45.6**	45.3	0.7	**28.4**	27.1	4.8	**22.9**	21.6	6.0
Menara 3 PETRONAS	**88.3**	88.1	0.2	**88.1**	87.9	0.2	**75.3**	75.4	(0.1)
Total for Office Segment	**550.6**	557.5	(1.2)	**532.1**	537.8	(1.1)	**430.9**	437.4	(1.5)
Menara 3 PETRONAS (Retail Podium)	**30.6**	33.9	(9.7)	**19.9**	23.8	(16.4)	**13.3**	17.0	(21.8)
Total for Retail Segment	**30.6**	33.9	(9.7)	**19.9**	23.8	(16.4)	**13.3**	17.0	(21.8)
Total	**581.2**	591.4	(1.7)	**552.0**	561.6	(1.7)	**444.2**	454.4	(2.2)

* Excluding fair value adjustments

The performance of the three investment properties generated net property income (excluding fair value adjustments) of RM552.0 million, representing a contribution of 96% from the office segment and 4% from retail. PETRONAS Twin Towers remained KLCC REIT's highest revenue contributor at 72%, with a contribution of 75% to the total net property income.

Profit for the year (excluding fair value adjustments) of RM444.2 million, recorded a marginal decrease of 2.2% compared to 2019. This was mainly attributable to the accounting adjustments to reflect the extension of the Triple Net Lease agreements for PETRONAS Twin Towers and Menara 3 PETRONAS for a further term of 15 years as well as the various tenant assistance granted to the retail tenants of the retail podium of Menara 3 PETRONAS, for their business recovery and sustainability.

Menara ExxonMobil's profit for the year improved by 6.0% due to the renewal of the leases for its tenant ExxonMobil Exploration and Production Malaysia Inc (EMEPMI) and PETRONAS which took effect in February and April respectively coupled with the overall decrease in operating expenses during the year.

Office segment

The prolonged COVID-19 pandemic has exerted further pressure on the oversupplied Klang Valley office market. This unprecedented crisis resulted in lower levels of leasing and real estate transactional activities as decisions were put on hold, and businesses coped with the financial fallout.

Amid growing challenges in the office market, the KLCC REIT office segment continued to remain resilient and deliver a steady earnings stream in 2020 with revenue of RM550.6 million and net property income of RM532.1 million. The locked-in long-term leases with the recent extension of the Triple Net Lease (TNL) agreements for Menara 3 PETRONAS and PETRONAS Twin Towers for a further term of 15 years to 2041 and 2042 respectively as well as lease renewal of Menara ExxonMobil a further 3-years of the 18 year lease tenure shields KLCC REIT from the soft market conditions.

Our office segment will continue to anchor the Group's overall performance, underpinned by the stable cash flows and resilient rental income with 100% occupancy in all our office portfolio, providing stability and visibility of future cash flows.

Retail segment

The COVID-19 outbreak has dramatically impacted the retail segment due to Government-mandated lockdowns, social distancing measures and stay-at-home directives. These disruptions have greatly altered the conventional brick-and-mortar retail, consumer behaviour, product demand, including the digital technologies that support them.

Majority of tenants at the retail podium of Menara 3 PETRONAS were deemed as non-essential business and hence were forced to close during the movement restrictions period. To support our retail tenants and strengthen their resilience, KLCC REIT accorded various tenant assistance packages to support the sustainability of retail tenants in their recovery. As a result, the retail podium's revenue and profit for the year declined by 9.7% and 21.8% respectively. Despite the setbacks, the mall welcomed one new tenant, Remax, an IT & photography store and saw occupancy of the mall remain stable at 93%.

The performance of the retail podium of Menara 3 PETRONAS is expected to gradually recover from the challenges of 2020, leveraging on Suria's KLCC reputation as a premier shopping destination and its strategic location, proximity and access to customers. The retail podium will continue to enhance its retail offer coupled with deep understanding of the retail market and capitalise on its strong partnerships with retail tenants to emerge stronger and remain relevant in the new normal.

Assets and Liabilities

KLCC REIT's balance sheet remained in a healthy and robust position with unitholders' funds maintained at RM8.1 billion and net asset per unit of RM4.47 as at year end.

	2020 RM'mil	2019 RM'mil	Variance %
ASSETS			
Investment Properties	**9,189.0**	9,194.0	(0.1)
Receivables	**415.6**	417.1	(0.4)
Cash and Bank Balances	**99.4**	83.3	19.3
Others	**2.1**	2.0	5.0
	9,706.1	9,696.4	0.1
LIABILITIES			
Financings	**1,368.7**	1,370.7	(0.1)
Others	**258.6**	252.3	2.5
	1,627.3	1,623.0	0.3
Unitholders Fund	**8,078.8**	8,073.4	0.1
Net Asset Value per unit (NAV per unit) (RM)	**4.47**	4.47	-

The receivables balance is primarily made up of accrued operating lease income recognised and varies over the lease term. The accrued revenue resulted from the straight-lining effect of recognition of the step-up rates in the triple net lease arrangements whereby all future revenue of the tenancy locked-in period is accounted for in constant amounts across the entire lease period.

Higher cash balance was noted at RM99.4 million compared to RM83.3 million mainly due to lower payment of distribution income of RM434.5 million compared to RM451.6 million during the year coupled with the higher rental rate in Menara ExxonMobil.

MANAGER'S FINANCIAL AND OPERATIONAL REVIEW

MARKET VALUE OF INVESTMENT PROPERTIES

KLCC REIT's portfolio of investment properties remained strong against the challenging economic backdrop, albeit recording a marginal decrease in value of RM4.6 million.

Market value as at 31 December 2020 was RM9.6 billion, adjusted under the requirements of MFRS 140 Investment Property to account for accrued operating lease income and capital expenditure during the year. Consequently, the RM5.1 million loss on fair value adjustments was recognised in the income statement.

The decrease in market value reflected the impact of the pandemic towards the retail podium of Menara 3 PETRONAS whilst the market value for the offices sustained.

	Market Value		Changes in Value	
Property	**31 Dec 2020 RM'mil**	**31 Dec 2019 RM'mil**	**RM'mil**	**%**
PETRONAS Twin Towers	7,014.0	7,014.0	-	-
Menara ExxonMobil	536.8	536.8	-	-
Menara 3 PETRONAS	2,048.5	2,053.1	(4.6)	(0.2)
Total	**9,599.3**	**9,603.9**	**(4.6)**	**0.0**
Less: Adjustments*			(0.5)	
Fair value loss FY2020			**(5.1)**	

* Changes in accrued operating lease income and capital expenditure during the year

OPERATIONAL REVIEW

Asset Management

As Malaysia's largest REIT owner which houses more than 15,000 people working in our office buildings, the Manager has taken a leadership role in the operational aspect in order to support the safe return of workforce to the workplace, with social distancing and the safety measures following the Government's and the Ministry of Health guidelines.

The Manager took proactive steps to ensure facility readiness in our business operations towards operating under the new norm by installing thermal imaging cameras, social distancing labelling at all common areas, and taking a rigorous approach to cleanliness and sanitisation activities. This was to restore trust and confidence in our tenants and shoppers to return to the offices and mall. Constant communication with tenants was kept up to date on the Government regulations and operational changes within the facilities.

The Manager also prioritised asset quality initiatives to preserve the pristine condition of the properties in order to maintain the iconic stature and performance of the assets for business continuity and longer term tenancy prospects.

In stepping up our efforts on sustainability, during the year, we launched the pilot project of the Integrated Building Command Centre (IBCC) to provide monitoring, control and command via a centralised dashboard with data analytic features including real-time overall building operations and performance for quick response and resolution.

Capital Management

As part of our strategy to maximise value of investments and returns to our unitholders, the Manager proactively monitors and maintains an optimal capital structure.

As at 31 December 2020, KLCC REIT's financings remained at RM1.4 billion, representing a gearing ratio of 14.1%, well below the new gearing limit of 60% imposed by the Securities Commissions with significant debt headroom to support financing for future growth. To-date, KLCC REIT remains one of the lowest geared MREITs in the country.

	2020	2019
Total financings (RM 'mil)	**1,368.7**	1,370.7
Average Cost of Debt (%)	**4.5**	4.5
Fixed : Floating (ratio)	**100:0**	100:0
Average maturity period (years)	**3.2**	4.2
Debt service cover ratio (times)	**8.2**	8.5
Gearing ratio (%)	**14.1**	14.1
RAM Rating of Sukuk	**AAA**	AAA

Income Distribution

The Manager remained committed to deliver sustainable value to its unitholders and distributed 94.8% of its distributable income for the financial year 2020.

Based on the total income available for distribution of RM447.4 million, the Manager had recommended and the Trustee had approved a total income distribution of 23.50 sen for the year ended 31 December 2020.

Income Distribution	Income Distribution per unit (sen)	Income Distribution (RM'000)	Remarks
First Interim Distribution	5.84	105,431	18 June 2020
Second Interim Distribution	6.09	109,945	23 September 2020
Third Interim Distribution	5.87	105,973	18 December 2020
Fourth Interim Distribution	5.70	102,904	To be paid on 26 February 2021
Total	**23.50**	**424,253**	

OUTLOOK

According to BNM, Malaysia's GDP is expected to recover in 2021 and to grow in the range of 6.5% to 7.5% in line with the World Bank Group and the IMF Projection. The improvement will be driven by the recovery in global demand, turn around in public and private sector expenditure amid continued support from the various Government stimulus measures. The promised vaccine rollout plans from February onwards is expected to improve consumer demand and increase investor confidence.

Following the reimposition of movement restrictions from 13 January 2021, there will potentially be further downside risks to MREITs with mall and hotel assets, delaying recovery. Retail Group Malaysia (RGM) expects the retail segment to rebound in 2021 with the projection of a 4.9% growth rate for retail sales. All retail sub-sectors – fashion, department stores and groceries are expected to see recovery. Office segment is expected to remain unchanged as the office market in Greater KL was already in a fairly weak and challenging state, with supply outstripping demand even in the pre-pandemic period.

KLCC REIT's offices remain shielded by the changing trends and COVID-19 outbreak due to locked-in long-term leases with high quality tenants. In the coming year, the Manager will continue to preserve the established stature of KLCC REIT's property portfolio through active asset enhancement initiatives as well as high-quality asset management services maximising the value of investment of the unitholders. With the recent pilot launch of the IBCC, the advanced analytics feature will provide insights on the facilities performance enabling us to better manage energy efficiency and reduce operating cost.

The retail segment will continue to operate in a very challenging environment as the COVID-19 pandemic continues to take a toll on the segment. However, the retail podium of Menara 3 PETRONAS will continue to leverage Suria KLCC's standing as a premier shopping, and shoppers destination in Kuala Lumpur while centring its efforts around tenant remixing strategies and curating the mall to offer a safe, convenient and experiential experience for shoppers.

Source: BNM 4th Quarter Bulletin 2020 and The Edge

MATERIAL LITIGATION

The Manager is not aware of any material litigation since the balance sheet date as at 31 December 2020 up to the date of this report.

CIRCUMTANCES WHICH MATERIALLY AFFECT THE INTERESTS OF UNITHOLDERS

The Manager is not aware of any circumstances which materially affect the interests of unitholders.

DIRECTORS OF THE MANAGER'S BENEFITS

During and at the end of the financial period, no Director of the Manager has received or become entitled to receive any benefit, by reason of a contract made by the Fund or a related corporate with the Director or with a firm of which the Director is a member, or with a company in which the Director has substantial financial interest.

There were no arrangements during and at the end of the financial period, which had the object of enabling Directors of the Manager to acquire benefits by means of the acquisition of units in or debentures of the Fund or any other body corporate.

MANAGER'S FEE

For the financial year ended 31 December 2020, the Manager's fee comprised the following:

1. Base fee of RM28.8 million, calculated at 0.3% per annum of Total Asset Value
2. Performance fee of RM16.6 million, calculated at 3.0% per annum of Net Property Income

The Manager's total management fee of RM45.4 million represents 0.6% of NAV of KLCC REIT.

Except for expenses incurred for the general overheads and costs of services which the Manager is expected to provide, or falling within the normal expertise of the Manager, the Manager has the right to be reimbursed the fees, costs, charges, expenses and outgoings incurred by it that are directly related and necessary to the business of KLCC REIT.

SOFT COMMISSION

During the year, the Manager did not receive any soft commission from its broker, by virtue of transactions conducted by the Fund.

TOGETHER TOWARDS A SUSTAINABLE FUTURE

SUSTAINABILITY STEERING COMMITTEE CO-CHAIRMAN'S MESSAGE

The year 2020 started off on quite a different note than usual and at KLCCP Stapled Group, it was a time of many adjustments. Despite the need to adjust to different circumstances, we continued to operate albeit Working From Home and essential services operating under the new normal.

Annuar Marzuki Abdul Aziz
Head, Strategy, Finance and Investor Relations

Zalina Ibrahim
Head, Health, Safety and Environment

As the saying goes, "Sustainability is the New Normal". Countries all over the world are pledging for greener environment with companies re-focusing on green economy while ensuring business resiliency amidst the global health crisis, economic volatility, climate change risk, infringement in business ethics and integrity as well as the changing consumer behaviour and expectations.

While business continuity is crucial, at KLCCP Stapled Group, the health and safety of our people took priority during this time. Our immediate response to the crisis was the activation of our business continuity plan and the setting up of the KLCC Pandemic Preparedness and Response Team (KPRT) who played a pivotal role in implementing the Group's pandemic preparedness plan — reaching out to all employees working from home or working in the office on health management, keeping employees connected and informed of the latest development on the pandemic and ensuring a safe work environment for all.

Despite the challenging environment, we continued to progress our sustainability journey, pursuing our goals in the economic, environment and social spheres and tracking our sustainability performance via our 5-Year Sustainability Roadmap which covers three main goals – Building a Smart, Safe and Sustainable KLCC Precinct; Building an Agile, Inclusive and Sustainable Workforce; and Combating Climate Change and Reducing Environmental Impact. The new normal and the changing business landscape brought about by the pandemic also impacted our materiality assessment for the year where we identified new matters which are significantly important at this time and included them in our materiality list, namely cost containment, job security, new ways of working, tenant sustainability, customer confidence and marketing and promotions.

During the year, we also established our Digital Roadmap to accelerate our plans to integrate digital technology into our business operations, aligning to the new ways of working and implementing innovative solutions to provide efficient services and a seamless experience to our customers. The Group also rolled out its Policy Statement on Anti-Bribery and Corruption during the year and successfully attained the ABMS ISO 37001:2016 certification in December 2020.

As we continuously improve our sustainability practices, we constantly benchmark against top real estate players and corporates with good sustainability practices, both locally and globally. To further enhance our ESG communications, we subscribed to *ESG World*, an online platform, accessible from our website, which allows investors easy access to our ESG data to help them in their investment decisions. As a constituent of the FTSE4 Good Bursa Malaysia Index, we will continue to seek greater levels of transparency in reporting and communicating our ESG practices to our stakeholders worldwide.

During the pandemic we also reached out to the needy communities and extended support to the frontliners who tirelessly carried out their duties as well as employees who were affected by the pandemic. We contributed to University Malaya Medical Centre who needed equipment to treat COVID-19 patients, collaborated with *Komuniti Tukang Jahit*, a social enterprise, working for the benefit of the lower income group through the purchase of *batik* face masks and supporting our retail tenants by providing tenant assistance to help them in their recovery and preserve business continuity. We also put in place safety measures according to the COVID-19 SOPs in all our premises to provide the safest possible environment for our employees, tenants, shoppers and guests.

Despite the tough environment with many events postponed or conducted virtually, it was also a year that witnessed KLCCP Stapled Group receiving outstanding awards and recognition for our ESG practices, both locally and globally, notably the Platinum Award for Excellence in Environmental, Social and Governance (ESG) at The Asset ESG Corporate Awards 2020, Best Sustainability Leadership for Facilities Management awarded to KLCCUH by the Malaysia Green Building Council, the RoSPA Health and Safety Awards for our facilities management and car park operations and our KLCC Park, being awarded World's Top Urban Park (Silver Award) at the International Large Urban Parks Award 2020. We are greatly humbled by these achievements as they serve as an inspiration for us in our continued pursuit of operational excellence and best global ESG practices.

Similar to last year, we have published an online Sustainability Report 2020 of KLCCP Stapled Group on our corporate website for deeper insights into our sustainability performance for the year, best practices and our aspirations in enriching the lives of our community towards building a sustainable future for all.

TOWARDS SUPPORTING THE UNITED NATION's 2030 AGENDA OF 5Ps

This year we referenced our reporting to the United Nation's 2030 Agenda of five critical dimensions: Prosperity, Planet, People, Partnership and Peace, also known as the 5Ps that shape and represent the 17 Sustainable Development Goals, in line with our commitment to contribute towards the UNSDGs and sharing the global vision towards sustainable development for all

UNITED NATIONS'S 5Ps		OUR PRIORITISED UNSDGs
PROSPERITY	Ensure all our stakeholders enjoy prosperous and fulfilling lives and that economic, social and technological progress can benefit all in the long run	8 DECENT WORK AND ECONOMIC GROWTH; 11 SUSTAINABLE CITIES AND COMMUNITIES
PLANET	Protecting our planet through responsible environmental management and taking urgent action on Climate Change to support the needs of present and future generations	3 GOOD HEALTH AND WELL-BEING; 11 SUSTAINABLE CITIES AND COMMUNITIES; 13 CLIMATE ACTION
PEOPLE	Ensure our people fulfil their potential in dignity, equality and in a healthy environment	3 GOOD HEALTH AND WELL-BEING; 8 DECENT WORK AND ECONOMIC GROWTH
PARTNERSHIP	Collaborate with our community towards a sustainable future and continue to build trust with our diverse group of stakeholders	11 SUSTAINABLE CITIES AND COMMUNITIES
PEACE	Embrace a corporate culture encompassing values, exemplary attitude and behavior in all areas of conduct	16 PEACE, JUSTICE AND STRONG INSTITUTIONS

HOW WE ALIGN	VALUES WE CREATE
• We play an active role in contributing positively to the industry's and nation's growth through nation building and spurring social development	• Spurring economic activities and creating a vibrant place for people from all walks of life • Deliver sustainable returns to our holders of Stapled Securities and generate growth where benefits are broadly shared throughout the society
• We practice responsible environmental management through reducing Greenhouse Gas emission, energy consumption, water use and responsible waste management • We protect our planet through sustainable development and environmental conservation efforts	• A greener environment for the well-being of our community through the greening of our office buildings and conservation of natural habitat and ecosystem within our KLCC Park, providing a green, convenient, tranquil and conducive destination, for a healthier environment for all • Gained cost savings from reduced energy consumption, water use and use of renewable energy in our operations
• We acknowledge the importance of the health and safety of our employees, communities and strive towards creating a safe and secure environment for all • We strongly believe in the importance of developing our people and are committed in our role in promoting diversity, equal opportunity and responsible employment practices	• Safe and secure workplace with a strong embedded HSE culture • An empowered, agile and enabled workforce with clear work life balance • A diverse and inclusive workplace which create a sense of belonging amongst employees
• We promote sustainable development for long-term growth and provide our community with a conducive environment to work, live, shop, play, visit and dine • We connect with our tenants, customers and communities in meeting their needs for seamless experiences	• Enriching the lives of our communities - KLCC Precinct is the place where people can converge and enjoy the various experiences through excellent infrastructure, accessibility and connectivity to the attractions within the development
• We are committed to upholding our Shared Values and ethical business conduct with zero tolerance to bribery and corruption • We are fully resolved and committed to employing the principles of integrity, transparency and professionalism for continued progress and success to safeguard the interests of stakeholders and enhance shareholders' investment and value and protect the interests of all stakeholders	• Integrity and ethical practices amongst management, employees, business partners and stakeholders • Sustainable financial performance delivering long-term values and returns to our holders of Stapled Securities • Accountability on control systems which commensurate with the risks involved

TOWARDS SUPPORTING THE UNITED NATION's 2030 AGENDA OF 5Ps

PROSPERITY

ADVANCING ECONOMIC RESILIENCE

5-Year Sustainability Roadmap (2019-2023)

Goal 1: Building a Smart, Safe and Sustainable KLCC Precinct

	Our Approach	Focus for the Year
ECONOMIC Strengthening financial position, business competitiveness and spurring socio-economic growth	Our economic impact is delivered by going beyond business-as-usual to create value for our shareholders and stakeholders including our customers, employees, suppliers, regulators and the Government. We are committed to manage our business responsibly and align our 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 through nation building, spurring social development, enhancing customer experiences, providing building-to-building connectivity, being the catalyst for surrounding development and providing the balance between commercial, public space and greenery through sustainable development. By upholding our resilience and financial strength, we are focused in our commitment to drive sustainable returns for our shareholders and generate growth where the benefits are broadly shared throughout the society.	• Supporting Government's effort in economic recovery through campaigns for local entrepreneurs • Raising business resilience and business continuity in responding to the market and economic challenges • Building trust through continued engagement with investment community via virtual platforms • Elevating customer, guest and community experience, leveraging technology and data analytics

To read more, refer to our Sustainability Report 2020 at www.klcc.com.my/sustainability.php

PLANET

PROTECTING OUR ENVIRONMENT

5-Year Sustainability Roadmap (2019-2023)

Goal 3: Combating Climate Change and Reducing Environmental Impact

	Our Approach	Focus for the Year
ENVIRONMENT Striving for improved environmental practices and operational sustainability	At KLCCP Stapled Group, we acknowledge our responsibility and emphasise the needs in raising awareness and understanding of environmental sustainability amongst our business units, stakeholders and the broader community. In line with our Code of Conduct and Business Ethics (CoBE) and as a real estate owner, developer and manager, we aim to minimise disruption to the environment and its adverse impact on the community by reducing the environmental footprint of our buildings and use energy, water and resources more efficiently. We strive to ensure our decisions contribute to improvements in environmental sustainability, working in-tandem with our tenants in green building initiatives, the local authority, Government and other stakeholders in achieving our targets.	• Increased elimination of single-use plastics at MOKL Hotel and sourced alternative plastics with lower environmental footprint through Alternative Materials Tool • Food waste recycling at the food courts and supermarkets in Suria KLCC • Replacement of LED lights at common areas in offices, retail and car park as scheduled

To read more, refer to our online Sustainability Report 2020 at www.klcc.com.my/sustainability.php

PEOPLE AND PARTNERSHIP

PROGRESSING OUR SOCIAL AGENDA

5-Year Sustainability Roadmap (2019-2023)

Goal 2: Building an Agile, Inclusive and Sustainable Workforce in a VUCA (Volatility, Uncertainty, Complexity and Ambiguity) World

	Our Approach	Focus for the Year
SECURITY, SAFETY AND HEALTH Protecting our people, assets, and operating reliably and efficiently, across the Health, Safety and Environment (HSE) spheres	KLCCP Stapled Group is committed to conducting business in a manner that protects the health, safety and security of our employees, customers, tenants, contractors, suppliers and the community who visit our properties. Our business activities are conducted in accordance with our KLCC HSE Policy and comply with the highest standards of occupational safety and health regulations. This is supported by our HSE Management System (HSEMS), HSE Mandatory Control Framework (MCF) and PETRONAS Technical Standards to strengthen HSE Governance within the KLCCP Stapled Group while providing clear requirements on operational safety, environment and health for consistent and effective implementation. We have a robust approach to health, safety and wellness throughout the year which ensured we were well positioned to respond to the global outbreak of COVID-19, and the impacts it presented to our business. Our top priority was to keep our employees, customers and service providers safe and well, and our HSE team diligently undertook steps to provide immediate support and guidance to our people and ensured the workplace met strict occupational safety and health standards.	• Health and safety of our stakeholders aligned to stringent protocols and measures • Implementation of an Integrated Security Operation Center (ISOC) and New Security Operating Model (NSOM) to enhance security operations within KLCC Precinct • Cyber Security Awareness to inculcate cyber resilience and a cybersecurity mindset across the organisation
OUR PEOPLE Fostering a culture towards building an agile, inclusive and sustainable workforce	We supported our people through this challenging period especially during the remote working period, keeping our employees motivated and in the right mental health. Our employees stand guided by strict compliance to CoBE without any compromise to the organisation's integrity. We embrace the Cultural Beliefs which unleash potential in our employees to deliver excellent results. At KLCCP Stapled Group, we believe human capital is fundamental for us and we are guided by a high-performance culture based on meritocracy and performance, subscribing to our KLCC Shared Values, while our Human Resource policies adhere to the strict guidelines on non-discrimination and fairness. We are also committed to provide opportunities and nurture local talent by promoting talent retention within the organisation and ensure that employees make the best of our organisation. KLCCP Stapled Group strongly believes in investing in training and development initiatives as this leads our organisation towards gaining competitive advantage for future growth and success.	• Safety, health and emotional well-being of our people throughout the COVID-19 pandemic • Strengthening succession planning to ensure leadership continuity for business sustainability • Implementation of leadership development programs to groom leaders to take up their roles effectively • Transforming digital native mindset amongst the employees to face new realities with the evolving needs of the industry and workplace
RELIABLE PARTNER Managing the relationship and working as a reliable partner with our stakeholders towards business sustainability	As a reliable property investment and development group, we make meaningful contributions economically and socially and grow with our stakeholders which includes our suppliers, customers, tenants and business partners to maintain long-term partnerships across our business portfolio. KLCCP Stapled Group's customer base is diverse, and we recognise that their preferences and behaviours are constantly evolving, particularly in the face of disruption caused by the global pandemic. Thus, we stay committed to being close to the hearts of our customers whilst understanding their changing needs. We also increased our communication with suppliers and continually assessed supply chains for potential disruption and reinforced our requirement to comply with the Supplier's Code of Conduct throughout the pandemic. Despite the challenging period for our business operations, we continue to invest in special community needs by supporting charity associations, donation drives and fundraising.	• Tenant sustainability through tenant assistance packages to affected retailers on a lease by lease basis • Driving retail customer traffic and sales through experiential, reward-driven and trade campaigns • Creating unique experiences for retail customers and hotel guests through curated collaborations with renowned brands and leveraging on digital technology

To read more, refer to our online Sustainability Report 2020 at www.klcc.com.my/sustainability.php

TOWARDS SUPPORTING THE UNITED NATION's 2030 AGENDA OF 5Ps

PEACE

EMBODYING GOOD GOVERNANCE

	Our Approach	Focus for the Year
GOVERNANCE Upholding good governance, business ethics and integrity in our operations	At KLCCP Stapled Group, corporate governance practices are more than just compliance. It is our corporate culture encompassing values, attitude and behaviour that we embrace in all areas of conduct and it forms the foundation for our organisation's success. We take a proactive approach in observing high standards of corporate conduct with good corporate governance policies and practices in ensuring the sustainability of the organisation and safeguarding the interests of the holders of Stapled Securities and maximising long-term stakeholder value. Our commitment to good corporate governance is reflected in the CoBE which guides the organisation in fulfilling its business obligations with utmost integrity and transparency. Our commitment in driving the culture of openness, transparency and accountability are reflected through our adoption of the No Gift Policy and Whistleblowing Policy and our adherence to the Anti-Bribery and Corruption Policy and Guidelines (ABC Manual). Our continuous effort in managing integrity risk within the organisation reflects our commitment to conduct business responsibly in support of the Group's zero tolerance to bribery and corruption. In managing the risk, the Group has a robust KLCC Resiliency Model which provides an integrated view on the overall strategy for managing risk, focusing on three key areas - Enterprise Risk Management, Crisis Management and Business Continuity Management.	• Balance gender representation in Board membership of KLCCP and KLCCRM • Independent expert evaluation of Boards Committees for KLCCP and KLCCRM • Establishment of Non-Executive Directors Remuneration Framework • Voting in absentia for remote participation in Annual General Meetings (AGMs) • ABMS ISO 37001:2016 certification for KLCCP, KLCCRM, KLCCUH and KPM • Integrated assurance exercise on risks and controls for KLCCP Stapled Group

To read more, refer to our online Sustainability Report 2020 at www.klcc.com.my/sustainability.php

MEASURING PROGRESS IN PURSUING SUSTAINABILITY GOALS

As we progress towards advancing our sustainability practices, we continue to track our performance under the identified goals as outlined in our 5-Year Sustainability Roadmap which is aligned to the five prioritised UNSDGs.

2020 target met	■ (green)
2020 target not met	■ (red)

5-YEAR SUSTAINABILITY ROADMAP (2019 – 2023)

GOAL 1: Building a Smart, Safe and Sustainable KLCC Precinct

Supporting the UNSDGs

OUR CAPITALS	MATERIAL MATTERS	FOCUS AREAS	5-YEAR TARGET (2019-2023)	2020 TARGETS	2020 ACHIEVEMENTS
F R P K	Financial Sustainability Economic, Social and Industry Growth Security, Safety and Health Customer and Tenant Management Risk and Crisis Management	Digital Infrastructure Innovative Customer-Focused Solutions Data Analytics	To be a digitally competent organisation	Set up of a Digital Committee	■ Appointed Digital Head to lead the Group's Digital Initiatives and established a Digital Committee to shape the business digital adoption and key focus areas
				Establishment of Digital Roadmap (2020 – 2023)	■ Established Digital Roadmap (2020 – 2023) with five digital focus areas: • Integrated and Human Intuitive Building and Facilities Management • State-of-the-Art Parking Solutions • Innovative Product and Service Management • Predictive Engine and Smart Tenancy Solutions • Agile and Intelligent Project Management
				Roll out of Microsoft Office 365 (M365) to 100% of employees	■ Rolled out M365 to 100% of employees to enable digital ways of working as well as facilitate remote working
				Launch of Integrated Building Command Center (IBCC)	■ Successfully conducted the pilot launch of IBCC to manage our facilities in real time and leverage on the power of data for a more efficient service delivery
				Transition of Northwest Development (NWD) car park to 100% ticketless and cashless	■ Successfully achieved 100% implementation of ticketless and cashless parking solutions at NWD car park

MEASURING PROGRESS IN PURSUING SUSTAINABILITY GOALS

2020 target met	■ (green)
2020 target not met	■ (red)

5-YEAR SUSTAINABILITY ROADMAP (2019 – 2023)

GOAL 2: Building an Agile, Inclusive and Sustainable Workforce in a VUCA (Volatility, Uncertainty, Complexity and Ambiguity) World

Supporting the UNSDGs 3 GOOD HEALTH AND WELL-BEING; 8 DECENT WORK AND ECONOMIC GROWTH

OUR CAPITALS	MATERIAL MATTERS	FOCUS AREAS	5-YEAR TARGETS (2019-2023)	2020 TARGETS	2020 ACHIEVEMENTS
E	Our People Security, Safety and Health Human Rights and Labour Practices	People and Culture Fit Empowered, Agile and Resilient Workforce Work Life Integration HSSE Maturity Culture	Achieve a succession planning ratio of 1:2	Succession planning ratio of 1:1.3	■ (red) Achieved a succession planning ratio of 1:0.7
			Review and assess five core capabilities in enhancing capability development	Conduct 100% review of the five core capabilities for career development	■ (green) Established Capability Development Working Committee to steer organisational capability development and review capability inventory and standards ■ (green) Completed review of five core capabilities conducted on employees
			Inculcate digital native mindset, healthy and ethical workforce	Launch Innovation Hub, a design thinking platform to solve and prototype business-focused solutions	■ (green) Launched Innovation Hub in September 2020 and rolled-out the first phase of the lab. Concluded four business cases for prototyping
				100% employee participation on e-learning platform – Harvard ManageMentor (HMM)	■ (green) 100% participation of employees on HMM e-learning platform
				Implementation of group wide Anti-Bribery Management System towards achieving ISO 37001:2016 certification	■ (green) Attainment of ABMS ISO 37001:2016 certification by KLCCP, KLCCRM, KLCCUH, KPM and six other subsidiaries
			Achieve Generative HSSE Culture	20% employee outreach of targeted HSSE Generative Culture program	■ (red) 2% employee outreach of targeted HSSE Generative Culture program in effort to strengthen HSSE culture – *low engagement due to cancellation of many initiatives resulting from the impact of the pandemic*

2020 target met

2020 target not met

5-YEAR SUSTAINABILITY ROADMAP (2019 – 2023)

GOAL 3: Combating Climate Change and Reducing Environmental Impact

Supporting the UNSDGs

OUR CAPITALS	MATERIAL MATTERS	FOCUS AREAS	5-YEAR TARGETS (2019-2023)[1]	2020 TARGETS[2]	2020 ACHIEVEMENTS[3]
N	Climate Change Environmental Management	Carbon Emission Energy Consumption Water Usage Waste Generation Removal of Single-Use Plastic	**To reduce carbon emission:** • Office: 8.0% • Retail: 18.0% • Hotel: 3.0%	**Reduction in carbon emission** • Office: 4.8% • Retail: 3.0% • Hotel: 16.8%	Delivered improved carbon efficiency where we achieved a reduction of 21.2% for office, 24.1% for retail and 54.5% for hotel
			To reduce energy consumption: • Office: 6.8% • Retail: 5.0% • Hotel: 1.8%	**Reduction in energy consumption** • Office: 4.8% • Retail: 4.3% • Hotel: 1.0%	Drove down energy consumption in our operations by 19.6% for office, 27.6% for retail and 45.7% for hotel with the continuous implementation of energy efficient initiatives
			To reduce water use: • Office: 1.0% • Retail: 7.0% • Hotel: 20.0%	**Reduction in water consumption** • Office: 1.4% • Retail: 6.4% • Hotel: 5.5%	Reduced water usage throughout our assets by 27.4% for office, 40.3% for retail and 38.7% for hotel through our efficient water management
			To reduce total waste generation: • Office: 12.0% • Retail: 18.0% • Hotel: 15.0%	**Reduction in total waste generation** • Office: 11.8% • Retail: 5.0% • Hotel: 5.0%	Waste management within our operations which is carried out via reduction, reuse and recycling resulted in total waste reduction of 78.1% for office, 41.0% for retail and 78.1% for hotel
			90% removal of single-use plastic in hotel operations	**68% removal of single-use plastic in hotel operations**	Successfully eliminated 68% of single-use plastic in hotel operations

Notes:
1. The 5-Year targets are calculated based on 2015 baseline.
2. 2020 targets are calculated from 2015 baseline except for retail waste generation from 2017.
3. The significant reduction in GHG emission, energy consumption, water use and waste generation are mainly due to reduced occupancy in our office buildings, lower footfall in our mall and reduced capacity in hotel operations resulted from the implementation of various phases of Movement Control Order throughout the year.

SUSTAINABILITY KEY HIGHLIGHTS

Prosperity

SECURED the **extension** of the existing **triple net lease agreements** for a further term of 15 years with lessee, PETRONAS, for office leases in PETRONAS Twin Towers and Menara 3 PETRONAS

SPURRING ECONOMIC GROWTH
through supporting Government's effort in economic recovery and local entrepreneurs - **Buy Malaysian Products Campaign and *Komuniti Tukang Jahit* Initiative**
in support of the lower income group

CONTINUED ENGAGEMENT with investment community via virtual platforms – engaged with **over 200 institutional investors, analysts** and **fund managers**

LAUNCHED
Innovation Hub
in September 2020 and concluded with four business cases for prototyping

ESTABLISHED
Digital Roadmap (2020-2023)
with five digital focus areas:
- Integrated and Human Intuitive Building and Facilities Management
- State-of-the-Art Parking Solutions
- Innovative Product and Service Management
- Predictive Engine and Smart Tenancy Solutions
- Agile and Intelligent Project Management

RANKED
in the Top 8th percentile
among our supersector peers under the FTSE4Good Index Series and rated in the **Top 25% amongst 240 listed companies** in the FBM EMAS

Planet

RENEWABLE ENERGY
from solar panel located at the rooftop of Suria KLCC mall, contributing to **electricity savings** of approximately **16.3 million kWh**, equivalent to a total saving of **RM1.8 million** since 2014

REDUCTION of
4.2% in GHG emission
in 2020 vs 2019 as a result of our continued proactive measures in minimising our carbon footprint

TREES' HEALTH ASSESSMENT
at KLCC Park - certified
arborist conducted assessment on 1,700 trees
at the KLCC Park. 327 trees were classified with excellent health, while 1088 trees have an average health

People and Partnership

IMPLEMENTATION of
Cybersecurity Assessment Program - 47% of **employees successfully completed** this assessment

PROMOTED ONLINE LEARNING during the pandemic through Harvard ManageMentor (HMM) e-learning platform - **100% employee participation**

INVESTED RM3.3 million on **staff learning and development** for continuous upskilling of knowledge, technical competencies and digital tools

SOURCED
95% local products contributing positively to the local economy

SPENT
RM95.3 million on **community investment** and **retail tenant assistance**

COMPLETED the **newly reconfigured anchor-to-specialty space in** Suria KLCC housing **over 70 specialty stores** with a mix of prominent local and international brands for fashion, F&B and cosmetics

ACHIEVED
96%
employee **retention rate**

MAINTAINED an impressive record of **zero fatality** since 2014

MOKL HOTEL ACHIEVED
guest satisfaction score of **87%** for providing bespoke hotel experiences

KPM TRANSFORMED NWD car park into **100% ticketless** and **cashless payment**

MOKL HOTEL ELIMINATED
68% of single-use plastic in its operations

SURIA KLCC RECYCLED
97.98 metric tonnes of food waste to help reduce waste disposal to landfill

Peace

ROLLED OUT the **Policy Statement** for **Anti-Bribery Management System (ABMS)** and successfully **attained ABMS ISO 37001:2016 certification** for KLCCP, KLCCRM, KLCCUH and KPM

ACHIEVED
43% women on Board surpassing the country's aspirational target of 30%

KLCCP AND KLCC REIT BOARDS OF DIRECTORS

TAN SRI AHMAD NIZAM BIN SALLEH
Chairman/Non-Independent
Non-Executive Director

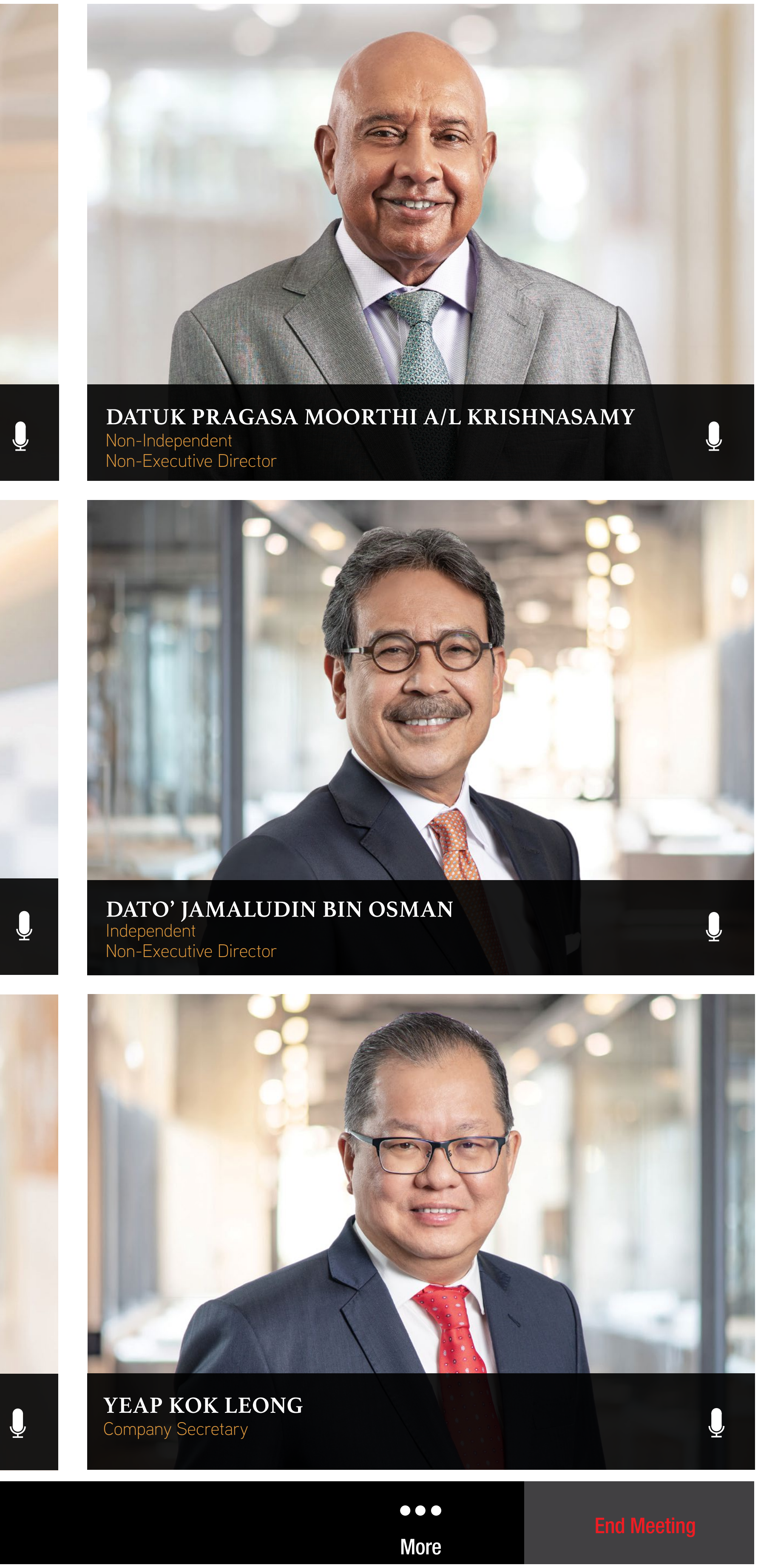
DATUK HASHIM BIN WAHIR
Chief Executive Officer

HABIBAH BINTI ABDUL
Senior Independent
Non-Executive Director

FARINA BINTI FARIKHULLAH KHAN
Independent
Non-Executive Director

LIZA BINTI MUSTAPHA
Non-Independent
Non-Executive Director

ABD AZIZ BIN ABD KADIR
Company Secretary

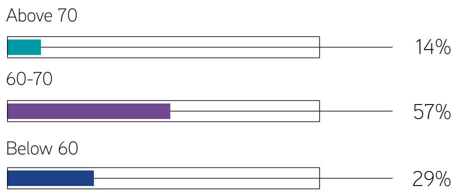


Gender Diversity

FEMALE **43%**

MALE **57%**

Age Profile

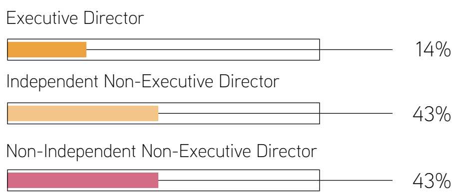


Tenure

OVER 5 YEARS **43%**

BELOW 5 YEARS **57%**

Designations



None of the Directors have:

(i) Any family relationship with any Directors of KLCCP, KLCC REIT and/or major Stapled Securities holders of KLCCP and KLCC REIT;

(ii) Any conflict of interest with KLCCP and KLCC REIT; and

(iii) Any conviction for offences (other than traffic offences) within the past 5 years, received any public sanction or any penalty imposed by the relevant regulatory bodies during the financial year.

The director's meeting attendance record for 2020 is provided in Corporate Governance Overview Statement

KLCCP AND KLCC REIT BOARDS OF DIRECTORS

TAN SRI AHMAD NIZAM BIN SALLEH

Appointed on
21 December 2018 (KLCCP)
21 December 2018 (KLCCRM)

Chairman
Non-Independent Non-Executive Director

MALAYSIAN | 65 | MALE

BOARD COMMITTEE:

Nil

OTHER DIRECTORSHIPS:

Listed Issuers:

Nil

Public Companies:

- Petroliam Nasional Berhad

BOARD SKILL MATRIX:

- Business Management
- Strategy Development
- International Business

ACADEMIC/PROFESSIONAL QUALIFICATIONS

- Bachelor's Degree in Business Administration, Ohio University, USA
- Advanced Management Programme, Wharton School, University of Pennsylvania, USA

WORKING EXPERIENCE

Present Appointments:

- Chairman, Petroliam Nasional Berhad
- Chairman, Yayasan PETRONAS
- Pro-Chancellor, Universiti Teknologi PETRONAS
- Chairman, KLCC (Holdings) Sdn Bhd

Past Experiences:

- Analyst, Planner and Project Coordinator, Corporate Planning and Finance Divisions, PETRONAS Corporate Head Office from the years 1981 to 1987
- Head of Crude Oil Group and Group Treasury, PETRONAS
- Managing Director/Chief Executive Officer, Malaysia LNG Group of Companies
- Vice President, Corporate Services Division, PETRONAS
- Managing Director/Chief Executive Officer of Engen Ltd, South Africa
- Director, Putrajaya Holdings Sdn Bhd
- Director, Kuala Lumpur Convention Centre Sdn Bhd
- Director, Prince Court Medical Centre Sdn Bhd
- Director, MISC Berhad
- Director in several petrochemical subsidiaries of PETRONAS
- Member of PETRONAS Management Committee
- Chairman PETRONAS Risk Management Council
- Chairman PETRONAS Central Tender Committee

DATUK HASHIM BIN WAHIR

Appointed on
1 November 2007 (KLCCP)
5 December 2012 (KLCCRM)

Chief Executive Officer

MALAYSIAN | 63 | MALE

BOARD COMMITTEE:

Nil

OTHER DIRECTORSHIPS:

Listed Issuers:

Nil

Public Companies:

- Kuala Lumpur City Park Berhad

BOARD SKILL MATRIX:

- Engineering
- Business Management
- Strategy Development
- Corporate Planning and Development
- Commercial/Marketing
- Operations
- Property/Real Estate Management

ACADEMIC/PROFESSIONAL QUALIFICATIONS

- Bachelor of Engineering (Honours) in Mechanical Engineering, Universiti Teknologi Malaysia
- Executive Development Program, Ashridge Management College, United Kingdom
- Executive Development Program, Johnson School of Management, Cornell University, USA

WORKING EXPERIENCE

Present Appointments:

- Director/Group Chief Executive Officer, KLCC (Holdings) Sdn Bhd ("KLCCH")
- Director, PETRONAS Hartabina Sdn Bhd
- Director of KLCCH's subsidiaries and associate companies, and subsidiaries of KLCCP

Past Experiences:

- Involved in exploration and production ("E&P") operations, international E&P and gas asset acquisitions, group strategic planning and corporate development within PETRONAS:
  - Senior Manager, Petroleum Engineering Department of PETRONAS Carigali Sdn Bhd ("PCSB")
  - General Manager of Chad/Cameroon JV Project, PCSB
  - General Manager, Group Planning & Resources Allocation, PETRONAS
  - Chairman, PETRONAS Group of Companies in the Republic of Sudan

KLCCP AND KLCC REIT BOARDS OF DIRECTORS

DATUK PRAGASA MOORTHI A/L KRISHNASAMY

Appointed on
9 September 2004, as Independent Non-Executive Director (KLCCP)
5 December 2012, as Independent Non-Executive Director (KLCCRM)
26 January 2015, redesignated to Non-Independent Non-Executive Director in KLCCP and KLCCRM

Non-Independent Non-Executive Director

MALAYSIAN | 74 | MALE

BOARD COMMITTEE:

Nil

OTHER DIRECTORSHIPS:

Listed Issuers:

Nil

Public Companies:

Nil

BOARD SKILL MATRIX:

- Business Management
- Strategy Development
- Risk Management

ACADEMIC/PROFESSIONAL QUALIFICATIONS

- Quantity Surveyor, Curtin University, West Australia

WORKING EXPERIENCE

Present Appointments:

- Director, United Contract Management Sdn Bhd

Past Experiences:

- Project Quantity Surveyor for a number of projects in Perth, West Australia from 1971 to 1976
- General Manager/Director of Safuan Group Sdn Bhd
- Project Director of Sepang Development Sdn Bhd
- Project Director with WTW Consultant Sdn Bhd
- General Manager, KLCC Projeks overseeing the management of design, construction and completion of the various building in KLCC such as the PETRONAS Twin Towers, Menara Maxis and Menara ExxonMobil
- Managing Director of KLCC Projeks Sdn Bhd

HABIBAH BINTI ABDUL

Appointed on
26 June 2013 (KLCCP)
26 June 2013 (KLCCRM)

Senior Independent Non-Executive Director

MALAYSIAN | 65 | FEMALE

BOARD COMMITTEE:

- Member, Audit Committees of KLCCP and KLCCRM (Appointed on 26 June 2013)
- Chairperson, Nomination and Remuneration Committees of KLCCP and KLCCRM (Appointed as member on 21 August 2013) (Re-designated as Chairperson on 3 April 2019)

OTHER DIRECTORSHIPS:

Listed Issuers:

- PETRONAS Gas Berhad

Public Companies:

Nil

BOARD SKILL MATRIX:

- Accounting and Finance

ACADEMIC/PROFESSIONAL QUALIFICATIONS

- Bachelor of Economics (Accounting), University of Malaya
- Member of the Institute of Chartered Accountants of England and Wales
- Member of Malaysian Institute of Certified Public Accountants
- Member of Malaysian Institute of Accountants

WORKING EXPERIENCE

Present Appointments:

- Member, Board Audit Committee, PETRONAS Gas Berhad
- Member, Nomination and Remuneration Committee, PETRONAS Gas Berhad

Past Experiences:

- 34 years of experience in providing audit and business advisory services to large public listed, multinational and local corporations
- Member of the Securities Commission

KLCCP AND KLCC REIT BOARDS OF DIRECTORS

FARINA BINTI FARIKHULLAH KHAN

Appointed on
23 April 2018 (KLCCP)
23 April 2018 (KLCCRM)

Independent Non-Executive Director

MALAYSIAN | 48 | FEMALE

BOARD COMMITTEE:

- Chairperson, Audit Committees of KLCCP and KLCCRM (Appointed as member on 23 April 2018) (Re-designated as Chairperson on 12 October 2018)
- Member, Nomination and Remuneration Committees of KLCCP and KLCCRM (Appointed as member on 3 April 2019)

OTHER DIRECTORSHIPS:

Listed Issuers:

- PETRONAS Gas Berhad
- AMMB Holdings Berhad
- Icon Offshore Berhad

Public Companies:

- AmBank Islamic Berhad

Foreign Companies:

- EnQuest Plc

BOARD SKILL MATRIX:

- Banking and Finance
- Corporate Planning and Development
- Economics
- Finance and Audit
- Human Resource

ACADEMIC/PROFESSIONAL QUALIFICATIONS

- Bachelor of Commerce (Accounting), University of New South Wales, Australia
- Fellow Member of Chartered Accountants in Australia & New Zealand
- Advanced Management Program, Harvard Business School, United States of America

WORKING EXPERIENCE

Present Appointments:

- Chairman, Board Audit Committee, PETRONAS Gas Berhad
- Member, Nomination and Remuneration Committee PETRONAS Gas Berhad
- Chairman, Group Nomination and Remuneration Committee, AMMB Holdings Berhad
- Member, Audit and Examination Committee, AMMB Holdings Berhad
- Chairman, Risk Management Committee, Ambank Islamic Berhad
- Member, Audit and Examination Committee, Ambank Islamic Berhad
- Member, Audit Committee, Icon Offshore Berhad
- Member, Audit Committee, EnQuest Plc
- Member, Safety, Climate and Risk Committee, EnQuest Plc
- Member, Remuneration and Social Responsibility Committee, EnQuest Plc

Past Experiences:

- Senior Associates, Business Services, Coopers & Lybrand, Australia
- Senior Manager, Corporate Planning & Development Division, PETRONAS
- Chief Financial Officer, PETRONAS Carigali Sdn Bhd
- Chief Financial Officer, Exploration and Production Business, PETRONAS
- Chief Financial Officer, PETRONAS Chemicals Group Berhad

DATO' JAMALUDIN BIN OSMAN

Appointed on
1 January 2020 (KLCCP)
1 January 2020 (KLCCRM)

Independent Non-Executive Director

MALAYSIAN | 66 | MALE

BOARD COMMITTEE:

Nil

OTHER DIRECTORSHIPS:

Listed Issuers:

- MMC Corporation Berhad
- Hock Seng Lee Berhad

Public Companies:

Nil

BOARD SKILL MATRIX:

- Engineering
- Business Management
- Strategic Planning
- Marketing
- Project Management

ACADEMIC/PROFESSIONAL QUALIFICATIONS

- Bachelor Degree, Civil Engineering, Universiti Teknologi Malaysia
- Member of Institute of Engineers Malaysia
- Management Development Programme, Asian Institute of Management

WORKING EXPERIENCE

Present Appointments:

- Member, Audit Committee, MMC Corporation Berhad
- Member, Remuneration Committee, Hock Seng Lee Berhad

Past Experiences:

- Civil Engineer, Technical Department, Pahang Tenggara Development Authority
- Civil Engineer, Sewerage & Drainage Department, Dewan Bandaraya Kuala Lumpur
- Project Engineer, Refinery Department, Petroliam Nasional Berhad
- Held several positions in Syarikat Perumahan Pegawai Kerajaan Sdn Bhd
  - Project Manager
  - Marketing Manager
  - General Manager Project & Marketing
  - Managing Director
- Group Managing Director, I&P Group Sdn Bhd

KLCCP AND KLCC REIT BOARDS OF DIRECTORS

LIZA BINTI MUSTAPHA

Appointed on
12 October 2020 (KLCCP)
12 October 2020 (KLCCRM)

Non-Independent Non-Executive Director

MALAYSIAN | 50 | FEMALE

BOARD COMMITTEE:

- Member, Audit Committees of KLCCP and KLCCRM (Appointed on 12 October 2020)
- Member, Nomination and Remuneration Committees of KLCCP and KLCCRM (Appointed on 12 October 2020)

OTHER DIRECTORSHIPS:

Listed Issuers:

- MISC Berhad

Public Companies:

Nil

BOARD SKILL MATRIX:

- Finance & Audit
- Corporate Planning & Development
- Operations
- Risk Management
- Oil & Gas

ACADEMIC/PROFESSIONAL QUALIFICATIONS

- Fellow of the Association of Chartered Certified Accountants
- BSc. Economics (Accounting & Finance), The London School of Economics and Political Science, University of London
- Advance Management Program at Harvard Business School, USA

WORKING EXPERIENCE

Present Appointments:

- Senior Vice President & Group Chief Financial Officer, PETRONAS
- Director of PETRONAS's subsidiaries
- Treasurer of Malaysian Petroleum Club

Past Experiences:

- Vice President Group Procurement, PETRONAS
- Group Financial Controller, PETRONAS
- Chief Financial Officer for PETRONAS Upstream Business
- Senior General Manager of PETRONAS Group Treasury
- Chief Financial Officer of PETRONAS Gas Berhad

KLCCP AND KLCC REIT MANAGEMENT TEAM

DATUK HASHIM BIN WAHIR
Chief Executive Officer
Please refer to his profile on page 145

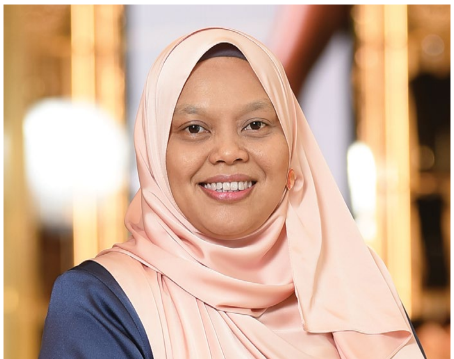
ANNUAR MARZUKI BIN ABDUL AZIZ
Chief Financial Officer/Chief Investment Officer, KLCCP
Head of Investment/Head of Finance, KLCCRM

ABD AZIZ BIN ABD KADIR
Head, Legal and Corporate Services Division, KLCCP
Head of Legal and Compliance, KLCCRM

DATIN SR FAUDZIAH BINTI IBRAHIM
Head, Development Division, KLCCP
Head of Leasing/Asset Manager, KLCCRM

TS. IZWAN HASLI BIN MOHD IBRAHIM
Executive Director/Head, KLCC Urusharta Sdn Bhd

MOHD AKMAM BIN YEOP
Head, KLCC Parking Management Sdn Bhd



SALHA BINTI AHMAD DAHLAN
Head, Human Resource Division, KLCCP

HO MEI LING
Head Department, Group Enterprise
Risk Management, KLCCP

ISHAK BIN YAHAYA
Security Advisor, KLCCP

ANDREW WILLIAM BRIEN
Executive Director/Chief Executive Officer,
Suria KLCC Sdn Bhd

CHRISTIAN TAVELLI
General Manager, Mandarin Oriental, Kuala Lumpur

- Management Team KLCC Property Holdings Berhad
- Management Team KLCC REIT Management Sdn Bhd

None of the Management Teams have:

(i) Any family relationship with any Directors of KLCCP, KLCC REIT and/or major Stapled Securities holders of KLCCP and KLCC REIT;

(ii) Any conflict of interest with KLCCP and KLCC REIT; and

(iii) Any conviction for offences (other than traffic offences) within the past 5 years, received any public sanction or any penalty imposed by the relevant regulatory bodies during the financial year.

KLCCP AND KLCC REIT MANAGEMENT TEAM

ANNUAR MARZUKI BIN ABDUL AZIZ

| 50 | MALE |

Date of Appointment:
16 December 2013
- Chief Financial Officer/Chief Investment Officer, KLCCP
- Head of Investment/Head of Finance, KLCCRM

Academic/Professional Qualifications:
- Bachelor in Accounting (Hons.), International Islamic University Malaysia
- Masters in Business Administration (Finance), International Islamic University Malaysia
- Fellow CPA Australia
- Member of the Malaysian Institute of Accountants
- Senior Management Development Programme, Harvard Business School

Past Experience:
- Associate, Audit & Business Advisory Services, Pricewaterhouse
- Associate, Corporate Finance, Commerce International Merchant Bankers Berhad
- Head of Corporate Finance, Renong Berhad
- General Manager, Office of the CEO, UEM Group Berhad
- Chief Financial Officer, PLUS Expressways Berhad
- Group Chief Financial Officer, UEM Group Berhad

Present Appointments:
- Director, Midciti Sukuk Berhad
- Director of several subsidiaries of KLCCP and KLCC (Holdings) Sdn Bhd

Responsibilities:
- Responsible for the management of all financial aspects of KLCCP Stapled Group, as well as investor relations and information systems
- Overall management and coordination of financial reporting, financial planning, debt financing, treasury and budget management functions of KLCCP Stapled Group
- Responsible for evaluating potential acquisitions of assets to enhance KLCC REIT's portfolio

ABD AZIZ BIN ABD KADIR

| 56 | MALE |

Date of Appointment:
1 October 2009
Head, Legal & Corporate Services Division, KLCCP

5 December 2012
Head, Legal & Compliance, KLCCRM

Academic/Professional Qualifications:
- LLB (Honours), International Islamic University Malaysia
- Licensed Company Secretary

Past Experience:
- Joined PETRONAS in July 1991 and held various positions within PETRONAS Group Legal
- General Manager, Legal and Corporate Secretarial Affairs Division, MISC Berhad from January 2009 up to September 2009

Present Appointments:
- Company Secretary of KLCCP, KLCCRM and KLCC (Holdings) Sdn Bhd
- Director/Company Secretary, Kuala Lumpur City Park Berhad
- Director of several subsidiaries of KLCCP and KLCC (Holdings) Sdn Bhd

Responsibilities:
- Responsible for all legal affairs, company secretarial services, and compliance functions for KLCCP Stapled Group
- Monitor the internal corporate governance policies of KLCCP and KLCC REIT
- Responsible for the management of the KLCCP Stapled Group's procurement and tendering portfolio

DATIN SR FAUDZIAH BINTI IBRAHIM

| 57 | FEMALE |

Date of Appointment:
1 January 2012
Head, Development Division, KLCCP

5 December 2012
Head, Leasing/Asset Manager, KLCCRM

Academic/Professional Qualifications:
- Diploma in Public Venue Management, Institute of Public Venue Management, Australia
- Master of Science in Construction Management (majoring Project Management), Heriot-Watt University, Edinburgh, Scotland
- Bachelor of Science (Honours) in Estate Management, Heriot-Watt University, Edinburgh, Scotland
- Diploma in Estate Management, Institute Teknologi MARA (now UiTM)
- Registered Valuer, Estate Agent and Property Manager with the Board of Valuers, Appraisers, Estate Agents and Property Manager, Malaysia
- Fellow Royal Institute of Surveyors, Malaysia (FRISM)
- Member of the Royal Institute of Chartered Surveyors United Kingdom (MRICS)

Past Experience:
- Acting Head, KLCC Urusharta Sdn Bhd
- Valuer, Rahim & Co, Chartered Surveyors, Kuala Lumpur
- Senior Lecturer/Head of Department, Urban Estate Management, Northern Consortium United Kingdom/ITM
- Assistant Director, Project Coordination Unit, Kuala Lumpur City Hall

Present Appointments:
- Director, Kuala Lumpur City Park Berhad
- Director of several subsidiaries of KLCCP and KLCC (Holdings) Sdn Bhd

Responsibilities:
- Lead Business Development initiatives including joint venture projects, asset enhancement initiatives (renovation and refurbishment work) and make recommendations on the head of terms to be approved
- Manage development projects on time projections, cost and specifications with maximum returns on investments of KLCCP Stapled Group
- Strategise, develop and recommend appropriate office, leasing strategies for completed development and future development of KLCCP Stapled Group
- Ensure the development and asset enhancement initiatives are in line with the overall masterplan development

TS. IZWAN HASLI BIN MOHD IBRAHIM

42 | MALE

Date of Appointment:
2 December 2019
Executive Director/Head, KLCC Urusharta Sdn Bhd

Academic/Professional Qualifications:
- M.Sc. Information Technology, Rensselaer Polytechnic Institute, New York, USA.
- B.Sc. Mechanical Engineering, Rensselaer Polytechnic Institute, New York, USA.
- Professional Technologist, Malaysia Board of Technologists (MBOT)

Past Experience:
- Acting Chief Executive Officer, PETRONAS ICT Sdn Bhd
- Chief Operating Officer, PETRONAS ICT Sdn Bhd
- Head (Employee Digital Experience), Group Digital, PETRONAS
- Chief Executive Officer, Virtus IP Sdn Bhd
- Held various positions in iPerintis Sdn Bhd:
  - Team Lead for KLCC Projects
  - Senior Network Engineer for Global Network
  - Head of Desktop Computing System
  - General Manager of Business Development and Client Management
- System Analyst, PETRONAS Carigali Sdn Bhd

Present Appointments:
- Director, KLCC Parking Management Sdn Bhd
- Director, PETRONAS Digital Sdn Bhd

Responsibilities:
- Provide direction and leading KLCC Urusharta Sdn Bhd to optimise asset value, maximise rental income, achieve client satisfaction rating through strategic asset management, management of capital projects for building life cycle maintenance and refurbishment programmes

MOHD AKMAM BIN YEOP

49 | MALE

Date of Appointment:
1 September 2020
Head, KLCC Parking Management Sdn Bhd

Academic/Professional Qualifications:
- B.Sc (Hons) Quantity Surveying, Liverpool John Moores University, England

Past Experience:
- Head of Department, KLCC Central Operation, KLCC Parking Management Sdn Bhd
- Project Senior Quantity Surveyor, Business and Technical Services Department, KLCC Projeks Sdn Bhd
- Project Quantity Surveyor, KLCC Projeks Sdn Bhd for Putrajaya Development Project and Jabal Omar Development Project, Makkah, Saudi Arabia

Present Appointments:
- Director, KLCC Parking Management Sdn Bhd

Responsibilities:
- Develop business strategies for the business management of car parking and operation to ensure operational efficiency and maximisation of car park utilisation in timely and cost-effective manner
- Preserve and enhance all asset value through continuous upgrading and refurbishing initiatives to prolong the economic lifespan of the asset managed and keeping up the latest and to promote green initiatives

SALHA BINTI AHMAD DAHLAN

45 | FEMALE

Date of Appointment:
1 June 2020
Head, Human Resource Division, KLCCP

Academic/Professional Qualifications:
- Bachelor of Engineering (Manufacturing) (Honours), International Islamic University Malaysia

Past Experience:
- Head, People Development, Project Delivery & Technology, PETRONAS
- Head, People Strategy & Planning, Downstream Corporate Office, PETRONAS
- HR Merger & Acquisition, Downstream Corporate Office, PETRONAS
- HR Planner, VP Oil Office, Oil Business, PETRONAS
- Manager, Capability Development, PETRONAS Penapisan (Melaka) Sdn Bhd
- System Analyst, SAP Business Support, PETRONAS

Present Appointments:
NIL

Responsibilities:
- Lead and shape strategies to drive human capital objectives and realise KLCC Group of Companies' aspirations
- Steer development of capable and credible talent pipeline towards achieving desired workforce performance & productivity, to meet current and future business requirements
- Strategise and implement conducive workforce and workplace experience by establishing progressive policies and procedures, maintain good rapport with all stakeholders, in line with the statutory/regulatory requirements and relevant industry practices to safeguard company's reputation

KLCCP AND KLCC REIT MANAGEMENT TEAM

HO MEI LING

57 | FEMALE

Date of Appointment:
28 October 2013
Head Department, Group Enterprise Risk Management, KLCCP

Academic/Professional Qualifications:
- Bachelor of Arts (Honours), York University, Toronto, Canada

Past Experience:
- Manager of Corporate Recovery, Ernst & Young
- Manager, Business Planning, Putrajaya Holdings Sdn Bhd
- Head, Customer Relationship Management, Putrajaya Holdings Sdn Bhd

Present Appointments:
NIL

Responsibilities:
- Develop and implement appropriate Group risk management strategies, measures, frameworks and instruments in order to establish a common systematic approach group-wide to mitigate and minimise exposure to risks across the Group
- Conduct risk monitoring and provide updates to the Management and Board of Directors on regular basis on trends for risk exposures, highlighting key areas of concern and priority of attention for continuous improvement
- Provide proactive and preventive advice to Management with respect to necessary changes in the risk profile of the Group or specific business activities, including good corporate governance and ethical practices
- Ensure required competence and skill level of subordinates are developed to ensure operational needs are met
- Ensure department operates within set cost profiles so as to optimise resources

ISHAK BIN YAHAYA

70 | MALE

Date of Appointment:
28 October 2013
Security Advisor, KLCCP

Academic/Professional Qualifications:
- MCE – Anglo Chinese School Teluk Anson
- Police College Kuala Kubu Baharu
- Millitary Staff College KL
- Sains Siasatan – UKM

Past Experience:
- Selected and undergone intensive British Commando (SAS) Training
- Infantry officer Regiment VAT69 Commando
- Seconded to Special Branch and Millitary Intelligence Organisation for secret external operation
- Commanding Officer Regimen
- VAT 69 Commando
- Officer in-Charge of Station, Kampar District
- Officer in-Charge of Criminal Investigation for Contingent Perak
- Head of Malaysian Control Centre (MCC), PDRM Bukit Aman
- General Manager, Corporate Security Division, PETRONAS

Present Appointments:
NIL

Responsibilities:
- Develop security policy for KLCCP and its subsidiaries in line with PETRONAS Security Requirement
- Ensuring the security of assets and business of KLCCP and its subsidiaries
- Establish direct communication with PDRM/SPRM and other relevant authorities for the security of assets and business of KLCCP
- Conduct criminal investigation whenever necessary
- Conduct investigation for any allegation or whistle blowing within the KLCCP
- Supervise and coordinate all security operation and security issues within KLCCP
- Committee of Integrity KLCCP
- Control and monitor security access system

ANDREW WILLIAM BRIEN

57 | MALE

Date of Appointment:
1 January 2007
Chief Executive Officer, Suria KLCC Sdn Bhd

1 January 2015
Executive Director, Suria KLCC Sdn Bhd

Academic/Professional Qualifications:
- Bachelor of Commerce, Management Studies (Marketing/ Accounting), University of Wollongong, Australia
- Stanford Executive Program, Stanford University, USA

Past Experience:
- 6 years sales and marketing experience with Colgate Palmolive Pty Ltd, Australia in both regional and national roles
- 27 years of real estate experience in the disciplines of management, leasing, marketing and development of retail assets commencing with Lend Lease Corporation Ltd, Australia in 1992 and continuing with Westfield Limited, Australia. In 2003, seconded to Suria KLCC Sdn Bhd pursuant to the advisory agreement entered into between Suria KLCC Sdn Bhd and Westfield Shopping Centre Management Co. Pty. Ltd. of Australia. In 2006, his secondment concluded with his CEO appointment

Present Appointments:
- Trustee & Executive Board/ Director of International Council of Shopping Centers ("ICSC")

Responsibilities:
- Oversee strategic and fiscal responsibility for assets owned and managed by Suria KLCC encompassing all asset management, development, finance, leasing, marketing and management of the assets

CHRISTIAN TAVELLI

46 | MALE

Date of Appointment:
6 December 2019
General Manager, Mandarin Oriental, Kuala Lumpur

Academic/Professional Qualifications:
- Executive MBA, ESESA, Málaga, Spain
- Bachelor of Arts "Hospitality and Tourism Management", Glion Institute of Higher Education, Montreux, Switzerland
- Chef Certificate, French Cooking School Alicia Berger, Buenos Aires, Argentina

Past Experience:
- Mandarin Oriental Hotel Group as Systems Transformation Project Director
- Ritz Hotel Madrid, Madrid, Spain as General Manager & Member of the Board
- Rosewood Mansion On Turtle Creek as Managing Director
- Rosewood San Miguel de Allende as Managing Director
- Rosewood Sand Hill as Hotel Manager
- Las Ventanas Al Paraiso as Managing Director
- Marbella Hotel Group as Executive Assistant Manager
- Hilton Frankfurt hold various Executive positions
- Hilton Brussels hold various Executive positions
- Hotel La Residencia as Michelin Stars Restaurant Manager

Present Appointments:
NIL

Responsibilities:
- Manage the operation of a 629 rooms hotel, maintaining the hotel as the leader in the market with an RGI above 100
- Ensure guest satisfaction through a personalised service and attention to detail that sets us apart from the competitors
- Maintain open and transparent communication with the owner company
- Ensure necessary actions are taken to maintain the asset and propose upgrade where necessary
- Lead a team of 800 professionals to success through proper training and ensuring colleagues' satisfaction

PROFILE OF SHARIAH ADVISER

ABOUT THE SHARIAH ADVISER, CIMB ISLAMIC BANK BERHAD ("CIMB ISLAMIC")

As the Shariah Adviser to KLCC REIT, CIMB Islamic is providing necessary advice to ensure that KLCC REIT business is Shariah-compliant.

CIMB Islamic is CIMB Group's global Islamic banking and finance services franchise. It is headquartered in Kuala Lumpur and offers innovative and comprehensive Shariah-compliant financial solutions in consumer banking, wholesale banking, investment banking, private banking, as well as wealth and asset management products and services. It is part of the fifth largest banking group in ASEAN.

CIMB Islamic is licensed under the Malaysia's Islamic Financial Services Act 2013 and is an approved Shariah Adviser as per the Registration of Shariah Advisers Guidelines issued by Securities Commission. This enables CIMB Islamic to provide a wide range of products and services to commercial, corporate, and institutional customers across ASEAN, the Middle East, South Asia,North Asia, and major international financial centres. Its products and operations are managed in strict compliance with Shariah principles under the guidance of the CIMB Islamic Shariah Committee, which comprises the industry's leading Islamic Scholars.

CIMB Islamic is free from any conflict of interest with KLCC REIT, which could impair their objectivity and independence.

CIMB Islamic has not been convicted for offences within the past 7 years or been imposed with any penalty by the regulatory bodies relevant to the REIT during the financial year.

PROFILE OF DESIGNATED PERSON RESPONSIBLE FOR SHARIAH MATTERS RELATING TO KLCCP STAPLED GROUP

In relation to Shariah matters, the designated person responsible for the Company and fund investment activities under KLCCP Stapled Group is Ashraf Gomma Ali. He is the regional head of Shariah Advisory & Governance at CIMB Islamic, where he is responsible for all Shariah advisory and research affairs for CIMB Group covering Southeast Asia and the UK.

Previously, he worked with National Commercial Bank (NCB), Saudi Arabia for six years as vice president of Shariah assurance, where he was responsible for overseeing all policies and procedures at the bank, as well as for providing Shariah advice on all Islamic products across NCB Group, with particular emphasis on corporate, treasury and capital markets.

He also served as a Shariah board member of University Bank in Michigan, USA as well as a member of two AAOIFI standard setting working groups.

He holds a BS in Finance from the University of Maryland, an LLB in Shariah from Umm Al-Qura University, and a Masters of Islamic Finance Practice from INCEIF. He is also a certified Shariah auditor and advisor with AAOIFI.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

GOVERNANCE AT A GLANCE

At KLCCP Stapled Group ("Group"), the Boards do not view corporate governance as an exercise in compliance but as an evolving and core discipline which generates value for our stakeholders and underpins our success.

During FY2020, the Boards reviewed the corporate governance practices of KLCCP and KLCCRM to ensure they have adopted holistic and effective governance. This Statement should be read in conjunction with the KLCCP Stapled Group Corporate Governance Report for FY2020 ("CG Report") which is available on the KLCCP Stapled Group's corporate website at **www.klcc.com.my**.

The CG Report provides the details on how KLCCP Stapled Group has applied each practice as set out in the MCCG during the financial year 2020. The Boards are of the view that KLCCP Stapled Group has, in all material aspects, adopted the principles and relevant best practices set out in the MCCG.

In addition, KLCCP Stapled Group has, in place, numerous governance documents such as Constitutions, Trust Deed, Stapling Deed, Board Charter, Terms of Reference ("TOR") of Board Committees, Enterprise Risk Management Framework, and Internal Audit Charters as part of its corporate governance framework.

HOW OUR GOVERNANCE WORKS

Corporate governance is essential to ensuring our business is run in the right way for the benefit of all of our stakeholders. Our governance framework was established to provide clear lines of accountability and responsibility. It also assists with the sharing of information and facilitates fast decision making and effective oversight.

In this Corporate Governance Overview Statement ("Statement"), the respective Boards of KLCC Property Holdings Berhad ("KLCCP") and KLCC REIT Management Sdn Bhd ("KLCCRM") provide the holders of Stapled Securities and investors with an overview of KLCCP Stapled Group's application and adoption of the key principles and best practices of good corporate governance as set out in the Malaysian Code on Corporate Governance ("MCCG"). This overview takes guidance from the 3 main principles of the MCCG:

PRINCIPLES

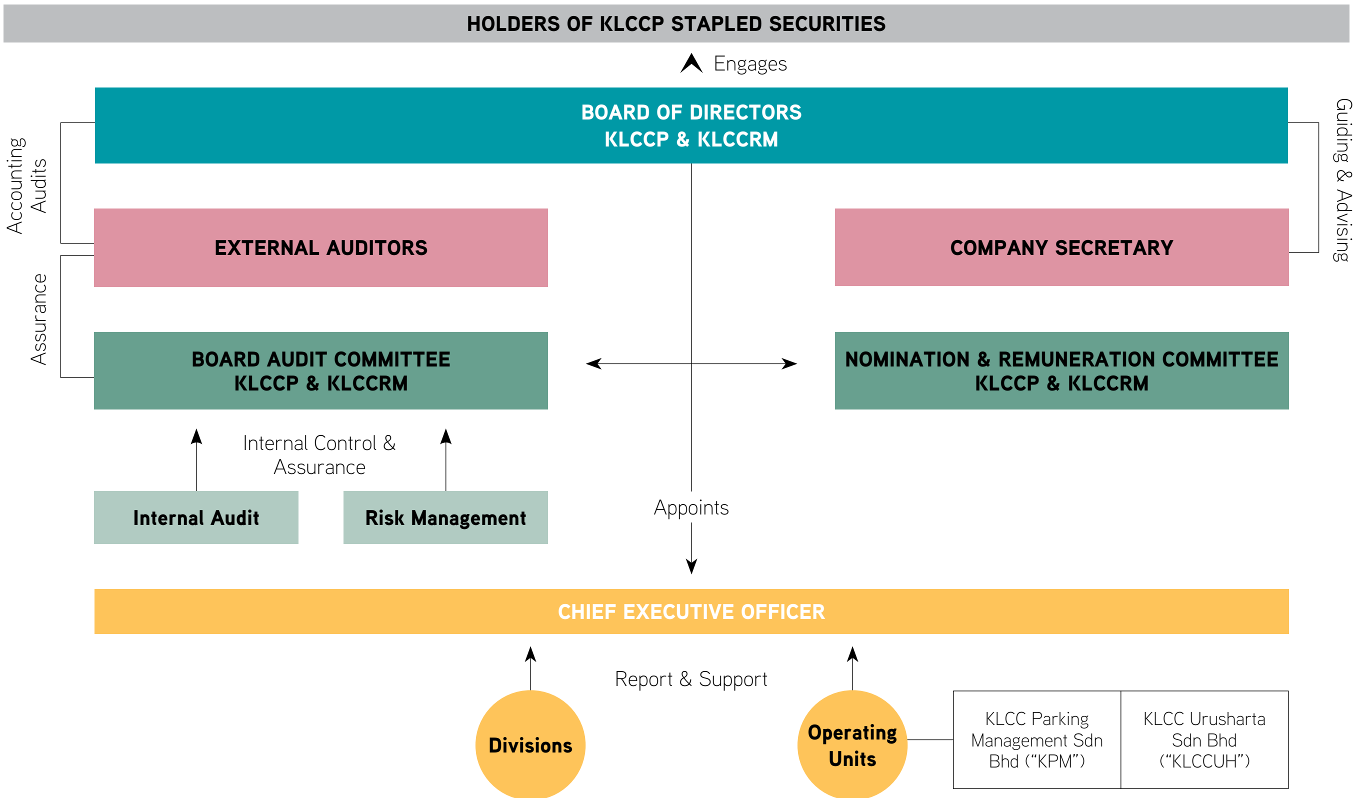
- **A Board Leadership and Effectiveness;**
- **B Effective Audit and Risk Management; and**
- **C Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.**

KEY GOVERNANCE ENHANCEMENTS

During the year, the Boards have committed and implemented the following governance enhancements for KLCCP and KLCCRM:

- KLCCP and KLCCRM managed to reconstitute their board compositions with 43% of women directors on the Boards.
- For year 2020, the Board and Boards Committees' Evaluations of KLCCP and KLCCRM were carried out by an independent expert.
- KLCCP Stapled Group Integrated Annual Report 2019 was prepared in accordance with the concepts and guiding principles of the International Integrated Reporting Framework issued by the International Integrated Reporting Council.
- KLCCP and KLCC REIT had leveraged on technology for voting in absentia where Annual General Meetings ("AGMs") for the year 2020 were held fully virtual via live streaming with remote participation as well as electronic voting feature for the holders of Stapled Securities.
- KLCCP Stapled Group made a Policy Statement on Anti-Bribery and Corruption with zero tolerance to any form of bribery and corruption culture.

In order to ensure orderly and effective discharge of the functions and responsibilities of the Boards, the Boards have in place a governance framework where specific powers of the Boards are delegated to the relevant Board Committees and the Chief Executive Officer ("CEO"), as depicted below:



PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I BOARD RESPONSIBILITIES

Our Boards are composed of highly skilled professionals who bring a range of skills, perspectives, and corporate experience to our boardroom. The Boards are primarily responsible for setting the Group's strategy for delivering long-term value to our holders of Stapled Securities and other stakeholders of the Group, challenging management concerning the execution of the Group's strategies, and ensuring the Group maintains an effective risk management and internal control system. There is clear division between executive and non-executive responsibilities of the Boards which ensure accountability and oversight.

In discharging the Boards' duties and responsibilities effectively, the Boards are guided by the KLCCP's Board Charter, which provides the framework for the performance of the Boards' functions and duties vis-a-vis management and the Group. The Board Charter outlines, amongst others, the Board's roles and responsibilities, processes, functions, and development in order to attain efficiency in board performance. Further, the roles of Chairman and CEO are held by separate individuals, and their responsibilities are also well defined in the Board Charter.

In addition, the Boards have established 2 Board Committees, namely Audit Committees ("ACs") and Nomination and Remuneration Committees ("NRCs"), which are entrusted with specific oversight responsibilities for KLCCP Stapled Group's affairs. The Board Committees are granted the authority to act on each Board's behalf in accordance with their respective TOR. Nevertheless, the Boards are ultimately accountable and responsible for the affairs and business of KLCCP Stapled Group.

The Board Charter as well as the respective TOR of the ACs and NRCs are available on KLCCP Stapled Group's corporate website at **www.klcc.com.my**.

For more information on leadership and effectiveness of our Boards, please refer to the NRC Report, AC Report, and the Statement of Risk Management and Internal Control of this Integrated Annual Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

II BOARD COMPOSITION AND DIVERSITY

Our Boards recognise the need for them to strategically evolve as a dynamic board in accordance with the strategic direction of the Group. Hence, the Boards actively review their composition to ensure they have the right balance of independence and diversity to effectively discharge their collective responsibilities.

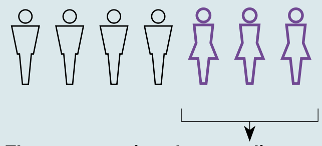
Each Board currently consists of 7 members, led by a Non-Executive Chairman, and supported by 1 Executive Director as well as 5 Non-Executive Directors. Three (3) of the Non-Executive Directors fulfill the criteria of independence, as defined in the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), while the remaining 3 Non-Executive Directors (including the Chairman) are Non-Independent Directors.

1 CHAIRMAN/NON-INDEPENDENT NON-EXECUTIVE

1 EXECUTIVE DIRECTOR

3 INDEPENDENT NON-EXECUTIVE DIRECTORS

2 NON-INDEPENDENT NON-EXECUTIVE DIRECTORS



The representation of women directors on the Boards is 43%

The Boards believe that diversity in the board composition is essential for good governance and as a productive board. The Boards are of the view that each Director should be evaluated and/or appointed based on his or her merits with due consideration given to diversity as stated in the Board Diversity Policy of KLCCP. To-date, the representation of women directors on the Boards is 43%.

The Board Diversity Policy, which is approved by KLCCP Board and applicable to KLCCRM, is available on KLCCP Stapled Group's corporate website at **www.klcc.com.my**. Further details on the Board Diversity Policy are described in the CG Report.

For more information on the Board members, please refer to their respective profiles on pages 142 to 150

III DIRECTORS' INDEPENDENCE

The Boards recognise the important contributions that Independent Non-Executive Directors ("INEDs") make to good corporate governance. The Boards are satisfied with the level of independence demonstrated by the INEDs throughout the year, and their ability to act in the best interest of the Group.

None of the INEDs of KLCCP and KLCCRM would exceed a cumulative term limit of 9 years. Our Boards have adopted the policy to limit the tenure of INEDs up to 9 years as recommended by the MCCG.

IV DIRECTORS' APPOINTMENT, RESIGNATION AND RE-ELECTION

The appointment, resignation and re-election of Directors are governed by the Companies Act 2016, MMLR, Guidelines on Listed REIT and other applicable rules and regulations. The NRCs, chaired by a Senior Independent Director, review the size, structure and composition of the Boards and make recommendations on new appointments and ensure that the appointment process is rigorous and transparent.

Details on the appointment, resignation, re-election of Directors and directors' appointment process are provided in the NRCs Report contained in this Integrated Annual Report.

V BOARD MEETINGS AND ACCESS TO MANAGEMENT, COMPANY SECRETARIES, INFORMATION AND EXTERNAL EXPERTS

All Directors are encouraged to declare their time commitment to the Boards and to notify the Chairman of each Board before accepting any new directorship in other public listed companies and that the new directorship would not unduly affect their time commitments and responsibilities to the Boards. The Boards believe that all members must be equally responsible for their overall core responsibilities.

The Boards meet at least quarterly to approve, inter alia, the strategic plans and direction for KLCCP Stapled Group, the annual business plans and budgets, operational and financial performance reports, investment and capital expenditures, and quarterly reports and to review the performance of KLCCP Stapled Group.

This year's review of annual business plans and budgets included high-level discussions whether the strategy remains relevant and responsive enough to address the challenges faced by the Group.

At each Board meeting, the agenda ensures sufficient time for the Committee Chairs to report on the contents of discussions and any recommendations to the Board which require approval and the actions to be taken by the Board.

Additional meetings are convened on an ad hoc basis to deliberate on urgent and important matters. Sufficient notices are duly given for all scheduled and additional meetings of the Boards. To avoid any conflict of interest, all Board members must declare their interests in any transactions to be deliberated by the Boards where relevant at all Board Meetings.

During the year under review, 6 Board Meetings of KLCCP and 4 Board Meetings of KLCCRM were held respectively. The proceedings of all meetings of the Boards including all issues raised, enquiries made and responses thereto, were also presented and recorded in the minutes of the respective Boards meetings. Where necessary, decisions have been taken by way of circular resolutions.

KLCCP and KLCCRM Board Meetings attendance for financial year ended 31 December 2020 is as follows:

NO. OF MEETINGS ATTENDED		
KLCCP	**DIRECTORS**	**KLCCRM**
	Executive	
6/6	Datuk Hashim bin Wahir	4/4
	Non-Executive	
6/6	Tan Sri Ahmad Nizam bin Salleh (Chairman)	4/4
6/6	Habibah binti Abdul	4/4
6/6	Datuk Pragasa Moorthi a/l Krishnasamy	4/4
6/6	Farina binti Farikhullah Khan	4/4
6/6	Dato' Jamaludin bin Osman (appointed w.e.f. 1.1.2020)	4/4
2/2	Tengku Muhammad Taufik (resigned w.e.f. 15.7.2020)	2/2
2/2	Liza binti Mustapha (appointed w.e.f. 12.10.2020)	1/1

Management proposes the agendas for upcoming committees and boards' meetings. Once the agendas have been finalised, all board papers are uploaded onto an electronic board paper system, which provides immediate and secure access by the board members.

The board members are supported by Company Secretaries who provide advisory services to the Boards, particularly on corporate governance and compliance issues, including compliance to the relevant rules/procedures, laws and regulatory requirements. The details of the Company Secretaries relating to qualification, training programmes attended, and others are disclosed in the CG Report. All Directors have unrestricted access to the advice and services of the Company Secretaries.

The Directors are also having direct access to management and unrestricted access to any information relating to the Group in discharging their duties. The Boards seek advice from management concerned as they may require, and are able to interact directly with management regarding any aspect of KLCCP Stapled Group's operations or businesses under its purview. Management is invited to attend board meetings to give an update of their respective functions and to discuss on issues that may be raised by the Directors.

Additionally, the Directors may obtain independent professional advice at KLCCP Stapled Group's expense through an agreed procedure on specific issues that would aid in their deliberations and determination of a decision that would benefit KLCCP Stapled Group.

The deliberations at the Board Committees and Boards' meetings are properly recorded and communicated to management for necessary action. Minutes of Board Committees and Boards' meetings, which include records of the Board Committees and Boards' decisions, are properly maintained by the in-house Company Secretary.

VI THE BOARDS' 2020 ACTIVITIES AND PRIORITIES

The Boards of KLCCP and KLCCRM are responsible for the long-term success of the Group and are accountable to the holders of Stapled Securities as well as other stakeholders in ensuring that the Group is appropriately managed and achieves the strategic objectives that have been set.

The Boards assessed and identified changing or emerging risks that could impact the Group in the short-term and medium-term. Further, the Boards also focused on how the Group steers through the COVID-19 pandemic for business sustainability, whilst recalibrating the business resilience to adapt to the new normal. As the Group continues to generate value through the core activities identified in its business model, the flexibility of the business model is also assessed by the Boards to ensure it remains 'future ready'.

The table below shows the key focus area for the Boards which appear as items on the Board's agenda at the respective meetings throughout the year.

KLCCP

- Reviewed and approved business plans and budget for FY2021 and forecast from FY2022 to FY2025.
- Reviewed projected cash flows and distribution for KLCCP Stapled Group.
- Oversaw the proper conduct of KLCCP Stapled Group's business.
- Reviewed and approved quarterly results for FY2020 and the audited financial statements of KLCCP for the financial year ended 31 December 2019.
- Reviewed and approved recurrent related party transactions of KLCCP Stapled Group.
- Reviewed and approved the proposed changes to the Board and Board's Committees composition.
- Reviewed and endorsed the evaluation findings of the Board, Board Committees and Individual Director.
- Reviewed and endorsed the re-election of Directors retiring pursuant to KLCCP Constitution and recommended the same for the holders of Stapled Securities' approval.
- Reviewed and recommended Directors' remuneration for holders of the Stapled Securities' approval.
- Reviewed and approved the reports and statements for inclusion into the Integrated Annual Report 2019.
- Ensured the implementation of policies, procedures and practices relating to operational and corporate governance.
- Reviewed and approved KLCCP's principal risks with their proposed mitigations, and ensured appropriate measures were implemented to manage these risks.
- Reviewed the adequacy and integrity of KLCCP Stapled Group's management information and internal control system.
- Declaration of dividends.
- Reviewed and approved performance reward and salary increment.
- Reviewed succession planning for KLCCP.
- Ensured compliance to relevant laws and regulations.

KLCCRM

- Reviewed and approved the budget for FY2021 and forecast from FY2022 to FY2025.
- Reviewed projected cash flows and distribution for KLCC REIT.
- Oversaw the proper conduct of KLCC REIT's business.
- Reviewed and approved the quarterly results of KLCC REIT for FY2020 and the audited financial statements of KLCC REIT and KLCCRM for the financial year ended 31 December 2019.
- Reviewed and approved recurrent related party transactions of KLCCRM.
- Reviewed and approved the proposed changes to the Board and Board's Committees composition.
- Reviewed and endorsed the evaluation findings of the Board, Board Committees and Individual Director.
- Reviewed and endorsed the re-election of Directors retiring pursuant to KLCCRM Constitution and recommended the same for shareholder's approval.
- Reviewed and recommended Directors' remuneration for shareholder's approval.
- Reviewed and approved the reports and statements for inclusion into the Integrated Annual Report 2019.
- Ensured the implementation of policies, procedures and practices relating to operational and corporate governance.
- Reviewed and approved KLCCRM's principal risks (in respect of KLCC REIT's business activities) with their proposed mitigations, and ensured appropriate measures were implemented to manage these risks.
- Reviewed the adequacy and integrity of KLCC REIT's management information and internal control system.
- Determined and approved income distributions to the holders of Stapled Securities and payments of management fees to the Manager.
- Ensured compliance to relevant laws and regulations.

VII TRAINING AND PROFESSIONAL DEVELOPMENT OF DIRECTORS

The Boards recognise the importance of attending and participating in training and development activities in order to broaden their perspectives and to keep abreast with developments in the marketplace, and new statutory and regulatory requirements which would enable them to fulfill their responsibilities.

In this regard, the Company Secretaries provide assistance in Directors' training and development, and to facilitate the onboarding programme for newly appointed Directors. During the year, KLCCP conducted the onboarding programme for the 2 newly appointed Directors.

For more information on the list of Directors' Training and Professional Development, please refer to the NRCs Report on pages 164 to 168

VIII BOARD EFFECTIVENESS EVALUATION

The Board Effectiveness Evaluation (BEE) is to evaluate the performance of Board, Board Committees, members of the Board as well as identifying any gaps or areas of improvement.

For this year, the BEE, which is under the purview of the NRCs, was conducted by an independent expert to assess the effectiveness of the Board, Board Committees, and the performance of each individual Director.

The findings from the BEE were presented to the NRCs for deliberation and appropriate recommendations were made to the Boards. Details on the process and parameters of the BEE are provided in the NRCs Report contained in this Integrated Annual Report.

IX INTEGRITY AND ETHICS

The Boards acknowledge their roles in establishing a corporate culture of ethical conduct within the Group. The Boards are guided by the PETRONAS Code of Conduct and Business Ethics ("CoBE") which was adopted by the Group. The Group has also adopted PETRONAS' Whistle-blowing Policy and the Anti-Bribery and Corruption Manual (including No Gift Policy) which provide and facilitate appropriate communication and feedback channels between the Group and its employees. CoBE, PETRONAS' Whistle-blowing Policy and the Anti-Bribery and Corruption Manual, are described in the CG Report and is available on KLCCP Stapled Group's corporate website at **www.klcc.com.my**.

As and when changes are made to CoBE, PETRONAS' Whistle-blowing Policy and Anti Bribery and Corruption Manual, the Group will adopt the said changes.

In addition, the Group have also implemented a Memorandum on Insider Trading whereby Directors and employees of KLCCP Stapled Group are prohibited from trading in the Stapled Securities, particularly when they are in possession of price-sensitive information and knowledge of facts which have not been publicly announced.

The Boards place emphasis on combating bribery and corruption. As part of KLCCP Stapled Group's implementation of adequate procedures, the Boards of KLCCP and its subsidiaries have executed the Integrity Pledge in combatting bribery and corruption. In addition, KLCCP has made a Policy Statement on Anti-Bribery and Corruption with zero tolerance to any form of bribery and corruption culture.

On 11 December 2020, SIRIM QAS International Sdn Bhd awarded KLCCP and its identified subsidiaries, including KLCCRM, the ISO 37001:2016 Anti-Bribery Management System certification.

For more information on CoBE, Anti-Bribery and Corruption Manual, Whistleblowing Policy, Policy Statement on Anti-Bribery and Corruption, please visit **www.klcc.com.my**.

X DIRECTORS' REMUNERATION

In determining Directors' fees and meeting allowances as well as meeting allowances for the ACs and NRCs (collectively "Directors Remuneration"), the Boards adhere to the Remuneration Framework for KLCC Property Holdings Berhad Non-Executive Directors. Directors' Remuneration for Non-Executive Directors is subject for approval by the holders of Stapled Securities during the AGM of KLCCP.

Members of the Board, AC and NRC of KLCCRM are entitled for meeting allowances only if meetings are held on a different date from the meetings of the Board, AC and NRC of KLCCP.

Details of Directors Remuneration for the year under review are provided in the NRC Report of this Integrated Annual Report as well as in the CG Report.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I AUDIT COMMITTEE

Our Boards had established the ACs for KLCCP and KLCCRM with the objective of assisting the Boards in fulfilling their responsibilities primarily relating to financial management, financial accounting, risk management framework and process, and internal control systems of the Group. The Boards are assisted by the respective ACs to provide independent scrutiny of the processes in place to monitor the Group's financial and non-financial reporting, and the quality of the same.

The Chairperson of the ACs as well as its members are professionals. Together, they have vast experience and skills in accounting and finance as well as other fields of expertise and are highly qualified to formulate and review the integrity and reliability of the Group's financial statements prior to recommending the same to the Boards for approval.

The Boards are responsible for ensuring that the Group's audited financial statements comply with the relevant financial reporting standards and any other applicable legislations and regulations. The Statement by the Directors, the Manager's Report and the Statement by the Manager in relation to the preparation of the financial statements of KLCCP Stapled Group are set out in this Integrated Annual Report.

KLCCP and KLCCRM had adopted the Framework on External Auditors and established a formal policy and procedure to assess the suitability, objectivity and independence of the external auditors in tandem with the practice of the MCCG.

The respective ACs meet with the external auditors to discuss their audit plans, fees, audit findings and their reviews of the Group's financial statements. The meetings are held in the presence of the CEO and relevant management staff.

From time to time, the external auditors will highlight matters that require further attention of the respective ACs and the Boards. The Boards have obtained assurance from the external auditors on their independence in discharging their duties throughout the conduct of the audit engagement.

During the year under review, the respective ACs also met with the external auditors twice without the presence of the CEO and management. In addition, the external auditors also present at the AGMs to provide their professional and independent clarification on issues and concerns raised by the holders of Stapled Securities.

For more information on ACs and a summary of their work, please refer to the ACs Report contained in this Integrated Annual Report as well as the CG Report.

II RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Boards through the ACs have overall responsibility for maintaining a sound system of risk management and internal control for the Group that provide reasonable assurance of effective and efficient business operations, compliance with laws and regulations as well as internal procedures and guidelines.

The Group's risk appetite is set by the respective Boards and it is the level of risk that the Group is willing to accept to achieve its strategic objectives. Any potential risk to the Group is identified so that appropriate mitigations are taken to address the said risk. The risk management approach adopted by the Boards is in accordance with the International Risk Management Standard ISO 31000: 2009.

The Group has an effective internal control system which sets out the processes and frameworks required to ensure effective and efficient delivery of the Group's strategic objectives. The internal control system is designed to identify and mitigate the potential risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material financial misstatement or loss.

In this respect, an internal audit function will help the Boards as well as the Group to accomplish their goals by bringing an objective and disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes. This function serves as an important source of advice for the Audit Committee concerning areas of weaknesses or deficiencies in internal processes to facilitate appropriate remedial measures by the Group.

The internal audit function is undertaken by the Group Internal Audit Division ("GIAD") of KLCC (Holdings) Sdn Bhd ("KLCCH") which provides assurance on the efficiency and effectiveness of the internal control system implemented by KLCCP Stapled Group. To support the ACs in discharging their responsibilities, the Head of GIAD of KLCCH reports directly to the ACs.

The appointment of the Head of GIAD is reviewed and recommended by the ACs. The Head of GIAD has unrestricted access to the ACs, the Boards and Management. The Head of KLCCH's GIAD is a corporate member of the Institute of Internal Auditors Malaysia.

The details of the risk management and internal control practices as well as the internal audit activities are set out in the ACs Report, and Statement on Risk Management and Internal Control of this Integrated Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I COMMUNICATION BETWEEN KLCCP, KLCCRM AND STAKEHOLDERS

Our Boards believe in building a dynamic and strong partnership with the diverse and inclusive group of stakeholders in driving the Group's strategic priorities. The Group engages regularly with its stakeholders to inform on matters ranging from business to environmental and social issues.

The Group provides open and transparent channels for the stakeholders to voice out their concerns and Management is to respond to the matters raised by taking into consideration their inputs. The Boards also ensure that the communication with the holders of Stapled Securities and various stakeholders is transparent, and timely.

During the year under review, a number of events were held to maintain an open communication with the investors, holders of Stapled Securities, business partners and other communities, with the presence of the CEO, the Chief Financial Officer and Head of Investor Relations.

In 2020, the Group issued its first Integrated Annual Report for the financial year 2019 prepared in accordance with the International Integrated Reporting Council's Integrated Reporting Framework. This is an effort by the Group to enhance the disclosures of the relationship between the Group's resources, actions and the value the Group creates over time for all its various stakeholders.

To read more on how we engage and create value for all our stakeholders, please refer to Stakeholder Management on pages 60 to 69

II CONDUCT OF GENERAL MEETINGS

The Boards regard the AGMs as important forums for effective communication and proactive engagements between the Boards and the holders of Stapled Securities.

The holders of Stapled Securities will be accorded ample opportunity and time to raise questions and concerns, and the Directors of KLCCP and KLCCRM will provide appropriate answers and clarifications. The questions from the Minority Shareholders Watch Group and their answers thereto are shared with all the holders of Stapled Securities for their information.

A detailed presentation of KLCCP Stapled Group's operations and financial results will be given by the CEO upon commencement of the AGMs. The external auditors of KLCCP and KLCC REIT will also be present during the AGMs to provide their professional and independent advice.

In light of the current COVID-19 pandemic and good CG practice, KLCCP and KLCC REIT had conducted remote participation and remote online voting by the holders of Stapled Securities (i.e. voting in absentia) via electronic voting system at the 17th AGM of KLCCP and 7th AGM of KLCC REIT by leveraging technology in accordance with the Constitution of KLCCP and the Trust Deed of KLCC REIT. The holders of Stapled Securities who attended the AGMs via remote participation could also submit their questions during the meetings for the Boards to respond.

Further details on matters relating to the proceedings of the AGMs are disclosed in the CG Report.

GOVERNANCE INITIATIVES AND OUTLOOK

The Boards believe that good governance is essential in supporting the realisation of business objectives of KLCCP Stapled Group. Having the right standards on governance protects the business of KLCCP Stapled Group as well as the interests of the stakeholders.

Moving forward, the Boards will strive to enhance corporate governance best practices for KLCCP and KLCCRM, particularly to have majority independent directors on the Boards.

This Statement is made in accordance with the resolution of the Boards of Directors on 27 January 2021.

NOMINATION AND REMUNERATION COMMITTEES REPORT

The Nomination and Remuneration Committees ("NRCs") of KLCCP and KLCCRM are constituted as committees of the Boards of KLCCP and KLCCRM to assist the Boards with regard to its nomination and remuneration matters. The NRCs of KLCCP and KLCCRM were established on 27 November 2012 and 21 August 2013 respectively.

TERMS OF REFERENCE ("TOR")

Both NRCs' roles and functions are set out in their respective TOR which are available on the corporate website of KLCCP Stapled Group at **www.klcc.com.my** for easy access by holders of Stapled Securities and the public alike.

COMPOSITION

Both NRCs comprise a majority of Independent Non-Executive Directors. The composition of the NRCs for both KLCCP and KLCCRM is as follow:

MEETINGS AND ATTENDANCE

During the year under review, 4 meetings of the NRC of KLCCP and 3 meetings of the NRC of KLCCRM were held respectively. The attendance of the member of the NRCs is as follows:

	Chairperson	Member		
	HABIBAH BINTI ABDUL Senior Independent Non-Executive Director	**FARINA BINTI FARIKHULLAH KHAN** Independent Non-Executive Director	**LIZA BINTI MUSTAPHA** Non-Independent Non-Executive Director (Appointed as member with effect from 12 October 2020)	**TENGKU MUHAMMAD TAUFIK** Non-Independent Non-Executive Director (Ceased as member with effect from 15 July 2020)
KLCCP	4/4	4/4	0/0	2/2
KLCCRM	3/3	3/3	0/0	2/2

Meetings of the NRCs were also attended by the Chief Executive Officer.

ACTIVITIES DURING THE PERIOD UNDER REVIEW

The following activities were carried out by the NRCs during the year under review:

BOARD MEMBERSHIP

- Reviewed and endorsed the re-election of directors.
- Reviewed and endorsed proposals on revision to the composition of the Boards and Board Committees.

BOARD FEES & BENEFITS

- Reviewed the fees payable to non-executive directors for the holders of Stapled Securities' approval.

KEY MANAGEMENT PERSONNEL

- Reviewed and endorsed fixed term contract for key management personnel of subsidiary company.

BOARD PERFORMANCE EVALUATION

- Assessment on the effectiveness of the Boards, Board Committees and individual Directors through Board Effectiveness Evaluation.
- Appointment of Independent Expert for Board Effectiveness Evaluation.

BOARD'S APPOINTMENT AND RESIGNATION

During the year under review, changes to the composition of the Boards of KLCCP and KLCCRM are set out below:

Appointment

KLCCP and KLCCRM practice a formal and transparent procedure for appointment of new directors.

All nominees to the Boards are first considered by the NRCs, taking into consideration the mix of skills, competencies, experiences, integrity, time commitment, age, gender and other qualities required to effectively discharge the role of a director. The NRCs will then recommend the nominees for the Boards' approvals.

The selection and appointment of an additional independent non-executive director was part of the Boards' endeavor to enhance the mix of board's skills and competencies as well as to achieve the target of having majority independent directors.

During the year, the NRCs reviewed and recommended to the Boards and Audit Committees the appointment of Puan Liza binti Mustapha as a director to the Boards of KLCCP and KLCCRM, and a member of the NRCs and Audit Committees. Puan Liza Mustapha was appointed as a director of both companies and a member of the said committees effective 12 October 2020.

Resignation

On 15 July 2020, Tengku Muhammad Taufik resigned as Non-Independent Non-Executive Director of KLCCP and KLCCRM respectively and ceased as member of both NRCs and Audit Committees. He was appointed to the board of KLCCP and KLCCRM on 1 December 2018.

THE APPOINTMENT PROCESS FOR A DIRECTOR

APPOINTMENT OF DIRECTOR

Deliberation by NRC on Criteria and Needs

NOMINATION & SEARCHES FOR CANDIDATES

Shareholder	Search Firms
Directors	Our People

DUE DILIGENCE

- Qualifications
- Skills Mix
- Diversity
- Independence and potential conflicts
- Engagement

APPOINTMENT

Deliberation & Approvals
NRC Recommendation & Board's Approval

Onboarding

Training

Evaluation

RE-ELECTION OF DIRECTORS

During the year under review, KLCCP Board, with the recommendation of the NRC, endorsed the re-election of directors who are subject to retirement in accordance with the provisions of KLCCP Constitution. The following directors who are due for retirement and are eligible for re-election have indicated their willingness to seek re-election at the forthcoming annual general meeting of KLCCP to be held in April 2021:

DATUK PRAGASA MOORTHI A/L KRISHNASAMY

FARINA BINTI FARIKHULLAH KHAN

LIZA BINTI MUSTAPHA

SUCCESSION PLANNING

During the year under review, the NRC of KLCCP continued to be updated on the approved Succession Management Framework of KLCCP, which enables critical positions across the Group to be identified according to the clustering of positions in various categories.

The Succession Management Framework also provides the criteria and considerations in determining the potential talents and successors for the critical positions, resulting in the Leadership Bench Strength of KLCCP which is part of the management's initiative in building succession management.

The NRC of KLCCP was also briefed on the development programmes enrolled by potential talents and successors being part of their training and development.

In 2020, the NRC of KLCCP received updates from the CEO and Head, Human Resource Division on overview of the talent management strategy for FY2021.

PERFORMANCE MANAGEMENT

- Reviewed and endorsed proposals on performance reward and salary increment for KLCCP.
- Reviewed and endorsed the proposal for salary structure revision for KLCCP.

SUCCESSION PLANNING

- Discussed updates on succession management (i.e. KLCCP Leadership Bench Strength) following the approved Succession Management Framework.
- Endorsed the appointment of external human resource consultant to undertake to establish success profile of the incumbent and to conduct talent readiness assessment.
- Discussed and endorsed KLCC Group Talent Management Strategy.

GOVERNANCE

- Discussed and reviewed updates on compliance and governance on nomination and remuneration matters.

NOMINATION AND REMUNERATION COMMITTEES REPORT

BOARDS AND INDIVIDUAL DIRECTOR'S EFFECTIVENESS EVALUATION

The effectiveness of the Boards and its Committees is reviewed annually. For 2020, the evaluation of the Boards, Board Committees and individual directors was carried out by an independent expert, Institute of Corporate Directors Malaysia ("ICDM").

The FY2020 Board, Board Committees and Directors' effectiveness evaluation ("BDEE") by ICDM ("FY2020 Board Evaluation") assesses the effectiveness of the Board and directors through a combination of the following steps:

ICDM'S BDEE PROCESSES
Document Review
Online Questionnaires
Compliance Assessment
Confidential Interviews
Observations & Evaluation

The FY2020 Board Evaluation also included the evaluation of the performance of individual directors as well as assessing the independence of independent directors.

PART I
BOARD EFFECTIVENESS EVALUATION (BEE)

- Board
- Board Committees
- Company Secretary
- Management Team (Selected)

PART II
INDIVIDUAL DIRECTOR EVALUATION (IDE)

- Individual Director's Performance

Corporate Governance Checklist

Online Protocols

One-on-One Interviews

Board Document Review

Summary Report Individual Report

TRAINING AND PROFESSIONAL DEVELOPMENT OF DIRECTORS

During the year under review, the directors have attended relevant development and training programmes according to individual needs to enhance their ability in discharging their duties and responsibilities more effectively. The list of trainings attended by the directors is as follows:

TAN SRI AHMAD NIZAM BIN SALLEH

- Corporate Liability Training for Directors
- PETRONAS Board Excellence Advance 1: Best Practices for Board Excellence
- ASEAN Energy Business Forum
- APEC Business Dialogue

DATUK HASHIM BIN WAHIR

- Key Panelist National C-Level REITS
- Invest Malaysia 2020 Series 1: Theme – "Economic Recovery Policies and Opportunities"
- KLCC Group of Companies – External Environment Assessment Forum 2020
- Malaysian REITs Managers Association members engagement with Bursa Malaysia CEO
- Malaysian Anti-Corruption Commission Act, Section 17A Awareness Programme
- Invest Malaysia 2020 Series 2: Theme – "Powering Malaysia's Growth Engines"
- Engagement Key Messages Group CEO FY2021 with Heads of Business and Heads of Divisions

DATUK PRAGASA MOORTHI A/L KRISHNASAMY

- Building Information Modeling

HABIBAH BINTI ABDUL

- Section 17A of the MACC Amendment Act 2018
- Reinventing Cybersecurity with Artificial Intelligence
- KLCC Group of Companies – External Environment Assessment Forum 2020
- HR in the 2020s: Culture Sculptor, Risk Management and more
- Staying Ahead with Data Analytics
- PETRONAS Board Excellence Advance 1: Best Practices for Board Excellence
- PETRONAS Board Excellence Series: MFRS Updates by KPMG

The FY2020 Board Evaluation was conducted based on the following 8 parameters:

Board Governance & Processes	**Board Leadership**	**Board Composition & Skills**	**Board Committees**
Board Dynamics & Culture	**Board & Management Relationship**	**Board Agenda, Minutes & Information**	**Board Development**

The FY2020 Board Evaluation Report prepared by ICDM, which encapsulated the key observations and recommendations were tabled to the Boards at the meetings of the Boards in January 2021 for deliberation by the Boards on the proposed recommendations by ICDM for improvement.

The key conclusions by ICDM are that the Board of each company can be viewed as being a professional board under the Chairman which has, as a whole undertaken its various board duties, roles and responsibilities well.

Moving forward, there are numerous opportunities for enhancement of its performance, and a targeted action plan with realistic timelines will be beneficial to the Board in its quest for improving its effectiveness.

Arising from the FY2020 Board Evaluation results, the following areas of strength and areas of improvement of the Boards were identified:

Areas of Strength	• Board Leadership • Board Committees • Board Agenda, Minutes and Information • Board Dynamics & Culture
Areas for Improvement	• Board Development • Board Composition & Skills • Board Governance & Processes

FARINA BINTI FARIKHULLAH KHAN	**DATO' JAMALUDIN BIN OSMAN**	**LIZA BINTI MUSTAPHA** (Appointed with effect from 12 October 2020)	**TENGKU MUHAMMAD TAUFIK** (Resigned with effect from 15 July 2020)
• Corporate Liability Program: PETRONAS' Preparedness for Corporate Liability under S17A MACC Act 2009 (Amendment 2018) • Staying Ahead with Data Analytics • Anti- Money Laundering • PETRONAS Board Excellence Advance 1: Best Practices for Board Excellence • Cyber Security Awareness • Effective Non-Executive Director • PETRONAS Board Excellence Series: MFRS Updates by KPMG • Goldman Sachs – Oil and Gas Outlook • Shariah Governance Policy Documents	• Cybersecurity Awareness and Budget 2021 Tax Proposals	• PETRONAS Cultural Beliefs Refresh Exercise	• Tactical Excellence Cohort 24 W3 – Authentic Leadership Conversation as Panelist • Corporate Liability Training for Directors • COVID-19 impact on financial reporting – Not business as usual • Dialogue with Finance Minister – Fiscal Priorities and Policy Response under a COVID-19 Economic Landscape

NOMINATION AND REMUNERATION COMMITTEES REPORT

REMUNERATION OF DIRECTORS

During the year under review, the NRCs ensured the transparency of remuneration matters and that decisions on remuneration made by the NRCs support the strategic direction of the business. The remuneration of the Boards is based on the KLCCP Non-Executive Directors' Remuneration Framework which is available on the corporate website of KLCCP Stapled Group at **www.klcc.com.my**.

SUMMARY OF KLCCP NEDs REMUNERATION FRAMEWORK	
Element	**How operated**
Retainer Fee	The NEDs are to be paid a fixed retainer fee.
Special Fee	Special Fee is payable to the NEDs with special experience and skills critical for the company's success.
Meeting Allowance	The NEDs shall be paid attendance allowance for every meeting (Board & Board Committees Meetings) attended.
Petrol Allowance	The NEDs are each given petrol card with a fixed maximum amount per annum.
Others	The NEDs of KLCCRM are only entitled to Meeting Attendance Allowance as well as Special Fee (where applicable). The said allowance/fee is payable only when the meetings of Board or Board Committees of KLCCRM are held on a different date than the meetings of the Board or Board Committees of KLCCP.

For the financial year ended 31 December 2020, a total of RM1,058,290 was paid to the Board members of KLCCP being Directors' Remuneration following the approval of the resolution tabled at the deferred AGM of KLCCP held on 23 June 2020 where the holders of Stapled Securities had approved the payment of directors' fee and benefits with effect from 24 June 2020 until the next AGM to be held in 2021.

The Executive Director, Datuk Hashim Wahir, who is also the Chief Executive Officer of KLCCP and KLCCRM, is an employee of KLCC (Holdings) Sdn Bhd ("KLCCH"). KLCCP reimburses KLCCH for services rendered by Datuk Hashim Wahir in the form of management fees. During the year under review, KLCCP reimbursed KLCCH an amount of RM1,203,584 for this purpose.

For the year under review, the breakdown of Directors' Remuneration incurred by KLCCP is tabulated below:

	Director's Fee (RM)	Board Meeting Allowance* (RM)	Audit Committee Meeting Allowance* (RM)	Nomination & Remuneration Committee Meeting Allowance* (RM)	Petrol Allowance (RM)	Total (RM)
Executive Director						
Datuk Hashim bin Wahir	n/a	n/a	n/a	n/a	n/a	n/a
Non-Executive Directors						
Tan Sri Ahmad Nizam bin Salleh	240,000	21,000	-	-	6,000	267,000
Datuk Pragasa Moorthi a/l Krishnasamy	120,000	21,000	-	-	6,000	147,000
Habibah binti Abdul	120,000	21,000	24,500	14,000	6,000	185,500
Farina binti Farikhullah Khan	120,000	21,000	24,500	14,000	6,000	185,500
Dato' Jamaludin bin Osman	120,000	21,000	-	-	6,000	147,000
Liza binti Mustapha# (appointed with effect from 12 October 2020)	26,451	7,000	3,500	-	n/a	36,951
Tengku Muhammad Taufik# (resigned with effect from 15 July 2020)	64,838	7,000	10,500	-	n/a	89,338
Total	**811,290**	**119,000**	**63,000**	**35,000**	**30,000**	**1,058,290**

* Meeting allowances depend on the number of meetings attended by the Board/Audit Committee/NRC Members.
# Fees paid directly to PETRONAS in respect of Directors and appointees of PETRONAS.

The Directors' Remuneration tabulated above reflects what was incurred on a group basis whereby no meeting allowance was paid to the members of the Board, Audit Committee and NRC of KLCCRM, as their meetings were held on the same date as the meetings of the Board, Audit Committee and NRC of KLCCP.

The NRC of KLCCP has reviewed and endorsed the proposed Directors' Remuneration for the NEDs for approval by holders of Stapled Securities at the forthcoming AGM of KLCCP to be held in April 2021.

This Statement is made in accordance with the resolution of the Boards of Directors on 27 January 2021.

AUDIT COMMITTEES REPORT

The Audit Committees ("ACs") of KLCCP and KLCCRM were established on 9 July 2004 and 12 December 2012 by the Boards of Directors of KLCCP and KLCCRM respectively.

COMPOSITION

The members of the ACs of KLCCP and KLCCRM are the same and each AC comprises of 2 Independent Non-Executive Directors and 1 Non-Independent Non-Executive Director. The composition of the ACs is as follows:

MEETINGS AND ATTENDANCE

During the year under review, 7 meetings of the AC of KLCCP and 6 meetings of the AC of KLCCRM were held respectively.

The attendance of the members of the ACs is as follows:

	Chairperson	Member		
	FARINA BINTI FARIKHULLAH KHAN Independent Non-Executive Director	**HABIBAH BINTI ABDUL** Senior Independent Non-Executive Director	**LIZA BINTI MUSTAPHA** Non-Independent Non-Executive Director (Appointed as member with effect from 12 October 2020)	**TENGKU MUHAMMAD TAUFIK** Non-Independent Non-Executive Director (Ceased as member with effect from 15 July 2020)
KLCCP	7/7	7/7	1/2	3/3
KLCCRM	6/6	6/6	1/1	3/3

Meetings of the ACs were attended by the CEO, CFO and Head of Investment, GIAD of KLCCH, and the external auditors as and when required.

SUMMARY OF THE WORK OF THE AUDIT COMMITTEES

The ACs are collectively responsible in assisting the Boards in corporate governance and compliance matters of KLCCP Stapled Group. A summary of the work and key matters considered by the ACs during the financial year ended 31 December 2020 are described below:

1 INTERNAL AUDIT

(a) Reviewed the internal audit reports which highlighted major findings, agreed corrective action items, and management's responses thereto.

Discussed with the management on actions to be taken to improve the system of internal controls based on improvement opportunities identified in the internal audit reports.

Further, the ACs also reviewed the quarterly internal audit status reports prepared by GIAD of KLCCH which highlighted the outstanding agreed corrective action items on audit findings to ensure all audit issues are resolved within the agreed stipulated period on a quarterly basis;

(b) During the first quarter of FY 2020, KLCCP AC reviewed the results of the Balanced Scorecard of GIAD for FY 2019 and approved the Balanced Scorecard of GIAD for 2020. The Quarterly Performance Report of GIAD 2020 was also presented to KLCCP AC quarterly;

(c) Reviewed and approved the re-evaluated annual audit plans for 2020 prepared by GIAD of KLCCH to address more pressing issues affecting the organisation due to changes in risk environment in light of the COVID-19 pandemic and Movement Control Order imposed by the Malaysian Government; and

(d) Reviewed and approved the annual audit plans for 2021 during the last quarter of 2020 for activities to be undertaken for the year 2021.

AUDIT COMMITTEES REPORT

2 FINANCIAL STATEMENTS AND REPORTING

(a) Reviewed and discussed the unaudited quarterly financial results of KLCCP Stapled Group as well as the potential financial impact from COVID-19 pandemic with the management and recommended the same for the Boards' consideration and approval before releasing to Bursa Securities. The review was to ensure compliance with the MMLR, Malaysian Financial Reporting Standards, the Companies Act 2016, REIT Guidelines and any other applicable legislations and regulations;

(b) Reviewed and discussed the audited financial statements with the external auditors and the management. Having been satisfied that the financial statements and reports complied with the relevant accounting standards and other applicable laws and regulations, the ACs recommended the same for the Boards' consideration and approvals;

(c) The ACs discussed the key audit matters raised by the external auditors with the management and the disclosure thereof in the Auditors' Report for the financial year ended 31 December 2020 for KLCCP, KLCC REIT and KLCCRM, which is in line with the requirements of the new International Standards on Auditing 701; and

(d) Recommended to the Boards of KLCCP and KLCCRM (as approved by the Trustee) for approvals on dividends and income distributions respectively for payment to the holders of Stapled Securities.

3 RISK REVIEW

(a) Reviewed the adequacy and effectiveness of risk management, internal control system and key control processes as adopted by KLCCP Stapled Group;

(b) Reviewed KLCCP Stapled Group's risk exposures on an annual basis and also to ascertain their relevant and the potential impacts from the COVID-19 pandemic to ensure the risk exposures are properly mitigated and updated in the Corporate Risk Profile and recommended the same for the Boards' consideration and approvals; and

(c) Reviewed the quarterly key risk indicators' and risk appetite results for the identified risks and recommended the same for Boards' endorsement.

4 EXTERNAL AUDIT

(a) Reviewed the external auditors' scope of work, audit plans and fees for the year under review. Prior to the audit, representatives from the external auditors presented their audit strategies and plans;

(b) Discussed with the external auditors on the Audited Financial Statements for the financial year ended 31 December 2020, particularly on the major issues that arose during the course of the audit and their resolution, key accounting and audit adjustments, as well as the unadjusted differences identified during the audit;

(c) Discussed issues arising from financial audits and any other matters the external auditors may wish to discuss (in the absence of the Management twice annually); and

(d) Reviewed the independence and objectivity of the external auditors and their services rendered including non-audit services:
- For KLCCP, the AC made recommendations to the Board for the re-appointment of the external auditors and approvals of their audit and non-audit fees.
- In respect of KLCCRM, the AC recommended the appointment and remuneration of the external auditors of KLCC REIT upon the approval of the Trustee of KLCC REIT.

The details of fees paid/payable to the external auditors for the year in respect of statutory audit and other services rendered to KLCCP Stapled Group are set out below:

	KLCCP Stapled Group RM'000*	KLCCP RM'000	KLCC REIT RM'000#
Statutory Audit	621	219	91
Non-Audit Fee	16	16	-
Total	**637**	**235**	**91**

Note:
* inclusive of fees paid by subsidiaries of KLCCP
\# inclusive of fees paid by Midciti Sukuk Berhad
The Boards of KLCCP and KLCCRM consider the provision of other services by the external auditors to KLCCP Stapled Group was cost effective and efficient due to their knowledge and understanding of the operations of KLCCP Stapled Group, with no undue compromise to their independence and objectivity.

5 RELATED PARTY TRANSACTIONS

(a) Reviewed and recommended to the Boards for approval proposed related party transactions and recurrent related party transactions to be entered into by KLCCP Stapled Group based on the following requirements:
  (i) The MMLR, REIT Guidelines and other applicable laws and regulations;
  (ii) On arm's-length basis under normal commercial terms and to be in the best interest of the holders of Stapled Securities;
  (iii) Interested Directors are to abstain from voting at Board Meetings;
  (iv) Disclosure via Bursa Announcements, Quarterly Reports and Annual Report (if applicable);
  (v) Approval by the Trustee (for KLCC REIT only); and

(b) Reviewed the quarterly reports on recurrent related party transactions of KLCCP Stapled Group.

6 CORPORATE GOVERNANCE AND REGULATORY COMPLIANCE

(a) Reviewed and recommended to the Boards on the following:
  (i) Corporate Governance ("CG") Overview Statement and CG Report;
  (ii) Statement on Risk Management and Internal Control;
  (iii) ACs Report; and
  (iv) Sustainability Report; and

(b) Reviewed the compositions of the ACs to ensure compliance with the MMLR and MCCG.

TERMS OF REFERENCE ("TOR")

The ACs are granted the authority to act on each Board's behalf in accordance with their respective TOR which are available on KLCCP Stapled Group's corporate website at **www.klcc.com.my**.

INTERNAL AUDIT FUNCTION

The ACs are supported by GIAD of KLCCH by providing an independent, objective assurance and to assist KLCCP Stapled Group in accomplishing its goals by evaluating and improving the effectiveness of risk management, controls and governance processes within the Group. The internal audit function is governed by the respective KLCCP and KLCCRM Internal Audit Charters approved by the respective ACs which establishes a framework for the effective and efficient functioning of the GIAD. The GIAD of KLCCH maintained their independence, impartiality, and proficiency and due professional care by having their plans and reports directly under the purview of the ACs.

The internal audits were undertaken to support the ACs in their governance responsibilities, which are to provide oversight of risk, control and governance processes administered by the management of the KLCCP Stapled Group. The GIAD of KLCCH adopts a risk-based approach in executing the planning, reviews and assessments, steered by internal policies, procedures and the Internal Control – Integrated Framework issued by COSO (i.e. The Committee of Sponsoring Organisations of the Treadway Commission) and the International Professional Practices Framework promulgated by the Institute of Internal Auditors.

The ACs also had full access to the services and advice of the internal auditors and received reports on all audits that were performed.

During the financial year ended 31 December 2020, the GIAD of KLCCH had executed the following internal audit works:

I Conducted reviews and assessments based on the approved FY2020 annual audit plans covering the areas of:
- Audit on Facilities Management of PETRONAS Twin Towers 1 and 2;
- Audit on KLCC Parking Management Systems and Investments;
- Thematic Audit on Project Life Cycle;
- Thematic Audit on KLCCP Human Resource Division;
- Thematic Audit on Business Continuity Management and Crisis Management; and
- Audit on Related Party Transactions.

II Conducted regular follow-up with the Management on agreed corrective action items for outstanding audit issues to ensure key risks and weaknesses were addressed effectively and timely, where the status of implementation of the said agreed corrective action items are reported to the ACs on a quarterly basis;

III Re-evaluated the annual audit plans for 2020 to address more pressing issues affecting the organisation due to changes in risk environment in light of the COVID-19 pandemic and Movement Control Order imposed by the Malaysian Government for deliberations and approvals by the ACs; and

IV Prepared annual audit plans for FY2021 to ensure that all high risk areas in significant businesses and support units were identified and audited for the ACs' deliberations and approvals.

The resulting reports from GIAD of KLCCH, including findings, recommendations and management responses, were presented to the ACs.

Both the Management of KLCCP and KLCCRM are responsible to ensure that necessary agreed corrective action items are taken and resolved within the required timeframe.

The total costs incurred for the internal audit activities of KLCCP Stapled Group for the year amounted to RM235,828.

Further details of the activities of GIAD of KLCCH are set out in the Statement on Risk Management and Internal Control of this Integrated Annual Report.

This Statement is made in accordance with the resolution of the Boards of Directors on 27 January 2021.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Boards of KLCCP and KLCCRM are responsible and committed to maintain a sound and effective risk management and internal control system of KLCCP Group and KLCC REIT.

The system encompasses risk management, organisation policies and processes, corporate governance, financial information integrity, operational and regulatory controls. The system is designed to manage and not to eliminate all inherent risks associated with the business as well as any weaknesses in the processes and policies of KLCCP Stapled Group. An effective and sound risk management and internal control system is important for KLCCP Stapled Group to achieve its business strategies and objectives.

ERM FRAMEWORK

Governance
- Risk Policy
- Organisation & Structure
- Roles & Responsibilities

Context Setting
- External Context
- Internal Context
- Risk Appetite
- Risk Criteria

Risk Assessment
- Risk Identification
- Risk Analysis
- Risk Evaluation

Risk Treatment
- Risk Treatment Strategy
- Risk Treatment Plan

Risk Monitoring & Review
- Risk Reporting & Monitoring
- Risk Information System

Continual Improvement
- System Monitoring & Review
- Risk Assurance
- ERM Capability

RISK PROFILING

A risk profiling exercise was conducted to ensure that KLCCP Stapled Group's risk exposures are properly mitigated and updated to reflect the current economic environment and new regulations imposed by the Government which impacted KLCCP Stapled Group's risk exposures.

The likelihood and impact of the risks have been assessed and evaluated against KLCCP Stapled Group's risk appetite and tolerance level while appropriate key risk indicators and mitigation plans have been identified for the risks. The status of the principal risks and key risk indicator performances are then reported to the RMC, ACs and the Boards for their deliberation and guidance on a quarterly basis.

During the year under review, the Boards have carried out the following:

- Review of principal risks to ascertain their relevant and potential impact from the COVID-19 pandemic to safeguard KLCCP Stapled Group's investment and key business activities and to ensure the precaution and mitigation measures are implemented;
- Annual review of the Risk Appetite to ensure the risk statements and thresholds are reflective of the internal and external changes;
- Annual review of Corporate risk profile in compliance with the ERM Framework where the principal risks was reviewed, assessed and updated to safeguard KLCCP Stapled Group's investment and key business activities and to ensure the risk exposures are relevant and up to date taking into account emerging risks; and
- Annual review of risk profile for entities under KLCCP Stapled Group such as KLCC Parking Management Sdn Bhd and KLCC Urusharta Sdn Bhd.

RISK MANAGEMENT

The Boards have established sound risk management practices to safeguard KLCCP Stapled Group's business interest from risk events that may impede the achievement of its business strategies and growth opportunities besides providing assurances to all stakeholders.

KLCC Group Enterprise Risk Management ("ERM") Framework ("Framework") outlines the risk policy, risk governance and structure, risk measurement and risk operations and system for KLCCP Stapled Group. The Boards have implemented the ERM processes to identify, assess, monitor, report and mitigate risks impacting KLCCP Stapled Group's business and supporting activities in accordance with ISO 31000:2009 - Principles and Guidelines on Implementation.

In supporting the risk governance structure and effective implementation of the ERM, KLCCP Stapled Group has established appropriate risk operations mechanism covering the areas of system, processes, reporting of risks, knowledge management and assurance activities.

The Risk Management Oversight Structure sets out the structure used to assign responsibility for risk management and facilitates the process for assessing and communicating risk issues from operational levels to the Boards. The structure consists of the Boards, ACs and the Management represented by Risk Management Committee ("RMC") and Top Management. The structure allows for effective strategic risk communication to take place between the Boards, ACs and the Management on a quarterly basis.

The Boards are responsible for the overall risk oversight for KLCCP Stapled Group. The Boards' roles include identifying and approving the key principal risks for KLCCP Stapled Group and ensuring the implementation of appropriate and prudent systems to manage the identified risks.

The ACs provide advice to the Boards on risk matters. This includes reviewing the adequacy and effectiveness of risk management, internal control system and key control processes as adopted by KLCCP Stapled Group.

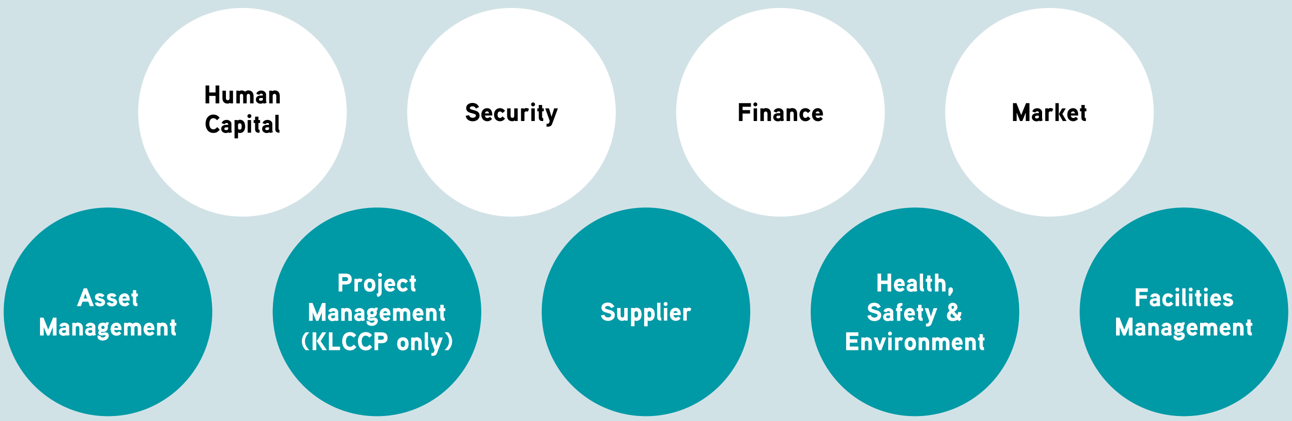
The RMC serves as a central platform of KLCCP Stapled Group to assist the Management in identifying principal risks, reviewing and recommending frameworks, methodologies, measurement, providing guidance and direction in the implementation and institutionalisation of risk management practices and providing assurance on effective implementation of risk management on a group wide basis.

The RMC comprises key personnel from respective disciplines within the KLCCP Stapled Group to undertake the review process of all risk management matters before submission to the ACs and the Boards for deliberation and approval.

The RMC in discharging its risk management function, is assisted by the Group Risk Management of KLCCP in managing the principal risks, providing assurance on effectiveness of the risk management framework for KLCCP Stapled Group and also promotes sound risk management practices to enhance risk management culture across KLCCP Stapled Group.

The Corporate Risk Profile is monitored via the INTERISK system, a risk management tool which provides complete risk overview of the organisation for reporting to the Boards. It is a web-enabled system where users are able to access the organisation risk profile on a real-time basis anytime and anywhere.

KLCCP Stapled Group has identified the following principal risks which are critical to the success of KLCCP Stapled Group's business objectives:



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CRISIS MANAGEMENT

A Crisis Management Plan (CMP) was established to address and respond to incidents where risk mitigation fails or when full prevention of the risk occurring is unlikely.

The CMP is to ensure preparedness in managing and responding in the area beyond HSE, such as Human Resources; Finance; ICT; Facility Management and Legal in the event of emergency/crisis.

The CMP include the objective and scope; roles and responsibilities; activation thresholds and procedures; notification and communication process, strategies and actions for responding pre, during and post emergency/crisis; escalation process and resource requirement.

During the year under review, a table top exercise to test the scenario on breach of contract by major service providers (contractors) was conducted for Facility Management to ensure the readiness and effectiveness of the communication process and the recovery action plan in responding to the crisis.

BUSINESS CONTINUITY PLAN

The Business Continuity Plan ("BCP") was established with the aim to provide guidance in resuming key business functions in the event crisis occurs which has a major or catastrophic impact on business in terms of financial, operation and reputation.

The BCP was activated upon implementation of Movement Control Order (MCO) period from 18 March 2020 till 14 June 2020 where KLCCP Stapled Group was able to continue its business function as per recovery plan.

During the year, an update review of the business impact analysis (BIA) to identify the critical business functions (CBF) was carried out. The BIA is to assess the impact of unavailability of the functions over time, set prioritised timeframes for resuming these functions and specify Minimum Resources Requirements to be allocated to recover and resume these functions.

A Call Tree Verification exercise was conducted via Emergency Notification System (ENS) through INTERISK system to ensure effectiveness of communication on continuity of BCP activation messaged from BCM coordinator to the critical business functions staff.

The web-based storage was introduced to support the continuity of business in the event of crisis to enable the critical business functions to retrieve the working data elsewhere.

Concerns on all principal risks are shared with the Group Internal Audit Division ("GIAD") of KLCC (Holdings) Sdn Bhd ("KLCCH") which then uses the risk assessment reports as reference to develop the annual audit plans for KLCCP Stapled Group. Risk awareness sharing sessions are regularly conducted for all levels of staff as part of the ongoing initiative to sustain risk awareness and risk management capabilities to inculcate risk management culture within KLCCP Stapled Group.

INTERNAL CONTROL PROCESSES

The Boards continue to uphold and implement strong control structure and environment with the following key control processes to identify, evaluate and manage weaknesses of KLCCP Stapled Group's internal control system:

1. The Boards meet at least quarterly and have set a schedule of matters, which is required to be deliberated and approved by the Boards, thus ensuring that the Boards maintain full and effective supervision over the control processes;

2. The CEO of KLCCP and KLCCRM leads the presentation of board papers and provides comprehensive information and explanation for each discussion paper. In arriving at any decision, on recommendation by the Management, a thorough deliberation and discussion by the Boards is a prerequisite;

3. Updates on KLCCP Stapled Group's operations and performance are provided to the Boards at every meeting and the CEO also reports on any significant changes in the business operations and risk profiles of KLCCP Stapled Group. In addition, the CEO and the Chief Financial Officer/Chief Investment Officer ("CFO") of KLCCP (who is also the Head of Investment/Head of Finance ("Head of Investment") of KLCCRM) assure the Boards that adequate processes and controls are in place for the preparation of quarterly and annual financial statements;

8. The CFO and Head of Investment report to the AC of KLCCP and AC of KLCCRM respectively that the accounting policies and procedures as set out in the Accounting Procedures Manual are in place and applied consistently to ensure that the financial statements are in compliance with the Malaysian Financial Reporting Standards and the relevant regulatory disclosure requirements; and

9. For the associate company, it is done via representation on the associate company's board. Information on the financial performance of the associate company is provided monthly.

INTERNAL AUDIT

The GIAD of KLCCH provides an independent, objective assurance on the efficiency and effectiveness of risk management, controls and governance processes as implemented by KLCCP Stapled Group to support the ACs of KLCCP and KLCCRM in discharging their governance responsibilities. Governed by the respective KLCCP and KLCCRM Internal Audit Charters approved by the ACs, the GIAD of KLCCH is independent of the activities they audit and perform their duties with impartiality, proficiency and due professional care.

The internal audits were undertaken to provide independent assessments on the adequacy, efficiency and effectiveness of the internal control system to manage risks faced by KLCCP Stapled Group.The ACs also had full access to the services and advice of the internal auditors and on quarterly basis received reports on all audits that were performed.

Adequacy and effectiveness of the internal control is assessed by adopting a systematic and risk-based approach in reviewing KLCCP Stapled Group's businesses and operational controls, risk management and governance processes steered by the Internal Control – Integrated Framework issued by COSO (i.e. The Committee of Sponsoring Organisations of the Treadway Commission) and the International Professional Practices Framework promulgated by the Institute of Internal Auditors. The GIAD of KLCCH is also a corporate member of the Institute of Internal Auditors Malaysia.

MANAGEMENT ROLE

The respective Boards have received assurances from the CEO and CFO/Head of Investment that KLCCP Stapled Group's risk management and internal control system is operating effectively in all material aspects based on the processes as approved by the Boards.

The Boards are of the view that KLCCP Stapled Group's internal control system is sound and effective to safeguard the Stapled Securities holders' investment, the interests of customers, employees and other stakeholders, and KLCCP Stapled Group's assets.

REVIEW OF THIS STATEMENT

The External Auditors have performed limited assurance procedures on this Statement on Risk Management and Internal Control ("Statement") in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Integrated Annual Report.

They have reported to the Boards that nothing has come to their attention that causes them to believe the Statement intended to be included in the Integrated Annual Report is not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers nor is the Statement factually in accurate.

This Statement is made in accordance with the resolution of the Boards of Directors on 27 January 2021.

4

KLCCP Stapled Group has an organisational structure with defined lines of responsibilities, delegation of authority and accountability. A hierarchical reporting structure has been established to provide documentary and auditable trail of accountability. In this respect, Limits of Authority Manuals are in place to define the lines of accountability and responsibility in relation to KLCCP Stapled Group's operations and functions;

5

KLCCP Stapled Group adopts the PETRONAS Code of Conduct and Business Ethics ("CoBE") to ensure that Directors, Management and employees, and third parties, when performing any work or services for KLCCP Stapled Group, will act ethically and remain above board at all times and their individual behaviour is in line with the Group Shared Values, i.e. Innovative, Cohesiveness, Loyalty, Integrity and Professionalism.

The detailed policy statements on the standards of behaviour and ethical conduct of the PETRONAS CoBE can be accessed at KLCCP Stapled Group's corporate website;

6

KLCCP Stapled Group undertakes annual planning and budgeting exercise including development of business strategies for forthcoming years and establishes key performance indicators for each business segment to achieve. Variance against budgets are analysed and reported on a quarterly basis to the Boards;

7

KLCCP Stapled Group's strategic directions are also reviewed annually taking into consideration changes in market conditions and significant business risks;

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Guidelines on Listed Real Estate Investment Trusts issued by Securities Commission Malaysia.

(I) MATERIAL CONTRACTS

There were no material contracts or loans/financings entered into by KLCCP or KLCCP's subsidiaries involving the interests of the Directors or major Stapled Securities holders, either still subsisting at the end of the financial year ended 31 December 2020 or entered into since the end of the previous year, except as disclosed in the Prospectus of KLCCP Stapled Securities dated 7 May 2013 and the audited financial statements of KLCCP.

(II) UTILISATION OF PROCEEDS

KLCCP and KLCC REIT did not raise funds through any corporate proposals during the financial year.

(III) SANCTIONS AND/OR PENALTIES

During the financial year, there was no public sanction or penalty imposed by the relevant regulatory bodies on the management company of KLCC REIT.

(IV) RECURRENT RELATED PARTY TRANSACTION ("RRPT")

Both KLCCP and KLCC REIT did not seek any mandate from the holders of the Stapled Securities on RRPT during the financial year.

(V) LIST OF PROPERTY DEVELOPMENT ACTIVITIES

During the financial year, there were no property development activities including acquisition of vacant land carried out by KLCC REIT.

KLCC PROPERTY HOLDINGS BERHAD

FINANCIAL STATEMENTS

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Company in the course of the financial year are investment holding, property investment and the provision of management services.

The principal activities of its subsidiaries and associate are stated in Notes 7 and 8 to the financial statements respectively.

CORPORATE INFORMATION

The Company is a public limited liability company, incorporated on 7 February 2004 and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 54, Tower 2, PETRONAS Twin Towers, Kuala Lumpur City Centre, 50088 Kuala Lumpur.

Upon the completion of the listing of stapled securities on 7 May 2013, the Group now comprises:

(a) the KLCC Property Holdings Berhad ("KLCCP") Group, being the Company, its existing subsidiaries and associate company; and

(b) KLCC Real Estate Investment Trust ("KLCC REIT") Group.

RESULTS

	Group RM'000	**Company RM'000**
Profit for the year	474,715	151,261
Attributable to:		
Equity holders of the Company	(7,505)	151,261
Non-controlling interests relating to KLCC REIT	439,671	-
Other non-controlling interests	42,549	-
	474,715	151,261

RESERVES AND PROVISIONS

There were no material movements to and from reserves and provisions during the year, other than as disclosed in the Statements of Changes in Equity.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the impairment of the investment property under construction ("IPUC") of RM81,362,000 as disclosed in Note 6 to the financial statements.

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2019 were as follows:

	RM'000
In respect of the financial year ended 31 December 2019 as reported in the Directors' Report in that year:	
A fourth interim dividend of 5.35%, tax exempt under single tier system on 1,805,333,083 ordinary shares, was declared on 23 January 2020 and paid on 28 February 2020.	96,586
In respect of the financial year ended 31 December 2020:	
A first interim dividend of 2.46%, tax exempt under single tier system on 1,805,333,083 ordinary shares, was declared on 5 May 2020 and paid on 18 June 2020.	44,411
A second interim dividend of 1.41%, tax exempt under single tier system on 1,805,333,083 ordinary shares, was declared on 5 August 2020 and paid on 23 September 2020.	25,455
A third interim dividend of 1.63%, tax exempt under single tier system on 1,805,333,083 ordinary shares, was declared on 10 November 2020 and paid on 18 December 2020.	29,427
	195,879

A fourth interim dividend in respect of the financial year ended 31 December 2020, of 1.00%, tax exempt under the single tier system on 1,805,333,083 ordinary shares amounting to a dividend payable of RM18,053,331 will be payable on 26 February 2021.

The financial statements for the current year do not reflect this fourth interim dividend. Such dividend will be accounted for in equity as an appropriation of profits in the financial year ending 31 December 2021.

DIRECTORS OF THE COMPANY

Directors who served during the financial year end and up to the date of this report are:

Tan Sri Ahmad Nizam Bin Salleh	
Datuk Hashim Bin Wahir	
Datuk Pragasa Moorthi A/L Krishnasamy	
Habibah Binti Abdul	
Farina Binti Farikhullah Khan	
Dato' Jamaludin Bin Osman	(appointed w.e.f. 1 January 2020)
Liza Binti Mustapha	(appointed w.e.f. 12 October 2020)
Datuk Ishak Bin Imam Abas	(resigned w.e.f. 1 January 2020)
Tengku Muhammad Taufik	(resigned w.e.f. 15 July 2020)

The Directors who held office in the subsidiaries of the Company during the financial year and up to the date of this report (not including those directors listed above) are:

Annuar Marzuki Bin Abdul Aziz	
Abd Aziz Bin Abd Kadir	
Datin Faudziah Binti Ibrahim	
Andrew William Brien	
Dato' Hashimah Binti Hashim	
Adrian Lee Baker	
Brian Lap Hei Hung	
Harold Alan Schwartz III	
Peter James Holland Riley	
Craig Alan Beattie	
Rossana Annizah Binti Ahmad Rashid (Alternate Director to Peter James Holland Riley)	
Kevin William Whan (Alternate Director to Craig Alan Beattie)	
Izwan Hasli Bin Mohd Ibrahim	(appointed w.e.f. 20 January 2020)
Christian Andreas Hassing (Alternate Director to Craig Alan Beattie)	(appointed w.e.f. 24 April 2020)
Mohd Akmam Bin Yeop @ Yeob	(appointed w.e.f. 5 October 2020)
Shamsudin Bin Ishak	(resigned w.e.f. 20 January 2020)
Richard Daniel Baker (Alternate Director to Craig Alan Beattie)	(ceased w.e.f. 24 April 2020)
Burhanuddin Bin Yahya	(resigned w.e.f. 5 October 2020)

DIRECTORS' INTERESTS

The Directors in office at the end of the year who have interests and deemed interest in the shares of the Company and its related corporations other than wholly-owned subsidiaries as recorded in the Register of Directors' Shareholdings are as follows:

	Number of Shares in Petronas Chemicals Group Berhad			
	Balance as at 1.1.2020	← Number of Shares → Bought	Sold	Balance as at 31.12.2020
Direct				
Datuk Hashim Bin Wahir	16,000	-	-	16,000
Tan Sri Ahmad Nizam Bin Salleh	10,000	-	-	10,000

	Number of Shares in Petronas Gas Berhad			
	Balance as at 1.1.2020	← Number of Shares → Bought	Sold	Balance as at 31.12.2020
Direct				
Tan Sri Ahmad Nizam Bin Salleh	2,000	-	-	2,000

None of the other Directors holding office as at 31 December 2020 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by Directors or the remuneration received by the Directors from certain related corporations), by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year, which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

The Directors' benefits are as follows:

	Group RM'000	Company RM'000
Directors of the Company		
Executive*	-	-
Non-Executive:		
Fees	1,058	1,058
	1,058	1,058

* The remuneration of the Executive Director is paid to KLCCH as disclosed in Note 25.

ULTIMATE HOLDING COMPANY

The Directors regard Petroliam Nasional Berhad ("PETRONAS"), a company incorporated in Malaysia, as the ultimate holding company.

ISSUE OF SHARES

There were no issuance of new shares during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

INDEMNIFICATION TO DIRECTORS AND OFFICERS

During the financial year, PETRONAS and its subsidiaries, including the Company, maintained a Directors' and Officers' Liability Insurance for the purpose of Section 289 of the Companies Act 2016. The total insured limit for the Directors' and Officers' Liability Insurance effected for the Directors and Officers of the Group was RM1,290 million per occurrence and in the aggregate. The insurance premium for the Company is RM1,000 per annum.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

(i) proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that were no known bad debts and that adequate provision had been made for doubtful debts; and

(ii) any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors of the Company are not aware of any circumstances:

(i) that would render it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(ii) that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2020 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

The auditors, Ernst & Young PLT, have indicated their willingness to accept re-appointment.

Auditors' remuneration is as follows:

	Group RM'000	Company RM'000
Audit fees	621	219

Signed on behalf of the Board in accordance with a resolution of the Directors dated 27 January 2021.

Tan Sri Ahmad Nizam Bin Salleh **Datuk Hashim Bin Wahir**

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 183 to 239 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of the results of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 27 January 2021.

Tan Sri Ahmad Nizam Bin Salleh

Datuk Hashim Bin Wahir

STATUTORY DECLARATION

I, Annuar Marzuki Bin Abdul Aziz, the officer primarily responsible for the financial management of KLCC Property Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 183 to 239 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed Annuar Marzuki Bin Abdul Aziz
in Kuala Lumpur, Wilayah Persekutuan
on 27 January 2021.

Annuar Marzuki Bin Abdul Aziz
(MIA Membership No. 11345)

BEFORE ME:

YM Tengku Fariddudin Bin Tengku Sulaiman
Commissioner for Oaths

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	5	**638,267**	671,690	**491**	716
Investment properties	6	**15,693,205**	15,894,180	**-**	-
Investment in subsidiaries	7	**-**	-	**1,371,715**	1,371,903
Investment in an associate	8	**266,262**	265,588	**99,195**	99,195
Right-of-use assets	29	**9,472**	11,807	**6,708**	7,859
Deferred tax assets	9	**415**	1,330	**351**	912
Other receivables	11	**427,863**	426,488	**-**	-
		17,035,484	17,271,083	**1,478,460**	1,480,585
Current Assets					
Inventories	10	**1,411**	1,810	**-**	-
Trade and other receivables	11	**81,548**	52,962	**9,562**	7,819
Tax recoverable		**5,370**	1,493	**4,003**	1,481
Cash and bank balances	12	**871,658**	883,908	**426,411**	474,759
		959,987	940,173	**439,976**	484,059
TOTAL ASSETS		**17,995,471**	18,211,256	**1,918,436**	1,964,644
EQUITY AND LIABILITIES					
Equity Attributable to Equity Holders of the Company					
Share capital	13	**1,823,386**	1,823,386	**1,823,386**	1,823,386
Capital reserve	2.21	**2,905,084**	3,015,397	**-**	-
Retained profits	14	**206,750**	299,821	**82,705**	127,323
		4,935,220	5,138,604	**1,906,091**	1,950,709
Non-controlling interests ("NCI") relating to KLCC REIT	7	**8,078,845**	8,073,356	**-**	-
Stapled Securities holders interests in the Group		**13,014,065**	13,211,960	**1,906,091**	1,950,709
Other NCI	7	**2,063,894**	2,081,478	**-**	-
Total Equity		**15,077,959**	15,293,438	**1,906,091**	1,950,709

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-Current Liabilities					
Deferred revenue	15	**89,543**	46,947	**-**	-
Other long term liabilities	16	**138,494**	171,288	**-**	-
Financings	17	**1,919,273**	2,317,386	**3,431**	4,909
Deferred tax liabilities	9	**65,224**	71,994	**-**	-
		2,212,534	2,607,615	**3,431**	4,909
Current Liabilities					
Trade and other payables	18	**257,725**	257,843	**5,501**	6,051
Financings	17	**430,171**	29,210	**3,413**	2,975
Taxation		**17,082**	23,150	**-**	-
		704,978	310,203	**8,914**	9,026
Total Liabilities		**2,917,512**	2,917,818	**12,345**	13,935
TOTAL EQUITY AND LIABILITIES		**17,995,471**	18,211,256	**1,918,436**	1,964,644

	Group 2020 RM'000	Group 2019 RM'000
Net asset value ("NAV")	**13,014,065**	13,211,960
Less: Fourth interim distribution	**(120,957)**	(209,418)
Net NAV after distribution	**12,893,108**	13,002,542
Number of stapled securities/ shares in circulation ('000)	**1,805,333**	1,805,333
NAV per stapled security/share (RM)		
- before distribution	**7.21**	7.32
- after distribution	**7.14**	7.20

The accompanying accounting policies and explanatory notes form an integral part of, and, should be read in conjunction with, these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	19	**1,239,150**	1,423,021	**175,795**	220,070
Operating profit	20	**764,474**	1,020,020	**140,093**	184,375
Fair value adjustments of investment properties	6	**(142,535)**	118,471	**-**	-
Interest/profit income	21	**23,004**	31,636	**12,334**	17,239
Financing costs	22	**(110,662)**	(111,421)	**(356)**	(40)
Share of profit of an associate	8	**12,554**	12,615	**-**	-
Profit before tax	23	**546,835**	1,071,321	**152,071**	201,574
Tax expense	26	**(72,120)**	(125,650)	**(810)**	(626)
PROFIT FOR THE YEAR, REPRESENTING TOTAL COMPREHENSIVE INCOME		**474,715**	945,671	**151,261**	200,948
(Loss)/profit attributable to:					
Equity holders of the Company		**(7,505)**	356,503	**151,261**	200,948
NCI relating to KLCC REIT	7	**439,671**	433,648	**-**	-
		432,166	790,151	**151,261**	200,948
Other NCI	7	**42,549**	155,520	**-**	-
		474,715	945,671	**151,261**	200,948

	Note	2020	2019
Earnings per share attributable to equity holders of the Company (sen):			
Basic	27	**(0.42)**	19.75
Earnings per stapled security (sen):			
Basic	27	**23.94**	43.77

The accompanying accounting policies and explanatory notes form an integral part of, and, should be read in conjunction with, these financial statements.

STATEMENT OF INCOME DISTRIBUTION TO STAPLED SECURITIES HOLDERS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Group	
	2020 RM'000	**2019 RM'000**
Overall distributable income is derived as follows:		
(Loss)/profit attributable to the equity holders of the Company	**(7,505)**	356,503
Add/(less): Unrealised fair value adjustments attributable to the equity holders	**110,313**	(78,141)
	102,808	278,362
Distributable income of KLCC REIT	**447,372**	451,569
Total available for income distribution	**550,180**	729,931
Distribution to equity holders of the Company in respect of financial year ended 31 December 2020/2019:		
First interim dividend of 2.46% (2019: 2.52%)	**(44,411)**	(45,494)
Second interim dividend of 1.41% (2019: 2.57%)	**(25,455)**	(46,397)
Third interim dividend of 1.63% (2019: 2.56%)	**(29,427)**	(46,217)
Fourth interim dividend of 1.00% (2019: 5.35%)	**(18,053)**	(96,585)
	(117,346)	(234,693)
Distribution to KLCC REIT holders in respect of financial year ended 31 December 2020/2019:		
First interim income distribution of 5.84% (2019: 6.28%)	**(105,431)**	(113,375)
Second interim income distribution of 6.09% (2019: 6.23%)	**(109,945)**	(112,472)
Third interim income distribution of 5.87% (2019: 6.24%)	**(105,973)**	(112,653)
Fourth interim income distribution of 5.70% (2019: 6.25%)	**(102,904)**	(112,833)
	(424,253)	(451,333)
Balance undistributed	**8,581**	43,905

The accompanying accounting policies and explanatory notes form an integral part of, and, should be read in conjunction with, these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

		Attributable to Equity Holders of the Company						
		Non Distributable	Distributable					
	Note	Share Capital RM'000	Retained Profits RM'000	Capital Reserve RM'000	Total equity attributable to holders of the Company RM'000	NCI relating to KLCC REIT RM'000	Other NCI RM'000	Total Equity RM'000
At 1 January 2020		**1,823,386**	**299,821**	**3,015,397**	**5,138,604**	**8,073,356**	**2,081,478**	**15,293,438**
Total comprehensive income for the year		**-**	**(7,505)**	**-**	**(7,505)**	**439,671**	**42,549**	**474,715**
Transfer of fair value loss	2.21	**-**	**110,313**	**(110,313)**	**-**	**-**	**-**	**-**
Dividends paid	28	**-**	**(195,879)**	**-**	**(195,879)**	**(434,182)**	**(60,133)**	**(690,194)**
At 31 December 2020		**1,823,386**	**206,750**	**2,905,084**	**4,935,220**	**8,078,845**	**2,063,894**	**15,077,959**
At 1 January 2019		1,823,386	243,154	2,937,256	5,003,796	8,091,402	2,029,825	15,125,023
Total comprehensive income for the year		-	356,503	-	356,503	433,648	155,520	945,671
Transfer of fair value surplus	2.21	-	(78,141)	78,141	-	-	-	-
Dividends paid	28	-	(221,695)	-	(221,695)	(451,694)	(103,867)	(777,256)
At 31 December 2019		1,823,386	299,821	3,015,397	5,138,604	8,073,356	2,081,478	15,293,438

The accompanying accounting policies and explanatory notes form an integral part of, and, should be read in conjunction with, these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Non Distributable	Distributable	
		Share Capital RM'000	Retained Profits RM'000	Total Equity RM'000
At 1 January 2020		**1,823,386**	**127,323**	**1,950,709**
Total comprehensive income for the year		**-**	**151,261**	**151,261**
Dividends paid	28	**-**	**(195,879)**	**(195,879)**
At 31 December 2020		**1,823,386**	**82,705**	**1,906,091**
At 1 January 2019		1,823,386	148,070	1,971,456
Total comprehensive income for the year		-	200,948	200,948
Dividends paid	28	-	(221,695)	(221,695)
At 31 December 2019		1,823,386	127,323	1,950,709

The accompanying accounting policies and explanatory notes form an integral part of, and, should be read in conjunction with, these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	**546,835**	1,071,321	**152,071**	201,574
Adjustments for:				
Interest/profit income	**(23,004)**	(31,636)	**(12,334)**	(15,950)
Profit income from Sukuk subscription	**-**	-	**-**	(1,289)
Financing costs	**110,662**	111,421	**356**	40
Accrued rental income	**(4,044)**	(13,777)	**-**	-
Depreciation of property, plant and equipment and right-of-use assets	**50,316**	43,334	**3,655**	1,748
Dividend income	**-**	-	**(155,580)**	(198,300)
Property, plant, and equipment written off	**-**	9	**-**	-
Loss/(gain) on disposal of property, plant and equipment	**34**	38	**(1)**	-
Net loss/(gain) on fair value adjustments of investment properties	**142,535**	(118,471)	**-**	-
Impairment loss on investment in subsidiaries	**-**	-	**990**	-
Impairment on investment property under construction ("IPUC")	**81,362**	2,786	**-**	-
Allowance for impairment losses of trade receivables	**3,127**	23	**-**	-
Share of profit of an associate	**(12,554)**	(12,615)	**-**	-
Operating cash flows before changes in working capital	**895,269**	1,052,433	**(10,843)**	(12,177)
Changes in working capital:				
Trade and other receivables	**(17,011)**	521	**(339)**	(1,785)
Amount due from subsidiaries	**-**	-	**(1,447)**	(342)
Amount due from related companies	**1,774**	4,058	**(761)**	705
Amount due from immediate holding company	**(23,684)**	(1,483)	**1**	(38)
Amount due to ultimate holding company	**11,587**	1,849	**1,150**	(431)
Trade and other payables	**4,535**	53,881	**(1,700)**	181
Inventories	**399**	(197)	**-**	-
Cash generated from/(used in) operations	**872,869**	1,111,062	**(13,939)**	(13,887)
Interest/profit income received	**23,504**	31,998	**12,336**	17,988
Tax paid	**(87,921)**	(102,549)	**(2,772)**	(953)
Net cash generated from/(used in) operating activities	**808,452**	1,040,511	**(4,375)**	3,148

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividends received from subsidiaries	**-**	-	**143,700**	198,300
Dividends received from an associate	**11,880**	-	**11,880**	-
Proceeds from redemption of Sukuk Murabahah of a subsidiary	**-**	-	**-**	100,000
Purchase of property, plant and equipment	**(12,594)**	(39,686)	**(281)**	(41)
Subsequent expenditure on investment properties	**(27,520)**	(59,511)	**-**	-
Proceeds from disposal of property, plant and equipment	**34**	110	**1**	-
Net cash (used in)/generated from investing activities	**(28,200)**	(99,087)	**155,300**	298,259
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown of borrowings	**17,028**	-	**-**	-
Drawdown of Sukuk Murabahah	**-**	500,000	**-**	-
Repayment of borrowings	**(10,000)**	(7,500)	**-**	-
Payment of Sukuk Murabahah	**-**	(400,000)	**-**	-
Payment of principal portion of lease liabilities	**(4,677)**	(1,984)	**(3,394)**	(702)
Dividends paid to shareholders	**(195,879)**	(221,695)	**(195,879)**	(221,695)
Dividends paid to other NCI	**(60,133)**	(103,867)	**-**	-
Dividends paid to NCI relating to KLCC REIT	**(434,463)**	(451,649)	**-**	-
Interest/profit expenses paid	**(104,378)**	(106,545)	**-**	-
Decrease in deposits restricted	**429**	2,971	**-**	-
Net cash used in financing activities	**(792,073)**	(790,269)	**(199,273)**	(222,397)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(11,821)**	151,155	**(48,348)**	79,010
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**881,586**	730,431	**474,759**	395,749
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 12)	**869,765**	881,586	**426,411**	474,759

The additions in investment properties and property, plant and equipment were acquired by way of:				
Cash	**23,720**	86,856	**281**	41
Accruals	**11,800**	16,394	**-**	-
	35,520	103,250	**281**	41
Cash paid for additions in prior years	**16,394**	12,341	**-**	-
Cash paid for additions in current year	**23,720**	86,856	**281**	41
Total cash paid for investment properties and property, plant and equipment	**40,114**	99,197	**281**	41

The accompanying accounting policies and explanatory notes form an integral part of, and, should be read in conjunction with, these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated on 7 February 2004 and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 54, Tower 2, PETRONAS Twin Towers, Kuala Lumpur City Centre, 50088 Kuala Lumpur.

The principal place of business is located at Level 33 & 34, Menara Dayabumi, Jalan Sultan Hishamuddin, 50050 Kuala Lumpur.

The immediate and ultimate holding companies of the Company are KLCC (Holdings) Sdn Bhd ("KLCCH") and Petroliam Nasional Berhad ("PETRONAS") respectively, all of which are incorporated in Malaysia.

The principal activities of the Company in the course of the financial year are investment holding, property investment and the provision of management services.

The principal activities of the subsidiaries and associate are stated in Notes 7 and 8.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 January 2021.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have also been prepared on a historical cost basis, except for investment properties and certain financial instruments that have been measured at their fair values.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

As of 1 January 2020, the Group and the Company adopted new MFRSs and amendments to MFRSs (collectively referred to as "pronouncements") that have been issued by the Malaysian Accounting Standards Board ("MASB") as described fully in Note 3.

2.2 Basis of Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control and when such rights are substantive. The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Basis of Consolidation (Cont'd.)

Business combination

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses. Business combinations are accounted for using the acquisition method. The identifiable assets acquired and liabilities assumed are measured at their fair values at the acquisition date. The cost of an acquisition is measured at the aggregate of the fair value of the consideration transferred and the amount of any non-controlling interests in the acquiree. Non-controlling interests are stated either at fair value or at the proportionate share of the acquirer's identifiable net assets at the acquisition date.

When a business combination is achieved in stages, the Group remeasures its previously held non-controlling equity interest in the acquiree at fair value at the acquisition date, with any resulting gain or loss recognised in the profit or loss. Increase in the Group's ownership interest in an existing subsidiary is accounted for as equity transactions with differences between the fair value of consideration paid and the Group's proportionate share of net assets acquired, recognised directly in equity.

The Group measures goodwill as the excess of the cost of an acquisition as defined above and the fair values of any previously held interest in the acquiree over the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Non-controlling interests

Non-controlling interests at the reporting period, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between the non-controlling interests and the equity shareholders of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

2.3 Investments

Long term investments in subsidiaries and an associate are stated at cost less impairment loss, if any, in the Company's financial statements. The cost of investment includes transaction cost.

The carrying amount of these investments includes fair value adjustments on shareholders loans and advances, if any.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Associates

Associates are entities in which the Group has significant influence including representation on the Board of Directors, but not control or joint control, over the financial and operating policies of the investee company.

Associates are accounted for in the consolidated financial statements using the equity method. The consolidated financial statements include the Group's share of post-acquisition profits or losses and other comprehensive income of the equity accounted associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

The Group's share of post-acquisition reserves and retained profits less losses is added to the carrying value of the investment in the consolidated statement of financial position. These amounts are taken from the latest audited financial statements or management financial statements of the associates.

When the Group's share of post-acquisition losses exceeds its interest in an equity accounted associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate investee.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that associate, with the resulting gain or loss being recognised in profit or loss. Any retained interest in the former associate at the date when significant influence is lost is re-measured at fair value and this amount is regarded as the initial carrying amount of a financial asset.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured.

Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss.

Investment in associate is measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

Unrealised profits arising from transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses on such transactions are also eliminated partially, unless cost cannot be recovered.

2.5 Goodwill

Goodwill acquired in a business combination is initially measured at cost as described in Note 2.2. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment. The entire carrying amount of the investment is reviewed for impairment when there is objective evidence of impairment.

2.6 Property, Plant and Equipment

Freehold land which has an unlimited life is stated at cost and is not depreciated. Projects-in-progress are stated at cost and are not depreciated as the assets are not available for use. Other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses and are depreciated on a straight line basis over the estimated useful life of the related assets.

The estimated useful life are as follows:

Hotel building	80 years
Building improvements	5 to 6 years
Furniture and fittings	5 to 10 years
Plant and equipment	4 to 10 years
Office equipment	5 years
Renovation	5 years
Motor vehicles	4 to 5 years
Crockery, linen and utensils	3 years

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.6 Property, Plant and Equipment (Cont'd.)

Costs are expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the assets to working condition for their intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the items if it is probable that the future economic benefits embodied within the part will flow to the Group and the Company and its cost can be measured reliably. The carrying amount of the replaced item of property, plant and equipment is derecognised with any corresponding gain or loss recognised in the profit or loss accordingly. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

The depreciable amount is determined after deducting residual value. The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the profit or loss.

2.7 Investment Properties

Investment properties are properties which are owned or held under a leasehold interest either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Gains or losses arising from changes in the fair value of investment properties are recognised in the profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the profit or loss in the year in which they arise.

Where the fair value of the Investment Property Under Construction ("IPUC") is not reliably determinable, the IPUC is measured at cost until either its fair value has been reliably determinable or construction is complete, whichever is earlier.

2.8 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.8 Impairment of Non-Financial Assets (Cont'd.)

Impairment losses are recognised in profit or loss. An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such a reversal is recognised in profit or loss.

2.9 Inventories

Inventories of saleable merchandise and operating supplies are stated at the lower of cost and net realisable value. Cost of inventories is determined using the weighted average cost method and it includes the invoiced value from suppliers, and transportation and handling costs.

2.10 Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank balances and deposits with banks. For the purpose of cash flow statements, cash and cash equivalents include cash on hand and short term deposits with banks with an original maturity of 3 months or less, less restricted cash held in designated accounts on behalf of clients.

2.11 Financial Assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

(i) Recognition and initial measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them.

With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or if the period between performance and payment is 1 year or less under practical expedient of MFRS 15, are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest (or profit in the context of Islamic financial assets) ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place ("regular way trades") are recognised on the trade date, that is the date that the Group or the Company commits to purchase or sell the asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.11 Financial Assets (Cont'd.)

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

(a) Financial assets at amortised cost (debt instruments)
(b) Financial assets at fair value through OCI (debt instruments)
(c) Financial assets at fair value through profit or loss

Financial assets at amortised cost

This category is the most relevant to the Group and the Company. The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

i. The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest/profit rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(iii) Derecognition

A financial asset is derecognised when:

(a) The rights to receive cash flows from the asset have expired; or

(b) The Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

   i. The Group and the Company have transferred substantially all the risks and rewards of the asset; or

   ii. The Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company would be required to repay.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.12 Impairment of Financial Assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments carried at amortised cost and fair value through OCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-month (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group and the Company consider a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.13 Provisions

A provision is recognised when the Group and the Company have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

2.14 Financial Liabilities

(i) Recognition and initial measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, financings and payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and financings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables and financings.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Company that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.14 Financial Liabilities (Cont'd.)

(ii) Subsequent measurement (Cont'd.)

Financial liabilities at fair value through profit or loss (Cont'd.)

Gain or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (loans and financings)

This is the category most relevant to the Group and the Company. After initial recognition, interest/profit-bearing loans and financings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest/profit-bearing loans and financings.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

2.15 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.16 Financing Costs

Financing costs directly attributable to the acquisition and construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other financing costs are charged to the profit or loss as an expense in the year in which they are incurred.

2.17 Employee Benefits

(i) Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and of the Company.

(ii) Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund ("EPF"). Obligations for contributions to defined contribution plans are recognised as an expense in the profit or loss in the year in which the related services is performed.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.18 Taxation

Tax expense on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the profit or loss except to the extent it relates to items recognised directly in equity, in which case it is recognised in equity.

(i) Current tax

Current tax expense is the expected tax payable on the taxable income for the period, using the statutory tax rate at the reporting date, and any adjustment to tax payable in respect of previous years.

(ii) Deferred tax

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused investment tax allowances, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused investment tax allowances, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is expected to be realised or the liability is expected to be settled, based on tax rate and tax laws that have been enacted or substantively enacted at the reporting period.

Deferred tax provided for the investment properties is at 10% which reflects the expected manner of recovery of the investment properties through sale.

The expected manner of recovery of the Group's other investment properties that are not within KLCC REIT is through sale to a real estate investment trust ("REIT"). No deferred tax is recognised on the fair valuation of these properties as chargeable gains accruing on the disposal of any chargeable assets to a REIT is tax exempted.

2.19 Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(ii) Foreign Currency Transactions

Monetary assets and liabilities in foreign currencies at the reporting date have been translated at rates ruling on the reporting date or at the agreed exchange rate under currency exchange arrangements. Transactions in foreign currencies have been translated into RM at rates of exchange ruling on the transaction dates. Gains and losses on exchange arising from translation of monetary assets and liabilities are dealt with in the profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.19 Foreign Currencies (Cont'd.)

(ii) Foreign Currency Transactions (Cont'd.)

Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to RM at the foreign exchange rates ruling at the date of the transactions.

The principal exchange rates used for each respective unit of foreign currency ruling at the reporting date are as follows:

	2020 RM	2019 RM
United States Dollar	**4.02**	4.09

2.20 Share Capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

2.21 Capital Reserve

Fair value adjustments on investment property are transferred from retained profits to capital reserve and such surplus will be considered distributable upon the sale of investment property.

2.22 Revenue Recognition

(i) Rental income

Rental income is recognised based on the accrual basis unless collection is in doubt, in which case it is recognised on the receipt basis.

Rental income from fixed and minimum guaranteed rent reviews is recognised on a straight line basis over the shorter of the entire lease term or the period to the first break option. Where such rental income is recognised ahead of the related cash flow, an adjustment is made to ensure the carrying value of the related property including the accrued rent does not exceed the external valuation.

(ii) Others

Revenue is measured based on the consideration specified in a contract with a customer and exclude amounts collected on behalf of third parties. The Group or the Company recognises revenue when or as it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

An entity transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

i. the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs; or

ii. the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

iii. the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, an entity satisfies the performance obligation at a point in time.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.22 Revenue Recognition (Cont'd.)

(ii) Others (Cont'd.)

(a) Hotel operations

Revenue from rental of hotel rooms, sale of food and beverages and other related income are recognised upon provision of the services.

(b) Building and facilities management services

Revenue from building and facilities management is recognised when the services are performed.

(c) Car park operations

Revenue from car park operations is recognised on the accrual basis.

(d) Interest/profit income

Interest/profit income is recognised on the accrual basis using the effective interest rate method.

(e) Dividend income

Dividend income is recognised when the Group's and the Company's right to receive payment is established.

2.23 Leases

The Group and the Company assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For a contract that contains a lease component and non-lease components, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand alone prices.

As a lessee

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group and the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(ii) Lease liabilities

At the commencement date of the lease, the Group and the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.23 Leases (Cont'd.)

(ii) Lease liabilities (Cont'd.)

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Company and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Company use its incremental financing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest/profit and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group and the Company recognise the lease payments associated with these leases as an expense over the lease term.

(iv) Extension options

The Group and the Company, in applying their judgement, determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group and the Company apply judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group and the Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Group and the Company have applied the amendment to MFRS 16 Leases (Covid-19 Related Rent Concessions) issued by MASB in June 2020. The amendment introduces an optional practical expedient that simplifies how a lessee accounts for rent concessions arising as a direct consequence of the Covid-19 pandemic.

As a lessor

Leases in which the Group and the Company do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.24 Operating Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

2.25 Fair Value Measurement

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

(i) Financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market within the bid-ask spread at the close of business at the end of reporting date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models. Where fair value cannot be reliably estimated, assets are carried at cost less impairment losses, if any.

(ii) Non-financial assets

For non-financial assets, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability.
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable input).

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

3. ADOPTION OF NEW AND REVISED PRONOUNCEMENTS

As of 1 January 2020, the Group and the Company have adopted the following pronouncements that are applicable and have been issued by the MASB as listed below:

Effective for annual periods beginning on or after 1 January 2020

Amendments to MFRS 3	Business Combinations (Definition of a Business)
Amendments to MFRS 7	Financial Instruments: Disclosures (Interest Rate Benchmark Reform)
Amendments to MFRS 9	Financial Instruments: (Interest Rate Benchmark Reform)
Amendments to MFRS 101	Presentation of Financial Statements: (Definition of Material)
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement - Interest Rate Benchmark Reform

The Group and the Company have also early adopted the Amendment to MFRS 16 Leases (Covid-19 Related Rent Concessions) issued by MASB in June 2020, in response to the Covid-19 pandemic. The amendment is effective for annual periods beginning on or after 1 June 2020.

3. ADOPTION OF NEW AND REVISED PRONOUNCEMENTS (CONT'D.)

Lessee

Under MFRS 16, rent concessions often meet the definition of a lease modification, unless they were envisaged in the original lease agreement. In response to the Covid-19 pandemic, MASB has issued Amendment to MFRS 16 Leases (Covid-19 Related Rent Concessions) that introduces an optional practical expedient to simplify how lessees account for rent concessions as a direct consequence of the Covid-19 pandemic.

The Group and the Company have applied the optional practical expedient by electing not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. As a result, the Group and the Company have treated the rent concessions as variable lease payments and the impact is not material to the financial statements.

Lessor

As for the Covid-19 rent concession under lessor assessment for lease modification, the Group has treated the rent concession as variable lease payments and the impact of the rent concessions, which is less than 10% of the total Group revenue, has been recognised to the profit or loss for the year.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 Critical Judgement Made in Applying Accounting Policies

There are no critical judgements made by management in the process of applying the Group's and the Company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

4.2 Key Sources of Estimation Uncertainty

The key assumption concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year is discussed below:

Fair value of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group had engaged independent professional valuers to determine the fair values and there are no material events that affect the valuation between the valuation date and financial year end.

The fair value of the investment properties derived by the independent professional valuers is most sensitive to the estimated yield rate and discount rate. The range of the yield rate and the discount rate used in the valuation is described in Note 6.

The following table demonstrates the sensitivity of the fair value measurement to changes in estimated yield rate and discount rate:

	Fair value Increase/(decrease)	
	2020 RM'000	**2019 RM'000**
Yield rate		
+ 0.25%	**(368,455)**	(434,349)
- 0.25%	**394,218**	471,065
Discount rate		
+ 0.25%	**(199,572)**	(136,203)
- 0.25%	**207,832**	140,637

The other key assumptions used to determine the fair value of the investment properties are further explained in Note 6.

5. PROPERTY, PLANT AND EQUIPMENT

	Lands and buildings* RM'000	Project in progress RM'000	Furniture and fittings RM'000	Plant and equipment RM'000	Office equipment RM'000	Motor vehicles RM'000	Crockery, linen and utensils RM'000	Total RM'000
Group								
Cost								
At 1 January 2020	**631,716**	**31,067**	**155,983**	**160,595**	**79,853**	**1,379**	**10,246**	**1,070,839**
Additions	**2,242**	**1,291**	**1,915**	**4,265**	**2,819**	**-**	**66**	**12,598**
Transfer within property, plant and equipment	**227**	**(28,832)**	**270**	**26,291**	**2,044**	**-**	**-**	**-**
Disposals	**-**	**-**	**(75)**	**(201)**	**(723)**	**(230)**	**-**	**(1,229)**
Write off	**(1)**	**-**	**-**	**-**	**(65)**	**-**	**-**	**(66)**
At 31 December 2020	**634,184**	**3,526**	**158,093**	**190,950**	**83,928**	**1,149**	**10,312**	**1,082,142**
Accumulated Depreciation								
At 1 January 2020	**127,997**	**-**	**85,802**	**114,543**	**60,066**	**963**	**9,778**	**399,149**
Charge for the year (Note 23)	**8,722**	**-**	**14,494**	**14,835**	**7,499**	**130**	**303**	**45,983**
Disposals	**-**	**-**	**(84)**	**(167)**	**(711)**	**(229)**	**-**	**(1,191)**
Write off	**(1)**	**-**	**-**	**-**	**(65)**	**-**	**-**	**(66)**
At 31 December 2020	**136,718**	**-**	**100,212**	**129,211**	**66,789**	**864**	**10,081**	**443,875**
Net Carrying Amount	**497,466**	**3,526**	**57,881**	**61,739**	**17,139**	**285**	**231**	**638,267**
Cost								
At 1 January 2019	637,768	12,820	152,175	159,887	75,103	1,419	9,931	1,049,103
Additions	1,214	31,430	3,516	99	2,740	375	315	39,689
Transfer within property, plant and equipment	1,662	(13,183)	2,372	2,925	6,224	-	-	-
Disposals	(3)	-	(1,658)	(2,316)	(4,174)	(415)	-	(8,566)
Write off	(8,925)	-	(422)	-	(40)	-	-	(9,387)
At 31 December 2019	631,716	31,067	155,983	160,595	79,853	1,379	10,246	1,070,839
Accumulated Depreciation								
At 1 January 2019	126,570	-	73,302	107,980	56,907	1,266	9,458	375,483
Charge for the year (Note 23)	10,352	-	14,494	8,856	7,326	113	320	41,461
Disposals	-	-	(1,572)	(2,293)	(4,136)	(416)	-	(8,417)
Write off	(8,925)	-	(422)	-	(31)	-	-	(9,378)
At 31 December 2019	127,997	-	85,802	114,543	60,066	963	9,778	399,149
Net Carrying Amount	503,719	31,067	70,181	46,052	19,787	416	468	671,690

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Freehold land RM'000	Hotel building RM'000	Renovation RM'000	Building improvements RM'000	Total RM'000
Group					
Cost					
At 1 January 2020	**85,889**	**389,797**	**19,261**	**136,769**	**631,716**
Additions	**-**	**-**	**794**	**1,448**	**2,242**
Transfer	**-**	**-**	**-**	**227**	**227**
Write off	**-**	**-**	**(1)**	**-**	**(1)**
At 31 December 2020	**85,889**	**389,797**	**20,054**	**138,444**	**634,184**
Accumulated Depreciation					
At 1 January 2020	**-**	**74,440**	**17,705**	**35,852**	**127,997**
Charge for the year	**-**	**5,414**	**1,245**	**2,063**	**8,722**
Write off	**-**	**-**	**(1)**	**-**	**(1)**
At 31 December 2020	**-**	**79,854**	**18,949**	**37,915**	**136,718**
Net Carrying Amount	**85,889**	**309,943**	**1,105**	**100,529**	**497,466**
Cost					
At 1 January 2019	85,889	389,797	19,089	142,993	637,768
Additions	-	-	175	1,039	1,214
Transfer	-	-	-	1,662	1,662
Disposals	-	-	(3)	-	(3)
Write off	-	-	-	(8,925)	(8,925)
At 31 December 2019	85,889	389,797	19,261	136,769	631,716
Accumulated Depreciation					
At 1 January 2019	-	69,027	14,937	42,606	126,570
Charge for the year	-	5,413	2,768	2,171	10,352
Write off	-	-	-	(8,925)	(8,925)
At 31 December 2019	-	74,440	17,705	35,852	127,997
Net Carrying Amount	85,889	315,357	1,556	100,917	503,719

Property, plant and equipment of a subsidiary at carrying amount of RM597,515,000 (2019: RM623,865,000) has been pledged as securities for loan facilities as disclosed in Note 17.

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Renovation RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Total RM'000
Company					
Cost					
At 1 January 2020	**6,959**	**2,364**	**8**	**2,275**	**11,606**
Additions	**264**	**-**	**-**	**17**	**281**
Disposals	**-**	**-**	**-**	**(427)**	**(427)**
At 31 December 2020	**7,223**	**2,364**	**8**	**1,865**	**11,460**
Accumulated Depreciation					
At 1 January 2020	**6,656**	**2,261**	**6**	**1,967**	**10,890**
Charge for the year (Note 23)	**344**	**42**	**2**	**118**	**506**
Disposal	**-**	**-**	**-**	**(427)**	**(427)**
At 31 December 2020	**7,000**	**2,303**	**8**	**1,658**	**10,969**
Net Carrying Amount	**223**	**61**	**-**	**207**	**491**
Cost					
At 1 January 2019	6,959	2,329	8	2,269	11,565
Additions	-	35	-	6	41
At 31 December 2019	6,959	2,364	8	2,275	11,606
Accumulated Depreciation					
At 1 January 2019	5,734	2,215	4	1,837	9,790
Charge for the year (Note 23)	922	46	2	130	1,100
At 31 December 2019	6,656	2,261	6	1,967	10,890
Net Carrying Amount	303	103	2	308	716

6. INVESTMENT PROPERTIES

	Completed investment properties RM'000	IPUC land at fair value RM'000	IPUC at cost RM'000	Total RM'000
Group				
At 1 January 2020	**15,157,412**	**521,000**	**215,768**	**15,894,180**
Additions	**20,560**	**-**	**2,362**	**22,922**
Impairment (Note 23)	**-**	**-**	**(81,362)**	**(81,362)**
Fair value adjustments	**(76,535)**	**(66,000)**	**-**	**(142,535)**
At 31 December 2020	**15,101,437**	**455,000**	**136,768**	**15,693,205**
At 1 January 2019	14,981,293	520,000	213,641	15,714,934
Additions	56,970	-	6,591	63,561
Transfer within investment properties	1,678	-	(1,678)	-
Impairment (Note 23)	-	-	(2,786)	(2,786)
Fair value adjustments	117,471	1,000	-	118,471
At 31 December 2019	15,157,412	521,000	215,768	15,894,180

The following investment properties are held under lease terms:

	Group	
	2020 RM'000	2019 RM'000
Completed investment property	**365,000**	365,000
IPUC land at fair value	**176,000**	232,000
IPUC at cost	**114,000**	193,000
	655,000	790,000

The investment properties are stated at fair value, which have been determined based on valuations performed by an independent professional valuer. There are no material events that affect the valuation between the valuation date and financial year end. The valuation methods used in determining the valuations are the investment method, residual method and comparison method. During the financial year, the Group has recognised a total fair value loss of RM142,535,000.

The Group has also performed a review of the recoverable amount on the IPUC during the financial year. Consequently, the Group has recognised an impairment loss on the IPUC amounting to RM81,362,000 (2019: 2,786,000) during the financial year.

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2020 RM'000	2019 RM'000
Rental income	**997,097**	1,098,901
Direct operating expenses of income generating investment properties	**(93,306)**	(97,398)
	903,791	1,001,503

6. INVESTMENT PROPERTIES (CONT'D.)

Fair value information

Fair value of investment properties are categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2020				
- Office properties	**-**	**-**	**9,207,486**	**9,207,486**
- Retail properties	**-**	**-**	**6,069,951**	**6,069,951**
- Land	**-**	**-**	**279,000**	**279,000**
	-	**-**	**15,556,437**	**15,556,437**
2019				
- Office properties	-	-	9,264,191	9,264,191
- Retail properties	-	-	6,125,221	6,125,221
- Land	-	-	289,000	289,000
	-	-	15,678,412	15,678,412

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical investment properties that the entity can assess at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment properties, either directly or indirectly.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property.

Transfer between Level 1, 2 and 3 fair values

There is no transfer between Level 1, 2 and 3 fair values during the financial year.

6. INVESTMENT PROPERTIES (CONT'D.)

The following table shows a reconciliation of Level 3 fair values:

	2020 RM'000	2019 RM'000
Valuation per valuers' report	**15,984,300**	16,104,900
Less: Accrued rental income	**(427,863)**	(426,488)
	15,556,437	15,678,412
Adjusted valuation on 1 January	**15,678,412**	15,501,293
Additions	**20,560**	56,970
Transfer within investment properties	**-**	1,678
Net (loss)/gain on fair value adjustments of investment properties	**(142,535)**	118,471
At 31 December	**15,556,437**	15,678,412

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Valuation technique	Significant unobservable inputs	Range 2020	Range 2019	Inter-relationship between significant unobservable inputs and fair value measurement
Investment method (refer a)	**Office:**			
	Market rental rate (RM/psf/month)			The estimated fair value would increase/(decrease) if:
	- Term	**4.95 - 12.99**	4.92 - 12.99	- expected market rental growth was higher/(lower)
	- Reversion	**5.96 - 12.32**	5.96 - 12.71	- expected market rental growth was higher/(lower)
	Outgoings (RM/psf/month)			
	- Term	**1.96**	2.00	- expected inflation rate was lower/(higher)
	- Reversion	**1.96 - 2.20**	2.00 - 2.36	- expected inflation rate was lower/(higher)
	Void rate (%)	**5.00 - 15.00**	5.00 - 15.00	- void rate was lower/(higher)
	Term yield (%)	**5.50 - 7.25**	5.50 - 7.25	- term yield rate was lower/(higher)
	Reversionary yield (%)	**6.00 - 7.75**	6.00 - 8.00	- reversionary yield was lower/(higher)
	Discount rate (%)	**5.50 - 7.75**	5.50 - 8.00	- discount rate was lower/(higher)
	Retail:			
	Market rental rate (RM/psf/month)			
	- Term	**1.05 - 407.69**	1.00 -407.50	- expected market rental growth was higher/(lower)
	- Reversion	**5.64 - 407.69**	5.64 - 407.50	- expected market rental growth was higher/(lower)
	Outgoings (RM/psf/month)			
	- Term	**5.72 - 6.53**	5.85 - 6.53	- expected inflation rate was lower/(higher)
	- Reversion	**5.72 - 6.53**	5.85 - 6.53	- expected inflation rate was lower/(higher)
	Void rate (%)	**7.00 - 10.00**	7.00	- void rate was lower/(higher)
	Term yield (%)	**6.25 - 6.50**	6.25 - 6.50	- term yield rate was lower/(higher)
	Reversionary yield (%)	**6.75 - 7.00**	6.75 - 7.00	- reversionary yield was lower/(higher)
	Discount rate (%)	**6.25 - 7.00**	6.25 - 7.00	- discount rate was lower/(higher)
Residual method (refer b)				The estimated fair value would increase/(decrease) if:
	Expected rate of return (%)	**15.00**	15.00	- expected rate of return was higher/(lower)
	Gross Development Value (RM million)	**1,572**	1,519	- gross development value was higher/(lower)
	Gross Development Costs (RM million)	**1,148**	962	- gross development costs was lower/(higher)
	Financing costs (%)	**6.00**	7.00	- financing costs was lower/(higher)
	Discount rate (%)	**7.00**	7.00	- discount rate was lower/(higher)

6. INVESTMENT PROPERTIES (CONT'D.)

(a) Investment method entails the capitalisation of the net rent from a property. Net rent is the residue of gross annual rent less annual expenses (outgoings) required to sustain the rent with allowance for void and management fees.

(b) Residual method is used to value a property that has development potential. The value of the property will be the residual of the potential value less the construction costs and the required profit from the project.

Based on the current development plans, the property is currently valued based on land at fair value with actual construction costs incurred to date.

(c) Under the comparison method, a property's fair value is estimated based on the comparable transactions.

Valuation processes applied by the Group for Level 3 fair value

The fair value of investment properties is determined by independent professional valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The independent professional valuers provide the fair value of the Group's investment properties portfolio annually. Changes in Level 3 fair values are analysed by the management annually after obtaining the valuation report from the independent professional valuers.

7. INVESTMENT IN SUBSIDIARIES

		Company	
	Note	**2020 RM'000**	**2019 RM'000**
Unquoted shares, at cost		**4,530,109**	4,530,109
Discount on loans to subsidiaries		**196,314**	196,314
Effects of conversion of amounts due from subsidiaries to investment	(i)	**724,152**	723,350
Capital reduction		**(780,916)**	(780,916)
Write-down in value	(ii)	**(3,296,954)**	(3,296,954)
Impairment loss (Note 23)	(iii)	**(990)**	-
		1,371,715	1,371,903

(i) During the year, certain subsidiaries have issued non-cumulative non-convertible redeemable preference shares ("NCNCRPS") to the Company through equity settlement to settle their amount due to the Company.

(ii) The investments in certain subsidiaries have been adjusted to their recoverable amount subsequent to the disposal of their assets and liabilities to KLCC REIT.

(iii) An impairment review of the carrying amount of investment in subsidiaries at the reporting date was undertaken by comparing it to respective recoverable amount and an impairment of RM990,300 (2019: Nil) was recognised.

7. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Details of subsidiaries are as follows:

Name of Subsidiaries	Proportion of ownership interest 2020 %	2019 %	Principal Activities
Suria KLCC Sdn Bhd ("SKSB")	**60**	60	Ownership and management of a shopping centre and the provision of business management services
Asas Klasik Sdn Bhd ("AKSB")	**75**	75	Property investment in a hotel
Arena Johan Sdn Bhd ("AJSB")	**100**	100	Inactive
KLCC Parking Management Sdn Bhd ("KPM")	**100**	100	Management of car park operations
KLCC Urusharta Sdn Bhd ("KLCCUH")	**100**	100	Facilities management
Kompleks Dayabumi Sdn Bhd ("KDSB")	**100**	100	Property investment
Midciti Resources Sdn Bhd ("MRSB")	**100**	100	Inactive
Impian Cemerlang Sdn Bhd ("ICSB")	**100**	100	Property investment
Arena Merdu Sdn Bhd ("AMSB")	**100**	100	Inactive
KLCC REIT Management Sdn Bhd ("KLCC REIT Management")	**100**	100	Management of a real estate investment trust
KLCC REIT	*****	*	To invest in a Shariah compliant portfolio or real estate assets and real estate related assets
Subsidiary of KLCC REIT			
Midciti Sukuk Berhad ("MSB") *	**100**	100	To undertake the issuance of Islamic term notes ("Sukuk") under a medium term notes programme and all matters relating to it

The country of incorporation and principal place of business of all subsidiaries is Malaysia.

* Whilst the Group has no ownership interests in KLCC REIT, the Directors have deemed it to be a subsidiary as:

(i) the Group exercises power over KLCC REIT by virtue of its control over KLCC REIT Management, the manager of KLCC REIT; and

(ii) KLCC REIT units are stapled to the ordinary shares of the Company such that the shareholders of the Company are exposed to variable returns from its involvement with KLCC REIT and the Group has the ability to affect those returns through its power over KLCC REIT.

Non-controlling interests relating to KLCC REIT

	2020	2019
NCI percentage of ownership interest and voting interest	**100%**	100%
Carrying amount of NCI (RM'000)	**8,078,845**	8,073,356
Profit allocated to NCI (RM'000)	**439,671**	433,648

7. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Summarised financial information before intra-group elimination

	2020 RM'000	2019 RM'000
Non-current assets - Investment properties	**9,189,014**	9,193,989
Non-current assets - Others	**412,420**	411,874
Current assets	**104,705**	90,578
Non-current liabilities	**(1,132,824)**	(1,531,743)
Current liabilities	**(494,470)**	(91,342)
Net assets	**8,078,845**	8,073,356
Revenue	**581,224**	591,363
Profit for the year, representing total comprehensive income	**439,671**	433,648
Cash flows generated from operating activities	**512,578**	541,281
Cash flows used in investing activities	**(661)**	(2,121)
Cash flows used in financing activities	**(495,838)**	(512,634)
Net increase in cash and cash equivalents	**16,079**	26,526
Dividend paid to NCI relating to KLCC REIT	**(434,182)**	(451,694)

Other non-controlling interests in subsidiaries

The Group's subsidiaries that have material other non-controlling interests are as follows:

	2020		
	SKSB	**Other immaterial subsidiary**	**Total**
NCI percentage of ownership interest and voting interest	**40.0%**		
Carrying amount of NCI (RM'000)	**2,005,340**	**58,554**	**2,063,894**
Profit/(loss) allocated to NCI (RM'000)	**56,751**	**(14,202)**	**42,549**

	2019		
	SKSB	**Other immaterial subsidiary**	**Total**
NCI percentage of ownership interest and voting interest	40.0%		
Carrying amount of NCI (RM'000)	2,008,722	72,756	2,081,478
Profit allocated to NCI (RM'000)	155,352	168	155,520

7. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Other non-controlling interests in subsidiaries (Cont'd.)

Summarised financial information of significant subsidiary before intra-group elimination

SKSB	2020 RM'000	2019 RM'000
Non-current assets - Investment properties	**5,547,423**	5,598,422
Non-current assets - Others	**22,921**	23,676
Current assets	**259,149**	217,763
Non-current liabilities	**(684,810)**	(678,542)
Current liabilities	**(131,334)**	(139,515)
Net assets	**5,013,349**	5,021,804
Revenue	**383,203**	480,830
Profit for the year, representing total comprehensive income	**141,876**	388,379
Cash flows generated from operating activities	**222,582**	349,875
Cash flows used in investing activities	**(22,105)**	(55,208)
Cash flows used in financing activities	**(180,074)**	(289,329)
Net increase in cash and cash equivalents	**20,403**	5,338
Dividends paid to other NCI	**(60,133)**	(103,867)

8. INVESTMENT IN AN ASSOCIATE

	2020 RM'000	2019 RM'000
Group		
Unquoted shares at cost	**99,195**	99,195
Share of post-acquisition reserves	**167,067**	166,393
	266,262	265,588
Company		
Unquoted shares at cost	**99,195**	99,195

Details of the associate are as follows:

			Proportion of ownership interest	
Name of Associate	**Country of Incorporation**	**Principal Activity**	**2020 %**	**2019 %**
Impian Klasik Sdn Bhd ("IKSB") *	Malaysia	Property investment	**33**	33

* Audited by a firm of auditors other than Ernst & Young PLT.

8. INVESTMENT IN AN ASSOCIATE (CONT'D.)

The summarised financial statements of the associate are as follows:

	2020 RM'000	2019 RM'000
Non-current assets	**769,784**	774,528
Current assets	**43,153**	36,964
Total assets	**812,937**	811,492
Non-current liabilities	**98,776**	99,976
Current liabilities	**2,305**	1,705
Total liabilities	**101,081**	101,681
Results		
Revenue	**55,427**	45,967
Profit for the year, representing total comprehensive income	**38,041**	38,226
Share of profit for the year	**12,554**	12,615
Other information		
- Share of dividends	**11,880**	-

Reconciliation of net assets to carrying amount as at 31 December

	2020 RM'000	2019 RM'000
Group's share of net assets	**234,912**	234,238
Goodwill	**31,350**	31,350
	266,262	265,588

9. DEFERRED TAX

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 January	**70,664**	47,955	**(912)**	(808)
Recognised in profit or loss (Note 26)	**(5,855)**	22,709	**561**	(104)
At 31 December	**64,809**	70,664	**(351)**	(912)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts determined after appropriate offsetting are as follows:

	Group	
	2020 RM'000	2019 RM'000
Deferred tax assets	**(415)**	(1,330)
Deferred tax liabilities	**65,224**	71,994
	64,809	70,664

9. DEFERRED TAX (CONT'D.)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred Tax Liabilities of the Group:

	Property, plant and equipment RM'000	Investment properties RM'000	Others RM'000	Total RM'000
At 1 January 2020	**66,480**	**43,597**	**5,960**	**116,037**
Recognised in profit or loss	**898**	**(509)**	**541**	**930**
At 31 December 2020	**67,378**	**43,088**	**6,501**	**116,967**
At 1 January 2019	63,071	21,744	3,022	87,837
Recognised in profit or loss	3,409	21,853	2,938	28,200
At 31 December 2019	66,480	43,597	5,960	116,037

Deferred Tax Assets of the Group:

	Unused tax losses and investment tax allowances RM'000	Lease liabilities RM'000	Others RM'000	Total RM'000
At 1 January 2020	**(39,462)**	**(1,993)**	**(3,918)**	**(45,373)**
Recognised in profit or loss	**(7,704)**	**(324)**	**1,243**	**(6,785)**
At 31 December 2020	**(47,166)**	**(2,317)**	**(2,675)**	**(52,158)**
At 1 January 2019	(36,116)	-	(3,766)	(39,882)
Recognised in profit or loss	(3,346)	(1,993)	(152)	(5,491)
At 31 December 2019	(39,462)	(1,993)	(3,918)	(45,373)

Deferred tax asset as not been recognised in respect of the unutilised tax losses during the year until there is probable future taxable profits in the subsidiary against which the Group can utilise the benefits.

Deferred Tax Liabilities/(Assets) of the Company:

	Property, plant and equipment RM'000	Lease liabilities RM'000	Others RM'000	Total RM'000
At 1 January 2020	**(35)**	**(6)**	**(871)**	**(912)**
Recognised in profit or loss	**25**	**(27)**	**563**	**561**
At 31 December 2020	**(10)**	**(33)**	**(308)**	**(351)**
At 1 January 2019	(7)	-	(801)	(808)
Recognised in profit or loss	(28)	(6)	(70)	(104)
At 31 December 2019	(35)	(6)	(871)	(912)

10. INVENTORIES

The inventories comprise general merchandise and operating supplies, and are stated at cost.

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Non-current				
Other receivables				
Accrued rental income	**427,863**	426,488	**-**	-
Current				
Trade receivables	**23,798**	9,103	**-**	-
Less: Allowance for impairment	**(3,362)**	(235)	**-**	-
Trade receivables, net of impairment	**20,436**	8,868	**-**	-
Other receivables				
Other receivables and deposits	**26,083**	24,302	**3,869**	3,530
Amount due from:				
Subsidiaries	**-**	-	**2,558**	1,914
Ultimate holding company	**361**	11,126	**-**	-
Immediate holding company	**25,601**	1,917	**352**	352
Other related companies	**9,067**	6,749	**2,783**	2,023
Total other receivables	**61,112**	44,094	**9,562**	7,819
Total	**81,548**	52,962	**9,562**	7,819

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Trade receivables	**20,436**	8,868	**-**	-
Other receivables	**488,975**	470,582	**-**	-
Add: Cash and bank balances (Note 12)	**871,658**	883,908	**426,411**	474,759
Less: Accrued rental income (Note 6)	**(427,863)**	(426,488)	**-**	-
Total financial assets carried at amortised cost	**953,206**	936,870	**426,411**	474,759

Amounts due from subsidiaries, ultimate holding company, immediate holding company and other related companies which arose in the normal course of business are unsecured, non-interest bearing and repayable on demand.

Offsetting of financial assets and financial liabilities

The following table provides information of financial assets and liabilities that have been set off for presentation purposes:

Group	**Gross amount RM'000**	**Balances that are set off RM'000**	**Net carrying amount RM'000**
Amount due from ultimate holding company			
2020	**1,012**	**(651)**	**361**
2019	12,376	(1,250)	11,126

12. CASH AND BANK BALANCES

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash with PETRONAS Integrated Financial Shared Services Centre	**525,253**	544,787	**419,729**	474,022
Cash and bank balances	**13,667**	4,909	**5**	67
Deposits with licensed banks	**332,738**	334,212	**6,677**	670
	871,658	883,908	**426,411**	474,759
Less: Deposits restricted	**(1,893)**	(2,322)	**-**	-
Cash and cash equivalents	**869,765**	881,586	**426,411**	474,759

The Group's and the Company's cash and bank balances are held in the In-House Account ("IHA") managed by PETRONAS Integrated Financial Shared Service Centre ("IFSSC") to enable more efficient cash management for the Group and the Company.

Included in deposits restricted are monies held on behalf of clients held in designated accounts, which represent cash calls less payments in the course of rendering building and facilities management services on behalf of clients.

Included in cash with IFSSC and cash and bank balances of the Group and of the Company are interest/profit bearing balances amounting to RM536,048,000 (2019: RM546,289,000) and RM419,729,000 (2019: RM474,081,000) respectively.

The weighted average effective interest/profit rates applicable to the deposits with licensed banks of the Group is 2.02% per annum (2019: 3.45% per annum).

Deposits with licensed banks of the Group have an average maturity of 44 days (2019: 53 days).

13. SHARE CAPITAL

	Group and Company: Number of shares Ordinary shares '000	Group and Company: Amount Ordinary shares RM'000
Issued and fully paid:		
At 1 January 2020/31 December 2020	**1,805,333**	**1,823,386**
At 1 January 2019/31 December 2019	1,805,333	1,823,386

Stapled security:

Stapled security means one ordinary share in the Company stapled to one unit in KLCC REIT ("Unit"). Holders of KLCCP Stapled Group securities are entitled to receive distributions and dividends declared from time to time and are entitled to one vote per stapled security at Shareholders' and Unitholders' meetings.

14. RETAINED PROFITS

As at 31 December 2020, the Company may distribute the entire balance of the retained profits under the single-tier system.

15. DEFERRED REVENUE

Deferred revenue relates to the excess of the principal amount of security deposits received over their fair value which is accounted for as prepaid lease income and amortised over the lease term on a straight line basis.

16. OTHER LONG TERM LIABILITIES

	Group	
	2020 RM'000	2019 RM'000
Security deposit payables	**138,494**	171,288

Security deposit payables are interest-free, unsecured and refundable upon expiry of the respective lease agreements. The fair values at initial recognition were determined based on interest/profit rates of 4.35% to 4.73% per annum.

17. FINANCINGS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Short term financings				
Secured:				
Sukuk Murabahah				
- KLCC Real Estate Investment Trust	**413,704**	15,737	**-**	-
Term loans	**11,891**	9,333	**-**	-
Lease liabilities	**4,576**	4,140	**3,413**	2,975
	430,171	29,210	**3,413**	2,975
Long term financings				
Secured:				
Sukuk Murabahah				
- KLCC Real Estate Investment Trust	**955,000**	1,355,000	**-**	-
- Other subsidiary	**600,000**	600,000	**-**	-
Term loans	**359,194**	354,666	**-**	-
Lease liabilities	**5,079**	7,720	**3,431**	4,909
	1,919,273	2,317,386	**3,431**	4,909
Total financings	**2,349,444**	2,346,596	**6,844**	7,884

		Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Total financings which are secured, comprise:					
Sukuk Murabahah	(a)	**1,968,704**	1,970,737	**-**	-
Term loans	(b)	**371,085**	363,999	**-**	-
Lease liabilities		**9,655**	11,860	**6,844**	7,884
		2,349,444	2,346,596	**6,844**	7,884

17. FINANCINGS (CONT'D.)

The repayment schedules are as follows:

Group	Total RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
2020					
Secured					
Sukuk Murabahah	**1,968,704**	**413,704**	**-**	**1,055,000**	**500,000**
Term loans	**371,085**	**11,891**	**10,000**	**347,166**	**2,028**
Lease liabilities	**9,655**	**4,576**	**2,071**	**3,008**	**-**
	2,349,444	**430,171**	**12,071**	**1,405,174**	**502,028**
2019					
Secured					
Sukuk Murabahah	1,970,737	15,737	400,000	1,055,000	500,000
Term loans	363,999	9,333	7,500	22,500	324,666
Lease liabilities	11,860	4,140	3,408	4,312	-
	2,346,596	29,210	410,908	1,081,812	824,666

(a) Sukuk Murabahah

On 25 April 2014, a subsidiary of the Group completed the issuance of Sukuk Murabahah. The Sukuk Murabahah consists of Islamic Commercial Programme ("ICP") of up to RM500 million and Islamic medium term notes ("IMTN") of up to RM3 billion subject to a combined limit of RM3 billion. It is primarily secured against assignment and charge over the Finance Service Account and Revenue Account maintained by the REIT Trustee.

In prior year, the Group paid its RM400 million Sukuk Murabahah upon maturity on 25 April 2019 and on the same date issued RM500 million of Sukuk Murabahah with a profit rate of 4.20% per annum and maturing on 25 April 2026. Details of the drawdown that are outstanding as at year end are as follows:

Tenure	Value (RM)	Profit rate	Maturity
7 years	400,000,000	4.55%	25 April 2021
10 years	455,000,000	4.80%	25 April 2024
7 years	500,000,000	4.20%	25 April 2026

The profit rate is payable semi-annually.

Another subsidiary of the Group also issued Sukuk Murabahah of up to RM600 million on 31 December 2014. The Sukuk Murabahah consists of ICP of up to RM300 million and IMTN of up to RM600 million subject to a combined limit of RM600 million. It is secured against assignment and charge over the Finance Service Account of the subsidiary. RM600 million has been drawndown at the profit rate of 4.73% per annum and repayable in 10 years.

(b) Term loans

On 27 May 2015, a subsidiary of the Group entered into a Supplemental Agreement with Public Bank Berhad to restructure the term loan with an aggregate sum of RM378 million, comprising the following:

Type of Facilities	Revised Principal Limit (RM'000)
Term Loan Facility 1	239,540
Term Loan Facility 2	138,460

The term loans are repayable at RM7.5 million per annum for 7 years commencing on the 3rd year with the final bullet payment of the remainder in the final year.

17. FINANCINGS (CONT'D.)

(b) Term loans (Cont'd.)

During the year, the subsidiary of the Group utilised its term loan facility 3 which has been approved on 25 May 2016. The subsidiary utilised RM17 million from the total facility of RM102 million.

Type of Facilities	Revised Principal Limit (RM'000)
Term Loan Facility 3	102,000

The term loan facility 3 is repayable by way of 6 annual principal repayments of RM2.5 million each and one final principal payment of the remainder sum.

The term loan is secured by way of a fixed charge over the hotel property as well as debenture covering all fixed and floating assets of the hotel property as disclosed in Note 5.

The loan bears an interest rate of 3.60% per annum (2019: 4.49% per annum).

Other information on financial risks of financings are disclosed in Note 32.

Reconciliation of movement of liabilities to cash flows arising from financing activities

Group

	Sukuk Murabahah RM'000	Term loans RM'000	Lease liabilities RM'000	Dividend paid RM'000	Total RM'000
Balance at 1 January 2020	**1,970,737**	**363,999**	**11,860**	**-**	**2,346,596**
Changes from financing cash flows					
Repayment term loan	**-**	**(10,000)**	**-**	**-**	**(10,000)**
Drawdown term loan	**-**	**17,028**	**-**	**-**	**17,028**
Repayment lease liabilities	**-**	**-**	**(4,677)**	**-**	**(4,677)**
Dividend paid	**-**	**-**	**-**	**(256,012)**	**(256,012)**
Interest/profit paid	**(89,832)**	**(14,546)**	**-**	**-**	**(104,378)**
Total changes from financing cash flows	**(89,832)**	**(7,518)**	**(4,677)**	**(256,012)**	**(358,039)**
Other changes					
Liability-related					
Interest/profit expenses	**87,799**	**14,604**	**474**	**-**	**102,877**
Acquisition of new lease	**-**	**-**	**1,998**	**-**	**1,998**
Dividend payable	**-**	**-**	**-**	**256,012**	**256,012**
Total liability-related other changes	**87,799**	**14,604**	**2,472**	**256,012**	**360,887**
Balance at 31 December 2020	**1,968,704**	**371,085**	**9,655**	**-**	**2,349,444**

17. FINANCINGS (CONT'D.)

Reconciliation of movement of liabilities to cash flows arising from financing activities (Cont'd.)

Group (Cont'd.)

	Sukuk Murabahah RM'000	Term loans RM'000	Lease liabilities RM'000	Dividend paid RM'000	Total RM'000
Balance at 1 January 2019	1,871,907	372,807	2,712	-	2,247,426
Changes from financing cash flows					
Repayment term loan	-	(7,500)	-	-	(7,500)
Net drawdown Sukuk Murabahah	100,000	-	-	-	100,000
Repayment lease liabilities	-	-	(1,984)	-	(1,984)
Dividend paid	-	-	-	(777,211)	(777,211)
Interest/profit paid	(88,077)	(18,468)	-	-	(106,545)
Total changes from financing cash flows	11,923	(25,968)	(1,984)	(777,211)	(793,240)
Other changes					
Liability-related					
Interest/profit expenses	86,907	17,160	97	-	104,164
Acquisition of new lease	-	-	11,035	-	11,035
Dividend payable	-	-	-	777,211	777,211
Total liability-related other changes	86,907	17,160	11,132	777,211	892,410
Balance at 31 December 2019	1,970,737	363,999	11,860	-	2,346,596

Company

	Lease liabilities RM'000	Dividend paid RM'000	Total RM'000
Balance at 1 January 2020	**7,884**	**-**	**7,884**
Changes from financing cash flows			
Repayment lease liabilities	**(3,394)**	**-**	**(3,394)**
Dividend paid	**-**	**(195,879)**	**(195,879)**
Total changes from financing cash flows	**(3,394)**	**(195,879)**	**(199,273)**
Other changes			
Liability-related			
Interest/profit expenses	**356**	**-**	**356**
Acquisition of new lease	**1,998**	**-**	**1,998**
Dividend payable	**-**	**195,879**	**195,879**
Total liability-related other changes	**2,354**	**195,879**	**198,233**
Balance at 31 December 2020	**6,844**	**-**	**6,844**
Balance at 1 January 2019	1,064	-	1,064
Changes from financing cash flows			
Repayment lease liabilities	(702)	-	(702)
Dividend paid	-	(221,695)	(221,695)
Total changes from financing cash flows	(702)	(221,695)	(222,397)
Other changes			
Liability-related			
Interest/profit expenses	40	-	40
Acquisition of new lease	7,482	-	7,482
Dividend payable	-	221,695	221,695
Total liability-related other changes	7,522	221,695	229,217
Balance at 31 December 2019	7,884	-	7,884

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Trade payables	**10,771**	9,665	**318**	132
Other payables				
Other payables	**174,092**	171,633	**2,393**	4,279
Security deposits	**60,727**	69,324	**-**	-
Amount due to:				
Ultimate holding company	**3,461**	3,111	**2,790**	1,640
Immediate holding company	**86**	151	**-**	-
Other related companies	**8,588**	3,959	**-**	-
	246,954	248,178	**5,183**	5,919
Total trade and other payables	**257,725**	257,843	**5,501**	6,051
Add: Financings (Note 17)	**2,349,444**	2,346,596	**6,844**	7,884
Other long term liabilities (Note 16)	**138,494**	171,288	**-**	-
Total financial liabilities carried at amortised cost	**2,745,663**	2,775,727	**12,345**	13,935

Amounts due to subsidiaries, ultimate holding company, immediate holding company and other related companies which arose in the normal course of business are unsecured, interest free and repayable on demand.

19. REVENUE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Property investment				
- Office	**590,319**	595,698	**-**	-
- Retail	**406,778**	503,203	**-**	-
Hotel operations	**52,858**	177,481	**-**	-
Management services	**189,195**	146,639	**20,215**	21,770
Dividend income from subsidiaries	**-**	-	**143,700**	198,300
Dividend income from an associate	**-**	-	**11,880**	-
	1,239,150	1,423,021	**175,795**	220,070

All the revenue of the Group and of the Company are derived from the same geographical market as the Group and the Company operate predominantly in Malaysia. The services are transferred to the customers at a point in time.

20. OPERATING PROFIT

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue (Note 19)	**1,239,150**	1,423,021	**175,795**	220,070
Cost of revenue:				
- Cost of services and goods	**(258,651)**	(239,593)	**-**	-
Gross profit	**980,499**	1,183,428	**175,795**	220,070
Selling and distribution expenses	**(7,073)**	(12,420)	**-**	-
Administration expenses	**(210,331)**	(153,966)	**(35,704)**	(35,698)
Other operating income	**1,379**	2,978	**2**	3
Operating profit	**764,474**	1,020,020	**140,093**	184,375

21. INTEREST/PROFIT INCOME

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest and profit income from:				
Deposits	**23,004**	31,636	**12,334**	15,950
Investment in Sukuk Murabahah	**-**	-	**-**	1,289
	23,004	31,636	**12,334**	17,239

22. FINANCING COSTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest/profit expense on:				
Term loans	**14,604**	17,160	**-**	-
Sukuk Murabahah	**87,799**	86,907	**-**	-
Lease liabilities	**474**	97	**356**	40
Accretion of financial instruments	**7,785**	7,257	**-**	-
	110,662	111,421	**356**	40

23. PROFIT BEFORE TAX

The following amounts have been included in arriving at profit before tax:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Employee benefits expense (Note 24)	**97,403**	114,842	**20,558**	22,374
Directors' remuneration (Note 25)	**1,058**	1,123	**1,058**	1,123
Fee in relation to services of Executive Director	**1,204**	1,173	**1,204**	1,173
Auditors' remuneration				
- Audit fees	**621**	621	**219**	219
- Others	**16**	16	**16**	16
Valuation fees	**1,082**	1,015	**53**	53
Depreciation of property, plant and equipment (Note 5)	**45,983**	41,461	**506**	1,100
Depreciation of right-of-use assets (Note 29)	**4,333**	1,873	**3,149**	648
Rental of land and buildings	**-**	2,113	**-**	2,113
Rental of plant and machinery	**363**	172	**112**	128
Property, plant and equipment written off	**-**	9	**-**	-
Gain/(loss) on disposal of property, plant and equipment	**34**	38	**(1)**	-
Impairment loss on investment in subsidiaries (Note 7)	**-**	-	**990**	-
Impairment of investment property under construction	**81,362**	2,786	**-**	-
Allowance for impairment losses of trade receivables	**3,127**	23	**-**	-

24. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Wages, salaries and others	**87,966**	104,903	**17,975**	19,912
Contributions to defined contribution plan	**9,437**	9,939	**2,583**	2,462
Total (Note 23)	**97,403**	114,842	**20,558**	22,374

25. DIRECTORS' REMUNERATION

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Directors of the Company				
Executive*	**-**	-	**-**	-
Non-Executive:				
Fees	**1,058**	1,123	**1,058**	1,123
	1,058	1,123	**1,058**	1,123

Included in Directors' remuneration is the fee paid directly to PETRONAS in respect of the Directors who are the appointees of the ultimate holding company.

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Analysis excluding benefits-in-kind:				
Total Non-Executive Directors' remuneration (Note 23)	**1,058**	1,123	**1,058**	1,123

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Group		Company	
	2020	2019	2020	2019
Executive Director*	**1**	1	**1**	1
Non-Executive Directors				
RMNil - RM50,000	**1**	-	**1**	-
RM50,001 - RM100,000	**1**	1	**1**	1
RM100,001 - RM150,000	**2**	2	**2**	2
RM150,001 - RM200,000	**2**	3	**2**	3
RM200,001 - RM250,000	**-**	-	**-**	-
RM250,001 - RM300,000	**1**	1	**1**	1

* The remuneration of the Executive Director is paid to KLCCH as disclosed in Note 23.

26. TAX EXPENSE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current income tax:				
Malaysian income tax	**77,738**	104,043	**182**	578
Under/(over) provision of tax in prior year	**237**	(1,102)	**67**	152
	77,975	102,941	**249**	730
Deferred tax (Note 9):				
Relating to origination and reversal of temporary differences	**(3,348)**	21,759	**565**	(100)
(Over)/under provision of deferred tax in prior year	**(2,507)**	950	**(4)**	(4)
	(5,855)	22,709	**561**	(104)
Total tax expense	**72,120**	125,650	**810**	626

Domestic current income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated assessable profit for the year.

26. TAX EXPENSE (CONT'D.)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	2020 RM'000	2019 RM'000
Group		
Profit before taxation	**546,835**	1,071,321
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)	**131,240**	257,117
Expenses not deductible for tax purposes	**64,214**	7,176
Income not subject to tax	**(125,025)**	(153,234)
Effects of share of profit of an associate	**(3,013)**	(3,028)
Deferred tax recognised at different tax rates	**(509)**	21,853
Deferred tax assets recognised on investment tax allowances	**-**	(4,082)
Deferred tax assets not recognised during the year	**7,483**	-
(Over)/under provision of deferred tax in prior year	**(2,507)**	950
Under/(over) provision of taxation in prior year	**237**	(1,102)
Tax expense	**72,120**	125,650
Company		
Profit before taxation	**152,071**	201,574
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)	**36,497**	48,378
Expenses not deductible for tax purposes	**4,526**	3,525
Income not subject to tax	**(40,276)**	(51,425)
Over provision of deferred tax in prior year	**(4)**	(4)
Under provision of taxation in prior year	**67**	152
Tax expense	**810**	626

27. EARNINGS PER SHARE/STAPLED SECURITY

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

Basic earnings per stapled security amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company and unitholders of the KLCC REIT by the weighted average number of stapled securities in issue during the financial year.

	2020	2019
(Loss)/profit attributable to equity holders of the Company(RM'000)	**(7,505)**	356,503
Profit attributable to NCI relating to KLCC REIT (RM'000)	**439,671**	433,648
Profit attributable to stapled securities holders (RM'000)	**432,166**	790,151
Weighted average number of stapled securities/shares in issue ('000)	**1,805,333**	1,805,333
Basic earnings per share (sen)	**(0.42)**	19.75
Basic earnings per stapled security (sen)	**23.94**	43.77

The Group has no potential ordinary shares in issue as at reporting date and therefore, diluted earnings per share has not been presented.

28. DIVIDENDS

	Dividends Recognised in Year		Net Dividends per Ordinary Share	
	2020 RM'000	**2019 RM'000**	**2020 Sen**	**2019 Sen**
Recognised during the year:				
A fourth interim dividend of 5.35% (2018: 4.63%) on 1,805,333,083 ordinary shares for financial year ended 31 December 2019/2018	**96,586**	83,587	**5.35**	4.63
A first interim dividend of 2.46% (2019: 2.52%) on 1,805,333,083 ordinary shares for financial year ended 31 December 2020/2019	**44,411**	45,494	**2.46**	2.52
A second interim dividend of 1.41% (2019: 2.57%) on 1,805,333,083 ordinary shares for financial year ended 31 December 2020/2019	**25,455**	46,397	**1.41**	2.57
A third interim dividend of 1.63% (2019: 2.56%) on 1,805,333,083 ordinary shares for financial year ended 31 December 2020/2019	**29,427**	46,217	**1.63**	2.56
	195,879	221,695	**10.85**	12.28

A fourth interim dividend in respect of the financial year ended 31 December 2020, of 1.00%, tax exempt under the single tier system on 1,805,333,083 ordinary shares amounting to a dividend payable of RM18,053,331 will be paid on 26 February 2021.

The financial statements for the current year do not reflect this fourth interim dividend. Such dividend will be accounted for in equity as an appropriation of profits in the financial year ending 31 December 2021.

29. RIGHT-OF-USE ASSETS

The Group and the Company have lease contracts for office space with contract terms of 3 to 4 years and the lease contracts do not contain variable lease payments.

The Group and the Company also have certain leases of office equipments with lease terms of 12 months or less and leases of office equipment with low value. The Group and the Company apply the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
As at 1 January	**11,807**	2,646	**7,859**	1,026
Additions	**1,998**	11,034	**1,998**	7,481
Depreciation (Note 23)	**(4,333)**	(1,873)	**(3,149)**	(648)
As at 31 December	**9,472**	11,807	**6,708**	7,859

29. RIGHT-OF-USE ASSETS (CONT'D.)

Set out below are the carrying amounts of lease liabilities (included under interest/profit-bearing loans and financings) and the movements during the year:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
As at 1 January	**11,860**	2,712	**7,884**	1,064
Additions	**1,998**	11,035	**1,998**	7,482
Accretion of interest	**474**	97	**356**	40
Payments	**(4,677)**	(1,984)	**(3,394)**	(702)
As at 31 December	**9,655**	11,860	**6,844**	7,884
Current	**4,576**	4,140	**3,413**	2,975
Non-current	**5,079**	7,720	**3,431**	4,909

The maturity analysis of lease liabilities are disclosed in Note 32.

The following are the amounts recognised in profit or loss:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Depreciation expense of right-of-use assets	**4,333**	1,873	**3,149**	648
Interest expense on lease liabilities	**474**	97	**356**	40
Total amount recognised in profit or loss	**4,807**	1,970	**3,505**	688

The Group and the Company have several lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's and the Company's business needs. Management exercises judgement in determining whether these extension options are reasonably certain to be exercised (Note 2.23 (iv)).

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

	Company		
	Within five years RM'000	More than five years RM'000	Total RM'000
Extension option expected not to be exercised	8,075	8,075	16,150

Operating lease commitments - as lessor

The Group has entered into non-cancellable commercial property leases on its investment properties. The future minimum rental receivable under these operating leases at the reporting date is as follows:

	Group	
	2020 RM'000	2019 RM'000
Not later than 1 year	**1,028,489**	927,603
Later than 1 year but not later than 5 years	**2,909,011**	2,769,063
More than 5 years	**8,202,152**	1,628,534
	12,139,652	5,325,200

30. COMMITMENTS

Capital commitments

	Group	
	2020 RM'000	2019 RM'000
Approved and contracted for		
Property, plant and equipment	**8,757**	143,422
Investment property	**19,790**	51,049
	28,547	194,471
Approved but not contracted for		
Property, plant and equipment	**67,097**	36,744
Investment property	**141,161**	181,755
	208,258	218,499

31. RELATED PARTY DISCLOSURES

(a) Controlling related party relationships are as follows:

(i) PETRONAS, the ultimate holding company, and its subsidiaries.
(ii) Subsidiaries of the Company as disclosed in Note 7.

(b) Other than as disclosed elsewhere in the notes to the financial statements, the significant related party transactions are as follows:

Income/(expense)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Federal Government of Malaysia:				
Property licences and taxes	**(13,332)**	(13,327)	**(2)**	(1)
Goods and Services Tax, Sales and Service Tax, and Tourism Tax	**(14,835)**	(19,033)	**(644)**	(739)
Government of Malaysia's related entities:				
Purchase of utilities	**(15,392)**	(20,931)	**-**	-
Hotel revenue	**583**	1,430	**-**	-
Ultimate Holding Company:				
Rental income	**563,129**	561,694	**-**	-
Facilities management and manpower fees	**26,640**	29,526	**-**	-
Rental of car park spaces	**(4,023)**	(7,322)	**-**	-
Fees for representation on the Board of Directors*	**(126)**	(162)	**(126)**	(162)
Hotel revenue	**646**	6,711	**-**	-
Centralised Head Office Services charges	**(3,751)**	(4,254)	**(896)**	(624)
Immediate Holding Company:				
General management services fee payables	**(1,445)**	(1,536)	**(473)**	(651)
General management services fee receivables	**3,424**	3,625	**3,424**	3,625

31. RELATED PARTY DISCLOSURES (CONT'D.)

(b) Other than as disclosed elsewhere in the notes to the financial statements, the significant related party transactions are as follows: (Cont'd.)

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Subsidiaries:				
Reimbursement of security costs	**-**	-	**(162)**	(105)
General management services fee receivable	**-**	-	**7,603**	7,761
Profit income from Sukuk Murabahah	**-**	-	**-**	1,289
Other Related Companies:				
Facilities management and manpower fees	**46,522**	21,680	**-**	-
General management services fee receivable	**9,170**	10,374	**9,170**	10,374
Hotel revenue	**145**	245	**-**	-
Management and incentive fees	**1,397**	2,466	**-**	-
Chilled water supply	**(25,947)**	(28,257)	**-**	-
Project management fees	**(2,421)**	(726)	**-**	-
Rental of car park spaces	**(1,470)**	(5,265)	**-**	-

* Fees paid directly to PETRONAS in respect of the Directors who are the appointees of the ultimate holding company.

The Directors of the Company are of the opinion that the above transactions and transactions detailed elsewhere were undertaken at mutually agreed terms between the parties in the normal course of business and the terms and conditions are established under negotiated terms.

Information regarding outstanding balances arising from related party transactions as at 31 December 2020 are disclosed in Notes 11 and 18.

(c) Compensation of key management personnel

Directors

The remuneration of Directors is disclosed in Note 25.

Other key management personnel

Datuk Hashim Bin Wahir, Executive Director and Chief Executive Officer of the Company is an employee of KLCCH. KLCCH charges fees in consideration for his services to the Company as disclosed in Note 23.

32. FINANCIAL INSTRUMENTS

Financial Risk Management

As the Group and the Company own a diverse property portfolio, the Group and the Company are exposed to various risks that are particular to its various businesses. These risks arise in the normal course of the Group's and the Company's business.

The Group has a Risk Management Framework and Guidelines that set the foundation for the establishment of effective risk management across the Group.

The Group's and the Company's goal in risk management is to ensure that the management understands, measures and monitors the various risks that arise in connection with their operations. Policies and guidelines have been developed to identify, analyse, appraise and monitor the dynamic risks facing the Group and the Company. Based on this assessment, each business unit adopts appropriate measures to mitigate these risks in accordance with the business unit's view of the balance between risk and reward.

32. FINANCIAL INSTRUMENTS (CONT'D.)

Financial Risk Management (Cont'd.)

The Group and the Company have exposure to credit risk, liquidity risk and market risk arising from its use of financial instruments in the normal course of the Group's and the Company's business.

Credit Risk

Credit risk is the potential exposure of the Group and the Company to losses in the event of non-performance by counterparties. Credit risk arises from its operating activities, primarily for trade receivables and long term receivables. The credit risk arising from the Group's and the Company's normal operations are controlled by individual operating units within the Group Risk Management Framework and Guidelines.

Receivables

The Group and the Company minimise credit risk by entering into contracts with highly credit rated counterparties and through credit approval, financial limits and on-going monitoring procedures. Counterparties credit evaluation is done systematically using quantitative and qualitative criteria on credit risks specified by individual operating units. Depending on the creditworthiness of the counterparty, the Group and the Company may require collateral or other credit enhancements.

The maximum exposure to credit risk for the Group and the Company are represented by the carrying amount of each financial asset as reported in the statement of financial position.

A significant portion of these receivables are regular customers who have been transacting with the Group and in the case of the Company, a significant portion of these receivables are related companies.

The Group and the Company use ageing analysis and credit limit review to monitor the credit quality of the receivables. The Company monitors the results of subsidiaries regularly. Any customers exceeding their credit limit are monitored closely. With respect to the trade and other receivables that are neither impaired nor past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations.

With respect to the trade and other receivables which have no realistic prospect of recovery, the gross carrying amounts of the credit impaired receivables will be written off (either in partial or in full).

The exposure of credit risk for receivables at the reporting date by business segment was:

	Group	
	2020 RM'000	**2019 RM'000**
Property investment		
- Office	**319**	1,968
- Retail	**21,861**	132
Hotel operations	**1,010**	6,657
Management services	**608**	346
	23,798	9,103
Less: Allowance for impairment losses	**(3,362)**	(235)
	20,436	8,868

32. FINANCIAL INSTRUMENTS (CONT'D.)

Credit Risk (Cont'd.)

Recognition and measurement of impairment loss

The adoption of MFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing MFRS 139's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. In determining the ECL, the probability of default assigned to each customer is based on their individual credit rating. This probability of default is derived by benchmarking against available third party and market information, which also incorporates forward looking information.

There are trade receivables where the Group has not recognised any loss allowance as the trade receivables are secured by collateral and/or other credit enhancements such as cash deposits, letter of credit and bank guarantees.

The ageing of trade receivables as at the reporting date was:

	Group	
	2020 RM'000	**2019 RM'000**
At net:		
Not past due	**1,386**	7,720
Past due 1 to 30 days	**6,697**	632
Past due 31 to 60 days	**5,350**	326
Past due 61 to 90 days	**2,900**	60
Past due more than 90 days	**7,465**	365
	23,798	9,103
Less: Allowance for impairment losses	**(3,362)**	(235)
	20,436	8,868

The movement in the allowance account is as follows:

	Group	
	2020 RM'000	**2019 RM'000**
At 1 January	**235**	770
Allowance for impairment	**3,127**	23
Allowance written off	**-**	(558)
At 31 December	**3,362**	235

The Group does not typically renegotiate the terms of trade receivables. There were no renegotiated balances outstanding as at 31 December 2020.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises from the requirement to raise funds for the Group's businesses on an ongoing basis as a result of the existing and future commitments which are not funded from internal resources. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

32. FINANCIAL INSTRUMENTS (CONT'D.)

Liquidity Risk (Cont'd.)

Maturity analysis

The table below summarises the maturity profile of the Group's and Company's financial liabilities as at the reporting date based on undiscounted contractual payments:

	Carrying amount RM'000	Effective interest/ profit rate %	Contractual cash flow * RM'000	Within 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
31 December 2020							
Group							
Financial Liabilities							
Sukuk Murabahah	**1,968,704**	**4.35-4.73**	**2,283,051**	**493,733**	**71,142**	**1,207,705**	**510,471**
Term loans	**371,085**	**3.60**	**426,087**	**24,963**	**22,710**	**378,414**	**-**
Trade and other payables	**257,725**	**-**	**257,725**	**257,725**	**-**	**-**	**-**
Lease liabilities	**9,655**	**3.42-5.25**	**10,189**	**4,676**	**4,676**	**837**	**-**
Other long term liabilities	**138,494**	**4.35-4.98**	**233,654**	**-**	**50,668**	**56,652**	**126,334**
Company							
Financial Liabilities							
Lease liabilities	**6,844**	**3.42-5.03**	**7,197**	**3,394**	**3,394**	**409**	**-**
Trade and other payables	**5,501**	**-**	**5,501**	**5,501**	**-**	**-**	**-**
31 December 2019							
Group							
Financial Liabilities							
Sukuk Murabahah	1,970,737	4.35-4.73	2,363,545	105,235	476,855	1,253,896	527,559
Term loans	363,999	4.49	446,883	25,431	23,216	67,659	330,577
Trade and other payables	257,843	-	257,843	257,843	-	-	-
Lease liabilities	11,860	5.03-5.25	12,760	4,384	3,974	4,402	-
Other long term liabilities	171,288	4.35-4.98	271,073	60,950	43,183	39,362	127,578
Company							
Financial Liabilities							
Lease liabilities	7,884	5.03-5.25	8,485	3,101	2,692	2,692	-
Trade and other payables	6,051	-	6,051	6,051	-	-	-

* The contractual cash flow is inclusive of the principal and interest but excluding interest accretion due to MFRS 9 measurement.

32. FINANCIAL INSTRUMENTS (CONT'D.)

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk and commodity risk.

Financial instruments affected by market risk include loans and financings and deposits.

Interest/Profit Rate Risk

Interest/profit rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest/profit rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest/profit-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest/profit rates. The Group's interest/profit-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

The Group's interest/profit rate risk arises primarily from interest/profit-bearing financings. Financings at floating rates expose the Group to cash flow interest rate risk. Financings obtained at fixed rates expose the Group to fair value interest/profit rate risk. The Group manages its interest/profit rate exposure through a balanced portfolio of fixed and floating rate financings.

The interest/profit rate profile of the Group's and the Company's interest/profit-bearing financial instruments, based on carrying amount as at reporting date was:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fixed rate instruments				
Financial assets	**332,738**	334,212	**6,677**	670
Financial liabilities	**(1,968,704)**	(1,970,737)	**-**	-
Floating rate instruments				
Financial liabilities	**(371,085)**	(363,999)	**-**	-

Cash flow sensitivity analysis for floating rate instruments

The following table demonstrates the indicative pre-tax effects on the profit or loss and equity of applying reasonably foreseeable market movements in the following interbank offered rates:

	Change in interest/profit rate basis points	Group Profit or loss RM'000
2020		
KLIBOR	**-20**	**738**
KLIBOR	**+20**	**(738)**
2019		
KLIBOR	-20	724
KLIBOR	+20	(724)

This analysis assumes that all other variables remain constant.

32. FINANCIAL INSTRUMENTS (CONT'D.)

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group operates predominantly in Malaysia and transacts mainly in Malaysian Ringgit. As such, it is not exposed to any significant foreign currency risk.

Fair Values

The Group's and the Company's financial instruments consist of cash and bank balances, trade and other receivables, financings, and trade and other payables.

The carrying amounts of cash and bank balances, trade and other receivables, trade and other payables and short term financings approximate their fair values due to the relatively short term nature of these financial instruments.

The carrying amount of other long term liabilities approximate its fair value amount.

This analysis assumes that all other variables remain constant.

The following table analyses financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position. The different levels have been defined as follows:

	Fair value of financial instruments not carried at fair value				Carrying
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	amount RM'000
Group					
2020					
Financial liabilities					
Sukuk Murabahah	**-**	**1,991,805**	**-**	**1,991,805**	**1,968,704**
Term loans	**-**	**364,337**	**-**	**364,337**	**371,085**
2019					
Financial liabilities					
Sukuk Murabahah	-	1,933,420	-	1,933,420	1,970,737
Term loans	-	356,414	-	356,414	363,999

For financial instruments listed above, fair values have been determined by discounting expected future cash flows at market incremental lending rate for similar types of financings at the reporting date. There has been no transfer between Level 1, 2 and 3 fair values during the financial year.

33. CAPITAL MANAGEMENT

The Group and the Company define capital as total equity and debt of the Group and the Company. The objective of the Group's and the Company's capital management is to maintain an optimal capital structure and ensuring availability of funds in order to support its business and maximise shareholder value. The Group's and the Company's approach in managing capital is set out in the KLCC Group Corporate Financial Policy.

The Group and the Company monitor and maintain a prudent level of total debts to total assets ratio to optimise shareholder value and to ensure compliance with covenants under debt, shareholders' agreements and regulatory requirements, if any.

The debt to equity ratio as at 31 December 2020 and 31 December 2019 is as follows:

	Group	
	2020	**2019**
Total debt (RM'000)	**2,349,444**	2,346,596
Total equity (excluding Other NCI) (RM'000)	**13,014,065**	13,211,960
Debt equity ratio	**18:82**	18:82

As part of the prudent capital management, the Group and the Company have reviewed the principal risks to ascertain their relevant and potential impact from the Covid-19 pandemic to safeguard the Group's capital and key business activities and to ensure the precaution and mitigation measures are implemented. There were no changes in the Group's and the Company's approach to capital management during the year.

34. SEGMENTAL INFORMATION

(a) Reporting Format

Segment information is presented in respect of the Group's business segments.

Inter-segment transactions have been entered into in the normal course of business and have been established on commercial basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest/profit-earning assets and revenue, interest/profit-bearing financings and expenses, and corporate assets and expenses.

The Group comprises the following main business segments:

Property investment - Office	Rental of office spaces and other related activities.
Property investment - Retail	Rental of retail spaces and other related activities.
Hotel operations	Rental of hotel rooms, the sale of food and beverages and other related activities.
Management services	Facilities management, car park operations, management of a real estate investment trust and general management services.

Details on geographical segments are not applicable as the Group operates predominantly in Malaysia.

(b) Allocation Basis and Transfer Pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest/profit-earning assets and revenue, interest/profit-bearing financings and expenses, and corporate assets and expenses.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. Inter-segment transactions have been entered into in the normal course of business and have been established on commercial basis. These transfers are eliminated on consolidation.

34. SEGMENTAL INFORMATION (CONT'D.)

Business Segments

31 December 2020

	Property investment - Office RM'000	Property investment - Retail RM'000	Hotel operations RM'000	Management services RM'000	Elimination/ Adjustment RM'000	Consolidated RM'000
Revenue						
Revenue from external customers	**590,319**	**406,778**	**52,858**	**189,195**	**-**	**1,239,150**
Inter-segment revenue	**1,253**	**6,999**	**-**	**63,985**	**(72,237)**	**-**
Total revenue	**591,572**	**413,777**	**52,858**	**253,180**	**(72,237)**	**1,239,150**
Results						
Operating profit	**440,854**	**320,702**	**(49,589)**	**65,953**	**(13,446)**	**764,474**
Fair value adjustments on investment properties	**(57,287)**	**(75,248)**	**-**	**(10,000)**	**-**	**(142,535)**
Financing costs						**(110,662)**
Interest/profit income						**23,004**
Share of profit of an associate						**12,554**
Tax expense						**(72,120)**
Profit after tax but before non-controlling interests						**474,715**
Segment assets	**10,213,353**	**6,354,599**	**611,104**	**135,982**	**414,171**	**17,729,209**
Investment in an associate	**-**	**-**	**-**	**99,195**	**167,067**	**266,262**
Total assets						**17,995,471**
Total liabilities	**1,625,569**	**839,867**	**407,176**	**64,801**	**(19,901)**	**2,917,512**
Capital expenditure	**3,494**	**22,100**	**5,101**	**4,825**	**-**	**35,520**
Depreciation	**570**	**4,020**	**31,409**	**14,317**	**-**	**50,316**
Non-cash items other than depreciation	**81,362**	**3,127**	**35**	**(24)**	**-**	**84,500**

The operating profit of property investment - office is inclusive of impairment of IPUC of RM81,362,000 (2019: RM2,786,000). Excluding the impairment, operating profit is at RM522,216,000 (2019: RM526,384,000).

34. SEGMENTAL INFORMATION (CONT'D.)

Business Segments (Cont'd.)

31 December 2019

	Property investment - Office RM'000	Property investment - Retail RM'000	Hotel operations RM'000	Management services RM'000	Elimination/ Adjustment RM'000	Consolidated RM'000
Revenue						
Revenue from external customers	595,698	503,203	177,481	146,639	-	1,423,021
Inter-segment revenue	1,626	11,504	-	60,291	(73,421)	-
Total revenue	597,324	514,707	177,481	206,930	(73,421)	1,423,021
Results						
Operating profit	523,598	418,306	16,695	75,266	(13,845)	1,020,020
Fair value adjustments on investment properties	17,103	100,368	-	1,000	-	118,471
Financing costs						(111,421)
Interest/profit income						31,636
Share of profit of an associate						12,615
Tax expense						(125,650)
Profit after tax but before non-controlling interests						945,671
Segment assets	10,324,091	6,365,405	679,115	114,315	462,742	17,945,668
Investment in an associate	-	-	-	99,195	166,393	265,588
Total assets						18,211,256
Total liabilities	1,626,505	837,551	418,378	51,904	(16,520)	2,917,818
Capital expenditure	9,729	55,398	7,238	30,885	-	103,250
Depreciation	782	4,391	31,705	6,456	-	43,334
Non-cash items other than depreciation	2,786	37	49	(16)	-	2,856

35. PRONOUNCEMENTS YET IN EFFECT

The following pronouncements that have been issued by the MASB will become effective in future financial reporting periods and have not been adopted by the Group and/or the Company in these financial statements:

Effective for annual periods beginning on or after 1 January 2021

Amendments to MFRS 7	Financial Instruments: Disclosures (Amendments to Interest Rate Benchmark Reform - Phase 2)
Amendments to MFRS 9	Financial Instruments (Amendments to Interest Rate Benchmark Reform - Phase 2)
Amendments to MFRS 16	Leases (Amendments to Interest Rate Benchmark Reform - Phase 2)
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement (Amendments to Interest Rate Benchmark Reform - Phase 2)

Effective for annual periods beginning on or after 1 January 2022

Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)
Amendments to MFRS 3	Business Combinations (Amendments to Reference to the Conceptual Framework)
Amendments to MFRS 9	Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)
Amendments to MFRS 116	Property, Plant and Equipment (Amendments to Property, Plant and Equipment - Proceeds before Intended Use)
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets (Amendments to Onerous Contract - Cost of Fulfilling a Contract)

Effective for annual periods beginning on or after 1 January 2023

Amendments to MFRS 101	Presentation of Financial Statements (Amendments to Classification of Liabilities as Current or Non-Current)

Effective for a date yet to be confirmed

Amendments to MFRS 10	Consolidated Financial Statements (Amendments to Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)
Amendments to MFRS 128	Investment in Associates and Joint Ventures (Amendments to Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)

The adoption of the above pronouncements is not expected to have material impact on the financial statements of the Group and of the Company in the period of initial application.

36. NEW PRONOUNCEMENTS NOT APPLICABLE TO THE GROUP AND THE COMPANY

The MASB has issued pronouncements which are not effective, but for which are not relevant to the operations of the Group and of the Company and hence, no further disclosure is warranted.

Effective for annual periods beginning on or after 1 January 2021

Amendments to MFRS 4	Insurance Contracts (Amendments to Interest Rate Benchmark Reform - Phase 2)

Effective for annual periods beginning on or after 1 January 2022

Amendments to MFRS 141	Agriculture (Annual Improvements to MFRS Standards 2018-2020)

Effective for annual periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KLCC PROPERTY HOLDINGS BERHAD

Report on the audit of the financial statements

Opinion

We have audited the financial statements of KLCC Property Holdings Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 183 to 239.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Valuation of investment properties

As at 31 December 2020, the carrying value of the Group's completed investment properties carried at fair value amounted to RM15,556,437,000 which represents 86% of the Group's total assets. The Group adopts the fair value model for its completed investment properties. The valuation of completed investment properties is significant to our audit due to their magnitude, complex valuation method and high dependency on a range of estimates (amongst others, rental income data, yield rate and discount rate) which are based on current and future market or economic conditions. The Group has engaged external valuers to determine the fair value of the completed investment properties at the reporting date and a fair value loss of RM142,535,000 has been recognised during the year.

In addition, as at 31 December 2020, the Group's investment properties under construction ("IPUC") carried at cost amounting to RM136,768,000 has an indicator of impairment as the progress of the construction has been affected by the Covid-19 pandemic. The Group has estimated the recoverable amount of the IPUC by engaging an external valuer to determine the fair value of the IPUC for impairment assessment purposes and an impairment of RM81,362,000 has been recognised during the year.

Valuation of investment properties (Cont'd)

Our audit procedures focused on the valuations performed by firms of independent valuers, which included, amongst others, the following procedures:

- We considered the objectivity, independence and expertise of the firms of independent valuers;
- We obtained an understanding of the methodology adopted by the independent valuers in estimating the fair value of the investment properties and assessed whether such methodology is consistent with those used in the industry;
- We had discussions with the independent valuers to obtain an understanding of the property related data used as input to the valuation models which included, amongst others, rental income data and yield rate;
- We assessed the reasonableness of the property related data by corroborating those data used in the valuation to available market data;
- We tested the accuracy of rental income data applied in the valuation by comparing them with lease agreements and challenged the yield rate by comparing them with available industry data, taking into consideration comparability and market factors. Where the rates were outside the expected range, we undertook further procedures to understand the effect of additional factors and held further discussions with the valuers;
- We assessed whether the discount rate used to determine the present value of the cash flows reflects the estimated market rate of return for comparable assets with similar profile; and
- We also evaluated the Group's disclosures on those assumptions to which the outcome of the valuation is most sensitive. The Group's disclosures on the valuation sensitivity and significant assumptions used, including relationships between key unobservable inputs and fair values, are included in Notes 4.2 and 6 to the financial statements respectively.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditors' responsibilities for the audit of the financial statements (Cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Lim Eng Hoe
No. 03403/12/2022 J
Chartered Accountant

Kuala Lumpur, Malaysia
27 January 2021

KLCC REAL ESTATE INVESTMENT TRUST

FINANCIAL STATEMENTS

MANAGER'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The Manager of KLCC Real Estate Investment Trust ("KLCC REIT" or "the Fund"), KLCC REIT Management Sdn Bhd ("the Manager"), has pleasure in submitting their report and the audited financial statements of the Group and of the Fund for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Fund during the financial year are investing directly and indirectly, in a Shariah-compliant portfolio of income producing real estate used primarily for office and retail purposes as well as real estate related assets.

The principal activity of its subsidiary is stated in Note 7 to the financial statements.

CORPORATE INFORMATION

The Fund is a Malaysia-domiciled real estate investment trust constituted pursuant to the Trust Deed dated 2 April 2013 (as amended and restated by the Amended and Restated Trust Deed dated 3 September 2019) (the "Amended and Restated Trust Deed") entered into between the Manager and Maybank Trustees Berhad (the "Trustee"). The Amended and Restated Trust Deed was registered with the Securities Commission Malaysia on 16 October 2019. The Fund was listed on the Main Market of Bursa Malaysia Securities Berhad on 9 May 2013. The registered office of the Manager is located at Level 54, Tower 2, PETRONAS Twin Towers, Kuala Lumpur City Centre, 50088 Kuala Lumpur.

RESULTS

	Group RM'000	**Fund RM'000**
Profit for the year	439,671	439,677

DISTRIBUTION OF INCOME

The amount of income distributions paid by the Fund were as follows:

	RM'000
In respect of the financial year ended 31 December 2019:	
Fourth interim income distribution of 6.25% on 1,805,333,083 units, paid on 28 February 2020	112,833
In respect of the financial year ended 31 December 2020:	
First interim income distribution of 5.84% on 1,805,333,083 units, paid on 18 June 2020	105,431
Second interim income distribution of 6.09% on 1,805,333,083 units, paid on 23 September 2020	109,945
Third interim income distribution of 5.87% on 1,805,333,083 units, paid on 18 December 2020	105,973
	434,182

A fourth interim income distribution in respect of the financial year ended 31 December 2020, of 5.70% on 1,805,333,083 units amounting to an income distribution payable of RM102,904,000 will be payable on 26 February 2021.

The financial statements for the current year do not reflect this fourth interim income distribution. Such income distribution will be accounted for in equity as an appropriation of profits in the financial year ending 31 December 2020.

RESERVES AND PROVISIONS

There were no material movements to and from reserves and provisions during the year, other than as disclosed in the Statements of Changes in Net Asset Value.

DIRECTORS

The Directors who have served on the Board of the Manager during the financial year and up to the date of this report are:

Tan Sri Ahmad Nizam Bin Salleh	
Datuk Hashim Bin Wahir	
Datuk Pragasa Moorthi A/L Krishnasamy	
Habibah Binti Abdul	
Farina Binti Farikhullah Khan	
Dato' Jamaludin Bin Osman	(appointed w.e.f. 1 January 2020)
Liza Binti Mustapha	(appointed w.e.f. 12 October 2020)
Datuk Ishak Bin Imam Abas	(resigned w.e.f. 1 January 2020)
Tengku Muhammad Taufik	(resigned w.e.f. 15 July 2020)

DIRECTORS OF MANAGER'S INTERESTS

The Directors in office at the end of the year who have interests in the units of the Fund and its related corporations as recorded in the Register of Directors' Shareholdings are as follows:

	Number of Shares in Petronas Chemicals Group Berhad			
	Balance as at 1.1.2020	← Number of Shares → Bought	Sold	Balance as at 31.12.2020
Direct				
Datuk Hashim Bin Wahir	16,000	-	-	16,000
Tan Sri Ahmad Nizam Bin Salleh	10,000	-	-	10,000

	Number of Shares in Petronas Gas Berhad			
	Balance as at 1.1.2020	← Number of Shares → Bought	Sold	Balance as at 31.12.2020
Direct				
Tan Sri Ahmad Nizam Bin Salleh	2,000	-	-	2,000

None of the other Directors holding office as at 31 December 2020 had any interest in the units of the Fund and of its related corporations during the financial year.

DIRECTORS OF MANAGER'S BENEFITS

Since the end of the previous financial year, no Director of the Manager has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors from certain related corporations) by reason of a contract made by the Fund or a related corporation with the Director or with a firm of which the Director is a member, or with a Company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year, which had the object of enabling Directors of the Manager to acquire benefits by means of the acquisition of units in or debentures of the Fund or any other body corporate.

SOFT COMMISSION

There was no soft commission received by the Manager during the financial year from any broker or dealer by virtue of transactions conducted for the Fund.

ULTIMATE HOLDING COMPANY

The Directors regard Petroliam Nasional Berhad ("PETRONAS"), a company incorporated in Malaysia, as the ultimate holding company.

ISSUE OF UNITS

There were no changes in the issued and paid up units of the Fund during the financial year.

OPTIONS GRANTED OVER UNISSUED UNITS

No options were granted to any person to take up unissued units of the Fund during the year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Fund were made out, the Manager took reasonable steps to ascertain that:

(i) proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and

(ii) any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

At the date of this report, the Manager is not aware of any circumstances:

(i) that would render it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; or

(ii) that would render the values attributed to the current assets in the financial statements of the Group and of the Fund misleading; or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Fund misleading or inappropriate; or

(iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Fund misleading.

At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Fund that has arisen since the end of the financial year and which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Group or of the Fund that has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Manager, will or may substantially affect the ability of the Group and of the Fund to meet their obligations as and when they fall due.

In the opinion of the Manager, the results of the operations of the Group and of the Fund for the financial year ended 31 December 2020 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

The auditors, Ernst & Young PLT, have indicated their willingness to accept re-appointment.

Auditors' remuneration is as follows:

	Group RM'000	Fund RM'000
Audit fees	91	87

Signed on behalf of the Board of the Manager in accordance with a resolution of the Directors of the Manager dated 27 January 2021.

Tan Sri Ahmad Nizam Bin Salleh

Datuk Hashim Bin Wahir

STATEMENT BY THE MANAGER

In the opinion of the Directors of the Manager, the financial statements set out on pages 250 to 286 are drawn up in accordance with the provision of the Trust Deed dated 2 April 2013 and an Amended and Restated Trust Deed dated 3 September 2019 (collectively referred to as the "Deed"), the Securities Commission's Guidelines on Listed Real Estate Investment Trusts in Malaysia, Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Fund as at 31 December 2020 and of the results of their financial performance and cash flows for the year ended 31 December 2020.

For and on behalf of the Manager,
KLCC REIT MANAGEMENT SDN BHD

Signed on behalf of the Board of the Manager in accordance with a resolution of the directors of the Manager dated 27 January 2021.

Tan Sri Ahmad Nizam Bin Salleh

Datuk Hashim Bin Wahir

STATUTORY DECLARATION

I, Annuar Marzuki Bin Abdul Aziz, the Officer of the Manager primarily responsible for the financial management of KLCC Real Estate Investment Trust, do solemnly and sincerely declare that the financial statements set out on pages 250 to 286 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed Annuar Marzuki Bin Abdul Aziz
in Kuala Lumpur, Wilayah Persekutuan
on 27 January 2021.

Annuar Marzuki Bin Abdul Aziz
(MIA Membership No. 11345)

BEFORE ME:

YM Tengku Fariddudin Bin Tengku Sulaiman
Commissioner for Oaths

TRUSTEE'S REPORT

To the unitholders of KLCC REIT

We have acted as Trustee of KLCC Real Estate Investment Trust ("KLCC REIT") for the financial year ended 31 December 2020. To the best of our knowledge, KLCC REIT Management Sdn Bhd ("the Manager") has managed KLCC REIT in the financial year under review in accordance to the following:

(a) the limitation imposed on the investment powers of the Manager and the Trustee under the Deed, other applicable provisions of the Deed, the Securities Commission's Guidelines on Listed Real Estate Investment Trusts, the Capital Markets & Services Act 2007 and other applicable laws; and

(b) the valuation of KLCC REIT is carried out in accordance with the Deed and other regulatory requirements.

There are four (4) income distributions to the unitholders of KLCC REIT in the financial year under review, details of which are stated below:

(i) First interim income distribution of 5.84 sen per unit distributed on 18 June 2020;
(ii) Second interim income distribution of 6.09 sen per unit distributed on 23 September 2020;
(iii) Third interim income distribution of 5.87 sen per unit distributed on 18 December 2020;
(iv) Fourth interim income distribution of 5.70 sen per unit for year ended 31 December 2020 declared and will be payable on 26 February 2021.

We are of the view that the distributions are consistent with the objectives of KLCC REIT.

For and on behalf of the Trustee,
MAYBANK TRUSTEES BERHAD
[Company No.: 196301000109 (5004-P)]

BERNICE K M LAU
Head, Operations

Kuala Lumpur, Malaysia

SHARIAH ADVISER'S REPORT

To the unitholders of KLCC REIT

We have acted as the Shariah Adviser of KLCC REIT. Our responsibility is to ensure that the procedures and processes employed by KLCC REIT Management Sdn Bhd and that the provisions of the Trust Deed are in accordance with Shariah principles.

In our opinion, KLCC REIT Management Sdn Bhd has managed and administered KLCC REIT in accordance with Shariah principles and complied with the applicable guidelines, rulings and decisions issued by the Securities Commission Malaysia pertaining to Shariah matters for the financial year ended 31 December 2020.

In addition, we also confirm that the investment portfolio of KLCC REIT:

(a) Comprises investment properties and rental income which complied with the Securities Commission Malaysia's Guidelines on Listed Real Estate Investment Trusts. The percentage ratio of Shariah Non-Compliant Rental for the financial year ended 31 December 2020 is 1.20%;

(b) KLCCP Stapled Securities is listed on Bursa Malaysia Securities Berhad which have been classified as Shariah-compliant by Shariah Advisory Council of the Securities Commission;

(c) Cash placement and liquid assets, which are placed in Shariah-compliant investments and/or instruments; and

(d) There is no acquisition of real estate during the financial year.

For and on behalf of the Shariah Adviser
CIMB Islamic Bank Berhad

ASHRAF GOMMA ALI
Director/Regional Head, Shariah Advisory & Governance Department/Designated Person
Responsible for Shariah Advisory

Kuala Lumpur, Malaysia

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

		Group		Fund	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	5	**2,134**	1,964	**2,134**	1,964
Investment properties	6	**9,189,014**	9,193,989	**9,189,014**	9,193,989
Trade and other receivables	8	**410,286**	409,910	**410,286**	409,910
Investment in a subsidiary	7	**-**	-	*****	*
		9,601,434	9,605,863	**9,601,434**	9,605,863
Current Assets					
Trade and other receivables	8	**5,284**	7,236	**5,284**	7,236
Cash and bank balances	9	**99,421**	83,342	**99,242**	83,236
		104,705	90,578	**104,526**	90,472
TOTAL ASSETS		**9,706,139**	9,696,441	**9,705,960**	9,696,335
TOTAL UNITHOLDERS' FUND AND LIABILITIES					
Unitholders' Fund					
Unitholders' capital	10	**7,212,684**	7,212,684	**7,212,684**	7,212,684
Merger reserve	2.18	**6,212**	6,212	**6,212**	6,212
Capital reserve	2.17	**387,790**	392,366	**387,790**	392,366
Retained profits		**472,159**	462,094	**472,208**	462,137
Total Unitholders' Fund		**8,078,845**	8,073,356	**8,078,894**	8,073,399
Non-Current Liabilities					
Other long term liabilities	11	**57,704**	97,608	**57,704**	97,608
Amount due to a subsidiary	12	**-**	-	**955,000**	1,355,000
Financing	13	**955,000**	1,355,000	**-**	-
Deferred tax liability	14	**43,087**	43,596	**43,087**	43,596
Other payables	15	**77,033**	35,539	**77,033**	35,539
		1,132,824	1,531,743	**1,132,824**	1,531,743

* Represents RM2 in Midciti Sukuk Berhad

	Note	Group 2020 RM'000	Group 2019 RM'000	Fund 2020 RM'000	Fund 2019 RM'000
Current Liabilities					
Other payables	15	**80,766**	75,604	**80,694**	75,533
Amount due to a subsidiary	12	**-**	-	**413,548**	15,660
Financing	13	**413,704**	15,738	**-**	-
		494,470	91,342	**494,242**	91,193
Total Liabilities		**1,627,294**	1,623,085	**1,627,066**	1,622,936
TOTAL UNITHOLDERS' FUND AND LIABILITIES		**9,706,139**	9,696,441	**9,705,960**	9,696,335
Number of units in circulation ('000 units)		**1,805,333**	1,805,333	**1,805,333**	1,805,333
Net asset value ("NAV")					
- before income distribution		**8,078,845**	8,073,356	**8,078,894**	8,073,399
- after income distribution		**7,975,941**	7,960,523	**7,975,990**	7,960,566
NAV per unit (RM)					
- before income distribution		**4.47**	4.47	**4.48**	4.47
- after income distribution		**4.42**	4.41	**4.42**	4.41

The accompanying accounting policies and explanatory notes form an integral part of, and, should be read in conjunction with, these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

		Group		Fund	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	16	**581,224**	591,363	**581,224**	591,363
Property operating expenses	17	**(29,225)**	(29,798)	**(29,219)**	(29,792)
Net property income		**551,999**	561,565	**552,005**	561,571
Fair value adjustments of investment properties	6	**(5,085)**	1,092	**(5,085)**	1,092
Profit income		**2,127**	3,634	**2,127**	3,634
		549,041	566,291	**549,047**	566,297
Management fees	18	**(45,380)**	(45,686)	**(45,380)**	(45,686)
Trustee's fees	19	**(600)**	(600)	**(600)**	(600)
Financing costs	20	**(63,899)**	(64,504)	**(63,899)**	(64,504)
Profit before tax	21	**439,162**	455,501	**439,168**	455,507
Tax benefit/(expense)	22	**509**	(21,853)	**509**	(21,853)
PROFIT FOR THE YEAR, REPRESENTING TOTAL COMPREHENSIVE INCOME		**439,671**	433,648	**439,677**	433,654
Basic earnings per unit (sen)	23	**24.35**	24.02	**24.35**	24.02

	Group		Fund	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Income Distribution				
Total comprehensive income for the financial year	**439,671**	433,648	**439,677**	433,654
Add/(less) Non cash items:				
Accrued rental income	**(377)**	(1,841)	**(377)**	(1,841)
Amortisation of deferred rental income	**376**	(4,997)	**376**	(4,997)
Amortisation of premium for Sukuk Murabahah	**(1,813)**	(1,189)	**(1,813)**	(1,189)
Deferred tax liabilities	**(509)**	21,853	**(509)**	21,853
Depreciation of property, plant and equipment	**381**	476	**381**	476
Allowance for impairment losses	**-**	23	**-**	23
Accretion of financial instruments	**4,558**	4,688	**4,558**	4,688
Fair value adjustments of investment properties	**5,085**	(1,092)	**5,085**	(1,092)
	7,701	17,921	**7,701**	17,921
Total income available for distribution	**447,372**	451,569	**447,378**	451,575
Distribution to unitholders in respect of financial year 2020:				
1st interim income distribution of 5.84% (2019: 6.28%) on 1,805,333,083 units	**(105,431)**	(113,375)	**(105,431)**	(113,375)
2nd interim income distribution of 6.09% (2019: 6.23%) on 1,805,333,083 units	**(109,945)**	(112,472)	**(109,945)**	(112,472)
3rd interim income distribution of 5.87% (2019: 6.24%) on 1,805,333,083 units	**(105,973)**	(112,653)	**(105,973)**	(112,653)
4th interim income distribution of 5.70% (2019: 6.25%) on 1,805,333,083 units	**(102,904)**	(112,833)	**(102,904)**	(112,833)
Balance undistributed	**23,119**	236	**23,125**	242

The accompanying accounting policies and explanatory notes form an integral part of, and, should be read in conjunction with, these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSET VALUE

FOR THE YEAR ENDED 31 DECEMBER 2020

	Non-Distributable		← Distributable →		
	Unitholders' Capital RM'000	Merger Reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000	Total Group RM'000
As at 1 January 2020	**7,212,684**	**6,212**	**392,366**	**462,094**	**8,073,356**
Total comprehensive income for the year	**-**	**-**	**-**	**439,671**	**439,671**
Transfer of fair value surplus	**-**	**-**	**(4,576)**	**4,576**	**-**
Income distribution (Note 24)	**-**	**-**	**-**	**(434,182)**	**(434,182)**
Net total comprehensive income for the year attributable to unitholders	**-**	**-**	**(4,576)**	**10,065**	**5,489**
As at 31 December 2020	**7,212,684**	**6,212**	**387,790**	**472,159**	**8,078,845**
As at 1 January 2019	7,212,684	6,212	413,127	459,379	8,091,402
Total comprehensive income for the year	-	-	-	433,648	433,648
Transfer of fair value surplus	-	-	(20,761)	20,761	-
Income distribution (Note 24)	-	-	-	(451,694)	(451,694)
Net total comprehensive income for the year attributable to unitholders	-	-	(20,761)	2,715	(18,046)
As at 31 December 2019	7,212,684	6,212	392,366	462,094	8,073,356

The accompanying accounting policies and explanatory notes form an integral part of, and, should be read in conjunction with, these financial statements.

STATEMENT OF CHANGES IN NET ASSET VALUE

FOR THE YEAR ENDED 31 DECEMBER 2020

	Non-Distributable		← Distributable →		
	Unitholders' Capital RM'000	Merger Reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000	Total Funds RM'000
As at 1 January 2020	**7,212,684**	**6,212**	**392,366**	**462,137**	**8,073,399**
Total comprehensive income for the year	**-**	**-**	**-**	**439,677**	**439,677**
Transfer of fair value surplus	**-**	**-**	**(4,576)**	**4,576**	**-**
Income distribution (Note 24)	**-**	**-**	**-**	**(434,182)**	**(434,182)**
Net total comprehensive income for the year attributable to unitholders	**-**	**-**	**(4,576)**	**10,071**	**5,495**
As at 31 December 2020	**7,212,684**	**6,212**	**387,790**	**472,208**	**8,078,894**
As at 1 January 2019	7,212,684	6,212	413,127	459,416	8,091,439
Total comprehensive income for the year	-	-	-	433,654	433,654
Transfer of fair value surplus	-	-	(20,761)	20,761	-
Income distribution (Note 24)	-	-	-	(451,694)	(451,694)
Net total comprehensive income for the year attributable to unitholders	-	-	(20,761)	2,721	(18,040)
As at 31 December 2019	7,212,684	6,212	392,366	462,137	8,073,399

The accompanying accounting policies and explanatory notes form an integral part of, and, should be read in conjunction with, these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Group		Fund	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	**439,162**	455,501	**439,168**	455,507
Adjustments for:				
Profit income	**(2,127)**	(3,634)	**(2,127)**	(3,634)
Financing costs	**63,899**	64,504	**63,899**	64,504
Accrued rental income and deferred revenue	**(1)**	(6,838)	**(1)**	(6,838)
Depreciation of property, plant and equipment	**381**	476	**381**	476
Allowance for impairment losses of trade receivables	**-**	23	**-**	23
Fair value adjustments on investment properties	**5,085**	(1,092)	**5,085**	(1,092)
Operating cash flows before changes in working capital	**506,399**	508,940	**506,405**	508,946
Changes in working capital:				
Trade and other receivables	**1,910**	(1,975)	**1,910**	(1,975)
Trade and other payables	**2,099**	30,712	**2,020**	30,713
Cash generated from operations	**510,408**	537,677	**510,335**	537,684
Profit income received	**2,170**	3,604	**2,170**	3,604
Net cash generated from operating activities	**512,578**	541,281	**512,505**	541,288
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions for investment properties (Note 6)	**(110)**	(2,066)	**(110)**	(2,066)
Purchase of property, plant and equipment	**(551)**	(55)	**(551)**	(55)
Net cash used in investing activities	**(661)**	(2,121)	**(661)**	(2,121)
CASH FLOWS FROM FINANCING ACTIVITIES				
Income distributions paid	**(434,463)**	(451,649)	**(434,463)**	(451,649)
Financing cost paid	**(61,375)**	(60,985)	**(61,375)**	(60,985)
Proceeds from issuance of Sukuk Murabahah	**-**	500,000	**-**	500,000
Payment of Sukuk Murabahah	**-**	(500,000)	**-**	(500,000)
Net cash used in financing activities	**(495,838)**	(512,634)	**(495,838)**	(512,634)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**16,079**	26,526	**16,006**	26,533
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**83,342**	56,816	**83,236**	56,703
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 9)	**99,421**	83,342	**99,242**	83,236

The accompanying accounting policies and explanatory notes form an integral part of, and, should be read in conjunction with, these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

1. CORPORATE INFORMATION

The Fund is a Malaysia-domiciled real estate investment trust constituted pursuant to the Trust Deed dated 2 April 2013 and an Amended and Restated Trust Deed dated 3 September 2019 (collectively referred to as the "Deed") entered into between the Manager and Maybank Trustees Berhad ("the Trustee") and was registered with the Securities Commission Malaysia on 16 October 2019. The Fund was listed on the Main Market of Bursa Malaysia Securities Berhad on 9 May 2013. The registered office of the Manager is located at Level 54, Tower 2, PETRONAS Twin Towers, Kuala Lumpur City Centre, 50088 Kuala Lumpur.

The principal place of business of the Manager is located at Level 33 & 34, Menara Dayabumi, Jalan Sultan Hishamuddin, 50050 Kuala Lumpur.

The immediate, penultimate and ultimate holding companies are KLCC Property Holdings Berhad ("KLCCP"), KLCC (Holdings) Sdn Bhd ("KLCCH") and Petroliam Nasional Berhad ("PETRONAS") respectively, all of which are incorporated and domiciled in Malaysia.

The principal activities of the Fund are investing directly and indirectly, in a Shariah-compliant portfolio of income producing real estate used primarily for office and retail purposes as well as real estate related assets.

The principal activity of its subsidiary is stated in Note 7 to the financial statements.

The financial statements were authorised for issue by the Board of Directors of the Manager in accordance with a resolution of the Directors of the Manager on 27 January 2021.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Group and of the Fund have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs"), applicable provisions of the Deed and the Securities Commission's Guidelines on Listed Real Estate Investment Trusts in Malaysia. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.

The financial statements of the Group and of the Fund have also been prepared on a historical cost basis, except for investment properties and applicable financial instruments that have been measured at their fair values.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Basis of Consolidation

Subsidiary

Subsidiary is an entity controlled by the Fund. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control when such rights are substantive. The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Basis of Consolidation (Cont'd.)

Business combination

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses. Business combinations are accounted for using the acquisition method. The identifiable assets acquired and liabilities assumed are measured at their fair values at the acquisition date. The cost of an acquisition is measured at the aggregate of the fair value of the consideration transferred and the amount of any non-controlling interests in the acquiree. Non-controlling interests are stated either at fair value or at the proportionate share of the acquirer's identifiable net assets at the acquisition date.

When a business combination is achieved in stages, the Group remeasures its previously held non-controlling equity interest in the acquiree at fair value at the acquisition date, with any resulting gain or loss recognised in the profit or loss. Increase in the Group's ownership interest in an existing subsidiary is accounted for as equity transactions with differences between the fair value of consideration paid and the Group's proportionate share of net assets acquired, recognised directly in equity.

The Group measures goodwill as the excess of the cost of an acquisition as defined above and the fair values of any previously held interest in the acquiree over the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

All intercompany transactions are eliminated on consolidation and revenue and profits relate to external transactions only. Unrealised losses resulting from intercompany transactions are also eliminated unless cost cannot be recovered.

2.3 Business Combination under Common Control

KLCC REIT applies merger accounting to account for business combinations under common control. Under the merger accounting, assets and liabilities acquired are not restated to their respective fair values but at their carrying amounts in the consolidated financial statements of the holding company. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities (at the date of the transaction) of the acquired business is recorded as merger reserve. No additional goodwill is recognised. The acquired business' results and the related assets and liabilities are recognised prospectively from the date on which the business combination between entities under common control occurred.

2.4 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses and are depreciated on a straight line basis over the estimated useful life of the related assets.

Costs are expenditure that are directly attributable to the acquisition of the asset. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the items if it is probable that the future economic benefits embodied within the part will flow to the Fund and its cost can be measured reliably. The net book value of the replaced item of property, plant and equipment is derecognised with any corresponding gain or loss recognised in the profit or loss accordingly. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

The estimated useful life for the current year is as follows:

Building improvements	5 to 6 years
Office equipment	5 years

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

An item of the property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Investment

Investment in subsidiary is stated at cost less impairment loss, if any, in the Fund's financial statements. The cost of investment includes transaction cost.

On disposal of such investment, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.6 Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Gains or losses arising from changes in the fair value of investment properties are recognised in the profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the profit or loss in the year in which they arise.

2.7 Impairment of Non-Financial Assets

The Fund assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Fund makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss. An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such a reversal is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.8 Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank balances and short term deposits with an original maturity of 3 months or less.

2.9 Financial Assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Fund become a party to the contractual provisions of the instrument.

(i) Recognition and initial measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Fund's business model for managing them.

With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Fund have applied the practical expedient, the Group and the Fund initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or if the period between performance and payment is 1 year or less under practical expedient of MFRS 15, are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest (or profit in the context of Islamic financial assets) ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Fund's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place ("regular way trades") are recognised on the trade date, that is the date that the Group or the Fund commits to purchase or sell the asset.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

(a) Financial assets at amortised cost (debt instruments)
(b) Financial assets at fair value through OCI (debt instruments)
(c) Financial assets at fair value through profit or loss

Financial assets at amortised cost

This category is the most relevant to the Group and the Fund. The Group and the Fund measure financial assets at amortised cost if both of the following conditions are met:

i. The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective profit rate method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.9 Financial Assets (Cont'd.)

(iii) Derecognition

A financial asset is derecognised when:

(a) The rights to receive cash flows from the asset have expired; or

(b) The Group and the Fund have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

i. The Group and the Fund have transferred substantially all the risks and rewards of the asset; or

ii. The Group and the Fund have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Fund have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Fund continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Fund also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Fund have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Fund would required to repay.

2.10 Impairment of Financial Assets

The Group and the Fund recognise an allowance for expected credit losses ("ECLs") for all debt instruments carried at amortised cost and fair value through OCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Fund expect to receive, discounted at an approximation of the original effective profit rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group and the Fund apply a simplified approach in calculating ECLs. Therefore, the Group and the Fund do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. The Group and the Fund have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group and the Fund consider a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group and the Fund may also consider a financial asset to be in default when internal or external information indicates that the Group and the Fund are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Fund. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.11 Provisions

A provision is recognised when the Group and the Fund have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

2.12 Financial Liabilities

(i) Recognition and initial measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, financings and payables.

All financial liabilities are recognised initially at fair value and, in the case of financings and payables, net of directly attributable transaction costs.

The Group's and the Fund's financial liabilities include trade and other payables, amount due to holding company, fellow subsidiaries and other related companies and financings.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Fund that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gain or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Fund have not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

This is the category most relevant to the Group and the Fund. After initial recognition, financings are subsequently measured at amortised cost using the effective profit rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective profit rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective profit rate. The effective profit rate amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to financing costs and financings.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same financier on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.13 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.14 Financing Costs

Financing costs directly attributable to the acquisition and construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other financing costs are charged to the profit or loss as an expense in the year in which they are incurred.

2.15 Taxation

Tax expense in the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the profit or loss except to the extent it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

(i) Current tax

Current tax expense is the expected tax payable on the taxable income for the period, using the statutory tax rate at the reporting date, and any adjustment to tax payable in respect of previous years.

(ii) Deferred tax

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused investment tax allowances, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused investment tax allowances, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the year when the asset is expected to be realised or the liability is expected to be settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax provided for the investment properties is at 10% which reflects the expected manner of recovery of the investment properties through sale.

2.16 Equity Instrument

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Fund after deducting all of its liabilities. Units are classified as equity. Dividends on units are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

2.17 Capital Reserve

Fair value adjustments on investment property are transferred from retained profits to capital reserve and such surplus will be considered distributable upon the sale of investment property.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.18 Merger Reserve

KLCC REIT adopts merger accounting as its accounting policy to account for business combination under common control. In accordance with its policy, the difference between the fair value of the units issued as consideration and the aggregate carrying amount of assets and liabilities acquired as of the date of business combination is included in equity as merger reserve.

2.19 Revenue Recognition

(i) Rental income

Rental income is recognised based on the accrual basis unless collection is in doubt, in which case it is recognised on the receipt basis.

Rental income from fixed and minimum guaranteed rent reviews is recognised on a straight line basis over the shorter of the entire lease term or the period to the first break option. Where such rental income is recognised ahead of the related cash flow, an adjustment is made to ensure the carrying value of the related property including the accrued rent does not exceed the external valuation.

(ii) Others

Revenue is measured based on the consideration specified in a contract with a customer and exclude amounts collected on behalf of third parties. The Group or the Fund recognise revenue when or as it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

An entity transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;

(b) the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

(c) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, an entity satisfies the performance obligation at a point in time.

Profit income

Profit income is recognised on an accrual basis using the effective profit method.

2.20 Leases

Operating leases - the Fund as lessor

Leases in which the Group and the Fund do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.21 Operating Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.22 Fair Value Measurement

The fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

(i) Financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market prices within the bid-ask spread at the close of business at the end of reporting date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models. Where fair value cannot be reliably estimated, assets are carried at cost less impairment losses, if any.

(ii) Non-financial assets

For non-financial assets, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Fund use observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability.
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable input).

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

3. ADOPTION OF NEW AND REVISED PRONOUNCEMENTS

As of 1 January 2020, the Group and the Fund have adopted the following pronouncements that are applicable and have been issued by the MASB as listed below:

Effective for annual periods beginning on or after 1 January 2020

Amendments to MFRS 3	Business Combinations (Definition of a Business)
Amendments to MFRS 7	Financial Instruments : Disclosures (Interest Rate Benchmark Reform)
Amendments to MFRS 9	Financial Instruments (Interest Rate Benchmark Reform)
Amendments to MFRS 101	Presentation of Financial Statements (Definition of Material)
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement (Interest Rate Benchmark Reform)

The initial application of the above-mentioned pronouncements did not have any material impact to the financial statements of the Group and of the Fund.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 Critical judgement made in applying accounting policies

There are no critical judgements made by management in the process of applying the Group's and the Fund's accounting policies that have a significant effect on the amounts recognised in the financial statements.

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year is discussed below:

Fair valuation of investment properties

The Group and the Fund carry their investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group and the Fund had engaged an independent professional valuer to determine the fair value and there are no material events that affect the valuation between the valuation date and financial year end.

The determined fair value of the investment properties by the independent professional valuer is most sensitive to the estimated yield rate and discount rate. The range of the yield rate and the discount rate used in the valuation is described in Note 6.

The following table demonstrates the sensitivity of the fair value measurement to changes in estimated term yield rate, discount rate and its corresponding sensitivity result in a higher or lower fair value measurement:

	Fair value Increase/(decrease)	
	2020 RM'000	**2019 RM'000**
Yield rate		
- 0.25%	**198,652**	272,359
+ 0.25%	**(187,145)**	(251,201)
Discount rate		
- 0.25%	**186,049**	120,213
+ 0.25%	**(178,979)**	(117,062)

The other key assumptions used to determine the fair value of the investment properties, are further explained in Note 6.

5. PROPERTY, PLANT AND EQUIPMENT

	Group/Fund			
	Building Improvements RM'000	**Office Equipment RM'000**	**Work-in Progress RM'000**	**Total RM'000**
Cost				
At 1 January 2020	**2,950**	**54**	**-**	**3,004**
Additions	**-**	**551**	**-**	**551**
At 31 December 2020	**2,950**	**605**	**-**	**3,555**
Accumulated Depreciation				
At 1 January 2020	**987**	**53**	**-**	**1,040**
Charge for the year (Note 21)	**380**	**1**	**-**	**381**
At 31 December 2020	**1,367**	**54**	**-**	**1,421**
Net Carrying Amount	**1,583**	**551**	**-**	**2,134**
Cost				
At 1 January 2019	1,938	53	958	2,949
Additions	105	1	(51)	55
Transfer	907	-	(907)	-
At 31 December 2019	2,950	54	-	3,004
Accumulated Depreciation				
At 1 January 2019	516	48	-	564
Charge for the year (Note 21)	471	5	-	476
At 31 December 2019	987	53	-	1,040
Net Carrying Amount	1,963	1	-	1,964

6. INVESTMENT PROPERTIES

	Group/Fund	
	2020	**2019**
	RM'000	**RM'000**
At 1 January	**9,193,989**	9,190,831
Fair value adjustments	**(5,085)**	1,092
Additions during the year	**110**	2,066
At 31 December	**9,189,014**	9,193,989

The investment properties are stated at fair value, which have been determined based on valuations performed by an independent professional valuer. There are no material events that affect the valuation between the valuation date and financial year end. The valuation method used in determining the valuations is the investment method.

The following are recognised in profit or loss in respect of the investment properties:

	Group/Fund	
	2020	**2019**
	RM'000	**RM'000**
Rental income	**581,224**	591,363
Direct operating expenses	**(27,721)**	(27,841)
	553,503	563,522

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical investment properties that the entity can assess at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment properties, either directly or indirectly.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property.

Transfer between Level 1, 2 and 3 fair values

There is no transfer between level 1, 2 and 3 fair values during the financial year.

Fair value of investment properties is classified as Level 3.

6. INVESTMENT PROPERTIES (CONT'D.)

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Valuation technique	Significant unobservable inputs	Range 2020	Range 2019	Inter-relationship between significant unobservable inputs and fair value measurement
Investment method (refer below)	**Office:**			The estimated fair value would increase/(decrease) if:
	Market rental rate (RM/psf/month)			
	- Term	**8.50 - 12.99**	8.50 - 12.99	- expected market rental growth was higher/(lower)
	- Reversion	**8.80 - 12.32**	8.80 - 12.71	- expected market rental growth was higher/(lower)
	Outgoings (RM/psf/month)			
	- Term	**1.96**	2.00	- expected inflation rate was lower/(higher)
	- Reversion	**1.96 - 2.20**	2.00 - 2.36	- expected inflation rate was lower/(higher)
	Void rate (%)	**5.00**	5.00	- void rate was lower/(higher)
	Term yield (%)	**5.50 - 6.00**	5.50 - 6.00	- term yield rate was lower/(higher)
	Reversionary yield (%)	**6.00 - 6.50**	6.00 - 6.50	- reversionary yield was lower/(higher)
	Discount rate (%)	**5.50 - 6.50**	5.50 - 6.50	- discount rate was lower/(higher)
	Retail:			The estimated fair value would increase/(decrease) if:
	Market rental rate (RM/psf/month)			
	- Term	**6.94 - 126.84**	6.65 - 47.15	- expected market rental growth was higher/(lower)
	- Reversion	**17.54 - 121.14**	16.35 - 113.02	- expected market rental growth was higher/(lower)
	Outgoings (RM/psf/month)			
	- Term	**5.72**	5.85	- expected inflation rate was lower/(higher)
	- Reversion	**5.72**	5.85	- expected inflation rate was lower/(higher)
	Void rate (%)	**10.00**	7.00	- void rate was lower/(higher)
	Term yield (%)	**6.25**	6.25	- term yield rate was lower/(higher)
	Reversionary yield (%)	**6.75**	6.75	- reversionary yield was lower/(higher)
	Discount rate (%)	**6.25 - 6.75**	6.25 - 6.75	- discount rate was lower/(higher)

Investment method entails the capitalisation of the net rent from a property. Net rent is the residue of gross annual rent less annual expenses (outgoings) required to sustain the rent with allowance for void and management fees.

Valuation processes applied by the Group and the Fund for Level 3 fair value

The fair value of investment properties is determined by an external, independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The independent professional valuer provides the fair value of the Group's and of the Fund's investment properties portfolio annually. Changes in Level 3 fair values are analysed by the Management annually based on the valuation reports from the independent professional valuer.

6. INVESTMENT PROPERTIES (CONT'D.)

Description of property	Tenure of land	Existing use	Location	Date of acquisition	Acquisition cost RM'000	Carrying value as at 31.12.2020 RM'000	Carrying value as at 31.12.2019 RM'000	Fair value as at 31.12.2020 RM'000	Fair value as at 31.12.2019 RM'000	Percentage of Net Asset Value as at 31.12.2020 %	Percentage of Net Asset Value as at 31.12.2019 %
PETRONAS Twin Towers	Freehold	Office	Kuala Lumpur	10.04.2013	6,500,000	**6,680,639**	6,680,632	**7,014,000**	7,014,000	**86.8**	86.9
Menara 3 PETRONAS	Freehold	Office & retail	Kuala Lumpur	10.04.2013	1,790,000	**1,971,575**	1,976,559	**2,048,500**	2,053,100	**25.4**	25.4
Menara ExxonMobil	Freehold	Office	Kuala Lumpur	10.04.2013	450,000	**536,800**	536,798	**536,800**	536,800	**6.6**	6.6
					8,740,000	**9,189,014**	9,193,989	**9,599,300**	9,603,900		

7. INVESTMENT IN SUBSIDIARY

	Fund 2020 RM	Fund 2019 RM
Unquoted shares at cost	**2**	2

Details of the subsidiary, which is incorporated in Malaysia, are as follows:

Name of Subsidiary	Proportion of ownership interest 2020 %	Proportion of ownership interest 2019 %	Principal Activity
Midciti Sukuk Berhad ("MSB")	**100**	100	To undertake the issuance of Islamic medium term notes ("Sukuk") under a medium term notes programme and all matters relating to it.

8. TRADE AND OTHER RECEIVABLES

	Group 2020 RM'000	Group 2019 RM'000	Fund 2020 RM'000	Fund 2019 RM'000
Non-Current				
Accrued rental income	**410,286**	409,910	**410,286**	409,910
Current				
Trade receivables	**501**	669	**501**	669
Other receivables				
Other receivables and deposits	**3,713**	6,515	**3,713**	6,515
Amount due from fellow subsidiaries	**1,070**	52	**1,070**	52
Total other receivables	**4,783**	6,567	**4,783**	6,567
Total	**5,284**	7,236	**5,284**	7,236
Trade receivables	**501**	669	**501**	669
Other receivables	**4,783**	6,567	**4,783**	6,567
	5,284	7,236	**5,284**	7,236
Add: Cash and bank balances (Note 9)	**99,421**	83,342	**99,242**	83,236
Total financial assets carried at amortised cost	**104,705**	90,578	**104,526**	90,472

Amount due from fellow subsidiaries which arose in the normal course of business are unsecured, non-interest bearing and repayable on demand.

9. CASH AND BANK BALANCES

	Group		Fund	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash and bank balances	**908**	501	**766**	431
Deposits with licensed banks	**98,513**	82,841	**98,476**	82,805
	99,421	83,342	**99,242**	83,236

The weighted average effective profit rate applicable to the deposits with licensed banks at the reporting date was 1.87% per annum (2019: 3.30% per annum).

Deposits with licensed banks have an average maturity of 42 days (2019: 45 days).

10. UNITHOLDERS' CAPITAL

	Fund			
	Number of Units		Amount	
	2020 '000	2019 '000	2020 RM'000	2019 RM'000
Issued and fully paid:				
At 1 January/31 December	**1,805,333**	1,805,333	**7,212,684**	7,212,684

Stapled Security:

Stapled security means one unit in KLCC REIT is stapled to one ordinary share in KLCCP. Holders of KLCCP Group Stapled Securities are entitled to receive distributions and dividends as declared from time to time and are entitled to one vote per stapled security at Unitholders' and Shareholders' meetings.

Accordingly, the Fund does not have authorised unitholders' capital, or par value in respect of its issued units.

As at 31 December 2020, the Manager did not hold any units in the Fund. However, parties related to the Manager held units in the Fund as follows:

	Fund			
	Number of Units		Market value	
	2020 '000	2019 '000	2020 RM'000	2019 RM'000
Direct unitholdings of parties related to the Manager				
KLCCH	**1,167,639**	1,167,639	**8,266,884**	9,224,348
PETRONAS	**40,817**	194,817	**288,984**	1,539,054
	1,208,456	1,362,456	**8,555,868**	10,763,402
Indirect unitholdings of parties related to the Manager				
PETRONAS	**1,167,639**	1,167,639	**8,266,884**	9,224,348

The market value of the units held by the parties related to the Manager is determined by using the closing market value of the Fund as at 31 December 2020 of RM7.08 per unit (2019: RM7.90 per unit).

11. OTHER LONG TERM LIABILITIES

	Group/Fund	
	2020 RM'000	2019 RM'000
Security deposits payable	**57,704**	97,608

Security deposits payable are interest-free, unsecured and refundable upon expiry of the respective lease agreements. The fair values at initial recognition were determined based on profit rates between 4.35% - 4.52% (2019: 4.52% - 5.20%) per annum.

12. AMOUNT DUE TO A SUBSIDIARY

The amount due to a subsidiary relates to Sukuk undertaken by the subsidiary but utilised by the Fund. The profit expenses incurred on the financing is charged to the Fund. The short term amount due is unsecured and is repayable on demand. The long term amount due is unsecured and is not repayable within the next 12 months.

13. FINANCING

	Group	
	2020 RM'000	2019 RM'000
Short term financing		
Secured:		
Sukuk Murabahah	**413,704**	15,738
Long term financing		
Secured:		
Sukuk Murabahah	**955,000**	1,355,000
Total financing		
Secured:		
Sukuk Murabahah	**1,368,704**	1,370,738

Terms and debt payment schedule:

Group	Total RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
31 December 2020					
Secured					
Sukuk Murabahah	**1,368,704**	**413,704**	**-**	**455,000**	**500,000**
31 December 2019					
Secured					
Sukuk Murabahah	1,370,738	15,738	400,000	455,000	500,000

13. FINANCING (CONT'D.)

(a) Sukuk Murabahah

Sukuk Murabahah consists of Islamic Commercial Programme ("ICP") of up to RM500 million and Islamic medium term notes ("IMTN") of up to RM3 billion subject to a combined limit of RM3 billion. It is primarily secured against assignment and charge over the Finance Service Account and Revenue Account maintained by the REIT Trustee.

The Group had paid its RM500 million Sukuk Murabahah upon maturity in prior year (i.e. 25 April 2019) and on the same date issued RM500 million of Sukuk Murabahah with a profit rate of 4.20% per annum and maturing on 25 April 2026. Details of the drawdown that are outstanding as at year end are as follows:

Tenure	Value (RM)	Profit rate	Maturity
7 years	400,000,000	4.55%	25 April 2021
10 years	455,000,000	4.80%	25 April 2024
7 years	500,000,000	4.20%	25 April 2026

The profit rate is payable semi-annually and disclosed as short term financing.

Reconciliation of the movement of liabilities to cash flows arising from financing activities

	Sukuk Murabahah RM'000	Dividend paid RM'000	Total RM'000
Balance at 1 January 2020	**1,370,738**	**-**	**1,370,738**
Changes from financing cash flows			
Financing cost paid	**(61,375)**	**-**	**(61,375)**
Income distribution paid	**-**	**(434,463)**	**(434,463)**
Total changes from financing cash flows	**(61,375)**	**(434,463)**	**(495,838)**
Other changes			
Liability-related			
Financing cost	**59,341**	**-**	**59,341**
Dividend payable	**-**	**434,463**	**434,463**
Total liability-related other changes	**59,341**	**434,463**	**493,804**
Balance at 31 December 2020	**1,368,704**	**-**	**1,368,704**
Balance at 1 January 2019	1,371,907	-	1,371,907
Changes from financing cash flows			
Proceeds from issuance of Sukuk Murabahah	500,000	-	500,000
Payment of Sukuk Murabahah	(500,000)	-	(500,000)
Financing cost paid	(60,985)	-	(60,985)
Income distribution paid	-	(451,649)	(451,649)
Total changes from financing cash flows	(60,985)	(451,649)	(512,634)
Other changes			
Liability-related			
Financing cost	59,816	-	59,816
Dividend payable	-	451,649	451,649
Total liability-related other changes	59,816	451,649	511,465
Balance at 31 December 2019	1,370,738	-	1,370,738

14. DEFERRED TAX LIABILITY

Deferred Tax Liabilities of the Group/Fund:

	Investment properties RM'000
At 1 January 2020	**43,596**
Recognised in profit or loss (Note 22)	**(509)**
At 31 December 2020	**43,087**
At 1 January 2019	21,743
Recognised in profit or loss (Note 22)	21,853
At 31 December 2019	43,596

15. OTHER PAYABLES

	Group		Fund	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-Current				
Deferred revenue	**77,033**	35,539	**77,033**	35,539
Current				
Other payables	**62,309**	58,800	**62,304**	58,796
Security deposits payable	**5,499**	4,027	**5,499**	4,027
Amount due to:				
Holding company	**74**	184	**7**	117
Fellow subsidiaries	**12,124**	11,990	**12,124**	11,990
Other related companies	**760**	603	**760**	603
Total other payables	**80,766**	75,604	**80,694**	75,533
Add: Financing (Note 13)	**1,368,704**	1,370,738	**-**	-
Amount due to a subsidiary (Note 12)	**-**	-	**1,368,548**	1,370,660
Other long term liabilities (Note 11)	**57,704**	97,608	**57,704**	97,608
Total financial liabilities carried at amortised cost	**1,507,174**	1,543,950	**1,506,946**	1,543,801

Deferred revenue relates to the excess of the principal amount of security deposits received over their fair value which is accounted for as prepaid lease income and amortised over the lease term on a straight line basis.

Amounts due to holding company, fellow subsidiaries and other related companies which arose in the normal course of business are unsecured, interest-free and repayable on demand.

16. REVENUE

	Group/Fund	
	2020 RM'000	2019 RM'000
Investment properties		
- Office	**550,650**	557,486
- Retail	**30,574**	33,877
	581,224	591,363

17. PROPERTY OPERATING EXPENSES

	Group		Fund	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Utilities expenses	**9,918**	10,849	**9,918**	10,849
Maintenance expenses	**10,432**	9,931	**10,432**	9,931
Quit rent and assessment	**3,441**	3,441	**3,441**	3,441
Other operating expenses	**5,434**	5,577	**5,428**	5,571
	29,225	29,798	**29,219**	29,792

18. MANAGEMENT FEES

	Group/Fund	
	2020	**2019**
	RM'000	**RM'000**
Base fee	**28,820**	28,839
Performance fee	**16,560**	16,847
	45,380	45,686

The Manager will receive the following fees from KLCC REIT:

i) a base fee of 0.3% per annum of the total asset value of KLCC REIT (excluding cash and bank balances) at each financial year end.

ii) a performance fee of 3.00% per annum of KLCC REIT's net property income in the relevant financial year.

19. TRUSTEE'S FEE

In accordance with the Deed, an annual trusteeship fee of up to 0.025% per annum of the net asset value of KLCC REIT at each financial year end, subject to a maximum cap of RM600,000 per annum is to be paid to Trustee.

20. FINANCING COSTS

	Group/Fund	
	2020	**2019**
	RM'000	**RM'000**
Profit expense:		
Sukuk Murabahah	**59,341**	59,816
Accretion of financial instruments	**4,558**	4,688
	63,899	64,504

21. PROFIT BEFORE TAX

The following amounts have been included in arriving at profit before tax:

	Group		Fund	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Audit fees	**91**	91	**87**	87
Valuation fees	**622**	592	**622**	592
Property manager fee	**95**	95	**95**	95
Depreciation (Note 5)	**381**	476	**381**	476
Impairment loss on trade receivables (Note 28)	**-**	23	**-**	23

22. TAX BENEFIT/(EXPENSE)

Pursuant to Section 61A of the Malaysian Income Tax Act, 1967 ("Act"), income of KLCC REIT will be exempted from tax provided that at least 90% of its total taxable income (as defined in the Act) is distributed to the unitholders' in the basis period of KLCC REIT for that year of assessment within two months after the close of the financial year. If the 90% distribution condition is not complied with or the 90% distribution is not made within two months after the close of KLCC REIT financial year which forms the basis period for a year of assessment, KLCC REIT will be subject to income tax at the prevailing statutory rate on its total taxable income. Income which has been taxed at the KLCC REIT level will have tax credits attached when subsequently distributed to unitholders.

As at the date of this financial statements, KLCC REIT has declared more than 90% of its distributable income to unitholders for the financial year ended 31 December 2020 accordingly. No provision for income tax expense has been made for the year.

Deferred tax liability has been provided for the investment properties held by KLCC REIT at 10% (2019: 10%) which reflects the expected manner of recovery of the investment properties, i.e. recovered through sale.

Reconciliation of the tax (benefit)/expense is as follows:

	Group		Fund	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Profit before taxation	**439,162**	455,501	**439,168**	455,507
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)	**105,399**	109,321	**105,400**	109,322
Expenses not deductible for tax purposes	**2,252**	1,301	**2,251**	1,300
Income not subject to tax	**(107,651)**	(110,622)	**(107,651)**	(110,622)
Deferred tax recognised at different tax rate	**(509)**	21,853	**(509)**	21,853
Tax (benefit)/expense	**(509)**	21,853	**(509)**	21,853

23. BASIC EARNINGS PER UNIT

Basic earnings per unit amounts are calculated by dividing profit for the year attributable to unitholders of the Fund by the weighted average number of units in issue during the financial year.

	2020	**2019**
Profit attributable to unitholders of the Fund (RM'000)	**439,677**	433,654
Weighted average number of units in issue ('000)	**1,805,333**	1,805,333
Basic earnings per unit (sen)	**24.35**	24.02

24. INCOME DISTRIBUTION

	Income distribution recognised in year 2020 RM'000	Net income distribution per unit 2020 Sen	Income distribution recognised in year 2019 RM'000	Net income distribution per unit 2019 Sen
For the financial year ended 31 December 2020				
A first interim income distribution of 5.84% on 1,805,333,083 units	**105,431**	**5.84**	-	-
A second interim income distribution of 6.09% on 1,805,333,083 units	**109,945**	**6.09**	-	-
A third interim income distribution of 5.87% on 1,805,333,083 units	**105,973**	**5.87**	-	-
For the financial year ended 31 December 2019				
A first interim income distribution of 6.28% on 1,805,333,083 units	**-**	**-**	113,375	6.28
A second interim income distribution of 6.23% on 1,805,333,083 units	**-**	**-**	112,472	6.23
A third interim income distribution of 6.24% on 1,805,333,083 units	**-**	**-**	112,653	6.24
A fourth interim income distribution of 6.25% on 1,805,333,083 units	**112,833**	**6.25**	-	-
For the financial year ended 31 December 2018				
A fourth interim income distribution of 6.27% on 1,805,333,083 units	**-**	**-**	113,194	6.27
	434,182	**24.05**	451,694	25.02

The fourth interim income distribution in respect of the financial year ended 31 December 2020, of 5.70% on 1,805,333,083 units amounting to an income distribution payable of RM102,904,000 will be payable on 26 February 2021.

The financial statements for the current year do not reflect this fourth interim income distribution. Such income distribution will be accounted for in equity as an appropriation of profits in the financial year ending 31 December 2020.

Distribution to unitholders is from the following sources:

	Group	
	2020 RM'000	**2019 RM'000**
Net property income	**551,999**	561,565
Profit income	**2,127**	3,634
Fair value adjustments of investment properties	**(5,085)**	1,092
	549,041	566,291
Less: Expenses	**(109,879)**	(110,790)
Tax benefit/(expense)	**509**	(21,853)
Profit for the year	**439,671**	433,648
Add: Non-cash items	**7,701**	17,921
Add: Brought forward undistributed income available for distribution	**41,469**	41,233
Total available for income distribution	**488,841**	492,802
Less: Income distributed	**(321,349)**	(338,500)
Less: Income to be distributed on 26 February 2021	**(102,904)**	(112,833)
Balance undistributed income available for distribution	**64,588**	41,469
Distribution per unit (sen)	**23.50**	25.00

25. MANAGEMENT EXPENSE RATIO

	Group	
	2020	**2019**
	RM'000	**RM'000**
Total Trust expenses	**47,437**	48,073
Net asset value at the end of the financial year	**8,078,845**	8,073,356
Less: Fourth interim income distribution	**(102,904)**	(112,833)
Net asset value at the end of the financial year, after interim income distribution	**7,975,941**	7,960,523
Management Expense Ratio ("MER")	**0.59**	0.60

The calculation of MER is based on the total fees and expenses incurred by the Group and the Fund in the financial year, including Manager's fee and Trustee's fee, auditors' remuneration, tax agent's fee, valuation fees and other Trust expenses to the net asset value (after the fourth interim income distribution) at the end of the respective financial year.

26. COMMITMENTS

(a) Capital commitments

	Group/Fund	
	2020	**2019**
	RM'000	**RM'000**
Approved but not contracted for		
Investment properties	**6,300**	4,100

(b) Operating lease commitments - as lessor

The Group has entered into non-cancellable commercial property lease on its investment properties. The future minimum rental receivable under this non-cancellable operating lease at the reporting date is as follows:

	Group/Fund	
	2020	**2019**
	RM'000	**RM'000**
Not later than 1 year	**567,011**	531,064
Later than 1 year but not later than 5 years	**2,330,010**	2,205,234
More than 5 years	**8,202,152**	1,573,922
	11,099,173	4,310,220

27. RELATED PARTY DISCLOSURES

(a) Controlling related party relationships are as follows:

(i) PETRONAS, the ultimate holding company, and its subsidiaries.
(ii) KLCCH, the penultimate holding company, and its subsidiaries.
(iii) KLCCP, the immediate holding company, and its subsidiaries.
(iv) Subsidiary of the Fund as disclosed in Note 7.

(b) Other than as disclosed elsewhere in the notes to the financial statements, the significant related party transactions are as follows:

Income/(expense)

	Group		Fund	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Federal Government of Malaysia				
Property licenses and other taxes	**(3,441)**	(3,441)	**(3,441)**	(3,441)
Government of Malaysia's related entities				
Purchase of utilities	**(3,841)**	(4,527)	**(3,841)**	(4,527)
Ultimate Holding Company				
Rental income	**524,811**	525,271	**524,811**	525,271
Immediate Holding Company				
Profit expense from Sukuk Murabahah	**-**	(1,289)	**-**	(1,289)
Fellow subsidiaries				
Management fees	**(45,380)**	(45,686)	**(45,380)**	(45,686)
Property management fees	**(1,888)**	(2,066)	**(1,888)**	(2,066)
Property maintenance fees	**(9,133)**	(8,365)	**(9,133)**	(8,365)
Property advertising and marketing fees	**(658)**	(552)	**(658)**	(552)
Carpark income	**1,019**	1,000	**1,019**	1,000
Other related company				
Chilled water supply	**(6,117)**	(6,314)	**(6,117)**	(6,314)

The Directors of the Manager are of the opinion that the above transactions and transactions detailed elsewhere were undertaken at mutually agreed terms between the parties in the normal course of business and the terms and conditions are established under negotiated terms.

Information regarding outstanding balances arising from related party transactions as at 31 December 2020 are disclosed in Notes 8, 12 and 15.

28. FINANCIAL INSTRUMENTS

Financial Risk Management

The Group has a Risk Management Framework and Guidelines that set the foundation for the establishment of effective risk management across the Group.

The Group's and the Fund's goal in risk management is to ensure that the management understands, measures and monitors the various risks that arise in connection with their operations. Policies and guidelines have been developed to identify, analyse, appraise and monitor the dynamic risks facing the Group and the Fund. Based on this assessment, each business unit adopts appropriate measures to mitigate these risks in accordance with the business unit's view of the balance between risk and reward.

The Group and the Fund have exposure to credit risk, liquidity risk and market risk arising from its use of financial instruments in the normal course of the Group's and the Fund's business.

Credit Risk

Credit risk is the potential exposure of the Group and the Fund to losses in the event of non-performance by counterparties. Credit risk arises from its operating activities, primarily for trade receivables and long term receivables. The credit risk arising from the Group's and the Fund's normal operations are controlled by individual operating units within the Group Risk Management Framework and Guidelines.

<u>Receivables</u>

The Group and the Fund minimise credit risk by entering into contracts with highly credit rated counterparties and through credit approval, financial limits and on-going monitoring procedures. Counterparties credit evaluation is done systematically using quantitative and qualitative criteria on credit risks specified by individual operating units. Depending on the creditworthiness of the counterparty, the Group and the Fund may require collateral or other credit enhancements.

The maximum exposure to credit risk for the Group and the Fund are represented by the carrying amount of each financial asset.

A significant portion of these receivables are regular customers who have been transacting with the Group and in the case of the Fund, a significant portion of these receivables are related companies.

The Group and the Fund use ageing analysis and credit limit review to monitor the credit quality of the receivables. The Fund monitors the results of its subsidiary regularly. Any customers exceeding their credit limit are monitored closely. With respect to the trade and other receivables that are neither impaired nor past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations.

With respect to the trade and other receivables which have no realistic prospect of recovery, the gross carrying amounts of the credit impaired receivables will be written off (either in partial or in full).

As at the end of the reporting year, the maximum exposure to credit risk arising from receivables is equal to the carrying amount. The ageing of trade receivables net of impairment losses as at the end of the reporting period is analysed below:

	Group/Fund	
	2020	**2019**
	RM'000	**RM'000**
At net		
Current	**61**	634
Past due 1 to 30 days	**364**	*
Past due 31 to 60 days	**50**	*
Past due 61 to 90 days	**-**	*
Past due more than 90 days	**121**	130
	596	764
Trade receivables	**596**	764
Less: Impairment losses	**(95)**	(95)
Net trade receivable (Note 8)	**501**	669

* Represents amount less than RM1,000

28. FINANCIAL INSTRUMENTS (CONT'D.)

Credit Risk (Cont'd.)

Receivables (Cont'd.)

The movements in the allowance account are as follows:

	Group/Fund	
	2020 **RM'000**	**2019** **RM'000**
At 1 January	**95**	72
Impairment loss on trade receivables (Note 21)	**-**	23
At 31 December	**95**	95

Recognition and measurement of impairment loss

In determining the Expected Credit Loss ("ECL"), the probability of default assigned to each customer is based on their individual credit rating. This probability of default is derived by benchmarking against available third party and market information, which also incorporates forward looking information.

There are trade receivables where the Group has not recognised any loss allowance as the trade receivables are secured by collateral and/or other credit enhancements such as cash deposits, letter of credit and bank guarantees.

The Group and the Fund do not typically renegotiate the terms of trade receivables. There were no renegotiated balances outstanding as at 31 December 2020.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises from the requirement to raise funds for the Group's and the Fund's businesses on an ongoing basis as a result of the existing and future commitments which are not funded from internal resources. As part of its overall liquidity management, the Group and the Fund maintain sufficient levels of cash or cash convertible investments to meet their working capital requirements. As far as possible, the Group and the Fund raise committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Fund's financial liabilities as at the reporting date based on undiscounted contractual payments:

	Carrying amount RM'000	Effective profit rate %	Contractual cash flow RM'000	Within 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
31 December 2020							
Group							
Financial Liabilities							
Sukuk Murabahah	**1,368,704**	**4.35**	**1,569,453**	**465,352**	**42,840**	**550,790**	**510,471**
Other payables	**80,766**	**-**	**80,766**	**80,766**	**-**	**-**	**-**
Other long term liabilities	**57,704**	**4.36**	**140,155**	**-**	**7,220**	**6,601**	**126,334**
Fund							
Financial Liabilities							
Other payables	**80,694**	**-**	**80,694**	**80,694**	**-**	**-**	**-**
Amount due to a subsidiary	**1,368,548**	**-**	**1,368,548**	**413,548**	**-**	**455,000**	**500,000**
Other long term liabilities	**57,704**	**4.36**	**140,155**	**-**	**7,220**	**6,601**	**126,334**

28. FINANCIAL INSTRUMENTS (CONT'D.)

Liquidity Risk (Cont'd.)

Maturity analysis (Cont'd.)

	Carrying amount RM'000	Effective profit rate %	Contractual cash flow RM'000	Within 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
31 December 2019							
Group							
Financial Liabilities							
Sukuk Murabahah	1,370,738	4.35	1,621,489	76,777	448,475	568,678	527,559
Other payables	75,604	-	75,604	75,604	-	-	-
Other long term liabilities	97,608	4.98	142,006	-	13,680	1,992	126,334
Fund							
Financial Liabilities							
Other payables	75,533	-	75,533	75,533	-	-	-
Amount due to a subsidiary	1,370,660	-	1,370,660	15,660	400,000	455,000	500,000
Other long term liabilities	97,608	4.98	142,006	-	13,680	1,992	126,334

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: profit rate risk, foreign currency risk and other price risk, such as equity risk and commodity risk.

Financial instruments affected by market risk include financing and deposits.

Profit Rate Risk

Profit rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market profit rates. Fair value profit rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market profit rates. As the Group has no significant profit-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market profit rates. The Group's and the Fund's profit-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

The Group's and the Fund's profit rate risk arises primarily from profit-bearing financing. Financing at variable rates expose the Group to cash flow profit rate risk. Financing obtained at fixed rates expose the Group and the Fund to fair value profit rate risk. The Group and the Fund manage their profit expense rate exposure through a balanced portfolio of fixed and variable rate financing.

The profit rate profile of the Group's and the Fund's profit-bearing financial instruments based on carrying amount as at reporting date was:

	Group		Fund	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fixed rate instruments				
Financial assets	**98,513**	82,841	**98,476**	82,805
Financial liabilities	**(1,368,704)**	(1,370,738)	**-**	-

28. FINANCIAL INSTRUMENTS (CONT'D.)

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group and the Fund operate predominantly in Malaysia and transacts mainly in Malaysian Ringgit. As such, it is not exposed to any significant foreign currency risk.

Fair Value Information

The Group's and the Fund's financial instruments consist of cash and cash equivalents, investments and financing, trade and other receivables, financing, other payables and various debt.

The carrying amounts of cash and cash equivalents, trade and other receivables, other payables and short term financing approximate their fair values due to the relatively short term nature of these financial instruments.

The carrying amount of other long term liabilities approximate its fair value amount.

The following table analyses financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments not carried at fair value				Carrying
	Level 1	**Level 2**	**Level 3**	**Total**	**amount**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Group					
2020					
Financial liabilities					
Sukuk Murabahah	**-**	**1,371,395**	**-**	**1,371,395**	**1,368,704**
2019					
Financial liabilities					
Sukuk Murabahah	-	1,333,293	-	1,333,293	1,370,738

For other financial instruments listed above, fair values have been determined by discounting expected future cash flows at market incremental financing rate for similar types of financing at the reporting date.

There has been no transfer between Level 1, 2 and 3 fair values during the financial year.

29. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to provide unitholders with regular and stable distributions which is supported by the Group's strategy of improving returns from its property portfolio and capital growth, while maintaining an appropriate capital structure. The Manager intends to continue with the strategies currently adopted by the Group to increase the income and consequently, the value of its property portfolio for continued growth through (i) active asset management strategy and (ii) acquisition growth strategy.

As part of the prudent capital management, the Directors have reviewed the principal risks to ascertain their relevant and potential impact from the Covid-19 pandemic to safeguard the Group's capital and key business activities and to ensure the precaution and mitigation measures are implemented.

The Group's capital is represented by its unitholders' fund in the statement of financial position. The capital requirements imposed on the Group is to ensure it maintains a healthy gearing ratio of maximum 50% of the total asset value at the time the financing is incurred, in addition to complying with the financial covenants prescribed by financial institutions as stated in the Facility Agreements. The Directors of the Manager will monitor and are determined to maintain an optimal gearing ratio that will provide an ideal financing to total assets ratio that also complies with regulatory requirements.

The financing to total assets ratio as at 31 December 2020 is as follows:

	Group	
	2020	**2019**
Total financing (RM'000)	**1,368,704**	1,370,738
Total assets (RM'000)	**9,706,139**	9,696,441
Financing to total assets ratio	**14.1%**	14.1%

The Deed provides that the Manager shall, with the approval of the Trustee, for each distribution year, distribute all (or such other percentage as determined by the Manager at its absolute discretion) of the Group's distributable income. It is the intention of the Manager to distribute at least 90% of the Group's distributable income on a quarterly basis or such other intervals as the Manager may determine at its absolute discretion.

30. SEGMENT INFORMATION

(a) Reporting format

Segment information is presented in respect of the Group's and the Fund's business segments.

Inter-segment transactions have been entered into in the normal course of business and have been established on commercial basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise profit-earning assets and revenue, profit-bearing financing, financing and expenses, and corporate assets and expenses.

The Group and the Fund comprises the following main business segments:

Property investment - Office	Rental of office space and other related activities.
Property investment - Retail	Rental of retail space and other related activities.

Details on geographical segments are not applicable as the Group operates predominantly in Malaysia.

30. SEGMENT INFORMATION (CONT'D.)

(b) Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise profit-earning assets and revenue, profit-bearing financing and corporate assets and expenses.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. Inter-segment transactions have been entered into in the normal course of business and have been established on commercial basis. These transfers are eliminated on consolidation.

Business Segments

	Property investment - Office RM'000	Property investment - Retail RM'000	Consolidated RM'000
31 December 2020			
Revenue			
Revenue from external customers	**550,650**	**30,574**	**581,224**
Results			
Net property income	**532,141**	**19,858**	**551,999**
Profit income			**2,127**
Fair value adjustments on investment properties			**(5,085)**
Management fees			**(45,380)**
Trustee's fees			**(600)**
Financing costs			**(63,899)**
Tax benefit			**509**
Profit after tax			**439,671**
Depreciation			**381**
Non-cash items other than depreciation			**7,320**
Total assets	**9,056,857**	**649,282**	**9,706,139**
Total liabilities	**1,603,571**	**23,723**	**1,627,294**
31 December 2019			
Revenue			
Revenue from external customers	557,486	33,877	591,363
Results			
Net property income	537,786	23,779	561,565
Profit income			3,634
Fair value adjustments on investment properties			1,092
Management fees			(45,686)
Trustee's fees			(600)
Financing costs			(64,504)
Tax expense			(21,853)
Profit after tax			433,648
Depreciation			476
Non-cash items other than depreciation			17,445
Total assets	9,042,039	654,402	9,696,441
Total liabilities	1,603,600	19,485	1,623,085

31. PRONOUNCEMENTS YET IN EFFECT

The following pronouncements that have been issued by the MASB will become effective in future financial reporting periods and have not been adopted by the Group and/or the Fund in these financial statements:

Effective for annual periods beginning on or after 1 January 2021

Amendments to MFRS 7	Financial Instruments: Disclosures (Amendments to Interest Rate Benchmark Reform - Phase 2)
Amendments to MFRS 9	Financial Instruments (Amendments to Interest Rate Benchmark Reform - Phase 2)
Amendments to MFRS 16	Leases (Amendments to Interest Rate Benchmark Reform - Phase 2)
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement (Amendments to Interest Rate Benchmark Reform - Phase 2)

Effective for annual periods beginning on or after 1 January 2022

Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)
Amendments to MFRS 3	Business Combinations (Amendments to Reference to the Conceptual Framework)
Amendments to MFRS 9	Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)
Amendments to MFRS 116	Property, Plant and Equipment (Amendments to Property, Plant and Equipment - Proceeds before Intended Use)
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets (Amendments to Onerous Contract - Cost of Fulfilling a Contract)

Effective for annual periods beginning on or after 1 January 2023

Amendments to MFRS 101	Presentation of Financial Statements (Amendments to Classification of Liabilities as Current or Non-Current)

Effective for a date yet to be confirmed

Amendments to MFRS 10	Consolidated Financial Statements (Amendments to Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)

The adoption of the above pronouncements is not expected to have material impact on the financial statements of the Group and of the Fund in the period of initial application.

32. NEW PRONOUNCEMENTS NOT APPLICABLE TO THE GROUP AND THE FUND

The MASB has issued pronouncements which are not effective, but for which are not relevant to the operations of the Group and of the Fund and hence, no further disclosure is warranted.

Effective for annual periods beginning on or after 1 January 2021

Amendments to MFRS 4	Insurance Contracts (Amendments to Interest Rate Benchmark Reform - Phase 2)

Effective for annual periods beginning on or after 1 January 2022

Amendments to MFRS 141	Agriculture (Annual Improvements to MFRS Standards 2018-2020)

Effective for annual periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts

Effective for a date yet to be confirmed

Amendments to MFRS 128	Investment in Associates and Joint Ventures (Amendments to Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)

INDEPENDENT AUDITORS' REPORT

TO THE UNITHOLDERS OF KLCC REAL ESTATE INVESTMENT TRUST

Report on the audit of the financial statements

Opinion

We have audited the financial statements of KLCC Real Estate Investment Trust ("KLCC REIT" or the "Fund"), which comprise the statements of financial position as at 31 December 2020 of the Group and of the Fund, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 250 to 286.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Fund as at 31 December 2020, and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Securities Commission's Guidelines on Real Estate Investment Trusts in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Fund for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Fund. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Valuation of investment properties

As at 31 December 2020, the carrying value of the Group's investment properties amounted to RM9,189,014,000 which represents 95% of the Group's total assets. The Group adopts the fair value model for its investment properties. The valuation of investment properties is significant to our audit due to their magnitude, complex valuation method and high dependency on a range of estimates (amongst others, rental income data, yield rate and discount rate) which are based on current and future market or economic conditions. The Group had engaged an external valuer to determine the fair value of the investment properties at the reporting date.

Our audit procedures focused on the valuations performed by firms of independent valuers, which included, amongst others, the following procedures:

- We considered the objectivity, independence and expertise of the firms of independent valuers;
- We obtained an understanding of the methodology adopted by the independent valuers in estimating the fair value of the investment properties and assessed whether such methodology is consistent with those used in the industry;
- We had discussions with the independent valuers to obtain an understanding of the property related data used as input to the valuation models which included, amongst others, rental income data and yield rate;
- We assessed the reasonableness of the property related data by corroborating those data used in the valuation to available market data;
- We tested the accuracy of rental income data applied in the valuation by comparing them with lease agreements and challenged the yield rate by comparing them with available industry data, taking into consideration comparability and market factors. Where the rates were outside the expected range, we undertook further procedures to understand the effect of additional factors and held further discussions with the valuers;
- We assessed whether the discount rate used to determine the present value of the cash flows reflects the estimated market rate of return for comparable assets with similar profile; and
- We also evaluated the Group's disclosures on those assumptions to which the outcome of the valuation is most sensitive. The Group's disclosures on the valuation sensitivity and significant assumptions used, including relationships between key unobservable inputs and fair values, are included in Notes 4.2 and 6 to the financial statements respectively.

Information other than the financial statements and auditors' report thereon

The Manager of the Fund is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of financial statements of the Group and of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Securities Commission's Guidelines on Real Estate Investment Trusts in Malaysia. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Group and of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Fund, the Manager is responsible for assessing the Group's and the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Group or the Fund or to cease operations, or has no realistic alternative to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Fund, including the disclosures, and whether the financial statements of the Group and of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITORS' REPORT

TO THE UNITHOLDERS OF KLCC REAL ESTATE INVESTMENT TRUST

Auditors' responsibilities for the audit of the financial statements (Cont'd.)

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From financial statements of the Group and of the Fund for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters

This report is made solely to the unitholders of the Fund, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Lim Eng Hoe
No. 03403/12/2022 J
Chartered Accountant

Kuala Lumpur, Malaysia
27 January 2021

ANALYSIS OF SHAREHOLDINGS AND UNITHOLDINGS

AS AT 15 FEBUARY 2021

For the purpose of Main Market Listing Requirements of Bursa Malaysia Securities Berhad, both KLCC Property Holdings Berhad ("KLCCP") and KLCC Real Estate Investment Trust ("KLCC REIT") are classified as "listed issuers".

Listed Issuer	: KLCC Property Holdings Berhad
Issued Share Capital	: 1,805,333,083 Ordinary Shares
No. of Shareholders	: 7,527
Voting Rights	: One vote for each share

Listed Issuer	: KLCC Real Estate Investment Trust
Approved Fund Size	: 1,805,333,085 Units
Total Issued Units	: 1,805,333,083 Units
No. of Unitholders	: 7,527
Voting Rights	: One vote for each unit

Under the "stapled" structure, all ordinary shares of KLCCP are stapled together with all units of KLCC REIT ("Stapled Securities"). Therefore, the information on Distribution of the Stapled Securities Holdings, Directors' Interest in Listed Issuers, Substantial Stapled Securities Holders of the Listed Issuers and Thirty Largest Stapled Securities Holders stated below is based on Stapled Securities structure.

DISTRIBUTION OF STAPLED SECURITIES HOLDINGS

Size of Stapled Securities Holdings	No. of Stapled Securities Holders	(%)	No. of Stapled Securities Held	(%)
Less than 100	1,074	14.268	8,765	0.000
100 to 1,000	3,633	48.266	2,122,383	0.117
1,001 to 10,000	2,308	30.662	8,603,306	0.476
10,001 to 100,000	357	4.742	11,527,802	0.638
100,001 to less than 5% of issued stapled securities	151	2.006	329,834,048	18.269
5% and above of issued stapled securities	4	0.053	1,453,236,779	80.496
Total	**7,527**	**100.00**	**1,805,333,083**	**100.00**

DIRECTORS' INTERESTS IN THE LISTED ISSUERS

None of the Directors of the Listed Issuers have any interest in the Stapled Securities.

DIRECTORS' INTERESTS IN RELATED CORPORATIONS

	PETRONAS Chemicals Group Berhad			
	Direct		Indirect	
Name	No. of Shares	(%)	No. of Shares	(%)
Tan Sri Ahmad Nizam bin Salleh	10,000	0.000	-	-
Datuk Hashim bin Wahir	16,000	0.000	-	-

ANALYSIS OF SHAREHOLDINGS AND UNITHOLDINGS

AS AT 15 February 2021

DIRECTORS' INTERESTS IN RELATED CORPORATIONS

	PETRONAS Gas Berhad			
	Direct		Indirect	
Name	No. of Shares	(%)	No. of Shares	(%)
Tan Sri Ahmad Nizam bin Salleh	2,000	0.000	-	-

SUBSTANTIAL STAPLED SECURITIES HOLDERS OF THE LISTED ISSUERS

	Direct		Indirect	
Name	No. of Stapled Securities Held	(%)	No. of Stapled Securities Held	(%)
1. KLCC (Holdings) Sdn Bhd	1,167,638,804	64.677	-	-
2. CIMB Group Nominees (Tempatan) Sdn Bhd (Exempt AN for Petroliam Nasional Berhad)	40,816,979	2.261	1,167,638,804#	64.677
3. Citigroup Nominees (Tempatan) Sdn Bhd (Employees Provident Fund Board)	174,024,275	9.639	-	-
4. Amanahraya Trustees Berhad (Amanah Saham Bumiputera)	131,031,000	7.258	-	-

Deemed interest in 1,167,638,804 stapled securities held by KLCC (Holdings) Sdn Bhd by virtue of PETRONAS 100% direct interest in KLCC (Holdings) Sdn Bhd

THIRTY LARGEST STAPLED SECURITIES HOLDERS

No.	Name	No. of Stapled Securities	%
1.	KLCC (Holdings) Sdn Bhd	617,700,294	34.215
2.	KLCC (Holdings) Sdn Bhd	549,938,510	30.461
3.	Citigroup Nominees (Tempatan) Sdn Bhd (Employees Provident Fund Board)	154,566,975	8.561
4.	Amanahraya Trustees Berhad (Amanah Saham Bumiputera)	131,031,000	7.257
5.	CIMB Group Nominees (Tempatan) Sdn Bhd (Exempt AN for Petroliam Nasional Berhad)	40,816,979	2.261
6.	Amanahraya Trustees Berhad (Amanah Saham Malaysia)	37,999,800	2.104
7.	Lembaga Tabung Haji	25,000,000	1.384
8.	Amanahraya Trustees Berhad (Amanah Saham Malaysia 3)	19,935,800	1.104
9.	Permodalan Nasional Berhad	14,942,600	0.827
10.	Maybank Nominees (Tempatan) Sdn Bhd (Maybank Trustees Berhad For Public Ittikal Fund (N14011970240))	13,000,000	0.720

THIRTY LARGEST STAPLED SECURITIES HOLDERS

No.	Name	No. of Stapled Securities	%
11.	Amanahraya Trustees Berhad (Amanah Saham Malaysia 2 – Wawasan)	11,000,000	0.609
12.	Pertubuhan Keselamatan Sosial	9,086,883	0.503
13.	HSBC Nominees (Tempatan) Sdn Bhd (HSBC (M) Trustee Bhd for Zurich Life Insurance Malaysia Berhad (Life PAR))	7,683,400	0.425
14.	Cartaban Nominees (Tempatan) Sdn Bhd (PAMB for Prulink Equity Fund)	7,589,100	0.420
15.	Citigroup Nominees (Tempatan) Sdn Bhd (Employees Provident Fund Board (Nomura))	7,424,100	0.411
16.	Amanahraya Trustees Berhad (Amanah Saham Bumiputera 3 – Didik)	7,000,000	0.387
17.	Amanahraya Trustees Berhad (Public Islamic Dividend Fund)	6,061,700	0.335
18.	Citigroup Nominees (Tempatan) Sdn Bhd (Exempt AN for AIA Bhd)	5,807,900	0.321
19.	Kumpulan Wang Persaraan (Diperbadankan)	5,411,600	0.299
20.	HSBC Nominees (Tempatan) Sdn Bhd (HSBC (M) Trustee Bhd for Zurich Life Insurance Malaysia Berhad (NP-Other-Reits)	4,882,300	0.270
21.	Lembaga Tabung Angkatan Tentara	4,035,000	0.223
22.	Cartaban Nominees (Tempatan) Sdn Bhd (PBTB for Takafulinl Dana Ekuiti)	4,029,700	0.223
23.	Citigroup Nominees (Tempatan) Sdn Bhd (Employees Provident Fund Board (Amundi))	3,699,600	0.204
24.	Amanahraya Trustees Berhad (Public Islamic Equity Fund)	3,486,700	0.193
25.	Citigroup Nominees (Tempatan) Sdn Bhd (Employees Providend Fund Board (Aberdeen))	3,448,500	0.191
26.	HSBC Nominees (Tempatan) Sdn Bhd (HSBC (M) Trustee Bhd for Zurich General Insurance Malaysia Berhad (GI-Reits))	3,299,200	0.182
27.	Citigroup Nominees (Tempatan) Sdn Bhd (Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen))	3,107,800	0.172
28	DB (Malaysia) Nominee (Asing) Sdn Bhd (SSBT Fund ZYEF for Vanguard Global Ex-U.S. Real Estate Indexfund)	3,085,770	0.170
29.	Maybank Nominees (Tempatan) Sdn Bhd (MTrustee Berhad for Principal Dali Equity Growth Fund (Ut-Cimb-Dali) (419455))	3,045,600	0.168
30.	Amanahraya Turstees Berhad (Amanah Saham Bumiputera 2)	3,043,700	0.168

LIST OF PROPERTIES OF KLCCP STAPLED GROUP

AS AT 31 DECEMBER 2020

KLCC PROPERTY HOLDINGS BERHAD

Registered Owner	Particulars of land title	Date of Revaluation (Tenure)	Description/ Existing use	Land area (sq m)	Built-up area (sq m)	Age of building	Audited net carrying amount as at 31.12.2020 (RM mil)
Suria KLCC Sdn Bhd	Grant 43698 Lot 170, Seksyen 58, Town & District of Kuala Lumpur	31.12.2020 (Freehold)	A 6 storey retail centre (Suria KLCC)/ Shopping Centre	28,160	143,564	22 years	5,547.4*
Asas Klasik Sdn Bhd	Grant 43700 Lot 172, Seksyen 58, Town & District of Kuala Lumpur	31.12.2020 (Freehold)	An international class hotel comprising hotel rooms and service apartments (Mandarin Oriental, Kuala Lumpur)/Hotel	8,094	92,783	22 years	597.3
Impian Cemerlang Sdn Bhd	Grant 43701, Lot 173, Seksyen 58, Town & District of Kuala Lumpur	31.12.2020 (Freehold)	Vacant Land	5,726	-	-	301.8*
Kompleks Dayabumi Sdn Bhd	Lot 38 and Lot 45, all within Seksyen 70, Town & District of Kuala Lumpur held under title no. PN 2395 and PN 33471 respectively	31.12.2020 (Leasehold of 99 year expiring on 27.1.2079)	A 36-storey office building (Menara Dayabumi) and a parcel of vacant contiguous commercial land/ Office building	Lot 38: 52 sq m Lot 39: 2,166 sq m Lot 45: 25,790 sq m Lot 51: 1,331 sq m **Total: 29,339 sq m**	125,988	38 years	655.0**
	PN 53463, Lot 39, Seksyen 70, Town & District of Kuala Lumpur	31.12.2020 (Leasehold of 99 years expiring on 9.11.2081					
	PN 32233, Lot 51, Seksyen 70, Town & District of Kuala Lumpur	31.12.2020 (Leasehold of 98 years expiring on 21.1.2079)					

* Investment Properties stated at fair value.

** Investment Properties stated at fair value and IPUC stated at cost

KLCC Real Estate Investment Trust

Registered Owner	Particulars of land title	Date of Revaluation (Tenure)	Description/ Existing use	Land area (sq m)	Built-up area (sq m)	Age of building	Audited net carrying amount as at 31.12.2020 (RM mil)
Maybank Trustees Berhad as trustee of KLCC Real Estate Investment Trust	Grant 43685 Lot 157, Seksyen 58, Town & District of Kuala Lumpur	31.12.2020 (Freehold)	A 29 storey office building with 3 basement levels (Menara ExxonMobil)/ Office building	3,999	74,369	24 years	536.8*
Maybank Trustees Berhad as trustee of KLCC Real Estate Investment Trust	Grant 43699 Lot 171, Seksyen 58, Town & District of Kuala Lumpur	31.12.2020 (Freehold)	A 58-storey office tower (Menara 3 PETRONAS) cum shopping podium and basement car park/ Office building & retail podium	4,302	155,296	9 years	1,971.6*
Maybank Trustees Berhad as trustee of KLCC Real Estate Investment Trust	Grant 43697 Lot 169, Seksyen 58, Town & District of Kuala Lumpur	31.12.2020 (Freehold)	Two 88-storey office towers (PETRONAS Twin Towers)/Office building	21,740	510,917	23 years	6,680.6*

* Investment Properties stated at fair value

NOTICE OF ANNUAL GENERAL MEETING

KLCC PROPERTY HOLDINGS BERHAD	KLCC REAL ESTATE INVESTMENT TRUST
200401003073 (641576-U) (Incorporated in Malaysia)	(A real estate investment trust constituted under the laws of Malaysia)

NOTICE IS HEREBY GIVEN THAT the Eighth Annual General Meeting ("8th AGM") of KLCC Real Estate Investment Trust ("**KLCC REIT"**) and the Eighteenth Annual General Meeting ("18th AGM") of KLCC Property Holdings Berhad (the "**Company**" or "**KLCCP**") will be conducted concurrently and entirely through live streaming from the broadcast venue at the Crystal Room, Level 2, Mandarin Oriental Kuala Lumpur, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia ("Broadcast Venue") on Thursday, 22 April 2021 at 10.30 a.m. for the following purposes:

A. KLCC REIT

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 of KLCC REIT together with the Reports attached thereon. **(Please refer to Note 12)**

AS SPECIAL BUSINESS:

To consider and if thought fit, to pass, with or without modifications, the following resolution:

2. Proposed Unitholders' Mandate to Issue New Units pursuant to Paragraph 6.59 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

"THAT pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and the approval of the relevant regulatory authorities, where such approval is required and subject to passing of Resolution VI of KLCCP, approval be and is hereby given to the Directors of KLCC REIT Management Sdn Bhd, the manager for KLCC REIT (the "**Manager**"), to issue new units in KLCC REIT ("**New Units**") from time to time to such persons and for such purposes and upon such terms and conditions as the Directors of the Manager may in their absolute discretion deem fit, provided that the number of New Units to be issued, when aggregated with the number of units in KLCC REIT issued during the preceding 12 months, must not exceed 10% of the total number of units issued of KLCC REIT for the time being and provided further that such corresponding number of new ordinary shares in KLCCP equal to the number of New Units shall be issued and every one New Unit shall be stapled to one new ordinary share upon issuance to such persons ("**Proposed KLCC REIT Mandate**") and the Directors of the Manager be and are hereby also empowered to obtain the approval for the listing of and quotation for such new stapled securities comprising ordinary shares in KLCCP stapled together with the units in KLCC REIT ("**Stapled Securities**") on the Main Market of Bursa Securities.

THAT such approval shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting of the unitholders held after the approval was given;

(ii) the expiration of the period within which the next Annual General Meeting of the unitholders is required to be held after the approval was given; or

(iii) revoked or varied by resolution passed by the unitholders in a unitholders' meeting, whichever is the earlier.

THAT the New Units to be issued pursuant to the Proposed KLCC REIT Mandate shall, upon issue and allotment, rank pari passu in all respects with the existing units of KLCC REIT, except that the New Units will not be entitled to any income distribution, right, benefit, entitlement and/or any other distributions, in respect of which the entitlement date is prior to the date of allotment of such New Units.

THAT authority be and is hereby given to the Directors of the Manager and Maybank Trustees Berhad (the "**Trustee**"), acting for and on behalf of KLCC REIT, to give effect to the Proposed KLCC REIT Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of KLCC REIT and/or as may be imposed by the relevant authorities.

AND FURTHER THAT the Directors of the Manager and the Trustee, acting for and on behalf of KLCC REIT, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed KLCC REIT Mandate." **Resolution 1**

B. KLCCP

AS ORDINARY BUSINESS:

3. To receive the Audited Financial Statements for the financial year ended 31 December 2020 of the Company and the Reports of the Directors and Auditors thereon. **(Please refer to Note 14)**

4. To re-elect the following Directors who retire pursuant to the Constitution of the Company:

   (i) Datuk Pragasa Moorthi A/L Krishnasamy **Resolution I**
   (ii) Pn. Farina binti Farikhullah Khan **Resolution II**
   (iii) Pn. Liza binti Mustapha **Resolution III**

5. To approve the payment of the following Directors' fees and benefits payable to Non-Executive Directors for the period commencing on the date immediately after the date of the 18th AGM up to the date of the next Annual General Meeting to be held in 2022 of the Company. **Resolution IV**

Category	Non-Executive Chairman	Non-Executive Directors
The Company	**(RM per annum)**	**(RM per annum)**
Directors' Retainer Fees	240,000	120,000
Petrol Allowance	6,000	6,000
	(RM per attendance)	**(RM per attendance)**
Attendance fee/ Tele-Conferencing fee	3,500	3,500
The Manager	**(RM per attendance)**	**(RM per attendance)**
Attendance fee/ Tele-Conferencing fee	3,500	3,500

6. To re-appoint Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix the Auditors' remuneration. **Resolution V**

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS:

To consider and if thought fit, to pass the following resolutions:

7. Authority to Issue Shares of the Company pursuant to Sections 75 and 76 of the Companies Act, 2016

"THAT pursuant to Sections 75 and 76 of the Companies Act, 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and the approval of the relevant regulatory authorities, where such approval is required and subject to passing of Resolution 1 of KLCC REIT, the Directors of the Company be and are hereby authorised to issue ordinary shares in the capital of the Company ("**New Ordinary Shares**") from time to time to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the total number of such New Ordinary Shares to be issued, pursuant to this resolution, when aggregated with the total number of any such ordinary shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares of the Company for the time being (excluding any treasury shares) and provided further that such corresponding number of New Units in KLCC REIT equal to the number of New Ordinary Shares shall be issued and every one New Ordinary Share shall be stapled to one New Unit upon issuance to such persons ("**Proposed KLCCP Mandate**") and that the Directors be and are hereby also empowered to obtain the approval from Bursa Securities for the listing of and quotation for such new Stapled Securities on the Main Market of Bursa Securities.

THAT such approval shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting of the Company held after the approval was given;

(ii) the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or

(iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

THAT the New Ordinary Shares to be issued pursuant to the Proposed KLCCP Mandate shall, upon issue and allotment, rank pari passu in all respects with the existing ordinary shares of the Company, except that the New Ordinary Shares will not be entitled to any dividend, right, benefit, entitlement and/or any other distributions, in respect of which the entitlement date is prior to the date of allotment of such New Ordinary Shares.

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed KLCCP Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND FURTHER THAT the Directors of the Company, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed KLCCP Mandate." **Resolution VI**

8. To transact any other business for which due notice has been given.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a holder of the Stapled Securities who shall be entitled to attend the 8^{th} AGM of KLCC REIT and the 18^{th} AGM of KLCCP ("AGMs") via Remote Participation and Voting facilities ("RPV"), the Manager and/or the Trustee and KLCCP shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Paragraph 17 of Schedule 1 of the Amended and Restated Trust Deed dated 3 September 2019 entered into between the Manager and the Trustee, Articles 76(1) and 76(2) of KLCCP's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991, to issue a General Meeting Record of Depositors as at **14 April 2021** and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend, speak and vote at the said meetings via RPV.

BY ORDER OF THE BOARD

Abd Aziz bin Abd Kadir (SSM PC No. 201908001622) (LS0001718)
Yeap Kok Leong (SSM PC No. 202008001750) (MAICSA 0862549)
Company Secretaries

Kuala Lumpur
19 March 2021

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. IMPORTANT NOTICE

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020 and subsequently revised on 5 March 2021 (including any amendment that may be made from time to time) which require the Chairperson of the meeting to be present at the main venue of the meeting.

Holders of the Stapled Securities **WILL NOT BE ALLOWED** to attend the 8th AGM of KLCC REIT and 18th AGM of KLCCP in person at the Broadcast Venue on the day of the meetings.

Holders of the Stapled Securities are to attend, speak (including posing questions to the Boards of Directors via real time submission of typed texts) and vote (collectively, "participate") remotely at the 8th AGM of KLCC REIT and 18th AGM of KLCCP via the RPV provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its **TIIH Online** website at **https://tiih.online. Please follow the Procedures for RPV provided in the Administrative Details for the 8th AGM of KLCC REIT and 18th AGM of KLCCP and read Notes (2) to (11) below in order to participate remotely via RPV**.

2. A holder of the Stapled Securities who is entitled to attend and vote at the meetings via RPV is entitled to appoint not more than 2 proxies to attend and, to vote in his stead. A proxy may but need not be a holder of the Stapled Securities. There shall be no restriction as to the qualification of the proxy. The holders may submit questions to the Board of Directors at **https://tiih.online** to the AGMs or to use the query box to transmit questions to Board of Directors via RPV during live streaming.

3. Where a holder of the Stapled Securities is an authorised nominee, it may appoint at least one proxy but not more than 2 proxies in respect of each securities account it holds with ordinary shares of the Company and units of KLCC REIT standing to the credit of the said securities account.

4. Where a holder of the Stapled Securities is an exempt authorised nominee which holds Stapled Securities for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

5. Where a holder of the Stapled Securities or the authorised nominee appoints 2 proxies, or where an exempt authorised nominee appoints 2 or more proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

6. A holder of the Stapled Securities who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at these AGMs via RPV must request his/her proxy to register himself/herself for RPV at **TIIH Online** website at **https://tiih.online. Please follow the Procedures for RPV in the Administrative Details for the 8th AGM of KLCC REIT and 18th AGM of KLCCP.**

7. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company and KLCC REIT not less than forty-eight (48) hours before the time appointed for holding the AGMs or adjourned general meeting at which the person named in the appointment proposes to vote:

    (i) In hard copy form

    In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company and KLCC REIT at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

    (ii) By electronic form

    The proxy form can be electronically lodged with the Share Registrar of the Company and KLCC REIT via **TIIH Online** website at **https://tiih.online**. Kindly refer to Administrative Details on the procedures for electronic lodgement of proxy form via TIIH Online.

8. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

9. Last date and time for lodging the proxy form is **Tuesday, 20 April 2021** at **10.30 a.m.**.

10. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company and KLCC REIT at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGMs or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

11. A corporate which is a holder of the Stapled Securities who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment with the Share Registrar of the Company and KLCC REIT at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment should be executed in the following manner:

    (i) If the corporate holder of the Stapled Securities has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate holder of the Stapled Securities.

    (ii) If the corporate holder of the Stapled Securities does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate holder (if any) and executed by:

        (a) at least two (2) authorised officers, of whom one shall be a director; or

        (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate holder is incorporated.

Explanatory Notes for Items on the Agenda

12. Explanatory Note for Item 1

    This agenda item is meant for discussion only as in accordance with the provision of Paragraph 13.18(b) of the Guidelines on Listed Real Estate Investment Trusts, a formal approval on the Audited Financial Statements of KLCC REIT from the holders of the Stapled Securities is not required. Hence, this item is not put forward to the holders of the Stapled Securities for voting.

13. Explanatory Note for Item 2

    Subject to passing of Resolution VI of the Company, the proposed Resolution 1, if passed, will grant a renewed mandate to the Manager of KLCC REIT to issue New Units from time to time provided that the number of the New Units to be issued, when aggregated with the number of units issued during the preceding 12 months, must not exceed 10% of the total number of units issued of KLCC REIT for the time being and provided further that such corresponding number of New Ordinary Shares in the Company equal to the number of New Units shall be issued and every one New Unit shall be stapled to one New Ordinary Share upon issuance. The Proposed KLCC REIT Mandate, unless revoked or varied at a unitholders' meeting, will expire at the conclusion of the next AGM of unitholders of KLCC REIT.

    The Proposed KLCC REIT Mandate will allow the Manager the flexibility to issue New Units to raise funds to finance future investments, acquisitions and capital expenditure to enhance the value of KLCC REIT and/or to refinance existing debt as well as for working capital purposes, subject to the relevant laws and regulations. With the Proposed KLCC REIT Mandate, delays and further costs involved in convening separate general meetings to approve such issue of units to raise funds can be avoided.

    As at the date of this Notice, no New Units have been issued pursuant to the mandate granted to the Directors of the Manager at the 7th AGM of KLCC REIT.

14. Explanatory Note for Item 3

    This agenda item is meant for discussion only as the provision of Sections 248(2) and 340(1) of the Companies Act, 2016 does not require a formal approval of the holders of the Stapled Securities for the Audited Financial Statements of the Company. Hence, this item is not put forward to the holders of the Stapled Securities for voting.

15. Explanatory Note for Item 4

    Article 106 of the Company's Constitution provides that one-third of the Directors of the Company for the time being shall retire by rotation at an AGM of the Company provided always that all Directors, shall retire from office once at least in each three years but shall be eligible for re-election at the AGM. A Director retiring at a meeting shall retain office until the conclusion of the meeting.

    Article 112 of the Company's Constitution provides, amongst others, that the Board shall have the power to appoint any person to be a Director to fill a casual vacancy or as an addition to the existing Board, and that any Director so appointed shall hold office until the next AGM and shall be eligible for re-election.

    The profiles of the retiring Directors are set out in the Profiles of the Board of Directors on pages 142 to 150 of the Integrated Annual Report 2020 of KLCCP Stapled Group.

    The Board of Directors of the Company, with the recommendation of Nomination and Remuneration Committee ("NRC"), endorsed that the Directors as named under Resolutions I to III who retire in accordance with Articles 106 and 112 of the Company's Constitution are eligible to stand for re-election.

16. Explanatory Note for Item 5

    The holders of Stapled Securities at the last AGM held on 23 June 2020 approved the Non-Executive Directors' ("NEDs") fees and benefits as per the table disclosed in Item 5 above effective 24 June 2020 until the AGM of the Company to be held in 2021 i.e. 18th AGM ("Directors' Remuneration 2020/2021").

    A total of RM1,058,290.00 of Non-Executive Directors' fees and benefits were incurred for the Company for the financial year ended 31 December 2020 and the details of payment are enumerated on page 168 of the Integrated Annual Report 2020 of KLCCP Stapled Group.

    NRCs of the Company and the Manager (a wholly-owned subsidiary of the Company) had reviewed the Directors' Remuneration for the NEDs for the period commencing on the date immediately after the date of the 18th AGM up to the date of the next AGM to be held in 2022 and recommended that the said Directors' Remuneration shall remain unchanged as per Directors' Remuneration 2020/2021. The respective Boards of Directors of the Company and the Manager endorsed the respective NRCs' recommendations.

    Resolution IV on the proposed Directors' fees and benefits to be approved by the holders of the Stapled Securities is pursuant to Section 230(1)(b) of the Companies Act, 2016.

    The members of the Board and Board Committees of the Manager are only remunerated for Attendance/Tele-Conferencing when the meetings of the Manager are held on a different date than the meetings of the Board and Board Committees of the Company.

17. Explanatory Note for Item 6

    The Board of Directors of the Company at its meeting held on 27 January 2021 endorsed for the re-appointment of Ernst & Young PLT as External Auditors of the Company for the financial year ending 31 December 2021 be presented to the holders of Stapled Securities for approval. Based on the annual assessment conducted by Audit Committee of the Company on suitability, independence, objectivity and performance of external auditors, Ernst & Young PLT has met the criteria prescribed by Paragraph 15.21 of the Main Market Listing Requirements of Bursa Securities.

    Ernst & Young had converted its legal entity status from conventional partnership pursuant to Partnership Act 1961 to limited liability partnership pursuant to the Limited Liability Partnerships Act, 2012 ("LLP Act 2012") effective 2 January 2020. Accordingly, Ernst & Young had been registered in the name of Ernst & Young PLT.

    Pursuant to the LLP Act 2012, any agreements/engagements already made between the Company and Ernst & Young will continue to be in force as if Ernst & Young PLT were a party to the agreements.

18. Explanatory Note for Item 7

    Subject to passing of Resolution 1 of KLCC REIT, the proposed Resolution VI, if passed, will grant a renewed mandate and provide flexibility for the Company to empower the Directors to issue New Ordinary Shares from time to time, provided that the total number of such New Ordinary Shares to be issued, when aggregated with the total number of any such ordinary shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares of the Company for the time being (excluding any treasury shares) should the need arise and provided further that such corresponding number of New Units equal to the number of New Ordinary Shares shall be issued and every one New Ordinary Share shall be stapled to one New Unit upon issuance.

    In order to avoid any delay and costs involved in convening a general meeting to approve such issuance of ordinary shares, the approval is a renewed mandate given to the Directors as the Board is always looking into prospective areas and seeking opportunities to broaden the operating base, increase earnings potential of the Company, raise funds to finance future investments, acquisitions and capital expenditure to enhance the value of the Company and/or to refinance existing debt as well as for working capital purposes which may involve the issue of new ordinary shares. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

    As at the date of this Notice, the Company did not issue any New Ordinary Shares pursuant to the mandate granted to the Directors at its 17th AGM.

ADMINISTRATIVE DETAILS

8TH ANNUAL GENERAL MEETING OF KLCC REIT AND 18TH ANNUAL GENERAL MEETING OF KLCCP

Date : Thursday, 22 April 2021	**Broadcast Venue :** Crystal Room, Level 2, Mandarin Oriental, Kuala Lumpur, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia
Time : 10.30 a.m.	

MODE OF MEETING

In view of the COVID-19 outbreak and as part of the safety measures, the Eighth Annual General Meeting ("8th AGM") of KLCC Real Estate Investment Trust ("KLCC REIT) and the Eighteenth Annual General Meeting ("18th AGM") of KLCC Property Holdings Berhad (the "Company" or "KLCCP") ("AGMs") will be conducted entirely through live streaming from the Broadcast Venue. This is in line with the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020 and subsequently revised on 5 March 2021 (including any amendment that may be made from time to time) which require the Chairperson of the meeting to be present at the main venue of the meeting.

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairperson of the meeting to be present at the main venue of the AGMs. Holders of the Stapled Securities **WILL NOT BE ALLOWED** to attend the AGMs in person at the Broadcast Venue on the day of the AGMs.

REMOTE PARTICIPATION AND VOTING FACILITIES ("RPV")

Holders of the Stapled Securities are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the AGMs using RPV provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its **TIIH Online** website at **https://tiih.online**.

Holders of the Stapled Securities who appoint proxies to participate via RPV in the AGMs must ensure that the duly executed proxy forms are deposited in a hard copy form or by electronic means to Tricor no later than **Tuesday, 20 April 2021 at 10.30 a.m.**

Representatives of corporate members (corporate representatives) must deposit their original certificate of appointment of corporate representative to Tricor not later than **Tuesday, 20 April 2021 at 10.30 a.m.** to participate via RPV in the AGMs.

Attorneys appointed by power of attorney must deposit their powers of attorney with Tricor not later than **Tuesday, 20 April 2021 at 10.30 a.m.** to participate via RPV in the AGMs.

A holder of the Stapled Securities who has appointed a proxy or attorney or authorised representative to participate at these AGMs via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at https://tiih.online.

As the 8th AGM of KLCC REIT and 18th AGM of KLCCP are fully virtual AGMs, holders of the Stapled Securities who are unable to participate in these AGMs may appoint the Chairman of the meetings as his/her proxy and indicate the voting instructions in the proxy form.

PROCEDURES FOR RPV

Holders of the Stapled Securities/proxies/corporate representatives/attorneys who wish to participate in the AGMs remotely using the RPV are to follow the requirements and procedures as summarised below:

	Procedure	Action
BEFORE THE DAY OF AGMS		
(a)	Register as a user with TIIH Online	• Using your computer, access the website at **https://tiih.online**. Register as a user under the "e-Services" select "Create Account by Individual Holder". Refer to the tutorial guide posted on the homepage for assistance. • Registration as a user will be approved within one (1) working day and you wil be notified via e-mail. • If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.
(b)	Submit your request to attend AGMs remotely	• **Registration is open from 10.00 a.m. Friday, 19 March 2021 until the day of AGMs, Thursday, 22 April 2021**. Member(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the AGMs to ascertain their eligibility to participate in the AGMs using the RPV. • Login with your user ID (i.e. e-mail address) and password and select the corporate event: **"(REGISTRATION) KLCC REIT AND KLCCP AGMS 2021"**. • Read and agree to the Terms & Conditions and confirm the Declaration. • Select "Register for Remote Participation and Voting". • Review your registration and proceed to register. • System will send an **e-mail to notify** that your registration for remote participation is received and will be verified. • After verification of your registration against the General Meeting Record of Depositors as at **14 April 2021**, the system will send you an **e-mail after 20 April 2021 to approve or reject your registration for remote participation**. (Note: Please allow sufficient time for the approval of new user of TIIH Online as well as the registration for RPV in order that you can login to TIIH Online and participate in the AGMs remotely).
ON THE DAY OF THE AGMS (22 APRIL 2021)		
(c)	Login to TIIH Online	• Login with your user ID and password for remote participation at the AGMs at any time from **10.00 a.m.** i.e. 30 minutes before the commencement of the AGMs on **Thursday, 22 April 2021 at 10.30 a.m.**
(d)	Participate through Live Streaming	• Select the corporate event: **"(LIVE STREAM MEETING) KLCC REIT AND KLCCP AGMS 2021"** to engage in the proceedings of the AGMs remotely. • If you have any question for the Chairperson/Board, you may use the query box to transmit your question. The Chairperson/Board will endeavor to respond to questions submitted by remote participants during the AGMs.
(e)	Online Remote Voting	• Voting session commences from 10.30 a.m. on Thursday, 22 April 2021 until a time when the Chairperson announces the end of the voting session of the AGMs. • Select the corporate event: **"(REMOTE VOTING) KLCC REIT AND KLCCP AGMS 2021" or if you are on the live stream meeting page, you can select "GO TO REMOTE VOTING PAGE" button below the Query Box.** • Read and agree to the Terms & Conditions and confirm the Declaration. • Select the CDS account that represents your shareholdings. • Indicate your votes for the resolutions that are tabled for voting. • Confirm and submit your votes.
(f)	End of remote participation	• Upon the announcement by the Chairman on the closure of the AGMs, the Live Streaming will end.

Note to users of the RPV:

1. Should your application to join the AGMs be approved, we will make available to you the rights to join the live streamed meetings and to vote remotely. Your login to **TIIH Online** on the day of meetings will indicate your presence at the virtual meetings.

2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.

3. In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to tiih.online@my.tricorglobal.com. for assistance.

ADMINISTRATIVE DETAILS

8TH ANNUAL GENERAL MEETING OF KLCC REIT AND 18TH ANNUAL GENERAL MEETING OF KLCCP

GENERAL MEETING RECORD OF DEPOSITORS ("ROD")

- Only a depositor whose name appears on the ROD as at **14 April 2021** shall be entitled to attend, speak and vote at the AGMs or appoint proxies to attend and/or vote on his/her behalf.

PROXY

- The AGMs will be conducted via virtual meeting, if you are unable to attend the meetings via RPV on 22 April 2021, you may appoint the Chairman of the meetings as proxy and indicate the voting instructions in the Proxy Form.

- You may submit your Proxy Form to the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") by fax at 03-2783 9222 or e-mail to **is.enquiry@my.tricorglobal.com**. However, please ensure that the Original Proxy Form is deposited at Tricor's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Counter at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the AGMs or any adjournment thereof, otherwise the Proxy Form shall not be treated as valid.

- You may also submit the Proxy Form electronically via **TIIH Online** website at **https://tiih.online** no later than **Tuesday, 20 April 2021 at 10.30 a.m.**. Please do read and follow the procedures to submit Proxy Form electronically below.

Poll Voting

- The Voting at the AGMs will be conducted by poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements.

- Shareholders can proceed to vote on the resolutions at any time from the commencement of the AGMs at 10.30 a.m but before the end of the voting session, which will be announced by the Chairman of the Meeting. Kindly refer to item (e) of the above Procedures for RPV for guidance on how to vote remotely from **TIIH Online** website at **https://tiih.online**.

- Upon completion of the voting session for the AGMs, the Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

ELECTRONIC LODGEMENT OF PROXY FORM

The procedures to lodge your proxy form electronically via Tricor's **TIIH Online** website are summarised below:

	Procedure	Action
i	**Steps for Individual Shareholders**	
(a)	Register as a User with TIIH Online	• Using your computer, please access the website at **https://tiih.online**. Register as a user under the "e-Services". Please do refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again.
(b)	Proceed with submission of Proxy Form	• After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: **"KLCC REIT AND KLCCP AGMS 2021 - Submission of Proxy Form"**. • Read and agree to the Terms & Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. • Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote. • Review and confirm your proxy(s) appointment. • Print proxy form for your record.

ii	Steps for corporation or institutional shareholders	
(c)	Register as a User with TIIH Online	• Access TIIH Online at https://tiih.online • Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects **"Create Account by Representative of Corporate Holder"**. • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by email within one (1) to two (2) working days. • Proceed to activate your account with the temporary password given in the email and re-set your own password. • Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.
(d)	Proceed with submission of Proxy Form	• Login to TIIH Online at https://tiih.online • Select the corporate exercise name: **"KLCC REIT AND KLCCP AGMS 2021: Submission of Proxy Form"** • Agree to the Terms & Conditions and Declaration. • Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Submit the proxy appointment file. • Login to TIIH Online, select corporate exercise name: **"KLCC REIT AND KLCCP AGMS 2021: Submission of Proxy Form"**. • Proceed to upload the duly completed proxy appointment file. • Select "Submit" to complete your submission. • Print the confirmation report of your submission for your record.

PRE-MEETING SUBMISSION OF QUESTIONS TO THE BOARDS OF DIRECTORS

Holders of the Stapled Securities may submit questions for the Boards in advance of the AGMs via Tricor's **TIIH Online** website at **https://tiih.online** by selecting "e-Services" to login, pose questions and submit electronically no later than **Tuesday, 20 April 2021 at 10.30 a.m.**. The Boards will endeavor to answer the questions received at the AGMs.

RECORDING OR PHOTOGRAPHY

Strictly **No unauthorized recording or photography** of the proceedings of the AGMs are allowed.

Annual Report 2020

- The Integrated Annual Report 2020 is available at the Company's website at https://www.klcc.com.my/investor-relations/reports/klccpstapledgroupiar2020.bitesite/index.html.

- You may request for a printed copy of the Integrated Annual Report 2020 at **https://tiih.online** by selecting "Request for Annual Report/Circular" under the "Investor Services". Nevertheless, we hope you would consider the environment before you decide to request for the printed copy.

ENQUIRY

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

Tricor Investor & Issuing House Services Sdn. Bhd.
General Line :+603-2783 9299
Fax Number :+603-2783 9222
Email : is.enquiry@my.tricorglobal.com

Contact persons	Telephone Number	Email
Mr. Jake Too	+603-2783 9285	Chee.Onn.Too@my.tricorglobal.com
Ms. Vivien Khoh	+603-2783 9291	Vivien.Khoh@my.tricorglobal.com
Mr. Alven Lai	+603-2783 9283	Siew.Wai.Lai@my.tricorglobal.com

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PROXY FORM

No. of Stapled Securities held	CDS Account No.

KLCC PROPERTY HOLDINGS BERHAD
200401003073 (641576-U)
(Incorporated in Malaysia)

KLCC REAL ESTATE INVESTMENT TRUST
(a real estate investment trust constituted under the laws of Malaysia)

* I/We ____
(Full Name as per NRIC/Certificate of Incorporation)

Company No./NRIC No. (new) ____________________ (old) ____________________

of ____

____

____
(Full Address)

being a *holder/holders of the Stapled Securities of KLCC PROPERTY HOLDINGS BERHAD ("Company" or "KLCCP") and KLCC REAL ESTATE INVESTMENT TRUST ("KLCC REIT"), hereby appoint:

PROXY "A"

Full Name (in block letters)		**Proportion of shareholdings**	
NRIC/Passport No.		**No. of Stapled Securities**	**%**
Address			

* and/or failing him (* delete as appropriate)

PROXY "B"

Full Name (in block letters)		**Proportion of shareholdings**	
NRIC/Passport No.		**No. of Stapled Securities**	**%**
Address			

or failing him/them, the CHAIRMAN OF THE MEETINGS as *my/our *proxy/proxies to vote for *me/us and on *my/our behalf at the Eighth Annual General Meeting (8th AGM") of KLCC REIT and the Eighteenth Annual General Meeting ("18th AGM") of the Company to be conducted concurrently and entirely through live streaming from the broadcast venue at the Crystal Room, Level 2, Mandarin Oriental Kuala Lumpur, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia ("Broadcast Venue") on Thursday, 22 April 2021 at 10.30 a.m. and at any adjournment thereof.

Please indicate with an "X" in the appropriate box against each resolution how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he/she thinks fit, or at his/her discretion, abstain from voting.

	Resolution	PROXY "A"		PROXY "B"	
		For	**Against**	**For**	**Against**
KLCC REIT					
Proposed unitholders' mandate to issue new units pursuant to Paragraph 6.59 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad	1				
KLCCP					
Re-election of Datuk Pragasa Moorthi A/L Krishnasamy	I				
Re-election of Pn. Farina binti Farikhullah Khan	II				
Re-election of Pn. Liza binti Mustapha	III				
Directors' fees and benefits payable to Non-Executive Directors for the period commencing on the date immediately after the date of the 18th AGM up to the date of the next Annual General Meeting to be held in 2022 of the Company	IV				
Re-appointment of Ernst & Young PLT as Auditors and to authorise the Directors to fix the Auditors' remuneration	V				
Authority to issue shares of the Company pursuant to Sections 75 and 76 of the Companies Act, 2016	VI				

Contact Number

Signature of holder(s) of the Stapled Securities or Common Seal

Dated

* Strike out whichever is not desired.

Fold here

Affix
Stamp
Here

Share Registrar

Tricor Investor & Issuing House Services Sdn Bhd 197101000970 (11324-H)
Unit 32-01, Level 32,
Tower A, Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur

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NOTES:

1. **IMPORTANT NOTICE**

   The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020 and subsequently revised on 5 March 2021 (including any amendment that may be made from time to time) which require the Chairperson of the meeting to be present at the main venue of the meeting.

   Holders of the Stapled Securities **WILL NOT BE ALLOWED** to attend the 8th AGM of KLCC REIT and 18th AGM of KLCCP ("AGMs") in person at the Broadcast Venue on the day of the meetings.

   Holders of the Stapled Securities are to attend, speak (including posing questions to the Boards of Directors via real time submission of typed texts) and vote (collectively, "participate") remotely at the 8th AGM of KLCC REIT and 18th AGM of KLCCP via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its **TIIH Online** website at **https://tiih.online. Please follow the Procedures for RPV provided in the Administrative Details for the 8th AGM of KLCC REIT and 18th AGM of KLCCP and read Notes (2) to (12) below in order to participate remotely via RPV**.

2. A holder of the stapled securities comprising ordinary shares in the Company stapled together with the units in KLCC REIT ("Stapled Securities") who is entitled to attend and vote at the meetings via RPV is entitled to appoint not more than 2 proxies to attend and, to vote in his stead. A proxy may but need not be a holder of the Stapled Securities. There shall be no restriction as to the qualification of the proxy. The holders may submit questions to the Board of Directors at **https://tiih.online** to the AGMs or to use the query box to transmit questions to Board of Directors via RPV during live streaming.

3. Where a holder of the Stapled Securities is an authorised nominee, it may appoint at least one proxy but not more than 2 proxies in respect of each securities account it holds with ordinary shares of the Company and units of KLCC REIT standing to the credit of the said securities account.

4. Where a holder of the Stapled Securities is an exempt authorised nominee which holds Stapled Securities for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

5. Where a holder of the Stapled Securities or the authorised nominee appoints 2 proxies, or where an exempt authorised nominee appoints 2 or more proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

6. A holder of the Stapled Securities who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at these AGMs via RPV must request his/her proxy to register himself/herself for RPV at **TIIH Online** website at **https://tiih.online**. **Please follow the Procedures for RPV in the Administrative Details for the 8th AGM of KLCC REIT and 18th AGM of KLCCP**.

7. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company and KLCC REIT not less than forty-eight (48) hours before the time appointed for holding the AGMs or adjourned general meeting at which the person named in the appointment proposes to vote:

   (i) In hard copy form

   In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company and KLCC REIT at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

   (ii) By electronic form

   The proxy form can be electronically lodged with the Share Registrar of the Company and KLCC REIT via **TIIH Online** website at **https://tiih.online**. Kindly refer to the Administrative Details on the procedures for electronic lodgement of proxy form via **TIIH Online**.

8. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

9. Last date and time for lodging the proxy form is **Tuesday, 20 April 2021 at 10.30 a.m.**.

10. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company and KLCC REIT at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGMs or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

11. A corporate which is a holder of the Stapled Securities who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment with the Share Registrar of the Company and KLCC REIT at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment should be executed in the following manner:

    (i) If the corporate holder of the Stapled Securities has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate holder of the Stapled Securities.

    (ii) If the corporate holder of the Stapled Securities does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate holder (if any) and executed by:
    (a) at least two (2) authorised officers, of whom one shall be a director; or
    (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate holder is incorporated.

12. For the purpose of determining a holder of the Stapled Securities who shall be entitled to attend the 8th AGM of KLCC REIT and the 18th AGM of the Company via RPV, KLCC REIT Management Sdn Bhd ("Manager") and/or Maybank Trustees Berhad ("Trustee") and the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Paragraph 17 of Schedule 1 of the Amended and Restated Trust Deed dated 3 September 2019 entered into between the Manager and the Trustee, Articles 76(1) and 76(2) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991, to issue a General Meeting Record of Depositors as at **14 April 2021** and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend, speak and vote at the said meetings via RPV.

CORPORATE DIRECTORY

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KLCC REIT MANAGEMENT SDN BHD

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KLCC URUSHARTA SDN BHD

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KLCC PROPERTY HOLDINGS BERHAD
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KLCC REAL ESTATE INVESTMENT TRUST

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