



KLCCP Stapled Group

THE PLACE

INTEGRATED ANNUAL REPORT 2022

WHAT'S
INSIDE

THE PLACE



@klcctheplace



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For over 19 years, we have been at the forefront of developing and managing spaces which define a Nation - producing widely recognisable symbols of a populous. Timeless buildings which exude iconic design and architecture and stand out visually with unique silhouettes, material innovation and public accessibility. Our iconic buildings are a statement of our history, ambition and a source of pride. They are a part of the physical environment, stirring the city image, living conditions, social wellbeing, and economic profile. They are created by developing more than just a brand. They are The Place to be. They spark a revelation whilst keeping the community feel of the city. They inspire and create a buzz by orchestrating journeys of discovery, prioritising storytelling, interaction, and learning, so that minds are enriched and engaged in creating tomorrow's world.

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OUR REPORTING JOURNEY

We are pleased to present our Integrated Annual Report (IAR) as the primary source of information of our Group's financial and non-financial performance for year ended 31 December 2022. At KLCCP Stapled Group, we strive to continuously deliver a coherent, transparent, and balanced assessment of the Group's ability to create and sustain value to ensure short, medium and long-term viability for all our stakeholders.

SCOPE AND BOUNDARY

This Integrated Annual Report has been prepared by KLCCP Stapled Group to provide stakeholders with an understanding of the Group's business model, strategy, past performance and future prospects. The report is written primarily for shareholders and investors. It covers the activities of the Group for the financial year 1 January 2022 to 31 December 2022, and addresses the material financial and non-financial risks and opportunities that impact value creation and strategy development. Any material events after year-end, but before publication of this report, have been included.

OUR INTEGRATED REPORTING BOUNDARY

Covers the risks, opportunities and outcomes arising from our:

Statement of Purpose, Shared Values and Cultural Beliefs

Refer pages **4 to 5**

Strategic Blueprint and Our Strategic Value Creation

Refer pages **58 to 61**

Performance Review

Refer pages **70 - 123**

Governance

Refer pages **132 - 177**

OUR CAPITALS

F STRONG FINANCIAL POSITION

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

P PORTFOLIO OF DIVERSE, ICONIC ASSETS AND MANAGEMENT SERVICES

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

K DEEP KNOWLEDGE AND STRONG CAPABILITIES

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

E ENGAGED AND INSPIRED EMPLOYEES

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

N NATURAL RESOURCES

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

R TRUSTED RELATIONSHIPS WITH STAKEHOLDERS

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

Navigation Icons

Six Capitals

F Strong Financial Position

P Portfolio of Diverse, Iconic Assets and Management Services

E Engaged and Inspired Employees

N Natural Resources

OUR REPORTING SUITE



Integrated Annual Report 2022

Scan QR Code to read the online report



Sustainability Report 2022

Scan QR Code to read the online report



REPORTING FRAMEWORK AND REGULATIONS

- International Integrated Annual Reporting Council's <IR> Framework (2021)
- Companies Act, 2016 (Companies Act)
- Bursa Malaysia's Main Market Listing Requirements (MMLR)
- International Financial Reporting Standards (IFRS)
- Malaysian Financial Reporting Standards (MFRS)
- Malaysian Code on Corporate Governance 2021
- Bursa Malaysia's Corporate Governance Guidelines 4th Edition, Sustainability Guidelines 2nd Edition and MD&A Guidelines
- World Economic Forum's Stakeholder Capitalism Metrics (WEF SCM)
- Securities Commissions Malaysia, Listed REIT Guidelines
- FTSE4Good themes and indicators for Real Estate Holdings and Development Sector

MATERIALITY

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

FORWARD-LOOKING STATEMENTS

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

BOARD RESPONSIBILITY STATEMENT

The Boards of Directors of KLCCP and KLCCRM acknowledge their responsibility in ensuring the integrity of this Integrated Report, which in the Boards' opinion addresses all key issues that are material to the Group's ability to create value and fairly presents the integrated performance of KLCCP Stapled Group. This report has been prepared in accordance with the IIRC <IR> Framework. This report was approved by the Boards on 31 January 2023.



Tan Sri Ahmad Nizam bin Salleh
Chairman



Datuk Md. Shah bin Mahmood
Chief Executive Officer

Other Icons

K Deep Knowledge and Strong Capabilities

R Trusted Relationships with Stakeholders

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

Find more information inside this report

WE ARE KLCCP STAPLED GROUP

SHARED VALUES

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

CULTURAL BELIEFS

- **CUSTOMER FOCUSED**
I deliver solutions from the customer lens
- **BE ENTERPRISING**
I seek opportunities and make them happen
- **INNOVATE NOW**
I challenge norms and push boundaries
- **SPEAK UP**
I express my views openly
- **COURAGE TO ACT**
I take action to progress with pace

STATEMENT OF PURPOSE

A PROGRESSIVE ENERGY AND SOLUTIONS PARTNER ENRICHING LIVES FOR A SUSTAINABLE FUTURE

7 Properties

12.0 million Gross Floor Area (sq. ft.)

RM15.7 billion Property Value

Kompleks Dayabumi

(located outside the KLCC Precinct)

Menara ExxonMobil

ExxonMobil

MALAYSIA'S LARGEST REIT AND ONLY STAPLED SECURITY IN THE COUNTRY

WHO WE ARE

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

To read more, refer to A Strong Corporate Structure on pages **16 to 17**

WHAT WE DO

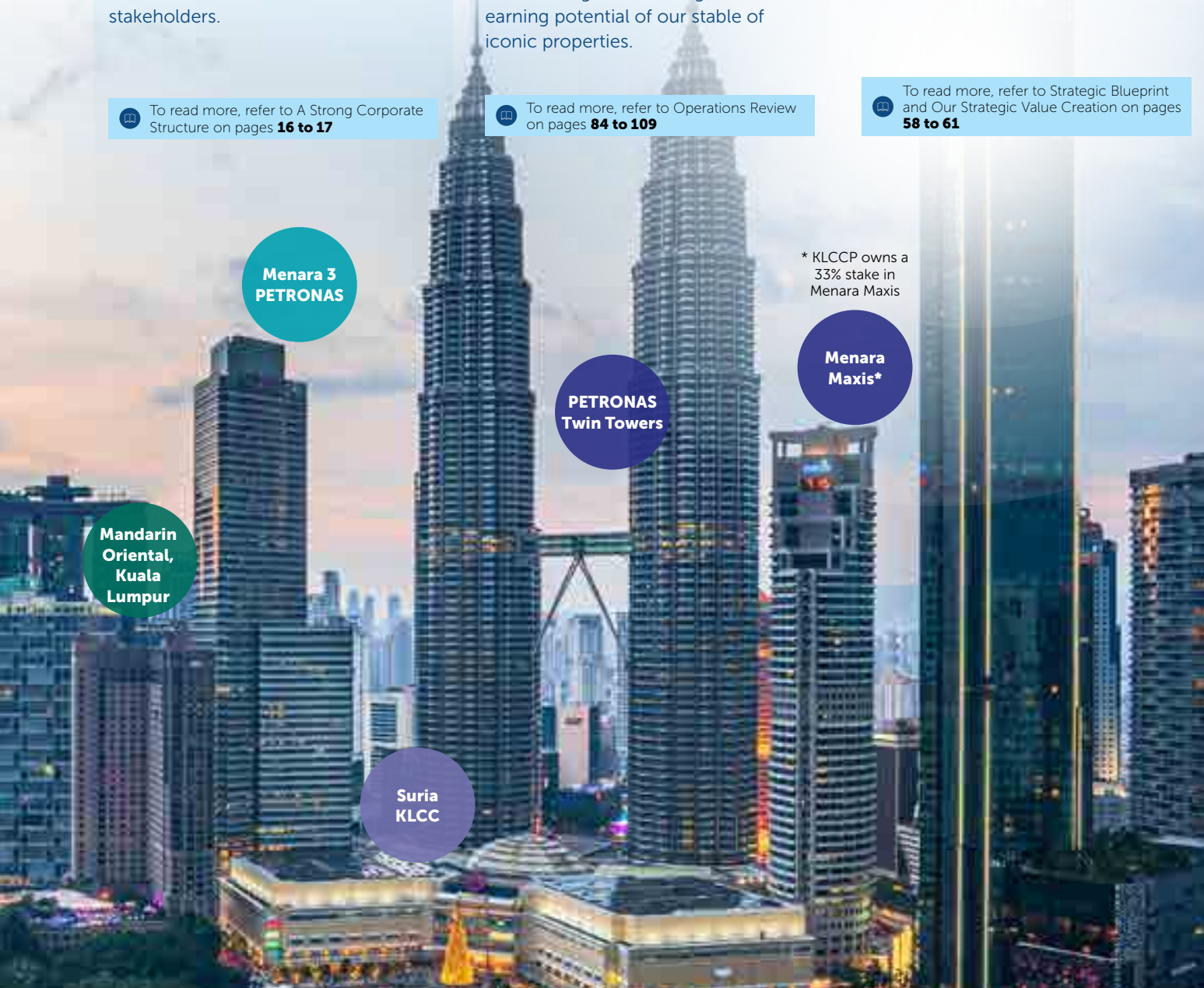
We own, manage, develop and invest in a portfolio of premium assets comprising office, retail and hotel properties in the heart of Kuala Lumpur. This is complemented by our award winning asset management services provided by KLCC Urusharta Sdn Bhd (KLCCUH) and KLCC Parking Management Sdn Bhd (KPM). This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

To read more, refer to Operations Review on pages **84 to 109**

HOW WE DO IT

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

To read more, refer to Strategic Blueprint and Our Strategic Value Creation on pages **58 to 61**



* KLCCP owns a 33% stake in Menara Maxis

- OFFICE AND RETAIL
- OFFICE
- RETAIL
- HOTEL

A world-class portfolio
Notable iconic
buildings
that stand the
test of time
and exude the
characteristics
of their surrounding
communities

OUR ICONIC PORTFOLIO IN THE HEART OF KUALA LUMPUR

PETRONAS TWIN TOWERS

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

234,007

Land Area (sq. ft.)

5,499,468

Gross Floor Area (sq. ft.)

3,195,544

Net Lettable Area (sq. ft.)

4,897*

Car Park bays * North West Development Car Park, shared by PETRONAS Twin Towers, Suria KLCC and Menara Maxis

100%

Occupancy (31 December 2022)

TENURE:

Freehold

ACQUISITION DATE:

10 April 2013

AGE OF BUILDING:

25 years

LOCATION:

Kuala Lumpur City Centre, 50088 Kuala Lumpur

ACQUISITION PRICE:

RM6,500,000,000

ENCUMBRANCES:

Nil

TITLE:

GRN 43697, Lot 169, Seksyen 58, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur

LEASE/TENANCY PROFILE:

Leased to a single lessee, Petroliam Nasional Berhad (PETRONAS) vide a Triple Net Lease Agreement for a term of 15 years, expiring on 30 September 2027. PETRONAS has exercised its option to extend the lease to 30 September 2042, for a further term of 15 years

NET BOOK VALUE AS AT 31 DECEMBER 2022:

RM6,692,680,795

APPRAISED VALUE:

RM6,940,000,000

DATE OF VALUATION:

31 December 2022

INDEPENDENT VALUER:

Savills (Malaysia) Sdn Bhd

GREEN BUILDING CERTIFICATION:

Green Building Index - Gold (2019)

MSC STATUS:

MSC Cybercity @ KLCC



OUR ICONIC PORTFOLIO IN THE HEART OF KUALA LUMPUR

MENARA 3 PETRONAS

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

46,306

Land Area (sq. ft.)

1,500,814

Gross Floor Area (sq. ft.)

195

Car Park bays

816,377

Net Lettable Area (sq. ft.)

100% (Office)

Occupancy (31 December 2022)

133,437

Net Lettable Area (sq. ft.)

89% (Retail)

Occupancy (31 December 2022)

TENURE:

Freehold

ACQUISITION DATE:

10 April 2013

AGE OF BUILDING:

11 years

LOCATION:

Kuala Lumpur City Centre,
50088 Kuala Lumpur

ACQUISITION PRICE:

RM1,790,000,000

ENCUMBRANCES:

Nil

TITLE:

GRN 43699, Lot 171, Seksyen 58,
Bandar Kuala Lumpur,
Daerah Kuala Lumpur,
Wilayah Persekutuan Kuala Lumpur

LEASE/TENANCY PROFILE:

Leased to a single lessee, PETRONAS vide a Triple Net Lease Agreement for a term of 15 years, expiring on 14 December 2026. PETRONAS has exercised its option to extend the lease to 14 December 2041, for a further term of 15 years. The retail Podium of Menara 3 PETRONAS is tenanted to various retailers on a 3 to 5-year term

NET BOOK VALUE AS AT

31 DECEMBER 2022:

RM1,950,586,432

APPRAISED VALUE:

RM2,021,000,000

DATE OF VALUATION:

31 December 2022

INDEPENDENT VALUER:

Savills (Malaysia) Sdn Bhd

GREEN BUILDING CERTIFICATION:

Green Building Index - Silver (2019)



OUR ICONIC PORTFOLIO IN THE HEART OF KUALA LUMPUR

MENARA EXXONMOBIL

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

TENURE:
Freehold

ACQUISITION DATE:
10 April 2013

AGE OF BUILDING:
26 years

LOCATION:
Kuala Lumpur City Centre,
50088 Kuala Lumpur

ACQUISITION PRICE:
RM450,000,000

ENCUMBRANCES:
Nil

TITLE:
GRN 43685, Lot 157, Seksyen 58,
Bandar Kuala Lumpur,
Daerah Kuala Lumpur,
Wilayah Persekutuan Kuala Lumpur

LEASE/TENANCY PROFILE:
Leased to two lessees, ExxonMobil Exploration and Production Malaysia Inc for an initial period of 9 years with an option to renew for 3 successive terms of 3 years each; and another with PETRONAS for an initial period of 3 years with an option to renew for 5 successive terms of 3 years each

NET BOOK VALUE AS AT 31 DECEMBER 2022:
RM532,000,000

APPRAISED VALUE:
RM532,000,000

DATE OF VALUATION:
31 December 2022

INDEPENDENT VALUER:
Savills (Malaysia) Sdn Bhd

MSC STATUS:
MSC Cybercity @ KLCC

43,034
Land Area (sq. ft.)

562,064
Gross Floor Area (sq. ft.)

406,932
Net Lettable Area (sq. ft.)

528
Car Park bays

100%
Occupancy (31 December 2022)



OUR ICONIC PORTFOLIO IN THE HEART OF KUALA LUMPUR

KOMPLEKS DAYABUMI

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

315,802

Land Area (sq. ft.)

1,059,783

Gross Floor Area (sq. ft.)

648,790

Net Lettable Area (sq. ft.)

677

Car Park bays

100%

Occupancy (31 December 2022)

TENURE:

99 years leasehold interest expiring on 27 January 2079 (lot 38 and lot 45), 9 November 2081 (lot 39) and 98 years leasehold interest expiring on 21 January 2079 (lot 51)

ACQUISITION DATE:

31 May 2004

AGE OF BUILDING:

40 years

LOCATION:

Kuala Lumpur City Centre,
50050 Kuala Lumpur

ENCUMBRANCES:

Nil

TITLE:

PN 2395, PN 53463, PN 33471, PN 32233, Lot 38, 39, 45 & 51 Seksyen 70, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur

LEASE/TENANCY PROFILE:

Leased to a single lessee, PETRONAS vide a Triple Net Lease Agreement for a term of 6 years expiring on 31 December 2025, with an option to extend the lease for further 6 years

NET BOOK VALUE AS AT 31 DECEMBER 2022:

RM678,000,000

APPRAISED VALUE:

RM678,000,000

DATE OF VALUATION:

31 December 2022

INDEPENDENT VALUER:

Cheston International (KL) Sdn Bhd

OUR ICONIC PORTFOLIO IN THE HEART OF KUALA LUMPUR

SURIA KLCC

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

TENURE:

Freehold

ACQUISITION DATE:

31 May 2004

AGE OF BUILDING:

24 years

LOCATION:

Kuala Lumpur City Centre,
50088 Kuala Lumpur

ENCUMBRANCES:

Nil

TITLE:

GRN 43698, Lot 170, Seksyen 58,
Bandar Kuala Lumpur,
Daerah Kuala Lumpur,
Wilayah Persekutuan Kuala Lumpur

LEASE/TENANCY PROFILE:

Tenanted to various retailers on a 3 to 5-year term

NET BOOK VALUE AS AT

31 DECEMBER 2022:

RM5,568,745,249

APPRAISED VALUE:

RM5,580,000,000

DATE OF VALUATION:

31 December 2022

INDEPENDENT VALUER:

Nawawi Tie Leung Property Consultants
Sdn Bhd

303,112

Land Area (sq. ft.)

1,545,361

Gross Floor Area (sq. ft.)

944,313

Net Lettable Area (sq. ft.)

92%

Occupancy (31 December 2022)

OUR ICONIC PORTFOLIO IN THE HEART OF KUALA LUMPUR

MANDARIN ORIENTAL, KUALA LUMPUR

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

TENURE:

Freehold

ACQUISITION DATE:

31 May 2004

AGE OF BUILDING:

24 years

LOCATION:Kuala Lumpur City Centre,
50088 Kuala Lumpur**ENCUMBRANCES:**

Charged by Asas Klasik Sdn Bhd to Public Bank Berhad registered on 12 June 2008

TITLE:GRN 43700, Lot 172, Seksyen 58,
Bandar Kuala Lumpur,
Daerah Kuala Lumpur,
Wilayah Persekutuan Kuala Lumpur**NET BOOK VALUE AS AT****31 DECEMBER 2022:**

RM541,070,738

APPRAISED VALUE:

RM807,000,000

DATE OF VALUATION:

31 December 2022

INDEPENDENT VALUER:Nawawi Tie Leung Property Consultants
Sdn Bhd**87,123**

Land Area (sq. ft.)

998,705

Gross Floor Area (sq. ft.)

629

No. of rooms

544

Car Park bays

44%

Occupancy (31 December 2022)

OUR ICONIC PORTFOLIO IN THE HEART OF KUALA LUMPUR

MENARA MAXIS

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

46,597

Land Area (sq. ft.)

814,741

Gross Floor Area (sq. ft.)

537,085

Net Lettable Area (sq. ft.)

97%

Occupancy (31 December 2022)

TENURE:

Freehold

ACQUISITION DATE:

31 May 2004

AGE OF BUILDING:

24 years

LOCATION:

Kuala Lumpur City Centre
50088 Kuala Lumpur

ENCUMBRANCES:

Nil

TITLE:

GRN 43696, Lot 168, Seksyen 58,
Bandar Kuala Lumpur,
Daerah Kuala Lumpur,
Wilayah Persekutuan Kuala Lumpur

LEASE/TENANCY PROFILE:

Lease between Impian Klasik Sdn Bhd and Tanjung City Centre Property Management Sdn Bhd vide a Triple Net Lease Agreement for a term of 15 years, expiring 31 May 2028

Note: KLCCP owns a 33% stake in Menara Maxis

OUR INVESTMENT PROPOSITION

HIGH QUALITY INVESTMENT
 portfolio with resilient earnings visibility

STRONG BALANCE SHEET
 with RM 18.1 billion in total assets

ROBUST GOVERNANCE STRUCTURE &
 strong leadership in ethical conduct

ESG AT THE HEART
 on our value creation

FOCUSED ON DRIVING MEANINGFUL CHANGES to future-proof the business



FINANCIAL HIGHLIGHTS

Revenue

RM 1.5 bil

(2021: RM 1.2 billion)

Profit for the year

RM 0.9 bil

(2021: RM 0.5 billion)

Property Value

RM 15.7 bil

(2021: RM 15.6 billion)

Net Asset Value per Stapled Security

RM 7.27

(2021: RM 7.21)

Distribution per Stapled Security

38.00 sen

(2021: 33.60 sen)

BUSINESS HIGHLIGHTS

OFFICE

100%

occupancy since establishment of the Stapled Securities

88%

Tenant Satisfaction score

HOTEL

44%

Occupancy

87%

Guest Satisfaction score

RETAIL

Record tenant sales, surpassed pre-pandemic levels by

9.5%

16

new tenants, some are first and exclusive to Suria KLCC

MANAGEMENT SERVICES

Secured additional

1,604

car parking bays at various locations in Putrajaya

Installed

35

Electric Vehicle (EV) chargers at car parks within KLCC Precinct, bringing total to

57

SUSTAINABILITY HIGHLIGHTS

PEOPLE

RM 1.0 mil

Invested in staff learning and development (2021: RM600,000)

PLANET

415,241 kWh

Solar Energy generated from solar panels on rooftop of Suria KLCC (2021: 470,770 kWh)

PEACE

50%

Women Directors on Boards (2021: 56%)

PROSPERITY

RM70.2 mil

tax paid to Government (2021: RM81.9 mil)

26,790

hours of employee learning (2021: 11,243 hours)

16.7%

increase in GHG Emission due to increase in business activities post pandemic (2021: 21.0% reduction)

63%

Independent Non-Executive Directors on Boards (2021: 67%)

RM17.0 mil

spent on Corporate Social Investment and rental assistance (2021: RM128.3 mil)

Zero
Fatalities

0.3 mil m³

increase in Water Consumption (2021: 0.3 mil m³ reduction)

Zero
Bribery and Corruption cases

52%

Waste Diversion rate for hotel (2021: 64%)

Zero
Cyber Security incidents

A STRONG CORPORATE STRUCTURE

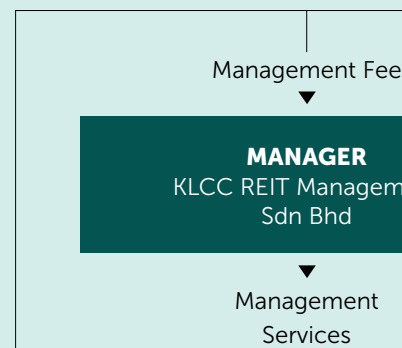


Each ordinary share is stapled to each unit (Stapled Securities)

KLCC PROPERTY HOLDINGS BERHAD (KLCCP)

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

Note: Inactive companies have been excluded from this corporate structure. The detailed corporate structure of the Group can be found on the KLCCP Stapled Group's corporate website at www.klcc.com.my



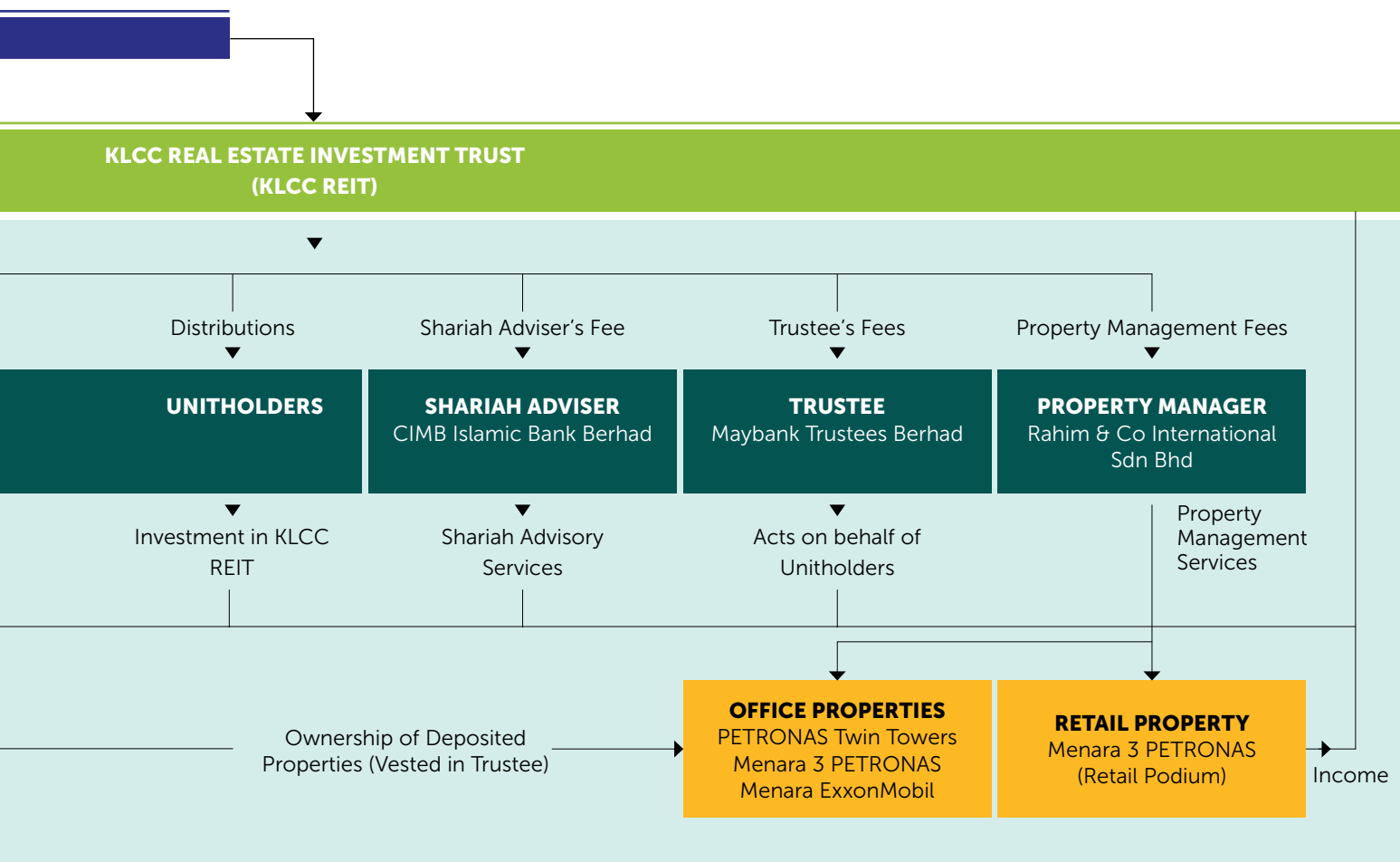
KLCC REIT SALIENT FEATURES

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

Duration of Fund/Termination Date

The earlier of:

- 999 years falling on 8 April 3012
- The date on which KLCC REIT is terminated by the Trustee or the Manager, in circumstances as set out under provisions of the Trust Deed dated 2 April 2013 (as amended and restated by the Amended and Restated Trust Deed dated 3 September 2019)



Fund Type Income and Growth	Fund Category Islamic Real Estate Investment Trust	Listing Date 9 May 2013	Stock Name & Code KLCC & 5235SS
<p>Approved Fund Size 1,805,333,085 units</p> <p>Market Capitalisation RM12,113,784,000 (as at 31 December 2022)</p> <p>Investment Objective To provide the unitholders with regular and stable distributions, improving returns from property portfolio and capital growth, while maintaining an appropriate capital structure</p>	<p>Investment Policy To invest, directly and indirectly, in a Shariah-compliant portfolio of income producing Real Estate used primarily for office and retail purposes in Malaysia and overseas</p> <p>Distribution Policy 95% of KLCC REIT's distributable income for FY2013 and FY2014 and at least 90% for each subsequent financial year</p> <p>Distributions can be on a quarterly basis or such other intervals</p> <p>Gearing Policy Up to 50% of total asset value of the Fund</p>		

LETTER FROM THE CHAIRMAN



...
DEAR SHAREHOLDERS,

The year 2022 began with optimism after two long years of being engulfed in the pandemic that saw many unprecedented events in our lives. As we sailed through the year, we saw 2022 as a year of opportunity and recovery.

TAN SRI AHMAD NIZAM BIN SALLEH
Chairman

Economic activities started to pick up even though the cautious sentiment was very much in the air and people gradually started to go about their daily lives in a more normalised way. The country also witnessed the much anticipated borders reopening in April 2022 and the Nation's 15th general election in November 2022.

WE REMAINED STEADFAST AS A GROUP, IN NAVIGATING THE CHALLENGES THAT CAME OUR WAY AND AS A RESULT, WE ACHIEVED SIGNIFICANT BUSINESS RECOVERY

Though the year continued to be clouded with the Covid-19 flare-ups, businesses progressively stabilised and gained momentum, with more vigorous economic and social activities. However, we witnessed few unprecedented incidents that affected our country - landslide disasters and floods in various states across Malaysia. As a mark of solidarity, we stood united in our hope for a brighter, better future for all Malaysians.

We remained steadfast as a Group, in navigating the challenges that came our way and as a result, we achieved significant business recovery. This is evident, particularly from the second half of the year and this has translated to our overall stronger performance in 2022. Thanks to the strength and commitment of our people and the Leadership Team in continuously striving to deliver long-term value to all our stakeholders.

On behalf of the Boards of Directors of KLCC Property Holdings Berhad (KLCCP) and KLCC REIT Management Sdn Bhd (KLCCRM), I am pleased to present to you, the Integrated Annual Report of KLCCP Stapled Group for the financial year ended 31 December 2022.

RECOVERY AMIDST CONTINUED CHALLENGES

Globally, 2022 was the year Covid-19 pandemic became endemic. The global economic growth confronted a mix of headwinds - shaped by the Russian invasion of Ukraine, a cost-of-living crisis caused by persistent and broadening inflationary pressures, the slowdown in China, disruptions in supply chains and a pressing need to address climate change.

2022 Highlights

The Group delivered profit for the year excluding fair value adjustments of **RM793.3 mil**, a **17.9% growth** compared to 2021

The Boards of KLCCP and KLCCRM approved four interim dividends totalling **38.00 sen** per Stapled Security, **up 13.1%** from last year's distribution of 33.60 sen. This translates to a full-year dividend payment of **RM686.0 million** compared to RM606.6 million in 2021

At the domestic front, the economy was set to re-bounce as travel restrictions eased and international borders re-opened. Malaysia's economic growth rose to a 22-year record high of 8.7% in 2022 against 3.1% in the previous year. This was boosted by strong expansion of domestic and external demand, improvement in the labour market conditions as well as ongoing policy support, amid a high-cost environment.



LETTER FROM THE CHAIRMAN

THE GROUP CONTINUES TO UPHOLD THE HIGHEST STANDARDS OF GOVERNANCE AND INTEGRITY AS A CULTURE, AND IS COMMITTED TO BE A RISK RESILIENT ORGANISATION



During the year, we continued our focus on delivering sustainable value as we embarked on various strategic initiatives underpinned by our prudent financial management and strong capital discipline which enabled us to remain agile to navigate the challenging market conditions. We continued to support our retail partners with RM15.0 million in rental assistance programmes and also our tenants, customers and our employees by making our spaces Covid-safe, helping them to manage social distancing and bringing mental health to the forefront.

The Group delivered profit for the year excluding fair value adjustments of RM793.3 mil, a 17.9% growth compared to 2021, attributable to the improved performance in the retail and hotel segments since the transition to the endemic phase.

Reflecting the underlying growth of the Group's performance, the Boards of KLCCP and KLCCRM approved four interim dividends totalling 38.00 sen per Stapled Security, up 13.1% from last year's distribution of 33.60 sen. This comprises 10.71 sen from KLCCP and 27.29 sen from KLCC REIT, translating to a full-year dividend payment of RM686.0 million compared to RM606.6 million in 2021.

UPHOLDING CORPORATE GOVERNANCE

The Boards recognise the way we do business is key in delivering our purpose and strategy, and that good governance continues to be pivotal in our responses to the challenges we face.

During the year, the Boards implemented several governance enhancements which included the Directors' Fit and Proper Policy as a guide for future appointment and re-election of Directors within the Group and the addition of Sustainability questionnaire for the 2022 Board Effectiveness Evaluation. This is to further promote openness in communication and foster a culture of trust between the Boards and Management.

The Group continues to uphold the highest standards of governance and integrity as a culture and is committed to be a risk resilient organisation. In 2022, several initiatives were implemented to reinforce groupwide awareness of the Code of Conduct and Business Ethics (CoBE) and the Anti-Bribery and Corruption Manual, empowering employees to speak up on any wrongdoing, under the Whistleblowing Policy. In November 2022, the Group completed the Anti-Bribery Management System (ABMS) ISO 37001:2016 Surveillance Audit by SIRIM QAS International Sdn Bhd, providing

assurance that the risk management processes are effectively addressing all bribery risks throughout the organisation and its operations. The Boards also reviewed the risk appetite to provide comprehensiveness to the existing risk statements taking into consideration the transitional period to the Covid-19 endemic phase. In respect to the governance process on Cyber Security, the Boards discussed Cyber Security policies regarding disaster recovery procedures for critical applications, reviewed risk profiles and mitigation steps to reduce incidents related to Cyber Security.

Our Boards comprise 63% Independent Non-Executive Directors with a 50% representation of Women Directors on the boards. We seek to maintain Board diversity across gender, skills and experience. During the year, Cik Habibah Abdul retired from the Boards at the conclusion of the Annual General Meetings on 12 April 2022. On behalf of the Boards, I would like to register my utmost appreciation to Cik Habibah for her invaluable and immense contributions after nine years of serving at the KLCCP and KLCC REIT Boards and as the Chairperson of the Nomination and Remuneration Committees (NRC) of KLCCP and KLCCRM. I welcome Puan Chong Chye Neo as the new chair of the NRC which took effect from 29 April 2022.

LETTER FROM THE CHAIRMAN



PROGRESSING OUR ESG PRIORITIES

In navigating the ever-evolving sustainability landscape and to demonstrate our commitment to sustainability, the Board Risk Committees which has oversight on ESG compliance and sustainability matters of the Group was established in November 2021. Following the reorganisation of the Group’s structure in 2022, a dedicated Sustainability team under the Group was formed to drive more focused efforts in elevating its initiatives and agenda.

During the year, KLCCP Stapled Group submitted its first United Nations Global Compact (UNGC) Communication on Progress (CoP) to demonstrate its commitment and progress made in implementing the 10 principles of the UNGC in the areas of human rights, labour, environment and anti-corruption.

In September 2022, Bursa Malaysia announced a phased approach in implementing the enhanced sustainability reporting requirements for public-listed companies (PLCs) aimed at elevating sustainability practice and disclosures of listed issuers, commencing financial year 2023. Taking guidance from this, the Boards reviewed the gap analysis in respect to these new indicators and the Group has disclosed additional seven new sustainability indicators in this year’s Sustainability Report. In respect to climate change related disclosures aligned to the

Task Force on Climate Related Financial Disclosures (TCFD) recommendations, the Group has conducted a preliminary assessment and is working towards progressive disclosures commencing FY2023.

With the growing global call for Net Zero Carbon Emission (NZCE), the Group is also aspiring towards low carbon emission in support of its ultimate holding company, PETRONAS’ aspiration of net zero emissions by 2050. In 2023, the Group will focus on crafting its carbon reduction strategy and establishing targets for its business units achieving its targeted milestones between 2023 and 2050.

The year also saw the Group being recognised for demonstrating strong sustainability leadership, when, for the third consecutive year, it bagged the Platinum award for excellence in ESG at The Asset ESG Corporate Awards 2022. Our retail mall, Suria KLCC was bestowed the Gold Award for Best Experiential Marketing 2020-2022 at the Malaysia Shopping Malls Association awards ceremony in recognition of its CSR initiative – We Are With You – A Mental Health Awareness Campaign. KLCC Urusharta Sdn Bhd and KLCC Parking Management Sdn Bhd were awarded the Gold Award respectively by the Royal Society for Prevention of Accidents in recognition for excellence in Occupational Health and Safety management systems, and in ensuring

compliance to the applicable laws within their business operations.

THE YEAR TO COME

2023 is expected to be a year of normalisation though there is still much uncertainty in the macroeconomic and geopolitical environments with continued headwinds in the external market conditions. As we sharpen our strategy, aligning our business to growth and value opportunities, we will continue to maintain a culture that safeguards the responsible and sustainable business practices, underpinned by our strong moral values and deep sense of integrity. We seek to maintain our leadership position in the market and continue to reward our holders of Stapled Securities with strong returns.

APPRECIATION

Reflecting on how we have weathered another challenging year, I am honoured to acknowledge the people, who are the strength behind this organisation. On behalf of the Boards, my sincere gratitude to the Management and our employees for their commitment and agility as one team that has made it possible for the organisation to navigate the challenges towards recovery and contribute to this year’s performance. My thanks also go to my fellow Board Members for their support and stewardship in ensuring the highest standards of governance and oversight on matters that are critical to the organisation.

To all our stakeholders, I thank you for your confidence and continued journey with us despite the challenging period. We will continue to ensure that the trust you place in KLCCP Stapled Group will be rewarding in the longer term. Together, let us move into 2023 stronger, with higher hope amidst the uncertainty.

Tan Sri Ahmad Nizam bin Salleh
Chairman

A CONVERSATION WITH THE CEO

...

A change is always difficult but nevertheless, it is a journey, and I am confident that with the talents we have, we will be able to move far and beyond.



DATUK MD. SHAH BIN MAHMOOD
Chief Executive Officer



You are in the second year at the helm of KLCCP Stapled Group. Can you tell us how different this year was compared to your first year?

2022 was indeed busy and challenging but satisfying nonetheless, as we started to see positive signs of resilience and recovery towards normalisation of business activities following the transition to the endemic phase beginning 1 April 2022. It was good to have our tenants finally returning to office in full force, our retail malls gaining momentum with increased local and tourist footfall, and our hotel seeing a turnaround in occupancy from pent-up demand in group and event bookings. It was liberating to finally experience the buzz back at the KLCC Precinct with more than 1,000 events held bringing in over 700,000 visitors to the precinct.

Whilst we have been at the forefront of the Nation's recognisable landmarks, during the pandemic, we continued to preserve our spaces well and to see them stay relevant and still be the destination of choice is truly humbling. Our iconic buildings and spaces are a statement of our history, ambition and a source of pride and yet even today, they still give the community a feel of a-city-within-a-city and not to mention, insta-worthy pictures to take home too!



We finally saw the light at the end of the tunnel when the country transitioned to the endemic phase on 1 April 2022. Can you describe the key highlights and achievements during the year?

2022 has been a year of encouraging momentum. Our pathway towards recovery began as the Malaysian economy reopened and transitioned into the endemic phase. With the relaxation of domestic travel restrictions and gradual recovery from inbound travel demand, we saw improved domestic tourism and pick-up in international leisure travel which significantly spurred our retail and hotel performance.

Our revenue increased by 24.6% to RM1.5 billion, from the healthy rebound in our retail and hotel segments, anchored by the stable office segment. Profit Before Tax (PBT) excluding fair value adjustment also improved in tandem from RM712.5 million to RM894.5 million, up 25.5%. With this encouraging performance, KLCCP Stapled Group distributed 38.00 sen per Stapled Security, 13.1% higher compared to 2021, delivering on our commitment to our holders of Stapled Securities.

2022 Highlights

Anchored on our **Three-Pronged Growth Strategy**, we set out to establish clear targets, to position the Group as a Solutions Partner.

Unveiled the **Group's New Operating Model**

- **Enterprise model** to achieve effectiveness in **deliverables**, efficiency in **value chain processes** and **clear accountability**
- New organisation structure which is centred on a **collaborative model**, hybrid matrix structure
- New limits of authority.

In accelerating our sustainable mobility, during the year, **KLCC became the venue with the largest number of EV charging points in Malaysia.**

A CONVERSATION WITH THE CEO

Our retail, Suria KLCC and the retail podium of Menara 3 PETRONAS recorded its highest tenant sales, almost doubled last year's and even surpassed pre-Covid levels in 2019 by 9.5%. Living up to its tagline of "Always Something New", Suria KLCC continued to differentiate itself and brought in 16 new tenants including the first downtown Burger & Lobster outlet in Kuala Lumpur, providing its shoppers with a diverse blend of experiences.

Our hotel, Mandarin Oriental, Kuala Lumpur (MOKL Hotel) saw a strong rebound in the second half of the year benefitting from the full economic reopening - its average occupancy almost tripled last year's whilst occupancy during the New Year's week in December hit 72%. The hotel also saw its F&B business outperform, with over 50 banqueting, wedding and MICE events, generating more than RM16.0 million in revenue. MOKL Hotel's milestone for the year was actually their sale of more than 12,000 boxes of mooncakes during the mooncake promotion, raking in RM2.0 million in revenue, its best achievement since the hotel's opening 24 years ago.

Q3 **We hear that the Group strengthened its push towards going green and embarked on several significant strategic initiatives during the year. Can you enlighten us on these initiatives?**

In accelerating our sustainable mobility, during the year, KLCC became the venue with the largest number of EV charging points in Malaysia. We installed 35 EV chargers at KLCC Precinct, bringing the total EV chargers to 57. Another 42 units of EV chargers will be installed across the Group's other managed facilities namely Menara Dayabumi, and properties in Putrajaya by end 2023. This is the collaboration with Gentari Sdn Bhd, to jointly explore opportunities in potential projects and services related to green mobility and renewables to be implemented within the KLCC Precinct and its managed facilities.

We also fitted energy saving LED lights on the external facade of the PETRONAS Twin Towers with state-of-the-art lamp colours technology, replacing the metal halide lightings. This will not only enable the PETRONAS Twin Towers to be lit up in various colours but will also potentially save in energy consumption and maintenance cost. Towards digitalisation and in collaboration with our tenant, we successfully installed facial recognition devices for improved security and contactless access at the PETRONAS Twin Towers during the year.

With all these initiatives and more, under the KLCC Business Events Alliance (KLCCBEA), the KLCC Precinct partners have set their sights on creating a Sustainable



A CONVERSATION WITH THE CEO

Development Goals (SDG) precinct as a catalyst to spur the competitive standing of Kuala Lumpur as a preferred destination for international conferences. The main goal is for visitors to “meet, eat, sleep, shop and play” sustainably in the precinct. Interestingly, at the KLCCBEA & Urbanice Malaysia Symposium held in September 2022, it was highlighted that based on the activities of our precinct partners collectively, we actually hit 17 of the SDGs and 119 out of 169 targets. That’s a commendable 70%! We are looking to delivering more precinct-wide SDG activities and to enlarging this initiative to include other non KLCC owned hotels surrounding the KLCC Precinct in implementing the roadmap towards this aspiration.



How are you driving the strategic direction of the Group, to future ready the organisation and be in a position of strength?

When I came on board in 2021, I had 3 priorities – Business Performance & Operational Resilience; Workforce Agility and Sustainable Customer Solutions. I worked on setting clarity of the Group’s strategic direction, coupled with an aligned organisation design which would allow me to foster a culture of greater empowerment and accountability. In 2022, we unveiled the Group’s New Operating Model which was designed as an enterprise model to achieve effectiveness in deliverables, efficiency in value chain processes and clear accountability; the new organisation structure which is centred on a collaborative model – hybrid matrix structure; and the new limits of authority.

During the year, we engaged with the Boards and Leadership team on the Group’s portfolio assessment and viable strategic initiatives to plan towards the Group’s next growth. Anchoring on our Three Pronged-Strategy – Maximising Cash Generators; Expanding Core Business and Stepping Out; we set out to establish clear targets to meet stakeholder needs and position the Group as a solutions partner, progressing lifestyle for a sustainable future.

Moving forward, we will focus on maximising our cash generators by sweating our assets and building a solid foundation for growth. We plan to expand our core real estate business by growing our property investments and enhancing our integrated business model. We will also step out to build capabilities which will put us in good stead to venture out in future years.



A CONVERSATION WITH THE CEO



Employee engagement initiatives are one of the primary objectives of a CEO. Can you describe some of the employee initiatives that you have rolled out this year?

I was delighted to see our office come to life with the return of our talents back to the office. I finally got to meet our KLCC family in person from the Townhall and the 3 engagement sessions I had, to the Group Raya Open House, Long Service Award ceremony and Annual Dinner.

Our talents are responsible for ensuring our organisation’s purpose is met and it’s crucial that they thrive in our workplace environment as we understand the importance of attracting and retaining a high performing workforce. Following the reorganisation of the KLCC group structure, we revamped the organisational performance review and employment model. Our Human Capital team conducted a talent mapping

exercise to fit the right talent to the right position, enhanced the job and salary grade - benchmarking against the property development and management companies. In ensuring sustainability of our talents’ capability, we initiated a capability inventory review to align with the areas of excellence towards supporting the Strategic Framework – 6 core capabilities areas were identified and will be rolled-out by Q1, 2023.

We conducted a series of performance management upskilling covering 95% of managers and introduced enhanced leadership competencies, where we upskilled over 80% of Senior Managers and above. We also continued with our “Learning Friyays” initiative which included classroom and digital learning platforms and todate, we have an encouraging 85% of employee participation with an average of 28 training hours per employee. Our aim is to create a future fit organisation where people join, stay, grow and belong.



A CONVERSATION WITH THE CEO



Last but not least, what is the Group’s outlook for 2023 since the Covid-19 pandemic is behind us?

We are hopeful that 2023 will be a better year for us though we are mindful that the year ahead may be impacted by heightened macroeconomic and geopolitical uncertainty. As the business returns to normalcy, we anticipate more robust performance, particularly from the retail and hotel segments. We are optimistic that the office segment will remain stable and continue to generate steady cash flows for the Group. Our strategic initiatives, sustainability aspiration in support of climate action and strong investment property portfolio, will enable us to continue to deliver long-term value and accretive returns to our holders of Stapled Securities.

I would like to express my gratitude to the Leadership Team and the KLCC family for their hard work, dedication and enthusiasm in being onboard with me on this meaningful journey towards delivering on our operational excellence and Moving Forward Together aspirations. My sincere appreciation to the KLCCP and KLCC REIT Board of Directors for their astute insights and wise counsel throughout this year, enabling the Group to emerge more resilient. Together with the KLCC family, I look forward to delivering on our Group’s purpose and creating sustainable value and growth for our customers, employees and the local communities where we operate.

Datuk Md. Shah bin Mahmood
Chief Executive Officer



Arising from the #IAmAccountable campaign launched last year, how do you see the progress in creating a more agile, customer focused and engaged culture?

Strengthening the culture of our organisation and aligning it to our Strategic Framework is key to getting the most out of our talents within the Group and successfully delivering on our strategy in the long-term. In 2022, pursuant to our new organisational structure, we set up a dedicated Culture and Change Management team to spearhead the culture and change agenda within the Group. We started with the #IAmAccountable in 2021 and progressed into a meaningful change with #TimeToDeliver in 2022 - for our people to take ownership and become more agile, more customer centric and better placed as a Solutions Partner, to respond to changes in the external market conditions and to our stakeholders.

We leveraged on our Cultural Beliefs and conducted engagements with Divisions and Departments together with our Culture & Change Influencers to rally towards our desired culture, culminating in the Organisational Culture Survey in December. This was to measure culture and engagement across 6 drivers – purpose, clarity, empowerment, connection, growth and wellbeing. We had a 91% response rate from our employees, and a 87% score on integrity. 78% of our people are excited about the future prospects of the Group. I must thank the KLCC Family for all the feedback we received and we have identified focus areas to improve on as part of our 2023 roadmap on culture change.

A change is always difficult but nevertheless, it is a journey, and I am confident that with the talents we have, we will be able to move far and beyond in achieving our desired high performing culture in delivering on potential opportunities in an efficient and effective way.

ESG AT THE FOREFRONT



Modernisation of external lighting of PETRONAS Twin Towers

Installation of over 900 LED lights, which is expected to save energy consumption and maintenance cost.



No Single Use Plastics

Embarked on 'No Single Use Plastics' across the Group. This groupwide program will be implemented in phases starting with PETRONAS Twin Towers and Menara Dayabumi.



The Asset Corporate Awards 2022

Platinum Award for the Excellence in Environmental, Social and Governance (ESG)



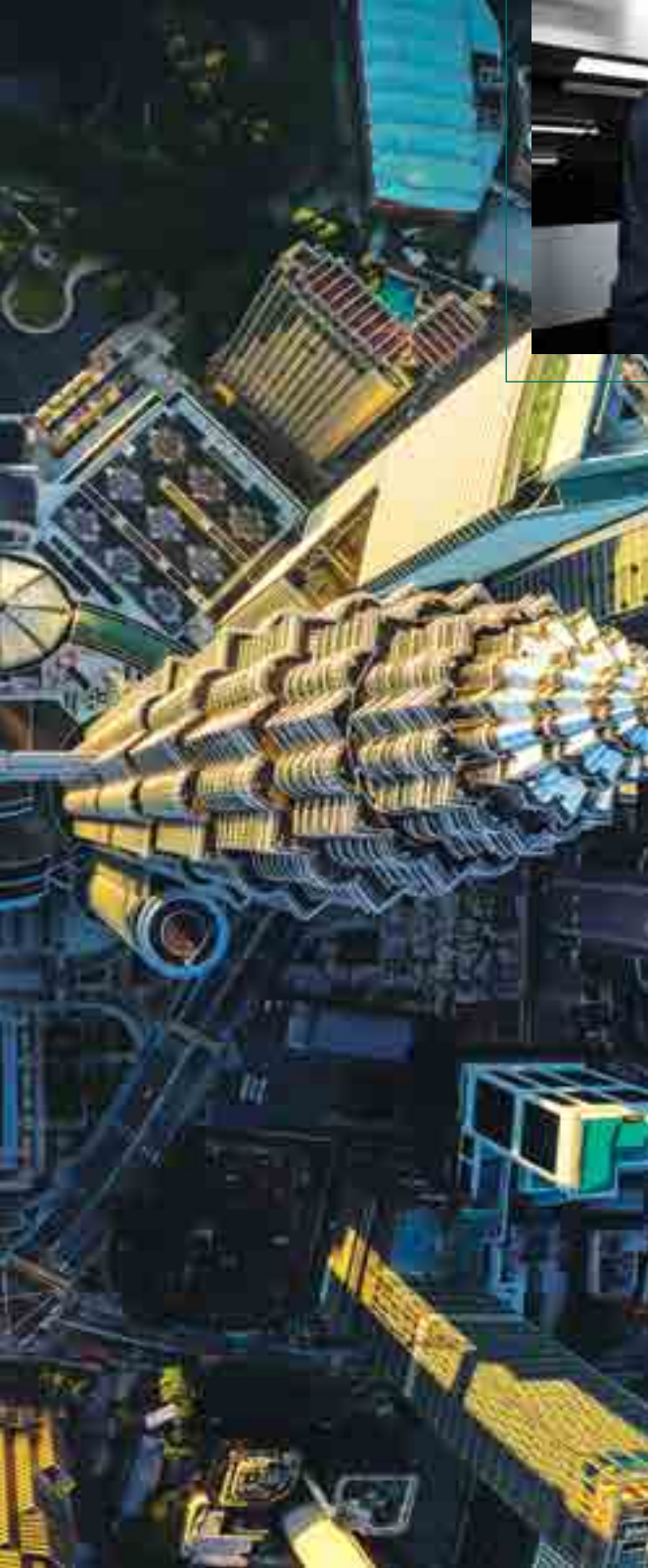
Royal Society for Prevention of Accidents (RoSPA)

Gold Award - KLCC Urusharta Sdn Bhd & KLCC Parking Management Sdn Bhd



Malaysia Shopping Malls Association Awards

Gold Award – Suria KLCC for Best Experiential Marketing 2020-2022 in recognition of We Are With You - A Mental Health Awareness Campaign



Electric Vehicle Charging Points

Installed 35 electric vehicles (EV) chargers within KLCC Precinct, making it Malaysia’s largest EV charger deployment in a single location.



Mental Health

Suria KLCC is the first mall in Malaysia to drive a mental health awareness campaign, incorporating the creation of safe spaces for the community, and actively reaching out and publicising the importance of mental health care. Suria KLCC teamed up with the Green Ribbon Group, The Bodyshop as well as Mental Illness Awareness & Support Association (MIASA) to normalise conversations about mental health.

UNSDGs

KLCC Precinct Sustainability activities have achieved all 17 of the United Nations Sustainable Development Goals (SDGs) and 119 out of 169 targets.



Ministry of Tourism, Arts & Culture

Asean Green Hotel Standard 2022 – 2024 - MOKL Hotel



Sustainable Energy Development Authority (SEDA) Award

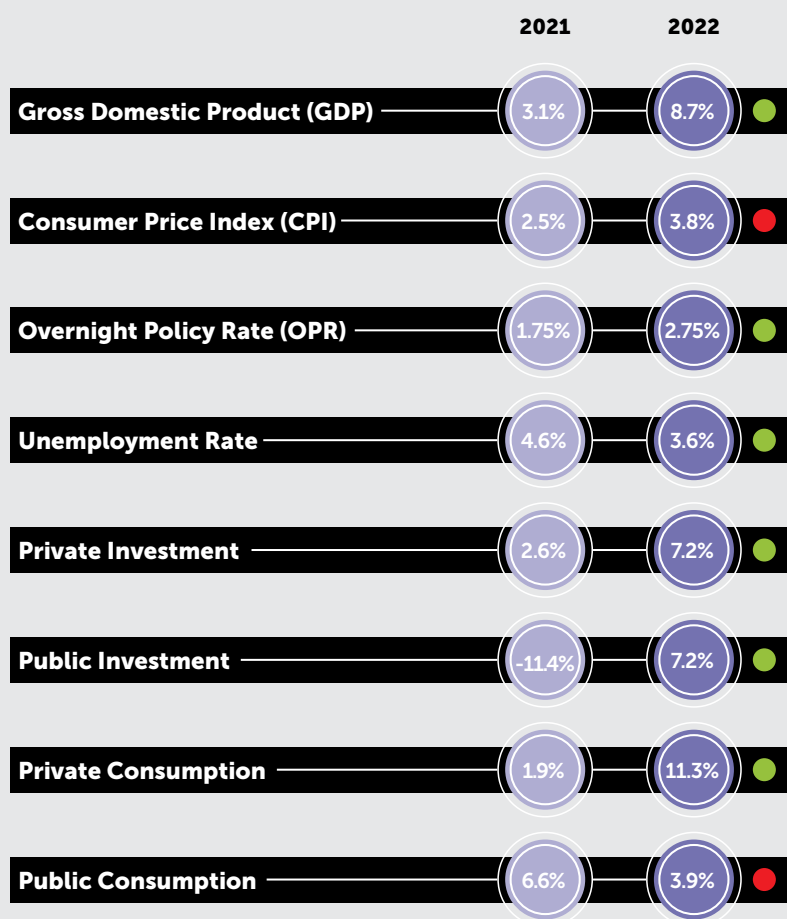
3-Diamond Rating Sustainable Low Carbon Building 2020 – MOKL Hotel

MARKET REPORT

THE MALAYSIAN ECONOMY GREW MODERATELY BY 7.0% IN Q4/2022. THE CONTINUED INCREASE IN DOMESTIC DEMAND UNDERPINNED THE HIGH GROWTH



ECONOMIC OVERVIEW





Office Market Overview

A positive outlook is expected in Kuala Lumpur (KL) City’s office market as office leasing activities are reactivated, in line with the reopening of businesses post-pandemic. Despite the challenges in maintaining competitive rental rates amid inflationary pressures, the demand for office space remained robust. Flight-to-quality amongst tenants is expected to persist as tenants enjoy favourable rental incentives and leasing options from newer office buildings.

KL City Office Supply

53.8
million sq. ft.
(2021: 52.4 million sq. ft.)

Average Occupancy Rate:



Retail Market Overview

Malaysia’s retail industry is finally on the path to recovery after almost three years of the Covid-19 pandemic. 1st April 2022 marked Malaysia’s transition to the endemic phase of living with Covid-19, where international borders reopened, and the need for MySejahtera check-in was no longer necessary. Limited business operating hours were also removed. KL City was back with a lively, vibrant scene with tourists and local shoppers seen every day of the week. However, the challenge for the retail market remains stiff due to economic uncertainty.

KL City Retail Supply

12.3
million sq. ft.
(2021: 11.5 million sq. ft.)

Average Occupancy Rate:



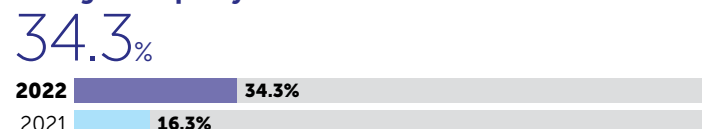
Hotel Market Overview

The reopening of international borders substantially benefitted the hospitality sector. The tourism industry is reviving, fuelled by strong domestic demand. Hotels have been fully operational, with businesses and trading activities return to normal. More hotels are expected to be opened in 2023 and 2024, as construction activities are resuming and control measures being lifted by Malaysia government. As of 2022, the supply for 5-star hotel in KL City stood at 35 hotels from 33 hotels in 2021. The Average Occupancy Rate (AOR), increased to 31.3% in H1/2022 from 16.3% in 2021. The recent currency depreciation positively impacts the tourism industry, making Malaysia one of the affordable holiday destinations for international travellers. Hotel performance will gradually show improvement in the coming future.

KL City 5-Star Hotel Supply:

35 hotels **14,661** rooms
(2021: 33 hotels, 13,419 rooms)

Average Occupancy Rate:



MARKET REPORT

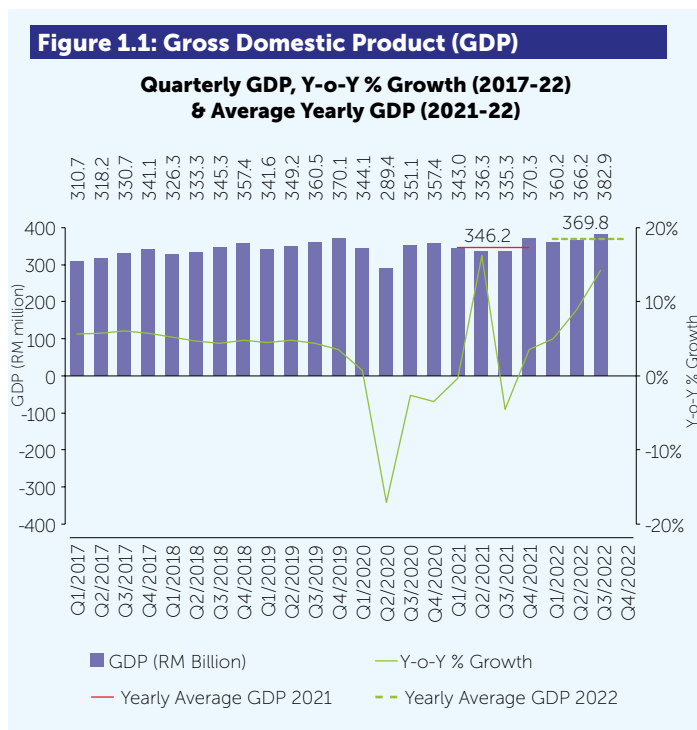
ECONOMIC OVERVIEW

In 2022, Malaysia focused on reviving from the Covid-19 pandemic. With an overall high vaccination rate, the announcement of transitions to endemicity and the reopening of international borders in April 2022, most businesses were back to normalcy by H2/2022. However, the heightened Russia-Ukraine War brought fresh challenges, such as rising energy and food prices.

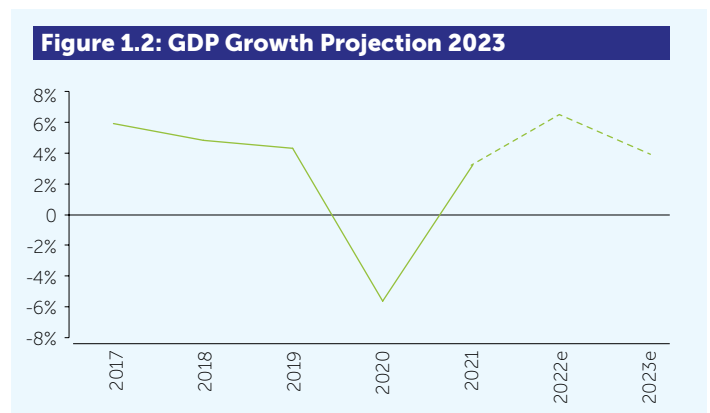
Despite this pressure, the Malaysian economy grew moderately by 7.0% in Q4/2022 (Q3/2022: 14.2%) (Figure 1.1). The continued increase in domestic demand underpinned the high growth. The quarterly GDP was seen improving continuously from RM360.2 billion to RM396.2 billion in 2022, supported by the resumption of businesses and economic activities, recovery in the labour market as well as the services and manufacturing sectors. The Malaysian economy expanded by 8.7% in 2022 (2021: 3.1%).

Average quarterly Gross Domestic Product GDP improved from RM346.2 billion in 2021 to RM376.4 billion in 2022.

Global growth continued to moderate in 2022. This is mainly due to the impact of higher interest rates on domestic demand resulting in slower manufacturing and service sectors. Owing to the inflation, international trade was also seen as impacting severely. Compared to the global economic performance, Malaysia performed quite promisingly.



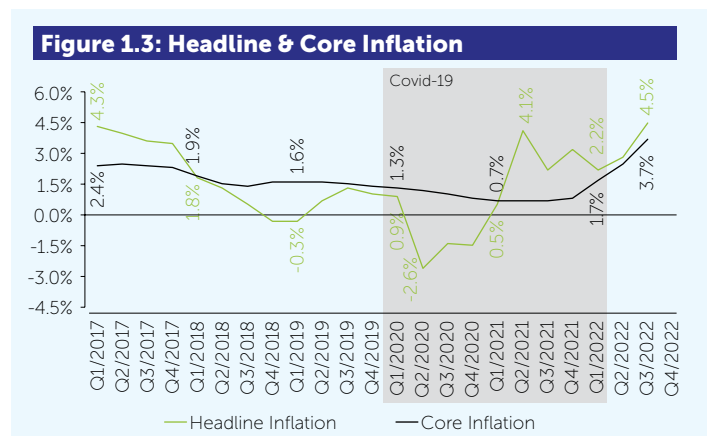
Source: Bank Negara Malaysia (BNM)



Source: Bank Negara Malaysia (BNM) & World Bank
Note: e=estimate

According to the World Bank, continuing multi-year investment projects will provide additional support for economic growth. In addition, tourism-related activities by domestic and international travellers are expected to recover gradually.

Attributed to favourable growth momentum in the domestic economy, steady expansion in the external sector, and continued improvement of the labour market conditions, the Ministry of Finance (MoF) projects that GDP is likely to grow further by 4.0% in 2023. (Figure 1.2).



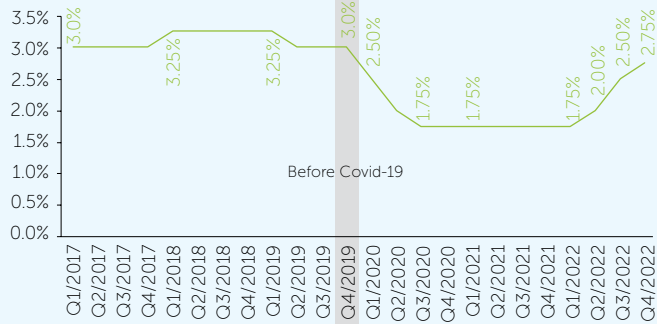
Source: Bank Negara Malaysia (BNM)

Sustained increases in core and price-volatile inflation have driven headline inflation up in the recent past (Figure 1.3). However, it began to moderate from its high levels amid softening commodity prices and easing global supply chain conditions.

Headline inflation moderated by 3.9% during Q4/2022 (Q3/2022: 4.5%). The easing is mainly due to the lowering of key global commodity prices, which partly led to low prices of fuel as well as some key staple food items.

The downward adjustment in headline inflation was offset by Core inflation which spiked by 4.2% (Q3/2022: 3.7%), attributable to continued strength in domestic demand.

Figure 1.4: Overnight Policy Rate (OPR)

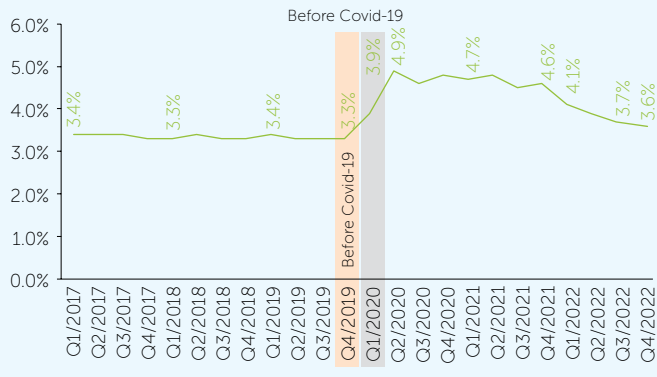


Source: Bank Negara Malaysia (BNM)

With the improvement in the domestic market, signs of demand-driven inflation were closely monitored. As a result, Bank Negara Malaysia (BNM) has raised the Overnight Policy Rate (OPR) four times by 25 bps each since May 2022. The last (fourth) revision was made in November 2022.

As of 31st December 2022, OPR stands at 2.75% (Figure 1.4), still lower than the pre-pandemic level. Recovery from the economic downturn, robust growth, elevated and broad-based inflation is likely to prompt further tightening of monetary policy by raising OPR to / over 3.0%.

Figure 1.5: Unemployment Rate

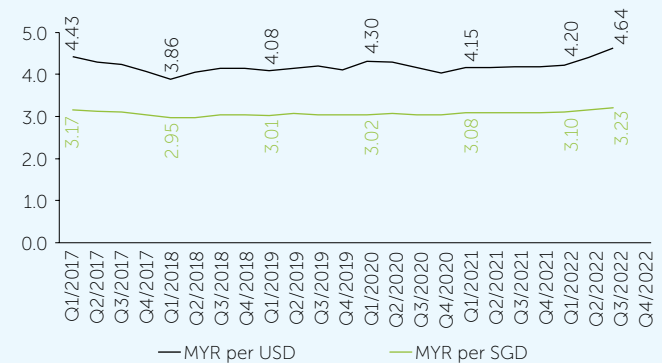


Source: Bank Negara Malaysia (BNM)

Labour market conditions have been improving steadily since the government’s announcement of the transition to the endemic phase. As of Q4/2022, the unemployment rate stands at 3.6% (Q3/2022: 3.7%, Q4/2021: 4.6%), gradually leading to pre-pandemic numbers (3.3-3.4%) (Figure 1.5).

The services sector continued to witness the positive growth in terms of employment numbers, particularly in food & beverage sector, wholesale and retail trade and information & communication sector. Moving into 2023, the labour market is expected to continue to maintain its recovery momentum in line with the positive economic developments.

Figure 1.6: Exchange rate (USD & SGD)

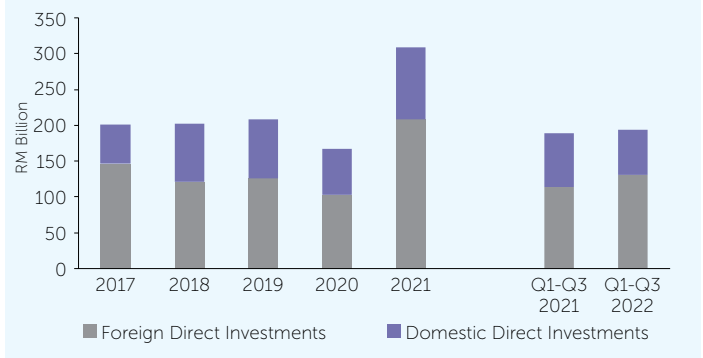


Source: Bank Negara Malaysia (BNM)

Since the beginning of 2022, Ringgit has remained on its downward trajectory amid the inflation outlook in developed countries (Figure 1.6). As of Q4/2022, the value of the ringgit against the Singapore dollar has dropped to its lowest since 2017. However, the same against the US dollar improved slightly.

The US Federal Reserve has re-adjusted the policy rate by a total of 425 bps in last nine months. The wide gap between Malaysia and the United States of America’s speed to increase the policy rate has primarily contributed to the fall of ringgit at record low price in 2022. However, China’s exit from zero-COVID has highly benefited the Asian economies, exporters of consumer goods and tourism services to China, partially benefitting the value of the ringgit against the greenback.

Figure 1.7: Approved Investment

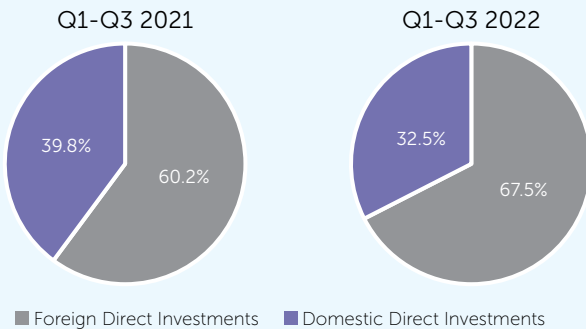


Source: Malaysian Investment Development Authority (MIDA)

Malaysia attracted RM193.7 billion of approved investments in the services, manufacturing and primary sectors involving 2,786 projects in January-September 2022, an increase of 2.5% compared to the same period in 2021 (RM189.0 billion) (Figure 1.7).

MARKET REPORT

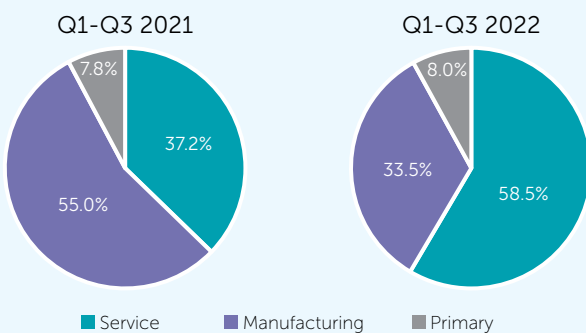
Figure 1.8



Source: Malaysian Investment Development Authority (MIDA)

Foreign Direct Investments (FDI) remained the major contributor to the total approved investments (67.5% or RM130.7 billion), an increase of 15.0% compared to the same period last year (Figure 1.8). In comparison, Domestic Direct Investment (DDI) contributed 32.5% or RM63 billion.

Figure 1.9



Source: Malaysian Investment Development Authority (MIDA)

In January-September 2022, Malaysia’s approved investments were predominantly attracted to the service sector (Figure 1.9). While the services sector attracted 58.5% (RM113.3 billion), the manufacturing and primary sector had secured 33.5% (RM64.9 billion) and 8.0% (RM15.5 billion), respectively.

Five states recorded significant approved investments viz. Johor (RM63.9 billion), Federal Territory of Kuala Lumpur (WPKL) (RM26.1 billion), Selangor (RM25.7 billion), Sarawak (RM17.6 billion) and Kedah (RM12.1 billion).

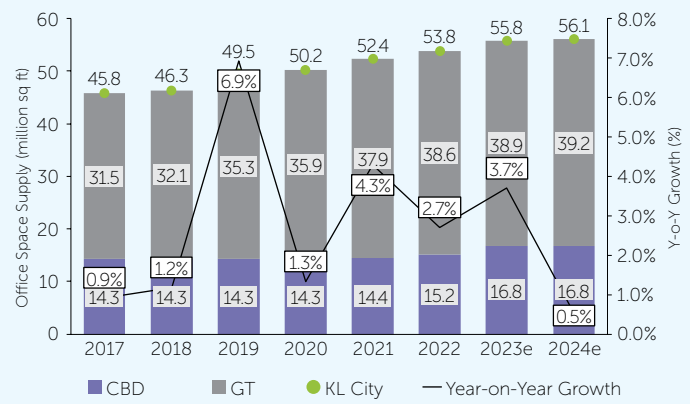
Of the total investments approved, China dominated foreign investments totalling RM49.2 billion, followed by the United States (RM16.9 billion), the Netherlands (RM16.5 billion), Germany (RM9.2 billion) and Singapore (RM8.7 billion).

OFFICE MARKET OVERVIEW

Demand for KL City’s office space remained strong, as evidenced by significant improvements in office net absorption in 2022, underpinned by the resumption of business-as-usual post-pandemic. Meanwhile, persisting tenant movements to select newer office buildings with attractive offerings are expected, in tandem with new office space completions in KL City.

As of 2022, KL City has 53.8 million sq ft of office space, a 2.7% year-on-year (Y-o-Y) growth from 2021 (2021: 52.4 million sq ft) (Figure 2.1). Current projections call for an additional 2.3 million sq ft in KL City by 2024, a 2.1% Compounded Annual Growth Rate (CAGR) from the existing supply as of 2022. Of this incoming supply, about 1.7 million sq ft is attributed to the expected completion of Merdeka 118 in 2023.

Figure 2.1: Cumulative Office Supply in KL City

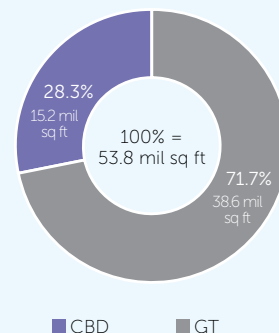


Source: Savills Malaysia

Note: e = estimate

Note: KL City Region consists of two zones, i.e., Golden Triangle (GT) and Central Business District (CBD)

Figure 2.2: Distribution of Office Supply in KL City by Area, 2022



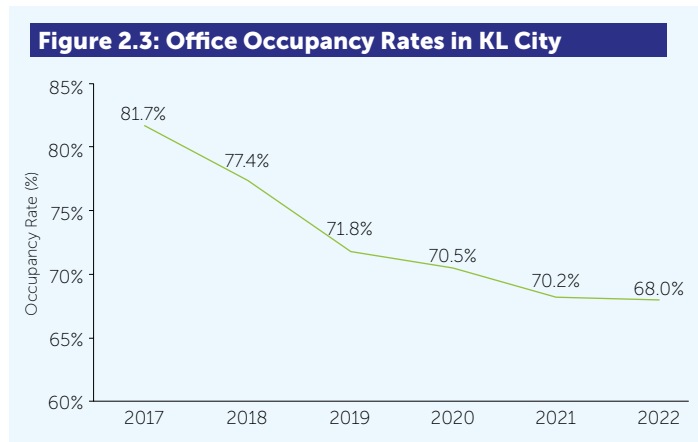
Source: Savills Malaysia

The majority of KL City’s office space is in the Golden Triangle area, which amounts to 71.7% (38.6 million sq ft) of the total space. Overall, 2022 saw three new office building completions, contributing 1.4 million sq ft to the KL City region. These buildings include The Stride Strata Office @ BBCC, Menara Affin @ TRX and Pavilion Embassy Corporate Suites.

Selected New Office Developments in KL City

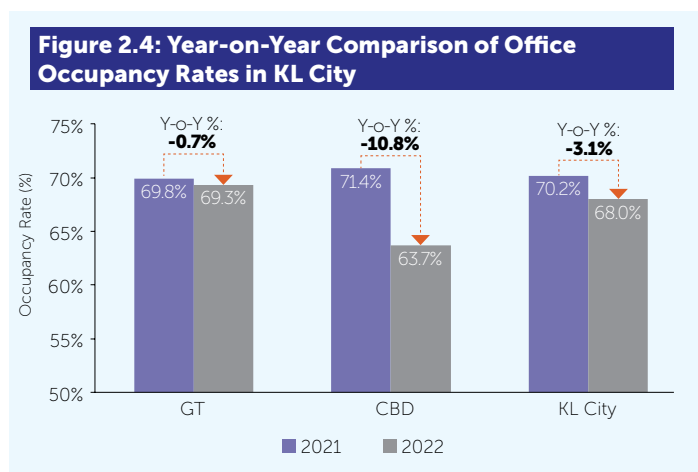
Selected Major Office Buildings	Location	Estimated Net Lettable Area (NLA) (sq ft)	Expected Completion Year
PNB 1194	Jalan Sultan Ismail	169,000	2023
LQ Office	Tun Razak Exchange	197,000	2023
Merdeka 118	Tun Razak Exchange	1,650,000	2023
Signature Office @ Oxley Tower, KLCC	Jalan Ampang	300,000	2024

Source: Savills Malaysia

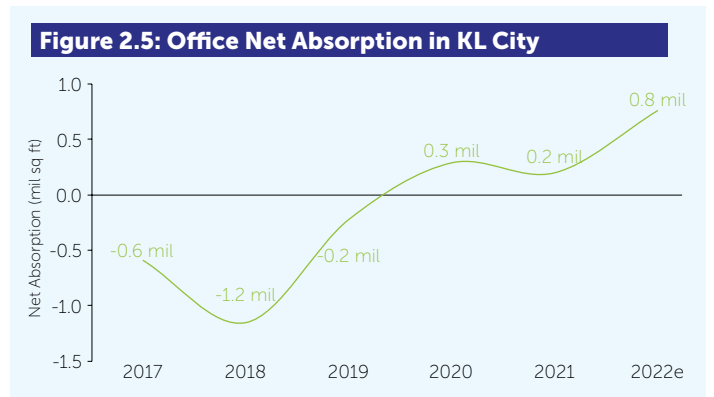


Source: Savills Malaysia
 Note: The chart for occupancy rate includes all grades of office buildings

KL City’s office space registered an occupancy rate of 68.0% in 2022 (Figure 2.3), a Y-o-Y decrease of -3.1% (2021: 70.2%) (Figure 2.4). Notable tenant movements in KL City during the review period include the relocation of Affin Bank from Menara Boustead along Jalan Raja Chulan to the newly completed Menara Affin @ TRX (0.62 million sq ft). As leasing activity continues to pick up, occupancy rates are expected to rise in the near term.

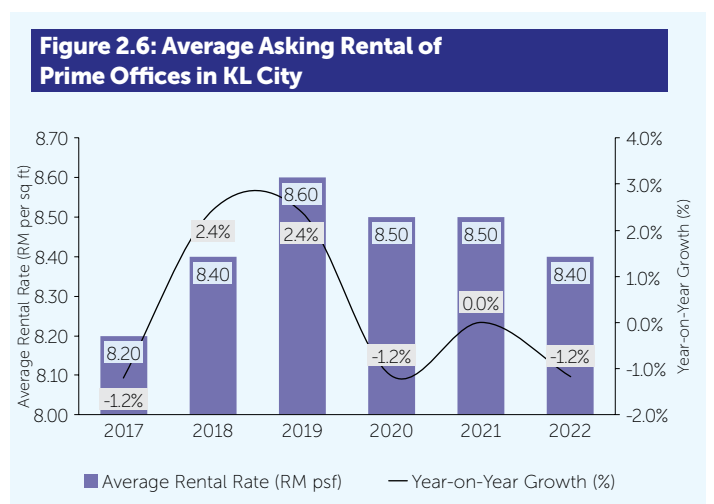


Source: Savills Malaysia



Source: Savills Malaysia
 Note: e = estimate

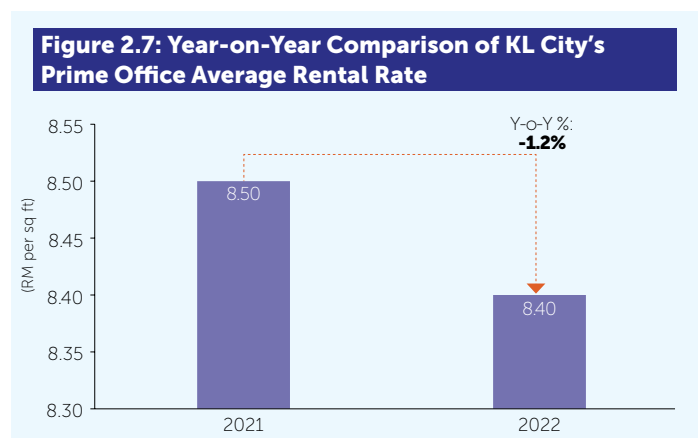
Office net absorption in KL City recorded negative figures from 2017 to 2019 as supply outpaced demand for office space (Figure 2.5). Conversely, yearly positive net absorption was observed since 2020, with a record of 0.8 million sq ft net absorption achieved in KL City in 2022; as the nation transitioned to the endemic phase and business-as-usual resumed.



Source: Savills Malaysia

KL City’s prime office average asking gross rentals have stabilised within the range of RM8.40 per sq ft to RM8.60 per sq ft per month since 2018 (Figure 2.6), although better rental incentives have been offered to tenants over the past three years as landlords coped with tenant-friendly rental rates to remain competitive.

MARKET REPORT



Source: Savills Malaysia

For prime office spaces in KL City, the gross asking rental was RM8.40 per sq ft per month in 2022, equivalent to a slight Y-o-Y decrease of -1.2% from 2021 (Figure 2.7). In a tenant-led office market, landlords are faced with the conundrum of maintaining income streams with generous rental waivers and rent-free periods, whilst inflationary pressures and rising business costs continue to be causes for concern.

Major Office Transactions in 2022

Region	Buildings	NLA (sq ft)	Price (RM mil)	Price (RM per sq ft)	Buyer
KL City	Bangunan KWSP Changkat Raja Chulan	110,524	62	561	AIMS Data Centre Sdn Bhd
KL Suburban	Bangunan AHP	96,154	86	894	Kuala Sentral Point Sdn. Bhd.
KL City	Faber Imperial Court	141,468	245*	n.a.	Achi Jaya Plantations Sdn. Bhd.
KL Suburban	Wisma TM, Taman Desa	86,000	35	410	JAG Land Sdn. Bhd.

Source: Savills Malaysia

Note: *Transaction value includes a 398-key Sheraton Imperial hotel and Faber Imperial Court with NLA of 0.14 million sq ft

Notable transactions within the KL City and KL Suburban markets in 2022 include the acquisition of Bangunan KWSP Kuala Lumpur for RM62 million by TIME DotCom Berhad's wholly owned subsidiary, AIMS Data Centre Sdn Bhd, to expand their operational facilities by repurposing the said building into a data centre. Additionally, Q2/2022 also saw the disposal of Bangunan AHP in TTDI by Amanahraya Trustees Berhad for RM86 million.

Office Market Outlook

In most cases, we have seen an increase in office leasing activity within the review period, albeit in the form of very tenant-friendly deals. With a new Prime Minister being named during the last week of November 2022, it is hoped that this will improve economic conditions and investor sentiment, which is expected to lead to greater demand for office space from Malaysian and foreign companies over time.

As of 2022, most corporate occupiers are either back to the office or have moved into hybrid or flexible working arrangements where employees are spending a more significant portion of their time in the office than during the pandemic-affected years of 2020 and 2021; furthermore, with research from Savills and others appearing to confirm that instituting flexible

working arrangements does not necessarily lead to proportional reductions in the demand for office space, prospects for the office market are much more optimistic than they were 12 or 24 months ago.

Meanwhile, KLCCP Stapled Group's office portfolio remained resilient due to the stable occupancy and rental rates in 2022. Despite challenging market conditions, such as inflationary pressures and rising business costs in the post-pandemic market, KLCCP's office portfolio remained a significant contributor to the Group's revenue. The prime location of KLCCP's offices in KL City was leveraged to sustain high-quality tenants with long-term lease arrangements, especially for the PETRONAS Twin Towers, Menara 3 PETRONAS, Menara ExxonMobil and Menara Dayabumi.

Overall, it is evident that it will take some time to overcome the structural imbalances in KL City's office market whilst tenants continue to enjoy favourable leasing conditions in the interim. Also, notable office market trends such as flight-to-quality tenant movements and repurposing of office buildings are continuously expected. The office market outlook remains positive, building on a post-pandemic recovery momentum, as shown in the remarkable improvements in net absorption rates.

RETAIL MARKET OVERVIEW

Malaysia’s transition into the endemic phase has shifted consumer sentiment during the year, as reflected by the Malaysia Institute of Economic Research (MIER). The CSI showed improvement in Q1/2022 but decreased in the following quarter, mainly due to the economy facing 2-3 rounds of price hikes on goods and services. Consumers were more cautious about spending and delayed spending on higher-priced items. However, the CSI then increased back in Q3/2022 & Q4/2022 as consumers adapted to the new pricing of goods and services.

The Department of Statistics Malaysia (DOSM) reported that Malaysia’s retail sales registered a growth of 23.9% Y-o-Y to RM661.1 billion, a significant increase compared to the same period of 2021 (Figure 3.2). The total retail sales were observed to start increasing from April 2022, higher than the pre-pandemic total retail sales.

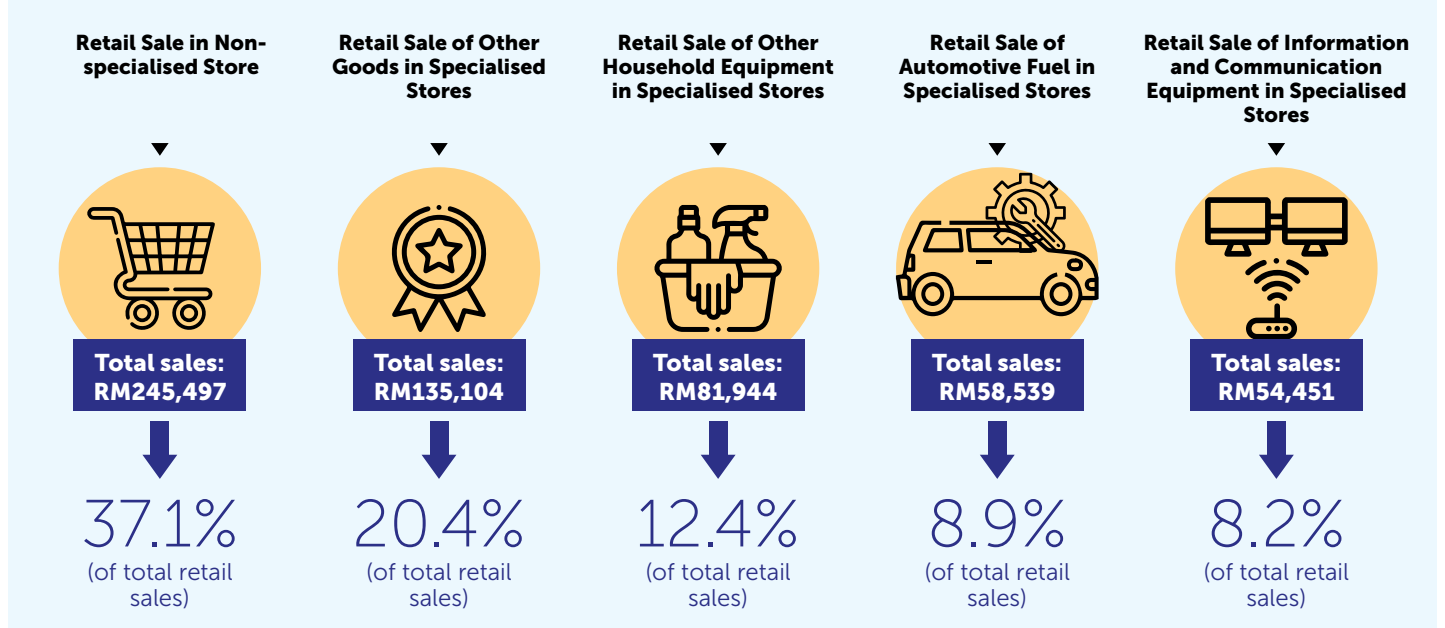
Figures released by the Retail Group Malaysia (RGM) for Q3/2022 shows that Malaysia’s retail industry recorded an unexpected growth rate of 96% (Y-o-Y) in retail sales. The retail industry improved by 45.9% compared to the same period in 2021. The extraordinary growth rate is inevitable and unlikely to happen again unless another forced closure of business were to happen. RGM has revised the annual retail industry growth rate for 2022 from 31.7% to 41.6%.

Figure 3.1: Malaysia Consumer Sentiment Index (CSI)



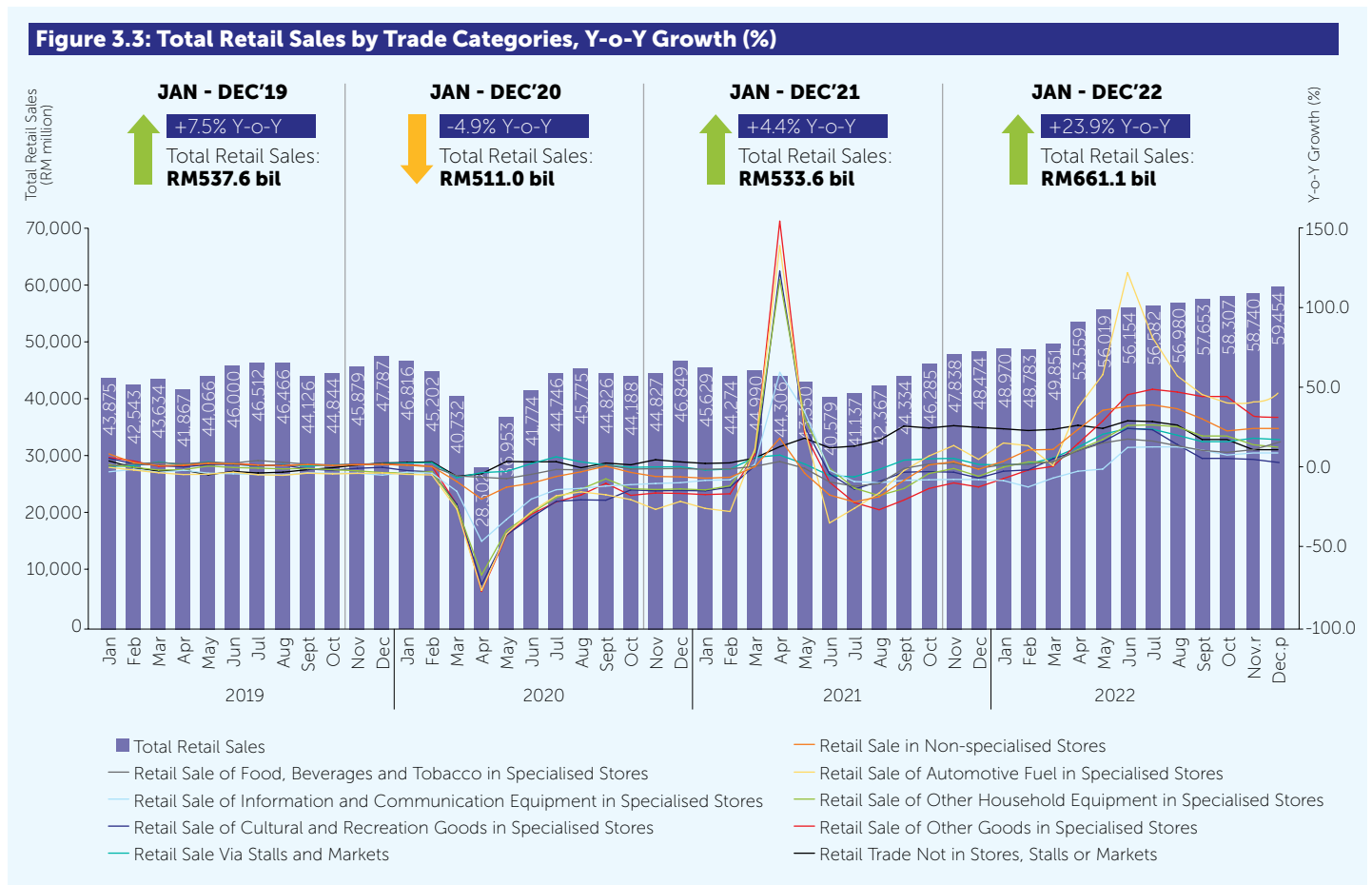
Source: Malaysia Institute of Economic Research (MIER)

Figure 3.2: Top 5 Retail Trade Categories with Highest Total Sales



Source: Savills Malaysia

MARKET REPORT



Source: Department of Statistics Malaysia (DOSM)
r= revision, p= preliminary

As of Q3/2022, the cumulative retail space supply in KL City registered at 12.3 million sq ft NLA, spread across 29 retail malls (Figure 3.3). The retail space in KL City has shown a stately movement over the years in relation to land scarcity which escalated a high land value. However, major malls such as Suria KLCC and Pavilion Kuala Lumpur have weathered the pandemic and witnessed the return of pre-pandemic crowds this year. Mitsui Shopping Park Lalaport opened in January 2022 with an NLA of approximately 860,000 sq ft, a flagship project under Mitsui Fudosan Co. Ltd., featuring mainly Japanese brands such as NITORI, Nojima and Don Don Donki.

A total of 2.25 mil sq ft of retail space is anticipated by the end of 2024, with the expected completion of The Exchange TRX in 2023 and Warisan Merdeka Mall in 2024. These malls will bring a new retail scene to KL City, making them new experiential retail destinations. (Figure 3.4)

After being muted for two years, the cumulative retail space in KL city is at

12.3 mil sq ft

spread across a total of about 29 malls

An addition of

861,141 sq ft

from the opening of

Mitsui Shopping Park Lalaport

A total of

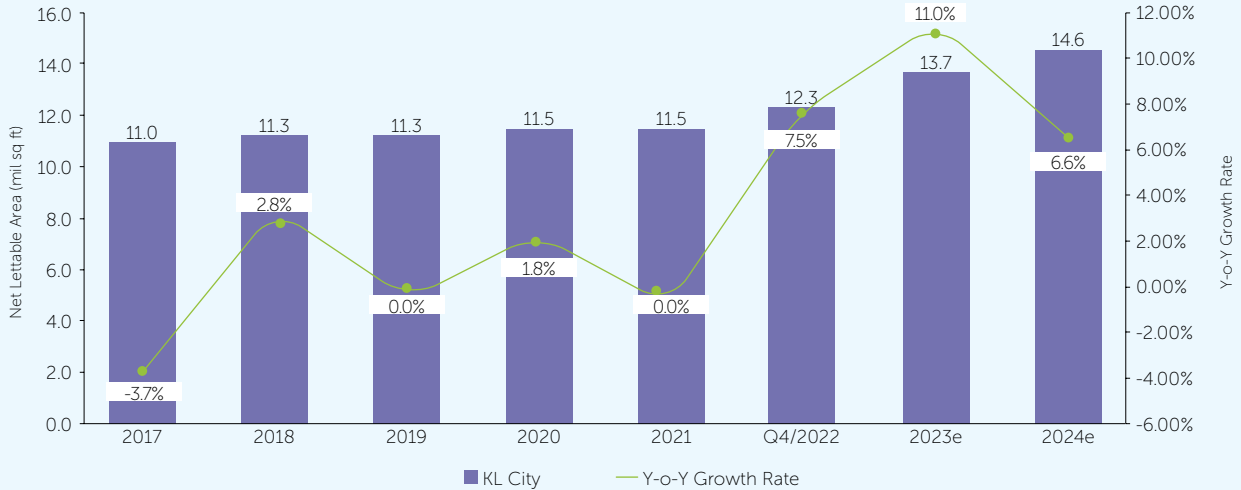
2.25 mil sq ft

of retail space is anticipated by the

end of 2024

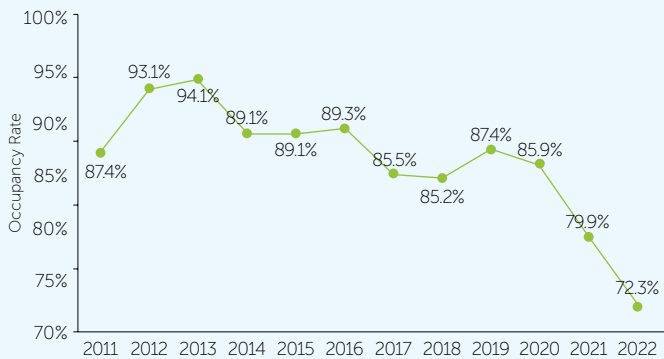
- ▶ **The Exchange TRX**
(1.35 mil sq ft)
- ▶ **Warisan Merdeka Mall**
(900,000 sq ft)

Figure 3.4: Cumulative Retail Space Supply in KL City



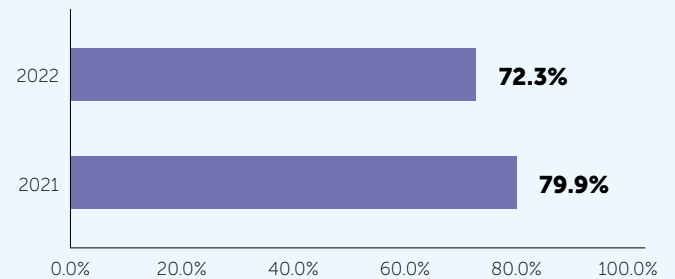
Source: Savills Malaysia
 Note: e = estimate
 Note: KL City Region consists of two zones, i.e., Golden Triangle (GT) and Central Business District (CBD)

Figure 3.5: Average Occupancy Rate of Retail Malls in KL City



Source: Savills Research

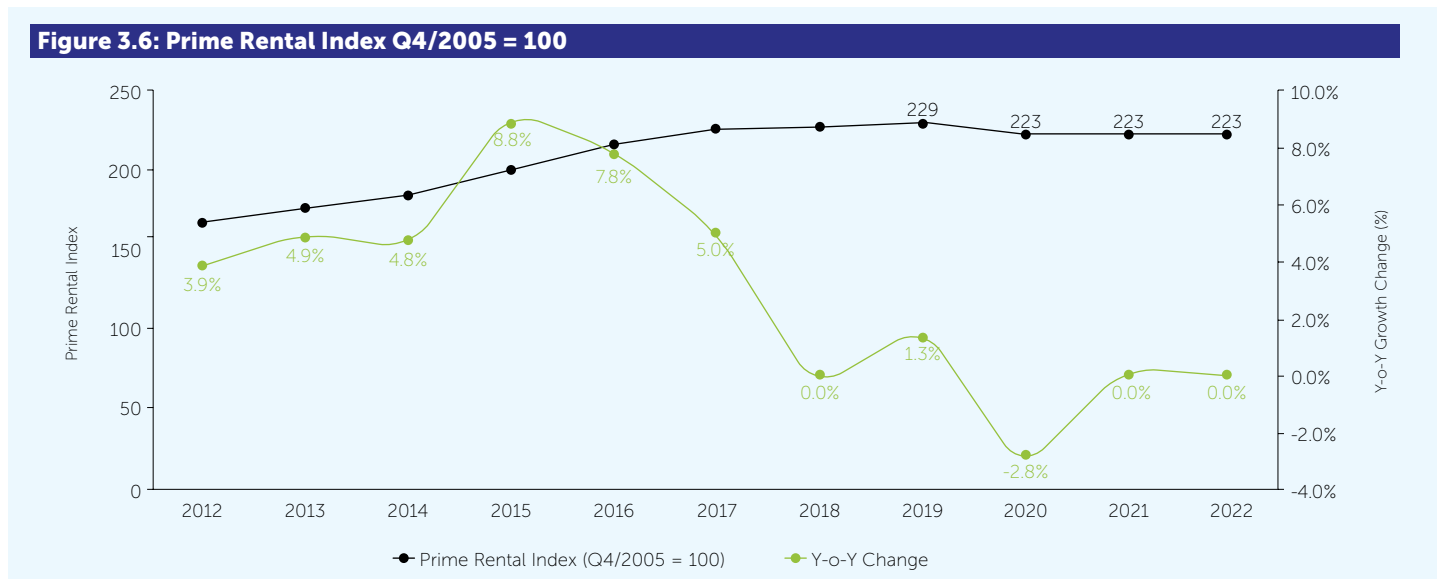
Average Occupancy Rate of Retail Malls in KL City, 2021-2022



The average occupancy rate of retail malls in KL City continues to show a downward trend from 2021 (79.9%) to 72.3% (Figure 3.5) following the adverse impacts of the prolonged Covid-19 pandemic. The overall drop was due to a lower occupancy rate recorded in Sungei Wang Plaza and Berjaya Times Square, which used to house small businesses' apparel. The opening of Mitsui Shopping Park Lalaport with a low occupancy rate also led to a low average occupancy rate. Despite that, occupancy rates for prime malls such as Suria KLCC and Pavilion Kuala Lumpur remained above 90%.

Alternatively, the vacancy rate of retail malls in KL City is at an all-time high of 27.7% in 2022, a further increase from 20.1% in 2021. The high vacancy rate is mainly from malls with mom and pop stores such as Sungai Wang Plaza and Berjaya Times Square.

MARKET REPORT



Source: Savills Malaysia

The rental index has remained stagnant since 2020 due to retailers staying loyal to the prime retail lots (Figure 3.6). Strong domestic and international brands in the trade category of timepieces, jewellery and clothing lines typically occupy these prime retail lots.

Nevertheless, a slight movement in leasing activities on prime retail space is still observed, and retailers are actively discussing securing a unit.

Kuala Lumpur Retail Market Outlook

As Malaysia is adapting to the "new normal" after entering the endemic phase, the economy is slowly recovering. The reopening of international borders and offices operating at full capacity have increased the footfalls in shopping malls within KL City. These malls are witnessing increase in sales from international tourists mainly from the luxury goods segment, after being dependant on domestic buyers for at least 2 years. With the recent announcement from China on their relaxation of Covid-19 rules after almost three years of strict border control, the retail sales are expected to increase. However, a surge of Chinese tourists is expected after some time as the country is also experiencing a rise in infection simultaneously.

Nonetheless, consumers are expected to be more cautious about spending, especially on big-ticket items, due to the uncertainty of the expected global recession and the rising inflation rate this year leading to a few rounds of price hikes on certain goods and services.

The occupancy rates of prime malls have been stable and weathered well throughout the pandemic. The average occupancy rate in KL City is expected to remain the same or show a slight decrease due to the slow take-up rate of new retail spaces. Rental rates are also not expected to rise in the near term.

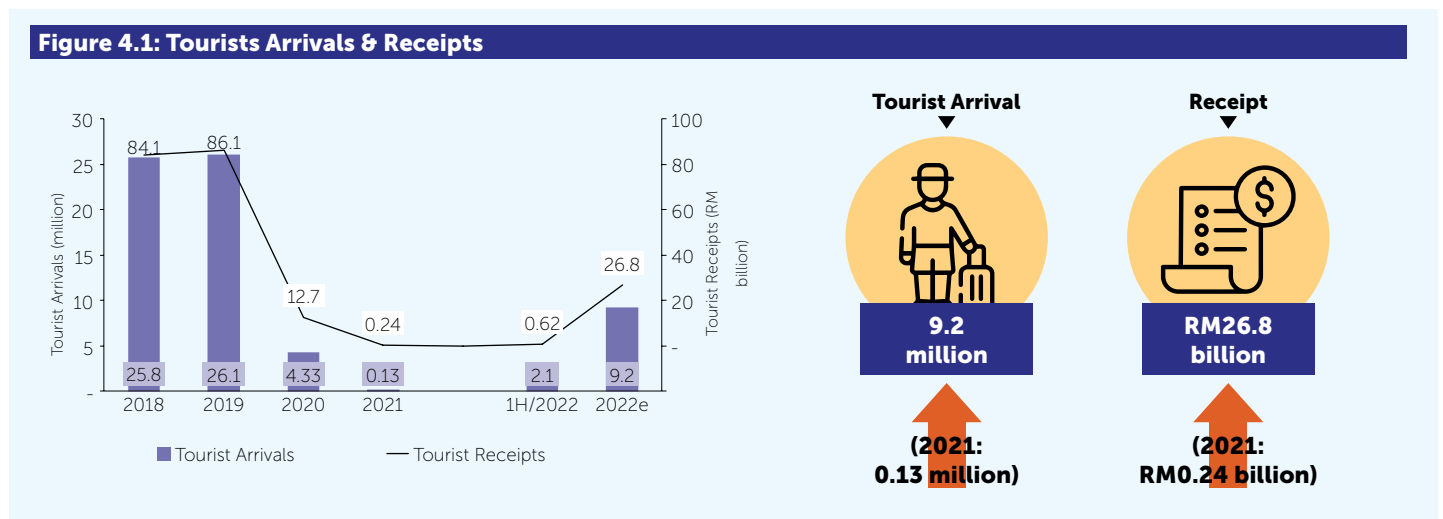
Suria KLCC mall continues to stand proudly with the return of international tourists and office crowds from the surrounding office buildings, mainly from the PETRONAS Twin Towers. It has garnered back the pre-pandemic crowds with high shopper traffic. The presence of several international luxury brands and the architectural design of Suria KLCC has been key to Suria KLCC strong market presence.

HOTEL MARKET OVERVIEW

As the country transitions towards the endemic phase, the hospitality sector has regained a firm footing despite being the most impacted sector during Covid-19 outbreak. The improved tourist arrivals and receipts (Figure 4.1) were attributed to the reopening of international border on 1 April 2022 in tandem with the transition of the country towards endemicity. Being one of the main contributors to the country’s economic growth, the government allocated RM1.6 billion through Budget 2022 to Ministry of Tourism, Arts and Culture (MOTAC) as a fuel to revive the country’s tourism performance. The allocation received was the highest ever, representing 6.5% more than the previous year (2021: RM1.14 billion).

Accordingly, MOTAC launched Tourism National Plan 2022 (PRE 2.0) in May 2022, a collaboration of MOTAC with Tourism Malaysia to boost the domestic demand as well as stimulate the tourism industry. Through PRE 2.0, Malaysians benefitted from the vouchers and discounts offered by various industry players exclusively by Kuala Lumpur International Airport (KLIA) Express, Malaysia Association Hotels Owners (MAHO), Malaysian Association of Hotels (MAH), Malaysian Budget and Business Hotel Association (MyBHA) and Rangkaian Hotel Seri Malaysia (RHSM) Sdn Bhd from July to December 2022.

In addition, MOTAC introduced National Tourism Policy in 2020 to transform the tourism industry and position Malaysia as one of the global top 10 destinations in tourist arrivals and receipts. A strategic direction has been implemented to achieve the goal by harnessing public-private sector partnerships and embracing digitalisation.



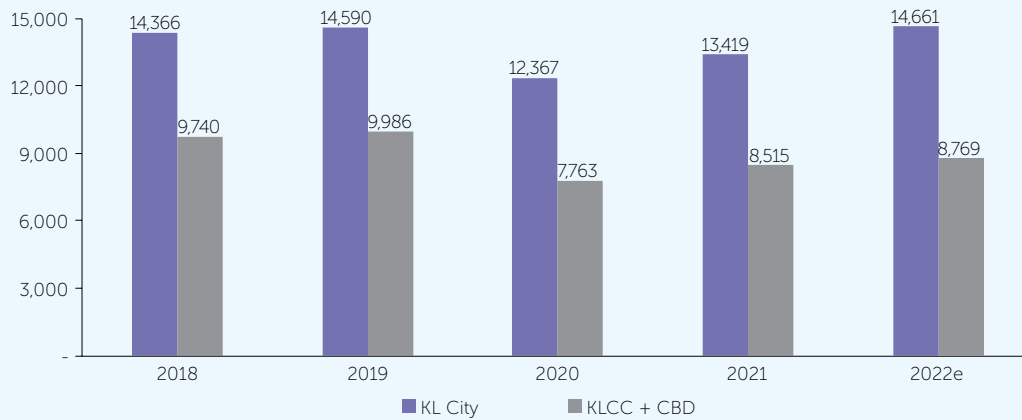
Source: Tourism Malaysia
 Note: e = estimate

The reopening of international borders on 1 April 2022 heavily contributed to the increasing tourist arrivals. According to the MOTAC, over 1.6 million tourist arrivals were registered in May and June 2022, a threefold increase compared to the first four months in 2022 (Jan-Apr’22: 490,112). This remarkable comeback was also observed in July 2022, whereby a rise of 10.8% in tourist arrivals was recorded from June 2022, marking a total of over 3.2 million tourists. This favourable outlook is in line with MOTAC’s revised projection of 9.2 million tourist arrivals and RM26.8 billion tourist receipts in 2022 (Figure 4.1).

MARKET REPORT

The market remains soft in KLCC and CBD area; however, a slow recovery was observed as the total supply of 5-star hotel rooms rose to 8,769 rooms in 2022 (Figure 4.2), with the addition of newly completed hotels, Amari Hotel (252 rooms) and M Resort Hotel (300 rooms).

Figure 4.2: Total Number of 5-Star Hotel Rooms



Source: Savills Research
Note: e = estimate

Figure 4.3: Cumulative Supply of 5-Star Hotels in KL City

Expected Completion, 2023

- ▶ Conrad Kuala Lumpur (544 rooms)
- ▶ Crowne Plaza (338 rooms)
- ▶ Imperial Lexis (439 rooms)
- ▶ Wyndham Hotel (120 rooms)
- ▶ Renaissance Kuala Lumpur (400 rooms)

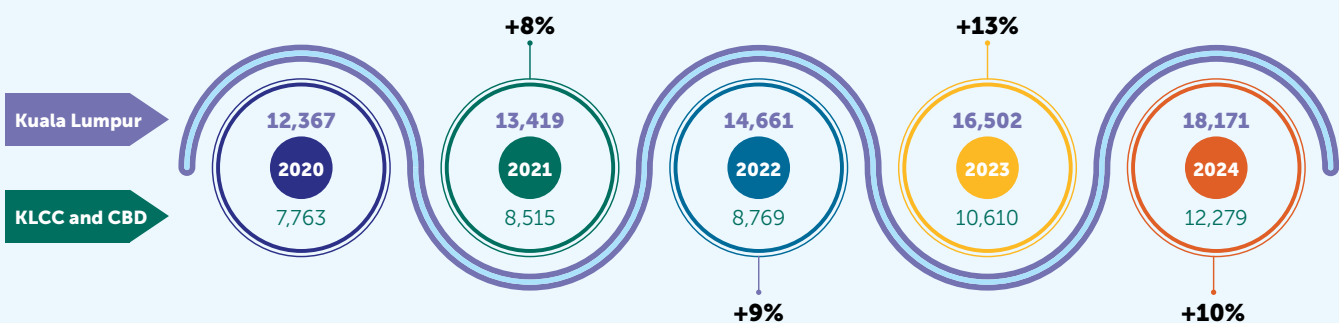
Expected Completion, 2024

- ▶ Jumeirah Hotel (181 rooms)
- ▶ SO Sofitel Kuala Lumpur (207 rooms)
- ▶ Kempinski Hotel (560 rooms)
- ▶ Kimpton Hotel (471 rooms)
- ▶ Park Hyatt Kuala Lumpur (250 rooms)

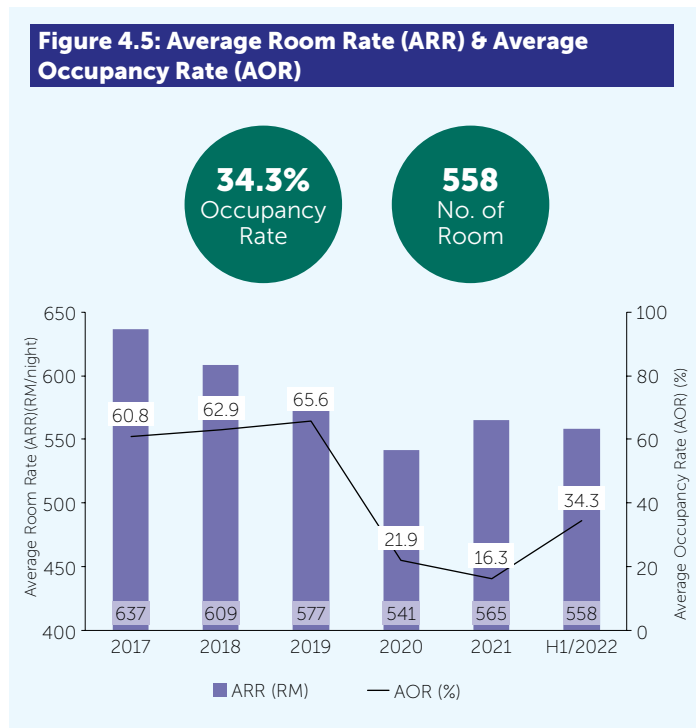
Source: Savills Research

Despite the challenges from the pandemic, the recovery of hotel room supply is expected to gain momentum as more hotel supplies are within the pipeline between 2023 to 2024. By 2024, the total room supply for 5-star hotels in KLCC and CBD is forecasted to expand to 12,279 rooms (Figure 4.4).

Figure 4.4: Cumulative Supply of 5-Star Hotels in KL City



Source: Savills Research



Source: STR Global
 Note: The chart for ARR and occupancy rate includes only 5-star hotels in KL City

The Average Room Rate (ARR) in KL City recorded a downward trend since 2017 from RM637, dipped to a low RM541 in 2020 (Figure 4.5) following the global virus outbreak. To help recover the financial loss during the Movement Control Order (MCO) period, many upscale hotels in KL City offered attractive rates for a staycation that lasted until December 2020, which also contributed to the lower ARR registered for the year 2020. The hotels involved such as The Ritz-Carlton Hotel Kuala Lumpur, EQ Hotel, Four Seasons Hotel, The St. Regis Kuala Lumpur, and W Kuala Lumpur. The ARR then stabilised between 2021 and H1/2022, registering an increase of 4.4% from 2020 to RM565 in 2021, almost back to pre-pandemic levels following the gradual resumption of economic activities as well as tourism industry.

The deterioration of AOR from 21.9% in 2020 to 16.3% in 2021 (Figure 4.5) was due to the lockdown restriction imposed by the government since March 2020 to curb the virus outbreak. The AOR rose to 34.3% in H1/2022 mainly attributed by the reopening of the international borders as well as the transition towards endemic phase that aimed to revive the country’s economic performance. The recovery momentum will likely to sustain into 2023 as most hotels operate at full capacity, supported by domestic and international demand.

Hotel Market Outlook

The tourism industry is improving, albeit slowly. Tourism Malaysia expects a surge in tourist arrivals, primarily from ASEAN and European countries, under the new government’s leadership. This will increase the confidence of international travellers, industry players and investors in the hospitality sector.

The reopening of international borders on 1 April 2022 as the country transitioned to the endemic phase of living with Covid-19 is expected to further boost the tourism industry in the coming future. Mandarin Oriental Kuala Lumpur (MOKL) Hotel gained a strong momentum with occupancy rate improved to 44% in FY2022, driven by both international tourists as well as domestic demand, coupled with MICE events and group bookings.

MOKL Hotel continued to strengthen its market recognition within the industry. In 2022, World Travel Award has awarded MOKL Hotel as Malaysia’s Leading Business Hotel 2022, Malaysia’s Leading City Hotel 2022 and Malaysia’s Leading Hotel Suite 2022 (Royal Suite @ MOKL), along with ASEAN Green Hotel Standard 2022-2024 by ASEAN Tourism Awards 2022. On top of that, MOKL Hotel also received Forbes Travel Guide 2022 in 4-star Award Winners and World’s Best Spa Brand 2022.

The weak ringgit currency has positively impacted the tourism industry, attracting more international travellers. The ringgit depreciation has improved travel affordability in Malaysia, making Malaysia one of the most affordable holiday destinations for foreign visitors.

Moving forward, as the world navigates towards normalcy, situations may recover. However, adding newly completed projects will likely result in a more challenging competition. As a result, ARR and AOR may remain under pressure and improve rather slowly. Hotel operators might face challenges in filling the vacancies due to the shortfall of staff as the hospitality sector has been a labour-intensive industry since the onset of the Covid-19 pandemic.



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MARKET REPORT

KEY TRENDS SHAPING OUR MARKET

The gradual reopening of the economy has reinvigorated the entire real estate industry. Despite being clouded with challenges from persistent uncertainties, recovery was forthcoming.

These trends have directly impacted and shaped the market landscape and as such, we have taken steps to adapt, grow in tandem and stay competitive in this rapidly changing business environment.

A STRONGER PUSH FOR SUSTAINABILITY



Description

The growing global call for organisations to demonstrate oversight on ESG issues and the demand for urgent actions, particularly on Climate Change, has increased the pressure for more accountability, greater regulatory scrutiny and improved disclosures on ESG performance.

During the year, Bursa Malaysia promoted and emphasised ESG best practices by PLCs under the PLC Transformation Programme, launched two new ESG themed indices under the FTSE Bursa Malaysia Index Series, enhanced sustainability reporting requirements in the listing requirements to elevate the sustainability practices and disclosures of listed issuers and announced the launch of Malaysia's pioneer voluntary carbon market with the introduction of the Bursa Carbon Exchange.

How we monitored and responded to the trend

- Set-up of dedicated Sustainability team under the Group Strategy & Sustainability Division to drive the Group's sustainability strategy and focused efforts. The Head of the Group Strategy & Sustainability Division also chairs the Group Sustainability Steering Committee, reporting to the Board Risk Committee
- Issued the Group's inaugural statement of support for the Ten Principles of the United Nations Global Compact on human rights, labour practices, environment and anti-corruption, strengthening its commitment to contributing towards the UNSDGs
- Streamlined our GHG emission data pursuant to the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (2004) to establish accurate and verifiable database and determine our carbon emission reductions targets beyond 2023
- Commenced charting the pathway and milestones for the Group towards its aspiration of 25% carbon reduction by 2030
- Established sustainability governance structure and risks management processes to support the Task Force on Climate Related Financial Disclosures (TCFD) Recommendations. Conducted preliminary assessment against the TCFD recommendations and aim to report our progress in phases commencing 2023

 To read more: Together towards a sustainable future on pages **124 to 131**.  Sustainability Report

TALENT ACQUISITION AND RETENTION



Description

The Great Resignation that began in 2021 has created a massive talent shortage and companies are struggling to find new workers. Every day, businesses are losing valuable employees who have found new jobs. It can take weeks or even months to find and train a new employee, which impacts the bottom line.

The working environment and flexible/hybrid working conditions are factors many employees demand in the current market. Companies who do not meet their employee expectations in these key areas risk losing their talent and suffer in the market. Employers are beginning to realise the importance of looking after their existing staff by investing in areas beyond just salary.

How we monitored and responded to the trend

- Conducted a series of talent reviews for identified talent pool to ascertain compatibility and readiness as successors to critical positions
- Conducted review of core capabilities inventory matrix, aligned to the Group's new operating model with Group's Subject Matter Expert
- Implemented various self-driven learning programs including experiential learning, virtual-led programs to address current and future capability requirements
- Enhanced employee progression criteria and aligned group's remuneration policy to the current industry practice in order to remain competitive
- Introduced enhanced leadership competencies assessment in response to the new working behaviours
- Enhanced relevant employment benefits – sick leave without hospitalisation, maternity leave, mental health treatment and hospitalisation coverage, upgraded Digital Mental Health partner to provide seamless Employee Assistance Program
- Intensified talent sourcing channels, leveraged Sponsor talent pool and improved recruitment dashboard

 To read more: Stakeholder Management on pages **46 to 51**.  Sustainability Report

DIGITAL AND TECHNOLOGY


Description

The pandemic served as a catalyst to adopt new forms of digital technology as a means of minimising in-person contact. As the world transitions to post pandemic, the industry is witnessing a continuous shift from real estate as a manual process into a digital one.

Companies are rethinking the role of digital technology in their overall business strategy and how to conduct business at the quickening pace which is now required to operate. Customers, employees and value-chain partners have all increased their use of technology, paving the way for more rapid, technology-driven changes going forward.

How we monitored and responded to the trend

- Launched Service Request Management System (DiReq@Digital Requests) to better manage and organise KLCC Group employees’ request for digital related services
- Development of an integrated dashboard for Group Procurement which displays real-time status for procurement related requests; an operating dashboard for KLCC Parking Management which provides real-time monitoring and assists in decision making by leveraging data analytics from multiple touch-points within the parking operations
- Installed facial recognition devices for improved security and contactless access at PETRONAS Twin Towers
- Implemented new Visitor Management System – from manual to digital visitor registration, providing a seamless experience for visitors entering the office buildings of PETRONAS Twin Towers, Menara 3 PETRONAS and Kompleks Dayabumi
- MOKL Hotel installed a new digital platform – ‘helloMO’, accessible via QR code and enables 24-hour communication with hotel guests from reservation to check-out
- Suria KLCC launched its Shopping e-Vouchers (SKLCC e-Vouchers) as part of its customer reward programmes for a more targeted retail experience

 To read more: Operations Review on pages **84 to 109**.

CYBER SECURITY

Description

Cyberattacks are now the fastest growing crime on a global scale. As technology advances exponentially, cyber security also evolves and matures in its ability to take down cyber threats and attacks. Businesses and organisations are taking major steps to strengthen their security measures. Apart from implementing firewalls and sophisticated IT protocols, companies now deem important to augment the capabilities of their IT personnel and employee awareness.

How we monitored and responded to the trend

- Conducted Cyber Security – Business Impact Analysis and Legal Regulatory Assessment to assess the impact of system disruption in terms of Confidentiality, Integrity and Availability and Maximum Acceptable Outage
- Developed the Digital Project Management Framework that governs all Information Technology and Operational Technology Systems processes for the Group’s ICT and Digital projects
- Implemented PETRONAS Zscaler Internet Access to ensure secured browsing particularly by users on Work From Home mode
- Assessed on all critical Third Party vendors’ applications to ensure Disaster Recovery and Backup Restore Procedures are incorporated into their applications
- Organised the Global Cyber Security Month for the Group to raise cyber security awareness and adoption levels; Conducted regular cyber security and Phishing Awareness Training for users
- Upskilled Enterprise Content Management System Representatives and Document Records Management Focals on the best practices to support the principle of information Security and Risk Management
- Enforced the Personal Data Protection Act, General Data Protection Regulation and Payment Card Industry, and Data Security Standards to ensure compliance by vendors

 Sustainability Report

STAKEHOLDER MANAGEMENT

KLCCP Stapled Group's commitment is to create long-term value for our stakeholders'. Stakeholders are defined as parties who are impacted by our Group's business decisions and activities, as well as parties whose actions and decisions will influence our Group's growth. We maintain regular engagements with our stakeholders, enabling us to address their concerns. We seek their views and manage their interests and expectations through our engagements.

The spread below shows a summary of our stakeholder engagements, why they are important to us, our value proposition to them, how we responded to them and the values we created from these engagements.

SHAREHOLDERS, INVESTORS AND BUSINESS PARTNERS

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

EMPLOYEES

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

GOVERNMENT, LOCAL AUTHORITIES AND REGULATORS

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

TENANTS, CUSTOMERS AND GUESTS

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

SUPPLIERS AND SERVICE PROVIDERS

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

COMMUNITY

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

MEDIA

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

CREATE FOR OUR HOLDERS

V1

ENGAGEMENT AND COMMUNICATION PLATFORMS

V2

KEY TOPICS AND CONCERNS

V3

OUR RESPONSES

V4

VALUES CREATED

- Stable returns to holders of Stapled Securities – distributed 92% of distributable income amounting to a full year dividend payment of RM686.0 million
- Operational excellence and long-term sustainable returns
- Strong brand positioning to sustain competitive advantage
- Recognition by the industry e.g. The Asset Platinum Award on ESG Excellence.
- Better-informed investment community contributed by our transparent practices

- Equal employment opportunities and career progression
- Healthy and safe work environment that promotes sustainability
- Long-term employment from hire to retire
- Opportunities for learning, development and growth
- Well-informed and competent employees
- Competitive remuneration and benefits
- Opportunities for learning, development and growth - RM1.0 million spent on learning and development with 96% employees underwent training
- Well rounded employees through organisation of sports, recreational and environmental conservation activities

- Complied with policies, regulations, guidelines, and standards set forth in relation to the industry
- Excellent rapport with the investment community through regular feedback/ data to regulators for analysis and in promoting the REIT industry
- Contributed to the nation's coffers with taxes due to the Government amounted to RM70.2 million for the year
- Advanced industry standards through adoption of best practices across our operations
- Achieved carbon reduction of 33% compared to 2015 (base year)

- Safe and secured place to work, shop, stay and enjoy leisure
- Greater vibrancy and elevating shopping experience
- Innovative and trend setting products and services
- High service level standards and enhanced customer experience evidenced by continued patronage at hotel
- Reliable professional services, safe shopping environment and innovative trend setting products and services evidenced by customer satisfaction score of 86%, 83% and 88% for hotel, parking and office operations respectively
- Higher footfall and tenant sales in part due to our experiential reward programmes and campaigns

- Growth and business expansion opportunities for suppliers
- Diversity and local content - local procurement at 100% in 2022
- Culture of sustainable procurement through supply of environmentally friendly products
- Established culture of ethical practices by complying with the Code of Conduct and Business Ethics (CoBE)

- Community and improved societal well being - contributed RM17 million in corporate social investment
- Safe and secure environment for tenants, shoppers and guests

- Good relationship with the media
- Error-free reporting
- Enhanced brand equity and public confidence
- Higher and positive exposure of brand

V1

V2

V3

SHAREHOLDERS, INVESTORS AND BUSINESS PARTNERS

- Annual General Meetings (AGM)
- Business Partners' Board Meetings
- Investors and analysts' briefings
- Results announcements
- Corporate website
- Annual report
- Press Releases

- Financial management
- Business resilience and sustainability
- Environment, Social and Governance (ESG) practices
- Business strategy and long-term growth
- Governance practices
- Negative reports in conventional and social media

- Quarterly results announcements, analyst briefings, one-on-one video conferences, Board meetings, AGM and news coverage
- Communication of our ESG practices through our Sustainability Report, corporate website, emails and online ESG World Platform
- Strong corporate strategies that provide clear business direction
- Engagements with investors through ESG themed site visits

EMPLOYEES

- Townhall session by CEO
- Dialogue and engagement with Leadership Team
- Training/workshop/teambuilding/sharing sessions
- Intranet/Emails/HR Careline/memos
- Employee satisfaction survey/Organisational Culture Survey
- Health and recreational activities
- KLCC MyWellness Website and App

- Group's Strategies, long-term growth and performance
- Skills and capability development
- Career progression
- Employee benefits and compensation
- Security, safety, health, and well-being
- Work life balance
- Job security

- Updates on financial performance, growth plans and employees' matters
- Structured training and e-learning for all levels
- Quarterly employees' career advancement discussions at the Human Capital Planning and Development Committee
- Various HSE (Health Safety and Environment) awareness programmes
- Staff engagement sessions assuring job security
- Naluri's health assessment/campaign/talk through MyWellness KLCC to support staff mental health and fitness

GOVERNMENT, LOCAL AUTHORITIES AND REGULATORS

- Emails/letters to provide feedback, updates and queries
- Formal meetings, briefings, forums, visits, and consultations
- HSE inspections of business premises
- Collaboration with local authorities in managing KLCC Precinct's safety and security

- Contribution to economic, and industry growth
- Compliance with government policies, laws, and regulatory requirements
- Compliance to Covid-19 SOPs
- Ethical business practice

- Conducted briefings to relevant ministries, government departments, and agencies on Group's operations or areas of interest
- Monitored compliance through periodic internal assessments
- Implemented containment strategy, initiatives and adhered to health and hygiene protocols
- Responded to local authority's request for carbon emission data of our assets

TENANTS, CUSTOMERS AND GUESTS

- Hotline, surveys, and emails to manage queries, customers/tenants' feedback
- Awareness campaigns on environmental conservation i.e., energy conservation, water use, promoting use of digital platforms, etc.
- Loyalty programmes for shoppers and hotel guests
- Dialogue and engagement sessions
- Social media
- Website
- Online platforms to promote products and services

- Security within the KLCC Precinct
- Customer satisfaction on product and services
- Product safety
- Condition of amenities provided in our properties
- Promotions and rewards

- Provided safe and convenient environment
- Offered a diverse retail mix to cater to lifestyle and trends
- Held promotional campaigns and reward programmes at our hotel and retail malls to drive occupancy and footfall.
- Improved customer/guest experience via digitalisation initiatives
- Extended tenant support by extending various assistance packages on lease-by-lease basis
- Continued the "Safe Space" initiative to address mental health awareness campaign whilst providing an environment of acceptance and compassion for the community
- Continued "WeCareProgramme" to enhance high standards of hygiene awareness for the comfort of our hotel guests
- Creating digital lifestyle products and self-service customer care solutions

SUPPLIERS AND SERVICE PROVIDERS

- Meetings and workshops
- Safety briefings
- Evaluations/performance reviews/audits
- Corporate presentations
- Supplier training programmes

- Fair competition and compliance to procurement guidelines
- Potential business opportunities
- Transparency of tender processes
- Compliance with laws and regulations
- Contract extensions/expiries
- Prompt issuance of payments

- Provided equal opportunities for eligible suppliers
- Requested for information to meet the project/service requirements
- Conducted online evaluation
- Engagement with suppliers on HSE related matters, procurement procedures and Anti-Bribery Management System
- Supporting local direct and indirect employment through our supply chain

COMMUNITY

- Corporate Social Responsibility (CSR) programmes
- News portals, emails, websites, leaflets, kiosks, posters

- Environmental and social benefits and impacts caused by our business activities
- Health and safety measures in our business operations

- Participated in CSR programmes i.e., donation and sponsorship, environmental conservation programmes, etc
- Enhanced security measures within KLCC Precinct through 24/7 monitoring via CCTV with analytics
- Contributed to welfare fund of the local authorities
- Contributed in maintenance of public infrastructure e.g. KLCC Park and Pedestrian walkways

MEDIA

- Press releases
- Emails
- Press conferences
- Interviews
- Media events

- Financial performance, growth strategy and future plans
- Media investment i.e., media buy, subscription of media services
- Participation in events and engagement with media

- Issued press releases on quarterly results, events and notifications
- Participated in media events and interviews
- Organised media interview, press conference and provided relevant information requested

HOW WE VALUES STAKE

Working closely with our stakeholders for a sustainable future together

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STAKEHOLDER MANAGEMENT

INVESTOR RELATIONS



Understanding our investors' views is fundamental to how we run the business, develop our strategy and shape our priorities. Adapting to Covid-19 business restrictions and the shift of the new way of working, the Investor Relations (IR) Team has effectively embraced digital communication to carry out all IR programmes, including investor meetings, conferences and all the Group's events since 2020.

HIGHLIGHTS FOR THE YEAR

Engaged

130

institutional investors, analysts, fund managers



Q1

28 January 2022

Analysts Briefing - 4Q 2021 Results (Teleconference)

12 April 2022

KLCCP and KLCC REIT Annual General Meeting (Virtual)

Communication and Engagement with Investment Community

The Covid-19 pandemic changed the way that companies interact with the investment community - more reliance on virtual engagement and remote communication. At KLCCP Stapled Group, we regularly engage with the investment community to keep them informed about the Group's financial performance and plans. The Group's investor relations activities for the year included:

1. Annual General Meeting

In 2022, even as the pandemic began to subside, the Group continued to conduct the AGMs virtually as we continually seek to improve the quality of the meetings and engagements with our shareholders through the latest digital platforms and technologies. Apart from ensuring the safety of our shareholders and our employees, the Group leveraged technology to make the AGM experience more interactive and engaging for stakeholders - virtual voting systems, online Q&A sessions, and multimedia presentations. The virtual mode also allowed for flexibility and outreach to a wider audience.

19 th Annual General Meeting - KLCCP	9 th Annual General Meeting - KLCC REIT
Live Streaming from Mandarin Oriental, Kuala Lumpur	
<ul style="list-style-type: none"> ▶ 1,407 shareholders registered for the event 	<ul style="list-style-type: none"> ▶ 98 questions were answered during the live event
<ul style="list-style-type: none"> ▶ 1,365 shareholders logged on to the Remote Participation and Voting Facility 	<ul style="list-style-type: none"> ▶ The CEO's Year in Review video was played
	<ul style="list-style-type: none"> ▶ Proposed resolutions tabled duly passed

▶ **Connected with**
10
foreign investors virtually

▶ **Participated in**
10
conferences/briefings virtually

▶ **Hosted**
1st
ESG-themed site visit for our analyst & institutional clients



Q2
24 May 2022
Analysts Briefing - 1Q 2022 Results (Teleconference)
23 June 2022
CITI Asia Pacific Property Conference (Virtual)

Q3
7-8 July 2022
IMT - GT & BIMP - EAGA Green City Action Plan Kick-Off
9 August 2022
Analysts Briefing - 2Q 2022 Results (Teleconference)
25 August 2022
ESG-themed site visit with Kenanga Investment Bank
21 September 2022
CityNet Congress 2022

Q4
18 October 2022
3rd Annual Malaysian REIT Forum 2022
10 November 2022
Analysts Briefing - 3Q 2022 Results (Teleconference)



Our CEO, Datuk Md. Shah Mahmood hosted his first AGM since coming onboard where he presented the year in review, updating the attendees on the financial and non-financial performance, its strategic focus and initiatives and the prospects as a Solutions Partner to all our stakeholders.

During the Question & Answer (Q&A) session, all pre-submitted and live questions raised by holders of Stapled Securities and Minority Shareholder Watch Group were addressed. Questions that were not addressed at the AGM due to time constraints were responded to via email and recorded in the minutes under the Q&A section. Both

KLCCP & KLCC REIT AGM's minutes and Q&A are available on our corporate website.

2. Quarterly analyst meetings

Following the Group's quarterly financial results announcement, the analysts and the investment community members are invited to attend a results briefing and Q&A session hosted by our CEO, CFO, Head of Strategy & Sustainability, and the IR Team. These sessions were held to ensure the relevant parties fully understand our financial results and to provide them with a platform to pose their questions. These sessions also serve as a platform for the IR Team to seek feedback from the investment community. All presentation materials and recordings were made available on the website as soon as the briefings concluded.

STAKEHOLDER MANAGEMENT

3. Conferences and Investor Meetings

In our continuous effort to promote the Group and contribute towards the REIT industry’s development, we co-hosted the 3rd Malaysian REIT Forum 2022 with the Malaysian REIT Managers Association (MRMA). With the theme ‘M-REITs & The Road Ahead’, this year’s forum packed important topics ranging from Malaysia’s economic landscape, global recession, rising interest rates environment, ESG issues impacting M-REITs and the property market overall. During the forum, our CEO was a panellist for the ‘Meet the REITs (Office)’ panel sessions where he shared his views on the Office sector, alongside other M-REITs CEOs, industry players, and experts.

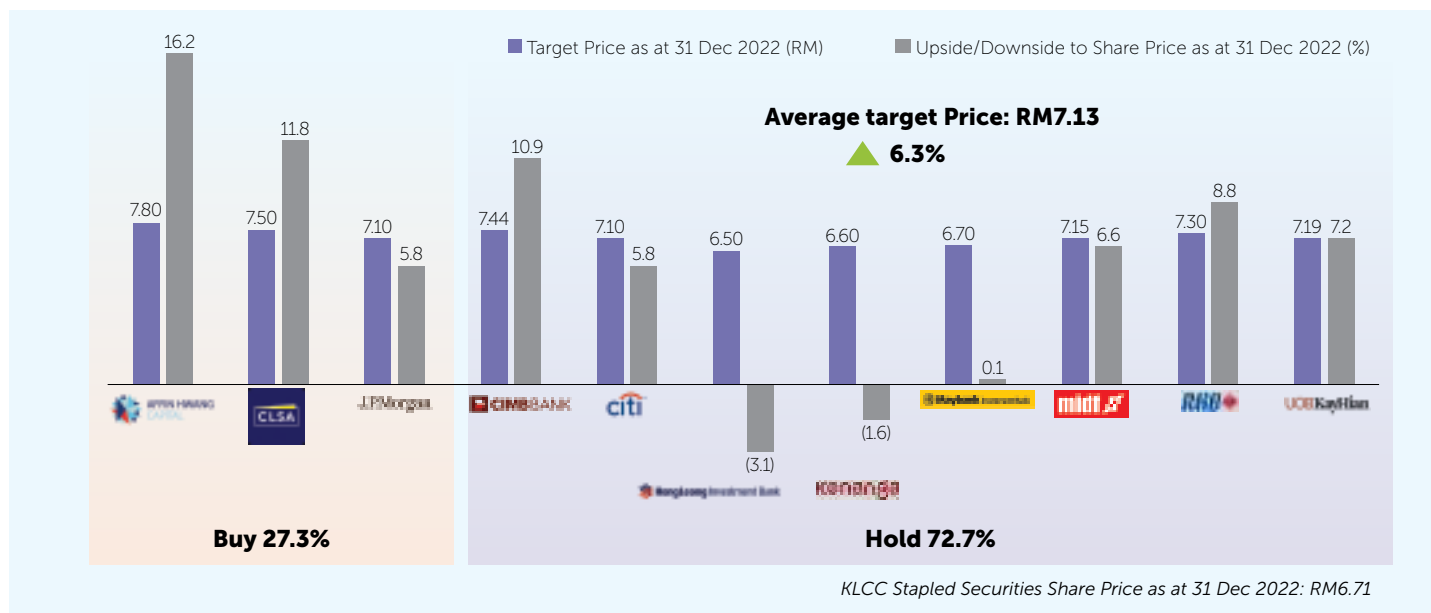
This year’s event was held physically in Kuala Lumpur with 300 attendees, including the C-Suites, government leaders, business leaders, international institutional investors, and specialists in the REIT industry from the region.

In addition to the MRMA REIT Forum, the Group also participated in the CITI Asia Pacific Property Conference as well as the 9th CityNet Congress, co-hosted by CityNet Secretariat and Kuala Lumpur City Hall. Our Group CEO also participated in the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) Green City Action Plan Kick-Off: Building Back Better event that took place in Langkawi.

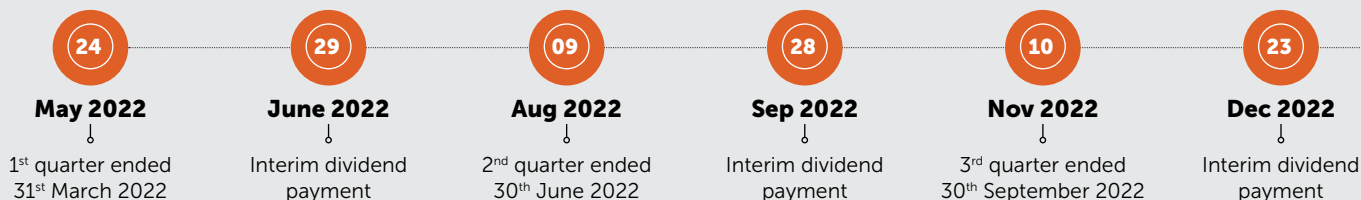


Analyst coverage and recommendations

KLCCP Stapled Group is presently covered by 11 analysts both from local and foreign research houses. As at 31 Dec 2022, our stock’s overall target price stands at RM7.13 with 3 Buy and 8 Hold calls. The analysts’ positive outlook on the Group’s overall performance is reflected by the upside in share price of 6.3% as at 31 December 2022.



Financial Calendar



Rise of ESG communication

The pandemic has brought attention to environmental and social issues, and investors are increasingly taking these factors into consideration when making investment decisions. They are seeking out companies that are not only financially sound but also environmentally and socially responsible. Establishing a dedicated ESG team within the Group has further strengthened our ESG communications. The IR team continues to be the point of contact relating ESG to the investment community. We continue to include ESG communication to investors in our IR presentation materials and briefing decks, primarily with regard to our sustainability initiatives and the Group’s performance.

This year, we hosted our first-ever ESG-themed site visit for Kenanga Investment Bank and its key clients from institutional investors and buy-side companies on 25 August 2022. As they are now integrating ESG into their investment process, this visit was part of the efforts to educate them on the Group’s sustainability-related initiatives.

During the half-day tour, the IR and the ESG team presented the Group’s sustainability journey, current and ongoing ESG initiatives and our focus on looking beyond. We also showcased the Integrated Building Command Centre (IBCC) and the solar panels on the rooftop of Suria KLCC, from the Sky bridge at Level 42, PETRONAS Twin Towers, Premium Parking EV charging systems, responsible procurement and elimination of single-use plastic by MOKL Hotel and tree tagging using QR codes and permeable pavement at the KLCC Park.

It was a very insightful tour with active participation from the analysts. They gained deeper understanding and better awareness of the various ESG initiatives undertaken by the Group. We will continue to encourage more ESG initiatives and transparent disclosures in ESG reporting within the investment space.

The Group also participated in the Minority Shareholder Watch Group’s (MSWG) Asean Corporate Governance Scorecard (ACGS) assessment, which allowed us to assess our own corporate governance quality and identify areas for improvement. We also continue to be a member of the United Nations Global Compact Network Malaysia (UNGCMY), giving us access to the platform’s sustainability content, tools, and best practices. We are currently assessing our readiness to comply with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)

in our future reporting in order to provide useful climate-related financial information to our investment community.

Looking beyond

We will continue to prioritise transparency and disclosure in our communication with investors. This includes providing accurate and timely financial information, regular updates on business performance and strategy plans, leveraging on stronger digital presence.

As investors are becoming more heavily dependent on ESG factors for their investment decision-making, the IR team will further enhance the ESG reporting in our communication materials to demonstrate our commitment to sustainability. We will continue to update our ESG World Platform, a tool that allows the investment community easy access to our Group’s ESG data, initiatives and compliance to sustainability indicators in our corporate website. This tool will ease the investment community access to our updated ESG disclosure.

We will focus on transparency, disclosure best practices, ESG reporting, digital communication, data-driven analysis and investor engagements in 2023. These priorities reflect investors’ changing needs and expectations and the ongoing evolution of technology post-pandemic era.

For investor-related queries and feedback, we can be reached at investor_relations@klcc.com.my. We look forward to continuing effective engagements with holders of Stapled Securities and the investment community.



Scan here to view the **ESG World platform**

31

Jan 2023

4th quarter ended
31st December 2022

28

Feb 2023

- Date of Notice of KLCCP 20th Annual General Meeting and KLCC REIT 10th Annual General Meeting
- Date of Issuance of 2022 Integrated Annual Report
- Interim dividend payment

06

Apr 2023

KLCCP 20th Annual General Meeting
KLCC REIT 10th Annual General Meeting

MATERIAL SUSTAINABILITY MATTERS

Material sustainability matters can impact the economy, environment, social, and businesses. Materiality assessment is conducted to identify and prioritise the issues that matter most to KLCCP Stapled Group and our stakeholders. The Group then strategises our approach to manage material sustainability issues, meet stakeholder needs and addresses the risks and opportunities of the identified material issues.

In identifying our material sustainability matters, we benchmarked against our industry peers and, evaluated our sustainability context, stakeholder issues, associated risks and opportunities. We considered both internal and external factors affecting the industry in our review and assessed their impact on our business, and the importance to our stakeholders.

The material sustainability matters for the Group were identified in 2019 and validated annually. In 2022, we reviewed and validated our list of material sustainability matters and benchmarked it against the sustainability reporting guidelines, reporting framework and standards. We have included the Bursa Malaysia Prescribed Common Sustainability Matters in our list.

OUR MATERIAL MATTERS ASSESSMENT PROCESS:

1

IDENTIFICATION

Conducted extensive horizon scanning exercise to identify the list of material matters by benchmarking against real estate and REIT peers domestically and globally whilst taking into account relevant risks and opportunities.

2

PRIORITISATION

Prioritised 39 material matters taking into consideration the relevance to our business, current market trends as well as the economic landscape.

Reviewed the 39 material matters, consolidated into 12 material matters and ranked them as high, medium, and low based on their impact to the Group and level of interest to the stakeholders.

3

MATERIALITY ASSESSMENT

Compared the 12 material sustainability matters 2021 against the Bursa Malaysia Guideline and other Sustainability Reporting Framework and Standards.

Realigned the list to include the Bursa Malaysia Prescribed Common Sustainability Matters.

Deliberated the list at the Sustainability Steering Committee meeting.

Produced a final list comprising 13 material matters.

4

VALIDATION

Presented the final list of materiality matters to the CEO and the Boards.

Obtained agreement on 13 material matters.

MATERIAL SUSTAINABILITY MATTERS		
1	Health, Safety and Security	Safety and Health Management, Security Management, Mental Wellness
2	Human Capital Development	Skills and Capability Development, Workforce Engagement
3	Human Rights	Equality, Diversity and Inclusion, Women Empowerment, Non-Discrimination
4	Labour Standard and Practices	Employee Benefits and Compensation, Responsible Employment, Job Security
5	Climate Change and Energy Management	GHG Emission, Energy Management, Renewable Energy
6	Supply Chain Management	Local Procurement Management
7	Financial Sustainability	Delivering and Adding Value, Digitalisation
8	Customer and Tenant Management	Tenant Engagement, Customer Experience and Satisfaction
9	Corporate Governance	Governance and Compliance, Risk and Crisis Management, Board Diversity
10	Business Ethics	Integrity and Corruption Management
11	Cyber Security and Data Privacy	Incident Management, Capability Building, Data Security
12	Environment Management	Water Management, Waste Management
13	Corporate Social Responsibility	Investment in Local Communities, Charity and Donations












HIGH



MEDIUM - HIGH


MATERIAL SUSTAINABILITY MATTERS

PEOPLE		
<p>HUMAN CAPITAL DEVELOPMENT</p> <ul style="list-style-type: none"> • Skills and Capability Development • Workforce Engagement <div style="display: flex; justify-content: space-around; margin-top: 10px;">   </div>	<p>Risks</p> <ul style="list-style-type: none"> • Failure to retain employees • Failure to equip employees with skillsets required for advancements in technology • Failure to address financial and emotional stress leading to lack of productivity <hr/> <p>Stakeholders Impacted</p> <ul style="list-style-type: none"> • Employees 	<p>Opportunities</p> <ul style="list-style-type: none"> • Transforming our workforce with the right mindset and culture • Keeping a resilient organisation with engaged and competent employees • Reducing employee turnover costs
<p>HUMAN RIGHTS</p> <ul style="list-style-type: none"> • Equality, Diversity and Inclusion • Women Empowerment • Non-Discrimination <div style="display: flex; justify-content: space-around; margin-top: 10px;">    </div>	<p>Risks</p> <ul style="list-style-type: none"> • Failure to prevent reputational damage if perceived to practice discrimination <hr/> <p>Stakeholders Impacted</p> <ul style="list-style-type: none"> • Employees • Tenants, Customers and Guests 	<p>Opportunities</p> <ul style="list-style-type: none"> • Elevating women leadership within the Group, in line with the nation's aspiration • Attracting and retaining customers who are concerned on human rights <hr/> <ul style="list-style-type: none"> • Suppliers and Service Providers • Community
<p>LABOUR STANDARD AND PRACTICES</p> <ul style="list-style-type: none"> • Employee Benefits and compensation • Responsible Employment • Job Security <div style="display: flex; justify-content: space-around; margin-top: 10px;">   </div>	<p>Risks</p> <ul style="list-style-type: none"> • Failure to prevent reputational damage due to perceived violation of labour practices • Non-compliance to regulations <hr/> <p>Stakeholders Impacted</p> <ul style="list-style-type: none"> • Shareholders, Investors and Business Partners • Employees • Tenants, Customers and Guests 	<p>Opportunities</p> <ul style="list-style-type: none"> • Implementing good grievance mechanism and practices • Enhancing productivity and employee retention <hr/> <ul style="list-style-type: none"> • Suppliers and Service Providers • Community
<p>HEALTH SAFETY AND SECURITY</p> <ul style="list-style-type: none"> • Safety and Health Management • Security Management • Mental Wellness <div style="display: flex; justify-content: space-around; margin-top: 10px;">   </div>	<p>Risks</p> <ul style="list-style-type: none"> • Threats to employees' Health and Safety - work related illnesses, and occupational hazards • Threats to security of our guests, tenants, customers, and assets in relation to any global security threats • Threats to employees' mental health due to work stress, job security and other personal issues <hr/> <p>Stakeholders Impacted</p> <ul style="list-style-type: none"> • Shareholders, Investors and Business Partners • Tenants, Customers and Guests • Employees • Suppliers and Service Providers 	<p>Opportunities</p> <ul style="list-style-type: none"> • Maintaining a healthy workforce and safe workplace for a sustainable business • Ensuring leadership commitment in heightening safety and health standards • Providing support to improve health and wellbeing for a sustainable work-life balance

PLANET

CLIMATE CHANGE

- GHG Emission
- Energy Management
- Renewable Energy



- Risks**
- Potential worsening of global warming
 - Potential business disruption due to severe weather conditions
 - Failure to meet increased operation costs due to material / resource scarcity as a result of climate change
 - Threats to human health – physical and psychological wellbeing
 - Failure to meet increased demand by investors for low carbon / climate resilient companies
- Opportunities**
- Supporting the government’s efforts to transition to a low-carbon economy by 2050
 - Reducing energy usage by adopting energy efficient practices
 - Assessing climate risk helps to future proof our business operation
 - Attracting investments by being a climate resilient business

- Stakeholders Impacted**
- Shareholders, Investors and Business Partners
 - Tenants, Customers and Guests
 - Employees
 - Suppliers and Service Providers
 - Community
 - Government, Local Authority and Regulators

ENVIRONMENTAL MANAGEMENT

- Water Management
- Waste Management




- Risks**
- Degradation of environment quality caused by our operations
 - Financial and reputational loss due to legal non-compliance
 - Environmental pollution causing negative impact to the community
- Opportunities**
- Implementing good waste management practices
 - Promoting circularity in environment management
 - Enhancing our credibility by being certified to ISO 14001 Environmental Management System
 - Saving costs by resources conservation

- Stakeholders Impacted**
- Shareholders, Investors and Business Partners
 - Tenants, Customers and Guests
 - Employees
 - Suppliers and Service Providers
 - Community
 - Government, Local Authority & Regulators

PEACE

CORPORATE GOVERNANCE

- Corporate Governance and Compliance
- Risk and Crisis Management
- Board Diversity



- Risks**
- Heightened legal, regulatory and reputational risks
 - Business disruption due to lack of preparedness to face crisis / emergency
- Opportunities**
- Promoting governance practices that contribute to growth and management stability
 - Engaging shareholders on investment decisions and promoting management transparency
 - Ensuring business continuity and resiliency

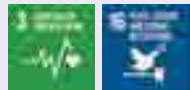
- Stakeholders Impacted**
- Shareholders, Investors and Business Partners
 - Tenants, Customers and Guests
 - Employees
 - Suppliers and Service Providers
 - Community
 - Government, Local Authority and Regulators
 - Media

MATERIAL SUSTAINABILITY MATTERS

PEACE

BUSINESS ETHICS

- Integrity and Corruption Management



Risks

- Lack of control and strategic alignment leading to corruption, negligence, fraud, and lack of accountability
- Potential corporate legal liability
- Reputational loss if perceived as a corrupt corporate

Opportunities

- Improving organisational efficiency and effectiveness in managing bribery and corruption risks to foster trust and integrity
- Enhancing credibility of anti-corruption practices in the organisation by being certified to ISO37001 ABMS

Stakeholders Impacted

- Shareholders, Investors and Business Partners
- Tenants, Customers and Guests
- Employees
- Suppliers and Service Providers
- Community
- Government, Local Authority and Regulators
- Media

CYBER SECURITY AND DATA PRIVACY

- Incident Management
- Capability Building
- Data Security



Risks

- Threat to Data Security
- Financial loss for recovery of system

Opportunities

- Engaging with stakeholder and employees to create awareness on data protection and accountability
- Creating awareness on network and data protection to minimise cyber risks

Stakeholders Impacted

- Shareholders, Investors and Business Partners
- Tenants, Customers and Guests
- Employees
- Suppliers and Service Providers
- Community
- Government, Local Authority and Regulators
- Media

PROSPERITY

FINANCIAL SUSTAINABILITY

- Delivering and Adding Value
- Digitalisation



Risks

- Unexpected increase in costs due to global uncertainty and volatile market
- Insufficient working capital leading to financial insolvency
- Inability to compete in a challenging market
- Lack of efficiency and competitiveness to survive in the digital era

Opportunities

- Reducing operating costs to conserve cash for survival
- Unlocking value through asset portfolio optimisation
- Leveraging our core competencies to promote economic and industry growth
- Improving operational efficiency and cost effectiveness through digitalisation and new technology

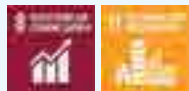
Stakeholders Impacted

- Shareholders, Investors and Business Partners
- Tenants, Customers and Guests
- Employees
- Suppliers and Service Providers
- Community

PROSPERITY

CUSTOMER AND TENANT MANAGEMENT

- Tenant Engagement
- Customer Experience and Satisfaction



Risks

- Failure to keep up with the rapid changes in customer expectations and digital revolution
- Impedes market leader position due to intensifying competition and disruption to business trends

Opportunities

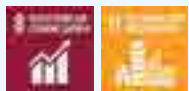
- Reimagining office spaces to meet the evolving needs of our tenants
- Re-strategising retail with refreshing tenant and trade mix to drive footfall
- Differentiating the consumer offering with a focus on experience
- Innovating hotel's services and offerings to adapt to the new norm to provide quality guest experience
- Retaining tenants by providing rental assistance to help their businesses recover
- Boosting shopper traffic, guest's arrival, and sales upon re-opening of businesses

Stakeholders Impacted

- Shareholders, Investors and Business Partners
- Tenants, Customers and Guests
- Employees

SUPPLY CHAIN MANAGEMENT

- Local Procurement Management



Risks

- Potential conflict of interest, corruption and unethical practices
- Quality and safety of products and services at stake
- Unmitigated ESG risk in the supply chain
- Overdependence on foreign suppliers may result in cost escalation and increase in carbon emission

Opportunities

- Creating a database of reputable and reliable suppliers
- Collaborating with suppliers
- Enhancing the pool of suppliers for procurement of quality products and services
- Building capability in ESG practices amongst local suppliers

Stakeholders Impacted

- Suppliers and Service Providers
- Tenants, Customers and Guests
- Community
- Shareholders, Investors and Business Partners

CORPORATE SOCIAL RESPONSIBILITY

- Investment in Local Communities
- Charity and Donations



Risks

- Unfavourable reputation for the Group due to lack of involvement in corporate social responsibility initiatives
- Preference to particular charitable beneficiaries

Opportunities

- Enhancing brand visibility to the wider community
- Increasing employees' awareness and involvement
- Giving back and creating a positive and lasting impact to the community
- Creating Value for the Society

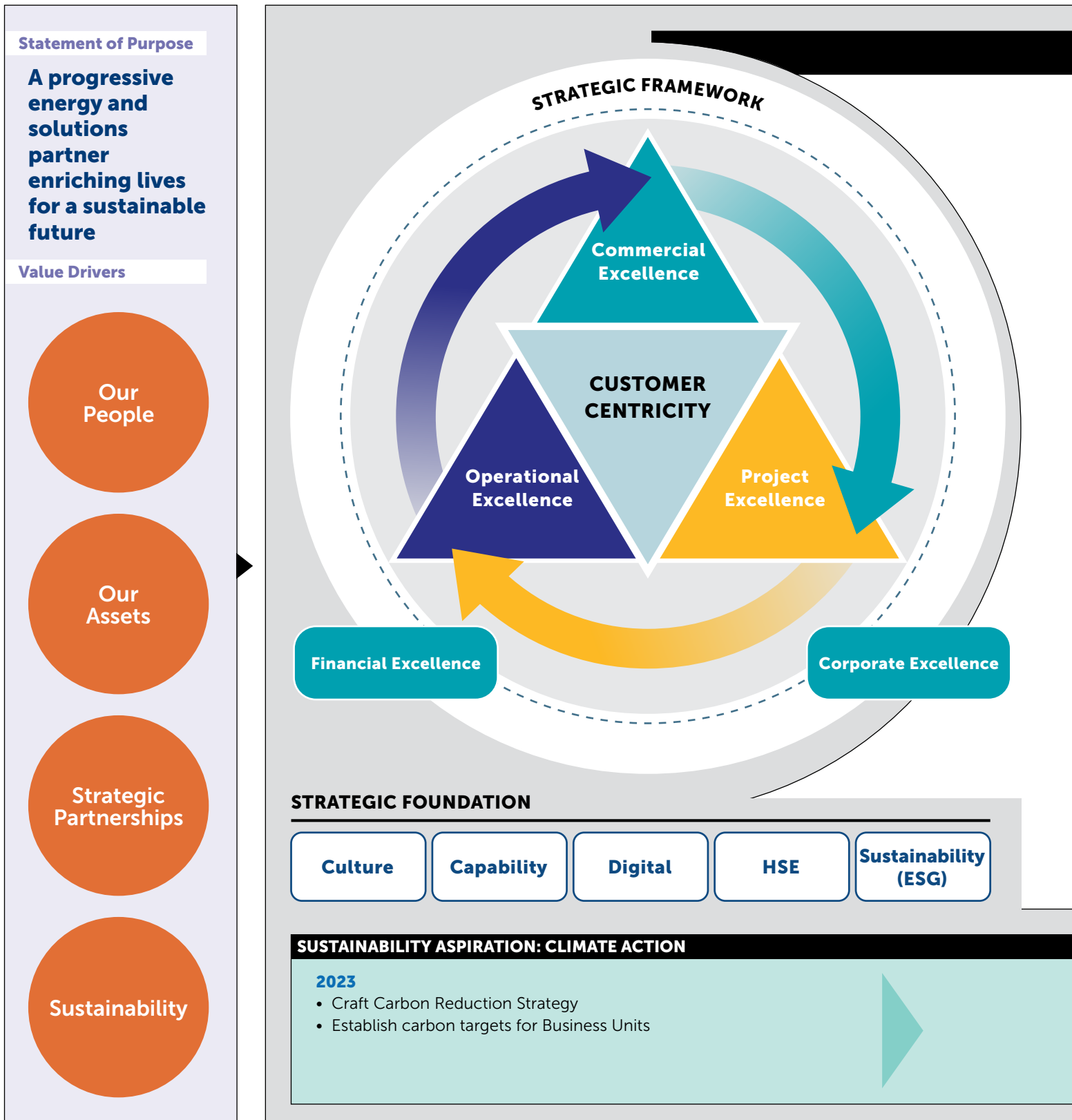
Stakeholders Impacted

- Employees
- Community

STRATEGIC BLUEPRINT

OUR THREE-PRONGED GROWTH STRATEGY

The changing industry landscape and the accelerated key trends brought on by the pandemic fueled the importance of positioning KLCCP Stapled Group’s growth with a clear view of the external forces and underlying factors that drive the industry – economic, social, consumer preferences, sustainability drivers and lower carbon footprint.



Our Three-Pronged Growth Strategy ensures alignment with our Statement of Purpose and provides a sharper guardrail for Group-wide efforts as we strengthen our portfolio to future-proof the organisation and ensure the Group's long-term survivability.

THREE-PRONGED GROWTH STRATEGY

Maximising Cash Generators

Our high-quality investment portfolio provides strong and stable cashflows. Protecting and maximising these assets provide a solid base for profitability and a foundation for growth.

Expanding Core Business

Property investment and development remain our core business. We are defining opportunities for further growth and value enhancement.

Stepping Out

Accelerated key global and industry trends are reshaping the real estate landscape, customer behaviour and expectations. We continue to build our capabilities in order to allocate resources to better position ourselves for the future.

Value

Continue generating cash for future investment

Invest to sustain, maximise current cash generators and to invest into new areas

Growth

Diversifying and growing new profitable revenue streams

To identify new growth areas to cater to shifting customer needs and changing market conditions

Sustainability

Sustainability is part of our strategy, culture, system, process and day-to-day activities

Supporting current business resilience and opportunities for new topline creation

STRATEGIC PRIORITIES IN 2022

Business recovery, driving long-term stability

- Cashflow maximisation focused on prudent financial management and strong capital discipline
- Capitalisation of the return of tenants, shoppers, and guests post-reopening of the economy and international borders through targeted campaigns and promotions
- Collaboration with our partners and customers, through portfolio action plans

Customer-first, experience led

- Competitive positioning through personalised customer and business digital experience
- Innovation and use of data and technology to understand customer wants and needs

Agile & innovative workforce

- Capability building, towards delivering on our Statement of Purpose and business excellence
- Health and well-being, supporting the KLCC family to thrive in the challenging environment

High performance, engaged culture

- Leadership profiling in driving and promoting targeted organisational results and desired culture
- Upskilling employees on Cultural Beliefs

Future-fit, leveraging technology

- Digitalisation of our systems and processes to provide real-time monitoring and decision making
- Minimisation of our carbon footprint, enhancing operational efficiency and new business opportunities

2023 - 2030

Decarbonisation:

- Reduce energy consumption in assets
- Energy efficient equipment
- Use renewable energy

2030 - 2050

- Continue Decarbonisation
- Circular Economy

Low Carbon Emission

OUR STRATEGIC VALUE CREATION

OUR THREE-PRONGED GROWTH STRATEGY

Maximising Cash Generators

Expanding Core Business

Stepping Out

OUR CAPITALS AND INPUTS

OUTPUTS

F STRONG FINANCIAL POSITION

- Total equity attributable to holders of Stapled Securities **RM13.1 bil**
- Total financing **RM2.4 bil**
- Total assets **RM18.1 bil**



To read more, refer to The CFO's Review on pages **70 to 71** and KLCCP Stapled Group 5-Year Financial Highlights and Summary on pages **72 to 75**.

- **RM1.5 bil** Revenue
- **RM0.9 bil** Profit for the year
- **38.00 sen** Distribution per Stapled Security

P PORTFOLIO OF DIVERSE, ICONIC ASSETS AND MANAGEMENT SERVICES

- Iconic and high-quality asset
 - **5 Offices (2 GBI Certified)**
 - **2 Retails**
 - **1 Hotel**
- Property Value **RM15.7 bil**



To read more, refer to Our Iconic Portfolio on pages **7 to 13** and Operations Review on pages **84 to 109**.

- Office: **5.6 mil sq. ft.** NLA
- Retail: **1.1 mil sq. ft.** NLA
- Hotel: **629 rooms**
- Facilities managed: **25**
- Car park bays managed: **14,815**

K DEEP KNOWLEDGE AND STRONG CAPABILITIES

- Deep Real Estate Experience
- Digital Enablers to create value through innovation
- Specialised facilities management expertise
- Strong capital management expertise
- Deep industry knowledge of Boards and management team



To read more, refer to KLCCP and KLCC REIT Boards of Directors on pages **132 to 141** and Management Team on pages **142 to 148**.

- Strong governance structure and transparency
- Right Board composition, balance of independence and diversity in effectively discharging responsibilities
- Enhanced employee skillset and capabilities

E ENGAGED AND INSPIRED EMPLOYEES

- Total Employees
 - **946** permanent
 - **20** contract
- High performing talents and future driven culture



To read more on People, refer to online Sustainability Report.

- Initiatives on employee compensation and wellbeing
- Improvement on safety performance

N NATURAL RESOURCES

- **50 acres** of KLCC Park (green lung) with **1,700 trees**
- **1,062,818 m³** of water consumed in our buildings
- **99,076,000 kWh** of electricity consumed in our buildings



To read more on our Environmental practices, refer to online Sustainability Report.

- Minimised environmental impact
- Achievement of sustainability roadmap 2022 targets
- Crafting Climate Change aspiration
- Strategic collaboration towards green mobility and renewable

R TRUSTED RELATIONSHIPS WITH STAKEHOLDERS

- High integrity, trust and transparent communication with our key stakeholders



To read more, refer to Stakeholder Management on pages **46 to 51**.

- Focused engagements with key stakeholders towards survivability and growth
- Community wellbeing and positive social impact

OUTCOMES AND VALUE CREATION

TRADE-OFFS

- **Ranked 1st** in the MREITs industry
 - By market capitalisation: **RM12.1 bil**
 - By property value: **RM15.7 bil**
- **13.1%** Distribution per Stapled Security growth

- Annual total return: **8.1%**
- **AAA/Stable** rating reaffirmed by RAM Ratings for KLCC REIT and Suria KLCC Sukuk Murabahah Programme

Financial capital is applied to enable us to execute our growth strategy and in mitigating risks to sustain performance typically with positive impact on Portfolio, Employees, Knowledge and Relationships capitals. This however may impact our Portfolio capital with reduced financial allocation towards capital expenditure and investments.

PROSPERITY : Advancing Economic Resilience

- Average occupancy rate
 - Office: **100%**
 - Retail: **92%**
 - Hotel: **44%**

- Retail tenant sales growth outperformed pre-Covid levels
- Secured **7** new car park locations with **1,604 car park bays**

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

PROSPERITY : Advancing Economic Resilience

- **50%** Women Directors on Boards
- **63%** Independent Non-Executive Directors on Boards
- **95%** Managers upskilled with enhance leadership competencies

- **81%** senior management upskilled with enhanced leadership competencies
- Recognised with awards and accolades by the industry - **18 awards**

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

PEOPLE: Progressing Our Social Agenda

PEACE: Embodying Good Governance

- **92%** employee retention rate
- **26,790** employee training hours
- Invested **RM1.0 mil** on staff learning and development

- Upgraded mental health treatment coverage from **RM1,000** to **RM3,000** to include dependents
- Implemented increase in maternity leave to **98 days**

Investing Financial capital in upskilling employees is key for the future workplace growth and employee retention. In the longer term, this provides benefits to Employees, Knowledge and Portfolio capitals.

PEOPLE: Progressing Our Social Agenda

- **33%** reduction in GHG Emission from 2015 (base year)
- **52%** waste diversion rate in hotel

- **RM2.0 mil** Energy cost savings from the solar panels at the rooftop of Suria KLCC mall (since 2014)
- Installed **35 EV** charging points at KLCC Precinct, bringing total to **57**

Our investments to minimise carbon footprint have preserved our Natural capital and positively impact our Portfolio, Knowledge capitals in exchange for Financial capital.

PLANET: Protecting Our Environment

- Analyst report coverage: **11**
- No. of shareholders/unitholders: **8,686**

- **RM17.0 mil** Spent on corporate social investment and rental assistance to retail partners
- **87%** organisational culture survey score on integrity

Strong Relationships with our stakeholders will improve all capitals. Contribution and support assistance may impact Financial capital but will improve Relationships, Employees and Portfolio capitals in the longer term.

PEOPLE: Progressing Our Social Agenda

UNDERSTANDING OUR PRINCIPAL RISKS

...

As Malaysia transitions to the endemic phase, several prominent external factors constituting strategic, economic, financial, operational and regulatory aspects, remain a challenge. Global inflation due to rising global commodity price from supply chain disruptions from the pandemic, China's zero Covid-19 policy, the Russia-Ukraine war and inclement weather have all affected the global economy.

At the local front, Bank Negara Malaysia has triggered upward revision of lending rates to rein in consumption credit and inflation, signaling a looming recession in 2023.

The Malaysian property market is anticipated to remain challenging with oversupply concerns to continue for office, retail and hospitality sectors. Recovering from the effects of Covid-19 pandemic, businesses and consumers remain cautious with regards to expansion plans and new investments.

With the recent announcement on the relaxation of China's zero Covid-19 policy and opening of its border in 2023, hopefully this will bring respite to the local tourism and hospitality industry. The Malaysian Association of Hotels states that the industry albeit on path of recovery, will likely see

pre-pandemic levels of business by 2024 at the earliest. Tourism receipts, both from domestic and international demands have not fully recovered to pre-pandemic levels despite the exchange rate developments.

KLCCP Stapled Group's risk assessment has taken into consideration the challenges and impact to the business objectives especially to the hospitality and retail sectors.

Our overall strategy of managing risks covers three areas of business resiliency -

- ① Reducing the likelihood and impact of potential risks on our business operation;
- ② Responding to and managing crisis impacting our people, environment, assets and reputation
- ③ Recovering to ensure business continuity, which helps reinforce our resiliency in this dynamic economic landscape moving forward.

OUR APPROACH TO RISK MANAGEMENT

Risk is a key strategic tool which forms an integral part of KLCCP Stapled Group's business that supports delivery of our strategy and underpins our business model. Our risk management policy and procedures are designed to embrace best practices for risk management, reduce the potential of financial and non-financial risk exposure and to protect our assets and reputation.

The principal risks and opportunities in managing KLCCP Stapled Group are assessed and evaluated against our risk appetite and tolerance levels whilst mitigation plans and key risk indicators are identified to reduce the risk exposure and monitor performance of the risks.

RISK STRATEGY AND APPROACH

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

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

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



The Governance, Risk and Assurance Department is committed towards inculcating risk management knowledge and concepts by conducting workshops, engagement and challenge sessions for all levels and functions. This is to promote a culture of risk awareness and embed risk management principles in decision making and business processes.

UNDERSTANDING OUR PRINCIPAL RISKS

RISK APPETITE

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

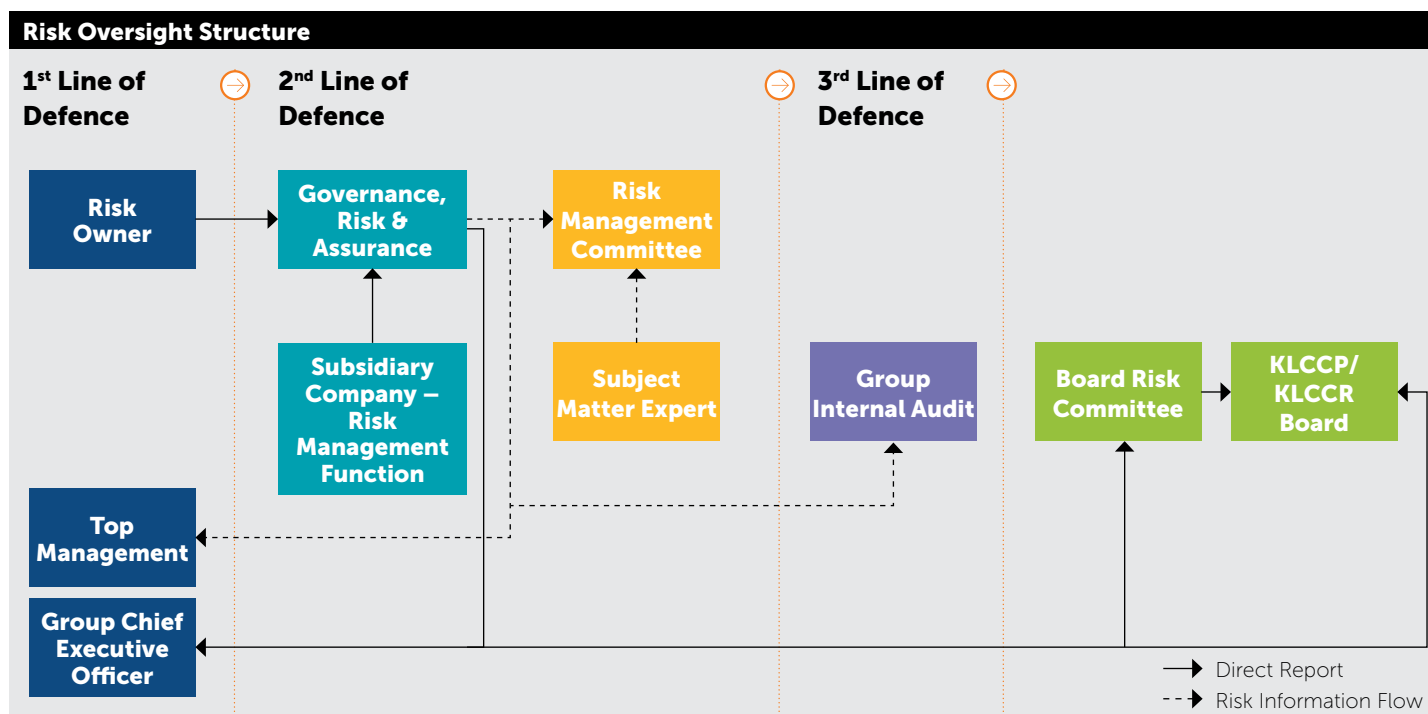
Strategic	Financial	Operational	Reputational	Legal and Regulatory Compliance
This measures the degree of variability in investment returns and capital efficiency that the Group is willing to take in ensuring achievement of business objectives	This measures capital, profitability and liquidity position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

During the year, the Governance, Risk & Assurance Department has reviewed the risk appetite to provide comprehensiveness to the current risk appetite statements, taking into consideration the transitional period to the Covid-19 endemic phase and new norm. The risk appetite review is to ensure financial and non-financial risk exposures and type of risk to be pursued or retained by KLCCP Stapled Group in achieving its strategic objectives are properly defined. The risk appetite statement, risk tolerances and risk threshold were reviewed and presented to the Risk Management Committee, Board Risk Committee and the Boards of KLCC Property Holdings Berhad and KLCC REIT Management Sdn Bhd.

RISK GOVERNANCE STRUCTURE

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

KLCCP Stapled Group takes on a three-line of defense model which propagates clear demarcation of roles, responsibility and accountability, as displayed in the Risk Oversight Structure.



UNDERSTANDING OUR PRINCIPAL RISKS

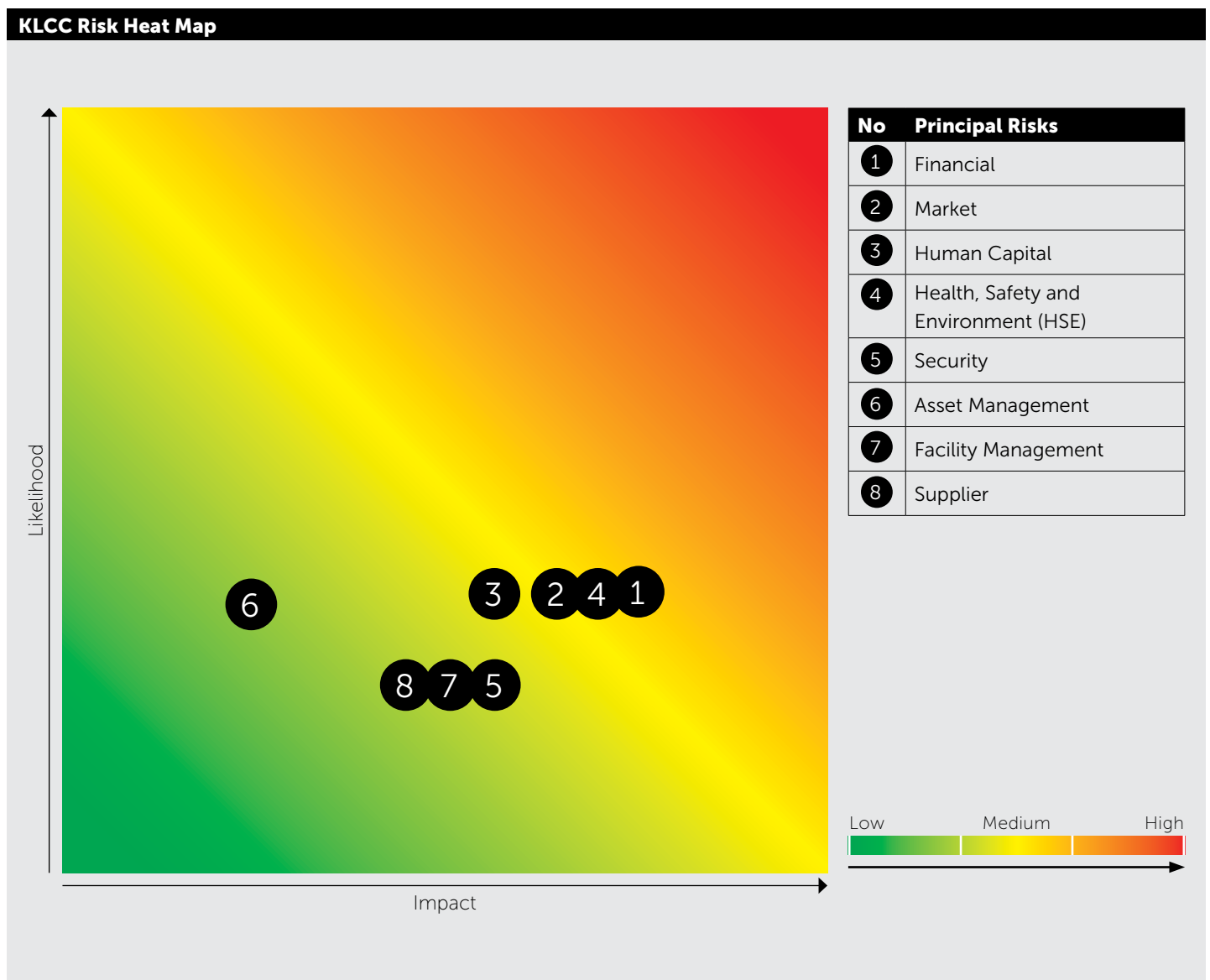
PRINCIPAL RISKS AND ASSESSMENT

We actively review and manage the risks facing our businesses over the short, medium and long-term, overseen by the Risk Management Committee.

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

In this section we outline our key risks and KLCCP Stapled Group’s approach to responding to them, combined with how the key risks link to our material matters and key resources.

KLCCP Stapled Group’s Risk Heat Map describes the position of the respective principal risks in terms of impact and likelihood, for year 2022.







UNDERSTANDING OUR PRINCIPAL RISKS

1 Financial	Change in Impact	Change in Likelihood
Material Sustainability Matters Financial Sustainability		
<p>Risk Management Strategy</p> <p>We have put in place all practical measures to ensure any potential financial risk exposures which may impair the ability to provide adequate return on investment.</p> <p>We have an established Integrated Financial Risk Management Guidelines, consisting 6 principles of financial risks.</p> <p>Principal Mitigation</p> <p>We maintain strong capital, profitability and liquidity position in pursuit of business sustainability and growth.</p> <p>Our gearing ratio is one of the lowest in the Malaysian REIT industry as excessive debt could lead to financial risk exposure. This provides us with a sizeable debt headroom and greater financial flexibility to tap into the equity markets. We maintain adequate cash and bank balances to meet the working capital</p>	<p>requirements and we maximise the return from cash balances via fund placements in the money market whilst minimising counterparty risk exposure. We diligently manage trade receivables to avoid trapped liquidity. We deal with approved counterparties with minimum A-rating for fund investment on best terms and limits.</p> <p>Activities in 2022</p> <ul style="list-style-type: none"> • Continued diligence on monitoring our financial, operational and cost optimisation efforts towards driving sustainability of our business. • Available funds are placed with financial institutions that are financially sound and spread across various financial institutions to mitigate concentration risk. 	

2 Market	Change in Impact	Change in Likelihood
Material Sustainability Matters Finance Sustainability, Corporate Governance, Corporate Social Responsibility		
<p>Risk Management Strategy</p> <p>We undertake a comprehensive and robust study on the viability of potential investment proposal in line with the Group’s business plan.</p> <p>A structured process for new investment and ventures is in place, encapsulating feasibility and market studies, analysis report, negotiation on terms and conditions and execution of agreement.</p> <p>Principal Mitigation</p> <p>A structured risk assessment process as part of decision making is to be carried out prior to any decision point to provide decision makers with a balanced view for informed decision making through richer risk conversation and considerations of risk reward trade-off.</p>	<p>All proposed capital investment shall meet the business return risk appetite threshold and maximise capital efficiency through a healthy portfolio distribution.</p> <p>Activities in 2022</p> <ul style="list-style-type: none"> • Continue to unlock value through the repositioning of our assets, taking into consideration the tougher market conditions and operating landscape, the change in tenant-customer dynamics and the need to stay ahead of the intensifying competition. • Continue to seek yield accretive assets for opportunistic acquisitions. 	

UNDERSTANDING OUR PRINCIPAL RISKS

3 Human Capital	Change in Impact 	Change in Likelihood 
Material Sustainability Matters Human Capital Development, Human Rights, Labour Standard and Practices		
<p>Risk Management Strategy</p> <p>We maintain an effective succession plan for critical positions in order to enhance and retain qualified and competent talent and ensure seamless continuity for business sustainability.</p> <p>The talent management philosophy is anchored on strategic thrust of Right Leader, Right Talent and Right Environment.</p> <p>Principal Mitigation</p> <p>Competency validation study to identify the gap for succession plan.</p> <p>Structured program for knowledge transfer and cross business mobility.</p> <p>Annual employee feedback survey/organisational climate survey as an instrument to identify how the internal environment promotes desired working culture towards achieving business objectives and aspirations.</p> <p>Activities in 2022</p> <ul style="list-style-type: none"> Assessed critical positions for the Group based on degree of value impact to overall organisation strategy, business insights that lead to high exposure to business interruptions. 	<ul style="list-style-type: none"> Conducted series of talent reviews for identified talent pool to ascertain their compatibility and readiness as successors to the critical positions. Aligned with the Group's new operating model post organisation restructuring, a review of the core capabilities inventory matrix has been conducted in collaboration with the Group's Subject Matter Expert. Implemented various self-driven learning programs including experiential learning, virtual-led instructions programs to address current and future capability requirements. Enhanced leadership competencies assessment was introduced in response to the demand of new working behaviors, of which the senior management of the Group have been upskilled accordingly. Conducted series of culture of accountability conversations to empower leaders to be effective and efficient in driving team cohesiveness towards higher performance and productivity. Enhanced the employee progression criteria and relevant employment benefits in order to remain competitive in attracting and retaining talent. 	

4 Health, Safety and Environment (HSE)	Change in Impact 	Change in Likelihood 
Material Sustainability Matters Health, Safety and Security, Climate Change and Energy Management, Environment Management		
<p>Risk Management Strategy</p> <p>We promote zero tolerance towards fatality and major fire. We shall take reasonable and practicable steps to prevent and eliminate the risk that could lead to damage of assets and business disruption.</p> <p>A robust and institutionalised HSE culture is in place to ensure safe working environment through the establishment of HSE Management Systems (HSEMS).</p> <p>Principal Mitigation</p> <p>Scheduled HSE assurance program (first line assurance-compliance functional and management system) to ensure compliance to the relevant HSE regulatory requirements such as Department of Occupational Safety & Health (DOSHS), Energy Commission and any other regulatory bodies.</p> <p>Undertake all reasonable, practicable and proactive steps to prevent and eliminate the risk of injuries, occupational illness, damage to properties and to protect the environment wherever we operate.</p>	<p>Introduced HSE accountability behavioral reinforcement program to recognise and reward positive behaviour and intervene/ improve undesired HSE behaviours. This nurtures desired behaviour and minimise unsafe behaviour that may lead to HSE major incidents.</p> <p>Activities in 2022</p> <ul style="list-style-type: none"> Accelerated the HSE Generative Culture programme through upskilling of the leadership team and frontliners to support the journey towards HSE Generative Culture by 2024. Engaged regularly with staff on the physical and mental health wellbeing in coping with post pandemic working environment. Carried out compliance audit on the electrical safety at selected assets to provide assurance to management and relevant stakeholders that our assets are compliant with the Electrical Act 1994. 	

UNDERSTANDING OUR PRINCIPAL RISKS

5 Security	Change in Impact	Change in Likelihood
Material Sustainability Matters Health, Safety and Security		
<p>Risk Management Strategy</p> <p>We put in place all practical and precautionary steps to safeguard our assets and people against crime.</p> <p>Our KLCC Precinct Security Master Plan details out the overall precinct security overlay where security control and crisis response measures are identified and implemented to safeguard our assets. The Security Master Plan was updated in 2017 to suit the current security risk environment.</p> <p>We also successfully implemented the Crime Prevention Through Environment Design in our design maintenance and use of our buildings and environment to enhance quality of life and to reduce incidence of crime.</p> <p>Our security team also works closely with the respective security teams of each building, PETRONAS Group Security and Polis DiRaja Malaysia (PDRM) for security intelligence updates.</p> <p>Principal Mitigation</p> <p>Established Security Coordination Platform to coordinate security matters within the KLCC Precinct - KLCC Precinct Security Management Working Group and Dayabumi Heritage Trail comprising representatives from surrounding building owners e.g. Masjid Negara, Muzium Textile, Agro Bank, POS Malaysia, Central Market and RAPID KL.</p>	<p>KLCC Precinct Security Operation Centre was established as a security focal point by all facilities within the KLCC Precinct and Local Authorities.</p> <p>Implemented Automatic Number Plate Recognition System within the KLCC and Dayabumi Below Grade Parking which captures vehicles registration number and face recognition.</p> <p>Incident Action Plan briefing to stakeholders on preparedness in handling different types of incidents e.g.: unattended packages, bomb threat/call.</p> <p>Set up an auxiliary police beat base at KLCC Park.</p> <p>Activities in 2022</p> <ul style="list-style-type: none"> Implemented enhanced security measures under the Integrated Security Operation Center within KLCC Precinct common area, leveraging existing infrastructure for Menara ExxonMobil and KL Convention Center perimeter CCTV with KLCC Precinct Security Management Centre. Deployed auxiliary police through New Security Operating Model for KLCC Precinct and Dayabumi. Established combined Site Security Plan for PETRONAS Twin Towers, Menara 3 PETRONAS and KLCC Precinct common area, as a strategic collaboration between PETRONAS Group Security and KLCC security team. 	

6 Asset Management	Change in Impact	Change in Likelihood
Material Sustainability Matters Customer and Tenant Management		
<p>Risk Management Strategy</p> <p>Our properties and assets are properly managed with the aim of creating value and maximising returns.</p> <p>Robust procedures and guidelines for selection of operators and asset management are in place and currently all our assets are managed by well accredited international operators to ensure tenant sustainability.</p> <p>Principal Mitigation</p> <p>A comprehensive leasing strategy to attract quality retail tenants.</p> <p>Constant engagement with our retailers and tenants to understand their needs and keep them updated on the evolving trends.</p> <p>Annual customer satisfaction survey and shopper exit survey to identify gaps for improvement.</p>	<p>Activities in 2022</p> <ul style="list-style-type: none"> Reviewed and enhanced the tenants mix and placement of stores to ensure a balance between the newly introduced brands and luxury brands with exclusive services. 	

UNDERSTANDING OUR PRINCIPAL RISKS

7 Facility Management

Change in Impact ▼

Change in Likelihood ◀▶

Material Sustainability Matters Customer and Tenant Management, Health, Safety and Security, Climate Change and Energy Management

Risk Management Strategy

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

Our facility management arm is accredited with ISO 9001, ISO 14001, ISO 45001, ISO 18788, ISO 37001 and ISO 41001.

Our facility management team is involved in the implementation of operations & maintenance programs and continuous efforts on improvement measures to ensure the long-term sustainability of the assets for preservation of the value.

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

Principal Mitigation

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

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

Emergency Power Supply Availability

To provide alternate power supply during disruption from service provider by using generator.

Mechanical system for Air- Conditioning

To control Indoor Air Quality for room temperature, humidity and airflow, not only for the comfort of the tenants/ occupants but also to protect sensitive electronic equipment at data center, electrical and telecommunication rooms.

Vertical Transportation

To facilitate smooth movement of building occupants.

Mechanical Systems for Domestic Water

To ensure 24-hour supply for drinking, domestic use and fire-fighting system by utilising water storage tank.

Activities in 2022

- Continued implementation and monitoring of predictive, preventive and corrective maintenance strategies and initiatives.
- Continued staff engagement on preparedness to activate Business Continuity Plan as and when needed.
- Continued due diligence assessment for asset life cycle management and prepared asset rejuvenation proposal in line with the latest technology.
- Conducted enhancement of Integrated Building Command Centre from command to control centre to assist the management of the facilities for real time monitoring of equipment and operation optimisation.

8 Supplier **Change in Impact** ▼ **Change in Likelihood** ◀▶
Material Sustainability Matters Supply Chain Management, Corporate Governance and Business Ethics

Risk Management Strategy

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

For supplier registration, the prospective suppliers are encouraged to register with the Group by furnishing information that is needed as potential supplier in a particular category. Suppliers must comply with the registration prerequisite before they can be considered for registration. Supplier’s eligibility to be determined via the evaluation process based on the set criteria.

Procurement of goods and/or services shall be sourced through suppliers that are registered with the Group.

The KLCC’s Standardised Work & Equipment Categories (SWEC) shall serve as a common reference on the company’s registration information and development of bidders’ lists.

The tender participation for the recommended suppliers shall be reflected in the Screening/Pre-qualification exercise, Contracting Overall Strategy (if required), Tender Plan, Invitation to Bid, Technical Evaluation Report, Contractor Risk Assessment (if required) and Techno-Commercial Evaluation & Award Recommendation Report.

Principal Mitigation

Review of suppliers’ and contractors’ performance is carried out on bi-annual basis for continual improvement.

Maintain a record of registered suppliers based on category according to product and/or services.

Implement tender documents submission by vendors through Secured Manage File Transfer (SMFT) platform.

Carry out Third Party Risk Management assessment as part of due diligence process to enable detection of possible red flags of our potential third-party business.

Activities in 2022

- Established standard Contractors Performance Appraisal assessment criteria.
- Established Consequence Management Framework for the management of non-performing contractors and non-compliance to the Group registration requirement cases.
- Established Appeal Management Framework to cater to the reinstatement of blacklisted/suspended contractors’ registration. Tightened procurement policies in shortlisting bidders.
- Established guidelines for separate tender evaluation teams.
- Established Anti-Bribery assessment for Contractor’s Risk Assessment for all projects.
- Assessed all vendors’ (including suppliers and service providers) preparedness on the measures to be taken in managing crisis for continuous support to our business operation without disruption.
- Assessed existing and potential suppliers to meet standards of operational excellence.

THE CFO'S REVIEW



...
I am pleased to report that the Group ended the year on a high note with a robust set of financial results.

ROHIZAL BIN KADIR
Chief Financial Officer

I came on board as the CFO on 1 December 2022, taking over from my predecessor, Encik Annuar Marzuki Abdul Aziz.

I am pleased to report that the Group ended the year on a high note with a robust set of financial results. This stems from the momentum of the second half of the year following the full economic opening on 1 April 2022. The Group closed the year with Profit Before Tax (PBT) excluding fair value adjustments of RM0.9 billion, an increase of 25.5% compared to 2021, on the back of revenue growth of 24.6% to RM1.5 billion. This is

DESPITE THE DISRUPTION AND IMPACT FROM THE PANDEMIC, WE MAINTAINED OUR STRONG BALANCE SHEET AND CREDIT RATINGS

a healthy recovery from the setbacks of Covid-19 in the previous two years. With the strong cashflows generated, the Group paid out a 38.00 sen dividend, translating to a dividend yield of 5.7%, the highest recorded since the listing of the Stapled Security in 2013.

The underlying strength of our properties was underpinned by the resilient recovery in valuations, which increased our property value by RM136.2 million to RM15.7 billion. The Group recorded a fair value gain of RM128.7 million, compared to a fair value loss of RM144.5 million in 2021. This was driven by the stability and improvement in our income growth, particularly across our retail malls, while the valuation for our offices maintained, benefiting from the robust rental profiles and the defensive lease structure amidst the over-supply pressures in the office market.

KLCCP Stapled Group continued its disciplined approach to financial stewardship during the year. Despite the disruption and impact from the

pandemic, we maintained our strong balance sheet and stable credit ratings. During the year, the Group's credit ratings of AAA/Stable were reaffirmed by RAM Ratings for its Sukuk Murabahah Programme of KLCC REIT and Suria KLCC.

We focused to maximise generation of cashflow from our operations to ensure a sustainable business environment towards long-term stability. The Group continued to operate with high discipline in capital management and managed its interest rate risk exposure based on the debt profile. Our cash and cash equivalents as at 31 December 2022 remained healthy, at RM1.1 billion, with gearing ratio of 18.1% and average cost of debt of 4.6%. We will continue our proactive capital management strategies to manage interest rate movements going forward.

My top priority is to continue building on the established foundation and to implement strategies that will improve profitability and cash flow management,

2022 Highlights

Revenue

RM1.5 billion
(2021: RM1.2 billion)

Profit Before Tax

(excluding Fair Value Adjustment)

RM0.9 billion
(2021: RM0.7 billion)

Cash Flow from Operations

RM1.0 billion
(2021: RM0.8 billion)



Scan or click to listen to our CFO, En Rohizal, FY2022 analyst briefing's results recording



strengthen financial controls and processes, and foster relationships with key stakeholders. I will also work to identify areas for cost optimisation and revenue growth opportunities and ensure compliance with all relevant financial regulations and laws.

I am confident that we are well positioned going into 2023 to deliver on our purpose, though the outlook for the year to come remains uncertain. We are committed to achieve financial excellence and create value for our stakeholders. Thank you to the team for their commitment and hard work, placing us in good stead to deliver on the Group's strategies.

KLCCP STAPLED GROUP

5-YEAR FINANCIAL HIGHLIGHTS

REVENUE (RM'000)

2022	1,459,251
2021	1,171,056
2020	1,239,150
2019	1,423,021
2018	1,405,941

OPERATING PROFIT (RM'000)

2022	958,796
2021	785,180
2020	764,474
2019	1,020,020
2018	1,010,891

PROFIT FOR THE YEAR (RM'000)

2022	911,554
2021	534,029
2020	474,715
2019	945,671
2018	838,920

EARNINGS PER STAPLED SECURITY - BASIC / DILUTED (SEN)

2022	43.35
2021	27.47
2020	23.94
2019	43.77
2018	40.15

PROPERTY VALUE (RM'MIL)

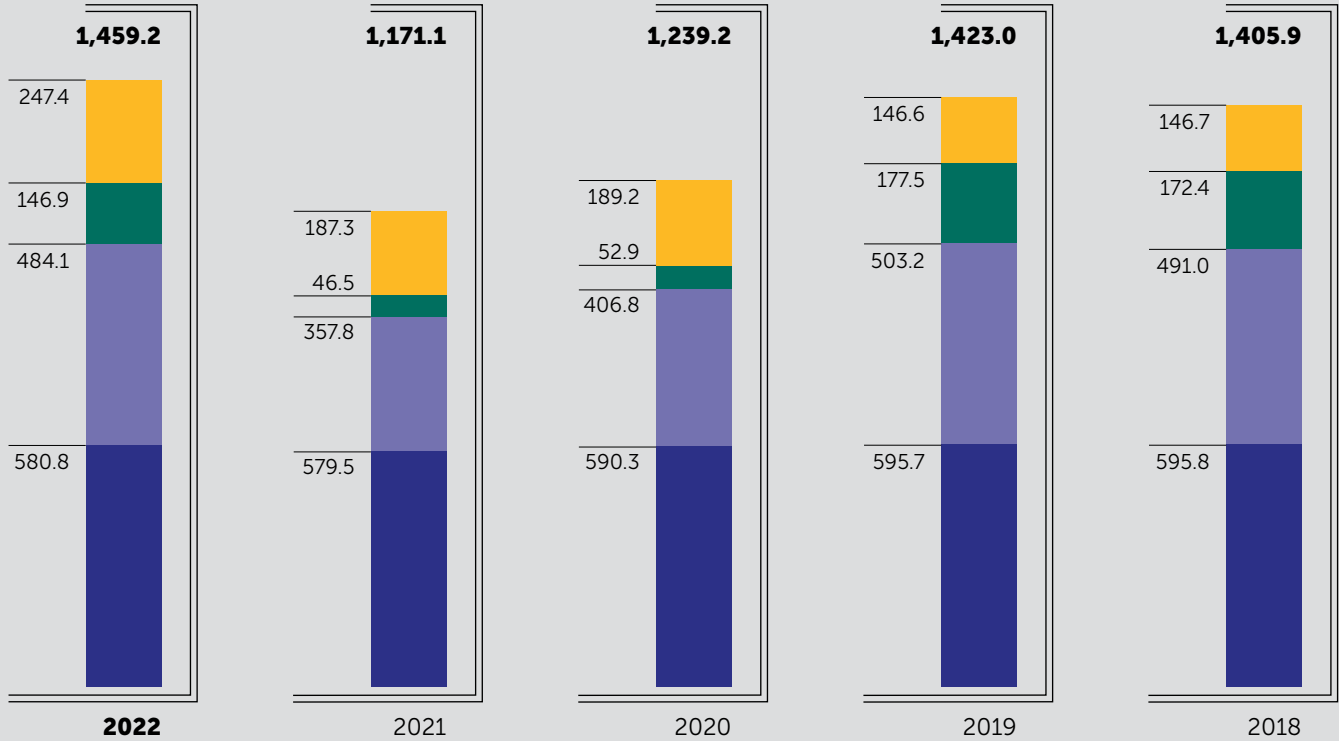
2022	15,722.8
2021	15,586.6
2020	15,693.2
2019	15,894.2
2018	15,714.9

NET ASSET VALUE PER STAPLED SECURITY (RM)

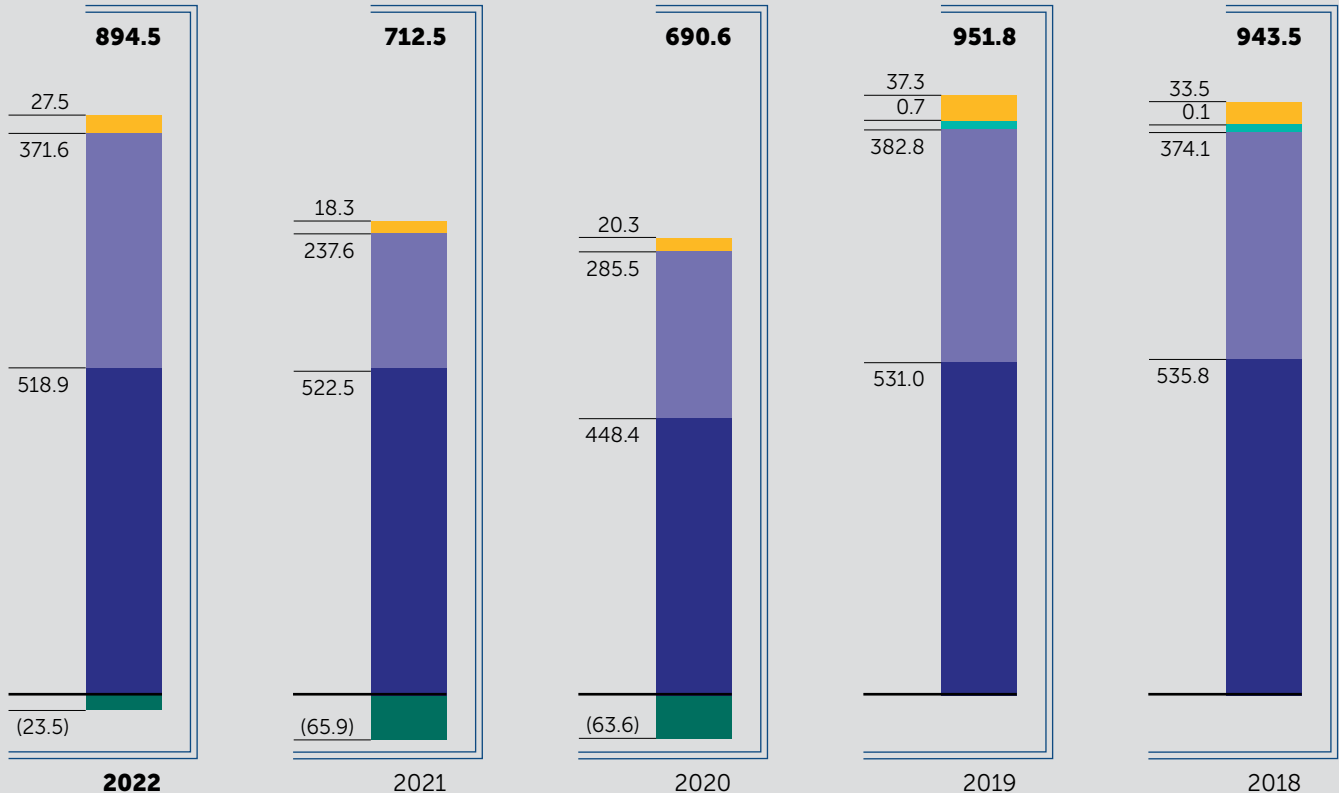
2022	7.27
2021	7.21
2020	7.21
2019	7.32
2018	7.25

KLCCP STAPLED GROUP 5-YEAR FINANCIAL HIGHLIGHTS

SEGMENTAL REVENUE (RM'MIL)



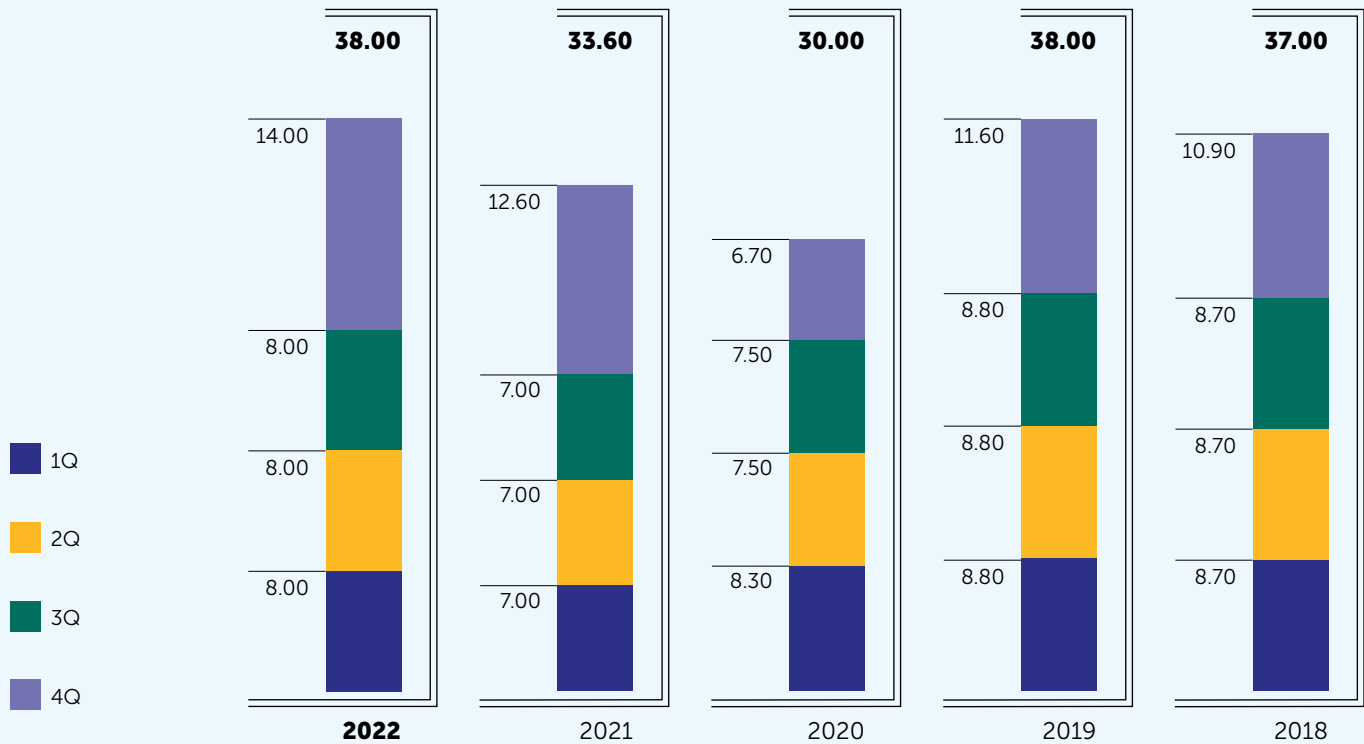
SEGMENTAL PBT EXCLUDING FAIR VALUE ADJUSTMENTS (RM'MIL)



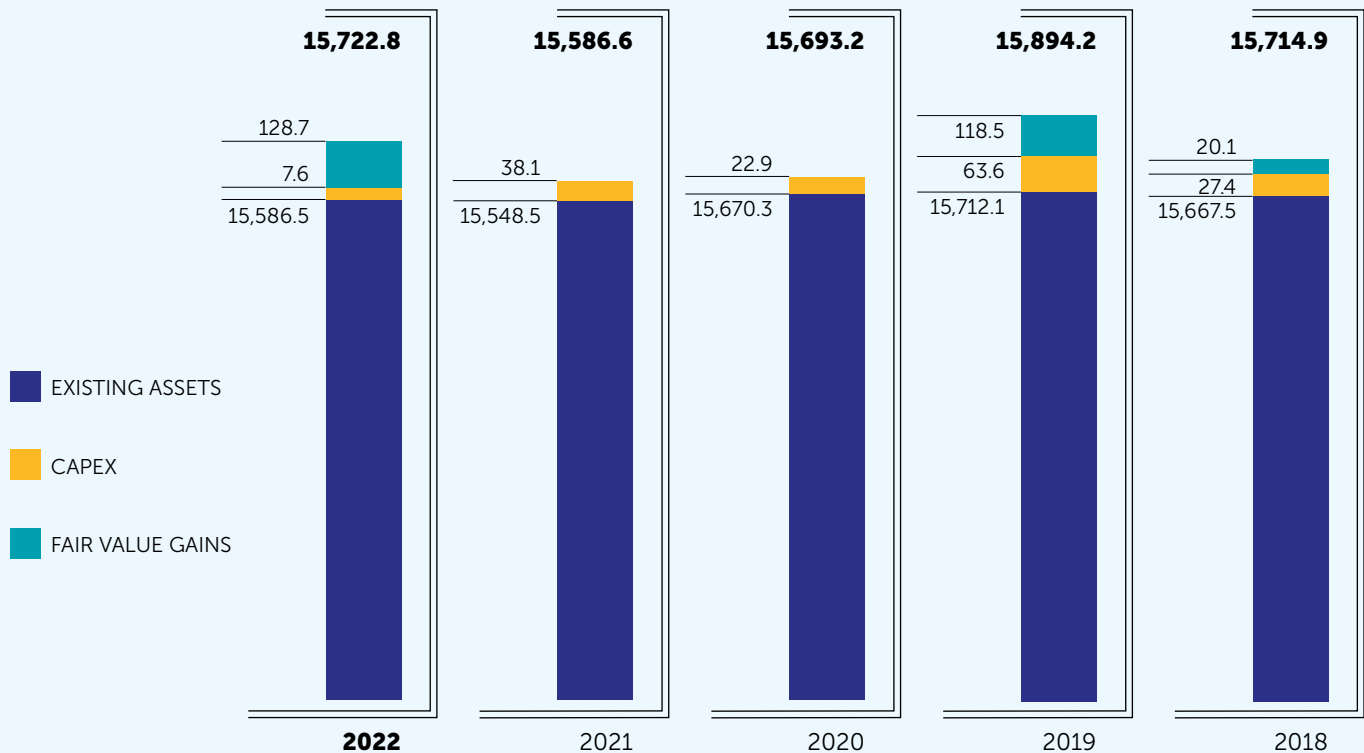
■ OFFICE
 ■ RETAIL
 ■ HOTEL
 ■ MANAGEMENT SERVICES

KLCCP STAPLED GROUP 5-YEAR FINANCIAL HIGHLIGHTS

DISTRIBUTION PER STAPLED SECURITY (SEN)



PROPERTY VALUE (RM'MIL)



KLCCP STAPLED GROUP

5-YEAR FINANCIAL SUMMARY

	2022	2021	2020	2019	2018
Key Operating Results (RM'000)					
Revenue	1,459.3	1,171.1	1,239.2	1,423.0	1,405.9
Operating Profit	958.8	785.2	764.5	1,020.0	1,010.9
Profit Before Tax	1,018.9	565.8	546.8	1,071.3	964.1
Profit For The Year	911.6	534.0	474.7	945.7	838.9
Key Statement of Financial Position (RM'000)					
Investment Properties	15,722.8	15,586.6	15,693.2	15,894.2	15,714.9
Total Assets	18,109.5	17,937.1	17,995.5	18,211.3	17,860.3
Total Financings	2,378.5	2,375.9	2,349.4	2,346.6	2,244.7
Total Liabilities	2,942.2	2,897.6	2,917.5	2,917.8	2,735.2
Total Equity Attributable to the Equity Holders of Stapled Securities	13,131.7	13,009.8	13,014.1	13,212.0	13,095.3
Stapled Securities Information					
Earnings per Stapled Security - Basic/ Diluted (sen)	43.35	27.47	23.94	43.77	40.15
Net Asset Value per Stapled Security (RM)	7.27	7.21	7.21	7.32	7.25
Distribution per Stapled Security (sen)	38.00	33.60	30.00	38.00	37.00
Stapled Securities Closing Price as at 31 December (RM)	6.71	6.55	7.08	7.90	7.66
Number of Stapled Securities (mil)	1,805.3	1,805.3	1,805.3	1,805.3	1,805.3
Market Capitalisation (RM'mil)	12,113.8	11,824.9	12,781.8	14,261.9	13,828.9
Financial Ratios					
PBT Margin	70%	48%	44%	75%	69%
Dividend Payout Ratio	92%	95%	98%	94%	96%
Gearing (times)	0.18	0.18	0.18	0.18	0.17

KLCCP STAPLED GROUP VALUE ADDED STATEMENT

	2022	2021
Total Turnover	1,459,251	1,171,056
Interest/profit income	27,068	18,487
Operating expenses	(322,686)	(234,969)
Value added by the KLCCP Stapled Group	1,163,633	954,574
Share of profits of an associate	10,098	11,763
Fair value adjustments on investment properties	128,676	(144,457)
	1,302,407	821,880
Reconciliation		
Profit attributable to holders of Stapled Securities	782,663	495,852
Add:		
Depreciation & amortisation	44,978	46,668
Finance costs	105,759	105,176
Staff costs	132,791	104,239
Taxation	107,325	31,768
Other non-controlling interest	128,891	38,177
	1,302,407	821,880
Value distributed		
Employees		
Salaries and other staff costs	132,791	104,239
Government		
Corporate taxation	105,484	45,900
Providers of capital		
Dividends	660,752	500,079
Finance costs	105,759	105,176
Other non-controlling interest	128,891	38,177
Reinvestment and growth		
Depreciation & amortisation	44,978	46,668
Capital reserve*	36,360	(44,254)
Income retained by the Group	87,392	25,895
	1,302,407	821,880

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

FINANCIAL REVIEW

...
Our financial performance for the year reflects our strong operational performance and the normalising of business conditions as we emerged from the pandemic, capping off a successful year.

Malaysia's transition to the endemic phase and the reopening of international borders benefitted and strengthened the performance of the Group. Our business saw steady growth across all segments, with the retail & hotel segments leading the recovery.

Revenue of the Group increased from RM1.2 billion to RM1.5 billion and the profit for the year (excluding fair value adjustments) increased by RM120.3 million to RM793.3 million.

In return, we distributed a dividend distribution per Stapled Security of 38.00 sen, 13.1% higher than last year, reflecting the improvement in our business performance and our commitment to deliver value to our holders of Stapled Security. The distribution also translates to a dividend yield of 5.7%, the highest yield recorded since we became a Stapled Group.

	2022 RM'mil	2021 RM'mil	Variance %
Revenue	1,459.3	1,171.1	24.6
Operating Profit	958.8	785.2	22.1
Profit Before Tax*	894.5	712.5	25.5
Profit for the year*	793.3	673.0	17.9
Profit attributable to equity holders*	690.8	609.4	13.4
Operating Profit Margin*	66%	67%	(2.0)
Profit Before Tax Margin*	61%	61%	0.7
Earnings per Stapled Security* (sen)	37.9	34.2	10.8
Distribution per Stapled Security (sen)	38.00	33.60	13.1
Payout ratio (%)	92%	95%	(3.5)

* Excluding fair value adjustments

KEY HIGHLIGHTS

Robust overall performance from **improved demand** and business activity, which saw a sustained recovery in **retail and hotel segments**, contributing to the **25.5% increase** in PBT*.

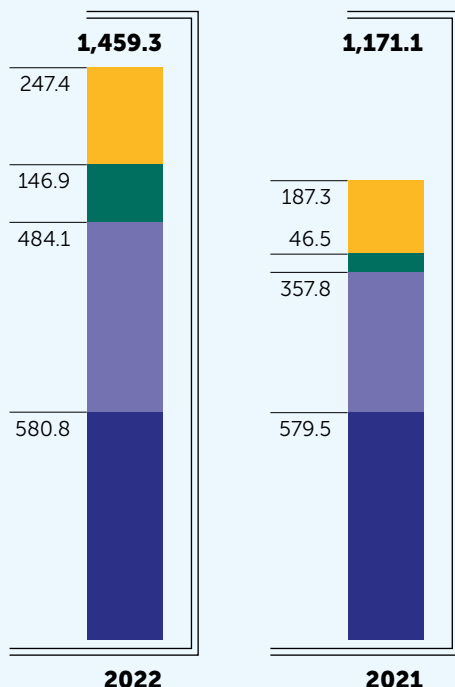
Suria KLCC capitalised on the return of shoppers with targeted marketing campaigns recording the **highest tenant sales** ever, almost doubled that of 2021 and surpassed pre-pandemic levels by **9.5%**.

Solid MOKL Hotel performance as revenue rose **more than 200%** backed by **higher average occupancy of 44%**, from steady return of tourists and stronger demand in MICE & corporate events.

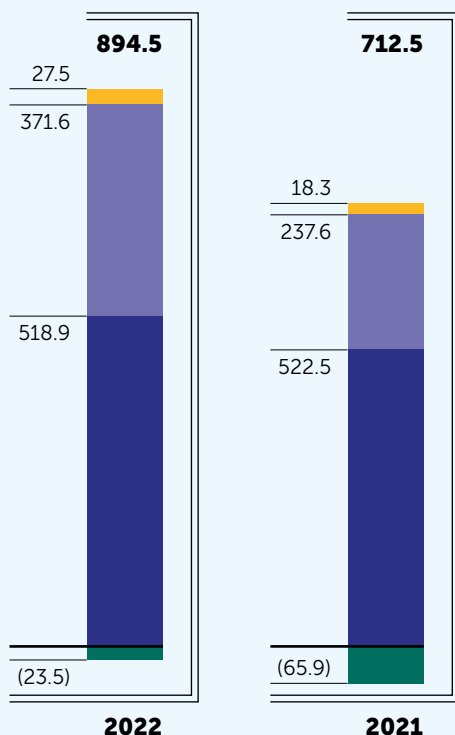
Distributed a dividend distribution per Stapled Security of **38.00 sen, 13.1%** higher, reflecting our commitment to deliver value to our Stapled Security holders.

FINANCIAL REVIEW

REVENUE (RM'MIL)



PROFIT BEFORE TAX (EXCLUDING FAIR VALUE) (RM'MIL)



■ OFFICE ■ RETAIL
■ HOTEL ■ MANAGEMENT SERVICES

With the endemic phase in full swing, the retail segment has been gaining pace to pre-Covid levels. The retail segment recorded a 35.3% and 56.4% increase in revenue and PBT (excluding fair value adjustments) respectively, driven by higher rental from new leases and advertising income coupled with lower rental assistance provided to the tenants. Suria KLCC continued to provide targeted rental assistance for its tenants and had increased its marketing efforts significantly to generate recurring spending and to drive footfall back to the malls. During the year, Suria KLCC supported its retail tenants with RM15.0 million in rental assistance to ensure tenants sustainability and recovery.

The revenue from MOKL Hotel rebounded markedly by 215.9% compared to 2021 supported by the stronger leisure business demand and returning demand of international travellers. This has helped to boost higher occupancy and average room rate during the year. The office segment remained stable backed by its Triple Net Lease (TNL) agreement, contributing 40% of the Group's total revenue.

Management services contributed 17% of the Group's total revenue with a growth of RM60.1 million arising from higher contribution from facilities management and increased carpark income during the year.

Profit Before Tax (PBT) (excluding fair value adjustments)

The PBT of the Group increased by 25.5% to RM894.5 million, in tandem with the increase in revenue reflecting a strong recovery from the pandemic, while the PBT margin was maintained at 61%.

Profit for the Year

The effective tax rate for KLCCP Stapled Group was approximately 9.8% with KLCC REIT distributing more than 90.0% of its distributable income and was thus exempted from tax. During the year, the Group was impacted by the one-off Cukai Makmur amounting to RM19.8 million. The Finance Act 2021 gazetted on 31 December 2021 enacted Cukai Makmur on companies that generate chargeable income of RM100.0 million and more – a tax of 24% chargeable up to the first RM100 million and the remaining chargeable income taxed at a one-off rate of 33% for the year of assessment 2022.

Distribution per Stapled Security

Reflecting our positive financial performance, the Group declared a dividend of 14.0 sen, for the final fourth quarter 2022, which brought the total dividend for the year to 38.00 sen per Stapled Security, a 92% payout of its distributable profit and realised income. The dividend declared and distributed was 13.1% higher compared to 2021 and translates to a dividend yield of 5.7%, the highest yield recorded since we became a Stapled Group.

FINANCIAL POSITION REVIEW

	2022 RM'mil	2021 RM'mil	Variance %
ASSETS			
Investment Properties	15,722.8	15,586.6	0.9
Property, plant and equipment	570.9	605.0	(5.6)
Right of use asset	3.9	5.6	(30.4)
Receivables	441.8	509.0	(13.2)
Cash and Bank Balances	1,105.0	959.5	15.2
Others	265.1	271.4	(2.4)
	18,109.5	17,937.1	1.0
LIABILITIES			
Payables	408.2	381.4	7.0
Financings	2,378.5	2,375.9	0.1
Others	155.5	140.3	10.9
	2,942.2	2,897.6	1.5
Total Equity attributable to equity holders of KLCCP and KLCC REIT	13,131.7	13,009.8	0.9
Net Asset Value per Stapled Security (NAV) (RM)	7.27	7.21	0.9

As the Group is backed by a solid portfolio of assets, the financial position of the Group remained at a healthy position with sufficient cash and low gearing for future development and long-term stability. The Group's total assets grew from RM 17.9 billion to RM18.1 billion mainly due to the gain in fair value of the investment properties during the year. Net asset value per Stapled Security (NAV) also improved from RM7.21 to RM7.27 during the year. Total equity attributable to equity holders strengthened to RM13.1 billion.

	Market Value		Carrying Value	
	31 Dec 2022 RM'mil	31 Dec 2021 RM'mil	31 Dec 2022 RM'mil	31 Dec 2021 RM'mil
Property				
KLCC REIT Assets	9,493.0	9,492.0	9,175.3	9,113.6
Suria KLCC	5,580.0	5,510.0	5,568.7	5,495.2
Dayabumi*	563.0	562.0	678.0	677.0
Lot D1*	278.0	278.0	300.8	300.8
Total	15,914.0	15,842.0	15,722.8	15,586.6

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

FINANCIAL REVIEW

Investment Properties and Fair Value Adjustments

Investment Properties of KLCCP Stapled Group represent 86.8% of the Group's total assets. Our assets are prestigious and premium include PETRONAS Twin Towers, Menara 3 PETRONAS, and Menara Exxonmobil (which are included in KLCC REIT), as well as Suria KLCC, Menara Dayabumi, the City Point podium land and the vacant land of Lot D1 (which are included in KLCCP).

The market value of these properties recorded a marginal increase of 0.5% to RM15.9 billion as at 31 December 2022, driven mainly by the increase in the recovery of the retail segment. This reinforces the strength and resilience of our malls. The market value for offices remained stable signifying the stability of our assets amidst the competitive rates and the oversupply of spaces.

Under MFRS 140 Investment Properties, accounting adjustments were made to exclude the accrued operating lease income and capital expenditure incurred during the year to avoid double counting of assets. Taking the above into consideration, RM128.7 million was recognised as a fair value adjustment in 2022. Despite the ongoing challenges & tough market conditions, the property

value of the Group has demonstrated resilience and recorded a fair value gain, compared to a fair value loss recorded last year.

Property, Plant and Equipment

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

During the year, the Group spent RM6.5 million mainly on the upgrading of the parking management system for KLCC Parking Management's facilities coupled with the upgrading of the hotel system and booking system for MOKL Hotel & Suria KLCC. The capital expenditure was set off against depreciation charged and write-offs/disposal of assets no longer in use.

Receivables

Receivables was 13.2% lower this year at RM441.8 million compared to RM509.0 million last year mainly due to a decrease in accrued rental revenue due to the straight-lining impact of leases under MFRS 16 in KLCC REIT and Suria KLCC.

CASHFLOW REVIEW

	2022 RM'mil	2021 RM'mil
Operating activities	1,026.4	775.6
Investing activities	4.0	(41.2)
Financing activities	(884.1)	(647.6)
Change in cash and cash equivalent	146.3	86.8
Cash with PETRONAS IFSSC	783.9	644.0
Deposits with licensed banks	308.2	292.9
Cash and bank balances	12.9	22.6
Cash and cash equivalents	1,105.0	959.5

Operating Activities

The higher net cash generated from operating activities of RM1,026.4 million compared to RM775.6 million was mainly due to the revised rental rate on PETRONAS Twin Towers effective October 2021 coupled with overall improvement in receivable collection particularly from the retail segment.

Investing Activities

Cashflow from investing activities represents dividend received from the Group's associate and other capital expenditure invested during the year. In 2022, the Group received RM16.5 million dividend from associate company, which was partially offset by spending in CAPEX of RM12.5 million.

Financing Activities

The financing activities of the Group consist of servicing of interest/profit for the KLCC REIT's Sukuk Murabahah Programme (Sukuk) and term loan of the hotel. During the year, the Group made a net drawdown of RM6.5 million from the existing term loan to finance the operation and capital spending of the hotel.

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

CAPITAL MANAGEMENT



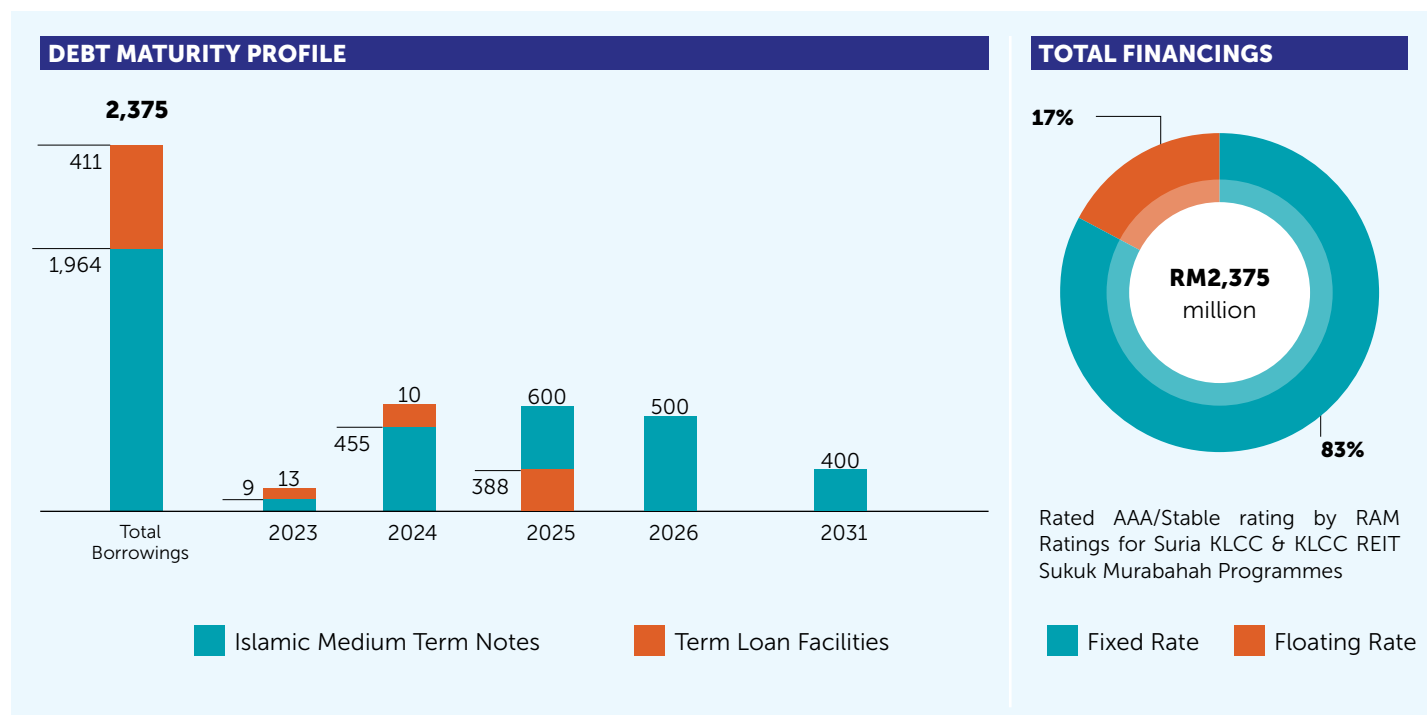
Premised on the KLCC Group Corporate Financial Policy, the Group’s objective in managing capital is to maintain an optimal capital structure and ensure the availability of funds for businesses and operations whilst maximising shareholders’ value. The Group continued to maintain a strong and robust balance sheet with gearing at 18.1%, well below the 50% regulatory threshold, and approximately RM2.7 billion of cash and undrawn debt facilities.

As at 31 December 2022, the Group’s borrowings stood at RM2.4 billion, with 83% of total borrowings on a fixed rate. The average maturity period was shortened to 3.3 years as the next tranche of financing shall be due in April 2024. In the rising interest rate environment, the defensiveness of our balance sheet has positioned us positively and the Group anticipates a minimal impact from any further increase in Overnight Policy Rate (OPR) by Bank Negara Malaysia. The average cost of debt stood at 4.6% as at year end.

Overall, the Group’s sufficient capital combined with balance sheet strength provides the capacity to deliver on our strategic objectives and the ability to capitalise on future opportunities.

	2022	2021	2020	2019	2018
Total financings (RM million)	2,375	2,370	2,340	2,335	2,245
Average cost of debt (%)	4.6	4.3	4.4	4.6	4.6
Fixed: Floating ratio	83	83	84	84	84
Average maturity period (years)	3.3	4.3	3.6	4.6	4.1
Gearing ratio (%)					
- Gross	18.1	18.2	18.0	17.8	17.1
- Net	9.7	10.8	11.3	11.1	11.5

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



CAPITAL MANAGEMENT

CAPITAL EXPENDITURE

The Group spent RM14.1 million on capital expenditure during the year largely attributable to the installation of the parking management system in KLCC Parking Management's facilities coupled with Suria KLCC's modernisation of the building control system and the space reconfiguration at Level 4 of the mall.

FINANCIAL RISK MANAGEMENT

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

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

Credit Risk

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

Credit risk from the retail segment was mitigated due to the improvement of retail tenants' sale.

Trade Receivables of the Group as at 31 December 2022 reduced by 66% from 2021 with improved collection in the retail segment, amidst the normalisation of business.

Trade Receivables' Aging	RM'mil
Not past due	3,316
Past due 1 to 30 days	2,155
Past due 31 to 60 days	887
Past due 61 to 90 days	1,041
Past due more than 90 days	8,925
	16,324
Less: Allowance for impairment loss on trade receivable	(7,574)
	8,750

The Group has decreased the allowance for impairment loss on trade receivable from RM9.1 million to RM7.6 mil during the year, to reflect the current credit risk profile and the economic conditions.

Nevertheless, the retail operators continue to carry out extensive credit evaluation using qualitative and quantitative criteria for new tenants alike. Constant monitoring of the tenants' ability to pay rent is also part of the credit risk mitigation.

Similarly, the hotel segment also conducts thorough reviews and assessments of the credit worthiness of their guests.

Liquidity Risk

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

The Group maintained adequate cash and bank balances to meet its working capital requirements as part of the overall liquidity management. A periodic cash flow forecast is undertaken to determine optimal cash requirements, taking into consideration all realisation of receivables, payment of suppliers and other capital and financial obligations. This proactive cash management ensures idle monies are placed in interest-bearing accounts.

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

Foreign Currency Risk

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

NO. OF ASSETS

5

(2021: 5)

NLA (SQ. FT.)

5.6 million

(2021: 5.6 million)

AVERAGE OCCUPANCY

100%

(2021: 100%)

REVENUE CONTRIBUTION BY SEGMENT

40%

(2021: 49%)



THE PLACE TO WORK



We are recognised for creating innovative workplaces that have stood the test of time, thriving sustainably and commercially

OPERATIONS REVIEW



...
**KLCCP Stapled
 Group's revenue was
 largely anchored
 by its stable
 office segment,
 underpinned by
 the full occupancy
 and long-term
 lease periods which
 builds stability as
 a recurring income
 generator.**



As at 31 December, the office segment contributed 40% of the Group's total revenue reaffirming KLCCP Stapled Group's standing as a diversified office-focused REIT in Malaysia.

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



WE SUPPORTED OUR TENANT INITIATIVES IN IMPROVING EFFICIENCY AND RESILIENCE IN THE WORKPLACE BY LEVERAGING DIGITALISATION

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

INDUSTRY LANDSCAPE AND OPERATING CHALLENGES

Malaysia's economic recovery from the pandemic has been strong since the reopening of borders in April 2022, fueled by domestic demand and robust exports. The growth has been further supported by steady growth in the services and manufacturing sectors. However, inflationary pressures, economic uncertainty and climate change continue to linger and hamper Malaysia's economic fundamentals.

Despite the ongoing challenges, the average occupancy rate of the Klang Valley office market has decreased in the current year and is expected to decline in short to medium term due to the influx of incoming supply and the existing oversupply situation. The huge incoming supply is likely to exert pressure on the occupancy rate, as supply is expected to outstrip demand in the Klang Valley market.

The infusion of new mega projects in the market could bolster the country's reputation and augment the supply of high-quality stock but as the market primarily relies on the relocation of existing tenants, a significant number of older office buildings may become vacant as tenants move to newer developments. This will put further pressure on landlords of older buildings to either lease them at lower rents or undertake refurbishment works with a focus on incorporating eco-friendly materials and smart technologies to ensure the long-term sustainability and attractiveness of the buildings. However, due to the escalating costs of construction, landlords may delay such renovations and opt for a more opportune period to undertake the refurbishments.

In recent years, the Klang Valley office market has seen an excess of new office buildings being constructed, which has resulted in an oversupply of office space. The abundance of vacant new office buildings in the market combined with a large number of empty older buildings is putting pressure on landlords to become more competitive in the market. Some landlords have already begun reducing their asking rents and offering incentives such as rental rebates to attract tenants. Although it is unlikely for gross asking rents to decline dramatically, landlords will likely become more flexible in terms of rental rates and offer extended rent-free periods, resulting in lower effective rentals. This trend is projected to persist in the short to medium term until the oversupply situation is mitigated. In the meantime, tenants will continue to have a strong bargaining position, with a wide range of options available to them.

OPERATIONS REVIEW

STRATEGIC INITIATIVES FOR THE YEAR

Our strategy for our office segment was anchored in providing safe and conducive office space incorporating well maintained amenities and outstanding services as well as promoting sustainable and environmental-friendly practices.

1. Connectivity and vibrancy at Menara Dayabumi

In providing our tenants and our various stakeholders to have a place that better supports connectedness, a 10-metre pedestrian bridge connecting Menara Dayabumi and Central Market was completed during the year. The bridge was officially opened to the public, for better access and to enhance the connectivity crossing Klang River to & from Dayabumi-Central Market. This asset enhancement will bring further visibility of Menara Dayabumi which is already well connected to a transportation hub with covered walkways and the LRT, KTM and MRT stations.

During the year, soft landscaping works was completed at the phase 3 redevelopment site to rejuvenate the area and complementing Kuala Lumpur Heritage Trail.

2. Digital acceleration

We supported our tenant initiatives in improving efficiency and resilience in the workplace by leveraging digitalisation. During the year, we collaborated with our tenant to install facial recognition devices for improved security and contactless access at PETRONAS Twin Towers.

The new Visitor Management System was introduced to provide a seamless experience for visitors entering the office buildings - PETRONAS Twin Towers, Menara 3 PETRONAS and Kompleks Dayabumi. The initiative started as Proof-of-Concept for 6 months at PETRONAS Twin Towers and subsequently went live at other buildings in June 2022. The transition from manual to digital registration have brought savings of 432 manhours and improved registration efficiency by 96%. This benefitted more than 70,000 visitors across the buildings.



3. Sustainable buildings

KLCC REIT achieved Green Building Index of Gold for PETRONAS Twin Towers and Silver for Menara 3 PETRONAS in 2019. Over the years, the Group has been progressively replaced all the lighting within the common areas, office buildings and car parks to LED lighting towards its energy management efficiency and carbon footprint reduction.

In 2022, our facilities management company, KLCC Urusharta completed the one-off works on modernising the LED lighting for the external façade of the PETRONAS Twin Towers, replacing the metal halide lightings. The upgrading to LED comprised over 900 lights. This not only enhanced the majestiveness of the iconic twin towers, and improved the customer and tenant experience as the twin towers is now able to be lit up in various colours, but are expected to potentially save energy consumption and maintenance cost.

FINANCIAL REVIEW

Property	REVENUE			PROFIT BEFORE TAX (Excluding fair value adjustments)			PBT contribution
	2022 RM'mil	2021 RM'mil	Variance %	2022 RM'mil	2021 RM'mil	Variance %	2022 %
PETRONAS Twin Towers	401.4	401.2	0.0	356.6	354.2	0.7	69%
Menara 3 PETRONAS	92.7	92.7	0.0	90.4	90.3	0.1	17%
Menara ExxonMobil	45.1	44.9	0.4	30.3	31.0	(2.3)	6%
Menara Dayabumi	41.6	40.7	2.2	27.3	33.2	(17.8)	5%
Menara Maxis*	-	-	-	14.4	14.0	2.1	3%
Total Office Segment	580.8	579.5	0.2	519.0	522.8	(0.7)	100%
Citypoint Development	-	-	-	(0.1)	(0.3)	(66.7)	n.m
Total	580.8	579.5	0.2	518.9	522.5	(0.7)	100%

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

In 2022, revenue for the office segment remained stable with a marginal increase to RM580.8 million. The stability and resiliency of this segment is supported by the Triple Net Lease (TNL) agreements for PETRONAS Twin Towers, Menara 3 PETRONAS and Menara Dayabumi and the long-term lease agreement of Menara ExxonMobil.

PETRONAS Twin Towers remain the largest contributor at 69% or RM401.4 million followed by Menara 3 PETRONAS at 17% or RM92.7 million. Under the TNL arrangement with PETRONAS, all property expenses and outgoings are borne by the tenant which PBT is safeguarded.

PBT of the segment decreased marginally due to soft landscaping cost incurred at the phase 3 redevelopment site of Dayabumi.

PROSPECTS

2023 will continue to be a tenant-led market due to the prolonged oversupply in Kuala Lumpur. Aggressive offerings such as attractive tenancy terms and incentives will be on the cards to attract tenants.

Our office segment anchored by the Triple Net Lease Agreements with defensive long-term locked-in tenancy structure for the PETRONAS Twin Towers, Menara 3 PETRONAS and Menara Dayabumi will continue to anchor and lend stability to the Group. Despite the office oversupply setbacks, our high-quality prime Grade A offices with long-term leases will cement resilient earnings with stable rental yield and defined cash flow returns.

With the return of our office tenants to the workplace in full force in 2022, albeit their flexible working arrangements, we expect our office portfolio to remain stable going into 2023.



THE PLACETO SHOP

NO. OF ASSETS

2
(2021: 2)

NLA (SQ. FT.)

1.1 million
(2021: 1.1 million)

AVERAGE
OCCUPANCY

92%
(2021: 93%)

REVENUE
CONTRIBUTION
BY SEGMENT

33%
(2021: 31%)



Our iconic shopping destination offers unique curated retail offerings that exude a vibrant and experiential experience

OPERATIONS REVIEW



...

The retail segment of KLCCP Stapled Group represented by Suria KLCC and the retail podium of Menara 3 PETRONAS continued to drive performance and growth for the Group amidst the challenging operating environment.



Located in the heart of Kuala Lumpur, our malls have a diversified tenant base which houses more than 350 speciality stores, offering a wide range of brand selections: from international fashions and flagship stores to local favourite hangouts.

Over the years, Suria KLCC continued to evolve and paved the way in leading the retail industry, delivering on customers' needs and curating exciting shopping experiences, in line with its tag line, "Always Something New".

With containment of the pandemic a national priority, Suria KLCC played its part in creating a safe shopping environment for its customers. It was the first mall to invest in automated temperature scanning at each main entrance to facilitate efficient customer



SURIA KLCC CONTINUED TO EVOLVE AND PAVED THE WAY IN LEADING THE RETAIL INDUSTRY, DELIVERING ON CUSTOMERS' NEEDS AND CURATING EXCITING SHOPPING EXPERIENCES

flow. With the transition to the endemic phase, Suria KLCC implemented its customer-friendly measures which included removal of individual temperature checks at entrances and waiving the requirement for compulsory masking for shoppers.

INDUSTRY LANDSCAPE AND OPERATING CHALLENGES

Malaysia's retail industry rebounded strongly, with sales soaring 96.0% in 3Q2022, supported by the full reopening of the economy. For the full year of 2022, the country's retail sales growth was revised upwards to 41.6% from the earlier projection of 31.7%. The MIER Consumer Sentiments Index (CSI) has risen to 105.3 points in 4Q2022, below the 100-point optimism threshold. This is stemming from the expected increase in income and job opportunities.

Major shopping districts such as KLCC and Bukit Bintang, which have traditionally relied on foreign tourists, have struggled due to the pandemic and travel restrictions. In response, retailers have focused on attracting domestic tourists and expanding their online presence in order to stay relevant in the face of increased competition from e-commerce and online shopping.

The relaxation of standard operating procedures for number of individuals in retail centers has also led to the expansion of food and beverage retailers and the debut of new convenience stores. These stores have rebranded to focus more on ready-to-eat selections and café sections, reflecting changes in consumer consumption trends. Retailers had to find ways to remain competitive in an increasingly crowded and complex market. In order to stay relevant and attract foot traffic, physical stores had to seek for ways to stand out and offer value to customers. This involved introducing new and innovative retail concepts, as well as incorporating technologies like contactless payments and virtual experiences to enhance the shopping experience.

The rise of e-commerce has brought new opportunities and challenges for retailers where it provided a new channel for businesses to reach and engage with customers. It also led to an increase of competition and the need for businesses to effectively navigate the complexities of online marketing and sales.

OPERATIONS REVIEW

STRATEGIC INITIATIVES FOR THE YEAR

As we emerged from the depth of the pandemic, Suria KLCC relied on the strength of its team and strong business partnering in capitalising on the recovery momentum. Suria KLCC treated the retail tenants, suppliers and partners fairly, and most importantly, responded prudently to each challenge during and after the pandemic. The entire team also designed specific assistance packages towards sustainability of the retail partners. This enabled Suria KLCC to maintain occupancy above Malaysian averages and ensure that its valued partners had the best chance of enduring the challenges.



1. Working with Retail Partners towards customer experience

After a challenging 2 years disruption by the pandemic, Suria KLCC gained momentum and saw the return of its shoppers – both local and tourist; benefitted also from the return of office workers in the surrounding office buildings within the city centre and the pick-up in corporate and MICE events within the KLCC Precinct.

The mall carried out targeted marketing campaigns and rewarded shoppers to boost footfall and drive tenant sales. After successful runs in 2020 and 2021, The Golden Ticket Campaign returned to Suria KLCC for its third consecutive year. Staying true to the campaign title, the mall rewarded over RM450,000 worth of Suria KLCC vouchers to their lucky shoppers. This boosted footfalls and significant direct sales for its retail partners.

Suria KLCC also upped its mall decorations of key festive events at the mall centre court as well as at the Esplanade, KLCC Park. The time-tested mall decorations along with heightened customer experiences included interactive setups, motion-activated lighting, and photo booths with complimentary photo printouts. Suria KLCC also provided marketing support via in-mall advertising on digital screen and digital directories as well as digital marketing support on Suria KLCC's social media channels to assist its retail partners in promoting their brands, products and services.

These efforts drew sustained footfall to the mall and increased customer spend resulting in tenant sales registering record-breaking sales as at December 2022, the highest sales ever recorded. Tenant sales more than doubled that of 2021 and even surpassed pre-pandemic levels by 9.5%.

During the year, Suria KLCC invested RM7.5 million in the upkeep of the mall - maintaining and upgrading the escalators, fire lifts and building control systems, and reconfiguring the floor space at Level 4.

2. Always Something New

During one of the most arduous periods in the history of retail globally, the recognition of Suria KLCC as a strong business partner was underscored as the mall welcomed 16 alluring brands to enhance the vibrancy of its offerings further. The London-born Burger & Lobster made its debut at Suria KLCC, the first downtown Kuala Lumpur restaurant. Some other prominent tenants included i.T a multi-brand fashion house from Hong Kong, Kenangan Coffee, Indonesia’s top coffee chain, and Boucarad luxury watches and accessories.

The mall continues to retain its exclusive retail partners, namely Bally, De Beers, Alexander McQueen, Blancpain, Kinokuniya, Bape & Bape Café, Berluti, Maje, Sandro, and I.T. Store. This enhances overall vibrancy of the mall and creates an elevated and enjoyable shopping experience of “Always Something New”.

During the year, Suria KLCC completed the reconfiguration of approximately 12,000 sq. ft. of the previous Food Court area at level 4. All tenants have been fully secured and the space is targeted to open by mid-2023. NITORI, Japan’s largest furniture and home furnishing brand, offering a wide range of large furnishings and interior accessories made its presence in Suria KLCC in February 2023.

As part of the digital revolution, Suria KLCC embarked on the issuance of Suria KLCC Shopping e-Vouchers (SKLCC) to have a systematic data management system to provide a more targeted retail experience. This enables customers and businesses to purchase vouchers that are paperless which can be spent across the mall.

Suria KLCC launched an online booking platform in May 2022 on the mall’s website for F&B and beauty services outlets to better manage the crowd. The booking platform also aims to enhance the shopping experience, where customers can pre-plan their day in the mall by reserving service appointments or securing seats in restaurants. This booking platform is a continuous digital initiative for better connectivity with the customer and is part of the many collaborative efforts between the mall and the retail tenants.



OPERATIONS REVIEW

STRATEGIC INITIATIVES FOR THE YEAR

3. Uplifting local communities with the #YouMatter campaign

A defining moment for Suria KLCC was when it addressed the issue of mental health, an issue that took on increased importance during the pandemic. In 2021, Suria KLCC launched a month-long mental health awareness campaign themed “We Are With You” to raise public awareness of mental health issues while promoting an environment of acceptance and compassion. This campaign saw the creation of Safe Space @ Suria KLCC, the first safe space of its kind in Malaysia nested within a mall, by devoting valuable retail space that would otherwise be rented out to create a never-before-seen corner that addressed mental health head-on.

As part of Suria KLCC’s pledge to make mental health a long-term focus in addition to its mission to support impactful organisations to build inclusive communities through collaborative high-impact programmes, Suria KLCC relaunched the Safe Space in conjunction with World Mental Health Day in October 2022.

For the 2022 campaign, Suria KLCC opted to highlight mental health issues afflicting the youth, hence the tagline #YouMatter. Following the success of last year’s campaign, Suria KLCC joined hands with the Green Ribbon Group, the Mental Illness Awareness and Support Association (MIASA), and The Body Shop.

Suria KLCC also pledged to support NGOs championing mental health through monetary support from the sales of the “Suria Ribbon Pin” – an ongoing fundraising initiative by Suria KLCC to symbolise mental health awareness. Over RM30,000 was raised and donated to mental health-related NGOs such as Befrienders KL, Green Ribbon Group, MIASA and the Malaysian Mental Health Association (MMHA).



Industry validation of Suria KLCC’s efforts came when We Are With You – A Mental Health Awareness Campaign took home the Gold Award for Best Experiential Marketing 2020-2022 at the Malaysia Shopping Malls Association Award Ceremony in October 2022. This proves that even its peers recognise that Suria KLCC is doing something meaningful and unique.





FINANCIAL REVIEW

Property	REVENUE			PROFIT BEFORE TAX (Excluding fair value adjustments)			PBT contribution
	2022 RM'mil	2021 RM'mil	Variance %	2022 RM'mil	2021 RM'mil	Variance %	2022 %
Suria KLCC	445.2	327.7	35.9	349.3	223.2	56.5	94
Menara 3 PETRONAS (Retail Podium)	38.9	30.1	29.2	22.3	14.4	54.9	6
Total Retail Segment	484.1	357.8	35.3	371.6	237.6	56.4	100

The operating and financial performance for 2022 reflected the ongoing resilience of the retail sector as the recovery from Covid-19 gained momentum towards the second half of 2022. The retail segment recorded a 35.3% increase in revenue and 56.4% in PBT driven by improved tenant sales, rental from new leases and advertising income. The retail segment contributed 33% of the overall KLCCP Stapled Group's revenue.

PROSPECTS

The clouds of Covid-19 pandemic and high inflation have not dissipated, but the retail industry rebounded strongly, with sales soaring, supported by the full reopening of the economy. Moving forward, despite the higher footfall supporting retail sales growth and coupled with sustained occupancy levels that are expected to drive positive rental reversions. Rising interest rates and a weaker economic outlook may threatened the growth momentum.

The path to recovery is gradual and unpredictable, the segment remains resolute and determined to rise to the challenges ahead. Suria KLCC with its strategic location and iconic stature supported a vibrant community of a modern integrated development positions Suria KLCC favourably to continue to perform well in 2023 and beyond. With a solid, stable team and continuous extensive research undertaken to ensure that the tenant mix is relevant. The mall remain agile to prepare for future trends and opportunities. Suria KLCC will continue to drive innovative marketing programmes to bring more quality traffic into the mall to drive sales for its retail partners.



THE PLACE TO
STAY

NO. OF ASSETS

1

(2021: 1)

NO. OF ROOMS

629 rooms

(2021: 629 rooms)

AVERAGE
OCCUPANCY


44%

(2021: 16%)

REVENUE
CONTRIBUTION
BY SEGMENT

10%

(2021: 4%)

A photograph of a hotel employee, likely a receptionist, smiling warmly while working at a desk. The desk is illuminated by a large, glowing lamp with a white shade and a yellow base. In the background, other hotel staff and guests are visible, creating a busy and professional atmosphere. The overall lighting is warm and inviting.

We pride ourselves on providing an outstanding experience for our customers, making our iconic destination a true home away from home through our world renowned hospitality

OPERATIONS REVIEW



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The hotel segment for KLCCP Stapled Group is represented by Mandarin Oriental, Kuala Lumpur (MOKL Hotel). MOKL Hotel continues to be the city's most iconic and desired luxury hotel, benefiting from brand recognition that is second to none.



With 24 years of proven record for high-end luxury service delivery and the best address in town with direct access to PETRONAS Twin Towers, KLCC Park and Suria KLCC, MOKL Hotel remains the preferred choice for staycations and social events for both business and leisure.

MOKL Hotel has steadily navigated the challenges brought by the pandemic, enduring multiple lockdowns, borders closure, strict restrictions, and the emergence of Covid-19 variants. Despite the tribulations, the hotel captured the domestic market with confidences providing a safe environment with its "We Care" program putting the guests at ease.



MOKL HOTEL REMAINS THE PREFERRED CHOICE FOR STAYCATIONS AND SOCIAL EVENTS FOR BOTH BUSINESS AND LEISURE

No. 2 for Best Asia Pacific Hotels for Business Travel; Malaysia's Best Hotel Restaurant 2022 – Lai Po Heen and World Spa Awards World's Best Hotel Spa Brand 2022. For the year 2022, MOKL Hotel maintained its guest satisfaction score at 87%.

The reopening of international borders in April 2022 rebooted the tourism and hospitality industry. Coupled with the gradual easing of Covid-19 restrictions amidst the high inoculation drive in Malaysia, MOKL Hotel capitalised on the pent-up demand with enticing offerings and promotional packages for staycations and leisure travels. The travel business regained momentum with travelers from Singapore, Middle East, United States and Europe.

The hotel continued to be recognised by the industry, winning 13 awards and accolades - Asean Green Hotel Standard 2022 - 2024 by Ministry of Tourism; Forbes Travel Guide 2022 - Four Star Award Winner; TripAdvisor Travellers' Choice Award 2022; DestinAsian Readers' Choice Awards 2022 -ranked No. 9 Best Hotels in Malaysia (Bronze); 29th Annual World Travel Awards 2022 – Malaysia's Leading Business Hotel, Malaysia's Leading City Hotel, Malaysia's Leading Hotel Suite; CNBC Best Hotels. Ranked

INDUSTRY LANDSCAPE AND OPERATING CHALLENGES

The year 2022 marked the gradual recovery of the hospitality industry in the country with hotel's performance returning to the levels of 2019, giving new hope to the sector that was hard-hit by the pandemic. The rebound was driven by a favourable second half of the year with strong increase in occupancy, higher average room rates and the up-tick in demand of MICE and corporate events. Industry experts anticipate that this positive trend will continue into 2023 as developers and hotel owners complete developments that were initially planned for completion in 2020-2021.

While the demand for hotel rooms has showed signs of improvement, the industry continues to face challenges – intense price wars from increase in supply of hotel rooms, labour shortages and elevated operating and food costs.

In a bid to stay competitive in this environment, larger hotels with robust financials are implementing rebranding, redevelopment, renovation, and refurbishment strategies. Nevertheless, despite these initiatives, the industry may experience prolonged breakeven periods amidst intense competition and the looming concerns of inflationary pressures.

OPERATIONS REVIEW

STRATEGIC INITIATIVES FOR THE YEAR

The long-awaited opening of the borders in the second quarter of 2022, provided the hospitality industry with an unprecedented pent-up demand leading to a faster ramp-up than expected. MOKL Hotel’s strategy for the year was to capitalise on the recovery momentum as business activities began to accelerate. MOKL Hotel enhanced its personalisation of guests experience, drove the room rates, and maximised the premium inventory occupancy. This proved successful when the hotel experienced the best month in December 2022 in the hotel’s history with commendable occupancy and room rates, bringing the segment to an optimistic year end performance.

1. Food & Beverage offerings and promotion

Targeting at the return of international travellers and meeting the demand of the domestic market, MOKL Hotel prepared an exciting calendar of F&B activities during the year, adapting the offerings to the seasons and the pandemic circumstances.

The hotel’s personalised curation focused on style and exclusivity resulted in record breaking performances during the year exceeding RM26 million in revenue. All the F&B outlets outperformed, particularly Mosaic, Mandarin Grill, and Aqua which contributed a remarkable over 200% growth compared to 2021.

Banqueting saw 33 events and 14 wedding generating more than RM16 million in revenue whilst the Mooncake sales hit over RM2.0 million in revenue, the highest since the hotel’s opening.



2. Strategic Partnerships and Collaboration

In a bid to expand to a new clientele base whilst retaining the existing loyal guests, MOKL Hotel continued to embark on strategic partnerships and collaborations. The hotel partnered with corporates locally and within the region to capture the various markets for room and F&B. It also collaborated with Tourism Malaysia to capture the Middle East and European regions and was the only hotel featured in Tourism Malaysia’s 2023 promotional video of “Malaysia Truly Asia”. In further strengthening MICE leads, the hotel collaborated with the Malaysian Convention & Exhibition Bureau (MyCEB) which generated leads and potential revenue for the hotel.



MOKL Hotel's collaboration with Tatler House which started in 2021, continued during the year as the branded suite collaboration, attracted exclusive events of highly acclaimed luxury brands - Prada, BMW, Chopard, Martell, Melium, MHD, Louis XIII, LA Mer, Lancome, Johnnie Walker and Burberry.

After the successful launch of Little Explorers Kids Club at the level 3 leisure area in early 2022, MOKL Hotel further expanded its offerings with the appointment and collaboration of Wonder Minds Malaysia, the leading expert in children's education in the country. The Kids club will be manned by professional experts with month-long calendar of activities, professionally curated to have the hotel's young guests enjoy and learn, while parents unwind and experience the many offerings during their stay.

3. On-boarding with sustainable initiatives

MOKL Hotel is part of the KLCC Business Events Alliance (KLCCBEA), a collaboration with Kuala Lumpur Convention Centre and the other KLCC owned hotels within the KLCC Precinct. KLCCBEA commits to contribute towards the Sustainable Development Goals (SDG) to create a sustainable Precinct and to make Kuala Lumpur as Asia's SDG hub.

As part of the hotel's efforts towards sustainability, during the year, MOKL Hotel visited an Artificial Intelligence (AI) sustainable farm and was inspired by the idea of growing food sustainably (less land, less water) via precision farming that deliver consistent yield and quality whole year round. Stemming from this and to promote sustainable wellness, nutrition, and sustainable agriculture, the hotel featured the vegetables and produce from this integrated farm in their enhanced menu offerings at Lai Po Heen and Mandarin Grill since July 2022.

The hotel installed a new digital platform called "helloMO", a new way to communicate with guests from the moment guests confirm their reservation. The system is accessible by scanning a QR code, creating an automatic two-way communication channel between the hotel's 24-hour ready team and the guests. The system organises guests' stay and support guests with every need while at the hotel.

FINANCIAL REVIEW

	2022 RM'mil	2021 RM'mil	Variance %
Revenue	146.9	46.5	>200
Loss before tax	(23.5)	(65.9)	64.3

In 2022, the hotel segment recorded a robust performance with a three-fold increase in revenue from RM46.5 million in 2021 to RM146.9 million and reduced the losses to RM23.5 million as the Covid-19 curbed over and international borders reopened.

The hotel's resilient performance was backed by higher average occupancy at 44% compared to 16%, spurred by a steady return in number of tourists and strong demand for MICE & corporate events. The hotel recorded lower losses arising from better profit margin achieved attributed to the pent-up demand in the high-yielding room category.

PROSPECTS

The hospitality industry is gradually returning to its pre-Covid-19 performance after two challenging years. The imminent return of China tourists in 2023 is expected to boost the industry further. However, headwinds on margin expansion given rising wages, utility costs, food and beverage costs, insurance, and capital expenditure increases as well as oversupply in the hotel market, are expected to persist.

Despite the challenges, MOKL Hotel will continue in its quest to deliver world-class hospitality, enhance its brand value, and capitalise on the return of tourists and pent-up demand for MICE events. The hotel will focus on elevating its guests experience with an "Urban Resort Oasis" feel and personalising the guests experience through the MO Experience page. This page is an enhanced feature on MO.com webpage which allows the hotel's Fans of M.O. to select unique experiences specially tailored by its experienced and fulltime "Les Clef d'Or" concierges. With its acclaimed service of internationally renowned Peter Burwash International Tennis Academy, experienced fitness instructors and spa experts, the hotel is set to further improve its guests experience, setting them apart from their competition.

NO. OF FACILITIES
MANAGED

25

(2021: 25)

NO. OF CAR PARK
BAYS MANAGED

14,815

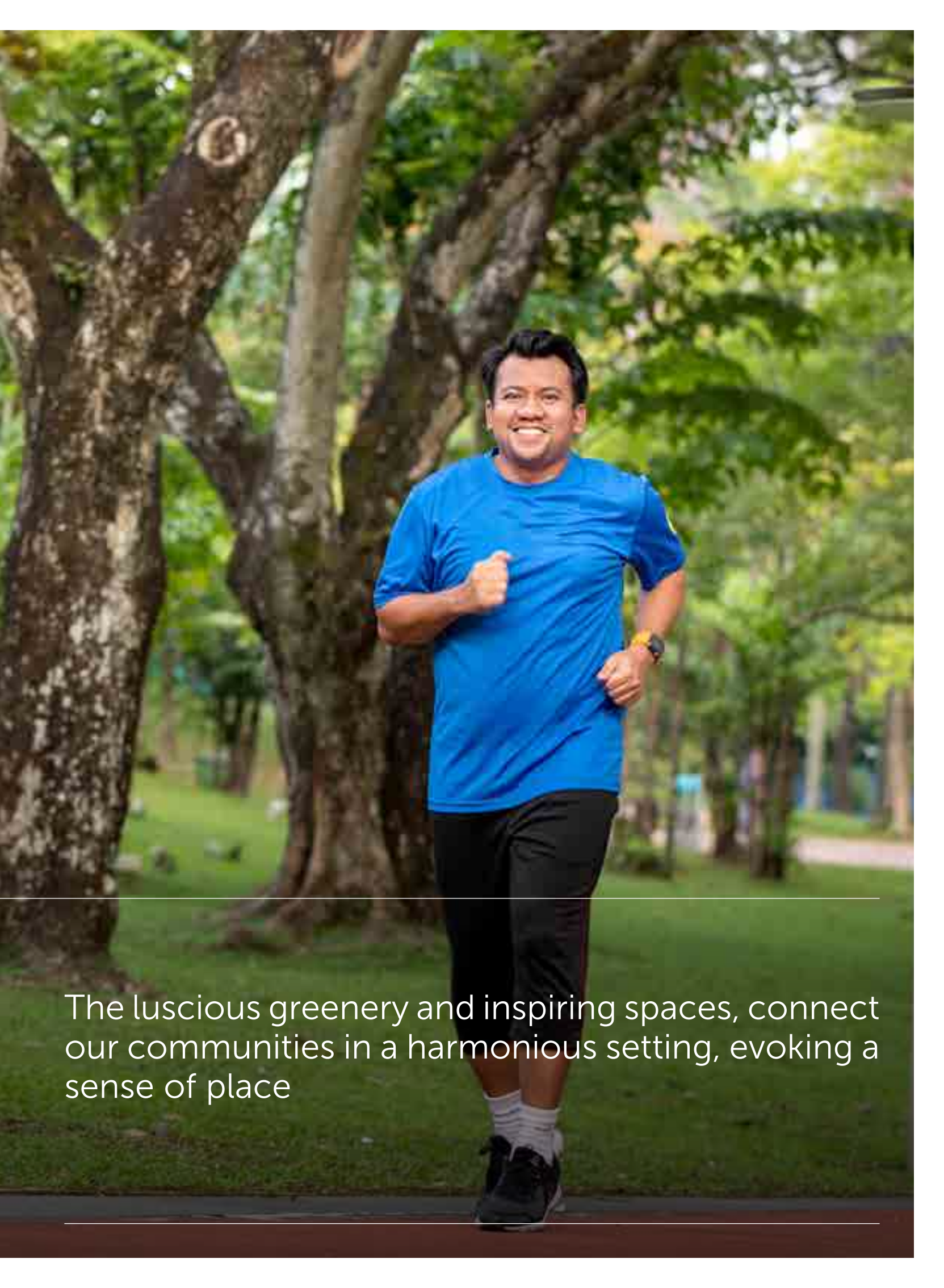
(2021: 13,211)

REVENUE
CONTRIBUTION
BY SEGMENT

17%

(2021: 16%)

THE PLACE TO
PLAY



The luscious greenery and inspiring spaces, connect our communities in a harmonious setting, evoking a sense of place

OPERATIONS REVIEW



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



KLCC Urusharta (KLCCUH), our facilities management arm undertakes the management of all the office buildings within the KLCCP Stapled Group portfolio, common facilities and common estates which include KLCC Park, all within KLCC Development as well as various PETRONAS and KLCC (Holdings) facilities. KLCCUH provides a comprehensive range of services in the realm of facilities management and is a Solutions Partners, from space management to tenant experience.



THE GROUP PROVIDES A COMPREHENSIVE RANGE OF SERVICES IN THE REALM OF FACILITIES MANAGEMENT AIMED AT BEING THE SOLUTIONS PARTNER, FROM SPACE MANAGEMENT TO TENANT EXPERIENCE

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

INDUSTRY LANDSCAPE AND OPERATING CHALLENGES

The Malaysian facility management (FM) market is considered to be one of the more advanced markets in the region, with a significant presence of both domestic and global companies. The market is also benefiting from the country's ongoing construction and renovation activities, as well as the increasing adoption of advanced technologies in building services.

In addition, the government's regulations on energy efficiency and energy performance have further propelled the industry towards the integration of smart and innovative technologies. This, coupled with the growing awareness among building services stakeholders, have resulted in an overall shift towards higher technology adoption within the market.

The parking and mobility industry continues to evolve its solutions to meet and exceed the needs of customers and organisations. More and more facility managers are looking for one solution that merges parking technology and management into one to fuel operational performance and satisfy customer expectations.

OPERATIONS REVIEW

STRATEGIC INITIATIVES FOR THE YEAR

Both KLCCUH and KPM geared themselves to serve their customers with the return of office tenants and higher retail footfall. KLCCUH Tenant Care team ensured the return to office protocols were implemented and ready to welcome the office tenants back whilst the KPM team was on hand to service the return of the season parkers. They continued to strengthen efforts to boost operational services and improved the delivery of quality services that transcend their customers' needs.

1. Charging ahead into EV

In accelerating our sustainable mobility, during the year 35 units of EV chargers were deployed within KLCC Precinct increasing the existing 20 units of EV chargers to 55, making KLCC the venue with the largest number of EV charging points in Malaysia. This is part of the collaboration with Gentari Sdn Bhd to jointly explore opportunities in potential projects and services related to green mobility and renewables to be implemented within the KLCC Group's development. Gentari Sdn Bhd is a wholly owned subsidiary of PETRONAS tasked with accelerating the adoption and commercialisation of clean energy. KLCC will be their EV charging infrastructure flagship location. In 2023, another 42 units of EV chargers will be installed across the Group's managed facilities such as, Alamanda Shopping Centre, Herriot-Watt University Malaysia, Menara Dayabumi and Lot 310 Car Park.

With KLCC Group's diverse portfolio, ranging from offices, shopping malls, hotels, and gas district cooling, the Group has an abundance of lands and available spaces that will give opportunities for the Group to collaborate with Gentari in the future.

2. Expanding managed car park footprint & convenience

KPM, our car parking management services company, continued to deliver high standards of service levels to improve and enhance customer experience. Towards delivering a seamless parking payment experience, during the year, KPM successfully extended the Setel payment option to almost all its parking locations. Providing Setel creates convenience for customers as it offers various modes of e-wallet payment and encourages more visitors to our car park. With this implementation, KPM successfully converted 16,000 visitors into Setel users.

Our parking management system is now fully integrated with other online systems for payment i.e. Touch & Go, credit/debit card as well as online banking. Approximately 98% of visitors to KPM's managed car parks utilise the cashless payment method in paying their parking fare. This is a testament to the Group's pursuit to continuously improve customer experience validated by the satisfaction score hit 83%.



FINANCIAL REVIEW

Property	REVENUE			PROFIT BEFORE TAX (Excluding fair value adjustments)			PBT contribution
	2022 RM'mil	2021 RM'mil	Variance %	2022 RM'mil	2021 RM'mil	Variance %	2022 %
Facilities Management	171.9	138.2	24.4	10.4	12.2	(15.0)	38
Car Park Management	59.8	36.7	62.9	25.6	13.9	83.5	93
Others	15.7	12.4	26.6	(8.5)	(7.8)	(9.0)	(31)
Total Segment	247.4	187.3	32.1	27.5	18.3	50.1	100

For the financial year 2022, the management services segment generated total revenue of RM247.4 million, an increase of 32.1% from the previous year, constituting 17% of KLCCP Stapled Group's revenue.

Facilities Management reported a growth of 24.4% in revenue attributable to the significant management fees contribution from the modernisation of external lightning of PETRONAS Twin Towers. However, the PBT for the year contracted by 15.0% mainly due to the higher operating expenditure incurred.

The footfall increases in Suria KLCC and return of the office tenants from the office within the Group and surrounding offices resulted in significant improvement in car parking income. Year-on-year season & transient car count rose by 23% and 88%, respectively.

In 2022, KPM successfully secured the operation of an additional 1,604 car parking bays at various locations in the Putrajaya precinct, bringing the total number of managed car parking bays to 14,815. KPM also established an operations dashboard which cuts across different sections of Finance, HSSE, Assurance and Operations and serving as a single of functional source of truth for KPM’s day to day operations. This dashboard provides real time monitoring and assists in decision making by leveraging data analytics from multiple points within the parking operations.


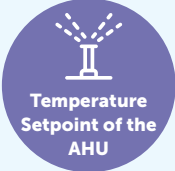

With the new workflow under IBCC’s control feature, response time is improved as immediate feedback and instant communication can take place. Tenant Care & Building Control Systems (BCS) Operators are able to utilise and view live data from the integrated sensors. This dashboard not only provides live data, it also showcases historical trending data which assists BCS operators in troubleshooting and ultimately improving tenant experience.



3. Integrated Building Command Centre (IBCC) services extended

In 2021, we launched the Integrated Building Command Centre (IBCC), a smart facilities management system to provide centralised 24-hour command centre to manage our facilities’ building management systems in real time. Features of the IBCC include energy management, automation system and sensor monitoring system which were designed in a modular way to monitor and control.

This year, the system capabilities were upgraded not only to command but as well to control, optimising the efficiency and effectiveness of daily operations. Currently, three systems are able to be controlled remotely from the IBCC.

 <p>KLCC Precinct CCTV</p>	<p>Crisis Control</p>	 <p>Temperature Setpoint of the AHU</p>	<p>Proactive monitoring & ability to intervene on the temperature control from IBCC based on Heat Map Monitoring</p>	 <p>KLCC Park Irrigation System</p>	<p>Proactive monitoring and control of the irrigation system by switching on the pumps remotely from IBCC</p>
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‘Others’ represents mainly the interest income earned as well as general manager services provided by the Company to the entire KLCC Group of Companies.

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

PROSPECTS

The onset of Covid-19, brought new customer demands, new cost pressures and new ways of working to many organisations, fast-tracking the road to digitalisation and sustainability. As new technologies emerge, management services professionals had to keep abreast with the latest tools and techniques to ensure efficient operations.

Leveraging on the IBCC to bridge silos between people, technologies and systems in facilities, KLCCUH as a progressive facility manager, is on track with its ongoing transformation initiatives striving towards becoming a future-ready facilities management company. KLCCUH will continue to improve and implement green initiatives in the quest to reduce the carbon footprint for the benefit of our tenants.

Our car parking management company will continue to improve its parking services with smart parking solutions. The collaboration with Gentari will be further expanded to include solar energy projects, deployment of Electric Vehicle (EV) Fleet Hubs and the use of clean energy.

We believe value comes from creating spaces that improve how our tenants and communities come together to live, work, and connect. We strive to understand the needs of our tenants and manage our properties & parking to the highest standards, leveraging innovative technologies to meet tomorrow’s customers’ requirements today.

KLCC REIT FINANCIAL HIGHLIGHTS

TOTAL PORTFOLIO REVENUE (RM'000)

2022	578,843
2021	569,728
2020	581,224
2019	591,363
2018	588,523

TOTAL PORTFOLIO NET PROPERTY INCOME (RM'000)

2022	548,460
2021	541,475
2020	551,999
2019	561,565
2018	558,408

DISTRIBUTION PER UNIT (SEN)

2022	27.29
2021	25.01
2020	23.50
2019	25.00
2018	23.35

INVESTMENT PROPERTIES


2022	9,175,267
2021	9,113,553
2020	9,189,014
2019	9,193,989
2018	9,190,831

REVENUE (RM'000)

2022	539,903	38,940	578,843
2021	539,606	30,122	569,728
2020	550,650	30,574	581,224
2019	557,486	33,877	591,363
2018	557,500	31,023	588,523

NET PROPERTY INCOME (RM'000)

2022	521,161	27,299	548,460
2021	521,392	20,083	541,475
2020	532,141	19,858	551,999
2019	537,786	23,779	561,565
2018	537,823	20,585	558,408

 OFFICE

 RETAIL

KLCC REIT VALUE ADDED STATEMENT

	2022 (RM'000)	2021 (RM'000)
Total Turnover	578,843	569,728
Profit income	4,032	2,315
Fair value adjustments of investment properties	61,635	(76,979)
Operating and tax expenses	(36,547)	(20,555)
	607,963	474,509
Reconciliation		
Profit for the year	503,298	369,396
Finance costs	59,119	59,777
Managers fees	44,946	44,736
Trustee fees	600	600
	607,963	474,509
Value distributed		
Trust expenses		
Managers fees	44,946	44,736
Trustee fees	600	600
Providers of capital		
Finance costs	59,119	59,777
Income distribution	502,063	431,115
Reinvestment and growth		
Undistributed income	(54,236)	7,562
Capital reserve*	55,471	(69,281)
	607,963	474,509

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

KLCC REIT FUND PERFORMANCE

STATEMENT OF COMPREHENSIVE INCOME

Key Data & Financial Ratios	2022	2021	2020	2019	2018
Revenue (RM'000)	578,843	569,728	581,224	591,363	588,523
Net Property Income (RM'000)	548,460	541,475	551,999	561,565	558,408
Total Comprehensive Income: (RM'000)					
- Realised	447,827	438,677	444,247	454,409	450,362
- Unrealised	55,471	(69,281)	(4,576)	(20,761)	(9,701)
Income available for distribution (realised) (RM'000)	505,265	467,654	447,372	451,569	421,928
Income distribution ¹	492,676	451,515	424,253	451,333	421,545
Distribution per unit (DPU) (sen)	27.29	25.01	23.50	25.00	23.35
Distribution Yield ² (%)	5.66	5.13	4.24	4.81	4.83
Basic Earnings per Unit (sen)	27.88	20.46	24.35	24.02	24.41
Management expense ratio ³ (%)	0.59	0.59	0.59	0.60	0.60

STATEMENT OF FINANCIAL POSITION

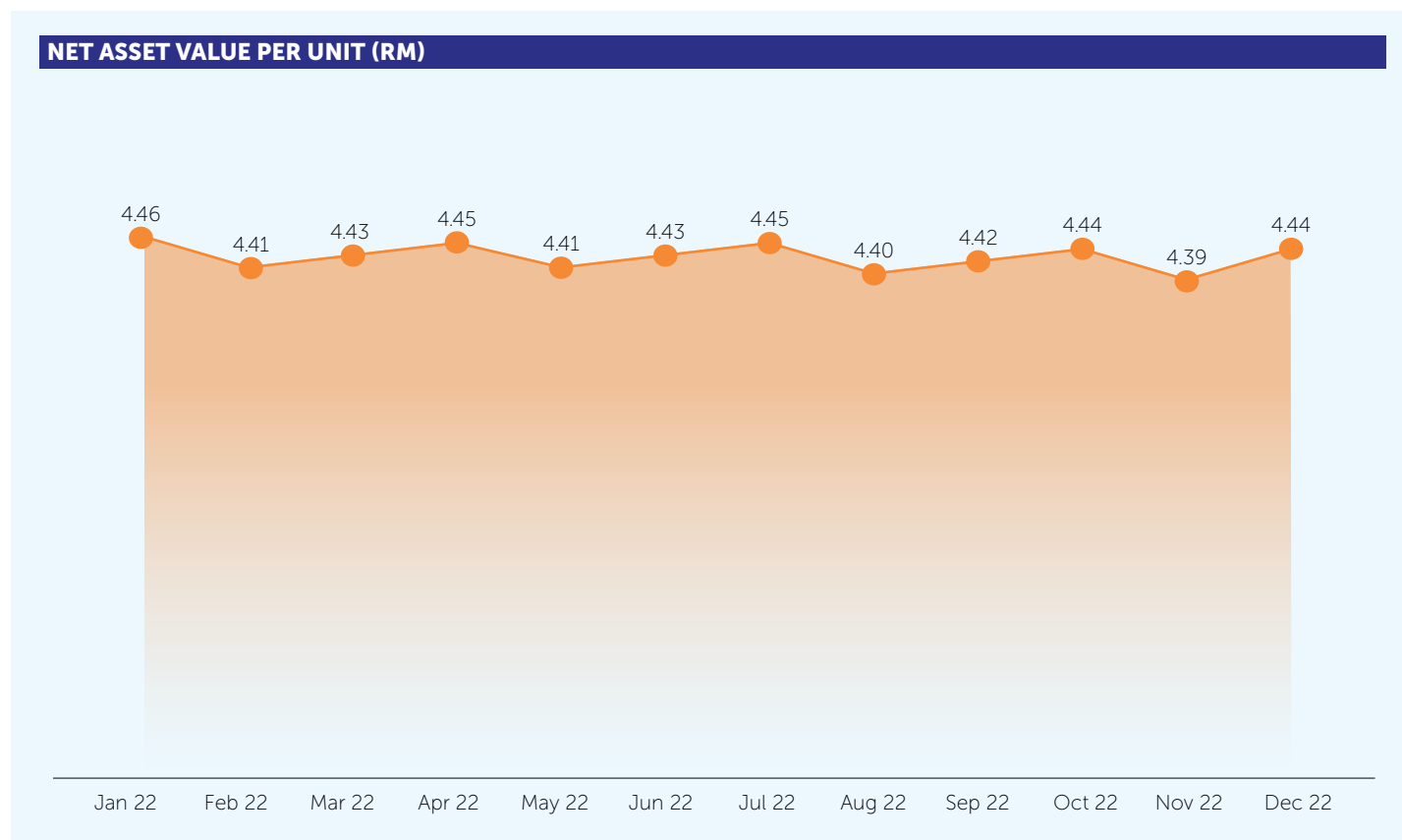
Key Data & Financial Ratios	As at 31 Dec 22	As at 31 Dec 21	As at 31 Dec 20	As at 31 Dec 19	As at 31 Dec 18
Investment Properties (RM'000)	9,175,267	9,113,553	9,189,014	9,193,989	9,190,831
Total Assets (RM'000)	9,608,338	9,604,975	9,706,139	9,696,441	9,663,354
Total Financings (RM'000)	1,363,874	1,366,310	1,368,704	1,370,738	1,371,907
Total Liabilities (RM'000)	1,589,977	1,587,849	1,627,294	1,623,085	1,571,952
Total Unitholders' Fund (RM'000)	8,018,361	8,017,126	8,078,845	8,073,356	8,091,402
Total Net Asset Value (NAV) (RM'000)	8,018,361	8,017,126	8,078,845	8,073,356	8,091,402
Net Asset Value (NAV) per unit:					
- before distribution (RM)	4.44	4.44	4.47	4.47	4.48
- after distribution (RM)	4.38	4.37	4.42	4.41	4.42
Highest NAV per unit (RM)	4.46	4.50	4.50	4.52	4.52
Lowest NAV per unit (RM)	4.39	4.44	4.45	4.45	4.45
Gearing ratio (%)	14.2	14.2	14.1	14.1	14.2
Average cost of debt (%)	4.34	4.34	4.50	4.35	4.50
Debt Service Cover Ratio (times)	9.4	6.5	8.2	8.6	8.6

¹ Includes the 2022 fourth income distribution payable on 28 February 2023.

² Based on DPU of KLCCP Stapled Group of 38.00 sen (2021: 33.60 sen) and the closing price of KLCC Stapled Securities of RM6.71 (2021: RM6.55) as KLCC REIT units are stapled with KLCCP ordinary shares and traded as a single price quotation.

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

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

**TRADING PRICE PERFORMANCE OF KLCC STAPLED SECURITIES¹**

Trading Summary	2022	2021	2020	2019	2018
Stapled Securities Closing Price at 31 December (RM)	6.71	6.55	7.08	7.90	7.66
Highest Traded Price for the year (RM)	7.10	7.17	8.26	8.40	8.00
Lowest Traded Price for the year (RM)	6.33	6.32	7.08	7.68	6.88
Capital Appreciation (%)	2.4	(7.5)	(10.4)	3.1	(11.3)
Annual Total Return (%) ²	8.1	(2.4)	(6.1)	7.9	(6.5)
Average Total Return (3 years) (%)	(0.1)	(0.2)	(1.6)	3.2	7.9
Average Total Return (5 years) (%)	0.2	0.2	5.1	8.3	10.7
Number of Stapled Securities ('000)	1,805,333	1,805,333	1,805,333	1,805,333	1,805,333
Market Capitalisation (RM'000)	12,113,784	11,824,931	12,781,758	14,262,131	13,828,851

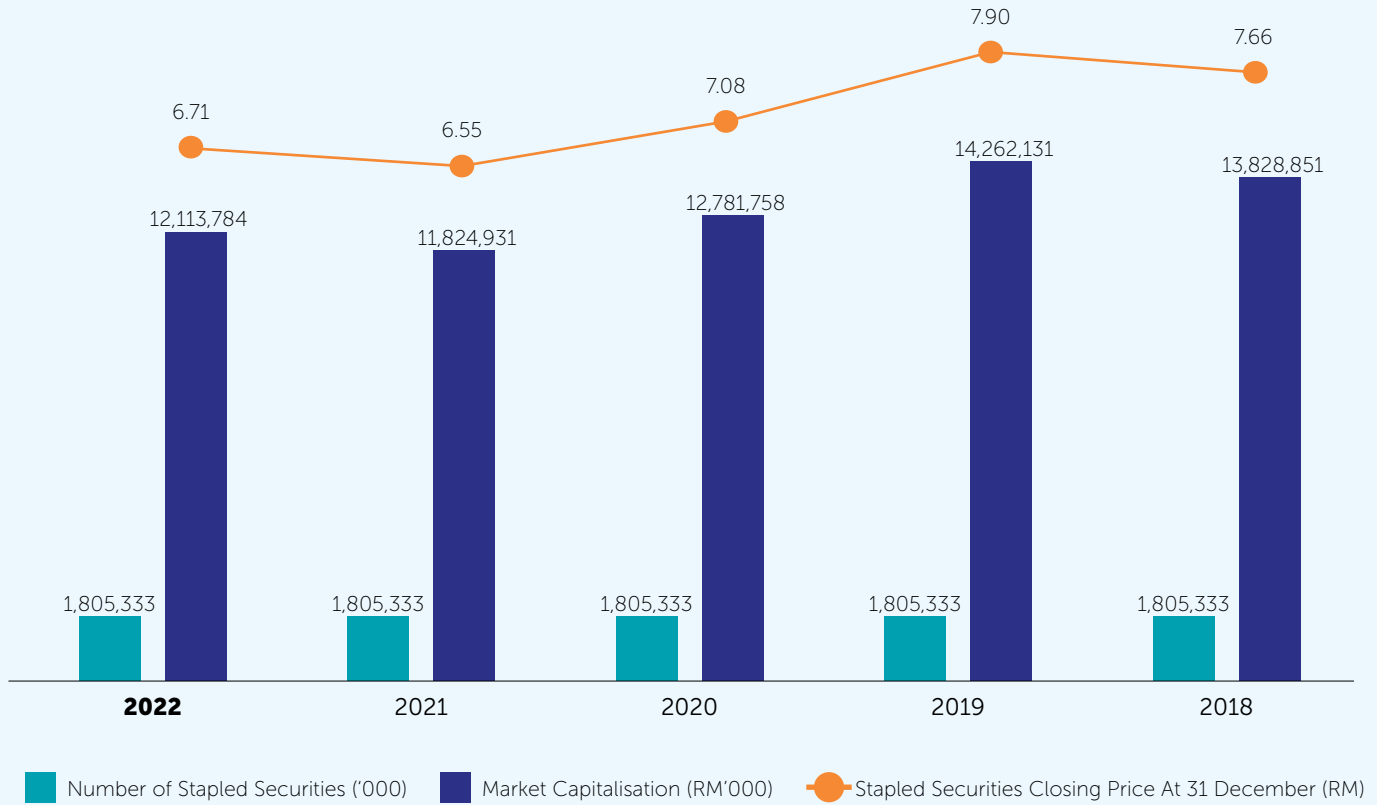
¹ The trading price performance of KLCC REIT is based on the price performance of KLCC Stapled Securities as KLCC REIT units are stapled with KLCCP ordinary shares and traded as a single price quotation.

² Annual total return comprises capital appreciation from 1 January 2022 to 31 December 2022 of 2.4% (2021: -7.5%) and distribution yield of KLCCP Stapled Group of (5.66%) (2021: 5.13%).

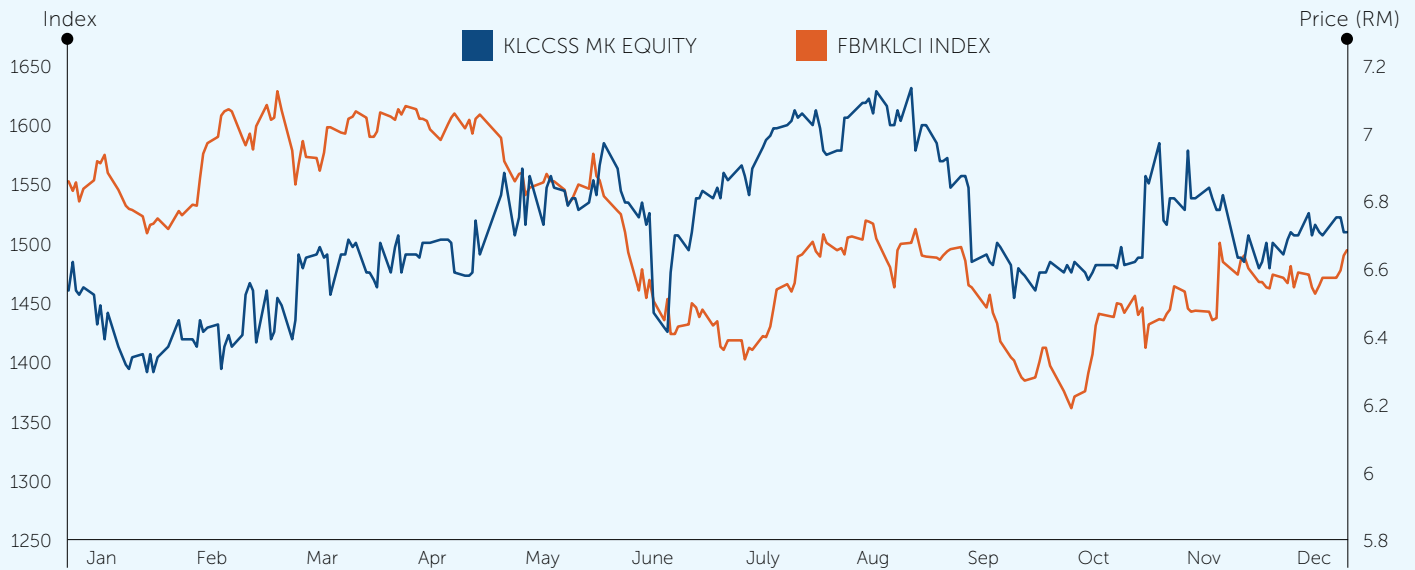
Past performance is not necessarily an indication of future performance as market conditions may change over time.

KLCC REIT FUND PERFORMANCE

MARKET CAPITALISATION, SHARE PRICE PERFORMANCE AND NUMBER OF STAPLED SECURITIES

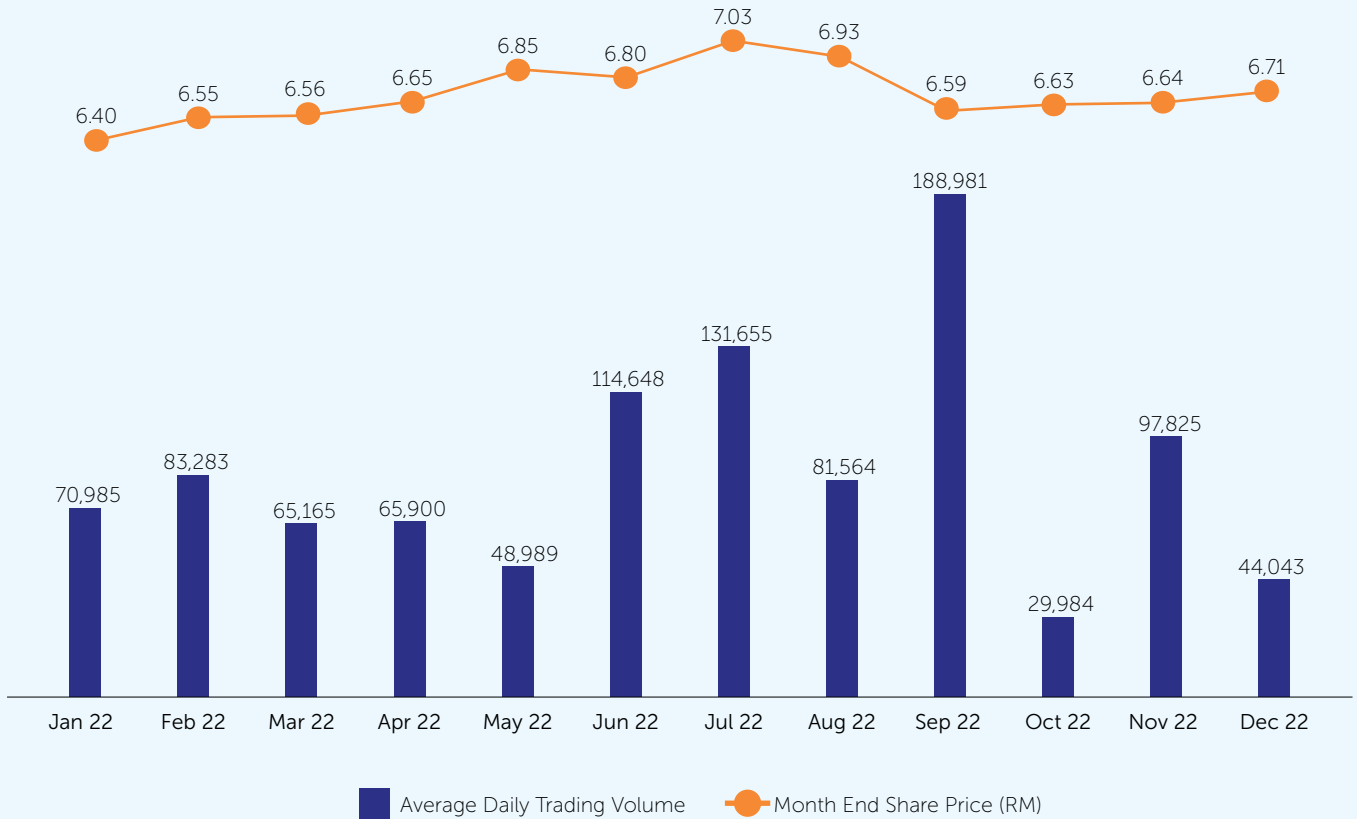


KLCC STAPLED SECURITIES PRICE VS FTSE BURSA MALAYSIA KLCI INDEX PERFORMANCE BENCHMARK

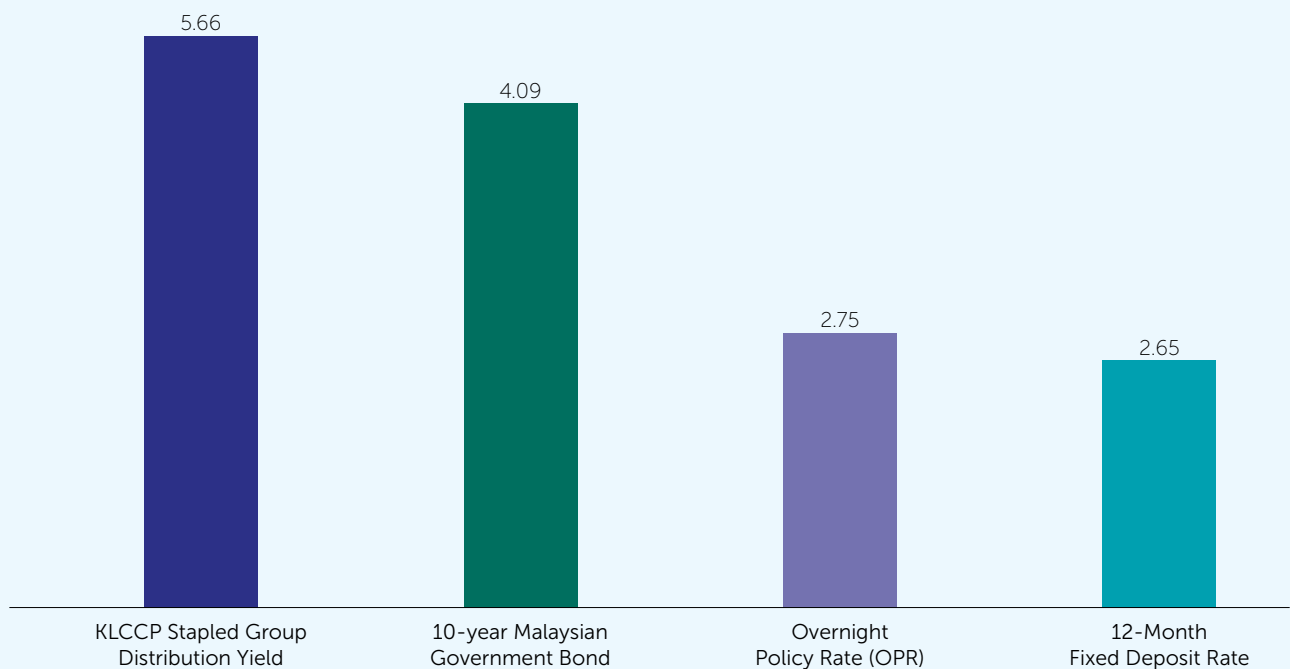


Past performance is not necessarily an indication of future performance as market conditions may change over time.

KLCC STAPLED SECURITIES MONTHLY TRADING PERFORMANCE



COMPARATIVE YIELDS AS AT 31 DECEMBER 2022 (%)



Source: Bank Negara Malaysia

MANAGER'S FINANCIAL AND OPERATIONAL REVIEW

PRINCIPAL ACTIVITY AND INVESTMENT OBJECTIVES

KLCC REIT is an Islamic Real Estate Investment Trust established to own and invest primarily in Shariah compliant real estate for office and retail purposes.

The Fund was constituted by the Trust Deed dated 2 April 2013 and an Amended and Restated Trust Deed dated 3 September 2019 entered into between the Manager and Maybank Trustees Berhad (the Trustee). The Amended and Restated Trust Deed was registered and lodged with the Securities Commission (SC) on 16 October 2019 and 17 October 2019 respectively. The Fund was listed on the Main Board of Bursa Malaysia Securities Berhad on 9 May 2013.

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

KLCC REIT Management Sdn Bhd (the Manager), the Manager of KLCC Real Estate Investment Trust (KLCC REIT or the Fund), is pleased to submit the Manager's financial and operational review for the financial year ended 31 December 2022.

STRONG AND STABLE



INVESTMENT STRATEGIES

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

• **Active Asset Management Strategy**

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

• **Acquisition Growth Strategy**

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

OVERVIEW OF PROPERTY PORTFOLIO

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

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

ASSET PERFORMANCE

KEY HIGHLIGHTS 2022

- The steadfast performance of KLCC REIT, backed by its long-term, locked-in leases lends stability to KLCCP Stapled Group, contributing **50.1%** of the Group's PBT.
- Retail podium of Menara 3 PETRONAS recorded encouraging performance with revenue of RM38.9 million, 29.2% higher than last year.
- Distribution per unit (DPU) of **27.29 sen**, an **increase of 9.1%**, testament to the Group's ability to effectively deliver on its growth strategy and maximise shareholder returns.

MANAGER'S FINANCIAL AND OPERATIONAL REVIEW

Financial Review

	2022 RM'mil	2021 RM'mil	Variance (%)
Revenue	578.8	569.7	1.6
Net Property Income	548.5	541.5	1.3
Profit for the year*	447.8	438.7	2.1
Income Available for Distribution*	505.3	467.7	8.0
Income Distribution*	492.7	451.5	9.1
Earnings per unit* (EPU) (sen)	24.81	24.30	2.1
Distribution per unit (DPU) (sen)	27.29	25.01	9.1

* Excluding fair value adjustments

2022 saw the recovery in the Malaysian economy from the challenging 2 years of Covid-19 as the Nation transitioned to the endemic phase. Businesses reconvened as movement restrictions were gradually uplifted and the international borders reopened. We witnessed encouraging growth and revival of the retail and tourism industries.

Globally, there were rising short & long-term interest rates and geopolitical risks resulting in supply chain disruptions. In Malaysia,

the labour shortage became an issue due to uncertainties in labour imports, increasing the cost of services and disrupting the economies of scale.

Whilst the cost structure of KLCC REIT is predominantly fixed, the Manager focused on improving productivity, which will translated to sustainable and stable distributions of income to the unit holders.

In 2022, KLCC REIT recorded a profit (excluding fair value adjustments) of RM447.8 million at the back of revenue of RM578.8 million. The increase in both profit and revenue by 2.1% and 1.6% respectively compared to last year signifies the gradual improvement in the retail segment on top of the stability of office segment. KLCC REIT continues to contribute the major portion of KLCCP Stapled Group's revenue at 39.7%, with a net asset value of RM4.44 sen per unit as of 31 December 2022.

Income available for distribution increased by 9.1% mainly contributed by the higher cash arising from the full-year impact of the upward rental revisions in the PETRONAS Twin Towers which took effect in October 2021. Reflecting a better performance this year, KLCC REIT distributed a total amount of RM492.7 million to the unit holders for the financial year 2022, with a DPU of 27.29 sen.

	Revenue			Net Property Income			Profit for the Year*		
	2022 RM'mil	2021 RM'mil	Variance (%)	2022 RM'mil	2021 RM'mil	Variance (%)	2022 RM'mil	2021 RM'mil	Variance (%)
PETRONAS Twin Towers	401.4	401.2	0.0	400.7	400.2	0.1	323.8	321.4	0.8
Menara ExxonMobil	45.8	45.7	0.2	27.9	28.7	(2.6)	22.7	23.4	(3.1)
Menara 3 PETRONAS	92.7	92.7	0.0	92.5	92.5	0.0	80.7	80.8	(0.1)
Total for Office Segment	539.9	539.6	0.1	521.2	521.4	0.0	427.2	425.6	0.4
Menara 3 PETRONAS (Retail Podium)	38.9	30.1	29.2	27.3	20.1	35.9	20.6	13.1	57.7
Total for Retail Segment	38.9	30.1	29.2	27.3	20.1	35.9	20.6	13.1	57.7
Total	578.8	569.7	1.6	548.5	541.5	1.3	447.8	438.7	2.1

* Excluding fair value adjustments

As an office-centric diversified REIT, 93.3% of the revenue was contributed from PETRONAS Twin Towers, Menara ExxonMobil and Menara 3 PETRONAS. The performance of the three investment properties generated net property income (excluding fair value adjustments) of RM521.2 million at the back of revenue of RM539.9 million. PETRONAS Twin Towers remained KLCC REIT's highest revenue contributor at 69.4%, contributing 73.1% of the total net property income (NPI).

Performance of retail podium of Menara 3 PETRONAS recorded an improvement in revenue and NPI compared to 2021 by 29.2% and 35.9% respectively mainly due to improved tenants' sales captured during the year as the business normalised. Customer counts significantly improved by 85% compared to 2021.

Menara ExxonMobil's profit for the year decreased by 3.1% due to the higher operating expenses during the year from utility expenses.



Office segment

National Property Information Centre (NAPIC) of Malaysia reported that the property sector has shown signs of recovery in the second half of 2022 as the economy reopened, but office and retail segments remained challenging amid a supply glut. However, with the opening of offices across the business, we have seen positive activities in this sector with the growth of services and office-based employment continuing to drive demand.

Amidst the headwinds, KLCC REIT's office performance remained stable, underpinned by its triple net lease (TNL) and long-term agreements. The locked-in long-term leases with the TNL agreements for Menara 3 PETRONAS and PETRONAS Twin Towers which were extended in November 2020 for a further 15 years to 2041 and 2042 respectively put KLCC REIT on a strong footing.

The long-term leases with two anchor tenants in Menara ExxonMobil also provide the stability towards the office segment.

KLCC REIT office segment remains the foundation within the Group's overall performance, underpinned by the 100% occupancy in all of the office buildings, providing a stable cash flow and sustainable rental income. The upward rental revision in the lease of PETRONAS Twin Towers since October 2021 further improved the cash position of KLCC REIT.

Retail segment

With Covid-19 changing the consumer sentiment and lifestyle, the retail industry has exponentially evolved in the last few years, marked by growing awareness amongst consumers, rise in disposable incomes, changing behavior and growing integration of online and offline retail formats.

This led to our encouraging performance with revenue of RM38.9 million, 29.2% higher than last year. The retailers in Menara 3 PETRONAS recorded higher sales, as the mall heightened sales and retailing events during the year to promote shopping activities. The retail podium of Menara 3 PETRONAS experienced a surge in customer count compared to last year by 85%.

MANAGER'S FINANCIAL AND OPERATIONAL REVIEW

Assets and Liabilities

KLCC REIT's balance sheet remains in a healthy and robust position with unitholders' funds of RM8.0 billion and net assets per unit of RM4.44.

	2022 RM'mil	2021 RM'mil	Variance (%)
ASSETS			
Investment Properties	9,175.3	9,113.6	0.7
Receivables	321.2	383.3	(16.2)
Cash and Bank Balances	111.1	106.8	4.0
Others	0.8	1.3	(38.5)
	9,608.4	9,605.0	0.0
LIABILITIES			
Financings	1,363.9	1,366.30	(0.2)
Others	226.1	221.60	2.0
	1,590.0	1,587.90	0.1
Unitholders Fund	8,018.4	8,017.1	0.0
Net Asset Value per unit (NAV per unit) (RM)	4.44	4.44	0.0

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

The decrease of RM62.1 million in receivables from RM383.3 million last year means that the rental received is now higher than the revenue recognised during the year, representing the unwinding of the built-up of accrued lease income in the previous years.

A higher cash balance was recorded at RM111.1 million compared to RM106.8 million mainly due to the step-up rents from PETRONAS Twin Towers and higher rental income from the retail podium of Menara 3 PETRONAS.

NAV per unit was maintained at RM4.44.

MARKET VALUE OF INVESTMENT PROPERTIES

KLCC REIT's portfolio of investment properties remained resilient throughout the year 2022. The locked-in, long-term tenancies with our tenants shielded the investments against the challenging economic backdrop. The market value increased by RM1.0 million, attributed from the improved value in the retail podium of Menara 3 PETRONAS, marking an encouraging recovery from last year. The market values of the PETRONAS Twin Towers and Menara ExxonMobil were maintained.

Market value as of 31 December 2022 of RM9.5 billion was adjusted under the requirements of MFRS 140 Investment Property to account for accrued lease income and additions during the year. Due to the unwinding impact of accrued lease income, a RM61.6 million gain on fair value adjustment was recognised in the income statement.

The market value by property and the changes in value is as below:

Property	Market Value		Changes in Value	
	31 Dec 2022 RM'mil	31 Dec 2021 RM'mil	RM'mil	%
PETRONAS Twin Towers	6,940.0	6,940.0	-	-
Menara ExxonMobil	532.0	532.0	-	-
Menara 3 PETRONAS	2,021.0	2,020.0	1.0	0.0
Total	9,493.0	9,492.0	1.0	0.0
Less: Adjustment*			60.6	
Fair value gain FY2022			61.6	0.6

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

MANAGER'S FINANCIAL AND OPERATIONAL REVIEW

OPERATIONAL REVIEW

Asset Management

With the post-Covid-19 new normal unfolding, 2022 served as a renewed reminder of the necessity to build resilience and strength against disruptive events. To safeguard the Fund as well as its stakeholder's well-being amid the challenging times, The Manager continues to make improvements to its buildings, adapting to changing requirements and enhance environmental performance.

During the year, the Manager together with its tenant, PETRONAS installed a facial recognition system, an additional security measure at the PETRONAS Twin Towers. This is part of the digitalisation efforts to provide a contactless and efficient way to verify the identities of every visitor entering the building.

The Manager prioritises asset quality initiatives to preserve the pristine condition of the properties in order to maintain the iconic stature and performance of the assets for continuity and long-term prospects.

The Integrated Building Command Centre (IBCC) plays a major role to enable the Manager to better manage energy efficiency and reduce operating cost. During the year, the system capabilities were upgraded from command to control, optimising the efficiency and effectiveness of daily operations.

As embedded in our shared values, the Manager constantly strives to provide the right solutions to its tenants beyond simple asset management, instead striving to cultivate an environment that fosters greater communication, collaboration and flexibility.

Income Distribution

The Manager remain committed to enhance value to its unitholders and distributed 97.5% of its distributable income for the financial year 2022.

Based on the total income available for distribution of RM505.3 million, the Manager has recommended and the Trustee has approved a total income distribution of 27.29 sen for the year ended 31 December 2022, which was 2.28 sen higher than previous year.

Income Distribution	Income Distribution per unit (sen)	Income Distribution (RM'000)	Remarks
First Interim Distribution	7.01	126,554	29 June 2022
Second Interim Distribution	7.01	126,554	28 September 2022
Third Interim Distribution	6.96	125,651	23 December 2022
Fourth Interim Distribution	6.31	113,917	To be paid on 28 February 2023
Total	27.29	492,676	

Capital Management

As part of our vision to maximise the value of the investment and returns to our unitholders, the Manager maintains a strategy of actively monitoring and maintaining an optimal capital structure.

KLCC REIT's borrowing remained at RM1.4 billion, representing a gearing ratio of 14.2%. The significant debt headroom supports financing for future growth and is kept well below the 50% gearing cap as imposed by the Securities Commission (SC). To date, KLCC REIT remains one of the lowest-g geared M-REITs in the country.

	2022	2021
Total borrowings (RM'mil)	1,363.9	1,366.3
Average Cost of Debt (%)	4.34	4.34
Fixed : Floating (ratio)	100:0	100:0
Average maturity period (years)	4.1	5.1
Debt service cover ratio (times)	9.4	6.5
Gearing ratio (%)	14.2	14.2
RAM Rating of Sukuk	AAA	AAA


During the year, RAM Ratings reaffirmed the AAA/Stable rating of KLCC REIT's Sukuk Murabahah Programme.

MANAGER'S FINANCIAL AND OPERATIONAL REVIEW

MARKET REVIEW

Malaysia's economy has been on a recovery trajectory amidst the stabilising pandemic situation throughout 2022. Normalising economic activity and influx of tourists has pushed demand for the retail trade, accommodation, and food and beverage (F&B) sectors, and growth in these industries will likely carry into early 2023.


According to Bank Negara Malaysia, although domestic financial markets may face the risk of higher volatility, spillovers to domestic financial intermediation are expected to remain contained, supported by Malaysia's healthy external position and well-capitalised banking system. The central bank foresees a GDP growth of 4% to 5% next year amid a challenging global growth outlook.

 For more information, please refer to the Market Report section on pages **30 to 45**.

Office Market Overview


The office market in KL City remains challenging due to the structural imbalances between supply and demand. According to Savills, this situation will take some time to overcome, and tenants will continue to enjoy favourable leasing conditions in the interim.

Physical occupancy rates continued to increase as workers return to the office, amid hybrid schedules and flexible working arrangements. Tenant-led demand in KL City remains good for prime offices and the flight to quality spaces continues.

 For more information, please refer to the Market Report section on pages **30 to 45**.

Retail Market Overview

2022 saw a rapid rebound in the retail sector as Covid-19 related disruptions receded and patterns of business and economic activity normalised. Nonetheless, consumers are expected to be more cautious about spending, especially on big-ticket items, due to the uncertainty of the expected global recession and the rising inflation rate in 2023.

 For more information, please refer to the Market Report section on pages **30 to 45**.



OUTLOOK

Bank Negara Malaysia (BNM) reported that Malaysia's GDP for 2023 will be moderate between 4.0% to 5.0%. This projection is also in line with the World Bank's Global Economic Prospects report released in January 2023. The GDP growth for 2023 is likely to be backed by strong fundamentals and diversified economic structure, coupled with ongoing policy support to cushion the impact of the rising cost of living.

'Neutral' stance has been recorded for the real estate investment trust (REIT), as the favourable outlook for some sub-segments particularly retail and industrial are neutralised by less optimistic projections for others. After a strong operating performance in 2022, fueled by post-pandemic reopening tailwinds, the pace of growth M-REITs sector is expected to slow in 2023.

Bank Negara Malaysia Press Release - 'Economic and Financial Developments in Malaysia in the Fourth Quarter of 2022.'



Despite the economy being fully reopened and the return of office workers, the persistent glut in the office sector will continue to pose challenges. However, KLCC REIT's offices remain shielded from these challenges backed by its long-term locked-in leases with high-quality tenant. The Manager, in collaboration with its tenant, will continue to increase the property value and preserve the established stature and prestigious of these assets through enhancement initiatives.

After a challenging 2 years, disrupted by the pandemic, Suria KLCC gained momentum and saw the return of its shoppers - both local and tourist; benefitted also from the return of office workers in the surrounding office buildings within the city centre and pick-up in corporate and MICE events within the KLCC Precinct, the retail podium of Menara 3 PETRONAS will continue to leverage Suria KLCC's standing as a premier shopping destination and the mall will continue to create new and desirable experiences, revitalising its offerings, and enhancing its physical spaces for the shoppers.

MANAGER'S FINANCIAL AND OPERATIONAL REVIEW

MATERIAL LITIGATION

The Manager is not aware of any material litigation since the balance sheet date as at 31 December 2022 up to the date of this report.

CIRCUMSTANCES WHICH MATERIALLY AFFECT THE INTERESTS OF UNITHOLDERS

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

DIRECTORS OF THE MANAGER'S BENEFITS

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

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

MANAGER'S FEE

For the financial year ended 31 December 2022, the Manager's fee comprised the following:

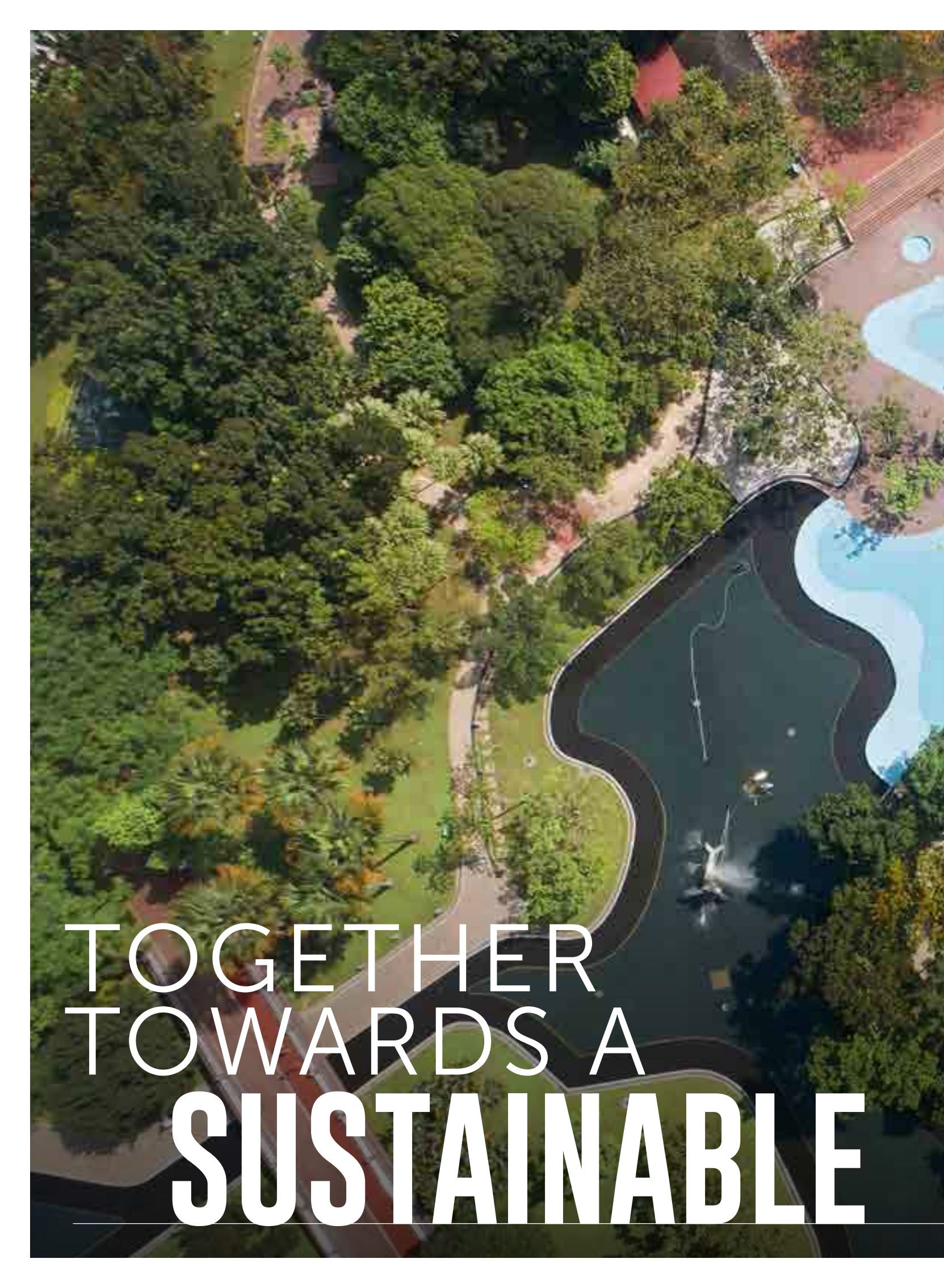
1. Base fee of RM28.5 million, calculated at 0.3% per annum of Total Asset Value
2. Performance fee of RM16.5 million, calculated at 3.0% per annum of Net Property Income

The Manager's total management fee of RM44.9 million represents 0.6% of NAV of KLCC REIT.

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

SOFT COMMISSION

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



TOGETHER
TOWARDS A
SUSTAINABLE



SUSTAINABILITY STRATEGY AND APPROACH

It is fundamental to the future value of our business and to lessen our impact on the environment and society that we act now. We have an opportunity to make a meaningful difference by working with our tenants, customers, suppliers, communities and sector peers to achieve the common sustainability goals. We also provide buildings that are energy efficient and resilient to climate change, and that promote the health and wellbeing of the occupants and the surrounding areas.

Guided by the five critical dimensions in United Nation's 2030 agenda for sustainable development which includes Prosperity, Planet, People and Partnership and Peace; we are committed to deliver financial value and societal benefits in a responsible and holistic manner, by balancing the economic, environment and social needs of our stakeholders.

Our group will:

- Responsibly manage our material sustainability matters, the risks and opportunities impacting our business and the industry at large
- Create long-term sustainable business values for our stakeholders, customers, and community
- Minimise environmental impacts and reduce carbon emission resulting from our business operations
- Prioritise stakeholders' well-being, safety and security
- Align our business operations to the highest principles of governance

We continue to track our sustainability performance via our **5-Year Sustainability Roadmap (2019-2023)** which is aligned to our strategies in future-proofing our purpose under three main goals:

- i. Building a Smart, Safe and Sustainable KLCC Precinct
- ii. Building an Agile, Inclusive and Sustainable Workforce in a VUCA World
- iii. Combating Climate Change and Reducing Environmental Impact

We chart our sustainability performance against the United Nations Sustainable Development Goals (UNSDGs) to accelerate our commitment in contributing towards environmental sustainability, providing a safe, secure and conducive environment for our community to work, live and conduct leisure activities, creating growth opportunities, and operating with the highest standard of integrity and respect for human rights.

FUTURE

SUSTAINABILITY STEERING COMMITTEE CHAIRMAN'S MESSAGE

...
DEAR SHAREHOLDERS,

In 2022, the world embarked on the recovery path - post pandemic transition. The recovery from the pre-Covid-19 era, however, has not been smooth due to the political and economic instability around the world, and the unpredictable effects of climate change. Closer to home, Malaysia experienced the worst flooding in recent years.

MOHAINEE BINTI TAHIR

Head, Group Strategy and Sustainability

Despite the economic challenges, our commitment to being a leader in Environmental, Social and Governance (ESG) matters remain unchanged. In this Sustainability Report (the Report), we set forth our ESG targets and approach on the material sustainability matters and disclose our progress to date.

SUSTAINABILITY STEERING COMMITTEE CHAIRMAN'S MESSAGE

Actioning our commitment on ESG management, the Group has established a department dedicated to ESG matters. This department is responsible to oversee and steer the day-to-day management on material sustainability matters in the KLCCP Stapled Group.

2022 HIGHLIGHTS

This year, the KLCCP Stapled Group has issued our inaugural statement of support for the Ten Principles of the United Nations Global Compact on Human Rights, Labour, Environment and Anti-Corruption, strengthening our commitment to contributing towards the United Nations Sustainable Development Goals (SDGs). The Report discloses our progress and contribution in achieving the SDGs.

The Group's 5-year Sustainability Roadmap continues to guide us on our journey towards our goals of Building a Smart, Safe & Sustainable KLCC Precinct, Building an Agile, Inclusive & Sustainable Workforce in a VUCA World, and Combating Climate Change & Reducing Environmental Impact.

Our achievements during the year under review have progressed commendably as we have accomplished remarkable traction towards these Goals.

Digitalisation initiatives continued to progress swiftly during the year. The Group has established information management dashboards and platforms - Procurement Integrated Dashboard, Parking Management Dashboard and Parking Management System 2.0 to provide real time information for effective monitoring and prompt responses by the process owners, to ultimately improve our stakeholders' experiences.

The Group continues to focus on people's wellness in 2022. A CARE program designed to improve awareness on mental illness, was rolled out to train our employees on the methods (Check Signal, Apply Conversation, Reassure Support and Ensure Help) to identify and manage colleagues under mental stress, and build resilience at workplace.

Online platforms promoting health and wellbeing are also made available. The "Central - Digital Workplace" offers weekly tricks and tips, recipes, courses, live events, and webinars to our hotel employees. Further, the Group initiated the KLCC MyWellness, a digital health care platform providing comprehensive mental health support for our employees.

Now that we are in the post pandemic transition era, physical sports activities came back in action in 2022. Our KLCC Sports and Recreation Club organised Bowling Tournaments, White Water Rafting and Cave Exploration for our employees, aimed to cultivate team bonding and a sense of belonging.

Upskilling and reskilling our workforce were another focus in 2022 as we want a high performing workforce to win in the future marketplace. The Group invested RM1.0 million on training and achieved an average of 28 training hours per employee in 2022.

We are on the right track to achieve our targets on carbon emission, resources consumption and waste disposal as articulated in the KLCCP Stapled Group's 5-year sustainability roadmap. This year, our records showed significant reduction from the 2015 base year figures. These numbers are higher than the 2021 record, but this is arguably due to the continued movement control order in 2021. Compared to 2015, the Group successfully reduced 33% GHG emission and 30% water usage. Our retail and hotel businesses successfully diverted 10% and 52% respectively, their waste, (mainly food wastes) in 2022.

TAKING CLIMATE ACTION

We appreciate how urgent it is to take action on the impact of climate change on the economy and society. As a responsible organisation, we continuously analyse our business operations to mitigate climate change issues and identify opportunities to provide climate resilient facilities. The ESG agenda is a serious consideration in crafting our strategies. In demonstrating our commitment to the ESG agenda we undertake to provide a comprehensive disclosure of our ESG agenda and achievements to our stakeholders.

The Bursa Malaysia has revised the Main Market Listing Requirement to elevate the sustainability practices and disclosure (Enhanced Sustainability Disclosure) of listed entities. Climate-related disclosures are to be aligned with the Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD Recommendations), by financial year ending on 31 December 2025 onwards. In preparation, we have undertaken numerous assessments to determine our readiness. The Group has established a sustainability governance structure and risk management processes to support the essential TCFD pillars. With that foundation in place, we plan to implement measures and targets in line with the TCFD recommendations. We shall report our progress in phases, commencing 2023.

Charting our way towards Net Zero Carbon Emission (NZCE)

We have set the carbon reduction targets in the KLCCP Stapled Group 5-year Sustainability Roadmap (2019-2023) towards **achieving low carbon emission in the Group**. We are on track to achieve these targets in 2023. We have also streamlined our GHG emission data in 2022, pursuant to the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (2004), to establish an accurate and verifiable database. This allowed us to credibly **determine our carbon emission reduction targets beyond 2023**.

Moving forward, we will chart the carbon reduction pathway for the Group, **aspiring to achieve a 25% reduction in 2030**.

Increasingly, affordable and scalable solutions are being made available. Collectively, as individuals or organised entities, we can leapfrog to cleaner, more resilient economies. The KLCCP Stapled Group is fully **committed to the ESG agenda - we are a solutions partner to all our stakeholders, enriching lives for a sustainable future**.

OUR CONTRIBUTION TO UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The 2022 Sustainability Report takes guidance from the World Economic Forum's Stakeholder Capitalism Metrics which is also aligned to the UN's 2030 Agenda for Sustainable Development that shape and represent the 17 Sustainable Development Goals (UNSDGs).

This year, we submitted our inaugural Communication on Progress to UN Global Compact, which includes a statement of support to The Ten Principles of the United Nations Global Compact on Human Rights, Labour, Environment and Anti-Corruption.


This strengthened our commitment to contributing towards UNSDGs and sharing the global vision towards sustainable development for all.





OUR CONTRIBUTION TO UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

In tandem with declaration of our support to The Ten Principles of the United Nations Global Compact, we list our contribution to achieving the United Nations Sustainable Development Goals (UNSDGs) targets.


 <p>Ensure healthy lives and promote well-being for all at all ages</p>	
SDG Targets	Our Contribution
<p>3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination</p>	<ul style="list-style-type: none"> Responsible Hazardous Waste Management in all our assets and operations, in compliance with the Environmental Quality (Scheduled Waste) Regulations 2005


 <p>Achieve gender equality and empower all women and girls</p>	
SDG Targets	Our Contribution
<p>5.5 Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life</p>	<ul style="list-style-type: none"> 4 out of 8 board directors are women 41.4% of senior management level staff are women 37.6% of our employees are women


 <p>Ensure availability and sustainable management of water and sanitation for all</p>	
SDG Targets	Our Contribution
<p>6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity</p>	<ul style="list-style-type: none"> Implementation of water conservation efforts in our assets. Our consumption reduction from base year 2015, for Office, Retail and Hotel respectively: <ul style="list-style-type: none"> Office: 28% Retail: 33% Hotel: 22%

 <p>Ensure access to affordable, reliable, sustainable, and modern energy for all</p>	
SDG Targets	Our Contribution
<p>7.1 By 2030, ensure universal access to affordable, reliable and modern energy services</p>	<ul style="list-style-type: none"> Installed 57 Electric Vehicle (EV) chargers at car parks within KLCC Precinct
<p>7.2 By 2030, increase substantially the share of renewable energy in the global energy mix</p>	<ul style="list-style-type: none"> Suria KLCC’s Solar Panels generated 415,241 kWh in 2022, about 1% of its total energy consumption


OUR CONTRIBUTION TO UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS


 <p>Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all</p>	
SDG Targets	Our Contribution
<p>8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment</p>	<ul style="list-style-type: none"> KLCCP HSE policy ensures safe working environment for all employees. We recorded zero fatalities. Our Occupational Safety and Health management system is certified to ISO45001, audited annually by external certification body


 <p>Make cities and human settlements inclusive, safe, resilient and sustainable</p>	
SDG Targets	Our Contribution
<p>11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management</p>	<ul style="list-style-type: none"> In 2022, through various waste prevention, reduction, recycling and composting efforts, we achieved the following waste diversion rates: <ul style="list-style-type: none"> Office: 1% Retail: 10% Hotel: 52%

 <p>Ensure sustainable consumption and production patterns</p>	
SDG Targets	Our Contribution
<p>12.2 By 2030, achieve the sustainable management and efficient use of natural resources</p>	<ul style="list-style-type: none"> Eliminated 100% of single-use plastic in hotel operations Achieved the following waste diversion rates: <ul style="list-style-type: none"> Office: 1% Retail: 10% Hotel: 52%
<p>12.3 By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses</p>	<ul style="list-style-type: none"> Suria KLCC food court converted 128 tonnes of food waste (4% of total waste) to black soldier fly larvae which will be used as animal feed MOKL Hotel composted 270 tonnes of food waste (41% of total waste generated)
<p>12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment</p>	<ul style="list-style-type: none"> Responsible Hazardous Waste Management in all our assets and operations, in compliance with Environmental Quality (Scheduled Waste) Regulations 2005

OUR CONTRIBUTION TO UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

 <p>Ensure sustainable consumption and production patterns</p>	
SDG Targets	Our Contribution
<p>12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</p>	<ul style="list-style-type: none"> Achieved the following waste diversion rates: <ul style="list-style-type: none"> Office: 1% of 830 tonnes Retail: 10% of 3,291 tonnes Hotel: 52% of 687 tonnes
<p>12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle</p>	<ul style="list-style-type: none"> KLCCP Stapled Group has been disclosing our Sustainability performance in our Annual Report since 2014 The Group discloses its sustainability data in the ESG World Platform on our corporate website The Group was recognised by The Asset with a Platinum Award - for excellence in Environmental, Social and Governance for 3 consecutive years

 <p>Take urgent action to combat climate change and its impacts</p>	
SDG Targets	Our Contribution
<p>13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p>	<ul style="list-style-type: none"> Conducted preliminary assessment of our climate change actions against the TCFD Recommendations
<p>13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning</p>	<ul style="list-style-type: none"> Commenced company-wide communication on ESG and climate change via e-learning on climate change awareness and Human Rights Included a preliminary assessment on the climate change related risk in our annual enterprise risk review exercise

 <p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	
SDG Targets	Our Contribution
<p>16.5 Substantially reduce corruption and bribery in all their forms</p>	<ul style="list-style-type: none"> Zero Corruption Cases in 2022 All operations implemented anti-bribery management system 100% employees underwent ABMS awareness training

KLCCP AND KLCC REIT BOARDS OF DIRECTORS

EFFECTIVE STEWARDSHIP TOWARDS GOVERNANCE EXCELLENCE



Datuk Md. Shah bin Mahmood

Executive Director/
Chief Executive Officer



Liza binti Mustapha

Non-Independent
Non-Executive Director



Farina binti Farikhullah Khan

Independent
Non-Executive Director



Tan Sri Ahmad Nizam bin Salleh

Chairman/Non-Independent
Non-Executive Director

KLCCP AND KLCC REIT BOARDS OF DIRECTORS



Dato' Jamaludin bin Osman
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

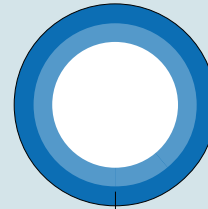


Lim Siew Mei
Company Secretary



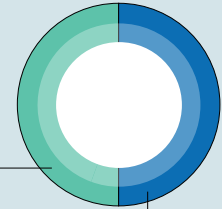
Yeap Kok Leong
Company Secretary

TENURE



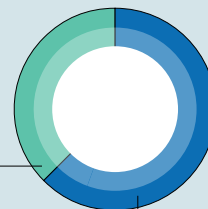
100%
Below 5 years

GENDER DIVERSITY



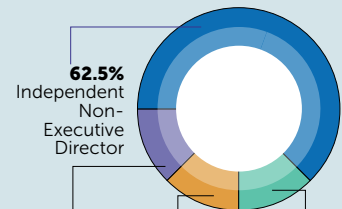
50% Male
50% Female

AGE PROFILE



37.5% Below 60
62.5% 60 – 70

DESIGNATIONS



62.5% Independent Non-Executive Director
12.5% Executive Director
12.5% Chairman/Non-Independent Non-Executive Director
12.5% Non-Independent Non-Executive Director

SKILLS MATRIX

Business Management	3
Strategy Development	4
International/Regional Business	3
Engineering	2
Corporate Planning and Development	3
Risk Management	3
Operations	2
Project Management	3
Finance & Audit	2
Economics	1
Human Resource	2
Strategy planning	2
Commercial/ Marketing	2
Information Technology/ Digital	1
Construction	1
Quantity Survey	1
Law	1

EXPERIENCE

Banking and Finance	4
Oil and Gas	5
Engineering	4
Regional/ International	4
Technology Strategy	1
Renewable Energy	1
Legal and Compliance	1

KLCCP AND KLCC REIT BOARDS OF DIRECTORS

Nationality: Malaysian | Age: 67 | Gender: Male



TAN SRI AHMAD NIZAM BIN SALLEH

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
- Business/Company Transformation and Restructuring

INDUSTRY EXPERIENCE

- Banking and Finance
- Oil and Gas
- Regional / International

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)]

BOARD COMMITTEE:

Nil

OTHER DIRECTORSHIPS:

Listed Issuers:

- Nil

Public Companies:

- Pelaburan Hartanah Berhad

Nationality: Malaysian | Age: 53 | Gender: Male



DATUK MD. SHAH BIN MAHMOOD

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:
 - Business Development Unit
 - Corporate Planning and Development Division (CPDD)
 - Head (Solar Project)
 - Research & Technology (R&T)
 - Head, Project Studies for Project Delivery and Technology (PD&T)
 - 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)

EXECUTIVE DIRECTOR/ CHIEF EXECUTIVE OFFICER

DATE OF APPOINTMENT TO THE BOARD:

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

BOARD COMMITTEE:

Nil

OTHER DIRECTORSHIPS:

Listed Issuers:

- Nil

Public Companies:

- Kuala Lumpur City Park Berhad
- Midciti Sukuk Berhad

BOARD SKILL MATRIX

- Engineering
- Business Development
- Strategy Development
- Corporate Planning and Development
- Risk Management
- Operations and Maintenances
- Project Management
- Business/Company Transformation and Restructuring

INDUSTRY EXPERIENCE

- Oil and Gas
- Engineering
- Technology Strategy
- Renewable Energy

KLCCP AND KLCC REIT BOARDS OF DIRECTORS

Nationality: Malaysian | **Age:** 52 | **Gender:** Female



LIZA BINTI MUSTAPHA

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

INDUSTRY EXPERIENCE

- Banking and Finance
- Oil and Gas

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

DATE OF APPOINTMENT TO THE BOARD:

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

BOARD COMMITTEE:

Nil

OTHER DIRECTORSHIPS:

Listed Issuers:

- MISC Berhad

Public Companies:

- PETRONAS

Nationality: Malaysian | Age: 50 | Gender: Female



FARINA BINTI FARIKHULLAH KHAN

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
- Member, Board Risk Committee, PETRONAS Gas Berhad
- Chairman, Group Nomination and Remuneration Committee, AMMB Holdings Berhad
- Member, Audit and Examination Committee, AMMB Holdings Berhad
- Member, 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, Remuneration and Social Responsibility Committee, EnQuest Plc

Past Experiences:

- Senior Associates, Business Services, Coopers & Lybrand, Australia
- Senior Manager, Corporate Planning & Development Division, PETRONAS
- Chief Financial Officer, PETRONAS Carigali Sdn Bhd
- Chief Financial Officer, Exploration and Production Business, PETRONAS
- Chief Financial Officer, PETRONAS Chemicals Group Berhad

BOARD SKILL MATRIX

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

INDUSTRY EXPERIENCE

- Banking and Finance
- Oil and Gas
- Regional / International

INDEPENDENT NON-EXECUTIVE DIRECTOR

DATE OF APPOINTMENT TO THE BOARD:

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

BOARD COMMITTEE:

- Chairperson, Board Audit Committees of KLCCP and KLCCRM (Appointed as member on 23 April 2018) (Re-designated as Chairperson on 12 October 2018)
- Member, Board 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

KLCCP AND KLCC REIT BOARDS OF DIRECTORS

Nationality: Malaysian | Age: 68 | Gender: Male



DATO' JAMALUDIN BIN OSMAN

ACADEMIC/PROFESSIONAL QUALIFICATIONS

- Bachelor's 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

Past Experiences:

- Civil Engineer, Technical Department, Pahang Tenggara Development Authority
- Civil Engineer, Sewerage & Drainage Department, Dewan Bandaraya Kuala Lumpur
- Project Engineer, Refinery Department, Petrolia Nasional Berhad
- Held several positions in Syarikat Perumahan Pegawai Kerajaan Sdn Bhd:
 - Project Manager
 - Marketing Manager
 - General Manager Project & Marketing
 - Managing Director
- Group Managing Director, I&P Group Sdn Bhd

BOARD SKILL MATRIX

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

INDUSTRY EXPERIENCE

- Engineering

INDEPENDENT NON-EXECUTIVE DIRECTOR

DATE OF APPOINTMENT TO THE BOARD:

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

BOARD COMMITTEE:

- Member, Board 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:

- NIL

Public Companies:

- MMC Corporation Berhad

Nationality: Malaysian | Age: 60 | Gender: Female



CHONG CHYE NEO

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

INDUSTRY EXPERIENCE

- Banking and Finance
- Manufacturing
- Regional / International

INDEPENDENT NON-EXECUTIVE DIRECTOR

DATE OF APPOINTMENT TO THE BOARD:

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

BOARD COMMITTEE:

- Chairperson, Board Nomination and Remuneration Committees of KLCCP and KLCCRM (Appointed on 9 December 2021) (Redesignated as Chairperson on 29 April 2022)
- Member, Board 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:

- QSR Brands (M) Holdings Bhd

KLCCP AND KLCC REIT BOARDS OF DIRECTORS

Nationality: Malaysian | **Age:** 67 | **Gender:** Male



DATO' SR. MAZUKI BIN A AZIZ

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
- 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:
 - Independent Director of Board of Directors
 - Chairman of Audit and Risk Committee of the Board
 - Member of Tender Committee of the Board
- Involved in a few committees with the Board of Quantity Surveyors Malaysia (BQSM):
 - Chairman Professional Practice Committee of the Board
 - Member of Registration Committee of the Board
 - Member of Ethics Committee of the Board

INDEPENDENT NON-EXECUTIVE DIRECTOR

DATE OF APPOINTMENT TO THE BOARD:

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

BOARD COMMITTEE:

- Member, Board Audit Committees of KLCCP and KLCCRM (Appointed on 29 April 2022)

OTHER DIRECTORSHIPS:

Listed Issuers:

- NIL

Public Companies:

- NIL

BOARD SKILL MATRIX

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

INDUSTRY EXPERIENCE

- Engineering

Nationality: Malaysian | Age: 64 | Gender: Female



DATIN NOOR LILY ZURIATI BINTI ABDULLAH

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
- Member of Institute of Corporate Directors Malaysia

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
- Human Resource

INDUSTRY EXPERIENCE

- Oil and Gas
- Regional / International
- Legal and Compliance
- Engineering, Procurement and Construction Contract (EPCC)

INDEPENDENT NON-EXECUTIVE DIRECTOR

DATE OF APPOINTMENT TO THE BOARD:

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

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

KLCCP AND KLCC REIT MANAGEMENT TEAM



DATUK MD. SHAH BIN MAHMOOD
Chief Executive Officer

 Please refer to his profile on page 135.



DATO TS. IZWAN HASLI BIN MOHD IBRAHIM
Executive Director/
Senior General Manager,
KLCC Urusharta Sdn Bhd



MOHD AKMAM BIN YEOP
General Manager,
KLCC Parking Management
Sdn Bhd



ROHIZAL BIN KADIR
Chief Financial Officer/
Chief Investment Officer,
KLCC Property Holdings
Berhad (KLCCP)
Head of Investment/
Head of Finance,
KLCC REIT Management
Sdn Bhd (KLCCRM)



MOHAINEE BINTI TAHIR
Senior General Manager,
Strategy & Sustainability,
KLCCP



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



CHRISTIAN TAVELLI
General Manager,
Mandarin Oriental,
Kuala Lumpur




None of the Directors and Management Teams have:


- (i) Any family relationship with any Directors of KLCCP, KLCC REIT and/or major Stapled Securities holders of KLCCP and KLCC REIT;
- (ii) Any conflict of interest with KLCCP and KLCC REIT; and
- (iii) Any conviction for offences (other than traffic offences) within the past 5 years, received any public sanction or any penalty imposed by the relevant regulatory bodies during the financial year.

KLCCP AND KLCC REIT MANAGEMENT TEAM



**AHMAD ZAHID BIN ZAINAL
ABIDIN**
General Manager,
Legal and Company Secretarial,
KLCCP
Head of Legal,
KLCCRM





SHABUDDIN BIN AHMAD
General Manager,
Health, Safety & Environment,
KLCCP





HASSAN BIN RAMADI
Senior General Manager,
Development &
Commercial Leasing,
KLCCP
Head of Leasing/
Asset Manager,
KLCCRM




**FAIZUL HARRIS BIN MOHD
KAMAL**
Acting General Manager,
Digital,
KLCCP




HO MEI LING
General Manager,
Governance, Risk & Assurance,
KLCCP




NORFAZLI A SAMAD
Senior Manager,
Corporate Security,
KLCCP




**SALHA BINTI AHMAD
DAHLAN**
General Manager,
Human Capital,
KLCCP




LIM SIEW MEI
Head Company Secretary,
KLCCP
Company Secretary,
KLCCP & KLCCRM
Compliance Officer,
KLCCRM


KLCCP AND KLCC REIT MANAGEMENT TEAM

ROHIZAL BIN KADIR**Nationality:** Malaysian**Age:** 45**Gender:** Male**Date of Appointment:**

1 December 2022

- Chief Financial Officer/Chief Investment Officer, KLCC Property Holdings Berhad
- Head of Investment/Head of Finance, KLCC REIT Management Sdn Bhd

Academic/Professional Qualifications:

- Degree in Accountancy (First-Class Honours), Universiti Teknologi Mara (UITM)
- Member of Malaysian Institute of Accountants (MIA)

Past Experience:

- Head of Business Finance, Putrajaya Holdings Sdn Bhd
- Head of Financial Control, Strategic Finance, KLCC Group
- Head of Finance, Project Delivery & Technology (PD&T), PETRONAS
- Chief Financial Officer, PICL (Egypt) Ltd
- Head, Business Planning & Performance Reporting, Upstream Finance, PETRONAS
- Head Corporate & Services PETRONAS Carigali (Oman) Ltd (PC Oman)

Present Appointments:

- Director of KLCCCH's subsidiaries and associate companies, and subsidiaries of KLCCP
- Director, Midciti Sukuk Berhad

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

MOHAINEE BINTI TAHIR**Nationality:** Malaysian**Age:** 59**Gender:** Female**Date of Appointment:**

1 July 2022

- Senior General Manager, Strategy & Sustainability, KLCC Property Holdings Berhad

Academic/Professional Qualifications:

- Bachelor of Science, Accounting
- Master of Business Admin (MBA)

Past Experience:

- Peat Marwick Consultants
- Maju Holdings Sdn Bhd
- PA Consulting (M) Sdn Bhd
- Putrajaya Holdings Sdn Bhd

Present Appointments:

- NIL

Responsibilities:

- Shape & steer Enterprise Corporate Strategy & Business Development and Commercial steering to ensure business performance via strategy & robust enterprise portfolio planning & management, culture of innovation excellence, enterprise branding and group-wide change management agenda

DATO' TS. IZWAN HASLI BIN MOHD IBRAHIM**Nationality:** Malaysian**Age:** 44**Gender:** Male**Date of Appointment:**

2 December 2019

- Executive Director/Senior General Manager, 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: 51
Gender: Male

Date of Appointment:

1 September 2020

- General Manager, 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:

- Accountable for the strategic direction and development of Parking Management to support the KLCC Group and Statement of Purpose
- Lead Division towards achieving MFT 50.30.0 by delivering maximum value, efficiency, optimisation and operational direction of car park utilization accordance with governance, policies, procedures without compromising Customer Experience

ANDREW WILLIAM BRIEN

Nationality: Australian
Age: 59
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
- Graduate Australian Institute Company Directors

Past Experience:

- 6 years sales and marketing experience with Colgate Palmolive Pty Ltd, Australia in both regional and national roles
- 30 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: 48
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 Star 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 an 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

KLCCP AND KLCC REIT MANAGEMENT TEAM

**AHMAD ZAHID BIN
ZAINAL ABIDIN****Nationality:** Malaysian**Age:** 55**Gender:** Male**Date of Appointment:**

1 July 2022

- General Manager, Legal & Company Secretarial, KLCCP
- Head of Legal, KLCCRM

Academic/Professional Qualifications:

- Bachelor of Laws (LLB) (Hons.), International Islamic University Malaysia (IIUM)

Past Experience:

- 10 years working experience as a Senior / Leadership position in Legal Advisory
- Leading multiple cross/functional teams including agile team is an added advantage

Present Appointments:

- Director of KLCCCH's subsidiaries and associate companies, and subsidiaries of KLCCP

Responsibilities:

- Steer and advise all legal, conveyancing and company secretarial aspects of the organisation to safeguard organisation's compliance to relevant regulatory requirements

**HASSAN
BIN RAMADI****Nationality:** Malaysian**Age:** 56**Gender:** Male**Date of Appointment:**

1 April 2022

- Senior General Manager, Development & Commercial Leasing, KLCCP
- Head of Leasing/Asset Manager, KLCCRM

Academic/Professional Qualifications:

- Bachelor of Building, University of New South Wales, Australia

Past Experience:

- Zakaria Lee and Partners, Quantity Surveyor
- Landmarks Engineering Sdn Bhd, Assistant Project Manager
- Executive Tenders and Contract, Putrajaya Holdings Sdn Bhd (PJH)
- Manager Project Coordination, PJH
- Senior Manager, Project Coordination, PJH
- General Manager, Project Coordination, PJH
- Senior General Manager, Development and Operation, PJH

Present Appointments:

- Exco Chairman of Setia Putrajaya
- Director of PJH's subsidiaries

Responsibilities:

- Formulate enterprise strategic plan for short, mid and long-term on strategic business vision and mission with key targets for the group
- Identify business opportunities for enterprise portfolio, advise on business model and partnership
- Identify, assess, and formulate marketing portfolio, risks and risk mitigation
- Shape and evaluate leasing and leasing strategy in generating revenue by securing new clients and sustaining existing clients
- Shape and evaluate asset development in order to sustain the company growth
- Maintain effective relationship management with the stakeholders

**HO
MEI LING****Nationality:** Malaysian**Age:** 59**Gender:** Female**Date of Appointment:**

28 October 2013

- General Manager, Governance, Risk & Assurance, 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

SALHA BINTI AHMAD DAHLAN

Nationality: Malaysian
Age: 47
Gender: Female

Date of Appointment:

1 April 2022

- General Manager, Human Capital, 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

SHABUDDIN BIN AHMAD

Nationality: Malaysian
Age: 55
Gender: Male

Date of Appointment:

1 September 2022

- General Manager, Health, Safety & Environment, KLCCP

Academic/Professional Qualifications:

- Diploma in Chemical Engineering, University of Technology Malaysia (UTM)
- Master in OSH Management, University of Technology Malaysia (UTM)

Past Experience:

- Assume duty as Occupational Safety and Health Officer at Petroleum Safety Division Department of Occupational Safety & Health (DOSH), Government of Malaysia, focusing of Enforcement of Petroleum Safety Act, Occupational Safety & Health Act (OSHA 1994) & Factories & Machinery Act 1967
- Lead Health and Safety Department of Putrajaya Holdings Sdn Bhd for 25 years, focusing on HSE Management System

Present Appointments:

- NIL

Responsibilities:

- Leading, guiding and integrating Group HSE Strategies, Monitor, Control and guide the formulation and implementation of Group HSE Strategies, Policies and processes to support established business goal and objectives in safeguarding people, environment, asset and corporate image in all areas of Group operations
- Advise and direct Group in formulation and implementation of HSE Management framework and performance, independently review and appraise Group HSE performance, operational processes in ensuring project objectives are adequately met and regulatory requirements are complied with

FAIZUL HARRIS BIN MOHD KAMAL

Nationality: Malaysian
Age: 49
Gender: Male

Date of Appointment:

1 April 2022

- Acting General Manager, Digital, KLCCP

Academic/Professional Qualifications:

- Diploma in Computer Science
- Bachelor of Sciences (Bsc) in Information Technology

Past Experience:

- Project/Program Manager – E-Government Initiatives: Fujitsu Systems Business (M) Berhad
- Project Manager: iPerintis
- Manager, Microsoft Practice: iPerintis
- Technical Delivery Manager: PETRONAS ICT
- Manager, Data Centre Operations: PETRONAS ICT
- Head, Common Support: PETRONAS Digital

Present Appointments:

- NIL

Responsibilities:

- Lead the formulation of Enterprise Digital Technology strategy, policy and roadmap including Digital, Information Technology (IT), Operational Technology (OT), Cybersecurity (compliance & governance) and Enterprise Data blueprints to align & synergise long, intermediate & short-term digital technology vision & strategy for the organisation
- Lead and steer optimisation of digital initiatives, digital and technological solutions coordinating resources & maximise value creation together with business partners within KLCC Group through assessment of current and anticipating business needs
- Lead the formulation of Enterprise Digital Technology standards and guidelines on IT, OT, Data, Cyber Security governance, infrastructure (hardware & software), customer service, design & project delivery and operational standards, Etc

KLCCP AND KLCC REIT MANAGEMENT TEAM

**NORFAZLI BIN
A SAMAD****Nationality:** Malaysian**Age:** 49**Gender:** Male**Date of Appointment:**

1 May 2022

- Senior Manager, Corporate Security, KLCCP

Academic/Professional Qualifications:

- Bachelors in Accounting, Universiti Utara Malaysia (UUM)
- Certified Fraud Examiner (CFE)

Past Experience:

- Criminal Investigation Department, Seremban and Rembau, Negeri Sembilan (Polis Diraja Malaysia - PDRM)
- Commercial Crime Investigation Department, Bukit Aman
- Petronas Group Security
- Group Internal Audit

Present Appointments:

- NIL

Responsibilities:

- Custodian and SME for Enterprise Security Risk Management
- Provide guidance and advise on security matters to the Group
- Formulate Security Policy, procedures and manuals based on Petronas Security Management System and Security Control Framework
- Lead Internal Investigation on all security cases across the Group
- Formulate Security Capability Development program
- Lead Security Awareness and crime preparation program Group wide

**LIM
SIEW MEI****Nationality:** Malaysian**Age:** 60**Gender:** Female**Date of Appointment:**

1 April 2022

- (Head Company Secretary, KLCCP)
- 27 June 2022 (Company Secretary, KLCCP)
- 27 June 2022 (Company Secretary, KLCCRM)
- 21 September 2022 (Compliance Officer, KLCCRM)

Academic/Professional Qualifications:

- LL.M. (Merit) University of Cumbria
- Fellow of the Chartered Governance Institute of UK & Ireland
- Fellow Member of the Chartered Secretaries Malaysia
- Associate of the Chartered Tax Institute of Malaysia

Past Experience:

- More than 25 years of broad corporate practice founded on the KLCC real estate development and management.
- From the core of investment in strategic properties, asset management in equity and joint venture, to the fields of specialist property services. Closing in on structuring ownership and transactions, private debt, and the contemporaneous capital markets compliance management
- Stints of a total of 10 years intermediate experience in the management consulting practice of KPMG Malaysia and commercial banking head office operations in Public Bank

Present Appointments:

- Group Company Secretary, KLCCP Stapled Group
- Board Committee Secretary of the KLCCP and KLCCRM Audit Committees, Nomination and Remuneration Committees, as well as their Risk Committees respectively
- EXCO Committee Secretary of the Asas Klasik Sdn Bhd Owner Committee
- Group Company Secretary for KLCC (Holdings) Sdn Bhd and Group
- Committee Secretary of the Policy Implementation Committee, Impiana KLCC Hotel

Responsibilities:

- Control of corporate governance application within the framework of evolving laws, regulations, and listing rules
- Safeguard the board policies/processes/procedures and its committees for effective system of corporate governance
- Strategic governance implementation on a balance of the interests of the board/management/other stakeholders
- Shaping service level of group company secretariat for commercial and business operational excellence
- Coaching and talent development in board governance and compliance management

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 (IIBF) in 2011. He was also the Shariah Advisor of KFH Investment Co. in Kuwait 2014-2015.

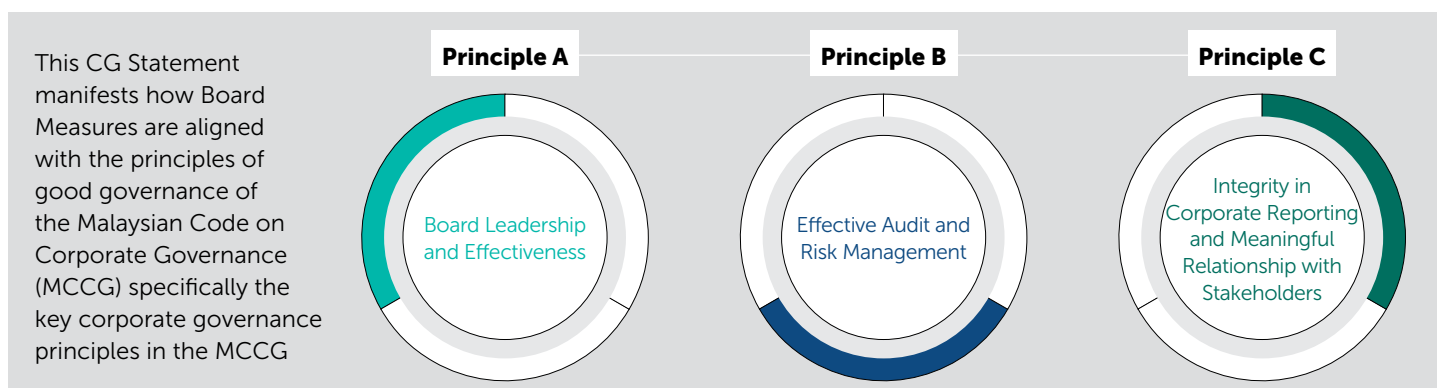
He holds a degree in Shariah from the Al-Azhar University, Egypt and Master degree in Shariah from Cairo University, Egypt with First Class Honours. He also holds a professional certification as a Certified Shariah Advisor and Auditor (CSAA) by Accounting and Auditing Organisation for Islamic Financial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

CORPORATE GOVERNANCE OVERVIEW STATEMENT



The Board is pleased to introduce the 2022 Corporate Governance Overview Statement (CG Statement) describing the governance practices relating to operations of the Board and its Committees and how the Board has discharged its responsibilities during the year.

The purpose of this statement is to explain how the Board assessed the Group’s governance environment with informed decisions to secure a commitment to high standards of corporate governance. The strength of the Board’s leadership is assessed through the clarity of the actions it takes and transparency surrounding the standards, processes and culture it ultimately sets.

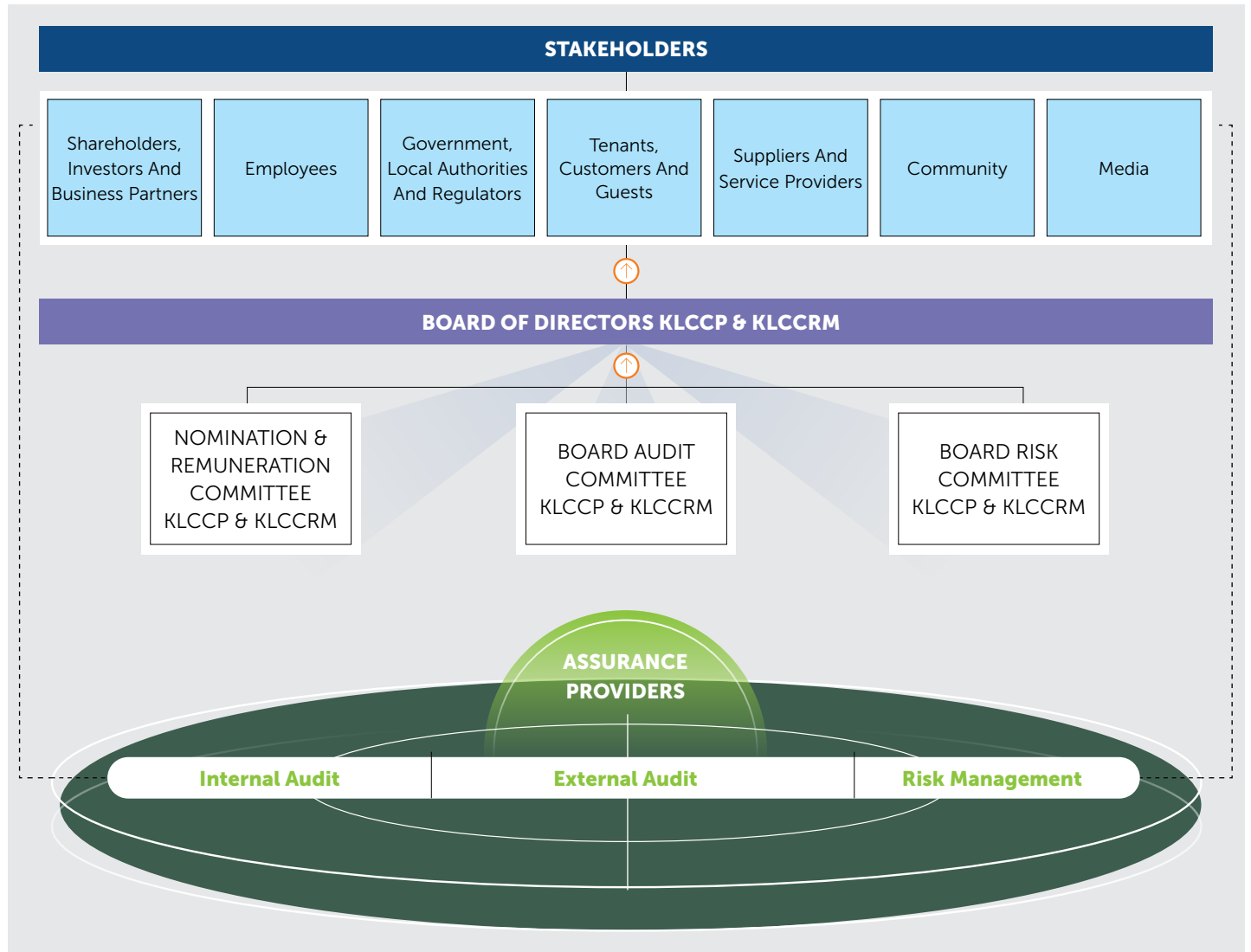


This statement is to be read with the Corporate Governance Report (CG Report) which contains details on the application of each of the practice as well as the departures and alternative measures established within the Group. The CG Report is available on the KLCCP Stapled Group’s corporate website at www.klcc.com.my.

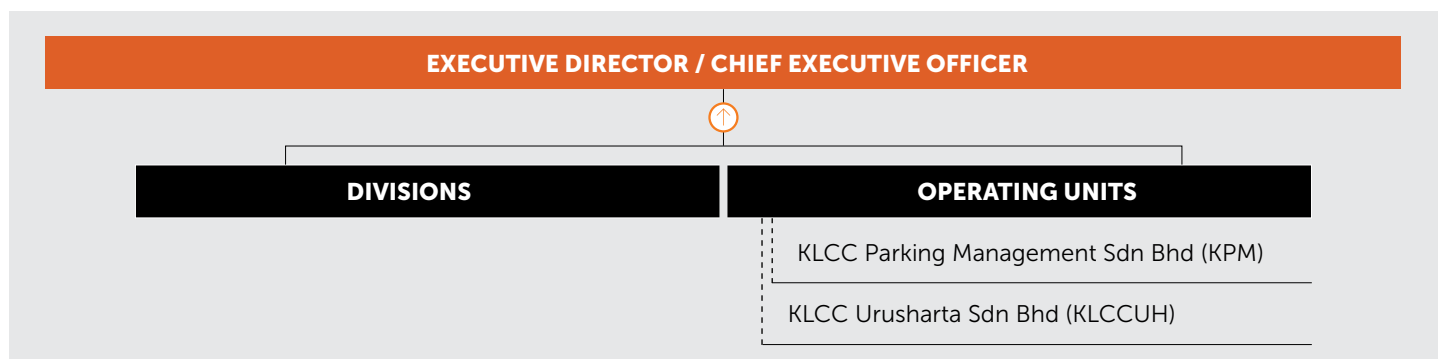
Prudent leadership of the Board coupled with strategic management guidance define how the Group safeguards stakeholders. The governance framework supports this approach of diligent and effective controls emphasis. The Board inspires its Leadership Team to drive robust business performance and strategies execution upon effective governance and financial practices.

* Note: In this report, unless the context otherwise requires any reference to singular number shall be deemed to include the plural number and vice versa

THE GOVERNANCE FRAMEWORK
Board & Board Committees



Executive Director & Leadership Team

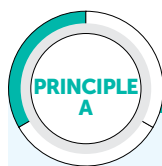


KEY GOVERNANCE ENHANCEMENTS

During the year, governance enhancements implemented by the Board include:

- Directors’ Fit and Proper Policy for appointment and re-election of Directors in the Group.
- Sustainability questionnaire for the 2022 Board Effectiveness Evaluation 2022

CORPORATE GOVERNANCE OVERVIEW STATEMENT



BOARD LEADERSHIP AND EFFECTIVENESS

i) Board Responsibilities

The Board is responsible for the overall leadership of the Group and for promoting its long-term sustainability and success by providing leadership within a framework of prudent and effective controls.

The Board safeguards stakeholder value-creation. The Board ensures that the strategic plan of the Group supports long-term value creation and includes strategies on economic, environmental, social and governance (ESG) considerations thereby strengthening the sustainability in the Group's operations. Through sustainability practices, the Group is more flexible, able to create durable and sustainable value and eventually maintains the confidence of its stakeholders.

The Board is entrusted with the responsibility to promote the success of the Group by directing and supervising the Group's affairs in a responsible and effective manner. Each Director has a duty to act in good faith and in the best interest of the Group. The Directors are aware of their collective and individual responsibilities to all shareholders for the manner in which the affairs of the Group is managed, controlled and operated. The Board is satisfied that it has fulfilled these duties and obligations during the year under review.

In discharging the Board's duties and responsibilities effectively, the Board is guided by KLCC Property Holdings

Berhad (KLCCP)'s Board Charter, which provides the framework for the performance of the Board's functions and duties, vis-a-vis Management and the Group. The Board Charter has been developed to give prominence to the Board's commitment to high standards of corporate governance, adopting best practices, applicable rules and regulations, process and procedure to guide the Board in discharging their duties and functions.

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 Board is not a member of the Board committees. This is to ensure the objectivity of the Chairman and the Board is not impaired, particularly during deliberation on the recommendations put forth by the Board committees.

The Board has a schedule of matters specifically reserved to it for decision and has approved the written terms of reference (TOR) of the various Board committee, namely the Board Audit Committee (BAC), Nomination and Remuneration Committees (NRC) and Board Risk Committee (BRC) to which it has delegated its authority in certain matters to support the Board in the performance of its duties and responsibilities.

The constitution of KLCCP, Board Charter as well as the respective TORs of the BAC, NRC and BRC are available on KLCCP Stapled Group's corporate website at www.klcc.com.my.

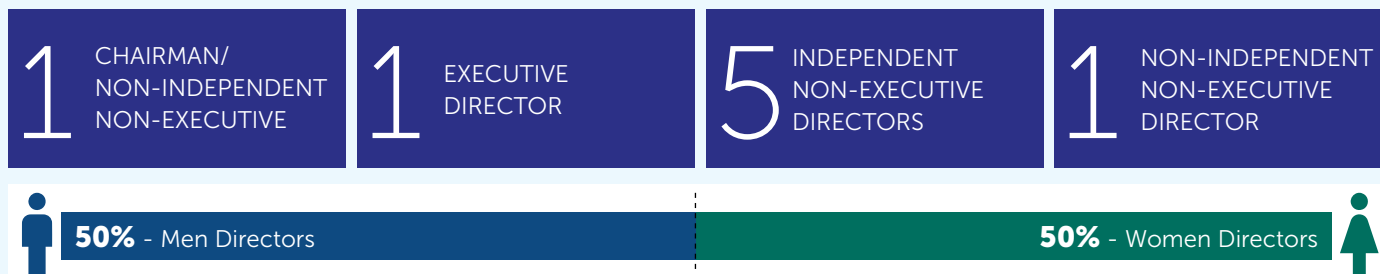


To read more on leadership and effectiveness of the Board, please refer to the NRC Report, BAC Report, Statement of Risk Management and Internal Control, and Sustainability Report of this Integrated Annual Report

ii) Board Composition and Diversity

The Board recognises the need for it to strategically evolve as a dynamic board in accordance with the strategic direction of the Group. Hence, the Board actively reviews its composition to ensure the right balance of independence and diversity to effectively discharge its collective responsibilities. Diversity is important to ensure the Group remains relevant and sustainable in the rapidly transforming and evolving business environment. In this regard, the NRC are responsible for reviewing the Board composition periodically and make recommendation to the Board. Further activities of the NRC are provided in the NRC Report.

As of the date of this report, the Board of KLCCP and that of KLCC REIT Management Sdn Bhd (KLCCRM) have reconstituted their respective board compositions with 63% independent directors. Each Board currently consists of eight (8) members, led by a Non-Executive Chairman, and supported by one (1) Executive Director as well as seven (7) Non-Executive Directors. Five (5) 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 two (2) Non-Executive Directors [including the Chairman] are Non-Independent Directors.



The current overall Board composition is diverse in terms of age, gender including variable skills, experience and knowledge (Board Diversity Policy) enabling them to provide effective oversight, strategic guidance and constructive challenge, examines proposals on strategy and empowers the CEO to implement strategies approved by the Board. This is to ensure diversity and inclusiveness of views as well as to facilitate effective decision-making and constructive deliberation during its meeting. 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 Board is 50%.

The Board Diversity Policy, which is approved by KLCCP Board and applicable to KLCCRM, is available on KLCCP Stapled Group’s corporate website at www.klcc.com.my. Further details on the Board Diversity Policy are described in the CG Report.

To read more on Board members, please refer to their respective profiles on pages **134 to 141**.

iii) Directors’ Independence

The Board recognises the important contributions of Independent Non-Executive Directors (INEDs) to good corporate governance. The INEDs play a significant role in providing unbiased and independent views, advice and judgment which bring objective and scrutiny to the Board’s deliberation and decision-making. Their role is also important to protect the interests of minority shareholders. All directors, regardless of their independent status, are required to act in the best interests of the Group and to exercise unfettered and independent judgement. Thus, the Board is also of the view that all directors exercise independent judgment at all times.

To avoid any conflict of interest, all Board members declare their interest where applicable at all Board meetings.

In line with the Listing Requirements of Bursa Securities, none of the INEDs of KLCCP and KLCCRM have exceeded a cumulative term limit of nine (9) years. The Board has adopted the policy to limit the tenure of INEDs up to nine (9) years as recommended by the MCCG.

iv) Directors’ Appointment, Resignation and Re-election

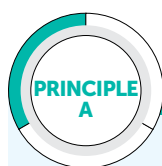
The appointment, resignation and re-election of Directors are governed by the Companies Act 2016, Listing Requirements, Guidelines on Listed REIT, other applicable rules and regulations as well as the best practices of MCCG. The NRC reviews the size, structure, diversity and composition of the Board and makes recommendations on new appointments by taking into consideration the Board Skills Matrix and the Board Diversity Policy and ensures that the appointment process is rigorous and transparent. The re-election of directors is recommended by the NRC based on the satisfactory performance of the directors concerned and their contribution to the Board.

During the year under review, the Board has approved a fit and proper policy (DFP Policy) for the appointment and re-appointment of directors of the Group. Three (3) high-level considerations that underpin the DFP Policy can be categorised as follows:

- i. Character and integrity;
- ii. Experience and competence; and
- iii. Time and commitment.

The said DFP Policy will be implemented for future appointment and re-appointment of directors within the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT



BOARD LEADERSHIP AND EFFECTIVENESS


In addition, the Group practices a formal and transparent process on the appointment of new Directors. The nomination of Non-Independent Non-Executive Directors (NINED) to the Board is made by Petroliam Nasional Berhad (PETRONAS) being the majority shareholder of the Group. The nomination of INEDs to the Board is made through the engagement of a professional recruiting firm to find most suitable candidates to fill the vacant positions or via recommendations by the Board members.

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

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

Pursuant to the Listing Requirements and Constitution of KLCCP, one-third of the Directors of KLCCP for the time being shall retire from office once at least in each three (3) years and shall be eligible for re-election at the Annual General Meeting (AGM).

In addition, the Director appointed via casual vacancy or an addition to the existing Board KLCCP, shall hold office only until the conclusion of the next AGM and shall be eligible for re-election at such meeting.

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

v) Board Meetings and Access to Management, Company Secretaries, Information and External Experts

All Directors are encouraged to declare their time commitment to the Board 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 Board. The Board believes that all members must be equally responsible for their overall core responsibilities.

The Board meets 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.

The Board will be continuously updated by the CEO on the business and operations of the Group through CEO briefings to the Board which forms part of the Board agendas.

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 Board which requires approval and the actions to be taken by the Board.

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

To avoid any conflict of interest, all Board members must immediately declare if they have any interests in transactions to be deliberated by the Board. They must disclose the extent and nature of their interest at a Board meeting or as soon as practicable after they become aware of the conflict of interest. They must abstain from participating in the deliberation and Board decisions on the matter as he/she is an interested party.

During the year under review, six (6) Board Meetings of KLCCP and six (6) Board Meetings of KLCCRM were held respectively. The proceedings of all meetings of the Board including all issues raised, enquiries made and responses thereto, were also presented and recorded in the minutes of the respective Board meetings. Where necessary, decisions have been taken by way of circular resolutions. The Chairmen of BAC, NRC and BRC also update the Board on the proceedings of their respective Committee meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Directors' commitment in carrying out their duties and responsibilities is reflected by their attendance at the Board and Board Committees meetings held during the year. The Board is satisfied that each Director has devoted sufficient time to effectively discharge his/her responsibilities.

KLCCP and KLCCRM Board meetings attendance for financial year ended 31 December 2022 is as follows:

NO. OF MEETINGS ATTENDED		
KLCCP	Directors	KLCCRM
Executive		
6/6	Datuk Md. Shah bin Mahmood (Chief Executive Officer)	6/6
Non-Executive		
6/6	Tan Sri Ahmad Nizam Bin Salleh (Chairman)	6/6
6/6	Liza binti Mustapha	6/6
6/6	Farina binti Farikhullah Khan	6/6
6/6	Dato' Jamaludin bin Osman	6/6
5/6	Chong Chye Neo	5/6
6/6	Dato' Sr. Mazuki bin A Aziz	6/6
6/6	Datin Noor Lily Zuriati binti Abdullah	6/6
2/2	Habibah binti Abdul (retired on 12 April 2022)	2/2

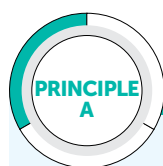
The Board members are supported by Company Secretaries who provide advisory services to the Board, particularly on corporate governance and compliance issues, including compliance to the relevant rules/ procedures, laws and regulatory requirements. The details of the Company Secretaries relating to qualification, 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 Board seeks advice from Management when required and are able to interact directly with Management on any aspect of KLCCP Stapled Group's operations or businesses under its purview. Management is invited to attend Board meetings to give an update and report to the Board on matters pertinent to their respective areas of responsibility, to present new proposals or to brief on actions implemented pursuant to recommendations made by the Board.

Additionally, the Directors may obtain independent professional advice at company 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 Board meetings are properly recorded and communicated to Management for necessary action. Minutes of Board Committees and Board meetings, which include records of the Board Committees and Board decisions, are properly maintained by the in-house Company Secretary.

CORPORATE GOVERNANCE OVERVIEW STATEMENT



BOARD LEADERSHIP AND EFFECTIVENESS

vi) The Board 2022 Activities and Priorities

The Board 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 table below shows the key focus areas for the Board which appear as items on the Board's agenda at the respective Board meetings throughout the year.

KLCCP

- Reviewed and approved business plans and budget for FY2023 and forecast from FY2024 to FY2027.
- Reviewed projected cash flows and distribution for KLCCP Stapled Group.
- Oversaw the proper conduct of KLCCP Stapled Group's business.
- Reviewed and approved quarterly results for FY2022 and the audited financial statements of KLCCP for the financial year ended 31 December 2021.
- Reviewed and approved recurrent related party transactions of KLCCP Stapled Group.
- Reviewed and approved the proposed changes to the Board and Board 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 KLCCP Constitution and recommended the same for holders of the Stapled Securities' approval.
- Reviewed and recommended Directors' remuneration for the holders of Stapled Securities' approval.
- Reviewed and approved the reports and statements for inclusion into the Integrated Annual Report 2021 and the Sustainability Report 2021.
- Ensured the implementation of policies, procedures and practices relating to operational and corporate governance.
- Reviewed and approved KLCCP's principal risks and proposed mitigations, and ensured appropriate measures were implemented to manage these risks.
- Reviewed the adequacy and integrity of KLCCP Stapled Group's management information and internal control system.
- Declaration of dividends.
- Reviewed succession planning for KLCCP.
- Ensured compliance to Critical Legal Areas and regulations by adopting relevant policies, frameworks, and guidelines.
- Reviewed the KLCC Group sustainability matters update and enhancement.
- Reviewed the updates on ISO37001 Anti-Bribery Management System for FY2022.
- Reviewed the Cyber Security disaster recovery procedures for applications within KLCC Group.
- Reviewed the KLCCP Stapled Group Portfolio Analysis including the outlook of current portfolio mix.
- Reviewed and approved the new high level organisational structure.
- Reviewed and approved the revision of limits of authority to reflect the new operating model.

vii) Training and Professional Development of Directors

The Board recognises 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.

 To read more on the list of Directors' Training and Professional Development, please refer to the NRC Report of this Integrated Annual Report.

The table below shows the key focus areas for the Board which appear as items on the Board's agenda at the respective Board meetings throughout the year.

KLCCRM

- Reviewed and approved the budget for FY2023 and forecast from FY2024 to FY2027.
- 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 FY2022 and the audited financial statements of KLCC REIT and KLCCRM for the financial year ended 31 December 2021.
- Reviewed and approved recurrent related party transactions of KLCCRM.
- Reviewed and approved the proposed changes to the Board and Board 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 Integrated Annual Report 2021.
- 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.
- Reviewed the Cyber Security disaster recovery procedures for applications within KLCC Group.
- Reviewed the KLCCP Stapled Group Portfolio Analysis including the outlook of current portfolio mix.

viii) Board Effectiveness Evaluation

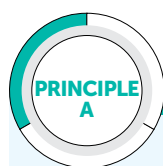
The Board Effectiveness Evaluation (BEE) is to evaluate the performance of the Board, Board Committees, individual members of the Board, as well as identifying any gaps or areas of improvement, where required.

The Board is aware of the importance for an externally facilitated BEE as recommended in the MCCG. The Board will continue to uphold this best practice, as stipulated in the Board Charter of KLCCP that the BEE shall be conducted by independent experts at least once every three (3) years beginning FY2020.

For the year under review, the BEE, which is under the purview of the NRC, was conducted internally via a digital platform. In promoting openness in communication between the Board and Management and fostering a trust culture, the BEE for FY2022 included a section on Management feedback for the Board. In addition, the BEE also included questions on the Group's sustainability matters.

The findings from the BEE were presented to the NRC for deliberation and appropriate recommendations were made to the Board. Details on the process and parameters of the BEE are provided in the NRC Report contained in this Integrated Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

**ix) Integrity and Ethics**

The Board acknowledges its roles in establishing a corporate culture of integrity and ethical conduct within the Group. The Board is 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, 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.

The Board places emphasis on combatting bribery and corruption. As part of KLCCP Stapled Group's implementation of Adequate Procedures, the Board of KLCCP and its subsidiaries (including KLCCRM) had

executed an Integrity Pledge against bribery and corruption. In addition, KLCCP, KLCCRM and other subsidiaries of the Group had approved a Policy Statement on Anti-Bribery and Corruption with zero tolerance to any form of bribery and corruption culture.

The Board was updated on the implementation progress of ISO 37001:2016 Anti Bribery Management System (ABMS). The Board reviewed the ABMS Action Plan throughout 2022, which includes the conduct of SIRIM Surveillance Audit No.2 on ABMS undertaken by a competent Certification Body, SIRIM QAS International Sdn Bhd.

The Group continued the implementation of the 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.

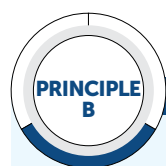
x) Directors' Remuneration

In determining Directors' fees and meeting allowances as well as meeting allowances for the Board Committees (collectively "Directors Remuneration"), the Board adheres to the Remuneration Framework for KLCC Property Holdings Berhad Non-Executive Directors. Directors' Remuneration for Non-Executive Directors is subject for approval by the holders of Stapled Securities during the AGM of KLCCP.

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



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



EFFECTIVE AUDIT AND RISK MANAGEMENT

i) Board Audit Committee

The Board had established the BAC for KLCCP and KLCCRM with the objective of assisting the Board in fulfilling its responsibilities primarily relating to financial management, financial accounting, risk management framework and process, and internal control systems of the Group. The Board is assisted by the respective BAC 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 BAC 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 Board for approval.

The Board is responsible for ensuring that the Group's audited financial statements comply with the relevant financial reporting standards and any other applicable legislations and regulations. The statement by the Directors, the Manager's Report, and the statement by the Manager in relation to the preparation of the financial statements of KLCCP Stapled Group are set out in this Integrated Annual Report.

KLCCP and KLCCRM 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 BAC meets 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 BAC and the Board. The Board has 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 BAC also met with the external auditors twice without the presence of the CEO and Management. In addition, the external auditors are also present at the AGM to provide their professional and independent clarification on issues and concerns raised by the holders of Stapled Securities.

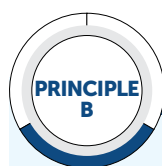
In respect to the Internal Audit function, the BAC is responsible to review and approve the appointment of the Head of GIA. The Head of GIA also has unrestricted access and reports directly to the BAC to support the BAC in discharging their oversight responsibilities.

The BAC is also responsible to review the internal audit programs, processes, audit plans and investigations as well as the results of the same that were undertaken, and whether or not appropriate actions have been taken based on the recommendations of the Internal Auditors.

During the year under review, the BAC had formally met the Internal Auditors on five (5) occasions to review the findings and recommendations arising from internal control reviews conducted by the Internal Auditors. A declaration of organisational independence of the internal audit activity, followed by a private session with the BAC without the presence of the CEO and management were also conducted.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT



EFFECTIVE AUDIT AND RISK MANAGEMENT

ii) Board Risk Committee

Pursuant to the MCGG Step-Up Practice, the BRC was established on 9 December 2021. The BRC assists the Board in ensuring effective risk oversight across the Group. In addition to matters pertaining to risk policies, strategies, principal risks and risk practices, the scope of the BRC also encompasses environmental, social and governance, (ESG) compliance and sustainability matters.

During the year under review, the BRC has reviewed and assessed the readiness of KLCCP Stapled Group to comply with Bursa Malaysia's Requirement on Enhanced Sustainability Disclosure, which the gaps closure plan has been established and reported to the Board.

Moving into 2023, the BRC will continue to diligently monitor risks associated to the business operations as well as overall financial risk, operational risk and ESG matters.



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

iii) Risk Management and Internal Control Framework

The Board 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 Board has implemented the KLCC Group Enterprise Risk Management Framework (ERM Framework) which outlines the risk policy, risk governance and structure, risk measurement and risk operations and system. The Board has 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.

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

Annual review of the Corporate Risk Profiles was also carried out in compliance with the ERM Framework 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 and transition to endemic phase.

The status of the principal risks, key risk indicator and risk appetite performances are deliberated at the BRC and Board 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.

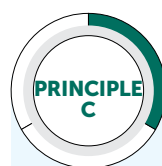
In this respect, the internal audit function assists the Group in accomplishing its goals by bringing a systematic and disciplined approach in evaluating the effectiveness of governance, risk management and control processes which includes anti-corruption and whistle-blowing. This function serves as an important source of advice for the BAC concerning areas of weaknesses or deficiencies in internal processes to facilitate appropriate remedial measures by the Group. GIA adopts a systematic and risk-based approach in reviewing KLCCP Stapled Group's governance, risk management and internal controls, guided by the COSO (i.e. The Committee of Sponsoring Organisations of the Treadway Commission) Internal Control – Integrated Framework.

The internal audit function is undertaken by the Group Internal Audit (GIA) of KLCC (Holdings) Sdn Bhd (KLCCCH). To support the BAC in discharging their responsibilities, the Head of GIAD of KLCCCH reports directly to the BAC. The Head of GIA 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).

GIA undertakes their activities in accordance to the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) and its IA Charter. GIA 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.



To read more on the risk management and internal control practices as well as the internal audit activities, please refer to the BAC Report and Statement on Risk Management and Internal Control contained in this Integrated Annual Report.



INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

i) Engagement with Stakeholders

The Board is committed to continuous improvement in 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 the 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 various stakeholders, understanding their challenges and managing risks, the Group embraces its role as a solutions partner to its stakeholders.

 To read more on Investor Relations, please refer to Stakeholder Management Report contained in this Integrated Annual Report.

ii) Annual General Meeting

The Board considers the annual general meeting as the principal forum for effective open dialogue with the holders of Stapled Securities.

The 19th Annual General Meeting of KLCCP and 9th Annual General Meeting of KLCC REIT (AGMs) were convened virtually via remote participation and voting facilities.

The notice and agenda of the AGMs together with the Forms of Proxy were given to holders of Stapled Securities 42 days before the AGMs. Each item of special business included in the notice of the AGMs was accompanied by an explanatory note on the effects of the proposed resolutions.


Before the AGMs, the holders of Stapled Securities were encouraged and given sufficient opportunity as well as time by the Board to submit questions pertaining to the Integrated Annual Report, resolutions being proposed and the business of the Group in general prior to seeking approval from the holders of Stapled Securities on the resolutions.

During the AGMs, the CEO presented a comprehensive review of the Group's performance initiatives and value created for the holders of Stapled Securities. The Board, Senior Management and external auditors were also present at the AGMs to provide answers and clarification to the holders of Stapled Securities.

KLCCP and KLCC REIT received 98 pre-submitted and live questions from the holders of Stapled Securities. The questions from the Minority Shareholders Watch Group and the responses by Management were shared with all the holders of Stapled Securities for their information.

KLCCP and KLCC REIT had engaged Tricor Investor and Issuing House Services Sdn Bhd as the Poll Administrator and BDO Consulting Sdn Bhd as Independent Scrutineer for the AGMs.

Minutes of the AGMs, which included 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 AGM is disclosed in the CG Report

GOVERNANCE INITIATIVES AND OUTLOOK

The Board believes that good governance is essential in supporting the realisation of business objectives of KLCCP Stapled Group.

Moving forward, the Board will continue to strengthen its stewardship of the corporate governance practices and procedures throughout the Group, in pursuit of safeguarding the interest of all the Group's shareholders and stakeholders.

This Statement is made in accordance with the resolution of the Board of Directors on 31 January 2023.

NOMINATION AND REMUNERATION COMMITTEES REPORT

The Nomination and Remuneration Committees (NRCs) of KLCCP and KLCCRM were established on 27 November 2012 and 21 August 2013 respectively.

TERMS OF REFERENCE

The Terms of Reference (TORs) describing the roles and functions of the respective NRCs of KLCCP and KLCCRM are available for public access, especially by holders of the Stapled Securities on KLCCP Stapled Group's corporate website at www.klcc.com.my.

COMPOSITION

The NRCs consist of three members, all of whom are Independent Non-Executive Directors. Members of the NRCs possess sound judgment, objectivity, management experience, professionalism, integrity and knowledge of the industry.

MEETINGS AND ATTENDANCE

The NRCs met twice during the year and details of attendance are set out below:

Committee Members	Meeting Attendance	
	KLCCP	KLCCRM
Chairperson		
(i) Chong Chye Neo Independent Non-Executive Director (Appointed as Chairperson on 29 April 2022)	2/2	2/2
Members		
(ii) Farina binti Farikhullah Khan Independent Non-Executive Director	2/2	2/2
(iii) Dato' Jamaludin bin Osman Independent Non-Executive Director	2/2	2/2
(iv) Habibah binti Abdul Senior Independent Non-Executive Director (Ceased as Chairperson and member of NRC on 12 April 2022)	1/1	1/1

The agenda and a set of meeting papers encompassing information relevant to the business of the meetings were distributed to the NRCs members via a secured board meeting automation system no less than 6 days from the date of the meetings.

All the proceedings and resolutions of the meetings were recorded by the Company Secretary. Minutes of the meetings were circulated to all NRCs members and tabled for confirmation at the next NRCs meeting, after which the said minutes were circulated to the Boards for notation.

The Chief Executive Officer (CEO), Head of Human Capital Department and other representatives of the Group were also invited by the NRCs to attend and deliberate on specific matters which required their input or advice.

NOMINATION AND REMUNERATION COMMITTEES REPORT

ACTIVITIES DURING THE PERIOD UNDER REVIEW

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

Categories	Activities
Board membership	<ul style="list-style-type: none"> Reviewed and endorsed the re-election of Directors contingent upon the performance of the Directors stated in the Board Effectiveness Evaluation results and Directors' Fit and Proper assessment. Reviewed and recommended to the Boards on the proposed appointment of NRCs Chairperson. Reviewed and recommended to the Board Audit Committees (BACs) of the Boards on the proposed appointment of BACs member.
Board fees & benefits	<ul style="list-style-type: none"> Reviewed the fees payable to Non-Executive Directors for the holders of Stapled Securities' approval.
Key Management Personnel	<ul style="list-style-type: none"> Reviewed and endorsed the appointment of Chief Financial Officer (CFO). Reviewed the performance of KLCCP CEO's direct reports.
Board Performance Evaluation	<ul style="list-style-type: none"> Assessed on the effectiveness of the Boards, Board Committees, and Individual Directors through Board Effectiveness Evaluation FY2022. Discussed the evaluation results for Board Effectiveness Evaluation on FY2021 and recommended necessary actions for board effectiveness enhancement.
Succession Planning	<ul style="list-style-type: none"> Discussed the updates on succession management (i.e. KLCCP Leadership Bench Strength) following the approved Succession Management Framework. Discussed the updates on Talent Readiness Assessment and Matching to the identified Success Profiles. Discussed the updates on organisation effectiveness review for enhancement of role demarcation and redefining of Critical Position Profiles.
Governance	<ul style="list-style-type: none"> Reviewed and endorsed the Nomination and Remuneration Report for FY2021. Reviewed and endorsed the Directors' Fit & Proper Policy.

BOARD AND BOARD COMMITTEES COMPOSITION REVIEW

(i) Appointment

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

The NRCs continuously evaluate current Boards composition as part of the Boards' endeavor to enhance the mix of board's skills and competencies.

All nominees to the Boards are first considered by the NRCs. The NRCs will then recommend the nominees for the Boards' approvals. The search and selection process for any appointment of additional directors will take into consideration the mix of skills, competencies, experiences,

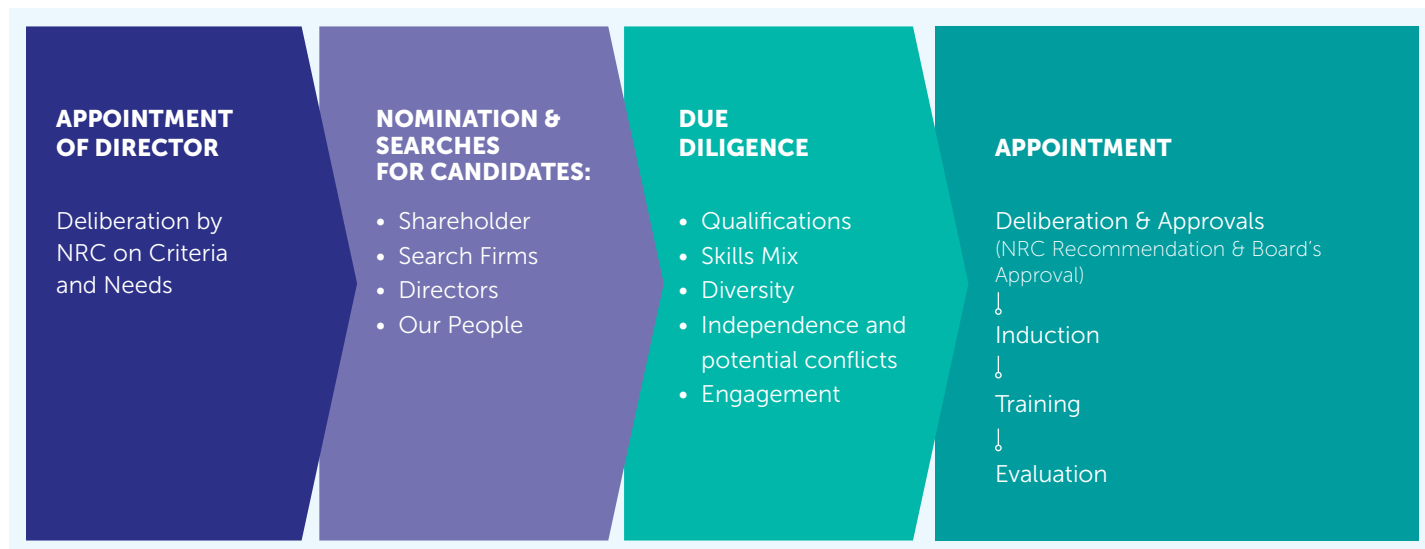
integrity, time commitment, age, gender, and other qualities required to effectively discharge the role of a director. The NRCs are also guided by the Board Diversity Policy and the Board Skills Matrix in the selection process.

Newly appointed Directors will then be 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) Compliance and Ethics
- (e) Future outlook and Growth of the Group

NOMINATION AND REMUNERATION COMMITTEES REPORT

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



(ii) Resignation / Retirement

Cik Habibah binti Abdul, who had served as a board member for 9 years, retired as a Senior Independent Non-Executive Director of KLCCP and KLCCRM after the conclusion of the AGM of KLCCP held on 12 April 2022.

(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 appointment of Puan Chong Chye Neo as the Chairperson of the NRCs.

In addition, the NRCs also endorsed and recommended to the BACs on the appointment of Dato' Sr. Marzuki bin A Aziz as a member of the BACs.

The details for the changes to the composition of NRCs and BACs can be found in the NRCs Report and the BACs Report.

RE-ELECTION OF DIRECTORS

During the year under review, KLCCP and KLCCRM Boards, with the recommendation of NRCs, endorsed the re-election of directors who are subject to retirement in accordance with the provisions of the respective Constitution of KLCCP and KLCCRM.

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

1. Puan Farina binti Farikullah Khan,
2. Dato' Jamaludin bin Osman, and
3. Puan Liza binti Mustapha.

The three retiring Directors had indicated their willingness to seek re-election at the forthcoming AGM of KLCCP to be held in April 2023. Further, the retiring Directors had also completed the fit and proper assessment in the prescribed form in accordance with the Directors' Fit and Proper Policy of KLCCP and submit to the NRCs.

Prior to recommending the re-election of the Directors, the NRCs also reviewed the individual directors' performance of the retiring Directors in terms of their performance and contribution. Based on the outcome of the Board Effectiveness Evaluation FY2022, 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 continued to monitor the composition of the Boards and Boards committees to ensure a right and effective board structure.

NOMINATION AND REMUNERATION COMMITTEES REPORT

(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.

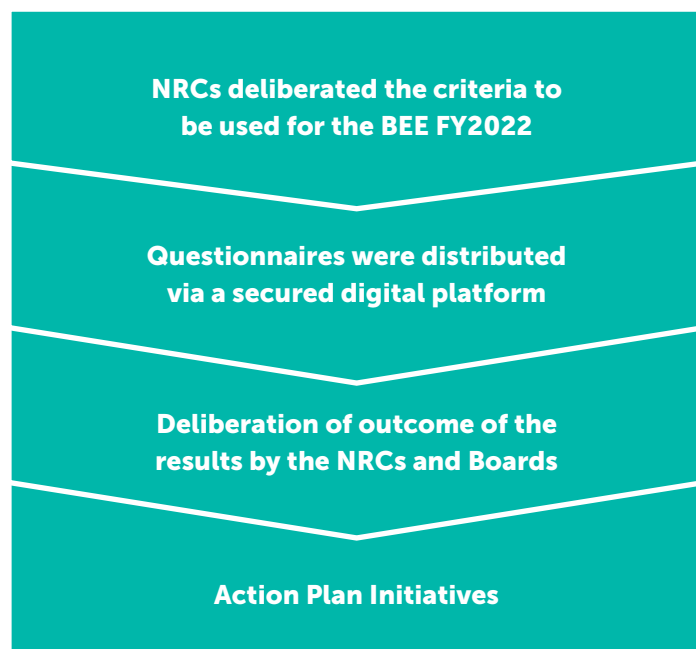
KLCCP NRC also deliberated and reviewed the potential successor of the CFO to replace Encik Annuar Marzuki bin Abdul Aziz who resigned on 30 November 2022. KLCCP NRC recommended Encik Rohizal bin Kadir, who was the Financial Controller of KLCCP, to be appointed as the CFO effective 1 December 2022. The position of KLCCP's CFO encompasses the function of a Chief Investment Officer. Due to the stapled securities structure of KLCCP and KLCC REIT, Encik Rohizal is also appointed as the CFO of KLCCRM. Accordingly, Encik Rohizal also acts as the Head of Investment/Head of Finance of KLCCRM.

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 enhancements to be undertaken, the NRCs are pleased to inform that action plans have been implemented by the Boards accordingly in 2022.

The Board, Board Committees and Directors' Effectiveness Evaluation for FY2022 (BEE FY2022) was conducted internally through an assessment process led by the NRCs. The process of the BEE FY2022 involved the following steps:



In promoting openness in communication between the Board and Management, and fostering trust culture, the BEE FY2022 included questions for Management feedback to the Boards.

The criteria agreed by the NRCs for the BEE FY2022 are as follows:

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

The outcome of the BEE FY2022 was deliberated in January 2023 and concluded that collectively the Boards continue to operate in an effective manner. One of the key areas for improvement highlighted in the BEE FY2022 is to organise training and development on target for Environmental, Social and Governance (ESG).

The NRCs collectively agreed that the current composition of the Boards is relevant and that the members have appropriate knowledge and experience and continue to add value to the business towards another fruitful year.

NOMINATION AND REMUNERATION COMMITTEES REPORT

TRAINING AND PROFESSIONAL DEVELOPMENT OF DIRECTORS

Any Director can request further information to support their individual duties or collective Board role. The arrangements are overseen by the Company Secretary and can be internally or externally facilitated, with sessions typically originating from technical Board discussions, an identified training opportunity or area of general interest relating to the Group. To remain abreast of, and connected to, broader societal trends, expectations and issues, the Directors are encouraged to participate in seminars and events hosted by external organisations. Discussions with peers, other sectors and individuals in different professional and personal situations develop broader perspectives and insights, which can translate into different thinking styles and more robust debate within Board discussions.

The list of training programmes attended by the directors:

<p style="text-align: center;">Tan Sri Ahmad Nizam bin Salleh</p> <p style="text-align: center;">↓</p> <ul style="list-style-type: none"> • Round-table discussions on Regional Real Estate Growth • Investment in Property Assets Policy Dialogue • Strategic Away Day on Rental Market and Office Asset Classes 	<p style="text-align: center;">Datuk Md. Shah bin Mahmood</p> <p style="text-align: center;">↓</p> <ul style="list-style-type: none"> • Dissecting Environmental Factors in Sustainability Investments • KSY115: Prevention of Financial Crime and Market Misconduct under CMSA 2007 • 3rd Annual Malaysian REIT Forum 2022 • Strategic Away Day on Rental Market and Office Asset Classes
<p style="text-align: center;">Liza binti Mustapha</p> <p style="text-align: center;">↓</p> <ul style="list-style-type: none"> • CERAWEEK 2022 • CFO Network Update Call: Q2 2022 • MIDF Conversations • IIC-SIDC Corporate Governance Conference 2022: Investment Stewardship in Times of Heightened Sustainability Demands • Khazanah Megatrends Forum 2022 (KMF2022) • J.P Morgan International Council Client Forum • Strategic Away Day on Rental Market and Office Asset Classes 	<p style="text-align: center;">Farina binti Farikhullah Khan</p> <p style="text-align: center;">↓</p> <ul style="list-style-type: none"> • Decommissioning 101 session with Boston –Consulting Group • Corporate Governance Session • Anti-Corruption Training • Sustainability Awareness • Recovery and Resolution Planning • Task Force on Climate-Related Financial Disclosure (TCFD) • Cyber Security • PETRONAS Board Excellence : Roundtable Programme • Strategic Away Day on Rental Market and Office Asset Classes
<p style="text-align: center;">Dato' Jamaludin bin Osman</p> <p style="text-align: center;">↓</p> <ul style="list-style-type: none"> • Environmental, Social & Governance (ESG) and Sustainability • Strategic Away Day on Rental Market and Office Asset Classes 	<p style="text-align: center;">Chong Chye Neo</p> <p style="text-align: center;">↓</p> <ul style="list-style-type: none"> • BNM MyFintech Week Masterclass • Reimagining a world without passwords • Metaverse and Web 3.0 • MetaFinance: The Next Frontier of the Global Economy • An Eu-Malaysian Dialogue – Fighting Climate Change • Leadership Perspectives – Board Effectiveness • Climate Governance – A standing item on board agendas • Strategic Away Day on Rental Market and Office Asset Classes
<p style="text-align: center;">Dato' Sr. Mazuki bin A Aziz</p> <p style="text-align: center;">↓</p> <ul style="list-style-type: none"> • Audit Oversight Board • Strategic Away Day on Rental Market and Office Asset Classes 	<p style="text-align: center;">Datin Noor Lily Zuriati binti Abdullah</p> <p style="text-align: center;">↓</p> <ul style="list-style-type: none"> • How To Be An Effective NED in a Disruptive World • Corporate Governance & Remuneration Practices For The ESG Practices • ESG Oversight - Role of The Board • Strategic Away Day on Rental Market and Office Asset Classes

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.

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

Element	How it operates
Retainer Fee	The NEDs are to be paid a fixed retainer fee.
Special Fee	Special Fee is payable to the NEDs with special experience and skills critical for the company's success.
Meeting Allowance	The NEDs shall be paid attendance allowance for every meeting (Board & Board Committees Meetings) attended.
Petrol Allowance	The NEDs are each given petrol card with a fixed maximum amount per annum.
Others	The NEDs of KLCCRM are only entitled to Meeting Attendance Allowance as well as Special Fee (where applicable). The said allowance / fee is payable only when the meetings of Board or Board Committees of KLCCRM are held on a different date than the meetings of the Board or Board Committees of KLCCP.

For the financial year ended 31 December 2022, a total of RM1,294,500.00 was paid to the Board members of KLCCP being the Directors' Remuneration.

The payment was made following the approval of the resolution tabled at the AGM of KLCCP held on 12 April 2022 where the holders of Stapled Securities had approved the payment of directors' fee and benefits with effect from 13 April 2022 until the next AGM to be held in 2023.

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

(i) KLCCP

	Director's Fee (RM)	Board Meeting Allowance* (RM)	Audit Committee Meeting Allowance* (RM)	Nomination & Remuneration Meeting Allowance* (RM)	Board Risk Committee Meeting Allowance* (RM)	Petrol Allowance (RM)	Total (RM)
Executive Director							
Datuk Md. Shah bin Mahmood	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Non-Executive Directors							
Tan Sri Ahmad Nizam bin Salleh	240,000	21,000	n/a	n/a	n/a	6,000	267,000
Habibah binti Abdul (Retired w.e.f. 12.04.2022)	34,000	7,000	7,000	3,500	n/a	2,000	53,500
Farina binti Farikhullah Khan	120,000	21,000	17,500	7,000	10,500	6,000	182,000
Dato' Jamaludin bin Osman	120,000	21,000	n/a	7,000	14,000	6,000	168,000
Liza binti Mustapha [#]	120,000	21,000	n/a	n/a	n/a	n/a	141,000

NOMINATION AND REMUNERATION COMMITTEES REPORT

	Director's Fee (RM)	Board Meeting Allowance* (RM)	Audit Committee Meeting Allowance* (RM)	Nomination & Remuneration Meeting Allowance* (RM)	Board Risk Committee Meeting Allowance* (RM)	Petrol Allowance (RM)	Total (RM)
Non-Executive Directors							
Chong Chye Neo	120,000	17,500	17,500	7,000	n/a	6,000	168,000
Datin Noor Lily Zuriati binti Abdullah	120,000	21,000	n/a	n/a	10,500	6,000	157,500
Dato' Sr. Mazuki bin A Aziz	120,000	21,000	10,500	n/a	n/a	6,000	157,500
Total	994,000	150,500	52,500	24,500	35,000	38,000	1,294,500

Note:

* Meeting allowances depend on the number of meetings attended by the Board/Board Audit Committee/NRC/Board Risk Committee Members.

Fees paid directly to PETRONAS in respect of Director and appointee of PETRONAS.

The Directors' Remuneration tabulated above reflects, what way incurred on a group basis whereby no meeting allowance was paid to the members of the Board and Board Committees of KLCCRM, as their meetings were held on the same date as the meetings of the Board and Board Committees of KLCCP.

The details are also disclosed in KLCCP Stapled Group Corporate Governance Report, which is accessible at KLCCP Stapled Group's corporate website at www.klcc.com.my.

The Executive Director cum CEO of KLCCP and KLCCRM, Datuk Md. Shah bin Mahmood is the Group CEO of KLCC (Holding) Sdn Bhd (KLCCH) and is assigned to KLCCP and KLCCRM to undertake all responsibilities of the Executive Director and CEO. KLCCP reimbursed KLCCH for the services rendered by Datuk Md. Shah bin Mahmood in the form of management fees with an amount of RM 1,048,802.

The NRCs had reviewed and endorsed the proposed NEDs' Remuneration for 2023/2024 for consideration by the Boards prior to recommending for approval by the holders of Stapled Securities at the forthcoming AGM of KLCCP to be held in April 2023 and the shareholder of KLCCRM.

(b) Senior Management Remuneration

The overall structure of Senior Management remuneration in accordance with the remuneration policy approved by the Board anchored on the performance capability, experience and requirements based on the level of job grades.

This Statement is made in accordance with the resolution of the Board of Directors on 31 January 2023.

BOARD AUDIT COMMITTEES REPORT

The Board Audit Committees (BACs) of KLCCP and KLCCRM were established on 9 July 2004 and 12 December 2012 respectively.

TERMS OF REFERENCE

The Terms of Reference (TORs) describing the roles and functions of the respective BACs of KLCCP and KLCCRM are available for public access, especially by holders of the Stapled Securities on KLCCP Stapled Group's corporate website at www.klcc.com.my.

COMPOSITION

The BACs consist of three members, all of whom are Independent Non-Executive Directors. Members of the BACs possess sound judgment, objectivity, management experience, professionalism, integrity and knowledge of the industry.

MEETINGS AND ATTENDANCE

During the year, 5 meetings of the BAC of KLCCP and 4 meetings of the BAC of KLCCRM were held respectively. The details of attendance are set out below:

Committee Members	Meeting Attendance	
	KLCCP	KLCCRM
Chairperson		
(i) Farina binti Farikhullah Khan Independent Non-Executive Director	5/5	4/4
Members		
(ii) Habibah Binti Abdul Senior Independent Non-Executive Director (Ceased as member w.e.f 12 April 2022)	2/2	1/1
(iii) Chong Chye Neo Independent Non-Executive Director	5/5	4/4
(iv) Dato' Sr. Mazuki bin A Aziz Independent Non-Executive Director (Appointed as member w.e.f. 29 April 2022)	3/3	3/3

The agenda and a set of meeting papers encompassing information relevant to the business of the meetings were distributed to the BACs members via a secured board meeting automation system no less than 6 days from the date of the meetings.

All the proceedings and resolutions of the meetings were recorded by the Company Secretary. Minutes of the meetings were circulated to all BACs members and tabled for confirmation at the next BACs meeting, after which the said minutes were circulated to the Boards for notation.

The Chief Executive Officer (CEO), Chief Financial Officer, Group Internal Audit of KLCC (Holdings) Sdn Bhd, representatives from the external auditors, and other representatives of the Group were also invited by the BACs to attend and deliberate on specific matters which required their input or advice.

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 2022 are described below:-

Internal Audit

- (a) During the first quarter of 2022, the BACs reviewed and approved the Performance Report of the GIA's Strategy and Balanced Scorecard (BSC) for 2021. BSC for 2022 was also reviewed during the first quarter of 2022 with comments, and the revised BSC 2022 was approved in the second quarter of 2022. Subsequently, the half-year Performance Report of the GIA's 2022 BSC was also reviewed and approved by the BACs;

BOARD AUDIT COMMITTEES REPORT

- (b) Deliberated and approved the internal audit reports which highlighted major findings, agreed mitigation actions and management's responses;
- (c) Deliberated and approved the Quarterly Audit Status Reports which highlighted the outstanding agreed mitigation actions to ensure all audit issues are resolved within the agreed stipulated period;
- (d) Deliberated and approved the revised annual audit plan for 2022 to address more pressing issues affecting the organisation due to changes in risk exposures and business environment; and
- (e) Deliberated and approved the annual audit plan for activities to be undertaken for 2023.

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, 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 2022 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.

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 2022, 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 with external auditors on issues arising from financial audits and other matters in the absence of the Management, twice this year; 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	660	233	97
Non-Audit Fee	16	16	-
Total	676	249	97

Note:

* inclusive of fees paid by subsidiaries of KLCCP

inclusive of fees paid by Midciti Sukuk Berhad

The Boards of KLCCP and KLCCRM considered the provision of other services by the external auditors to KLCCP Stapled Group as 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.

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); and
- Approval by the Trustee (for KLCC REIT only).

(b) Reviewed the quarterly report on recurrent related party transactions of KLCCP Stapled Group.

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

(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:

- Cik Habibah binti Abdul ceased as a member of BACs on 12 April 2022 following her retirement as a Director at the conclusion of 19th AGM of KLCCP and pursuant to the Constitution of KLCCRM on 12 April 2022;
- Dato' Sr. Mazuki bin A Aziz was appointed as a member of BACs on 29 April 2022.

INTERNAL AUDIT FUNCTION

The BACs are supported by Group Internal Audit (GIA) of KLCC (Holdings) Sdn Bhd (KLCCCH) in their oversight over governance, risk management and controls established and implemented by the management of the KLCCP Stapled Group. GIA 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 GIA is governed by its Internal Audit Charter approved by the respective BACs which establishes a framework for its effective and efficient functioning. The GIA 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 Organisations 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 2022, the GIA of KLCCCH had executed the following activities:

- (1) Conducted assurance activities based on the approved annual audit plan 2022 covering:
 - Audit on Security Management Services at KLCC Precinct & Dayabumi;
 - Audit on Mandarin Oriental, Kuala Lumpur;
 - Audit on Leasing and Tenancy Management Activities (Thematic); and
 - Audit on KLCC Group Procurement (Thematic).

The resulting audit reports, including findings, recommendations and management responses, were presented to the BACs except for the Audit on KLCC Group Procurement (Thematic) which will be presented in the BACs meeting to be held in 2023.

- (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 2022 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 2023 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 RM 577,710.

Further details of the activities of GIA 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 31 January 2023.

BOARD RISK COMMITTEES REPORT

The Board Risk Committees (BRCs) were established on 9 December 2021 by the Board of Directors of KLCCP and KLCCRM respectively.

TERMS OF REFERENCE

The Terms of Reference (TOR) of the BRCs sets out the direction, guidance, and oversight of all aspects of the risk policies, strategies, principal risks, risk practices as well as relating to the Environment, Social & Governance Compliance including sustainability matters which are aligned with the requirements of the Malaysian Code of Corporate Governance.

The TOR for the respective BRCs are available on the KLCCP Stapled Group's corporate website at www.klcc.com.my.

COMPOSITION

The BRCs consist of three members, all of whom are Independent Non-Executive Directors. Members of the BRCs possess sound judgement, objectivity, management experience, professionalism, integrity and knowledge of the industry.

MEETINGS AND ATTENDANCE

The BRCs met four times during the year and details of attendance are set out below:

Committee Members	Meeting Attendance	
	KLCCP	KLCCRM
Chairman		
(i) Dato' Jamaludin bin Osman Independent Non-Executive Director	4/4	4/4
Members		
(ii) Farina binti Farikhullah Khan Independent Non-Executive Director	3/4	3/4
(iii) Datin Noor Lily Zuriati binti Abdullah Independent Non-Executive Director	3/4	3/4

The agenda and a set of meeting papers encompassing information relevant to the business of the meetings were distributed to the BRCs members via a secured board meeting automation system no less than 6 days from the date of the meetings.

All the proceedings and resolutions of the meetings were recorded by the Company Secretary. Minutes of the meetings were circulated to all BRCs members and tabled for confirmation at the next BRCs meeting, after which the said minutes were circulated to the Boards for notation.

The Chief Executive Officer (CEO), Chief Financial Officer, Head of Governance, Risk and Assurance, Head of Group Strategy and Sustainability and other representatives of the Group were also invited by the BRCs to attend and deliberate on specific matters which required their input or advice.

BRC'S ACTIVITIES 2022

A summary of the key matters considered during the year is as follows:

Risk Management


- Reviewed quarterly updates on KRI and risk appetite results to gain early insights of any potential risk exposure to the Group.
- Annual review of risk appetite to provide comprehensiveness to the current risk appetite statement in ensuring the financial and non-financial risk exposure and type of risk to be pursued or retained by KLCCP Stapled Group in achieving its strategic objectives are properly defined. The annual review is crucial to reflect the threshold during this transitional period to the endemic phase.
- Annual review of risk profiling exercise to review, assess and update the principal risks to safeguard KLCCP Stapled Group's investment and key business activities and to ensure the risk exposures are relevant and up-to-date taking into account emerging risks and transitional period to the endemic phase.

Environmental, Social & Governance (ESG)

Reviewed and assessed the readiness of KLCCP Stapled Group to comply with the Main Market Listing Requirements (MMLR) of Bursa Malaysia on Enhanced Sustainability Disclosure, which the gaps closure plan has been established and reported to the Board.

ANNUAL REPORTING

The BRCs reviewed the BRCs Reports and SORMIC for the financial year ended 31 December 2022 to ensure that the reports are prepared in compliance with the requirements and guidelines of the MMLR of Bursa Malaysia

 To read more on the ESG, please refer to Sustainability Report of this Integrated Annual Report.

This Statement is made in accordance with the resolution of the Board of Directors on 31 January 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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The Boards of KLCCP and KLCCRM are responsible and committed to maintain a sound and effective risk management and internal control system of KLCCP Stapled Group.

The system encompasses risk management, organisation policies and processes, corporate governance, financial information integrity, operational and regulatory controls. The system is designed to manage and not to eliminate all inherent risks associated with the business as well as any weaknesses in the processes and policies of KLCCP Stapled Group. An effective and sound risk management and internal control system is important for KLCCP Stapled Group to achieve its business strategies and objectives.

RISK MANAGEMENT

The Boards have established sound risk management practices guided by KLCC Group Enterprise Risk Management Framework (the ERM Framework) 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.

The ERM 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, BRCs 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, BRCs 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 BRCs 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 BRCs and the Boards for deliberation and approval.

The RMC in discharging its risk management function, is assisted by the Governance, Risk & Assurance department 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.

Concerns on all principal risks are shared with Group Internal Audit (GIA) of KLCC (Holdings) Sdn Bhd (KLCCCH) which then uses the risk assessment reports as reference to develop the annual audit plans for KLCCP Stapled Group. Risk awareness sharing sessions are regularly conducted for all levels of staff as part of the ongoing initiative to sustain risk awareness and risk management capabilities to inculcate risk management culture within KLCCP Stapled Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Risk Profiling

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, BRCs and the Boards for their deliberation and guidance on a quarterly basis.

During the year under review, the Boards have carried out the following:

<p style="text-align: center; font-weight: bold; color: white;">i</p> <p>Review of quarterly update on KRI and risk appetite results to gain an early insight of any potential risk exposure to the Company.</p>	<p style="text-align: center; font-weight: bold; color: white;">ii</p> <p>Annual review of the Risk Appetite to ensure the risk statements and thresholds are reflective of the internal and external changes.</p>	<p style="text-align: center; font-weight: bold; color: white;">iii</p> <p>Annual review of Corporate Risk Profile in compliance with the ERM Framework where the principal risks was reviewed, assessed and updated to safeguard KLCCP Stapled Group’s investment and key business activities and to ensure the risk exposures are relevant and up to date taking into account emerging risks and transition to endemic phase.</p>	<p style="text-align: center; font-weight: bold; color: white;">iv</p> <p>Annual review of Risk Profile for entities under KLCCP Stapled Group namely KLCC Parking Management Sdn Bhd and KLCC Urusharta Sdn Bhd.</p>
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The Corporate Risk Profile is monitored via the INTERISK system, a risk management tool which provides complete risk overview of the organisation for reporting to the Boards. It is a web-enabled system where users are able to access the organisation risk profile on a real-time basis anytime and anywhere.

KLCCP Stapled Group has identified the following principal risks which are critical to the success of KLCCP Stapled Group’s business objectives:

Human Capital	Security	Finance	Market
Asset Management	Supplier	Health, Safety & Environment	Facilities Management

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Crisis Management

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 HSE and areas beyond HSE which are Human Capital, Financial, Digital, Facility Management and Legal and Regulatory in the event of emergency/crisis.

The CMP includes 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, KLCCP Stapled Group conducted the following exercises:

- Emergency evacuation & fire drill exercise including briefing on Fire & Life safety program on evacuation procedure with floor safety managers and tenants at Kompleks Dayabumi and Menara ExxonMobil;
- Basic first aid awareness at PETRONAS Twin Towers for tenants and floor safety managers and
- Testing and exercising via walk through sessions with all risk owners to review all identified credible scenarios other than HSE located at Kompleks Dayabumi.

These exercises are to ensure the readiness and effectiveness of the communication process and the recovery action plan in responding to the crisis whereby risk owners are made aware of their roles and response preparedness in the event of emergency/crisis.

Based on the above exercises, staffs and tenants were trained and familiarised with the respective roles and responsibilities in the event of crisis.

Business Continuity Management

Business Continuity Management was established to provide guidance in resuming key business functions in the event crisis occurs and has a major or catastrophic impact on business in terms of financial, operation and reputation.

During the year, KLCCP Stapled Group conducted an update review of the Business Impact Analysis (BIA) to identify the critical business functions (CBF). The BIA is to assess the impact of unavailability of the functions over time, set prioritised timeframes for resuming these functions and specify Minimum Resources Requirements to be allocated to recover and resume these functions.

The testing and exercising for Call Tree Verification exercise to validate that phone numbers and contact lists of relevant personnel and stakeholders are accurate and up to date, was conducted twice this year to ensure effectiveness of communication to CBF staffs upon activation of BCP. This is to ensure that the CBF staffs are contactable to carry out their designated roles accordingly. Based on the call tree verification exercises, CBF staffs were trained to respond promptly to the activation of BCP.

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 BAC of KLCCP and BAC 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.

INTERNAL AUDIT

The GIA of KLCCH provides an independent and objective assurance on the efficiency and effectiveness of governance, risk management and internal controls implemented by KLCCP Stapled Group, to the BACs of KLCCP and KLCCRM. This is to support the BACs in the discharge of their oversight over governance and internal controls responsibilities. The BACs have full access to the services of GIA and receive reports on all audits that are performed via quarterly BACs meetings.

Governed by the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) and its Internal Audit Charter, the GIA of KLCCH is independent of the activities being audited and performs its duties with integrity, objectivity, confidentiality and competency. The GIA of KLCCH is also a corporate member of the IIA Malaysia chapter.

GIA adopts a systematic and risk-based approach in reviewing KLCCP Stapled Group's governance, risk management and internal controls, guided by the COSO (i.e. The Committee of Sponsoring Organisations of the Treadway Commission) Internal Control – Integrated Framework.

GIA also performs a risk based annual audit plan by assessing the risk profile, materiality, past audit history, business developments, feedbacks and requests, organisational changes, new regulations, result of reviews by other assurance providers and any other significant changes and developments within and outside the organisation.

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 31 January 2023.

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 2022 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.