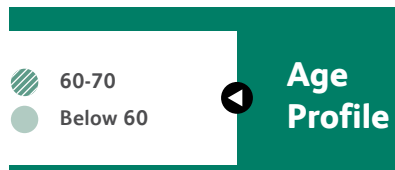
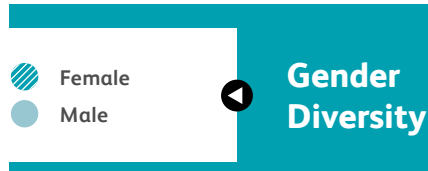
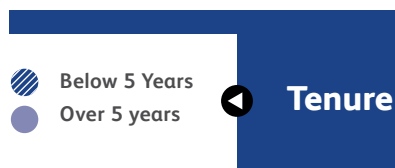


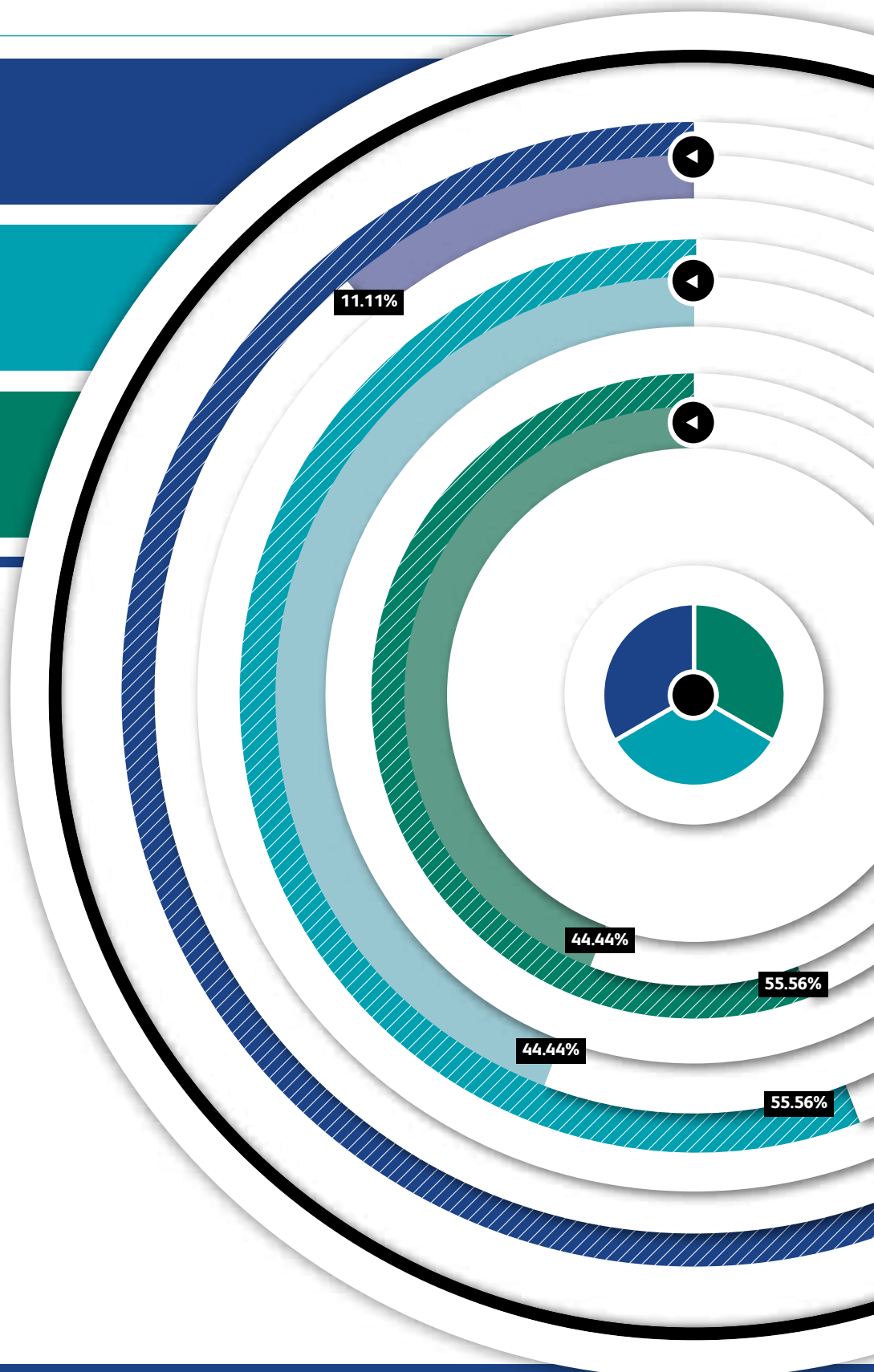
# KLCCP AND KLCC REIT BOARDS OF DIRECTORS



**Tan Sri Ahmad Nizam bin Salleh**  
Chairman/Non-Independent Non-Executive Director



**Md. Shah bin Mahmood**  
Executive Director/Chief Executive Officer



# EFFECTIVE STEWARDSHIP TOWARDS

88.89%

### 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 directors' meeting attendance record for 2021 is provided in Corporate Governance Overview Statement



**Habibah binti Abdul**

Senior Independent  
Non-Executive Director



**Farina binti Farikhullah Khan**

Independent  
Non-Executive Director



**Dato' Jamaludin bin Osman**

Independent  
Non-Executive Director



**Liza binti Mustapha**

Non-Independent  
Non-Executive Director



**Chong Chye Neo**

Independent  
Non-Executive Director



**Dato' Sr. Mazuki bin A Aziz**

Independent  
Non-Executive Director



**Datin Noor Lily Zuriati binti Abdullah**

Independent  
Non-Executive Director

# GOVERNANCE EXCELLENCE

## KLCCP AND KLCC REIT BOARDS OF DIRECTORS

### TAN SRI AHMAD NIZAM BIN SALLEH

Chairman  
Non-Independent  
Non-Executive Director

**Date of Appointment to the Board:**

- (i) 21 December 2018 [KLCC Property Holdings Berhad (“KLCCP”)]
- (ii) 21 December 2018 [KLCC REIT Management Sdn Bhd (“KLCCRM”)]

<b>Nationality:</b> Malaysian	<b>Age:</b> 66	<b>Gender:</b> Male
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**BOARD COMMITTEE:**  
Nil

**OTHER DIRECTORSHIPS:**  
**Listed Issuers:**

- Nil

**Public Companies:**

- Pelaburan Hartanah Berhad

#### 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, Pelaburan Hartanah Berhad
- 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
- Chairman, PETRONAS
- Chairman, Yayasan PETRONAS
- Pro-Chancellor, Universiti Teknologi PETRONAS

#### BOARD SKILL MATRIX

- Business Management
- Strategy Development
- International Business

**MD. SHAH BIN MAHMOOD**

Executive Director/  
Chief Executive Officer

**Date of Appointment to the Board:**

- (i) 10 May 2021 (KLCCP)
- (ii) 10 May 2021 (KLCCRM)

<b>Nationality:</b> Malaysian	<b>Age:</b> 52	<b>Gender:</b> Male
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**BOARD COMMITTEE:**  
Nil

**OTHER DIRECTORSHIPS:**  
**Listed Issuers:**

- Nil

**Public Companies:**

- Kuala Lumpur City Park Berhad
- Midciti Sukuk Berhad

**ACADEMIC/PROFESSIONAL QUALIFICATIONS**

- Bachelor’s Degree in Electrical Engineering (Instrumentation), Universiti Teknologi Mara (UITM)
- Advanced Management Program, Harvard Business School, USA
- Senior Management Development Programme, PETRONAS - INSEAD

**WORKING EXPERIENCE**

**Present Appointments:**

- Director/Group Chief Executive Officer, KLCC (Holdings) Sdn Bhd (“KLCCCH”)
- Director, PETRONAS Group of Companies
- Director of KLCCCH’s subsidiaries and associate companies, and subsidiaries of KLCCP

**Past Experiences:**

- Held management positions covering various divisions in PETRONAS:
  - o Business Development Unit
  - o Corporate Planning and Development Division (CPDD)
  - o Head (Solar Project)
  - o Research & Technology (R&T)
  - o Head, Project Studies for Project Delivery and Technology (PD&T)
  - o Project Director of LNG Regasification Facilities (RGT2) Project in Pengerang, Johor
- Head, Commercial & Business Development, PETRONAS LNG Sdn Bhd.
- Head of Strategy and Business Development, Gas & New Energy Business
- Member of PETRONAS Corporate Investment Committee (CIC), Sustainability Development & HSSE Council, Leadership Team for SKG19 (Project Management) and Advisory Committee for SKG02 (Business Planners)

**BOARD SKILL MATRIX**

- Engineering
- Business Development
- Strategy Development
- Corporate Planning and Development
- Risk Management
- Operations
- Project Management

# KLCCP AND KLCC REIT BOARDS OF DIRECTORS

## HABIBAH BINTI ABDUL

Senior Independent  
Non-Executive Director

**Date of Appointment to the Board:**

- (i) 26 June 2013 (KLCCP)
- (ii) 26 June 2013 (KLCCRM)

<b>Nationality:</b> Malaysian	<b>Age:</b> 66	<b>Gender:</b> Female
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**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

**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
- Member, Board Risk Committee, PETRONAS Gas Berhad
- Director, KLCC REIT Management Sdn Bhd

**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

**BOARD SKILL MATRIX**

- Accounting and Finance

**FARINA BINTI FARIKHULLAH KHAN**

Independent  
Non-Executive Director

**Date of Appointment to the Board:**

- (i) 23 April 2018 (KLCCP)
- (ii) 23 April 2018 (KLCCRM)

<b>Nationality:</b> Malaysian	<b>Age:</b> 49	<b>Gender:</b> Female
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**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 on 3 April 2019)
- Member, Board Risk Committees of KLCCP and KLCCRM (Appointed on 9 December 2021)

**OTHER DIRECTORSHIPS:**

- Listed Issuers:**
- PETRONAS Gas Berhad
  - AMMB Holdings Berhad
  - Icon Offshore Berhad

**Public Companies:**

- AMBank Islamic Berhad

**Foreign Companies:**

- EnQuest Plc

**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
- Member, Employee Forum, 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

**BOARD SKILL MATRIX**

- Banking and Finance
- Corporate Planning and Development
- Economics
- Finance and Audit
- Human Resource

## KLCCP AND KLCC REIT BOARDS OF DIRECTORS

### DATO' JAMALUDIN BIN OSMAN

Independent  
Non-Executive Director

**Date of Appointment to the Board:**

- (i) 1 January 2020 (KLCCP)
- (ii) 1 January 2020 (KLCCRM)

<b>Nationality:</b> Malaysian	<b>Age:</b> 67	<b>Gender:</b> Male
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**BOARD COMMITTEE:**

- Member, Nomination and Remuneration Committees of KLCCP and KLCCRM (Appointed on 23 April 2021)
- Chairman, Board Risk Committees of KLCCP and KLCCRM (Appointed on 9 December 2021)

**OTHER DIRECTORSHIPS:**

- Listed Issuers:**
- Hock Seng Lee Berhad
- Public Companies:**
- MMC Corporation Berhad

**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:
  - o Project Manager
  - o Marketing Manager
  - o General Manager Project & Marketing
  - o Managing Director
- Group Managing Director, I&P Group Sdn Bhd

**BOARD SKILL MATRIX**

- Engineering
- Business Management
- Strategic Planning
- Marketing
- Project Management

**LIZA BINTI MUSTAPHA**

Non-Independent  
Non-Executive Director

**Date of Appointment to the Board:**

- (i) 12 October 2020 (KLCCP)
- (ii) 12 October 2020 (KLCCRM)

<b>Nationality:</b> Malaysian	<b>Age:</b> 51	<b>Gender:</b> Female
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**BOARD COMMITTEE:**

- Nil

**OTHER DIRECTORSHIPS:**

**Listed Issuers:**

- MISC Berhad

**Public Companies:**

- PETRONAS

**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:**

- Executive 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

**BOARD SKILL MATRIX**

- Finance & Audit
- Corporate Planning & Development
- Operations
- Risk Management
- Oil & Gas



# KLCCP AND KLCC REIT BOARDS OF DIRECTORS

## CHONG CHYE NEO

Independent  
Non-Executive Director

**Date of Appointment to the Board:**

- (i) 10 May 2021 (KLCCP)
- (ii) 10 May 2021 (KLCCRM)

<b>Nationality:</b> Malaysian	<b>Age:</b> 59	<b>Gender:</b> Female
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**BOARD COMMITTEE:**

- Member, Nomination and Remuneration Committees of KLCCP and KLCCRM (Appointed on 9 December 2021)
- Member, Audit Committees of KLCCP and KLCCRM (Appointed on 9 December 2021)

**OTHER DIRECTORSHIPS:**

**Listed Issuers:**

- Bursa Malaysia Berhad
- Hong Leong Financial Group Berhad

**Public Companies:**

- Nil

**ACADEMIC/PROFESSIONAL QUALIFICATIONS**

- Bachelor of Science (Hons), Computer Science, Universiti Sains Malaysia
- Executive Education, Harvard Business School, USA

**WORKING EXPERIENCE**

**Present Appointments:**

- Honorary Member, American Malaysian Chamber of Commerce
- Member of Institute of Corporate Directors Malaysia

**Past Experiences:**

Over 30 years in information technology industry within IBM group:

- Managing Director/ Chief Executive Officer, IBM Malaysia
- Client Director, Financial Market, IBM Malaysia
- Director, Intellectual Property Business Development, IBM ASEAN
- Director, Business Partners Organisation, IBM ASEAN
- Director, Mid Market, IBM ASEAN/ South Asia
- General Manager, Storage Systems, IBM ASEAN/ South Asia
- Regional Leader, Marketing, IBM ASEAN
- Country Head, Enterprise Systems Group, IBM Malaysia
- Various roles in IBM (engineering, sales, marketing and operations in Malaysia). Asia Pacific sales roles covering Japan, Korea, Greater China Group, ASEAN/ South Asia, Australia/ New Zealand

**BOARD SKILL MATRIX**

- Information Technology / Digital
- Business and Strategy Development
- Commercial/Marketing
- International/Regional Business

**DATO' SR. MAZUKI BIN A AZIZ**

Independent  
Non-Executive Director

**Date of Appointment to the Board:**

- (i) 9 December 2021 (KLCCP)
- (ii) 9 December 2021 (KLCCRM)

<b>Nationality:</b> Malaysian	<b>Age:</b> 66	<b>Gender:</b> Male
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**BOARD COMMITTEE:**

- Nil

**OTHER DIRECTORSHIPS:**

**Listed Issuers:**

- Nil

**Public Companies:**

- Nil

**ACADEMIC/PROFESSIONAL QUALIFICATIONS**

- Bachelor of Quantity Surveying, Universiti Teknologi Malaysia
- Registered with Board of Quantity Surveyors Malaysia
- Fellow, Royal Institute of Surveyors Malaysia

**WORKING EXPERIENCE**

**Present Appointments:**

- Perunding DMA Sdn Bhd - Managing Director
- WRA Services Sdn Bhd - Executive Director
- Integrated Project Information Management Sdn Bhd - Non-Executive Chairman

**Past Experiences:**

- Head of General Buildings Unit, Cawangan Kontrak dan Ukur Bahan, Jabatan Kerja Raya Malaysia
- Held several positions in UDA Holding Berhad:
  - o Independent Director of Board of Directors
  - o Chairman of Audit and Risk Committee of the Board
  - o Member of Tender Committee of the Board
- Involved in a few committees with the Board of Quantity Surveyors Malaysia (BQSM):
  - o Chairman Professional Practice Committee of the Board
  - o Member of Registration Committee of the Board
  - o Member of Ethics Committee of the Board

**BOARD SKILL MATRIX**

- Construction
- Business Management
- Strategic Planning
- Quantity Survey
- Project Management

## KLCCP AND KLCC REIT BOARDS OF DIRECTORS

### DATIN NOOR LILY ZURIATI BINTI ABDULLAH

Independent  
Non-Executive Director

**Date of Appointment to the Board:**

- (i) 9 December 2021 (KLCCP)
- (ii) 9 December 2021 (KLCCRM)

<b>Nationality:</b> Malaysian	<b>Age:</b> 63	<b>Gender:</b> Female
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**BOARD COMMITTEE:**

- Member, Board Risk Committees of KLCCP and KLCCRM (Appointed on 9 December 2021)

**OTHER DIRECTORSHIPS:**

**Listed Issuers:**

- Reach Energy Berhad

**Public Companies:**

- Nil

**ACADEMIC/PROFESSIONAL QUALIFICATIONS**

- LLB (Hons), University of London, United Kingdom
- Certificate in Legal Practice, Qualifying Board for Legal Profession Malaysia
- Certificate in Senior Management Development Programme, INSEAD
- Certificate in Leadership Excellence, PETRONAS (LEAP) Programme
- Licensed Company Secretary

**WORKING EXPERIENCE**

**Present Appointments:**

- Independent Non-Executive Director and Chairman of Risk Committee, Reach Energy Berhad

**Past Experiences:**

- General Counsel/Head, Company Secretary, Legal & Corporate Secretariat Department, PETRONAS Chemicals Group Berhad
- General Counsel/Head of Legal, Technology & Engineering Division, PETRONAS
- Senior Legal Counsel/Head, Company Secretary, Legal & Corporate Affairs Department, PETRONAS International Corporation Limited (Egypt)
- Senior Legal Counsel (Head, Special Project), Legal Department, Gas Business Unit, PETRONAS
- Senior Legal Counsel/Head, Company Secretary, Legal and Corporate Secretariat Department, PETRONAS Dagangan Berhad
- Senior Legal Counsel/Head, Company Secretary, Legal and Corporate Secretariat Department, Malaysia LNG Group of Companies

**BOARD SKILL MATRIX**

- Law
- Risk Management
- Strategy Development
- International/Regional Business

# KLCCP AND KLCC REIT MANAGEMENT TEAM



▶ **MD. SHAH MAHMOOD**  
Chief Executive Officer

▶ Please refer to his profile on page 139



▶ **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

## MANAGEMENT TEAM

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.



▶ **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



▶ **ANDREW WILLIAM BRIEN**  
Executive Director/Chief Executive Officer, Suria KLCC Sdn Bhd



▶ **CHRISTIAN TAVELLI**  
General Manager, Mandarin Oriental, Kuala Lumpur

## KLCCP AND KLCC REIT MANAGEMENT TEAM

### ANNUAR MARZUKI BIN ABDUL AZIZ

**Nationality:** Malaysian  
**Age:** 51  
**Gender:** 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

**Nationality:** Malaysian  
**Age:** 57  
**Gender:** 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

**Nationality:** Malaysian  
**Age:** 58  
**Gender:** 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

**Nationality:** Malaysian  
**Age:** 43  
**Gender:** 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

**Nationality:** Malaysian  
**Age:** 50  
**Gender:** 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 Projek Sdn Bhd
- Project Quantity Surveyor, KLCC Projek 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

**Nationality:** Malaysian  
**Age:** 46  
**Gender:** 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

**Nationality:** Malaysian  
**Age:** 58  
**Gender:** 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

## ANDREW WILLIAM BRIEN

**Nationality:** Australian  
**Age:** 58  
**Gender:** 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
- 29 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:

- Nil

### 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

**Nationality:** Italian  
**Age:** 47  
**Gender:** 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

### 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 Group 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 600 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 Guidelines for Shariah Advisers 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

#### AHMAD SUHAIMI YAHYA

Director & Regional Head

Ahmad Suhaimi is currently the Regional Head, Shariah Advisory & Governance, CIMB Islamic Bank and brings with him over 27 year worth of experience in fiqh al-muamalat (Islamic commercial law) and Islamic finance. Prior to joining CIMB, he was the Chief Shariah Officer of Hong Leong Islamic Bank Berhad (“HLISB”), Chief Regional Shariah Officer of Kuwait Finance House (Malaysia) Berhad (“KFHMB”), Senior Vice President and Head of Shariah of RHB Islamic Bank Berhad (“RHBIB”). Before joining RHBIB, he was the in-house Shariah Advisor and the Director of Shariah Division of KFHMB. He was one of the pioneer staff of KFHMB, the first foreign Islamic bank licensed by Bank Negara Malaysia (“BNM”). Before joining KFHMB, he had served the Securities Commission Malaysia (“SC”)’s Islamic Capital Market. He had also experience in teaching Shariah (Islamic Law) whereby he had been lecturing at the International Islamic University Malaysia (“IIUM”) before joining SC.

He is currently a member of the High Shariah Supervisory Board of Central Bank of Oman (“CBO”), the Chairman of Shariah Governance Committee, Association of Islamic Banking Institutions Malaysia (“AIBIM”), Exco member (Secretary) of Association of Shariah Advisors in Islamic Finance (ASAS), a member of Accreditation and Exemptions Review Panel (AEP) for the CIIF’S Chartered Professional in Islamic Finance (CPIF)

Programme and a member of Board of Studies, Kolej Pengajian Islam Johor (“MARSAH”). He was appointed as a member of the Shariah Advisory Council of Securities Commission Malaysia from 2010-2012, a member of Panel Pakar Muamalat JAKIM, a member of BNM’s Industry Committee for Shariah Standard Review 2013 and Board of Studies, IIUM Institute of Islamic Banking and Finance (“IIiBF”) in 2011. He was also the Shariah Advisor of KFH Investment Co. in Kuwait 2014-2015.

He holds a degree in Shariah from the Al-Azhar University, Egypt and Master degree in Shariah from Cairo University, Egypt with First Class Honours. He also holds a professional certification as a Certified Shariah Advisor and Auditor (CSAA) by Accounting and Auditing Organisation for Islamic Financial Institutions (“AAOIFI”) in Bahrain and Certified Shariah Advisor (CSA) by ASAS.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

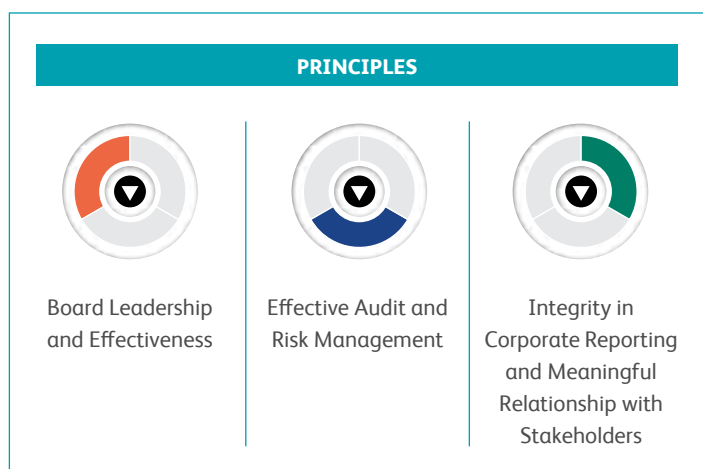
## GOVERNANCE ENABLER

**At KLCCP Stapled Group (“Group”), the Boards do not view corporate governance as an exercise in compliance but as a core discipline which generates value for our stakeholders and underpins our success.**

## HOW OUR GOVERNANCE WORKS

Corporate governance is essential in 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.

The Boards take cognizance of the revised Malaysian Code on Corporate Governance (“MCCG”) published in April 2021. 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 stakeholders 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 MCCG. This overview takes guidance from the 3 main principles of the MCCG:

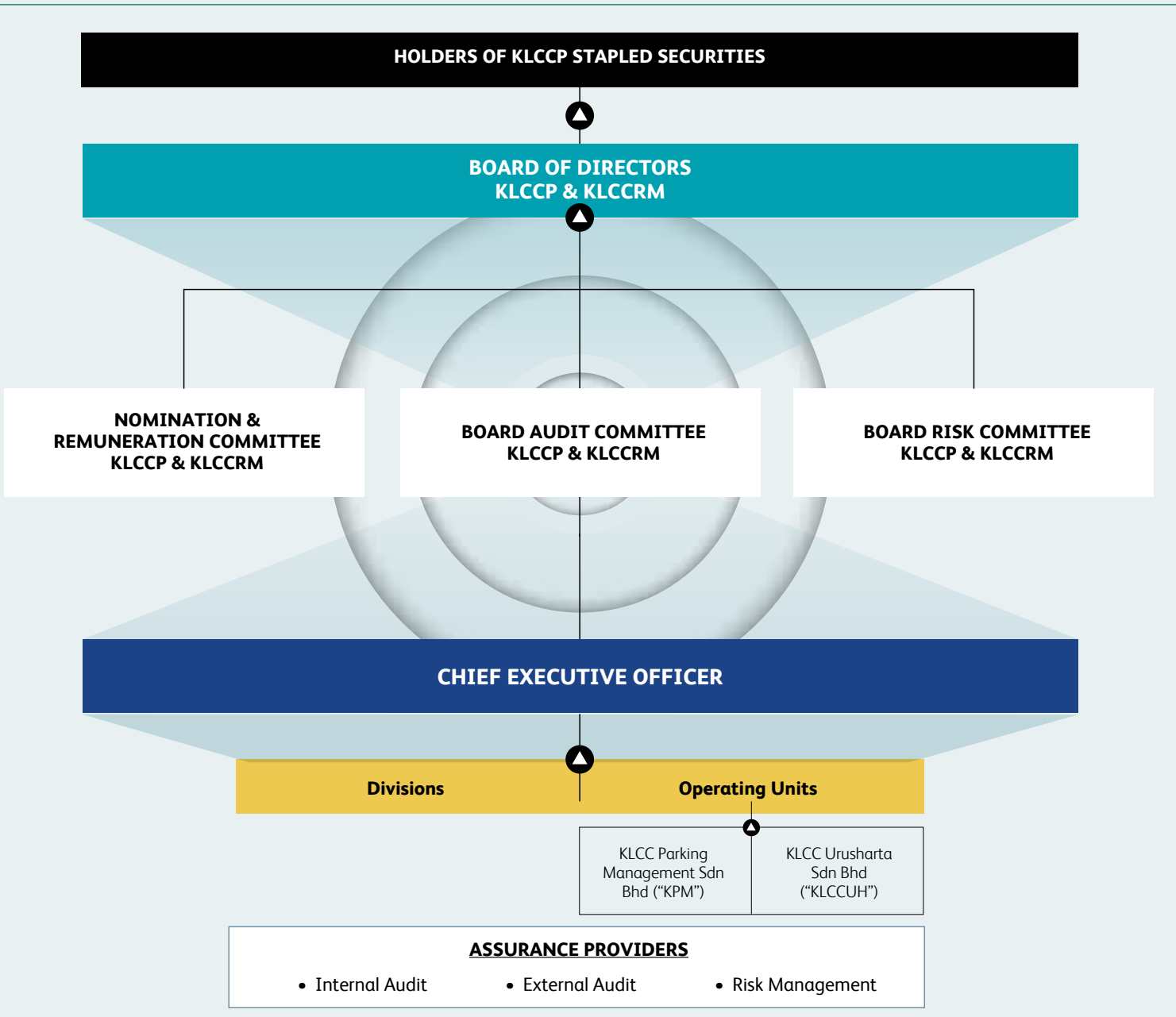


During FY2021, the Boards reviewed the corporate governance practices of KLCCP and KLCCRM to ensure they have adopted holistic and effective governance. This Statement should be read in conjunction with the Board Audit Committees Report (“BACs Report”), Nomination and Remuneration Committees Report (“NRCs Report”), Statement on Risk Management and Internal Control (“SORMIC”), Sustainability Report and KLCCP Stapled Group Corporate Governance Report (“CG Report”) for FY2021 which is available on the KLCCP Stapled Group’s corporate website at [www.klcc.com.my](http://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 2021. 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.

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”). The Boards believe a robust structure of corporate governance allows for the Boards to make effective decision. In FY2021, the Boards established Board Risk Committees for KLCCRM and KLCCP, specifically to oversee the respective companies’ risk management framework. The governance framework is depicted as follow:



**KEY GOVERNANCE ENHANCEMENTS**

During the year, the Boards have committed and implemented the following governance enhancements for KLCCP and KLCCRM:

- The Boards of KLCCP and KLCCRM reconstituted their respective board compositions with 67% independent directors.
- The establishment of a Board Risk Committee for KLCCP and KLCCRM which comprises all independent directors.
- The revision to the composition of the respective Board Audit Committees ("BACs") of KLCCP and KLCCRM which comprise all independent directors.
- The inclusion in the Board Charter of KLCCP to prohibit the appointment of active politicians as director on the Boards.
- The revision to the respective BACs' TOR of KLCCP and KLCCRM reflecting the cooling-off period for the appointment of a former audit partner as a board audit committee member from 2 years to 3 years.
- Inclusion in the Board Charter of KLCCP on the engagement of independent experts to conduct board effectiveness evaluation at least once in every 3 years to facilitate an objective and candid board evaluation.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT



## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### I) BOARD RESPONSIBILITIES

The Boards are composed of highly skilled professionals who bring a wide 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 the holders of Stapled Securities and other stakeholders of the Group by taking into account economic, environment and social considerations underpinning sustainability, 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 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. The Chairman of the Boards is not a member of the Board Committees. This is to ensure the objectivity of the Chairman and the Boards is not impaired, especially during deliberation on the recommendations put forth by the Board Committees.

In addition, the Board Committees, namely the BACs, Nomination and Remuneration Committees ("NRCs") and Board Risk Committees ("BRCs") are also 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.

During the year, the BRCs of KLCCP and KLCCRM were established on 9 December 2021 upon the recommendations of the NRCs and approvals of the Boards. The members of the BRCs comprise the following Independent Non-Executive Directors:

- (a) Dato' Jamaludin bin Osman (Chairman)
- (b) Pn Farina binti Farikhullah Khan (Member)
- (c) Datin Noor Lily Zuriati binti Abdullah (Member)

The Constitution of KLCCP, Board Charter as well as the respective TORs of the BACs, NRCs and BRCs are available on KLCCP Stapled Group's corporate website at [www.klcc.com.my](http://www.klcc.com.my).



To read more on leadership and effectiveness of our Boards, please refer to the NRCs Report, BACs Report, Statement of Risk Management and Internal Control, and Sustainability Report of this Integrated Annual Report

### 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. The NRCs are responsible for reviewing the Boards composition periodically and make recommendation to the Boards. Further activities of the NRCs are provided in the NRCs Report.

As of the date of this report, the Boards of KLCCP and KLCCRM reconstituted their respective board compositions with 67% independent directors. Each Board currently consists of 9 members, led by a Non-Executive Chairman, and supported by 1 Executive Director as well as 7 Non-Executive Directors. Six (6) of the Non-Executive Directors fulfill the criteria of independence, as defined in the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") while the remaining 2 Non-Executive Directors [including the Chairman] are Non-Independent Directors.



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. The Board Diversity Policy aims to achieve 30% women directors in line with the country’s aspirational target of 30% representation of women directors. To-date, the representation of women directors on the Boards is 55.56%.

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](http://www.klcc.com.my). Further details on the Board Diversity Policy are described in the CG Report.

 To read more on Board members, please refer to their respective profiles on pages 136 to 146.

### III) DIRECTORS’ INDEPENDENCE

The Boards recognise the important contributions that Independent Non-Executive Directors (“INEDs”) 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.

Further, the Boards also observe a cooling-off period of 3 years before any appointment of any professional advisors or consultants, including former audit partners and its affiliates, as independent directors to the Boards.


### IV) DIRECTORS’ APPOINTMENT, RESIGNATION AND RE-ELECTION

The appointment, resignation and re-election of Directors are governed by the Companies Act 2016, Listing Requirements, Guidelines on Listed REIT, other applicable rules and regulations as well as the best

practices of MCCG. The NRCs, chaired by a Senior Independent Director, review the size, structure, diversity and composition of the Boards and make recommendations on new appointments by taking into consideration the Board Skills Matrix and the Board Diversity Policy, and ensure that the appointment process is rigorous and transparent. The re-election of directors is recommended by the NRCs based on the satisfactory performance of the directors concerned and their contribution to the Boards.

Four directors are appointed to the Boards of KLCCP and KLCCRM including appointment of the Executive Director namely En Md. Shah bin Mahmood. The appointment of 3 new independent directors was independently sourced from the Institute of Corporate Directors Malaysia following a rigorous selection process led by the NRCs.

In order to promote objectivity and independent judgement in line with the best practices of the MCCG, the Boards ensure that no person is to be appointed, re-appointed, elected or re-elected as a director of the Boards, or continue to serve as a director if the person is or becomes an active politician.

 To read more on the appointment, resignation, re-election of Directors, and directors’ appointment process are provided in the NRCs Report contained in this Integrated Annual Report.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT



## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### 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 business performance of KLCCP Stapled Group.

Management proposes the agendas for upcoming meetings of board committees and boards. Once the agendas have been finalised, all papers are uploaded onto an electronic board paper system, which provides immediate and secured access by the board members.

KLCCP and KLCCRM Board Meetings attendance for financial year ended 31 December 2021 is as follows:

		Directors				
		Executive				
No. of Meetings Attended		Md. Shah bin Mahmood (appointed w.e.f. 10.5.2021)	Datuk Hashim Bin Wahir (retired w.e.f. 30.4.2021)	Tan Sri Ahmad Nizam Bin Salleh (Chairman)	Habibah binti Abdul	Farina binti Farikhullah Khan
KLCCP		3/3	1/1	5/5	5/5	4/5
KLCCRM		3/3	1/1	5/5	5/5	4/5

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.

As part of the initiative to enhance the Boards effectiveness, CEO briefings to the Boards are now part of the Boards’ agendas, which provide a platform for the CEO to apprise the Boards on the business and operations of the Group.

At each Board meeting, the Chairman ensures adequate time is allocated for thorough deliberation on key issues, including the Committee Chairs to report on the contents of discussions and any recommendations to the Boards which require approval and the actions to be taken by the Boards.

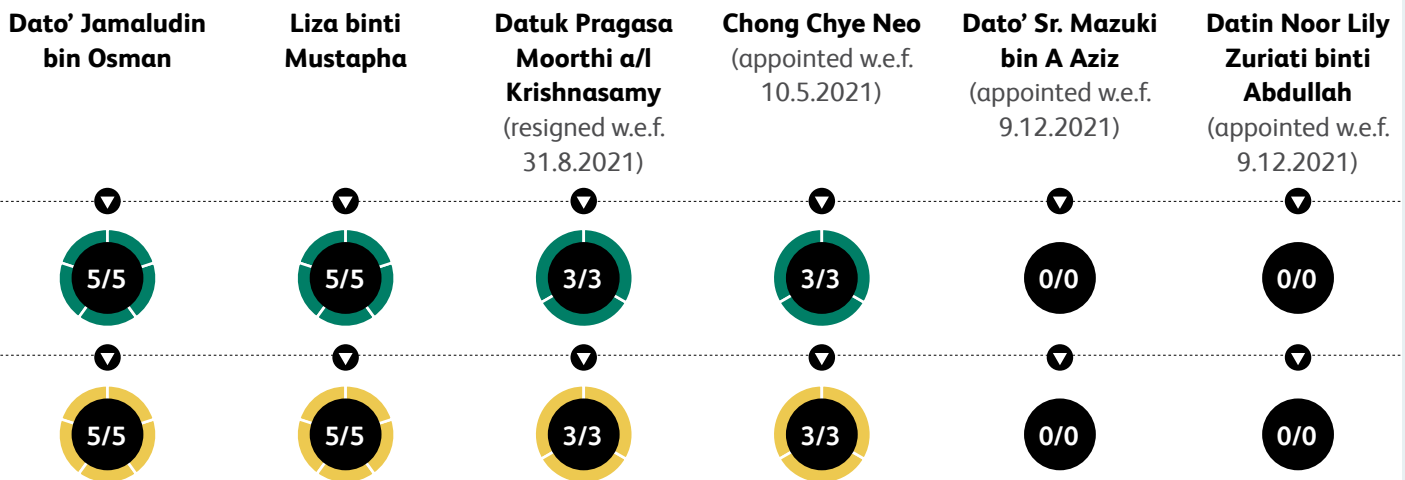
Additional meetings are convened on an ad hoc basis to deliberate on urgent and important matters. Sufficient notices are duly given for all scheduled and additional meetings of the Boards.

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, 5 Board Meetings of KLCCP and 5 Board Meetings of KLCCRM were held respectively (via fully virtual meetings). 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.

**Directors**

**Non-Executive**



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.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT



## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### VI) THE BOARDS' 2021 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. As the COVID-19 pandemic presents an unprecedented challenge in many ways, the Boards continue to focus on how the Group steers through the challenges 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 areas for the Boards which appear as items on the Board's agenda at the respective board meetings throughout the year:

KLCCP	
<ul style="list-style-type: none"> <li>Reviewed and approved business plans and budget for FY2022 and forecast from FY2023 to FY2026.</li> <li>Reviewed projected cash flows and distribution for KLCCP Stapled Group.</li> <li>Oversaw the proper conduct of KLCCP Stapled Group's business.</li> <li>Reviewed and approved quarterly results for FY2021 and the audited financial statements of KLCCP for the financial year ended 31 December 2020.</li> <li>Reviewed and approved recurrent related party transactions of KLCCP Stapled Group.</li> <li>Reviewed and approved the proposed changes to the Board and Board's Committees compositions.</li> <li>Reviewed and endorsed the evaluation findings of the Board, Board Committees and Individual Directors.</li> <li>Reviewed and endorsed the re-election of Directors retiring pursuant to KLCCP Constitution and recommended the same for holders of the Stapled Securities' approval.</li> <li>Reviewed and recommended Directors' remuneration for the holders of Stapled Securities' approval.</li> <li>Reviewed and approved the reports and statements for inclusion into the Annual Report 2020.</li> </ul>	<ul style="list-style-type: none"> <li>Ensured the implementation of policies, procedures and practices relating to operational and corporate governance.</li> <li>Reviewed and approved KLCCP's principal risks with their proposed mitigations, and ensured appropriate measures were implemented to manage these risks.</li> <li>Reviewed the adequacy and integrity of KLCCP Stapled Group's management information and internal control system.</li> <li>Declaration of dividends.</li> <li>Reviewed succession planning for KLCCP.</li> <li>Ensured compliance to Critical Legal Areas and regulations by adopting relevant policies, frameworks, and guidelines.</li> <li>Reviewed the sustainability matters of KLCC Group and the Group's trading liquidity positioning and FTSE index status.</li> <li>Reviewed and approved the Bribery and Corruption Risk Assessment for FY2021.</li> <li>Reviewed the updates on ISO37001 Anti-Bribery Management System for FY2021 of the Group.</li> </ul>

### KLCCRM

- Reviewed and approved the budget for FY2022 and forecast from FY2023 to FY2026.
- Reviewed projected cash flows and distributions for KLCC REIT.
- Oversaw the proper conduct of KLCC REIT's business.
- Reviewed and approved the quarterly results of KLCC REIT for FY2021 and the audited financial statements of KLCC REIT and KLCCRM for the financial year ended 31 December 2020.
- Reviewed and approved recurrent related party transaction of KLCCRM.
- Reviewed and approved the proposed changes to the Board and Board's Committees compositions.
- Reviewed and endorsed the evaluation findings of the Board, Board Committees and Individual Directors.
- 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 Annual Report 2020.
- 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.

## 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 newly appointed Directors.

The Boards recognise the growing expectation on the roles and responsibilities of directors. In FY2021, the Boards with the assistance of the Company Secretariat Department, organised an in-house training program entitled "KLCCP Stapled Group Corporate Governance Online Masterclass" for the directors and management of KLCCP Stapled Group.



To read more on the list of Directors' Training and Professional Development, please refer to the NRCs Report on pages 168 to 169.

## VIII) BOARD EFFECTIVENESS EVALUATION

The Board Effectiveness Evaluation ("BEE") is to evaluate the performance of the Boards, Board Committees, individual members of the Boards, as well as identifying any gaps or areas of improvement.

The Boards are aware of the importance for an externally facilitated BEE as recommended in the MCCG. To uphold this best practice, the Board Charter of KLCCP had been revised to include a statement that the BEE shall be conducted by independent experts at least once every 3 years.

As disclosed in the last year annual report, the BEE of KLCCP and KLCCRM for FY2020 was conducted by an external independent expert. The Boards are pleased to inform that action plans recommended from the independent expert were implemented accordingly. For the year under review, the BEE, which is under the purview of the NRCs, was conducted internally via a digital platform.

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 Annual Report.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT



## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### IX) INTEGRITY AND ETHICS

The Boards acknowledge their roles in establishing a corporate culture of integrity and ethical conduct within the Group. The Boards are guided by the PETRONAS Code of Conduct and Business Ethics (“CoBE”) and the Anti-Bribery and Corruption Manual (including No Gift Policy), which was adopted by the Group. The Group has also adopted the enhanced PETRONAS’ Whistle-blowing Policy which provides and facilitates whistleblowing communication and feedback channels between the Group and its employees, directors and members of public. The CoBE, enhanced 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](http://www.klcc.com.my).

As and when changes are made to CoBE, enhanced PETRONAS’ Whistle-blowing Policy and Anti Bribery and Corruption Manual, the Group will adopt the said changes.

The Boards place emphasis on combatting bribery and corruption. As part of KLCCP Stapled Group’s implementation of adequate procedures, the Boards of KLCCP and its subsidiaries (including KLCCRM) had executed an Integrity Pledge in combatting bribery and corruption. In addition, KLCCP, KLCCRM and other subsidiaries of the Group had issued a Policy Statement on Anti-Bribery and Corruption with zero tolerance to any form of bribery and corruption culture.

In December 2020, the Group and its identified subsidiaries (including KLCCRM) received its first ever ISO certification, which is ISO 37001:2016 Anti Bribery Management System (“ABMS”). In 2021, the Group had successfully completed a surveillance audit on ABMS conducted by a competent Certification Body, which is SIRIM QAS International Sdn Bhd.

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.



To read more on CoBE, Anti-Bribery and Corruption Manual, enhanced Whistleblowing Policy, Policy Statement on Anti-Bribery and Corruption, ISO 37001:2016 ABMS certificate, please visit [www.klcc.com.my](http://www.klcc.com.my).

### X) DIRECTORS’ REMUNERATION

In determining Directors’ fees and meeting allowances as well as meeting allowances for the Board Committees (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 annual general meeting (“AGM”) of KLCCP.

Members of the Board and Board Committees of KLCCRM are entitled for meeting allowances only if meetings are held on a different date from the meetings of the Board and Board Committees of KLCCP.



To read more on Directors Remuneration for the year under review are provided in the NRCs Report of this Integrated Annual Report as well as in the CG Report.



## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### I) BOARD AUDIT COMMITTEES

Our Boards had established the BACs 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 BACs 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 BACs 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 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 BACs 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 BACs 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 BACs 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.



To read more on the BACs and a summary of their work, please refer to the BACs Report contained in this Integrated Annual Report as well as the CG Report.

### II) RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Boards through the Board Committees 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 policies, frameworks and guidelines.

The Boards have implemented KLCC Group Enterprise Risk Management ("ERM") Framework ("Framework") which outlines the risk policy, risk governance and structure, risk measurement and risk operations and system. The ERM processes include identifying, assessing, monitoring, reporting and mitigating identified risks impacting KLCCP Stapled Group's business and supporting activities in accordance with ISO 31000:2009 - Principles and Guidelines on Implementation.

The Group's risk appetite is reviewed annually by the respective Boards to ensure the risk statements and thresholds are reflective of the internal and external changes to ensure achievement of its strategic objectives.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT



### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Annual review of the Corporate Risk Profiles were also carried out where the principal risks were 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.

The status of the principal risks and key risk indicator performances are deliberated at the BACs and Boards on a quarterly basis to safeguard business interests and ensure risks are being managed effectively.

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, the internal audit function assists the Group in accomplishing its goals by bringing a systematic and disciplined approach in evaluating and improving the effectiveness of governance, risk management and control processes which includes anti-corruption and whistle-blowing. This function serves as an important source of advice for the BACs 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 ("KLCCCH"). To support the BACs in discharging their responsibilities, the Head of GIAD of KLCCCH reports directly to the BACs.

The appointment of the Head of GIAD is reviewed and recommended by the BACs. The Head of GIAD has unrestricted access to the BACs, the Boards and Management. The Head of GIAD is a Certified Internal Auditor ("CIA"), Certified Information Systems Auditor ("CISA") and a member of the Institute of Internal Auditors, and Information Systems Audit and Control Association ("ISACA").

GIAD undertakes their activities in accordance to the Institute of Internal Auditors (IIA) International Professional Practices Framework ("IPPF") and its IA Charter. GIAD appoints a qualified and independent external assessor to conduct Quality Assessment Review ("QAR") at least once every five years as per IIA IPPF and its IA Charter. The QAR was recently conducted in 2021 with the result of "Generally Conforms" to the Standards.

The details of the risk management and internal control practices as well as the internal audit activities are set out in the BACs Report, and Statement on Risk Management and Internal Control of this Annual Report.



## PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### I) ENGAGEMENT WITH STAKEHOLDERS

The Board is committed to continuous improvement in our corporate governance principles, policies and practices, and does so by remaining abreast of evolving regulations and best practices. This is further enhanced through engagement with regulators and industry bodies, and through seeking regular feedback from other stakeholders.

The Group establishes and maintains proactive dialogue with all stakeholders. In doing so, the Group recognises that stakeholder needs are dynamic and that the Group needs to be responsive to the evolving stakeholder landscape. 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 the Head of Investor Relations. By partnering with our various stakeholders, understanding their challenges and managing risks, the Group can find solutions for our shared success.

The Group appraised the quality of its relationships both informally, as set out on the following pages 48 to 53 in Stakeholder Management report, and formally – through regular employee and customer surveys, engagements and dialogues.

### 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 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 continued to conduct virtual AGMs with remote participation and remote online voting by the holders of Stapled Securities (i.e. voting in absentia) via electronic voting system at the 18th AGM of KLCCP and 8th AGM of KLCC REIT by leveraging on 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. Questions posted by the holders of Stapled Securities were also made visible to all meeting participants during the meetings.

Minutes of the AGMs, which include issues raised by the holders of Stapled Securities and responses by the KLCCP and KLCC REIT Boards, were made available on the KLCCP Stapled Group's corporate website within 30 business days after the AGMs.



To read more 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.

*This Statement is made in accordance with the resolution of the Boards of Directors on 28 January 2022.*

# 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](http://www.klcc.com.my) for easy access by holders of Stapled Securities and the public alike.

## COMPOSITION

Both NRCs comprise Independent Non-Executive Directors. The composition of the NRCs for both KLCCP and KLCCRM is as follows:

## MEETINGS AND ATTENDANCE

During the year under review, 5 meetings of the NRC of KLCCP and 4 meetings of the NRC of KLCCRM were held respectively.

The attendance of the members of the NRCs at the meetings of the NRCs is as follows:

Committee Members	Meeting Attendance	
	KLCCP	KLCCRM
<b>Chairperson</b>		
(i) <b>Habibah binti Abdul</b> Senior Independent Non-Executive Director	5/5	4/4
<b>Members</b>		
(ii) <b>Farina binti Farikhullah Khan</b> Independent Non-Executive Director	5/5	4/4
(iii) <b>Dato’ Jamaludin bin Osman</b> Independent Non-Executive Director (Appointed as a member w.e.f. 23.4.2021)	3/3	2/2
(iv) <b>Liza binti Mustapha</b> Independent Non-Executive Director (Resigned as a member w.e.f. 23.4.2021)	2/2	2/2
(v) <b>Chong Chye Neo</b> Independent Non-Executive Director (Appointed as a member w.e.f. 9.12.2021)	0/0	0/0

The agenda and NRCs papers relevant to the business of the meetings were distributed to the NRCs members via a secured platform, no less than 6 days from the date of the meetings of the NRCs.

All the proceedings and resolutions of all meetings of the NRCs are recorded by the Secretary. Minutes of the meetings of the NRCs are circulated to all members of the NRCs and once approved by the NRCs, the said minutes are circulated to all other members of the Boards for notation.

The Chairperson of the NRCs also attended the annual general meeting (“AGM”) of KLCCP held in 2021 to answer questions raised by the holders of stapled securities on the NRCs’ activities.

The meetings of the NRCs were also attended by the Chief Executive Officer. The Head of Human Resources Division and other representatives attended the meetings as and when requested by the NRCs.

## ACTIVITIES DURING THE PERIOD UNDER REVIEW

The following activities were carried out by the NRCs during the year under review:

<p><b>1 BOARD MEMBERSHIP</b></p> <ul style="list-style-type: none"> <li>(a) Reviewed the board composition and diversity (include board skills matrix) and recommended to the Boards for enhancement.</li> <li>(b) Deliberated and endorsed the sourcing and selection for appointment of independent directors via independent source.</li> <li>(c) Reviewed and endorsed the re-election of Directors contingent upon the performance of the Directors stated in the Board Effectiveness Evaluation results.</li> <li>(d) Reviewed and endorsed the proposals on revisions to the composition of the Boards and Board Committees.</li> <li>(e) Reviewed and recommended to the Boards on the composition for the establishment of Board Risk Committees.</li> </ul>	
<p><b>2 BOARD FEES &amp; BENEFITS</b></p> <ul style="list-style-type: none"> <li>(a) Reviewed the fees payable to Non-Executive Directors for the holders of stapled securities' approval.</li> </ul>	<p><b>3 KEY MANAGEMENT PERSONNEL</b></p> <ul style="list-style-type: none"> <li>(a) Reviewed and endorsed the appointments of KLCCP CEO and KLCCRM CEO.</li> <li>(b) Reviewed the performance of KLCCP CEO's direct reports.</li> </ul>
<p><b>4 BOARD PERFORMANCE EVALUATION</b></p> <ul style="list-style-type: none"> <li>(a) Assessment on the effectiveness of the Boards, Board Committees, and Individual Directors through Board Effectiveness Evaluation ("BEE").</li> <li>(b) Discussed the evaluation results for BEE FY2020 and recommended necessary actions for board effectiveness enhancement.</li> <li>(c) Embarking on internal digital platform for BEE.</li> </ul>	<p><b>5 PERFORMANCE MANAGEMENT</b></p> <ul style="list-style-type: none"> <li>(a) Reviewed the overall staff performance appraisal distribution.</li> </ul>
<p><b>6 SUCCESSION PLANNING</b></p> <ul style="list-style-type: none"> <li>(a) Discussed updates on succession management (i.e. KLCCP Leadership Bench Strength) following the approved Succession Management Framework.</li> <li>(b) Discussed the updates on Talent Readiness Assessment and Matching to the identified Success Profiles.</li> <li>(c) Discussed the updates on organisation effectiveness review for enhancement of role demarcation and redefining of Critical Position Profiles.</li> </ul>	<p><b>7 GOVERNANCE</b></p> <ul style="list-style-type: none"> <li>(a) Reviewed and endorsed the NRCs Report for FY2020.</li> <li>(b) Discussed and reviewed updates on compliance and governance on nomination and remuneration matters.</li> </ul>

# NOMINATION AND REMUNERATION COMMITTEES REPORT

## BOARD AND BOARD COMMITTEES COMPOSITION REVIEW

During the year under review, changes to the composition of the Boards of KLCCP and KLCCRM are set out below:

### (i) Appointment

KLCCP and KLCCRM practice a formal and transparent procedure for appointment of new directors which is led by the NRCs.

Following the anticipated retirement of Datuk Hashim bin Wahir, an Executive Director cum KLCCP CEO and KLCCRM CEO on 30 April 2021, the NRCs were involved in a rigorous process to identify suitable internal and external candidates who must fulfill the requirements and guidelines imposed by the Securities Commission Malaysia and Bursa Securities as successor to Datuk Hashim bin Wahir. The appointments of Encik Md. Shah bin Mahmood as KLCCP CEO and KLCCRM CEO took effect on 1 May 2021. His appointments as an Executive Director of KLCCP and KLCCRM were effected on 10 May 2021.

The NRCs also continued to search for additional independent non-executive directors as 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 as disclosed in the Corporate Governance Report.

All nominees to the Boards are first considered by the NRCs. The NRCs will then recommend the nominees for the Boards' approvals. During the year, the search and

selection process for the appointments of additional independent directors was conducted together with the appointed external search firm, Institute of Corporate Directors Malaysia ("ICDM"), by 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 were also guided by the Board Diversity Policy and the Board Skills Matrix in the selection process.

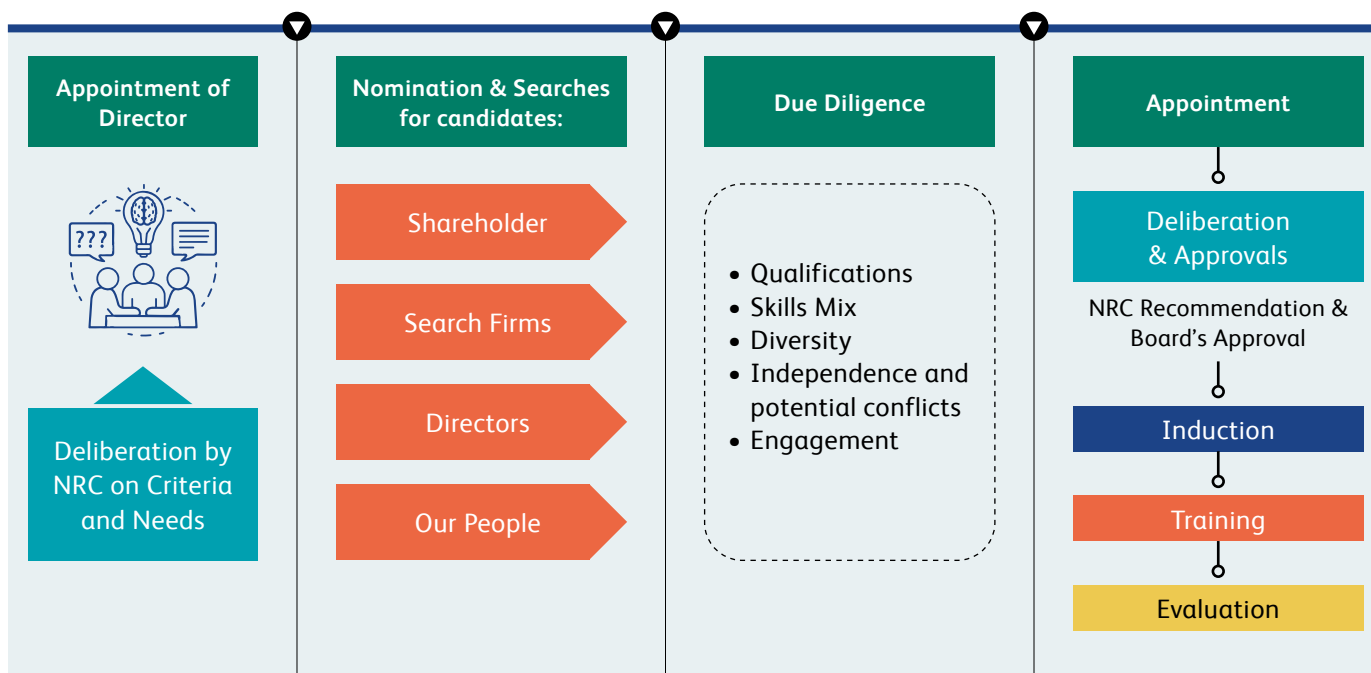
The NRCs interviewed a number of potential candidates, which resulted in the following appointments:

- (a) Puan Chong Chye Neo as an Independent Non-Executive Director on 10 May 2021.
- (b) Dato' Sr. Mazuki bin A Aziz as an Independent Non-Executive Director on 9 December 2021.
- (c) Datin Noor Lily Zuriati binti Abdullah as an Independent Non-Executive Director on 9 December 2021.

The appointed Directors were then invited for induction programme which is designed for the new directors to understand the business and operations of the Group. Each induction programme includes the following:

- (a) Key Business Operations and Financials,
- (b) Sustainability matters of the Group,
- (c) Corporate Governance,
- (d) Pipeline of Growth, and
- (e) Future outlook of the Group.

The appointment process for a director is set out in the diagram below:



**(ii) Resignation**

On 31 August 2021, Datuk Pragasa Moorthi a/l Krishnasamy, who had served as a board member for 17 years, resigned as a Non-Independent Non-Executive Director of KLCCP and KLCCRM. He was appointed to the boards of KLCCP and KLCCRM on 9 December 2004 and 5 December 2012 respectively.

**(iii) Board Committees**

The NRCs reviewed the composition of the Board Committees in order to maintain an appropriate balance of skills and experience required to fulfil their roles in supporting the Boards effectively. During the year, the NRCs endorsed and recommended to the Boards on the establishment of Board Risk Committees for KLCCP and KLCCRM to oversee the respective company’s and group risk management framework and policies.

The details for the changes to the composition of NRC Committees and Audit Committees can be found in the NRCs Report and the Audit Committees Report, whilst the information for the newly established Board Risk Committees is disclosed in the Corporate Governance Overview Statement of this Annual Report.

**RE-ELECTION OF DIRECTORS**

During the year under review, KLCCP Board, with the recommendation of KLCCP NRC, endorsed the re-election of directors who are subject to retirement in accordance with the provisions of KLCCP Constitution.

The following Directors are due for retirement and are eligible for re-election pursuant to KLCCP Constitution:

1. Tan Sri Ahmad Nizam bin Salleh,
2. Cik Habibah binti Abdul,
3. Encik Md. Shah bin Mahmood,
4. Datin Noor Lily Zuriati binti Abdullah,
5. Dato’ Sr. Mazuki bin A Aziz, and
6. Puan Chong Chye Neo.

Save for Cik Habibah binti Abdul who has indicated of her intention not to seek re-election at the forthcoming AGM, the remaining 5 Directors have indicated their willingness to seek re-election at the forthcoming AGM of KLCCP to be held in April 2022.

Prior to recommending the re-election of the Directors, save for Datin Noor Lily and Dato’ Sr. Mazuki who were appointed on 9 December 2021, the NRCs reviewed the individual directors’ performance based on the results of the BEE for FY2021. The NRCs are of the opinion that the Directors had discharged his/her duties effectively and had provided valuable contribution to the leadership of the Group.

**SUCCESSION PLANNING**

(a) Board Succession Planning

The NRCs ensure the need for progressive refreshing of the Boards. During the year, NRCs had deliberated on board skills matrix and succession planning of the Boards, which resulted in a refreshed composition of the Boards.

(b) Senior Management Succession Planning

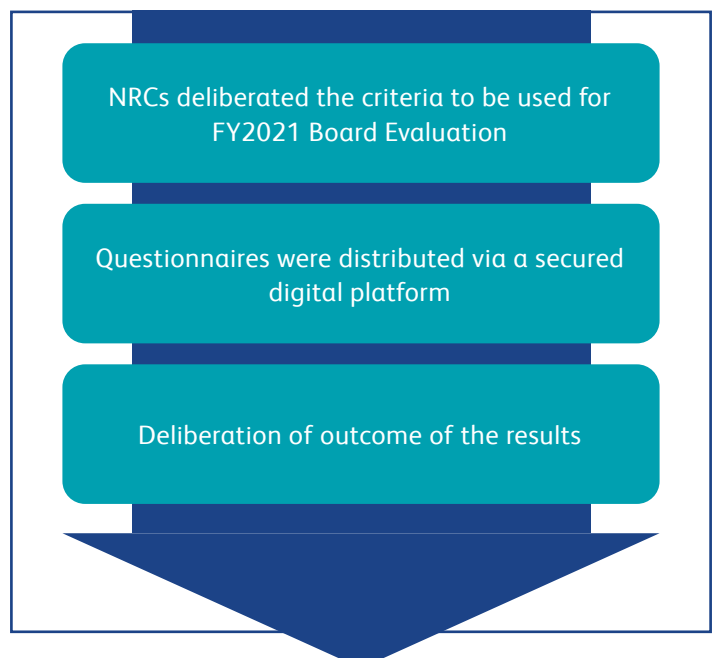
During the year under review, KLCCP NRC was updated on the success profiles of critical positions, and the results of talent readiness assessment and matching to the identified success profiles as well as organisation effectiveness review.

**BOARDS AND INDIVIDUAL DIRECTORS’ EFFECTIVENESS EVALUATION**

The effectiveness of the Boards and Board Committees is reviewed annually.

As disclosed in the last year’s Integrated Annual Report on areas for improvement by the Boards following the evaluation results and proposed actions plans recommended by the appointed independent expert (i.e. ICDM for BEE FY2020), the NRCs are pleased to inform that action plans have been implemented by the Boards accordingly in 2021.

The Board, Board Committees and Directors’ Effectiveness Evaluation for FY2021 (“FY2021 Board Evaluation”) was conducted internally through an assessment process led by the NRCs. The process of the FY2021 Board Evaluation involved the following steps:





# NOMINATION AND REMUNERATION COMMITTEES REPORT

The criteria agreed by the NRCs for the FY2021 Board Evaluation are as follows:

Section	Criteria
<b>Board</b>	<ul style="list-style-type: none"> <li>• Overall Board Effectiveness</li> <li>• Organisation of the Board</li> <li>• Board Composition</li> <li>• Looking Forward (Succession Planning &amp; Development)</li> <li>• Communication with Shareholders</li> <li>• Board Audit Committee Evaluation</li> <li>• NRC Evaluation</li> </ul>
<b>Directors' Self &amp; Peer Evaluation</b>	<ul style="list-style-type: none"> <li>• Fit and Proper, and Participation</li> <li>• Board Chairman Evaluation</li> <li>• Chief Executive Officer (CEO) Evaluation</li> <li>• Reinforce Independence of Independent Directors</li> </ul>
<b>Individual Director Self Evaluation</b>	<ul style="list-style-type: none"> <li>• Calibre and Competency</li> </ul>

## 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 programmes attended by the directors is as follows:

**Tan Sri Ahmad Nizam bin Salleh**

- Virtual Talk: Risk, Strategy and Governance – How Integrated Thinking can Support Boards in Creating Long-Term Value
- PETRONAS Critical Legal Areas – Adoption of Legal Policies
- Introductory briefing for the adoption of legal policies

**Habibah binti Abdul**

- Board Audit Committee Priorities 2021
- MIA International Conference
- Towards a Comprehensive System of Corporate Reporting
- PETRONAS Board Excellence Programme: Advanced 2 -Effective Strategy for Stakeholder Management
- Energy Transition
- KLCC Group of Companies: External Environment Assessment Forum 2021
- 5 Critical Laws and Cybersecurity

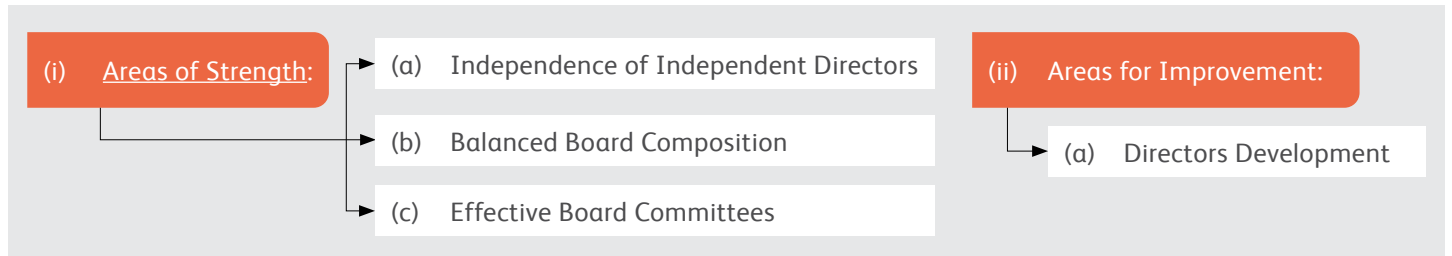
**Md. Shah bin Mahmood**

- PETRONAS Board Excellence Programme: Advanced 2 -Effective Strategy for Stakeholder Management
- Mandatory Accreditation Program (MAP)
- Innovation Masterclass by Amazon Web Services
- KLCC Group of Companies: External Environment Assessment (EEA) Forum 2021
- Webinar : BlackRock Asia Pacific C-Suite Summit
- Webinar : Khazanah Megatrends Forum 2021 - Investing for the future
- KLCCP Stapled Group Corporate Governance Online Masterclass
- Introductory briefing for the adoption of legal policies

**Farina binti Farikhullah Khan**

- JC3's 2nd Workshop on Climate Change – Series 3
- Economic Regulations and Third Party Access Regime
- Implementing Amendments in the Malaysian Code on Corporate Governance
- Energy Transition
- PETRONAS Board Excellence Programme- Advance 2: Effective Strategy for Stakeholder Management
- Energy Transition
- FIDE Elective Program Nominating and Remuneration Committee: Beyond Box-Ticking & Enhancing Effectiveness
- The Board's Role and Responsibilities in Crisis Communication
- 5 Critical Laws and Cybersecurity
- The 6th PETRONAS Board Audit Committee Forum
- Cyber Security Awareness

The outcome of the FY2021 Board Evaluation was deliberated in January 2022 and concluded that collectively the Board continues to operate in an effective manner with the following areas of strength and areas of improvement were identified:



The following are the enhancement identified to be undertaken by the Board:

- (1) Board Strategic Awayday; and
- (2) Directors Development programme.

The NRCs collectively agreed that the refreshed composition of the Boards have relevant and appropriate knowledge, experience that add value to the Boards and are looking forward for another fruitful year.

The Company Secretary with the assistance of Company Secretariat Department will assist directors on professional development programs for directors across the Board.

<b>Dato' Jamaludin bin Osman</b>	<ul style="list-style-type: none"> <li>Update on Malaysian Code of Corporate Governance by MICG</li> <li>Introductory briefing for the adoption of legal policies</li> </ul>	<b>Dato' Sr. Mazuki bin A Aziz</b> (appointed w.e.f. 9 December 2021)	<ul style="list-style-type: none"> <li>Nil</li> </ul>
<b>Liza binti Mustapha</b>	<ul style="list-style-type: none"> <li>PETRONAS Board Excellence Programme- Advance 2: Effective Strategy for Stakeholder Management</li> <li>The 6th PETRONAS Audit Committee ("AC") Forum</li> <li>KLCCP Stapled Group Corporate Governance Online Masterclass</li> <li>PETRONAS Board Excellence Programme - Advanced 1: Best Practices for Board Excellence</li> <li>Invest Malaysia 2021 Virtual Series 1 – Rebuilding A Sustainable Economy</li> </ul>	<b>Datin Noor Lily Zuriati binti Abdullah</b> (appointed w.e.f. 9 December 2021)	<ul style="list-style-type: none"> <li>Collaboration in the Boardroom: Behaviour and Relationship</li> <li>Corporate Strategy Beyond the Crisis</li> <li>M&amp;A Due Diligence: From Legal Perspective</li> <li>Malaysian Institute of Accountants Women Leadership Conference 2021</li> <li>Board and Executive Remuneration In Time of Crisis</li> </ul>
<b>Chong Chye Neo</b> (appointed w.e.f. 10 May 2021)	<ul style="list-style-type: none"> <li>Joint Committee for Climate Change (JC3) Flagship Conference</li> <li>Risk Management in Technology – 1 year on</li> <li>Masterclass: Digital Disruption – Winning Strategies for Legacy Companies</li> <li>Masterclass: The Effective Board – 3 Integral Components Required for Board Effectiveness &amp; Communication</li> <li>KLCCP Stapled Group Corporate Governance Online Masterclass</li> </ul>	<b>Datuk Pragasa Moorthi a/l Krishnasamy</b> (resigned w.e.f. 31 August 2021)	<ul style="list-style-type: none"> <li>Introductory briefing for the adoption of legal policies</li> </ul>
		<b>Datuk Hashim bin Wahir</b> (resigned w.e.f. 30 April 2021)	<ul style="list-style-type: none"> <li>Webinar : Khazanah Megatrends Forum 2021 - Investing for the future</li> <li>Introductory briefing for the adoption of legal policies</li> </ul>

# NOMINATION AND REMUNERATION COMMITTEES REPORT

## REMUNERATION

### (a) Directors' Remuneration

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' ("NEDs") Remuneration Framework which is available on the corporate website of KLCCP at [www.klcc.com.my](http://www.klcc.com.my).

A summary of KLCCP NEDs Remuneration Framework is set out below:

Element	How it operates
<b>Retainer Fee</b>	The NEDs are to be paid a fixed retainer fee.
<b>Special Fee</b>	Special Fee is payable to the NEDs with special experience and skills critical for the company's success.
<b>Meeting Allowance</b>	The NEDs shall be paid attendance allowance for every meeting (Board & Board Committees Meetings) attended.
<b>Petrol Allowance</b>	The NEDs are each given petrol card with a fixed maximum amount per annum.
<b>Others</b>	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 2021, a total of RM1,133,435.50 was paid to the Board members of KLCCP being the Directors' Remuneration and RM10,500 was paid to the Board members of KLCCRM for an additional meeting which was not held together with the board meeting of KLCCP.

The payment made following the approval of the resolution tabled at the AGM of KLCCP held on 23 April 2021 where the holders of stapled securities had approved the payment of directors' fee and benefits with effect from 22 April 2021 until the next AGM to be held in 2022.

For the year under review, the breakdown of Directors' Remuneration incurred by KLCCP and the Group are disclosed below:

### (i) KLCCP

	Director's Fee (RM)	Board Meeting Allowance* (RM)	Audit Committee Meeting Allowance* (RM)	Nomination & Remuneration Meeting Allowance* (RM)	Petrol Allowance (RM)	Total (RM)
<b>Executive Directors</b>						
Md. Shah bin Mahmood (appointed w.e.f 10 May 2021)	n/a	n/a	n/a	n/a	n/a	n/a
Datuk Hashim bin Wahir (retired w.e.f 30 April 2021)	n/a	n/a	n/a	n/a	n/a	n/a
<b>Non-Executive Directors</b>						
Tan Sri Ahmad Nizam bin Salleh	240,000	17,500	-	-	6,000	263,500
Habibah binti Abdul	120,000	17,500	17,500	17,500	6,000	178,500
Farina binti Farikhullah Khan	120,000	14,000	17,500	17,500	6,000	175,000

	Director's Fee (RM)	Board Meeting Allowance* (RM)	Audit Committee Meeting Allowance* (RM)	Nomination & Remuneration Meeting Allowance* (RM)	Petrol Allowance (RM)	Total (RM)
<b>Non-Executive Directors</b>						
Dato' Jamaludin bin Osman	120,000	17,500	-	10,500	6,000	154,000
Liza binti Mustapha#	120,000	17,500	14,000	7,000	n/a	158,500
Chong Chye Neo (appointed w.e.f 10 May 2021)	77,096.80	10,500	-	-	4,000	91,596.80
Datuk Pragasa Moorthi a/l Krishnasamy (resigned w.e.f 31 August 2021)	80,000	10,500	-	-	6,000	96,500
Datin Noor Lily Zuriati binti Abdullah (Appointed w.e.f 9 December 2021)	7,419.35	-	-	-	500	7,919.35
Dato' Sr. Mazuki A Aziz (Appointed w.e.f 9 December 2021)	7,419.35	-	-	-	500	7,919.35
<b>Total</b>	<b>891,935.50</b>	<b>105,000</b>	<b>49,000</b>	<b>52,500</b>	<b>35,000</b>	<b>1,133,435.50</b>

## (ii) GROUP

	Director's Fee (RM)	Board Meeting Allowance* (RM)	Audit Committee Meeting Allowance* (RM)	Nomination & Remuneration Meeting Allowance* (RM)	Petrol Allowance (RM)	Total (RM)
<b>Executive Directors</b>						
Md. Shah bin Mahmood (appointed w.e.f 10 May 2021)	n/a	n/a	n/a	n/a	n/a	n/a
Datuk Hashim bin Wahir (retired w.e.f 30 April 2021)	n/a	n/a	n/a	n/a	n/a	n/a
<b>Non-Executive Directors</b>						
Tan Sri Ahmad Nizam bin Salleh	240,000	17,500	-	-	6,000	263,500
Habibah binti Abdul	120,000	17,500	21,000	17,500	6,000	178,500
Farina binti Farikhullah Khan	120,000	14,000	21,000	17,500	6,000	175,000
Dato' Jamaludin bin Osman	120,000	17,500	-	10,500	6,000	154,000
Liza binti Mustapha#	120,000	17,500	17,500	7,000	-	158,500
Chong Chye Neo (appointed w.e.f 10 May 2021)	77,096.80	10,500	-	-	4,000	91,596.80
Datuk Pragasa Moorthi a/l Krishnasamy (resigned w.e.f 31 August 2021)	80,000	10,500	-	-	6,000	96,500
Datin Noor Lily Zuriati binti Abdullah (Appointed w.e.f 9 December 2021)	7,419.35	-	-	-	500	7,919.35
Dato' Sr. Mazuki A Aziz (Appointed w.e.f 9 December 2021)	7,419.35	-	-	-	500	7,919.35
<b>Total</b>	<b>891,935.50</b>	<b>105,000</b>	<b>59,500</b>	<b>52,500</b>	<b>35,000</b>	<b>1,143,935.50</b>

\* 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.

## NOMINATION AND REMUNERATION COMMITTEES REPORT

The details were also disclosed in KLCCP Stapled Group Corporate Governance Report, which is accessible at KLCCP Stapled Group website at [www.klcc.com.my](http://www.klcc.com.my).

The then Executive Director cum KLCCP CEO and KLCCRM CEO, Datuk Hashim Wahir who retired on 30 April 2021, was an employee of KLCC (Holdings) Sdn Bhd (“KLCCCH”). KLCCP reimburses KLCCCH for the services rendered by Datuk Hashim Wahir in the form of management fees. During the year under review, KLCCP reimbursed KLCCCH an amount of RM290,000 for this purpose.

The current Executive Director cum KLCCP CEO and KLCCRM CEO, En. Md. Shah bin Mahmood is appointed as a CEO on 1 May 2021 and an Executive Director on 10 May 2021. He is the Group CEO of KLCCCH and is assigned to KLCCP and KLCCRM to undertake all responsibilities of the Executive Director and CEO. KLCCP reimbursed KLCCCH for the services rendered by En. Md. Shah bin Mahmood in the form of management fees with an amount of RM495,000.

The NRC of KLCCP had reviewed and endorsed the proposed NEDs’ Remuneration for 2022/20223 for approval by the holders of Stapled Securities at the forthcoming AGM of KLCCP to be held in April 2022.

### **(b) Senior Management Remuneration**

Remuneration of Senior Management of KLCCP Stapled Group is based on the remuneration policy approved by KLCCP Board. The Senior Management are also remunerated based on performance.

*This Statement is made in accordance with the resolution of the Board of Directors on 28 January 2022.*

## BOARD AUDIT COMMITTEES REPORT

”

The Board Audit Committees (“BACs”) 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 BACs of KLCCP and KLCCRM are the same and each BAC comprises of 3 Independent Non-Executive Directors. The composition of the BACs is as follows:

### MEETINGS AND ATTENDANCE

During the year under review, 5 meetings of the BAC of KLCCP and 6 meetings of the BAC of KLCCRM were held respectively.

The attendance of the members of the BACs is as follows:

Committee Members	Meeting Attendance	
	KLCCP	KLCCRM
<b>Chairperson</b>		
(i) <b>Farina binti Farikhullah Khan</b> Independent Non-Executive Director	5/5	6/6
<b>Members</b>		
(ii) <b>Habibah binti Abdul</b> Senior Independent Non-Executive Director	5/5	6/6
(iii) <b>Liza binti Mustapha</b> Non-Independent Non-Executive Director (Resigned as a member w.e.f. 9.12.2021)	4/5	5/6
(v) <b>Chong Chye Neo</b> Independent Non-Executive Director (Appointed as a member w.e.f. 9.12.2021)	0/0	0/0

Meetings of the BACs were attended by the CEO, CFO and Head of Investment, Group Internal Audit Division (“GIAD”) of KLCC (Holdings) Sdn Bhd (“KLCCCH”), and the external auditors as and when required.

### SUMMARY OF THE WORK OF THE BOARD AUDIT COMMITTEES

The BACs 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 BACs during the financial year ended 31 December 2021 are described below:-

#### (1) Internal Audit:

- During the first quarter of 2021, the BACs reviewed and approved the Performance Report of the GIAD’s 2020 Balanced Scorecard and also reviewed and approved the GIAD’s 2021 Balanced Scorecard. Subsequently, the half-year Performance Report of the GIAD’s 2021 Balanced Scorecard was also reviewed and approved by the BACs;
- Deliberated and approved the internal audit reports which highlighted major findings, agreed corrective actions and management’s responses;
- Deliberated and approved the quarterly internal audit status reports which highlighted the outstanding agreed corrective actions to ensure all audit issues are resolved within the agreed stipulated period;
- Deliberated and approved the revised annual audit plan for 2021 to address more pressing issues affecting the organisation due to changes in business environment; and
- Deliberated and approved the annual audit plan for activities to be undertaken for 2022;

## BOARD AUDIT COMMITTEES REPORT

(f) Appointed a qualified and independent external assessor, i.e., Institute of Internal Auditors (“IIA”) Malaysia to:

- Assess the internal audit activity as to its conformance with the IIA International Standards for the Professional Practice of Internal Auditing (“IPPF/ Standards”); and the Malaysian Code of Corporate Governance (MCCG 2021) with regards to the IA function.
- Evaluate the efficiency and effectiveness of the internal audit activity in carrying out its Mission (as set forth in its Audit Charter and expressed in the expectations of KLCC’s stakeholders); and
- Identify opportunities to enhance the management of resources and work processes, as well as its value to KLCC in the activity of internal audit.

### (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 the 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 Main Market Listing Requirements (“MMLR”), Malaysian Financial Reporting Standards, the Companies Act 2016, Listed 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 BACs recommended the same for the Boards’ consideration and approvals;
- (c) The BACs 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 2021 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 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 2021, 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 BAC 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 BAC 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	641	226	94
• Non-Audit Fee	16	16	-
<b>Total</b>	<b>657</b>	<b>242</b>	<b>94</b>

\* 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 on the recurrent related party transactions to be entered into by KLCCP Stapled Group based on the following requirements:
- The MMLR, Listed REIT Guidelines and other applicable laws and regulations;
  - On arm's-length basis under normal commercial terms and to be in the best interest of the holders of Stapled Securities;
  - Interested Directors are to abstain from voting at Board Meetings;
  - Disclosure via Bursa Announcements, Quarterly Reports and Annual Report (if applicable);
  - Approval by the Trustee (for KLCC REIT only); and
- (b) The BACs of KLCCP and KLCCRM reviewed the quarterly report 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:
- Corporate Governance (“CG”) Overview Statement and CG Report;
  - Statement on Risk Management and Internal Control;
  - BACs Report; and
  - Sustainability Statement.
- (b) Reviewed and recommended to the Boards on the proposed changes to the compositions of the BACs. During the year under review, the compositions of the BACs were revised as follow:
- Mdm. Chong Chye Neo was appointed as a member of BACs on 9 December 2021;
  - Pn. Liza binti Mustapha resigned as a member of BACs on 9 December 2021.
- (c) Reviewed the BACs’ Terms of Reference and recommended to the Boards on the proposed revisions to the respective Terms of Reference.

#### TERMS OF REFERENCE (“TOR”)

The BACs are granted the authority to act on each Board’s behalf in accordance with their respective TOR. In order to ensure in-line with the new practices under the Malaysian Code on Corporate Governance (“MCCG”), the respective TOR of the BACs was revised on 9 December 2021 particularly on the provision for a 3 years cooling-off period for any appointment of former partner of the external audit firm as a member of the BACs.

The respective TORs are available on KLCCP corporate website at [www.klcc.com.my](http://www.klcc.com.my).



# BOARD AUDIT COMMITTEES REPORT

## INTERNAL AUDIT FUNCTION

The BACs are supported by GIAD of KLCCCH in their oversight over governance, risk management and internal controls established and implemented by the management of the KLCCP Stapled Group. GIAD provides an independent and objective risk-based assurance and advisory activity designed to add value and improve KLCCP Stapled Group's operations in achieving its goals. This is accomplished by adopting a systematic and disciplined approach in evaluating and improving the effectiveness of governance, risk management and control processes within the Group.

The GIAD is governed by its Internal Audit Charter approved by the respective BACs which establishes a framework for its effective and efficient functioning. The GIAD of KLCCCH adopts a risk-based approach in executing the planning and assurance activities, guided by internal policies, procedures, the COSO ("The Committee of Sponsoring Organizations of the Treadway Commission") Internal Control Integrated Framework and the International Professional Practices Framework ("IPPF") promulgated by the Institute of Internal Auditors.

For the financial year ended 31 December 2021, the GIAD of KLCCCH had executed the following internal audit works:

- (1) Conducted assurance activities based on the approved annual audit plan 2021 covering:
  - (i) Audit on Landbank and Properties Management;
  - (ii) Audit on Variation Order, Contract Closure and Defect Management;
  - (iii) Audit on Commercial Leasing, Human Resources, Procurement and Operation Activities of Suria KLCC;
  - (iv) Audit on Impian Klasik Sdn Bhd; and
  - (v) Audit on KLCCUH's Maintenance, Procurement and Inventory Management System.

The resulting audit reports, including findings, recommendations and management responses, were presented to the BACs.

- (2) Conducted periodic monitoring and reporting on the implementation status of agreed corrective action items by the managements of KLCCP and KLCCRM to ensure key risks and control weaknesses were addressed effectively and timely, where the status of implementation of the said agreed corrective actions were reported to the BACs on a quarterly basis;
- (3) Re-evaluated the annual audit plan for 2021 to address emerging key risks affecting the organisation due to changes in business environment for deliberations and approvals by the BACs; and
- (4) Prepared annual audit plans for 2022 to ensure that all high-risk areas in significant businesses and support units were assessed and identified for the BACs' deliberations and approvals.

The total costs incurred for the internal audit activities of KLCCP Stapled Group for the year amounted to RM276,074.

Further details of the activities of GIAD of KLCCCH 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 Board of Directors on 28 January 2022.*

# 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 to an acceptable level 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.

## 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 institutionalization 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.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## Risk Profiling

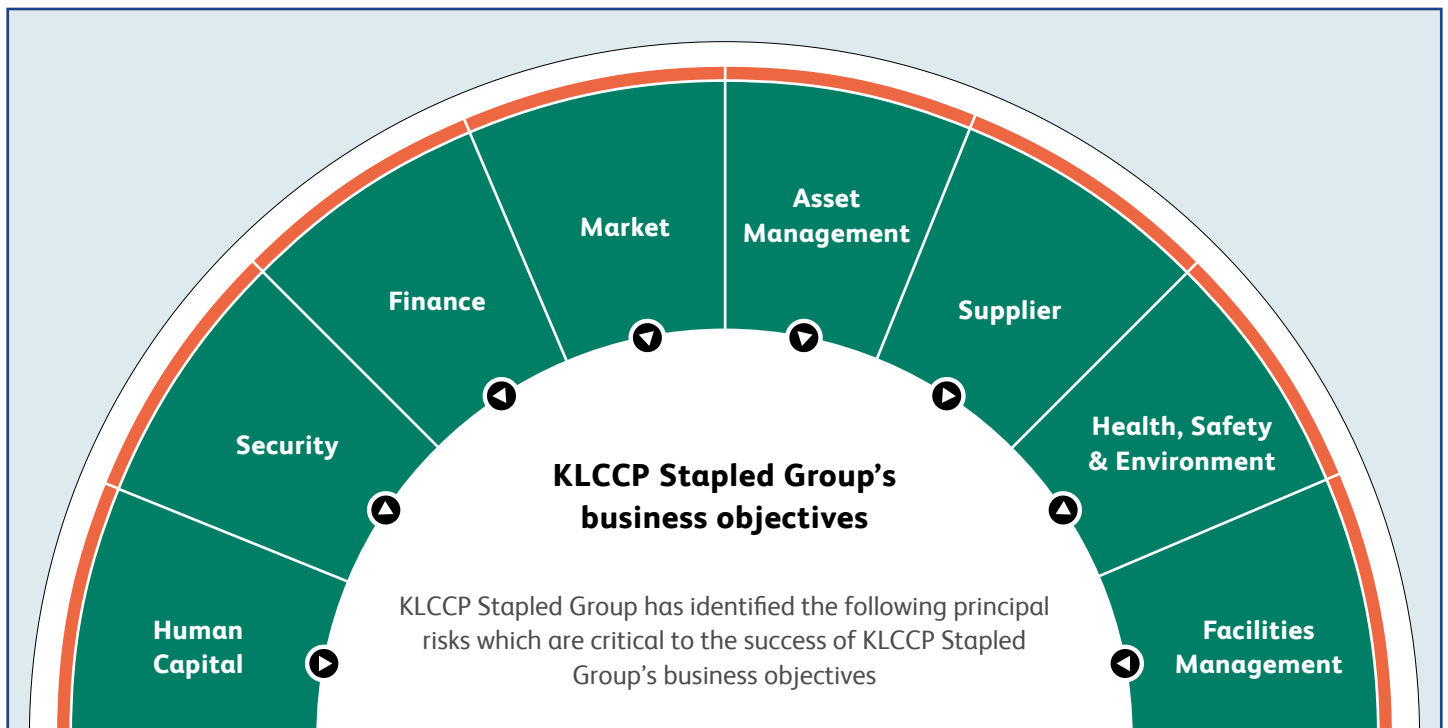
A risk profiling exercise was conducted to ensure that KLCCP Stapled Group’s risk exposures are properly mitigated and updated to reflect the current economic environment and new regulations imposed by the government which impacted KLCCP Stapled Group’s risk exposures.

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:

- (i) Annual review of the Risk Appetite to ensure the risk statements and thresholds are reflective of the internal and external changes
- (ii) 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
- (iii) Annual review of risk profile for entities under KLCCP Stapled Group such as KLCC Parking Management Sdn Bhd and KLCC Urusharta Sdn Bhd

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.



## ➤ Crisis Management (CM)

### **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, the testing and exercising via walk through sessions with all risk owners to review tier 1 (Response is within the control and capability of the Emergency Response Team) emergency/ crisis management plan for all the identified credible scenarios were conducted to ensure the readiness and effectiveness of the communication process and the recovery action plan in responding to the crisis. From this exercise, risk owners are aware of their roles and response preparedness in the event of emergency/crisis.

## ➤ Business Continuity Plan

### **The Business Continuity Plan (“BCP”) was established which aims to provide guidance in resuming key business functions in the event crisis occurs that has a major or catastrophic impact on business in terms of financial, operation and reputation.**

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 prioritized timeframes for resuming these functions and specify Minimum Resources Requirements to be allocated to recover and resume these functions.

The testing and exercising for Call Tree Verification exercise was conducted twice a year to ensure effectiveness of communication to CBF staff upon activation of BCP. From these exercises, the CBF staff are contactable and responded accordingly.

The web-based storage was introduced to support the continuity of business in the event of crisis to enable the critical business function 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 (“KLCC”) 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 the KLCCP Stapled Group.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## 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.
- 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.

## INTERNAL AUDIT

The GIAD of KLCCH provides an independent, objective assurance on the efficiency and effectiveness of governance, risk management and, internal controls as implemented by KLCCP Stapled Group to support the ACs of KLCCP and KLCCRM in discharging their governance responsibilities. Governed by its Internal Audit Charter, the GIAD of KLCCH is independent of the activities being audited and performs its duties with objectivity, proficiency and due professional care.

The internal audit engagements are undertaken to provide independent assessments on the adequacy, efficiency and effectiveness of the internal control system in managing risks faced by KLCCP Stapled Group. The ACs also have full access to the services and advice of GIAD and receive reports on all audits that are performed on a periodic basis.

Adequacy and effectiveness of the internal control is assessed by adopting a systematic and risk-based approach in reviewing KLCCP Stapled Group’s governance, risk management and internal controls, steered by the COSO (i.e. The Committee of Sponsoring Organizations of the Treadway Commission) Internal Control – Integrated Framework and the Institute of Internal Auditors’ International Professional Practices Framework. The GIAD of KLCCH is also a corporate member of the Institute of Internal Auditors Malaysia.

5

KLCCP Stapled Group adopts the PETRONAS Code of Conduct and Business Ethics (“CoBE”), Anti Bribery and Corruption Manual, enhanced Whistle-Blowing Policy 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 PETRONAS Shared Values, i.e. Loyalty, Professionalism, Integrity and Cohesiveness.

The detailed policy statements on Zero Tolerance against Bribery and Corruption Culture including the standards of behaviour and ethical conduct of the PETRONAS CoBE can be accessed at KLCCP’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.

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.

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.

**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 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 Annual Report is not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers nor is the Statement factually inaccurate.

*This Statement is made in accordance with the resolution of the Board of Directors on 28 January 2022.*

## 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 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 2021 or entered into since the end of the previous year, except as disclosed in the Prospectus of 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 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

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# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021.

## 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	534,029	180,458
Attributable to:		
Equity holders of the Company	126,456	180,458
Non-controlling interests relating to KLCC REIT	369,396	-
Other non-controlling interests	38,177	-
	534,029	180,458

## 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.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

## DIVIDENDS

The amount of dividends paid by the Company since 31 December 2020 were as follows:

	RM'000
In respect of the financial year ended 31 December 2020 as reported in the Directors' Report in that year:	
A fourth interim dividend of 1.00%, tax exempt under single tier system on 1,805,333,083 ordinary shares, was declared on 27 January 2021 and paid on 26 February 2021.	18,053
In respect of the financial year ended 31 December 2021:	
A first interim dividend of 0.99%, tax exempt under single tier system on 1,805,333,083 ordinary shares, was declared on 4 May 2021 and paid on 17 June 2021.	17,873
A second interim dividend of 0.99%, tax exempt under single tier system on 1,805,333,083 ordinary shares, was declared on 17 August 2021 and paid on 29 September 2021.	17,873
A third interim dividend of 0.84%, tax exempt under single tier system on 1,805,333,083 ordinary shares, was declared on 8 November 2021 and paid on 16 December 2021.	15,165
	68,964

A fourth interim dividend in respect of the financial year ended 31 December 2021, of 5.77%, tax exempt under the single tier system on 1,805,333,083 ordinary shares amounting to a dividend payable of RM104,167,719 will be payable on 28 February 2022.

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 2022.

## 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	
Habibah Binti Abdul	
Farina Binti Farikhullah Khan	
Dato' Jamaludin Bin Osman	
Liza Binti Mustapha	
Md. Shah Bin Mahmood	(appointed w.e.f. 10 May 2021)
Chong Chye Neo	(appointed w.e.f. 10 May 2021)
Dato' Sr. Mazuki Bin A. Aziz	(appointed w.e.f. 9 December 2021)
Datin Noor Lily Zuriati Binti Abdullah	(appointed w.e.f. 9 December 2021)
Datuk Hashim Bin Wahir	(resigned w.e.f. 30 April 2021)
Datuk Pragasa Moorthi A/L Krishnasamy	(resigned w.e.f. 31 August 2021)

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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	
Adrian Lee Baker	
Brian Lap Hei Hung	
Harold Alan Schwartz III	
Peter James Holland Riley	
Rossana Annizah Binti Ahmad Rashid	
(Alternate Director to Peter James Holland Riley)	
Izwan Hasli Bin Mohd Ibrahim	
Mohd Akmam Bin Yeop @ Yeob	
Muhmat Hilme Bin Hassan	(appointed w.e.f. 10 March 2021)
Syung Hwa Matthew David Bishop	(appointed w.e.f. 1 September 2021)
Christian Andreas Hassing	
(Alternate Director to Syung Hwa Matthew David Bishop)	(appointed w.e.f. 1 September 2021)
Kevin William Whan	
(Alternate Director to Syung Hwa Matthew David Bishop)	(appointed w.e.f. 1 September 2021)
Christian Andreas Hassing	
(Alternate Director to Craig Alan Beattie)	(ceased w.e.f. 31 August 2021)
Kevin William Whan	
(Alternate Director to Craig Alan Beattie)	(ceased w.e.f. 31 August 2021)
Dato' Hashimah Binti Hashim	(resigned w.e.f. 10 March 2021)
Craig Alan Beattie	(resigned w.e.f. 31 August 2021)

## 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 1.1.2021	Number of Shares		Balance as at 31.12.2021
		Bought	Sold	

### Direct

Tan Sri Ahmad Nizam Bin Salleh	10,000	-	-	10,000
Md. Shah Bin Mahmood	6,000	-	-	6,000

	Number of Shares in Petronas Gas Berhad			
	Balance as at 1.1.2021	Number of Shares		Balance as at 31.12.2021
		Bought	Sold	

### Direct

Tan Sri Ahmad Nizam Bin Salleh	2,000	-	-	2,000
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None of the other Directors holding office as at 31 December 2021 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

## 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	1,144	1,133
	1,144	1,133

\* 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.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

## 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 all known bad debts had been written off 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 the amount written off for 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 2021 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	641	226

Signed on behalf of the Board in accordance with a resolution of the Directors dated 28 January 2022.

**Tan Sri Ahmad Nizam Bin Salleh**

**Md. Shah Bin Mahmood**

## STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 190 to 256 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 2021 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 28 January 2022.

**Tan Sri Ahmad Nizam Bin Salleh**

**Md. Shah Bin Mahmood**

## 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 190 to 256 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 28 January 2022.

Annuar Marzuki Bin Abdul Aziz  
(MIA Membership No. 11345)

BEFORE ME:

**Zainul Abidin Bin Ahmad**  
Commissioner for Oaths

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	5	604,999	638,267	286	491
Investment properties	6	15,586,571	15,693,205	-	-
Investment in subsidiaries	7	-	-	1,371,773	1,371,715
Investment in an associate	8	271,425	266,262	99,195	99,195
Right-of-use assets	29	5,623	9,472	3,548	6,708
Deferred tax assets	9	707	415	651	351
Other receivables	11	393,197	427,863	-	-
		<b>16,862,522</b>	<b>17,035,484</b>	<b>1,475,453</b>	<b>1,478,460</b>
<b>Current Assets</b>					
Inventories	10	1,354	1,411	-	-
Trade and other receivables	11	89,343	81,548	8,065	9,562
Tax recoverable		24,357	5,370	5,473	4,003
Cash and bank balances	12	959,528	871,658	538,621	426,411
		<b>1,074,582</b>	<b>959,987</b>	<b>552,159</b>	<b>439,976</b>
<b>TOTAL ASSETS</b>		<b>17,937,104</b>	<b>17,995,471</b>	<b>2,027,612</b>	<b>1,918,436</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity Attributable to Equity Holders of the Company</b>					
Share capital	13	1,823,386	1,823,386	1,823,386	1,823,386
Capital reserve	2.21	2,860,830	2,905,084	-	-
Retained profits	14	308,496	206,750	194,199	82,705
		<b>4,992,712</b>	<b>4,935,220</b>	<b>2,017,585</b>	<b>1,906,091</b>
Non-controlling interests ("NCI") relating to KLCC REIT	7	8,017,126	8,078,845	-	-
<b>Stapled Securities holders interests in the Group</b>		<b>13,009,838</b>	<b>13,014,065</b>	<b>2,017,585</b>	<b>1,906,091</b>
Other NCI	7	2,029,638	2,063,894	-	-
<b>Total Equity</b>		<b>15,039,476</b>	<b>15,077,959</b>	<b>2,017,585</b>	<b>1,906,091</b>

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Non-Current Liabilities</b>					
Deferred revenue	15	88,832	89,543	-	-
Other long term liabilities	16	144,475	138,494	-	-
Financings	17	2,347,926	1,919,273	404	3,431
Deferred tax liabilities	9	51,384	65,224	-	-
		<b>2,632,617</b>	2,212,534	<b>404</b>	3,431
<b>Current Liabilities</b>					
Trade and other payables	18	236,946	257,725	6,328	5,501
Financings	17	27,986	430,171	3,295	3,413
Taxation		79	17,082	-	-
		<b>265,011</b>	704,978	<b>9,623</b>	8,914
<b>Total Liabilities</b>		<b>2,897,628</b>	2,917,512	<b>10,027</b>	12,345
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>17,937,104</b>	17,995,471	<b>2,027,612</b>	1,918,436
Net asset value ("NAV")		<b>13,009,838</b>	13,014,065		
Less: Fourth interim distribution		<b>(227,472)</b>	(120,957)		
<b>Net NAV after distribution</b>		<b>12,782,366</b>	12,893,108		
<b>Number of stapled securities/shares in circulation ('000)</b>		<b>1,805,333</b>	1,805,333		
<b>NAV per stapled security/share (RM)</b>					
- before distribution		<b>7.21</b>	7.21		
- after distribution		<b>7.08</b>	7.14		

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 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	19	<b>1,171,056</b>	1,239,150	<b>202,227</b>	175,795
<b>Operating profit</b>	20	<b>785,180</b>	764,474	<b>170,929</b>	140,093
Fair value adjustments of investment properties	6	<b>(144,457)</b>	(142,535)	-	-
Interest/profit income	21	<b>18,487</b>	23,004	<b>9,629</b>	12,334
Financing costs	22	<b>(105,176)</b>	(110,662)	<b>(249)</b>	(356)
Share of profit of an associate	8	<b>11,763</b>	12,554	-	-
<b>Profit before tax</b>	23	<b>565,797</b>	546,835	<b>180,309</b>	152,071
Tax (expense)/benefit	26	<b>(31,768)</b>	(72,120)	<b>149</b>	(810)
<b>PROFIT FOR THE YEAR, REPRESENTING TOTAL COMPREHENSIVE INCOME</b>		<b>534,029</b>	474,715	<b>180,458</b>	151,261
<b>Profit/(loss) attributable to:</b>					
Equity holders of the Company		<b>126,456</b>	(7,505)	<b>180,458</b>	151,261
NCI relating to KLCC REIT	7	<b>369,396</b>	439,671	-	-
		<b>495,852</b>	432,166	<b>180,458</b>	151,261
Other NCI	7	<b>38,177</b>	42,549	-	-
		<b>534,029</b>	474,715	<b>180,458</b>	151,261
<b>Earnings per share attributable to equity holders of the Company (sen):</b>					
Basic/diluted	27	<b>7.00</b>	(0.42)		
<b>Earnings per stapled security (sen):</b>					
Basic/diluted	27	<b>27.47</b>	23.94		

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 2021

	Group	
	2021 RM'000	2020 RM'000
Overall distributable income is derived as follows:		
Profit/(loss) attributable to the equity holders of the Company	126,456	(7,505)
Add: Unrealised fair value adjustments attributable to the equity holders	44,254	110,313
	170,710	102,808
Distributable income of KLCC REIT	467,655	447,372
Total available for income distribution	638,365	550,180
Distribution to equity holders of the Company in respect of financial year ended 31 December 2021/2020:		
First interim dividend of 0.99% (2020: 2.46%)	(17,873)	(44,411)
Second interim dividend of 0.99% (2020: 1.41%)	(17,873)	(25,455)
Third interim dividend of 0.84% (2020: 1.63%)	(15,165)	(29,427)
Fourth interim dividend of 5.77% (2020: 1.00%)	(104,168)	(18,053)
	(155,079)	(117,346)
Distribution to KLCC REIT holders in respect of financial year ended 31 December 2021/2020:		
First interim income distribution of 6.01% (2020: 5.84%)	(108,501)	(105,431)
Second interim income distribution of 6.01% (2020: 6.09%)	(108,501)	(109,945)
Third interim income distribution of 6.16% (2020: 5.87%)	(111,209)	(105,973)
Fourth interim income distribution of 6.83% (2020: 5.70%)	(123,304)	(102,904)
	(451,515)	(424,253)
Balance undistributed	31,771	8,581

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 2021

	Note	← Attributable to Equity Holders of the Company →			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
		Non Distributable	← Distributable →					
		Share Capital RM'000	Retained Profits RM'000	Capital Reserve RM'000				
<b>At 1 January 2021</b>		<b>1,823,386</b>	<b>206,750</b>	<b>2,905,084</b>	<b>4,935,220</b>	<b>8,078,845</b>	<b>2,063,894</b>	<b>15,077,959</b>
Total comprehensive income for the year		-	<b>126,456</b>	-	<b>126,456</b>	<b>369,396</b>	<b>38,177</b>	<b>534,029</b>
Transfer of fair value loss	2.21	-	<b>44,254</b>	<b>(44,254)</b>	-	-	-	-
Dividends paid	28	-	<b>(68,964)</b>	-	<b>(68,964)</b>	<b>(431,115)</b>	<b>(72,433)</b>	<b>(572,512)</b>
<b>At 31 December 2021</b>		<b>1,823,386</b>	<b>308,496</b>	<b>2,860,830</b>	<b>4,992,712</b>	<b>8,017,126</b>	<b>2,029,638</b>	<b>15,039,476</b>
<b>At 1 January 2020</b>		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)
<b>At 31 December 2020</b>		<b>1,823,386</b>	<b>206,750</b>	<b>2,905,084</b>	<b>4,935,220</b>	<b>8,078,845</b>	<b>2,063,894</b>	<b>15,077,959</b>

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 2021

	Note	Non Distributable Share Capital RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
<b>At 1 January 2021</b>		<b>1,823,386</b>	<b>82,705</b>	<b>1,906,091</b>
Total comprehensive income for the year		-	<b>180,458</b>	<b>180,458</b>
Dividends paid	28	-	<b>(68,964)</b>	<b>(68,964)</b>
<b>At 31 December 2021</b>		<b>1,823,386</b>	<b>194,199</b>	<b>2,017,585</b>
<b>At 1 January 2020</b>		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)
<b>At 31 December 2020</b>		1,823,386	82,705	1,906,091

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 2021

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax	<b>565,797</b>	546,835	<b>180,309</b>	152,071
Adjustments for:				
Interest/profit income	<b>(18,487)</b>	(23,004)	<b>(9,629)</b>	(12,334)
Financing costs	<b>105,176</b>	110,662	<b>249</b>	356
Amortisation of accrued rental income and deferred revenue	<b>28,469</b>	(4,044)	-	-
Depreciation of property, plant and equipment and right-of-use assets	<b>46,668</b>	50,316	<b>3,365</b>	3,655
Dividend income	-	-	<b>(182,250)</b>	(155,580)
Investment property written off	<b>358</b>	-	-	-
(Gain)/loss on disposal of property, plant and equipment	<b>(6)</b>	4	-	(1)
Net loss on fair value adjustments of investment properties	<b>144,457</b>	142,535	-	-
Impairment loss on investment in subsidiaries	-	-	-	990
Impairment on investment property under construction ("IPUC")	<b>252</b>	81,362	-	-
Allowance for impairment losses of trade receivables	<b>6,104</b>	3,127	-	-
Bad debts written off	<b>2</b>	-	-	-
Share of profit of an associate	<b>(11,763)</b>	(12,554)	-	-
<b>Operating cash flows before changes in working capital</b>	<b>867,027</b>	895,239	<b>(7,956)</b>	(10,843)
Changes in working capital:				
Trade and other receivables	<b>(2,615)</b>	(17,011)	<b>1,475</b>	(339)
Amount due from subsidiaries	-	-	<b>834</b>	(1,447)
Amount due from related companies	<b>(6,790)</b>	1,774	<b>(369)</b>	(761)
Amount due from immediate holding company	<b>(4,632)</b>	(23,684)	<b>(501)</b>	1
Amount due to ultimate holding company	<b>4,940</b>	11,587	<b>(814)</b>	1,150
Trade and other payables	<b>(19,043)</b>	4,565	<b>1,641</b>	(1,700)
Inventories	<b>57</b>	399	-	-
Cash generated from/(used in) operations	<b>838,944</b>	872,869	<b>(5,690)</b>	(13,939)
Interest/profit income received	<b>18,536</b>	23,504	<b>9,629</b>	12,336
Tax paid	<b>(81,887)</b>	(87,921)	<b>(1,621)</b>	(2,772)
<b>Net cash generated from/(used in) operating activities</b>	<b>775,593</b>	<b>808,452</b>	<b>2,318</b>	<b>(4,375)</b>

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Dividends received from subsidiaries	-	-	<b>175,650</b>	143,700
Dividends received from an associate	<b>6,600</b>	11,880	<b>6,600</b>	11,880
Purchase of property, plant and equipment	<b>(9,322)</b>	(12,594)	-	(281)
Subsequent expenditure on investment properties	<b>(38,470)</b>	(27,520)	-	-
Proceeds from disposal of property, plant and equipment	<b>15</b>	34	-	1
<b>Net cash (used in)/generated from investing activities</b>	<b>(41,177)</b>	(28,200)	<b>182,250</b>	155,300
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Drawdown of borrowings	<b>42,449</b>	17,028	-	-
Drawdown of Sukuk Murabahah	<b>400,000</b>	-	-	-
Repayment of borrowings	<b>(10,000)</b>	(10,000)	-	-
Payment of Sukuk Murabahah	<b>(400,000)</b>	-	-	-
Repayment of principal portion of lease liabilities	<b>(4,938)</b>	(4,677)	<b>(3,394)</b>	(3,394)
Dividends paid to shareholders	<b>(68,964)</b>	(195,879)	<b>(68,964)</b>	(195,879)
Dividends paid to other NCI	<b>(72,433)</b>	(60,133)	-	-
Dividends paid to NCI relating to KLCC REIT	<b>(430,620)</b>	(434,463)	-	-
Interest/profit expenses paid	<b>(102,040)</b>	(104,378)	-	-
(Increase)/decrease in deposits restricted	<b>(1,110)</b>	429	-	-
<b>Net cash used in financing activities</b>	<b>(647,656)</b>	(792,073)	<b>(72,358)</b>	(199,273)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>86,760</b>	(11,821)	<b>112,210</b>	(48,348)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>869,765</b>	881,586	<b>426,411</b>	474,759
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 12)</b>	<b>956,525</b>	869,765	<b>538,621</b>	426,411
The additions in investment properties and property, plant and equipment were acquired by way of:				
Cash	<b>35,992</b>	23,720	-	281
Accruals	<b>11,256</b>	11,800	-	-
	<b>47,248</b>	35,520	-	281
Cash paid for additions in prior years	<b>11,800</b>	16,394	-	-
Cash paid for additions in current year	<b>35,992</b>	23,720	-	281
Total cash paid for investment properties and property, plant and equipment	<b>47,792</b>	40,114	-	281

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 2021

## 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 (“KLCCCH”) 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 28 January 2022.

## 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 2021, 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 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.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 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.

### 2.4 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 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

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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.14 Financial Liabilities (Cont'd.)

#### (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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 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.

### 2.18 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.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.18 Taxation (Cont'd.)

#### (ii) Deferred tax (Cont'd.)

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.

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:

	2021 RM	2020 RM
United States Dollar	4.17	4.02

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 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/profit 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.23 Leases (Cont'd.)

#### (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.

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/profit 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 3. ADOPTION OF NEW AND REVISED PRONOUNCEMENTS

As of 1 January 2021, 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 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)
Amendments to MFRS 16	Leases (Amendments to COVID-19 Related Rent Concessions beyond 30 June 2021)

### 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 11% (2020: 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

### 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)	
	2021 RM'000	2020 RM'000
<b>Yield rate</b>		
+ 0.25%	(351,342)	(368,455)
- 0.25%	362,347	394,218
<b>Discount rate</b>		
+ 0.25%	(230,251)	(199,572)
- 0.25%	226,723	207,832

The other key assumptions used to determine the fair value of the investment properties are further explained in Note 6.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 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
<b>Group</b>								
<b>Cost</b>								
At 1 January 2021	634,184	3,526	158,093	190,950	83,928	1,149	10,312	1,082,142
Additions	815	2,761	266	3,884	1,596	-	-	9,322
Transfer within property, plant and equipment	(459)	(211)	6	228	436	-	-	-
Transfer to investment property	(507)	-	-	-	-	-	-	(507)
Disposals	-	-	(73)	(38)	(2)	-	-	(113)
Write off	-	-	(21)	-	(261)	-	-	(282)
At 31 December 2021	634,033	6,076	158,271	195,024	85,697	1,149	10,312	1,090,562
<b>Accumulated Depreciation</b>								
At 1 January 2021	136,718	-	100,212	129,211	66,789	864	10,081	443,875
Charge for the year (Note 23)	8,033	-	13,007	14,119	6,650	111	154	42,074
Transfer within property, plant and equipment	(297)	-	-	-	297	-	-	-
Disposals	-	-	(71)	(33)	-	-	-	(104)
Write off	-	-	(21)	-	(261)	-	-	(282)
At 31 December 2021	144,454	-	113,127	143,297	73,475	975	10,235	485,563
<b>Net Carrying Amount</b>	<b>489,579</b>	<b>6,076</b>	<b>45,144</b>	<b>51,727</b>	<b>12,222</b>	<b>174</b>	<b>77</b>	<b>604,999</b>
<b>Cost</b>								
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
<b>Accumulated Depreciation</b>								
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
<b>Net Carrying Amount</b>	<b>497,466</b>	<b>3,526</b>	<b>57,881</b>	<b>61,739</b>	<b>17,139</b>	<b>285</b>	<b>231</b>	<b>638,267</b>



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 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
<b>Group</b>					
<b>Cost</b>					
At 1 January 2021	85,889	389,797	20,054	138,444	634,184
Additions	-	-	176	639	815
Transfer within property, plant and equipment	-	-	-	(459)	(459)
Transfer to investment property	-	-	-	(507)	(507)
At 31 December 2021	85,889	389,797	20,230	138,117	634,033
<b>Accumulated Depreciation</b>					
At 1 January 2021	-	79,854	18,949	37,915	136,718
Charge for the year	-	5,414	561	2,058	8,033
Transfer within property, plant and equipment	-	-	-	(297)	(297)
At 31 December 2021	-	85,268	19,510	39,676	144,454
<b>Net Carrying Amount</b>	<b>85,889</b>	<b>304,529</b>	<b>720</b>	<b>98,441</b>	<b>489,579</b>
<b>Cost</b>					
At 1 January 2020	85,889	389,797	19,261	136,769	631,716
Additions	-	-	794	1,448	2,242
Transfer within property, plant and equipment	-	-	-	227	227
Write off	-	-	(1)	-	(1)
At 31 December 2020	85,889	389,797	20,054	138,444	634,184
<b>Accumulated Depreciation</b>					
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
<b>Net Carrying Amount</b>	<b>85,889</b>	<b>309,943</b>	<b>1,105</b>	<b>100,529</b>	<b>497,466</b>

Property, plant and equipment of a subsidiary at carrying amount of RM568,471,000 (2020: RM597,515,000) has been pledged as securities for loan facilities as disclosed in Note 17.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 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
<b>Company</b>					
<b>Cost</b>					
At 1 January 2021/ 31 December 2021	<b>7,223</b>	<b>2,364</b>	<b>8</b>	<b>1,865</b>	<b>11,460</b>
<b>Accumulated Depreciation</b>					
At 1 January 2021	<b>7,000</b>	<b>2,303</b>	<b>8</b>	<b>1,658</b>	<b>10,969</b>
Charge for the year (Note 23)	<b>54</b>	<b>35</b>	<b>-</b>	<b>116</b>	<b>205</b>
At 31 December 2021	<b>7,054</b>	<b>2,338</b>	<b>8</b>	<b>1,774</b>	<b>11,174</b>
<b>Net Carrying Amount</b>	<b>169</b>	<b>26</b>	<b>-</b>	<b>91</b>	<b>286</b>
<b>Cost</b>					
At 1 January 2020	6,959	2,364	8	2,275	11,606
Additions	264	-	-	17	281
Disposal	-	-	-	(427)	(427)
At 31 December 2020	7,223	2,364	8	1,865	11,460
<b>Accumulated Depreciation</b>					
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
<b>Net Carrying Amount</b>	<b>223</b>	<b>61</b>	<b>-</b>	<b>207</b>	<b>491</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 6. INVESTMENT PROPERTIES

	Completed investment properties RM'000	IPUC land at fair value RM'000	IPUC at cost RM'000	Total RM'000
<b>Group</b>				
At 1 January 2021	15,101,437	455,000	136,768	15,693,205
Additions	27,845	8,829	1,252	37,926
Transfer from property, plant and equipment (Note 5)	507	-	-	507
Write off	(358)	-	-	(358)
Impairment (Note 23)	-	-	(252)	(252)
Fair value adjustments	(144,628)	171	-	(144,457)
At 31 December 2021	14,984,803	464,000	137,768	15,586,571
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

The following investment properties are held under lease terms:

	Group	
	2021 RM'000	2020 RM'000
Completed investment property	376,000	365,000
IPUC land at fair value	186,000	176,000
IPUC at cost	115,000	114,000
	<b>677,000</b>	655,000

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 RM144,457,000 (2020: 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 RM252,000 (2020: RM81,362,000) during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 6. INVESTMENT PROPERTIES (CONT'D.)

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2021 RM'000	2020 RM'000
Rental income	937,238	997,097
Direct operating expenses of income generating investment properties	(91,894)	(93,306)
	<b>845,344</b>	903,791

### 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
<b>2021</b>				
- Office properties	-	-	9,176,342	9,176,342
- Retail properties	-	-	5,994,461	5,994,461
- Land	-	-	278,000	278,000
	-	-	<b>15,448,803</b>	<b>15,448,803</b>
<b>2020</b>				
- 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

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 6. INVESTMENT PROPERTIES (CONT'D.)

The following table shows a reconciliation of Level 3 fair values:

	2021 RM'000	2020 RM'000
Valuation per valuers' report	15,842,000	15,984,300
Less: Accrued rental income	(393,197)	(427,863)
	<b>15,448,803</b>	15,556,437
Adjusted valuation on 1 January	<b>15,556,437</b>	15,678,412
Additions	<b>36,674</b>	20,560
Transfer from investment properties	<b>507</b>	-
Write off	<b>(358)</b>	-
Net loss on fair value adjustments of investment properties	<b>(144,457)</b>	(142,535)
At 31 December	<b>15,448,803</b>	15,556,437

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		Inter-relationship between significant unobservable inputs and fair value measurement
		2021	2020	
Investment method (refer a)	<b>Office:</b>			The estimated fair value would increase/(decrease) if:
	- Market rental rate (RM/psf/month)			
	- Term	<b>4.95 - 12.99</b>	4.95 - 12.99	- expected market rental growth was higher/(lower)
	- Reversion	<b>5.94 - 12.40</b>	5.96 - 12.32	- expected market rental growth was higher/(lower)
	- Outgoings (RM/psf/month)			
	- Term	<b>2.40</b>	1.96	- expected inflation rate was lower/(higher)
	- Reversion	<b>2.20 - 2.40</b>	1.96 - 2.20	- expected inflation rate was lower/(higher)
	- Void rate (%)	<b>5.00 - 15.00</b>	5.00 - 15.00	- void rate was lower/(higher)
	- Term yield (%)	<b>5.75 - 6.75</b>	5.50 - 7.25	- term yield rate was lower/(higher)
	- Reversionary yield (%)	<b>6.00 - 7.25</b>	6.00 - 7.75	- reversionary yield was lower/(higher)
	- Discount rate (%)	<b>5.75 - 7.25</b>	5.50 - 7.75	- discount rate was lower/(higher)
	<b>Retail:</b>			
	- Market rental rate (RM/psf/month)			
	- Term	<b>1.10 - 407.69</b>	1.05 - 407.69	- expected market rental growth was higher/(lower)
	- Reversion	<b>2.91 - 395.46</b>	5.64 - 407.69	- expected market rental growth was higher/(lower)
	- Outgoings (RM/psf/month)			
	- Term	<b>5.75 - 6.80</b>	5.72 - 6.53	- expected inflation rate was lower/(higher)
	- Reversion	<b>5.75 - 7.14</b>	5.72 - 6.53	- expected inflation rate was lower/(higher)
	- Void rate (%)	<b>5.00 - 8.00</b>	7.00 - 10.00	- void rate was lower/(higher)
	- Term yield (%)	<b>6.25 - 7.00</b>	6.25 - 6.50	- term yield rate was lower/(higher)
	- Reversionary yield (%)	<b>6.50 - 6.75</b>	6.75 - 7.00	- reversionary yield was lower/(higher)
	- Discount rate (%)	<b>6.25 - 7.00</b>	6.25 - 7.00	- discount rate was lower/(higher)

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 6. INVESTMENT PROPERTIES (CONT'D.)

Valuation technique	Significant unobservable inputs	Range		Inter-relationship between significant unobservable inputs and fair value measurement
		2021	2020	
Residual method (refer b)	- Expected rate of return (%)	<b>15.00</b>	15.00	The estimated fair value would increase/ (decrease) if: - expected rate of return was lower/(higher)
	- Gross Development Value (RM million)	<b>1,572</b>	1,572	- gross development value was higher/(lower)
	- Gross Development Costs (RM million)	<b>1,180</b>	1,184	- gross development costs was lower/(higher)
	- Financing costs (%)	<b>6.00</b>	6.00	- financing costs was lower/(higher)
	- Discount rate (%)	<b>7.00</b>	7.00	- discount rate was lower/(higher)

- (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.
- (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

	Note	Company	
		2021 RM'000	2020 RM'000
Unquoted shares, at cost		<b>4,530,109</b>	4,530,109
Discount on loans to subsidiaries		<b>196,314</b>	196,314
Effects of conversion of amounts due from subsidiaries to investment	(i)	<b>724,210</b>	724,152
Capital reduction		<b>(780,916)</b>	(780,916)
Write-down in value	(ii)	<b>(3,296,954)</b>	(3,296,954)
Impairment loss (Note 23)	(iii)	<b>(990)</b>	(990)
		<b>1,371,773</b>	1,371,715

- (i) During the year, certain subsidiaries have issued ordinary shares 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. No additional impairment was recognised during the year (2020: RM990,300).

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 7. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Details of subsidiaries are as follows:

Name of Subsidiaries	Proportion of ownership interest		Principal Activities
	2021 %	2020 %	
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
<b>Subsidiary of KLCC REIT</b>			
Midciti Sukuk Berhad ("MSB") *	100	100	To undertake the issuance of Islamic medium term notes ("Sukuk") under a medium term notes programme 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 7. INVESTMENT IN SUBSIDIARIES (CONT'D.)

### Non-controlling interests relating to KLCC REIT

	2021	2020
<b>NCI percentage of ownership interest and voting interest</b>	<b>100%</b>	100%
Carrying amount of NCI (RM'000)	<b>8,017,126</b>	8,078,845
Profit allocated to NCI (RM'000)	<b>369,396</b>	439,671

### Summarised financial information before intra-group elimination

	2021 RM'000	2020 RM'000
Non-current assets - Investment properties	<b>9,113,553</b>	9,189,014
Non-current assets - Others	<b>379,735</b>	412,420
Current assets	<b>111,687</b>	104,705
Non-current liabilities	<b>(1,536,518)</b>	(1,132,824)
Current liabilities	<b>(51,331)</b>	(494,470)
Net assets	<b>8,017,126</b>	8,078,845
Revenue	<b>569,728</b>	581,224
Profit for the year, representing total comprehensive income	<b>369,396</b>	439,671
Cash flows generated from operating activities	<b>499,057</b>	512,578
Cash flows used in investing activities	<b>(1,306)</b>	(661)
Cash flows used in financing activities	<b>(490,378)</b>	(495,838)
Net increase in cash and cash equivalents	<b>7,373</b>	16,079
Dividend paid to NCI relating to KLCC REIT	<b>(431,115)</b>	(434,182)

### Other non-controlling interests in subsidiaries

The Group's subsidiaries that have material other non-controlling interests are as follows:

	2021		
	SKSB	Other immaterial subsidiary	Total
<b>NCI percentage of ownership interest and voting interest</b>	40.0%		
Carrying amount of NCI (RM'000)	1,986,341	43,297	2,029,638
Profit/(loss) allocated to NCI (RM'000)	53,436	(15,259)	38,177



# NOTES TO THE FINANCIAL STATEMENTS

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## 7. INVESTMENT IN SUBSIDIARIES (CONT'D.)

### Other non-controlling interests in subsidiaries (Cont'd.)

	2020		
	SKSB	Other immaterial subsidiary	Total
<b>NCI percentage of ownership interest and voting interest</b>	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

### Summarised financial information of significant subsidiary before intra-group elimination

SKSB	2021 RM'000	2020 RM'000
Non-current assets - Investment properties	5,495,250	5,547,423
Non-current assets - Others	18,513	22,921
Current assets	248,516	259,149
Non-current liabilities	(676,672)	(684,810)
Current liabilities	(119,754)	(131,334)
Net assets	4,965,853	5,013,349
Revenue	333,874	383,203
Profit for the year, representing total comprehensive income	133,589	141,876
Cash flows generated from operating activities	193,893	222,582
Cash flows used in investing activities	(12,107)	(22,105)
Cash flows used in financing activities	(210,746)	(180,074)
Net (decrease)/increase in cash and cash equivalents	(28,960)	20,403
Dividends paid to other NCI	(72,433)	(60,133)

## 8. INVESTMENT IN AN ASSOCIATE

	2021 RM'000	2020 RM'000
<b>Group</b>		
Unquoted shares at cost	99,195	99,195
Share of post-acquisition reserves	172,230	167,067
	271,425	266,262
<b>Company</b>		
Unquoted shares at cost	99,195	99,195

# NOTES TO THE FINANCIAL STATEMENTS

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## 8. INVESTMENT IN AN ASSOCIATE (CONT'D.)

Details of the associate are as follows:

Name of Associate	Country of Incorporation	Principal Activity	Proportion of ownership interest	
			2021 %	2020 %
Impian Klasik Sdn Bhd ("IKSB")*	Malaysia	Property investment	33	33

\* Audited by a firm of auditors other than Ernst & Young PLT.

The summarised financial statements of the associate are as follows:

	2021 RM'000	2020 RM'000
Non-current assets	770,412	769,784
Current assets	56,433	43,153
<b>Total assets</b>	<b>826,845</b>	<b>812,937</b>
Non-current liabilities	96,616	98,776
Current liabilities	2,728	2,305
<b>Total liabilities</b>	<b>99,344</b>	<b>101,081</b>
<b>Results</b>		
Revenue	55,427	55,427
Profit for the year, representing total comprehensive income	35,648	38,041
<b>Share of profit for the year</b>	<b>11,763</b>	<b>12,554</b>
Other information		
- Share of dividends	6,600	11,880

### Reconciliation of net assets to carrying amount as at 31 December 2021

	2021 RM'000	2020 RM'000
Group's share of net assets	240,075	234,912
Goodwill	31,350	31,350
	<b>271,425</b>	<b>266,262</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 9. DEFERRED TAX

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January	64,809	70,664	(351)	(912)
Recognised in profit or loss (Note 26)	(14,132)	(5,855)	(300)	561
At 31 December	50,677	64,809	(651)	(351)

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	
	2021 RM'000	2020 RM'000
Deferred tax assets	(707)	(415)
Deferred tax liabilities	51,384	65,224
	50,677	64,809

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 2021	67,378	43,088	6,501	116,967
Recognised in profit or loss	1,515	(7,698)	(1,716)	(7,899)
At 31 December 2021	68,893	35,390	4,785	109,068
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

# NOTES TO THE FINANCIAL STATEMENTS

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## 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: (Cont'd.)

### Deferred Tax Assets of the Group:

	Unutilised tax losses, unabsorbed capital and investment tax allowance RM'000	Lease liabilities RM'000	Others RM'000	Total RM'000
At 1 January 2021	(47,166)	(2,317)	(2,675)	(52,158)
Recognised in profit or loss	(6,432)	1,032	(833)	(6,233)
At 31 December 2021	(53,598)	(1,285)	(3,508)	(58,391)
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)

Deferred tax assets have not been recognised in respect of the following item:

	Group	
	2021 RM'000	2020 RM'000
Unutilised tax losses	37,991	3,003

In accordance with the provision of Malaysian Finance Act 2021 requirement, the unutilised tax losses are available for utilisation in the next ten years, for which, any excess at the end of the tenth year will be disregarded. Unabsorbed capital allowances and unabsorbed investment tax allowances do not expire under current tax legislation.

Deferred tax assets have not been recognised in respect of these items during the year until there is probable future taxable profits 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 2021	(10)	(33)	(308)	(351)
Recognised in profit or loss	29	(3)	(326)	(300)
At 31 December 2021	19	(36)	(634)	(651)
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)

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 10. INVENTORIES

The inventories comprise general merchandise and operating supplies, and are stated at cost.

## 11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Non-current</b>				
<b>Other receivables</b>				
Accrued rental income	393,197	427,863	-	-
<b>Current</b>				
<b>Trade receivables</b>	34,458	23,798	-	-
Less: Allowance for impairment	(9,076)	(3,362)	-	-
Trade receivables, net of impairment	25,382	20,436	-	-
<b>Other receivables</b>				
Other receivables and deposits	18,104	26,083	2,394	3,869
Amount due from:				
Subsidiaries	-	-	1,666	2,558
Ultimate holding company	20	361	-	-
Immediate holding company	30,213	25,601	853	352
Other related companies	15,624	9,067	3,152	2,783
Total other receivables	63,961	61,112	8,065	9,562
<b>Total</b>	<b>89,343</b>	<b>81,548</b>	<b>8,065</b>	<b>9,562</b>

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade receivables	25,382	20,436	-	-
Other receivables	457,158	488,975	8,065	9,562
Add: Cash and bank balances (Note 12)	959,528	871,658	538,621	426,411
Less: Accrued rental income (Note 6)	(393,197)	(427,863)	-	-
Total financial assets carried at amortised cost	1,048,871	953,206	546,686	435,973

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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 11. TRADE AND OTHER RECEIVABLES (CONT'D.)

*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
<b>Amount due from ultimate holding company</b>			
2021	20	-	20
2020	1,012	(651)	361

## 12. CASH AND BANK BALANCES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash with PETRONAS Integrated Financial Shared Services Centre	643,961	525,253	538,566	419,729
Cash and bank balances	22,646	13,667	55	5
Deposits with licensed banks	292,921	332,738	-	6,677
	959,528	871,658	538,621	426,411
Less: Deposits restricted	(3,003)	(1,893)	-	-
Cash and cash equivalents	956,525	869,765	538,621	426,411

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 RM662,360,000 (2020: RM536,048,000) and RM538,566,000 (2020: RM419,729,000) respectively.

The weighted average effective interest/profit rates applicable to the deposits with licensed banks of the Group is 2.03% per annum (2020: 2.02% per annum).

Deposits with licensed banks of the Group have an average maturity of 45 days (2020: 44 days).

# NOTES TO THE FINANCIAL STATEMENTS

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## 13. SHARE CAPITAL

	Group and Company	
	Number of shares Ordinary shares '000	Amount Ordinary shares RM'000
<b>Issued and fully paid:</b>		
At 1 January 2021/ 31 December 2021	<b>1,805,333</b>	<b>1,823,386</b>
At 1 January 2020/ 31 December 2020	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 2021, 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	
	2021 RM'000	2020 RM'000
Security deposit payables	<b>144,475</b>	138,494

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 4.16% to 4.73% per annum.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 17. FINANCINGS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Short term financings</b>				
<b>Secured:</b>				
Sukuk Murabahah				
- KLCC Real Estate Investment Trust	11,310	413,704	-	-
Term loans	12,106	11,891	-	-
Lease liabilities	4,570	4,576	3,295	3,413
	<b>27,986</b>	430,171	<b>3,295</b>	3,413
<b>Long term financings</b>				
<b>Secured:</b>				
Sukuk Murabahah				
- KLCC Real Estate Investment Trust	1,355,000	955,000	-	-
- Other subsidiary	600,000	600,000	-	-
Term loans	391,644	359,194	-	-
Lease liabilities	1,282	5,079	404	3,431
	<b>2,347,926</b>	1,919,273	<b>404</b>	3,431
<b>Total financings</b>	<b>2,375,912</b>	2,349,444	<b>3,699</b>	6,844

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Total financings which are secured, comprise:</b>				
Sukuk Murabahah (a)	1,966,310	1,968,704	-	-
Term loans (b)	403,750	371,085	-	-
Lease liabilities	5,852	9,655	3,699	6,844
	<b>2,375,912</b>	2,349,444	<b>3,699</b>	6,844



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 17. FINANCINGS (CONT'D.)

The payment/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
<b>2021</b>					
<b>Secured</b>					
Sukuk Murabahah	1,966,310	11,310	-	1,555,000	400,000
Term loans	403,750	12,106	10,000	381,644	-
Lease liabilities	5,852	4,570	1,282	-	-
	<b>2,375,912</b>	<b>27,986</b>	<b>11,282</b>	<b>1,936,644</b>	<b>400,000</b>
<b>2020</b>					
<b>Secured</b>					
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	-
	<b>2,349,444</b>	<b>430,171</b>	<b>12,071</b>	<b>1,405,174</b>	<b>502,028</b>

### (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 RM400 million Sukuk Murabahah upon maturity in current year on 23 April 2021 and on the same date issued RM400 million of Sukuk Murabahah with a profit rate of 4.00% per annum and maturing on 23 April 2031. Details of the drawdown that are outstanding as at year end are as follows:

Tenure	Value (RM)	Profit rate	Maturity
10 years	455,000,000	4.80%	25 April 2024
7 years	500,000,000	4.20%	25 April 2026
10 years	400,000,000	4.00%	23 April 2031

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 drawdown at the profit rate of 4.73% per annum and payable in 10 years.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 17. FINANCINGS (CONT'D.)

### (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.

Type of Facilities	Revised Principal Limit (RM'000)
Term Loan Facility 3	102,000

Term loan facility 3 was approved on 25 May 2016. The subsidiary has utilised RM62 million from the total facility of RM102 million.

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 (2020: 3.60% per annum).

Other information on financial risks of financings are disclosed in Note 32.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 17. FINANCINGS (CONT'D.)

### 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
<b>Balance at 1 January 2021</b>	<b>1,968,704</b>	<b>371,085</b>	<b>9,655</b>	<b>-</b>	<b>2,349,444</b>
<b>Changes from financing cash flows</b>					
Payment of Sukuk Murabahah	(400,000)	-	-	-	(400,000)
Drawdown of Sukuk Murabahah	400,000	-	-	-	400,000
Repayment of term loan	-	(10,000)	-	-	(10,000)
Drawdown of term loan	-	42,449	-	-	42,449
Repayment of lease liabilities	-	-	(4,938)	-	(4,938)
Dividend paid	-	-	-	(572,017)	(572,017)
Interest/profit paid	(88,136)	(13,904)	-	-	(102,040)
<b>Total changes from financing cash flows</b>	<b>(88,136)</b>	<b>18,545</b>	<b>(4,938)</b>	<b>(572,017)</b>	<b>(646,546)</b>
<b>Other changes</b>					
Liability-related					
Interest/profit expenses	85,742	14,120	390	-	100,252
Acquisition of new lease	-	-	745	-	745
Dividend payable	-	-	-	572,017	572,017
<b>Total liability-related other changes</b>	<b>85,742</b>	<b>14,120</b>	<b>1,135</b>	<b>572,017</b>	<b>673,014</b>
<b>Balance at 31 December 2021</b>	<b>1,966,310</b>	<b>403,750</b>	<b>5,852</b>	<b>-</b>	<b>2,375,912</b>
<b>Balance at 1 January 2020</b>	<b>1,970,737</b>	<b>363,999</b>	<b>11,860</b>	<b>-</b>	<b>2,346,596</b>
<b>Changes from financing cash flows</b>					
Repayment of term loan	-	(10,000)	-	-	(10,000)
Drawdown of term loan	-	17,028	-	-	17,028
Repayment of lease liabilities	-	-	(4,677)	-	(4,677)
Dividend paid	-	-	-	(690,475)	(690,475)
Interest/profit paid	(89,832)	(14,546)	-	-	(104,378)
<b>Total changes from financing cash flows</b>	<b>(89,832)</b>	<b>(7,518)</b>	<b>(4,677)</b>	<b>(690,475)</b>	<b>(792,502)</b>
<b>Other changes</b>					
Liability-related					
Interest/profit expenses	87,799	14,604	474	-	102,877
Acquisition of new lease	-	-	1,998	-	1,998
Dividend payable	-	-	-	690,475	690,475
<b>Total liability-related other changes</b>	<b>87,799</b>	<b>14,604</b>	<b>2,472</b>	<b>690,475</b>	<b>795,350</b>
<b>Balance at 31 December 2020</b>	<b>1,968,704</b>	<b>371,085</b>	<b>9,655</b>	<b>-</b>	<b>2,349,444</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 17. FINANCINGS (CONT'D.)

### Reconciliation of movement of liabilities to cash flows arising from financing activities (Cont'd.)

#### Company

	Lease liabilities RM'000	Dividend paid RM'000	Total RM'000
<b>Balance at 1 January 2021</b>	<b>6,844</b>	<b>-</b>	<b>6,844</b>
<b>Changes from financing cash flows</b>			
Repayment lease liabilities	(3,394)	-	(3,394)
Dividend paid	-	(68,964)	(68,964)
<b>Total changes from financing cash flows</b>	<b>(3,394)</b>	<b>(68,964)</b>	<b>(72,358)</b>
<b>Other changes</b>			
Liability-related			
Interest/profit expenses	249	-	249
Dividend payable	-	68,964	68,964
<b>Total liability-related other changes</b>	<b>249</b>	<b>68,964</b>	<b>69,213</b>
<b>Balance at 31 December 2021</b>	<b>3,699</b>	<b>-</b>	<b>3,699</b>
<b>Balance at 1 January 2020</b>	<b>7,884</b>	<b>-</b>	<b>7,884</b>
<b>Changes from financing cash flows</b>			
Repayment lease liabilities	(3,394)	-	(3,394)
Dividend paid	-	(195,879)	(195,879)
<b>Total changes from financing cash flows</b>	<b>(3,394)</b>	<b>(195,879)</b>	<b>(199,273)</b>
<b>Other changes</b>			
Liability-related			
Interest/profit expenses	356	-	356
Acquisition of new lease	1,998	-	1,998
Dividend payable	-	195,879	195,879
<b>Total liability-related other changes</b>	<b>2,354</b>	<b>195,879</b>	<b>198,233</b>
<b>Balance at 31 December 2020</b>	<b>6,844</b>	<b>-</b>	<b>6,844</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 18. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Trade payables</b>	<b>21,020</b>	10,771	<b>57</b>	318
<b>Other payables</b>				
Other payables	<b>142,169</b>	174,092	<b>4,295</b>	2,393
Security deposits	<b>57,276</b>	60,727	-	-
Amount due to:				
Ultimate holding company	<b>8,060</b>	3,461	<b>1,976</b>	2,790
Immediate holding company	<b>66</b>	86	-	-
Other related companies	<b>8,355</b>	8,588	-	-
	<b>215,926</b>	246,954	<b>6,271</b>	5,183
Total trade and other payables	<b>236,946</b>	257,725	<b>6,328</b>	5,501
Add: Financings (Note 17)	<b>2,375,912</b>	2,349,444	<b>3,699</b>	6,844
Other long term liabilities (Note 16)	<b>144,475</b>	138,494	-	-
Total financial liabilities carried at amortised cost	<b>2,757,333</b>	2,745,663	<b>10,027</b>	12,345

Amounts due to 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Property investment				
- Office	<b>579,459</b>	590,319	-	-
- Retail	<b>357,780</b>	406,778	-	-
Hotel operations	<b>46,527</b>	52,858	-	-
Management services	<b>187,290</b>	189,195	<b>19,977</b>	20,215
Dividend income from subsidiaries	-	-	<b>175,650</b>	143,700
Dividend income from an associate	-	-	<b>6,600</b>	11,880
	<b>1,171,056</b>	1,239,150	<b>202,227</b>	175,795

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.

# NOTES TO THE FINANCIAL STATEMENTS

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## 20. OPERATING PROFIT

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue (Note 19)	<b>1,171,056</b>	1,239,150	<b>202,227</b>	175,795
Cost of revenue:				
- Cost of services and goods	<b>(260,504)</b>	(258,651)	-	-
Gross profit	<b>910,552</b>	980,499	<b>202,227</b>	175,795
Selling and distribution expenses	<b>(6,758)</b>	(7,073)	-	-
Administration expenses	<b>(122,036)</b>	(210,331)	<b>(31,299)</b>	(35,704)
Other operating income	<b>3,422</b>	1,379	<b>1</b>	2
Operating profit	<b>785,180</b>	764,474	<b>170,929</b>	140,093

## 21. INTEREST/PROFIT INCOME

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest and profit income from:				
Deposits	<b>18,487</b>	23,004	<b>9,629</b>	12,334

## 22. FINANCING COSTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest/profit expense on:				
Term loans	<b>14,120</b>	14,604	-	-
Sukuk Murabahah	<b>85,742</b>	87,799	-	-
Lease liabilities	<b>390</b>	474	<b>249</b>	356
Accretion of financial instruments	<b>4,924</b>	7,785	-	-
	<b>105,176</b>	110,662	<b>249</b>	356

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 23. PROFIT BEFORE TAX

The following amounts have been included in arriving at profit before tax:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Employee benefits expense (Note 24)	<b>104,239</b>	97,403	<b>19,732</b>	20,558
Directors' remuneration (Note 25)	<b>1,144</b>	1,058	<b>1,133</b>	1,058
Fee in relation to services of Executive Director	<b>785</b>	1,204	<b>785</b>	1,204
Auditors' remuneration				
- Audit fees	<b>641</b>	621	<b>226</b>	219
- Others	<b>19</b>	16	<b>19</b>	16
Valuation fees	<b>908</b>	1,082	-	53
Depreciation of property, plant and equipment (Note 5)	<b>42,074</b>	45,983	<b>205</b>	506
Depreciation of right-of-use assets (Note 29)	<b>4,594</b>	4,333	<b>3,160</b>	3,149
Rental of plant and machinery	<b>316</b>	363	<b>65</b>	112
Investment properties written off	<b>358</b>	-	-	-
(Gain)/loss on disposal of property, plant and equipment	<b>(6)</b>	4	-	(1)
Impairment loss on investment in subsidiaries (Note 7)	-	-	-	990
Impairment of investment property under construction	<b>252</b>	81,362	-	-
Allowance for impairment losses of trade receivables	<b>6,104</b>	3,127	-	-
Bad debts written off	<b>2</b>	-	-	-

## 24. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Wages, salaries and others	<b>94,638</b>	87,966	<b>17,325</b>	17,975
Contributions to defined contribution plan	<b>9,601</b>	9,437	<b>2,407</b>	2,583
Total (Note 23)	<b>104,239</b>	97,403	<b>19,732</b>	20,558

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 25. DIRECTORS' REMUNERATION

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Directors of the Company				
Executive*	-	-	-	-
Non-Executive:				
Fees	1,144	1,058	1,133	1,058
	<b>1,144</b>	1,058	<b>1,133</b>	1,058

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Analysis excluding benefits-in-kind:				
Total Non-Executive Directors' remuneration (Note 23)	1,144	1,058	1,133	1,058

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Group		Company	
	2021	2020	2021	2020
Executive Director*	1	1	1	1
Non-Executive Directors				
RMNil - RM50,000	2	1	2	1
RM50,001 - RM100,000	2	1	2	1
RM100,001 - RM150,000	-	2	-	2
RM150,001 - RM200,000	4	2	4	2
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.



# NOTES TO THE FINANCIAL STATEMENTS

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## 26. TAX EXPENSE/(BENEFIT)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current income tax:				
Malaysian income tax	46,792	77,738	333	182
(Over)/under provision of tax in prior year	(892)	237	(182)	67
	45,900	77,975	151	249
Deferred tax (Note 9):				
Relating to origination and reversal of temporary differences	(13,882)	(3,348)	(180)	565
Over provision of deferred tax in prior year	(250)	(2,507)	(120)	(4)
	(14,132)	(5,855)	(300)	561
Total tax expense/(benefit)	31,768	72,120	(149)	810

Domestic current income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated assessable profit for the year.

A reconciliation of income tax expense/(benefit) applicable to profit before taxation at the statutory income tax rate to income tax expense/(benefit) at the effective income tax rate of the Group and of the Company is as follows:

	2021 RM'000	2020 RM'000
<b>Group</b>		
Profit before taxation	565,797	546,835
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	135,791	131,240
Expenses not deductible for tax purposes	18,641	64,214
Income not subject to tax	(119,398)	(125,025)
Effects of share of profit of an associate	(2,823)	(3,013)
Deferred tax recognised at different tax rates	(7,698)	(509)
Deferred tax assets not recognised during the year	8,397	7,483
Over provision of deferred tax in prior year	(250)	(2,507)
(Over)/under provision of taxation in prior year	(892)	237
Tax expense	31,768	72,120

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 26. TAX EXPENSE/(BENEFIT) (CONT'D.)

	2021 RM'000	2020 RM'000
<b>Company</b>		
Profit before taxation	<b>180,309</b>	152,071
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	<b>43,274</b>	36,497
Expenses not deductible for tax purposes	<b>2,923</b>	4,526
Income not subject to tax	<b>(46,044)</b>	(40,276)
Over provision of deferred tax in prior year	<b>(120)</b>	(4)
(Over)/under provision of taxation in prior year	<b>(182)</b>	67
Tax (benefit)/expense	<b>(149)</b>	810

## 27. EARNINGS PER SHARE/STAPLED SECURITY - BASIC AND DILUTED

Basic/diluted 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/diluted 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.

	2021	2020
Profit/(loss) attributable to equity holders of the Company (RM'000)	<b>126,456</b>	(7,505)
Profit attributable to NCI relating to KLCC REIT (RM'000)	<b>369,396</b>	439,671
Profit attributable to stapled securities holders (RM'000)	<b>495,852</b>	432,166
Weighted average number of stapled securities/shares in issue ('000)	<b>1,805,333</b>	1,805,333
Basic/diluted earnings per share (sen)	<b>7.00</b>	(0.42)
Basic/diluted earnings per stapled security (sen)	<b>27.47</b>	23.94

Basic earnings per share/stapled security equals to diluted earnings per share/stapled security as there are no potential dilutive units in issue.

# NOTES TO THE FINANCIAL STATEMENTS

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## 28. DIVIDENDS

	Dividends Recognised in Year		Net Dividends per Ordinary Share	
	2021 RM'000	2020 RM'000	2021 Sen	2020 Sen
<b>Recognised during the year:</b>				
A fourth interim dividend of 1.00% (2019: 5.35%) on 1,805,333,083 ordinary shares for financial year ended 31 December 2020/2019	<b>18,053</b>	96,586	<b>1.00</b>	5.35
A first interim dividend of 0.99% (2020: 2.46%) on 1,805,333,083 ordinary shares for financial year ended 31 December 2021/2020	<b>17,873</b>	44,411	<b>0.99</b>	2.46
A second interim dividend of 0.99% (2020: 1.41%) on 1,805,333,083 ordinary shares for financial year ended 31 December 2021/2020	<b>17,873</b>	25,455	<b>0.99</b>	1.41
A third interim dividend of 0.84% (2020: 1.63%) on 1,805,333,083 ordinary shares for financial year ended 31 December 2021/2020	<b>15,165</b>	29,427	<b>0.84</b>	1.63
	<b>68,964</b>	195,879	<b>3.82</b>	10.85

A fourth interim dividend in respect of the financial year ended 31 December 2021, of 5.77%, tax exempt under the single tier system on 1,805,333,083 ordinary shares amounting to a dividend payable of RM104,167,719 will be paid on 28 February 2022.

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 2022.

## 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
As at 1 January	<b>9,472</b>	11,807	<b>6,708</b>	7,859
Additions	<b>745</b>	1,998	-	1,998
Depreciation (Note 23)	<b>(4,594)</b>	(4,333)	<b>(3,160)</b>	(3,149)
As at 31 December	<b>5,623</b>	9,472	<b>3,548</b>	6,708

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
As at 1 January	9,655	11,860	6,844	7,884
Additions	745	1,998	-	1,998
Accretion of interest/profit	390	474	249	356
Payments	(4,938)	(4,677)	(3,394)	(3,394)
As at 31 December	5,852	9,655	3,699	6,844
Current	4,570	4,576	3,295	3,413
Non-current	1,282	5,079	404	3,431

The maturity analysis of lease liabilities are disclosed in Note 32.

The following are the amounts recognised in profit or loss:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Depreciation expense of right-of-use assets	4,594	4,333	3,160	3,149
Interest expense on lease liabilities	390	474	249	356
Total amount recognised in profit or loss	4,984	4,807	3,409	3,505

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 29. RIGHT-OF-USE ASSETS (CONT'D.)

### 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	
	2021 RM'000	2020 RM'000
Not later than 1 year	1,019,211	1,028,489
Later than 1 year but not later than 5 years	2,767,221	2,909,011
More than 5 years	7,601,144	8,202,152
	<b>11,387,576</b>	12,139,652

## 30. COMMITMENTS

### Capital commitments

	Group	
	2021 RM'000	2020 RM'000
<b>Approved and contracted for</b>		
Property, plant and equipment	2,483	8,757
Investment property	11,542	19,790
	<b>14,025</b>	28,547
<b>Approved but not contracted for</b>		
Property, plant and equipment	69,492	67,097
Investment property	35,843	141,161
	<b>105,335</b>	208,258

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

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## 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:

### Income/(expense)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Federal Government of Malaysia:</b>				
Property licences and taxes	(13,343)	(13,332)	(1)	(2)
Goods and Services Tax, Sales and Service Tax, and Tourism Tax	(12,289)	(14,835)	(717)	(644)
<b>Government of Malaysia's related entities:</b>				
Purchase of utilities	(12,424)	(15,392)	-	-
Hotel revenue	1,559	583	-	-
Wages Subsidy Programme	2,772	960	-	-
<b>Ultimate Holding Company:</b>				
Rental income	583,778	563,129	-	-
Facilities management and manpower fees	88,128	81,572	-	-
Interest income	11,432	14,559	9,601	12,237
Rental of car park spaces	(3,645)	(4,023)	-	-
Fees for representation on the Board of Directors*	(162)	(126)	(159)	(126)
Hotel revenue	309	646	-	-
Centralised Head Office Services charges	(9,616)	(6,691)	(2,771)	(2,185)
<b>Immediate Holding Company:</b>				
General management services fee payables	(1,228)	(1,445)	(521)	(473)
General management services fee receivables	4,116	3,424	4,116	3,424
<b>Subsidiaries:</b>				
Facilities management and manpower fees	-	-	(201)	(162)
General management services fee receivable	-	-	7,576	7,603
Hotel charges	-	-	(249)	(216)
<b>Other Related Companies:</b>				
Facilities management and manpower fees	30,687	40,375	-	-
General management services fee receivable	8,285	9,170	8,285	9,170
Hotel revenue	145	145	-	-
Management and incentive fees	2,721	1,397	-	-
Chilled water supply	(26,961)	(25,947)	-	-
Project management fees	(2,556)	(2,421)	-	-
Fees for secondment of executive director	(891)	(775)	-	-
Rental of car park spaces	(2,724)	(1,821)	-	-

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 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.)

- \* 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 2021 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

Encik Md. Shah Bin Mahmood, 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

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## 32. FINANCIAL INSTRUMENTS (CONT'D.)

### 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	
	2021 RM'000	2020 RM'000
Property investment		
- Office	114	319
- Retail	32,261	21,861
Hotel operations	1,850	1,010
Management services	233	608
	<b>34,458</b>	23,798
Less: Allowance for impairment losses	<b>(9,076)</b>	(3,362)
	<b>25,382</b>	20,436



# NOTES TO THE FINANCIAL STATEMENTS

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## 32. FINANCIAL INSTRUMENTS (CONT'D.)

### Credit Risk (Contd.)

#### 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	
	2021 RM'000	2020 RM'000
At net:		
Not past due	1,670	1,386
Past due 1 to 30 days	6,389	6,697
Past due 31 to 60 days	4,359	5,350
Past due 61 to 90 days	3,406	2,900
Past due more than 90 days	18,634	7,465
	<b>34,458</b>	23,798
Less: Allowance for impairment losses	<b>(9,076)</b>	(3,362)
	<b>25,382</b>	20,436

The movement in the allowance account is as follows:

	Group	
	2021 RM'000	2020 RM'000
At 1 January	3,362	235
Allowance for impairment	6,104	3,127
Allowance written off	(390)	-
At 31 December	<b>9,076</b>	3,362

The Group does not typically renegotiate the terms of trade receivables. There were no renegotiated balances outstanding as at 31 December 2021.

# NOTES TO THE FINANCIAL STATEMENTS

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## 32. FINANCIAL INSTRUMENTS (CONT'D.)

### 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.

### 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
<b>31 December 2021</b>							
<b>Group</b>							
<b>Financial Liabilities</b>							
Sukuk Murabahah	1,966,310	4.16 - 4.73	2,330,088	98,291	87,142	1,675,658	468,997
Term loans	403,750	3.60	450,856	26,349	23,882	400,625	-
Trade and other payables	236,946	-	236,946	236,946	-	-	-
Lease liabilities	5,852	3.42 - 5.25	6,035	5,068	967	-	-
Other long term liabilities	144,475	4.16 - 4.35	233,654	-	50,668	56,652	126,334
<b>Company</b>							
<b>Financial Liabilities</b>							
Lease liabilities	3,699	3.42 - 5.03	3,803	3,394	409	-	-
Trade and other payables	6,328	-	6,328	6,328	-	-	-
<b>31 December 2020</b>							
<b>Group</b>							
<b>Financial Liabilities</b>							
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 - 4.73	233,654	-	50,668	56,652	126,334
<b>Company</b>							
<b>Financial Liabilities</b>							
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	-	-	-

\* The contractual cash flow is inclusive of the principal and interest/profit but excluding interest accretion due to MFRS 9 measurement.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 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/profit 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/profit 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/profit 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/profit 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Fixed rate instruments</b>				
Financial assets	292,921	332,738	-	6,677
Financial liabilities	(1,966,310)	(1,968,704)	-	-
<b>Floating rate instruments</b>				
Financial liabilities	(403,750)	(371,085)	-	-

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 32. FINANCIAL INSTRUMENTS (CONT'D.)

### Interest/Profit Rate Risk (Cont'd.)

#### 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
<b>2021</b>		
KLIBOR	-20	803
KLIBOR	+20	(803)
<b>2020</b>		
KLIBOR	-20	738
KLIBOR	+20	(738)

This analysis assumes that all other variables remain constant.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 32. FINANCIAL INSTRUMENTS (CONTD.)

### Fair Values (Contd.)

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 amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
<b>Group</b>					
<b>2021</b>					
<b>Financial liabilities</b>					
Sukuk Murabahah	-	1,923,603	-	1,923,603	1,966,310
<b>2020</b>					
<b>Financial liabilities</b>					
Sukuk Murabahah	-	1,991,805	-	1,991,805	1,968,704

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 2021 and 31 December 2020 is as follows:

	Group	
	2021	2020
Total debt (RM'000)	2,375,912	2,349,444
Total equity (excluding Other NCI) (RM'000)	13,009,838	13,014,065
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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 34. SEGMENTAL INFORMATION (CONT'D.)

### Business Segments

31 December 2021

	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
<b>Revenue</b>						
Revenue from external customers	579,459	357,780	46,527	187,290	-	1,171,056
Inter-segment revenue	967	6,216	-	65,637	(72,820)	-
<b>Total revenue</b>	<b>580,426</b>	<b>363,996</b>	<b>46,527</b>	<b>252,927</b>	<b>(72,820)</b>	<b>1,171,056</b>
<b>Results</b>						
Operating profit	511,810	272,168	(51,897)	65,102	(12,003)	785,180
Fair value adjustments on investment properties	(55,824)	(87,633)	-	(1,000)	-	(144,457)
Financing costs						(105,176)
Interest/profit income						18,487
Share of profit of an associate						11,763
Tax expense						(31,768)
Profit after tax but before non- controlling interests						534,029
Segment assets	10,162,099	6,255,560	580,036	146,859	521,125	17,665,679
Investment in an associate	-	-	-	99,195	172,230	271,425
<b>Total assets</b>						<b>17,937,104</b>
<b>Total liabilities</b>	<b>1,592,153</b>	<b>809,583</b>	<b>437,145</b>	<b>80,042</b>	<b>(21,295)</b>	<b>2,897,628</b>
Capital expenditure	25,819	13,081	1,379	6,969	-	47,248
Depreciation	633	2,371	30,415	13,249	-	46,668
Non-cash items other than depreciation	269	6,354	(8)	1	-	6,616

The operating profit of property investment - office is inclusive of impairment of IPUC of RM252,000 (2020: RM81,362,000). Excluding the impairment, operating profit is at RM512,062,000 (2020: RM522,216,000).

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 34. SEGMENTAL INFORMATION (CONT'D.)

### Business Segments (Cont'd.)

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
<b>Revenue</b>						
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)	-
<b>Total revenue</b>	<b>591,572</b>	<b>413,777</b>	<b>52,858</b>	<b>253,180</b>	<b>(72,237)</b>	<b>1,239,150</b>
<b>Results</b>						
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						<u>474,715</u>
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
<b>Total assets</b>						<u>17,995,471</u>
<b>Total liabilities</b>	<b>1,625,569</b>	<b>839,867</b>	<b>407,176</b>	<b>64,801</b>	<b>(19,901)</b>	<u>2,917,512</u>
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



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 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 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)
Amendments to MFRS 101	Presentation of Financial Statements (Disclosure of Accounting Policies)
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors (Amendments to Definition of Accounting Estimates)
Amendments to MFRS 112	Income taxes (Amendments to Deferred Tax related to Assets and Liabilities arising from a Single Transaction)

### 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 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
Amendments to MFRS 17	Insurance Contracts (Amendments to Initial application of MFRS 17 and MFRS 9)

# 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 2021 of the Group and of the Company, and the statements of profit or loss and other 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 190 to 256.

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 2021, 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 2021, the carrying value of the Group's completed investment properties carried at fair value amounted to RM15,448,803,000 which represents 87% 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 RM144,457,000 has been recognised during the year.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KLCC PROPERTY HOLDINGS BERHAD

## *Valuation of investment properties (Cont'd.)*

In addition, as at 31 December 2021, the Group's investment properties under construction ("IPUC") carried at cost amounting to RM137,768,000 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 RM252,000 has been recognised during the year.

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.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KLCC PROPERTY HOLDINGS BERHAD

## *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.

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.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KLCC PROPERTY HOLDINGS BERHAD

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, actions taken to eliminate threats or safeguards applied.

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

Kuala Lumpur, Malaysia  
28 January 2022

### **Lim Eng Hoe**

No. 03403/12/2022 J  
Chartered Accountant

# KLCC REAL ESTATE INVESTMENT TRUST

## FINANCIAL STATEMENTS

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# MANAGER'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021.

## 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	369,396	369,402

## 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 2020:	
Fourth interim income distribution of 5.70% on 1,805,333,083 units, paid on 26 February 2021	102,904
In respect of the financial year ended 31 December 2021:	
First interim income distribution of 6.01% on 1,805,333,083 units, paid on 17 June 2021	108,501
Second interim income distribution of 6.01% on 1,805,333,083 units, paid on 29 September 2021	108,501
Third interim income distribution of 6.16% on 1,805,333,083 units, paid on 16 December 2021	111,209
	431,115

A fourth interim income distribution in respect of the financial year ended 31 December 2021, of 6.83% on 1,805,333,083 units amounting to an income distribution payable of RM123,304,000 will be payable on 28 February 2022.

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 2021.

# MANAGER'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

## 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	
Habibah Binti Abdul	
Farina Binti Farikhullah Khan	
Dato' Jamaludin Bin Osman	
Liza Binti Mustapha	
Md. Shah Bin Mahmood	(appointed w.e.f. 10 May 2021)
Chong Chye Neo	(appointed w.e.f. 10 May 2021)
Dato' Sr. Mazuki Bin A. Aziz	(appointed w.e.f. 9 December 2021)
Datin Noor Lily Zuriati Binti Abdullah	(appointed w.e.f. 9 December 2021)
Datuk Hashim Bin Wahir	(resigned w.e.f. 30 April 2021)
Datuk Pragasa Moorthi A/L Krishnasamy	(resigned w.e.f. 31 August 2021)

## 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 1.1.2021	Number of Shares		Balance as at 31.12.2021
		Bought	Sold	
<b>Direct</b>				
Tan Sri Ahmad Nizam Bin Salleh	10,000	-	-	10,000
Md. Shah Bin Mahmood	6,000	-	-	6,000

	Number of Shares in Petronas Gas Berhad			
	Balance as at 1.1.2021	Number of Shares		Balance as at 31.12.2021
		Bought	Sold	
<b>Direct</b>				
Tan Sri Ahmad Nizam Bin Salleh	2,000	-	-	2,000

None of the other Directors holding office as at 31 December 2021 had any interest in the units of the Fund and of its related corporations during the financial year.



# MANAGER'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

## **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 no provision for doubtful debts was necessary; 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.

# MANAGER'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

## OTHER STATUTORY INFORMATION (CONT'D.)

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 to make any provision for doubtful debts in respect of the financial statements of the Group and of the Fund; 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 2021 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	94	89

Signed on behalf of the Board of the Manager in accordance with a resolution of the Directors of the Manager dated 28 January 2022.

**Tan Sri Ahmad Nizam Bin Salleh**

**Md. Shah Bin Mahmood**

## STATEMENT BY THE MANAGER

In the opinion of the Directors of the Manager, the financial statements set out on pages 269 to 314 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 2021 and of the results of their financial performance and cash flows for the year ended 31 December 2021.

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 28 January 2022.

**Tan Sri Ahmad Nizam Bin Salleh**

**Md. Shah Bin Mahmood**

## 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 269 to 314 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 28 January 2022.

Annuar Marzuki Bin Abdul Aziz  
(MIA Membership No. 11345)

BEFORE ME:

**Zainul Abidin Bin Ahmad**  
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 2021. 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 6.01 sen per unit distributed on 17 June 2021;
- (ii) Second interim income distribution of 6.01 sen per unit distributed on 29 September 2021;
- (iii) Third interim income distribution of 6.16 sen per unit distributed on 16 December 2021;
- (iv) Fourth interim income distribution of 6.83 sen per unit for year ended 31 December 2021 declared and will be payable on 28 February 2022.

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, Corporate Trust 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 2021.

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 2021 is 1.18%;
- (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**

### **AHMAD SUHAIMI BIN YAHYA**

Regional Head, Shariah Advisory & Governance, Group Islamic Banking  
Designated Person Responsible for Shariah Advisory

Kuala Lumpur, Malaysia

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Group		Fund	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	5	1,288	2,134	1,288	2,134
Investment properties	6	9,113,553	9,189,014	9,113,553	9,189,014
Trade and other receivables	8	378,447	410,286	378,447	410,286
Investment in a subsidiary	7	-	-	*	*
		<b>9,493,288</b>	9,601,434	<b>9,493,288</b>	9,601,434
<b>Current Assets</b>					
Trade and other receivables	8	4,893	5,284	4,893	5,284
Cash and bank balances	9	106,794	99,421	106,728	99,242
		<b>111,687</b>	104,705	<b>111,621</b>	104,526
<b>TOTAL ASSETS</b>		<b>9,604,975</b>	9,706,139	<b>9,604,909</b>	9,705,960
<b>TOTAL UNITHOLDERS' FUND AND LIABILITIES</b>					
<b>Unitholders' Fund</b>					
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	318,509	387,790	318,509	387,790
Retained profits		479,721	472,159	479,776	472,208
<b>Total Unitholders' Fund</b>		<b>8,017,126</b>	8,078,845	<b>8,017,181</b>	8,078,894
<b>Non-Current Liabilities</b>					
Other long term liabilities	11	65,746	57,704	65,746	57,704
Amount due to a subsidiary	12	-	-	1,355,000	955,000
Financing	13	1,355,000	955,000	-	-
Deferred tax liability	14	35,389	43,087	35,389	43,087
Other payables	15	80,383	77,033	80,383	77,033
		<b>1,536,518</b>	1,132,824	<b>1,536,518</b>	1,132,824

\* Represents RM2 in Midciti Sukuk Berhad

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Group		Fund	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Current Liabilities</b>					
Other payables	15	40,021	80,766	39,950	80,694
Amount due to a subsidiary	12	-	-	11,260	413,548
Financing	13	11,310	413,704	-	-
		<b>51,331</b>	494,470	<b>51,210</b>	494,242
<b>Total Liabilities</b>		<b>1,587,849</b>	1,627,294	<b>1,587,728</b>	1,627,066
<b>TOTAL UNITHOLDERS' FUND AND LIABILITIES</b>		<b>9,604,975</b>	9,706,139	<b>9,604,909</b>	9,705,960
<b>Number of units in circulation (‘000 units)</b>		<b>1,805,333</b>	1,805,333	<b>1,805,333</b>	1,805,333
<b>Net asset value (“NAV”)</b>					
- before income distribution		<b>8,017,126</b>	8,078,845	<b>8,017,181</b>	8,078,894
- after income distribution		<b>7,893,822</b>	7,975,941	<b>7,893,877</b>	7,975,990
<b>NAV per unit (RM)</b>					
- before income distribution		<b>4.44</b>	4.47	<b>4.44</b>	4.48
- after income distribution		<b>4.37</b>	4.42	<b>4.37</b>	4.42

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 2021

	Note	Group		Fund	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	16	<b>569,728</b>	581,224	<b>569,728</b>	581,224
Property operating expenses	17	<b>(28,253)</b>	(29,225)	<b>(28,247)</b>	(29,219)
<b>Net property income</b>		<b>541,475</b>	551,999	<b>541,481</b>	552,005
Fair value adjustments of investment properties	6	<b>(76,979)</b>	(5,085)	<b>(76,979)</b>	(5,085)
Profit income		<b>2,315</b>	2,127	<b>2,315</b>	2,127
		<b>466,811</b>	549,041	<b>466,817</b>	549,047
Management fees	18	<b>(44,736)</b>	(45,380)	<b>(44,736)</b>	(45,380)
Trustee's fees	19	<b>(600)</b>	(600)	<b>(600)</b>	(600)
Financing costs	20	<b>(59,777)</b>	(63,899)	<b>(59,777)</b>	(63,899)
<b>Profit before tax</b>	21	<b>361,698</b>	439,162	<b>361,704</b>	439,168
Tax benefit	22	<b>7,698</b>	509	<b>7,698</b>	509
<b>PROFIT FOR THE YEAR, REPRESENTING TOTAL COMPREHENSIVE INCOME</b>		<b>369,396</b>	439,671	<b>369,402</b>	439,677
<b>Basic/diluted earnings per unit (sen)</b>	23	<b>20.46</b>	24.35	<b>20.46</b>	24.35



# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Group		Fund	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Income Distribution</b>				
Total comprehensive income for the financial year	<b>369,396</b>	439,671	<b>369,402</b>	439,677
Add/(less) Non cash items:				
Accrued rental income	<b>31,839</b>	(377)	<b>31,839</b>	(377)
Amortisation of deferred rental income	<b>(3,829)</b>	376	<b>(3,829)</b>	376
Amortisation of premium for Sukuk Murabahah	<b>(2,077)</b>	(1,813)	<b>(2,077)</b>	(1,813)
Deferred tax liabilities	<b>(7,698)</b>	(509)	<b>(7,698)</b>	(509)
Depreciation of property, plant and equipment	<b>634</b>	381	<b>634</b>	381
Reversal of allowance for impairment loss of trade receivables	<b>(2)</b>	-	<b>(2)</b>	-
Accretion of financial instruments	<b>2,413</b>	4,558	<b>2,413</b>	4,558
Fair value adjustments of investment properties	<b>76,979</b>	5,085	<b>76,979</b>	5,085
	<b>98,259</b>	7,701	<b>98,259</b>	7,701
Total income available for distribution	<b>467,655</b>	447,372	<b>467,661</b>	447,378
Distribution to unitholders in respect of financial year 2021:				
1 <sup>st</sup> interim income distribution of 6.01% (2020: 5.84%) on 1,805,333,083 units	<b>(108,501)</b>	(105,431)	<b>(108,501)</b>	(105,431)
2 <sup>nd</sup> interim income distribution of 6.01% (2020: 6.09%) on 1,805,333,083 units	<b>(108,501)</b>	(109,945)	<b>(108,501)</b>	(109,945)
3 <sup>rd</sup> interim income distribution of 6.16% (2020: 5.87%) on 1,805,333,083 units	<b>(111,209)</b>	(105,973)	<b>(111,209)</b>	(105,973)
4 <sup>th</sup> interim income distribution of 6.83% (2020: 5.70%) on 1,805,333,083 units	<b>(123,304)</b>	(102,904)	<b>(123,304)</b>	(102,904)
Balance undistributed	<b>16,140</b>	23,119	<b>16,146</b>	23,125

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 2021

	Non-Distributable		Distributable		Total Group RM'000
	Unitholders' Capital RM'000	Merger Reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000	
<b>As at 1 January 2021</b>	<b>7,212,684</b>	<b>6,212</b>	<b>387,790</b>	<b>472,159</b>	<b>8,078,845</b>
Total comprehensive income for the year	-	-	-	<b>369,396</b>	<b>369,396</b>
Transfer of fair value surplus	-	-	<b>(69,281)</b>	<b>69,281</b>	-
Income distribution (Note 24)	-	-	-	<b>(431,115)</b>	<b>(431,115)</b>
Net total comprehensive loss for the year attributable to unitholders	-	-	<b>(69,281)</b>	<b>7,562</b>	<b>(61,719)</b>
<b>As at 31 December 2021</b>	<b>7,212,684</b>	<b>6,212</b>	<b>318,509</b>	<b>479,721</b>	<b>8,017,126</b>
<b>As at 1 January 2020</b>	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 loss for the year attributable to unitholders	-	-	(4,576)	10,065	5,489
<b>As at 31 December 2020</b>	<b>7,212,684</b>	<b>6,212</b>	<b>387,790</b>	<b>472,159</b>	<b>8,078,845</b>

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 2021

	Non-Distributable		Distributable		Total Funds RM'000
	Unitholders' Capital RM'000	Merger Reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000	
<b>As at 1 January 2021</b>	<b>7,212,684</b>	<b>6,212</b>	<b>387,790</b>	<b>472,208</b>	<b>8,078,894</b>
Total comprehensive income for the year	-	-	-	<b>369,402</b>	<b>369,402</b>
Transfer of fair value surplus	-	-	<b>(69,281)</b>	<b>69,281</b>	-
Income distribution (Note 24)	-	-	-	<b>(431,115)</b>	<b>(431,115)</b>
Net total comprehensive loss for the year attributable to unitholders	-	-	<b>(69,281)</b>	<b>7,568</b>	<b>(61,713)</b>
<b>As at 31 December 2021</b>	<b>7,212,684</b>	<b>6,212</b>	<b>318,509</b>	<b>479,776</b>	<b>8,017,181</b>
<b>As at 1 January 2020</b>	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 loss for the year attributable to unitholders	-	-	(4,576)	10,071	5,495
<b>As at 31 December 2020</b>	<b>7,212,684</b>	<b>6,212</b>	<b>387,790</b>	<b>472,208</b>	<b>8,078,894</b>

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 2021

	Group		Fund	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax	361,698	439,162	361,704	439,168
Adjustments for:				
Profit income	(2,315)	(2,127)	(2,315)	(2,127)
Financing costs	59,777	63,899	59,777	63,899
Accrued rental income and amortisation of deferred revenue	28,010	(1)	28,010	(1)
Depreciation of property, plant and equipment	634	381	634	381
Reversal of allowance for impairment on trade receivable	(2)	-	(2)	-
Fair value adjustments on investment properties	76,979	5,085	76,979	5,085
<b>Operating cash flows before changes in working capital</b>	<b>524,781</b>	<b>506,399</b>	<b>524,787</b>	<b>506,405</b>
Changes in working capital:				
Trade and other receivables	494	1,910	494	1,910
Trade and other payables	(28,431)	2,099	(28,324)	2,020
Cash generated from operations	496,844	510,408	496,957	510,335
Profit income received	2,213	2,170	2,213	2,170
<b>Net cash generated from operating activities</b>	<b>499,057</b>	<b>512,578</b>	<b>499,170</b>	<b>512,505</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Additions for investment properties (Note 6)	(1,011)	(110)	(1,011)	(110)
Purchase of property, plant and equipment (Note 5)	(295)	(551)	(295)	(551)
<b>Net cash used in investing activities</b>	<b>(1,306)</b>	<b>(661)</b>	<b>(1,306)</b>	<b>(661)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Income distributions paid	(430,620)	(434,463)	(430,620)	(434,463)
Financing cost paid	(59,758)	(61,375)	(59,758)	(61,375)
Proceeds from issuance of Sukuk Murabahah	400,000	-	400,000	-
Payment of Sukuk Murabahah	(400,000)	-	(400,000)	-
<b>Net cash used in financing activities</b>	<b>(490,378)</b>	<b>(495,838)</b>	<b>(490,378)</b>	<b>(495,838)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>7,373</b>	<b>16,079</b>	<b>7,486</b>	<b>16,006</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>99,421</b>	<b>83,342</b>	<b>99,242</b>	<b>83,236</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 9)</b>	<b>106,794</b>	<b>99,421</b>	<b>106,728</b>	<b>99,242</b>

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 2021

## 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 (“KLCCCH”) and Petroliaam 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 28 January 2022.

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.4 Property, Plant and Equipment (Cont'd.)

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.

### 2.5 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 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.

### 2.8 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.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.9 Financial Assets (Cont'd.)

#### (i) Recognition and initial measurement (Cont'd.)

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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 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 be 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.10 Impairment of Financial Assets (Cont'd.)

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.

### 2.11 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.12 Financial Liabilities (Cont'd.)

#### (ii) Subsequent measurement (Cont'd.)

##### 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.

### 2.13 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.15 Taxation (Cont'd.)

#### (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.

### 2.18 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 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.

### 2.22 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 3. ADOPTION OF NEW AND REVISED PRONOUNCEMENTS

As of 1 January 2021, 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 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 139	Financial Instruments: Recognition and Measurement (Amendments to Interest Rate Benchmark Reform - Phase 2)

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.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

### 4.2 Key sources of estimation uncertainty (Cont'd.)

#### Fair valuation of investment properties (Cont'd.)

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)	
	2021 RM'000	2020 RM'000
<b>Yield rate</b>		
- 0.25%	153,000	198,652
+ 0.25%	(163,000)	(187,145)
<b>Discount rate</b>		
- 0.25%	204,000	186,049
+ 0.25%	(218,000)	(178,979)

The other key assumptions used to determine the fair value of the investment properties, are further explained in Note 6.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 5. PROPERTY, PLANT AND EQUIPMENT

	Group/Fund			
	Building Improvements RM'000	Office Equipment RM'000	Work-in Progress RM'000	Total RM'000
<b>Cost</b>				
At 1 January 2021	2,950	605	-	3,555
Additions	267	-	28	295
Transfer (to)/from investment property	(967)	437	23	(507)
At 31 December 2021	2,250	1,042	51	3,343
<b>Accumulated Depreciation</b>				
At 1 January 2021	1,367	54	-	1,421
Charge for the year (Note 21)	492	142	-	634
Transfer	(297)	297	-	-
<b>At 31 December 2021</b>	<b>1,562</b>	<b>493</b>	<b>-</b>	<b>2,055</b>
<b>Net Carrying Amount</b>	<b>688</b>	<b>549</b>	<b>51</b>	<b>1,288</b>
<b>Cost</b>				
At 1 January 2020	2,950	54	-	3,004
Additions	-	551	-	551
At 31 December 2020	2,950	605	-	3,555
<b>Accumulated Depreciation</b>				
At 1 January 2020	987	53	-	1,040
Charge for the year (Note 21)	380	1	-	381
<b>At 31 December 2020</b>	<b>1,367</b>	<b>54</b>	<b>-</b>	<b>1,421</b>
<b>Net Carrying Amount</b>	<b>1,583</b>	<b>551</b>	<b>-</b>	<b>2,134</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 6. INVESTMENT PROPERTIES

	Group/Fund	
	2021 RM'000	2020 RM'000
At 1 January	9,189,014	9,193,989
Fair value adjustments	(76,979)	(5,085)
Additions during the year	1,011	110
Transfer from property, plant and equipment	507	-
At 31 December	9,113,553	9,189,014

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	
	2021 RM'000	2020 RM'000
Rental income	569,728	581,224
Direct operating expenses	(26,791)	(27,721)
	542,937	553,503

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 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		Inter-relationship between significant unobservable inputs and fair value measurement
		2021	2020	
Investment method (refer below)	<b>Office:</b>			The estimated fair value would increase/(decrease) if:
	Market rental rate (RM/psf/month)			
	- Term	<b>8.50 - 12.99</b>	8.50 - 12.99	- expected market rental growth was higher/(lower)
	- Reversion	<b>9.25 - 12.40</b>	8.80 - 12.32	- expected market rental growth was higher/(lower)
	Outgoings (RM/psf/month)			
	- Term	<b>2.40</b>	1.96	- expected inflation rate was lower/(higher)
	- Reversion	<b>2.40</b>	1.96 - 2.20	- expected inflation rate was lower/(higher)
	Void rate (%)	<b>5.00</b>	5.00	- void rate was lower/(higher)
	Term yield (%)	<b>5.75 - 6.00</b>	5.50 - 6.00	- term yield rate was lower/(higher)
	Reversionary yield (%)	<b>6.00 - 6.25</b>	6.00 - 6.50	- reversionary yield was lower/(higher)
	Discount rate (%)	<b>5.75 - 6.25</b>	5.50 - 6.50	- discount rate was lower/(higher)
	<b>Retail:</b>			The estimated fair value would increase/(decrease) if:
	Market rental rate (RM/psf/month)			
	- Term	<b>6.26 - 121.22</b>	6.94 - 126.84	- expected market rental growth was higher/(lower)
- Reversion	<b>7.33 - 150.12</b>	17.54 - 121.14	- expected market rental growth was higher/(lower)	
Outgoings (RM/psf/month)				
- Term	<b>5.75</b>	5.72	- expected inflation rate was lower/(higher)	
- Reversion	<b>5.75</b>	5.72	- expected inflation rate was lower/(higher)	
Void rate (%)	<b>5.00</b>	10.00	- void rate was lower/(higher)	
Term yield (%)	<b>6.25</b>	6.25	- term yield rate was lower/(higher)	
Reversionary yield (%)	<b>6.50</b>	6.75	- reversionary yield was lower/(higher)	
Discount rate (%)	<b>6.25 - 6.50</b>	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.

# NOTES TO THE FINANCIAL STATEMENTS

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## 6. INVESTMENT PROPERTIES (CONT'D.)

### 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.

Description of property	Tenure of land	Existing use	Location	Date of acquisition	Acquisition cost RM'000	Carrying value as at	Carrying value as at	Fair value as at	Fair value as at	Percentage of fair value to Net Asset Value as at	
						31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 %	31.12.2020 %
PETRONAS Twin Towers	Freehold	Office	Kuala Lumpur	10.04.2013	6,500,000	6,635,156	6,680,639	6,940,000	7,014,000	86.6	86.8
Menara 3 PETRONAS	Freehold	Office & retail	Kuala Lumpur	10.04.2013	1,790,000	1,946,397	1,971,575	2,020,000	2,048,500	25.2	25.4
Menara ExxonMobil	Freehold	Office	Kuala Lumpur	10.04.2013	450,000	532,000	536,800	532,000	536,800	6.6	6.6
					8,740,000	9,113,553	9,189,014	9,492,000	9,599,300		

## 7. INVESTMENT IN SUBSIDIARY

	Fund	
	2021 RM	2020 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		Principal Activity
	2021 %	2020 %	
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.

# NOTES TO THE FINANCIAL STATEMENTS

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## 8. TRADE AND OTHER RECEIVABLES

	Group		Fund	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Non-Current</b>				
Accrued rental income	378,447	410,286	378,447	410,286
<b>Current</b>				
<b>Trade receivables</b>	1,168	501	1,168	501
<b>Other receivables</b>				
Other receivables and deposits	3,030	3,713	3,030	3,713
Amount due from ultimate holding company	20	-	20	-
Amount due from fellow subsidiaries	675	1,070	675	1,070
Total other receivables	3,725	4,783	3,725	4,783
Total	4,893	5,284	4,893	5,284
Trade receivables	1,168	501	1,168	501
Other receivables	3,725	4,783	3,725	4,783
	4,893	5,284	4,893	5,284
Add: Cash and bank balances (Note 9)	106,794	99,421	106,728	99,242
Total financial assets carried at amortised cost	111,687	104,705	111,621	104,526

Amount due from ultimate holding company and 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and bank balances	768	908	740	766
Deposits with licensed banks	106,026	98,513	105,988	98,476
	106,794	99,421	106,728	99,242

The weighted average effective profit rate applicable to the deposits with licensed banks at the reporting date was 1.91% per annum (2020: 1.87% per annum).

Deposits with licensed banks have an average maturity of 46 days (2020: 42 days).

# NOTES TO THE FINANCIAL STATEMENTS

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## 10. UNITHOLDERS' CAPITAL

	Fund			
	Number of Units		Amount	
	2021 '000	2020 '000	2021 RM'000	2020 RM'000
<b>Issued and fully paid:</b>				
At 1 January/31 December	<b>1,805,333</b>	1,805,333	<b>7,212,684</b>	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 2021, 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	
	2021 '000	2020 '000	2021 RM'000	2020 RM'000
<b>Direct unitholdings of parties related to the Manager</b>				
KLCCH	<b>1,167,639</b>	1,167,639	<b>7,648,035</b>	8,266,884
PETRONAS	<b>40,817</b>	40,817	<b>267,351</b>	288,984
	<b>1,208,456</b>	1,208,456	<b>7,915,386</b>	8,555,868
<b>Indirect unitholdings of parties related to the Manager</b>				
PETRONAS	<b>1,167,639</b>	1,167,639	<b>7,648,035</b>	8,266,884

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 2021 of RM6.55 per unit (2020: RM7.08 per unit).

# NOTES TO THE FINANCIAL STATEMENTS

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## 11. OTHER LONG TERM LIABILITIES

	Group/Fund	
	2021 RM'000	2020 RM'000
Security deposits payable	65,746	57,704

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 4.16% - 4.35% (2020: 4.35% - 4.52%) 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	
	2021 RM'000	2020 RM'000
<b>Short term financing</b>		
Secured:		
Sukuk Murabahah	11,310	413,704
<b>Long term financing</b>		
Secured:		
Sukuk Murabahah	1,355,000	955,000
<b>Total financing</b>		
Secured:		
Sukuk Murabahah	1,366,310	1,368,704



# NOTES TO THE FINANCIAL STATEMENTS

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## 13. FINANCING (CONT'D.)

### 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
<b>31 December 2021</b>					
<b>Secured</b>					
Sukuk Murabahah	1,366,310	11,310	-	955,000	400,000
<b>31 December 2020</b>					
<b>Secured</b>					
Sukuk Murabahah	1,368,704	413,704	-	455,000	500,000

#### (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 RM400 million Sukuk Murabahah upon maturity in current year on 23 April 2021 and on the same date issued RM400 million of Sukuk Murabahah with a profit rate of 4.00% per annum and maturing on 23 April 2031. Details of the drawdown that are outstanding as at year end are as follows:

Tenure	Value (RM)	Profit rate	Maturity
10 years	455,000,000	4.80%	25 April 2024
7 years	500,000,000	4.20%	25 April 2026
10 years	400,000,000	4.00%	23 April 2031

The profit rate is payable semi-annually and disclosed as short term financing.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 13. FINANCING (CONT'D.)

### (a) Sukuk Murabahah (Cont'd.)

#### Reconciliation of the movement of liabilities to cash flows arising from financing activities

	Sukuk Murabahah RM'000	Dividend paid RM'000	Total RM'000
<b>Balance at 1 January 2021</b>	<b>1,368,704</b>	<b>-</b>	<b>1,368,704</b>
<b>Changes from financing cash flows</b>			
Proceeds from issuance of Sukuk Murabahah	400,000	-	400,000
Payment of Sukuk Murabahah	(400,000)	-	(400,000)
Financing cost paid	(59,758)	-	(59,758)
Income distribution paid	-	(430,620)	(430,620)
<b>Total changes from financing cash flows</b>	<b>(59,758)</b>	<b>(430,620)</b>	<b>(490,378)</b>
<b>Other changes</b>			
Liability-related			
Financing cost	57,364	-	57,364
Dividend payable	-	430,620	430,620
<b>Total liability-related other changes</b>	<b>57,364</b>	<b>430,620</b>	<b>487,984</b>
<b>Balance at 31 December 2021</b>	<b>1,366,310</b>	<b>-</b>	<b>1,366,310</b>
<b>Balance at 1 January 2020</b>	<b>1,370,738</b>	<b>-</b>	<b>1,370,738</b>
<b>Changes from financing cash flows</b>			
Financing cost paid	(61,375)	-	(61,375)
Income distribution paid	-	(434,463)	(434,463)
<b>Total changes from financing cash flows</b>	<b>(61,375)</b>	<b>(434,463)</b>	<b>(495,838)</b>
<b>Other changes</b>			
Liability-related			
Financing cost	59,341	-	59,341
Dividend payable	-	434,463	434,463
<b>Total liability-related other changes</b>	<b>59,341</b>	<b>434,463</b>	<b>493,804</b>
<b>Balance at 31 December 2020</b>	<b>1,368,704</b>	<b>-</b>	<b>1,368,704</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 14. DEFERRED TAX LIABILITY

### Deferred Tax Liabilities of the Group/Fund:

	Investment properties RM'000
At 1 January 2021	43,087
Recognised in profit or loss (Note 22)	(7,698)
At 31 December 2021	35,389
At 1 January 2020	43,596
Recognised in profit or loss (Note 22)	(509)
At 31 December 2020	43,087

## 15. OTHER PAYABLES

	Group		Fund	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Non-Current</b>				
Deferred revenue	80,383	77,033	80,383	77,033
<b>Current</b>				
Other payables	24,416	62,309	24,413	62,304
Security deposits payable	3,497	5,499	3,497	5,499
Amount due to:				
Holding company	68	74	-	7
Fellow subsidiaries	11,464	12,124	11,464	12,124
Other related companies	576	760	576	760
Total other payables	40,021	80,766	39,950	80,694
Add: Financing (Note 13)	1,366,310	1,368,704	-	-
Amount due to a subsidiary	-	-	1,366,260	1,368,548
Other long term liabilities (Note 11)	65,746	57,704	65,746	57,704
Total financial liabilities carried at amortised cost	1,472,077	1,507,174	1,471,956	1,506,946

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.

# NOTES TO THE FINANCIAL STATEMENTS

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## 16. REVENUE

	Group/Fund	
	2021 RM'000	2020 RM'000
Investment properties		
- Office	539,606	550,650
- Retail	30,122	30,574
	<b>569,728</b>	581,224

## 17. PROPERTY OPERATING EXPENSES

	Group		Fund	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Utilities expenses	8,606	9,918	8,606	9,918
Maintenance expenses	10,555	10,432	10,555	10,432
Quit rent and assessment	3,441	3,441	3,441	3,441
Other operating expenses	5,651	5,434	5,645	5,428
	<b>28,253</b>	29,225	<b>28,247</b>	29,219

## 18. MANAGEMENT FEES

	Group/Fund	
	2021 RM'000	2020 RM'000
Base fee	28,492	28,820
Performance fee	16,244	16,560
	<b>44,736</b>	45,380

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.

# NOTES TO THE FINANCIAL STATEMENTS

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## 20. FINANCING COSTS

	Group/Fund	
	2021 RM'000	2020 RM'000
Profit expense:		
Sukuk Murabahah	57,364	59,341
Accretion of financial instruments	2,413	4,558
	<b>59,777</b>	63,899

## 21. PROFIT BEFORE TAX

The following amounts have been included in arriving at profit before tax:

	Group		Fund	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Audit fees	94	91	89	87
Valuation fees	670	622	670	622
Property manager fee	95	95	95	95
Depreciation (Note 5)	634	381	634	381
Reversal of allowance for impairment of trade receivable (Note 28)	(2)	-	(2)	-

## 22. TAX BENEFIT

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 2021 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% (2020: 10%) which reflects the expected manner of recovery of the investment properties, i.e. recovered through sale.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 22. TAX BENEFIT (CONT'D.)

Reconciliation of the tax benefit is as follows:

	Group		Fund	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before taxation	<b>361,698</b>	439,162	<b>361,704</b>	439,168
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	<b>86,808</b>	105,399	<b>86,808</b>	105,400
Expenses not deductible for tax purposes	<b>19,017</b>	2,252	<b>19,017</b>	2,251
Income not subject to tax	<b>(105,825)</b>	(107,651)	<b>(105,825)</b>	(107,651)
Deferred tax recognised at different tax rate	<b>(7,698)</b>	(509)	<b>(7,698)</b>	(509)
Tax benefit	<b>(7,698)</b>	(509)	<b>(7,698)</b>	(509)

## 23. EARNINGS PER UNIT - BASIC AND DILUTED

Basic/diluted earnings per unit ("EPU") 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.

	2021	2020
Profit attributable to unitholders of the Fund (RM'000)	<b>369,402</b>	439,677
Weighted average number of units in issue ('000)	<b>1,805,333</b>	1,805,333
Basic/diluted earnings per unit (sen)	<b>20.46</b>	24.35

Diluted EPU equals to Basic EPU as there are no potential dilutive units in issue.

# NOTES TO THE FINANCIAL STATEMENTS

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## 24. INCOME DISTRIBUTION

	Income distribution recognised in year 2021 RM'000	Net income distribution per unit 2021 Sen	Income distribution recognised in year 2020 RM'000	Net income distribution per unit 2020 Sen
<b>For the financial year ended 31 December 2021</b>				
A first interim income distribution of 6.01% on 1,805,333,083 units	108,501	6.01	-	-
A second interim income distribution of 6.01% on 1,805,333,083 units	108,501	6.01	-	-
A third interim income distribution of 6.16% on 1,805,333,083 units	111,209	6.16	-	-
<b>For the financial year ended 31 December 2020</b>				
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
A fourth interim income distribution of 5.70% on 1,805,333,083 units	102,904	5.70	-	-
<b>For the financial year ended 31 December 2019</b>				
A fourth interim income distribution of 6.25% on 1,805,333,083 units	-	-	112,833	6.25
	<b>431,115</b>	<b>23.88</b>	434,182	24.05

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 24. INCOME DISTRIBUTION (CONT'D.)

The fourth interim income distribution in respect of the financial year ended 31 December 2021, of 6.83% on 1,805,333,083 units amounting to an income distribution payable of RM123,304,000 will be payable on 28 February 2022.

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 2021.

Distribution to unitholders is from the following sources:

	Group	
	2021 RM'000	2020 RM'000
Net property income	541,475	551,999
Profit income	2,315	2,127
Fair value adjustments of investment properties	(76,979)	(5,085)
	<b>466,811</b>	549,041
Less: Expenses	(105,113)	(109,879)
Tax benefit	7,698	509
Profit for the year	<b>369,396</b>	439,671
Add: Non-cash items	98,259	7,701
Add: Brought forward undistributed income available for distribution	64,588	41,469
Total available for income distribution	<b>532,243</b>	488,841
Less: Income distributed	(328,211)	(321,349)
Less: Income to be distributed	(123,304)	(102,904)
Balance undistributed income available for distribution	<b>80,728</b>	64,588
Distribution per unit (sen)	<b>25.01</b>	23.50



# NOTES TO THE FINANCIAL STATEMENTS

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## 25. MANAGEMENT EXPENSE RATIO

	Group	
	2021 RM'000	2020 RM'000
Total Trust expenses	46,909	47,437
Net asset value at the end of the financial year	8,017,126	8,078,845
Less: Fourth interim income distribution	(123,304)	(102,904)
Net asset value at the end of the financial year, after interim income distribution	7,893,822	7,975,941
Management Expense Ratio ("MER")	0.59	0.59

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	
	2021 RM'000	2020 RM'000
Approved but not contracted for Investment properties	7,700	6,300

### (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	
	2021 RM'000	2020 RM'000
Not later than 1 year	598,386	567,011
Later than 1 year but not later than 5 years	2,373,145	2,330,010
More than 5 years	7,600,212	8,202,152
	10,571,743	11,099,173

# NOTES TO THE FINANCIAL STATEMENTS

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## 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Federal Government of Malaysia</b>				
Property licenses and other taxes	(3,441)	(3,441)	(3,441)	(3,441)
<b>Government of Malaysia's related entities</b>				
Purchase of utilities	(2,780)	(3,841)	(2,780)	(3,841)
<b>Ultimate Holding Company</b>				
Rental income	542,615	524,811	542,615	524,811
<b>Fellow subsidiaries</b>				
Management fees	(44,736)	(45,380)	(44,736)	(45,380)
Property management fees	(1,892)	(1,892)	(1,892)	(1,892)
Property maintenance fees	(9,614)	(9,170)	(9,614)	(9,170)
Property advertising and marketing fees	(626)	(658)	(626)	(658)
Carpark income	793	1,019	793	1,019
<b>Other related company</b>				
Chilled water supply	(5,826)	(6,117)	(5,826)	(6,117)

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 2021 are disclosed in Notes 8, 12 and 15.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 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.

#### Receivables

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).

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 28. FINANCIAL INSTRUMENTS (CONT'D.)

### Credit Risk (Cont'd.)

#### Receivables (Cont'd.)

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	
	2021 RM'000	2020 RM'000
<b>At net</b>		
Current	100	61
Past due 1 to 30 days	144	364
Past due 31 to 60 days	188	50
Past due 61 to 90 days	213	-
Past due more than 90 days	523	121
	<b>1,168</b>	596
Trade receivables	1,168	596
Less: Impairment losses	-	(95)
Net trade receivable (Note 8)	<b>1,168</b>	501

The movements in the allowance account are as follows:

	Group/Fund	
	2021 RM'000	2020 RM'000
At 1 January	95	95
Reversal of allowance for impairment (Note 21)	(2)	-
Allowance written off	(93)	-
At 31 December	-	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 2021.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 28. FINANCIAL INSTRUMENTS (CONT'D.)

### 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
<b>31 December 2021</b>							
<b>Group</b>							
<b>Financial Liabilities</b>							
Sukuk Murabahah	1,366,310	4.16	1,644,871	69,989	58,840	1,047,045	468,997
Other payables	40,021	-	40,021	40,021	-	-	-
Other long term liabilities	65,746	4.34	140,155	-	7,220	6,601	126,334
<b>Fund</b>							
<b>Financial Liabilities</b>							
Other payables	39,950	-	39,950	39,950	-	-	-
Amount due to a subsidiary	1,366,260	-	1,366,260	11,260	-	955,000	400,000
Other long term liabilities	65,746	4.34	140,155	-	7,220	6,601	126,334
<b>31 December 2020</b>							
<b>Group</b>							
<b>Financial Liabilities</b>							
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
<b>Fund</b>							
<b>Financial Liabilities</b>							
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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 28. 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: 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Fixed rate instruments</b>				
Financial assets	<b>106,026</b>	98,513	<b>105,988</b>	98,476
Financial liabilities	<b>(1,366,310)</b>	(1,368,704)	-	-

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 28. FINANCIAL INSTRUMENTS (CONT'D.)

### Fair Value Information (Cont'd.)

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 amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
<b>Group</b>					
<b>2021</b>					
<b>Financial liabilities</b>					
Sukuk Murabahah	-	1,368,904	-	1,368,904	1,366,310
<b>2020</b>					
<b>Financial liabilities</b>					
Sukuk Murabahah	-	1,371,395	-	1,371,395	1,368,704

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.





# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 30. SEGMENT INFORMATION (CONT'D.)

### (b) Allocation basis and transfer pricing (Cont'd.)

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
<b>31 December 2021</b>			
<b>Revenue</b>			
Revenue from external customers	539,606	30,122	569,728
<b>Results</b>			
Net property income	521,392	20,083	541,475
Profit income			2,315
Fair value adjustments on investment properties			(76,979)
Management fees			(44,736)
Trustee's fees			(600)
Financing costs			(59,777)
Tax benefit			7,698
Profit after tax			369,396
Depreciation			634
Non-cash items other than depreciation			97,625
<b>Total assets</b>	<b>8,979,760</b>	<b>625,215</b>	<b>9,604,975</b>
<b>Total liabilities</b>	<b>1,574,429</b>	<b>13,420</b>	<b>1,587,849</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 30. SEGMENT INFORMATION (CONT'D.)

### (b) Allocation basis and transfer pricing (Cont'd.)

#### Business Segments (Cont'd.)

	Property investment - Office RM'000	Property investment - Retail RM'000	Consolidated RM'000
<b>31 December 2020</b>			
<b>Revenue</b>			
Revenue from external customers	550,650	30,574	581,224
<b>Results</b>			
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
<b>Total assets</b>	<b>9,056,857</b>	<b>649,282</b>	<b>9,706,139</b>
<b>Total liabilities</b>	<b>1,603,571</b>	<b>23,723</b>	<b>1,627,294</b>

## 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 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)

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 31. PRONOUNCEMENTS YET IN EFFECT (CONT'D.)

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: (Cont'd.)

### 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)
Amendments to MFRS 101	Presentation of Financial Statements (Disclosure of Accounting Policies)
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors (Amendments to Definition of Accounting Estimates)
Amendments to MFRS 112	Income taxes (Amendments to Deferred Tax related to Assets and Liabilities arising from a Single Transaction)

### 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)
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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 2022

Amendments to MFRS 141	Agriculture (Annual Improvements to MFRS Standards 2018-2020)
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### Effective for annual periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts (Amendments to Initial application of MFRS 17 and MFRS 9)

### 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)
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# 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 2021 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 269 to 314.

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 2021, 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 2021, the carrying value of the Group's investment properties amounted to RM9,113,553,000 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.

# INDEPENDENT AUDITORS' REPORT

TO THE UNITHOLDERS OF KLCC REAL ESTATE INVESTMENT TRUST

## *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 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.

# INDEPENDENT AUDITORS' REPORT

TO THE UNITHOLDERS OF KLCC REAL ESTATE INVESTMENT TRUST

## *Responsibilities of the Manager for the financial statements (Cont'd.)*

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.

The Trustee is responsible for overseeing the Fund's financial reporting process.

## *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.

# INDEPENDENT AUDITORS' REPORT

TO THE UNITHOLDERS OF KLCC REAL ESTATE INVESTMENT TRUST

## *Auditors' responsibilities for the audit of the financial statements (Cont'd.)*

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.

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

Kuala Lumpur, Malaysia  
28 January 2022

### **Lim Eng Hoe**

No. 03403/12/2022 J  
Chartered Accountant

# CORPORATE INFORMATION

<b>KLCC PROPERTY HOLDINGS BERHAD ("KLCCP")</b> [Registration No. (200401003073) (641576-U)]	<b>KLCC REAL ESTATE INVESTMENT TRUST ("KLCC REIT")</b>	<b>MANAGER FOR KLCC REIT ("THE MANAGER") KLCC REIT Management Sdn Bhd</b> [Registration No. (201201042293) (1026769-H)]
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BOARDS OF DIRECTORS OF KLCCP AND THE MANAGER
<b>Tan Sri Ahmad Nizam bin Salleh</b> <i>(Chairman/Non-Independent Non-Executive Director)</i>
<b>Encik Md. Shah bin Mahmood</b> <i>(Executive Director/Chief Executive Officer)</i> <i>Appointed as Chief Executive Officer w.e.f 1 May 2021</i> <i>Appointed as Executive Director w.e.f 10 May 2021</i>
<b>Cik Habibah binti Abdul</b> <i>(Senior Independent Non-Executive Director)</i>
<b>Puan Liza binti Mustapha</b> <i>(Non-Independent Non-Executive Director)</i>
<b>Puan Farina binti Farikhullah Khan</b> <i>(Independent Non-Executive Director)</i>
<b>Dato' Jamaludin bin Osman</b> <i>(Independent Non-Executive Director)</i>
<b>Puan Chong Chye Neo</b> <i>(Independent Non-Executive Director)</i> <i>Appointed w.e.f 10 May 2021</i>
<b>Datin Noor Lily Zuriati binti Abdullah</b> <i>(Independent Non-Executive Director)</i> <i>Appointed w.e.f 9 December 2021</i>
<b>Dato' Sr. Mazuki bin A. Aziz</b> <i>(Independent Non-Executive Director)</i> <i>Appointed w.e.f 9 December 2021</i>

## COMPANY SECRETARIES OF KLCCP AND THE MANAGER

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

## Encik 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

BOARD AUDIT COMMITTEES OF KLCCP AND THE MANAGER
<b>Puan Farina binti Farikhullah Khan</b> <i>(Chairperson)</i>
<b>Cik Habibah binti Abdul</b>
<b>Puan Chong Chye Neo</b>

BOARD NOMINATION AND REMUNERATION COMMITTEES OF KLCCP AND THE MANAGER
<b>Cik Habibah binti Abdul</b> <i>(Chairperson)</i>
<b>Puan Farina binti Farikhullah Khan</b>
<b>Dato' Jamaludin bin Osman</b>
<b>Puan Chong Chye Neo</b>

BOARD RISK COMMITTEES OF KLCCP AND THE MANAGER (established on 9 December 2021)
<b>Dato' Jamaludin bin Osman</b> <i>(Chairman)</i>
<b>Puan Farina binti Farikhullah Khan</b>
<b>Datin Noor Lily Zuriati binti Abdullah</b>

## 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

## TRUSTEE FOR KLCC REIT Maybank Trustees Berhad

8<sup>th</sup> Floor, Menara Maybank  
 100, Jalan Tun Perak  
 50050 Kuala Lumpur  
 Telephone No. : 03-2070 8833  
 Facsimile No. : 03-2070 9387

## CORPORATE OFFICE OF KLCCP AND THE MANAGER

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 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

## PROPERTY MANAGER FOR KLCC REIT Rahim & Co International Sdn Bhd

Level 17, Menara Liberty  
 1008, Jalan Sultan Ismail  
 50250 Kuala Lumpur  
 Telephone : 03-2691 9922  
 Facsimile : 03-2691 9992

## SHARIAH ADVISER FOR KLCC REIT CIMB Islamic Bank Berhad

Level 12, Menara CIMB  
 Jalan Stesen Sentral 2  
 Kuala Lumpur Sentral  
 50470 Kuala Lumpur  
 Telephone No. : 03- 2261 8888  
 Facsimile No. : 03-2261 0099

## 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 & 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 : 52355S  
 Stock Name : KLCC



# ANALYSIS OF SHAREHOLDINGS AND UNITHOLDINGS

AS AT 17 JANUARY 2022

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	: 8,516
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	: 8,516
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	1,150	13.503	9,001	0.000
100 to 1,000	4,114	48.309	2,398,291	0.132
1,001 to 10,000	2,708	31.798	9,839,339	0.545
10,001 to 100,000	401	4.708	12,150,951	0.673
100,001 to less than 5% of issued stapled securities	139	1.632	321,629,422	17.815
5% and above of issued stapled securities	4	0.046	1,459,306,079	80.833
<b>Total</b>	<b>8,516</b>	<b>100.00</b>	<b>1,805,333,083</b>	<b>100.00</b>

## 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				
Name	Direct		Indirect	
	No. of Shares	(%)	No. of Shares	(%)
Tan Sri Ahmad Nizam bin Salleh	10,000	0.000	-	-
Md. Shah bin Mahmood	6,000	0.000	-	-

# ANALYSIS OF SHAREHOLDINGS AND UNITHOLDINGS

AS AT 17 JANUARY 2022

## Directors' Interests in Related Corporations

PETRONAS Gas Berhad				
Name	Direct		Indirect	
	No. of Shares	(%)	No. of Shares	(%)
Tan Sri Ahmad Nizam bin Salleh	2,000	0.000	-	-

## Substantial Stapled Securities Holders of the Listed Issuers

Name	Direct		Indirect	
	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 <sup>#</sup>	64.677
3. Citigroup Nominees (Tempatan) Sdn Bhd (Employees Provident Fund Board (including Portfolio Managers))	180,277,475	9.986	-	-
4. Amanahraya Trustees Berhad (Amanah Saham Bumiputera)	131,120,600	7.262	-	-

<sup>#</sup> 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)	160,546,675	8.892
4.	Amanahraya Trustees Berhad (Amanah Saham Bumiputera)	131,120,600	7.262
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)	17,739,800	0.982
9.	Permodalan Nasional Berhad	14,942,600	0.827
10.	Maybank Nominees (Tempatan) Sdn Bhd (Maybank Trustees Berhad for Public Ittikal Fund (N14011970240))	12,975,100	0.718

# ANALYSIS OF SHAREHOLDINGS AND UNITHOLDINGS

AS AT 17 JANUARY 2022

## 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	9,499,083	0.526
13.	Cartaban Nominees (Tempatan) Sdn Bhd (PAMB for Prulink Equity Fund)	9,117,200	0.505
14.	HSBC Nominees (Tempatan) Sdn Bhd (HSBC (M) Trustee Bhd for Zurich Life Insurance Malaysia Berhad (Life PAR))	7,683,400	0.425
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.	HSBC Nominees (Tempatan) Sdn Bhd (HSBC (M) Trustee Bhd for Zurich Life Insurance Malaysia Berhad (NP-Other-Reits))	6,149,000	0.340
18.	Amanahraya Trustees Berhad (Public Islamic Dividend Fund)	6,061,700	0.335
19.	Kumpulan Wang Persaraan (Diperbadankan)	5,411,600	0.299
20.	Cartaban Nominees (Tempatan) Sdn Bhd (PBTB for Takafulink Dana Ekuiti)	4,029,700	0.223
21.	Citigroup Nominees (Tempatan) Sdn Bhd (Employees Provident Fund Board (Amundi))	3,964,200	0.219
22.	Lembaga Tabung Angkatan Tentera	3,869,200	0.214
23.	HSBC Nominees (Tempatan) Sdn Bhd (HSBC (M) Trustee Bhd for Zurich General Insurance Malaysia Berhad (GI-Reits))	3,526,100	0.195
24.	Amanahraya Trustees Berhad (Public Islamic Equity Fund)	3,486,700	0.193
25.	Citigroup Nominees (Tempatan) Sdn Bhd (Employees Provident Fund Board (AsianIslamic))	3,448,500	0.191
26.	Citigroup Nominees (Tempatan) Sdn Bhd (Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen))	3,107,800	0.172
27.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Zurich Life Insurance Malaysia Berhad (AP-REITS)	3,100,100	0.171
28.	Amanahraya Trustees Berhad (Amanah Saham Bumiputera 2)	3,043,700	0.168
29.	Amanahraya Trustees Berhad (ASN Umbrella for ASN Equity 3)	2,742,900	0.151
30.	Citigroup Nominees (Asing) Sdn Bhd (CBNY for DFA International Real Estate Securities Portfolio of DFA Investment Dimensions Group Inc)	2,664,000	0.147

# LIST OF PROPERTIES OF KLCCP STAPLED GROUP

AS AT 31 DECEMBER 2021

## 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 31.12.2021 (RM mil)
Suria KLCC Sdn Bhd	Grant 43698 Lot 170, Seksyen 58, Town & District of Kuala Lumpur	31.12.2021 (Freehold)	A 6 storey retail centre (Suria KLCC) / Shopping Centre	28,160	143,569	23 years	5,495.3*
Asas Klasik Sdn Bhd	Grant 43700 Lot 172, Seksyen 58, Town & District of Kuala Lumpur	31.12.2021 (Freehold)	An international class hotel comprising hotel rooms and service apartments (Mandarin Oriental, Kuala Lumpur) / Hotel	8,094	92,783	23 years	568.5
Impian Cemerlang Sdn Bhd	Grant 43701, Lot 173, Seksyen 58, Town & District of Kuala Lumpur	31.12.2021 (Freehold)	A parcel of commercial land	5,726	-	-	300.8*
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	31.12.2021 (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	125,988	39 years	677.0**
	PN 53463, Lot 39, Seksyen 70, Town & District of Kuala Lumpur	31.12.2021 (Leasehold of 99 years expiring on 9.11.2081)		Lot 39: 2,166 sq m			
	PN 32233, Lot 51, Seksyen 70, Town & District of Kuala Lumpur	31.12.2021 (Leasehold of 98 years expiring on 21.1.2079)		Lot 45: 25,790 sq m			
				Lot 51: 1,331 sq m			
			<b>Total:</b>	<b>29,339</b>			
				<b>sq m</b>			

\* Investment Properties stated at fair value

\*\* Investment Properties stated at fair value and IPUC stated at cost

# LIST OF PROPERTIES OF KLCCP STAPLED GROUP

AS AT 31 DECEMBER 2021

## 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 31.12.2021 (RM mil)
Maybank Trustees Berhad as trustee of KLCC Real Estate Investment Trust	Grant 43685 Lot 157, Seksyen 58, Town & District of Kuala Lumpur	31.12.2021 (Freehold)	A 29 storey office building with 3 basement levels (Menara ExxonMobil) / Office building	3,999	74,369	25 years	532.0*
Maybank Trustees Berhad as trustee of KLCC Real Estate Investment Trust	Grant 43699 Lot 171, Seksyen 58, Town & District of Kuala Lumpur	31.12.2021 (Freehold)	A 58-storey office tower (Menara 3 PETRONAS) cum shopping podium and basement car park/ Office building & retail podium	4,302	155,296	10 years	1,946.4*
Maybank Trustees Berhad as trustee of KLCC Real Estate Investment Trust	Grant 43697 Lot 169, Seksyen 58, Town & District of Kuala Lumpur	31.12.2021 (Freehold)	Two 88-storey office towers (PETRONAS Twin Towers) / Office building	21,740	510,917	24 years	6,635.2*

\* Investment Properties stated at fair value

# NOTICE OF ANNUAL GENERAL MEETING

**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)**

NOTICE IS HEREBY GIVEN THAT the Ninth Annual General Meeting (“9<sup>th</sup> AGM”) of KLCC Real Estate Investment Trust (“**KLCC REIT**”) and the Nineteenth Annual General Meeting (“19<sup>th</sup> 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 Tuesday, 12 April 2022 at 10.30 a.m. for the following purposes:

## A. KLCC REIT

### AS ORDINARY BUSINESS:

- To receive the Audited Financial Statements for the financial year ended 31 December 2021 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:

- 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 VIII 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:

- the conclusion of the next Annual General Meeting of the unitholders held after the approval was given;
- 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
- revoked or varied by resolution passed by the unitholders in a unitholders’ meeting,

## NOTICE OF ANNUAL GENERAL 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 2021 of the Company and the Reports of the Directors and Auditors thereon.
4. To re-elect the following Directors who retire pursuant to the Constitution of the Company:
  - (i) Tan Sri Ahmad Nizam bin Salleh
  - (ii) Cik Habibah binti Abdul
  - (iii) En. Md. Shah bin Mahmood
  - (iv) Pn. Chong Chye Neo
  - (v) Dato’ Sr. Mazuki bin A Aziz
  - (vi) Datin Noor Lily Zuriati binti Abdullah

**(Please refer to  
Note 14)**

**Resoultion I  
(Please refer to  
Note 15)  
Resolution II  
Resolution III  
Resolution IV  
Resolution V**

## NOTICE OF ANNUAL GENERAL MEETING

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 19<sup>th</sup> AGM up to the date of the next Annual General Meeting to be held in 2023 of the Company.

### Resolution VI

Category	Non-Executive Chairman	Non-Executive Directors
<b>The Company</b>	<b>(RM per annum)</b>	<b>(RM per annum)</b>
Directors' Retainer Fees	240,000	120,000
Petrol Allowance	6,000	6,000
	<b>(RM per attendance)</b>	<b>(RM per attendance)</b>
Attendance fee/ Tele-Conferencing fee	3,500	3,500
<b>The Manager</b>	<b>(RM per attendance)</b>	<b>(RM per attendance)</b>
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 VII

#### AS SPECIAL BUSINESS:

To consider and if thought fit, to pass the following resolution:

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.



## NOTICE OF ANNUAL GENERAL MEETING

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 VIII

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 9<sup>th</sup> AGM of KLCC REIT and the 19<sup>th</sup> 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 **4 April 2022** 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  
 28 February 2022

# 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 revised by the Securities Commission Malaysia on 16 July 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 9<sup>th</sup> AGM of KLCC REIT and 19<sup>th</sup> 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 Board of Directors via real time submission of typed texts) and vote (collectively, "participate") remotely at the 9<sup>th</sup> AGM of KLCC REIT and 19<sup>th</sup> AGM of KLCCP via the RPV provided by Tricor Investor & Issuing House Services Sdn. Bhd. through its TIIH Online website at <https://tiih.online>. **Please follow the Procedures for RPV provided in the Administrative Details for the 9<sup>th</sup> AGM of KLCC REIT and 19<sup>th</sup> 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/her 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 who 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/her 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 9<sup>th</sup> AGM of KLCC REIT and 19<sup>th</sup> 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 meetings 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 **Sunday, 10 April 2022 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 Stapled Securities is not required. Hence, this item is not put forward to the holders of Stapled Securities for voting.

#### 13. Explanatory Note for Item 2

Subject to passing of Resolution VIII 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

# NOTICE OF ANNUAL GENERAL MEETING

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 8<sup>th</sup> 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 Stapled Securities for the Audited Financial Statements of the Company. Hence, this item is not put forward to the holders of 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 138 to 146 of the Integrated Annual Report 2021 of KLCCP Stapled Group.

The Board recognises bona fides recommendation for shareholders' approval of the directors' re-election must be substantiated with the individual director performance and contribution. The results of the Board, Board Committees and Directors' Effectiveness Evaluation ("BEE") upon approval by the Board therefore form the basis thereof.

Cik Habibah binti Abdul who is subject to retirement by rotation pursuant to the Constitution of the Company, has informed the Board that she would not seek re-election. Cik Habibah binti Abdul will cease to be a Director of the Company on conclusion of 19<sup>th</sup> AGM of the Company.

The other Directors subject to retirement and are eligible for re-election pursuant to the Constitution of the Company are Tan Sri Ahmad Nizam bin Salleh, En. Md. Shah bin Mahmood, Puan Chong Chye Neo, Dato' Sr. Mazuki bin A Aziz and Datin Noor Lily Zuriati binti Abdullah. Based on these Directors' individual offer for re-election at the 19<sup>th</sup> AGM, the Board had deliberated and recommended their re-election for shareholders' approval in the manner on basis of the BEE 2021 results is relevant to:

- (a) Tan Sri Ahmad Nizam bin Salleh's chairmanship and coherent leadership enables a high-performing board. Tan Sri Ahmad Nizam engages constructively in the open environment by actively seeking other Directors' views and invite participation during board deliberation. He encourages dissenting views so that the Board's decisions are balance in the best interest of the Company.
- (b) En. Md. Shah bin Mahmood assures the Board thought leadership through strategic management initiatives and problem-solving to elevate KLCCP Stapled Group's authority in the fields of property innovation and nation building. En. Md. Shah ensures board decisions are implemented effectively. En. Md. Shah maintains open communication with the Board. He apprises the Board on important aspects of the Company's operations and ensures full information is disseminated to the Board Members on timely basis.
- (c) Puan Chong Chye Neo demonstrates her exercise of independence at meetings is not unduly influenced by varying reasoning express during deliberations of the Committees and Board. Puan Chong shows she upholds the collective interests of holders of KLCCP stapled securities rather any particular group of interest. She demonstrates clarity of thought, objectivity and impartiality on problem solving during deliberations at Committees and Board meetings.

On the other hand, the recommendation for the re-election of Dato' Sr. Mazuki bin A Aziz and Datin Noor Lily Zuriati binti Abdullah is based on the

prior assessment of the Nomination and Remuneration Committee ("NRC") and the Board before their appointment as Directors on 9 December 2021. During the directors' selection process both the Directors are assessed of their attributes in competency, time commitment and potential contribution.

The Board of Directors of the Company, with the recommendation of NRC, endorsed that the Directors as named under Resolutions I, II, III, IV and V 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 22 April 2021 approved the Non-Executive Directors' ("NEDs") fees and benefits as per the table disclosed in Item 5 above effective 23 April 2021 until the AGM of the Company to be held in 2022 i.e. 19<sup>th</sup> AGM ("Directors Remuneration 2021/2022").

A total of RM1,133,435.50 of Non-Executive Directors' fees and benefits were incurred for the Company for the financial year ended 31 December 2021 and the details of payment are enumerated on page 171 of the KLCCP Stapled Group Integrated Annual Report 2021 and Corporate Governance Report.

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 19<sup>th</sup> AGM up to the date of the next AGM to be held in 2023 and recommended that the said Directors' Remuneration shall remain unchanged as per Directors Remuneration 2021/2022. The respective Boards of Directors of the Company and the Manager endorsed the respective NRCs' recommendations.

Resolution VI on the proposed Directors' fees and benefits to be approved by the holders of 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 28 January 2022 endorsed for the re-appointment of Ernst & Young PLT as External Auditors of the Company for the financial year ending 31 December 2022 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.

## 18. Explanatory Note for Item 7

Subject to passing of Resolution 1 of KLCC REIT, the proposed Resolution VIII, 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 18<sup>th</sup> AGM.

## ADMINISTRATIVE DETAILS

### 9<sup>TH</sup> ANNUAL GENERAL MEETING OF KLCC REAL ESTATE INVESTMENT TRUST AND 19<sup>TH</sup> ANNUAL GENERAL MEETING OF KLCC PROPERTY HOLDINGS BERHAD

**Date** : Tuesday, 12 April 2022

**Time** : 10.30 a.m.

**Broadcast Venue** : Crystal Room, Level 2, Mandarin Oriental Kuala Lumpur, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia.

**Meeting Platform** : TIIH Online website at <https://tiih.online>

#### MODE OF MEETING

In view of the COVID-19 outbreak and as part of the safety measures, the Ninth Annual General Meeting (“9<sup>th</sup> AGM”) of KLCC Real Estate Investment Trust (“KLCC REIT”) and the Nineteenth Annual General Meeting (“19<sup>th</sup> 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 revised by the Securities Commission Malaysia on 16 July 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 shall 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 **Sunday, 10 April 2022 at 10.30 a.m.**

Corporate representatives of corporate members must deposit their original certificate of appointment of corporate representative to Tricor not later than **Sunday, 10 April 2022 at 10.30 a.m.** to participate via RPV in the AGMs.

Attorneys appointed by power of attorney are to deposit their power of attorney with Tricor not later than **Sunday, 10 April 2022 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 9<sup>th</sup> AGM of KLCC REIT and 19<sup>th</sup> 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.

## ADMINISTRATIVE DETAILS

### PROCEDURES FOR RPV

Holders of the Stapled Securities/proxies/corporate representatives/attorneys who wish to participate the AGMs remotely using the RPV are to follow the requirements and procedures as summarised below:

Procedure	Action
<b>BEFORE THE DAY OF AGMS</b>	
(a) Register as a user with TIIH Online	<ul style="list-style-type: none"> <li>Using your computer, access the website at <a href="https://tiih.online">https://tiih.online</a>. 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.</li> <li>Registration as a user will be approved within one (1) working day and you will be notified via e-mail.</li> <li>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.</li> </ul>
(b) Submit your request	<ul style="list-style-type: none"> <li><b>Registration is open from 10.00 a.m. Monday, 28 February 2022 until the day of AGMs, Tuesday, 12 April 2022.</b> 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.</li> <li>Login with your user ID and password and select the corporate event: “<b>(REGISTRATION) KLCC REIT AND KLCCP AGMS 2022</b>”.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Select “Register for Remote Participation and Voting”.</li> <li>Review your registration and proceed to register.</li> <li>The system will send an <b>e-mail to notify</b> that your registration for remote participation is received and will be verified.</li> <li>After verification of your registration against the General Meeting Record of Depositors as at <b>4 April 2022</b>, the system will send you an <b>e-mail after 10 April 2022 to approve or reject your registration for remote participation</b>.</li> </ul> <p><i>(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).</i></p>
<b>ON THE DAY OF THE AGMS (TUESDAY, 12 APRIL 2022)</b>	
(c) Login to TIIH Online	<ul style="list-style-type: none"> <li>Login with your user ID and password for remote participation at the AGMs at any time from <b>9.30 a.m.</b> i.e. one (1) hour before the commencement of the AGMs on <b>Tuesday, 12 April 2022 at 10.30 a.m.</b></li> </ul>
(d) Participate through Live Streaming	<ul style="list-style-type: none"> <li>Select the corporate event: “<b>(LIVE STREAM MEETING) KLCC REIT AND KLCCP AGMS 2022</b>” to engage in the proceedings of the AGMs remotely.</li> <li>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.</li> </ul> <p>(If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the AGMs.)</p>
(e) Online Remote Voting	<ul style="list-style-type: none"> <li>Voting session commences <b>from 10.30 a.m. on Tuesday, 12 April 2022</b> until a time when the Chairperson announces the completion of the voting session of the AGMs.</li> <li>Select the corporate event: “<b>(REMOTE VOTING) KLCC REIT AND KLCCP AGMS 2022</b>” or <b>if you are on the live stream meeting page, you can select “GO TO REMOTE VOTING PAGE” button below the Query Box.</b></li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Select the CDS account that represents your shareholdings.</li> <li>Indicate your votes for the resolutions that are tabled for voting.</li> <li>Confirm and submit your votes.</li> </ul>
(f) End of remote participation	<ul style="list-style-type: none"> <li>Upon the announcement by the Chairman on the closure of the AGMs, the Live Streaming will end.</li> </ul>

### NOTE TO USERS OF THE RPV:

- 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.
- 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.
- 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](mailto:tiih.online@my.tricorglobal.com), for assistance.

## ADMINISTRATIVE DETAILS

### GENERAL MEETING RECORD OF DEPOSITORS (“ROD”)

- Only a depositor whose name appears on the ROD as at **4 April 2022** 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 Tuesday, 12 April 2022, you may appoint the Chairman of the meetings as proxy and indicate the voting instructions in the Proxy Form.
- 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 meetings 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**.

- Last date and time for lodging the proxy form is **Sunday, 10 April 2022** at **10.30 a.m.** Please do read and follow the procedures to submit Proxy Form electronically below.

### ELECTRONIC LODGEMENT OF PROXY FORM

The procedures to lodge your proxy form electronically via Tricor’s **TIIH Online** website are summarised below:

Procedure	Action
<b>i. Steps for Individual Shareholders</b>	
(a) Register as a User with TIIH Online	<ul style="list-style-type: none"> <li>Using your computer, please access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the “e-Services”. Please do refer to the tutorial guide posted on the homepage for assistance.</li> <li>If you are already a user with TIIH Online, you are not required to register again.</li> </ul>
(b) Proceed with submission of Proxy Form	<ul style="list-style-type: none"> <li>After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password.</li> <li>Select the corporate event: “<b>KLCC REIT AND KLCCP AGMS 2022 - Submission of Proxy Form</b>”.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf.</li> <li>Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy.</li> <li>Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote.</li> <li>Review and confirm your proxy(s) appointment.</li> <li>Print proxy form for your record.</li> </ul>

## ADMINISTRATIVE DETAILS

Procedure	Action
<b>ii. Steps for corporation or institutional shareholders</b>	
(c) Register as a User with TIIH Online	<ul style="list-style-type: none"> <li>• Access <b>TIIH Online</b> at <a href="https://tiih.online">https://tiih.online</a></li> <li>• Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects “<b>Create Account by Representative of Corporate Holder</b>”.</li> <li>• Complete the registration form and upload the required documents.</li> <li>• Registration will be verified, and you will be notified by email within one (1) to two (2) working days.</li> <li>• Proceed to activate your account with the temporary password given in the email and re-set your own password.</li> <li>• 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.</li> </ul>
(d) Proceed with submission of Proxy Form	<ul style="list-style-type: none"> <li>• Login to TIIH Online at <a href="https://tiih.online">https://tiih.online</a></li> <li>• Select the corporate exercise name: “<b>KLCC REIT AND KLCCP AGMS 2022: Submission of Proxy Form</b>”</li> <li>• Agree to the Terms &amp; Conditions and Declaration.</li> <li>• Proceed to download the file format for “Submission of Proxy Form” in accordance with the Guidance Note set therein.</li> <li>• Prepare the file for the appointment of proxies by inserting the required data.</li> <li>• Submit the proxy appointment file.</li> <li>• Login to <b>TIIH Online</b>, select corporate exercise name: “<b>KLCC REIT AND KLCCP AGMS 2022: Submission of Proxy Form</b>”.</li> <li>• Proceed to upload the duly completed proxy appointment file.</li> <li>• Select “Submit” to complete your submission.</li> <li>• Print the confirmation report of your submission for your record.</li> </ul>

Please ensure **ALL** the particulars as required in the Form of Proxy are completed, signed and dated accordingly.

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.

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.

## ADMINISTRATIVE DETAILS

### 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.

### PRE-MEETING SUBMISSION OF QUESTIONS TO THE BOARD 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 **Sunday, 10 April 2022 at 10.30 a.m.** The Boards will endeavor to answer the questions received at the AGMs.

### RECORDING OR PHOTOGRAPHY

By participating at the AGMs, you agree that no part of the AGMs proceedings may be recorded, photographed, stored in any retrieval systems, reproduced, transmitted or uploaded in any form, platform or social media or by any means whether it is mechanical, electronical, photocopying, recording or otherwise without the prior written consent of the Company. The Company reserves the rights to take appropriate legal actions against anyone who violates this rule.

### ANNUAL REPORT 2021

- The Integrated Annual Report 2021 is available at the Company's website at [https://www.klcc.com.my/investor-relations/annual\\_report.html](https://www.klcc.com.my/investor-relations/annual_report.html).
- You may request for a printed copy of the Integrated Annual Report 2021 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 Person	Telephone Number	Email
Mr. Jake Too	+603-2783 9285	Chee.Onn.Too@my.tricorglobal.com
En. Muhamad Zakir	+603-2783 9244	Muhamad.Zakir@my.tricorglobal.com



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# PROXY FORM



## 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)

No. of Stapled Securities held	CDS Account No.

\* 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:

### 1. PROXY “A”

Full Name (in block letters)		Proportion of shareholdings	
		No. of Stapled Securities	%
NRIC/Passport No.			
Address			

\* and/or failing him (\* delete as appropriate)

### 2. PROXY “B”

Full Name (in block letters)		Proportion of shareholdings	
		No. of Stapled Securities	%
NRIC/Passport No.			
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 Ninth Annual General Meeting (9<sup>th</sup> AGM) of KLCC REIT and the Nineteenth Annual General Meeting (“19<sup>th</sup> 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 Tuesday, 12 April 2022 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
<b>KLCC REIT</b>					
Proposed unitholders’ mandate to issue new units pursuant to Paragraph 6.59 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad	1				
<b>KLCCP</b>					
Re-election of Tan Sri Ahmad Nizam bin Salleh	I				
Re-election of En. Md. Shah bin Mahmood	II				
Re-election of Pn. Chong Chye Neo	III				
Re-election of Dato’ Sr. Mazuki bin A Aziz	IV				
Re-election of Datin Noor Lily Zuriati binti Abdullah	V				
Directors’ fees and benefits payable to Non-Executive Directors for the period commencing on the date immediately after the date of the 19 <sup>th</sup> AGM up to the date of the next Annual General Meeting to be held in 2023 of the Company	VI				
Re-appointment of Ernst & Young PLT as Auditors and to authorise the Directors to fix the Auditors’ remuneration	VII				
Authority to issue shares of the Company pursuant to Sections 75 and 76 of the Companies Act, 2016	VIII				

\_\_\_\_\_  
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 revised by the Securities Commission Malaysia on 16 July 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 (as defined in Note 2 below) **WILL NOT BE ALLOWED** to attend the 9<sup>th</sup> AGM of KLCC REIT and 19<sup>th</sup> 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 Board of Directors via real time submission of typed texts) and vote (collectively, "participate") remotely at the 9<sup>th</sup> AGM of KLCC REIT and 19<sup>th</sup> AGM of KLCCP via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. through its **TIIH Online** website at <https://tiih.online>. **Please follow the Procedures for RPV provided in the Administrative Details for the 9<sup>th</sup> AGM of KLCC REIT and 19<sup>th</sup> 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 9<sup>th</sup> AGM of KLCC REIT and 19<sup>th</sup> 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 **Sunday, 10 April 2022 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 9<sup>th</sup> AGM of KLCC REIT and the 19<sup>th</sup> 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 **4 April 2022** 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

## KLCC PROPERTY HOLDINGS BERHAD

Levels 33 & 34, Menara Dayabumi  
Jalan Sultan Hishamuddin  
50050 Kuala Lumpur  
Malaysia  
Telephone : 603 2783 6000  
Facsimile : 603 2783 7810  
Website : [www.klcc.com.my](http://www.klcc.com.my)  
E-mail : [info@klcc.com.my](mailto:info@klcc.com.my)

## KLCC REIT MANAGEMENT SDN BHD

Levels 33 & 34, Menara Dayabumi  
Jalan Sultan Hishamuddin  
50050 Kuala Lumpur  
Malaysia  
Telephone : 603 2783 6000  
Facsimile : 603 2783 7810  
Website : [www.klcc.com.my](http://www.klcc.com.my)  
E-mail : [info@klcc.com.my](mailto:info@klcc.com.my)

## KLCC PARKING MANAGEMENT SDN BHD

Level P2, Tower 1  
PETRONAS Twin Towers  
Kuala Lumpur City Centre  
50088 Kuala Lumpur  
Malaysia  
Telephone : 603 2392 8585  
603 2392 8448  
Facsimile : 603 2392 8407  
Website : [www.parking.klcc.com.my](http://www.parking.klcc.com.my)  
E-mail : [klccparking@klcc.com.my](mailto:klccparking@klcc.com.my)

## MANDARIN ORIENTAL, KUALA LUMPUR

Kuala Lumpur City Centre  
P.O. Box 10905  
50088 Kuala Lumpur  
Malaysia  
Telephone : 603 2380 8888  
Facsimile : 603 2380 8833  
Website : [www.mandarinoriental.com](http://www.mandarinoriental.com)  
E-mail : [mokul-sales@mohg.com](mailto:mokul-sales@mohg.com)

## KLCC URUSHARTA SDN BHD

Level P1, Tower 2  
PETRONAS Twin Towers  
Kuala Lumpur City Centre  
50088 Kuala Lumpur  
Malaysia  
Telephone : 603 2392 8768  
Facsimile : 603 2382 1037  
Website : [www.klcc.com.my](http://www.klcc.com.my)  
E-mail : [info@klcc.com.my](mailto:info@klcc.com.my)

## SURIA KLCC SDN BHD

Level 13, Menara Darussalam  
No 12, Jalan Pinang  
50450 Kuala Lumpur  
Malaysia  
Telephone : 603 2382 3434  
Facsimile : 603 2382 2838  
Website : [www.suriaklcc.com.my](http://www.suriaklcc.com.my)  
E-mail : [info@suriaklcc.com.my](mailto:info@suriaklcc.com.my)

**KLCC PROPERTY HOLDINGS BERHAD**

200401003073 (641576-U)

**KLCC REAL ESTATE INVESTMENT TRUST**

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