MANAGEMENT DISCUSSION AND ANALYSIS

STRATEGIC REVIEW

OUR STRATEGY

OUR STRATEGY IS UNDERPINNED BY OUR STRONG MANAGEMENT CAPABILITIES. THIS INCLUDES HAVING THE BEST PEOPLE, STRONGEST CUSTOMER RELATIONSHIPS, AND UTILISING THE MOST EFFICIENT SYSTEMS AND TECHNOLOGIES. WE ALSO ACTIVELY MANAGE OUR CAPITAL AND RISK IN A PRUDENT AND DISCIPLINED MANNER

The performance of KLCCP Stapled Group is mainly driven by sustainable growth, asset management, cost management and service level improvements. KLCCP Stapled Group's stance on risk-averse and strong fundamentals of locked-in tenancies, premium property locations, high quality tenants and high standards of facilities management continue to underpin the sustainability of KLCCP Stapled Group. We remain focused on cost efficiencies and service level improvements and continue to capitalise growth opportunities.

Responsible conduct is an integral part of our business strategy which is reinforced at all levels within the Group. We are committed to operate and grow in a socially responsible way and have aligned our business and processes to adopt strategies that support sustainable development across society.

OUR VISION

BECOMING THE LEADING REAL ESTATE INVESTMENT GROUP OF CHOICE

OUR STRATEGIC FOCUS

DELIVER VALUE TO ALL STAKEHOLDERS THROUGH OUR DEEP REAL ESTATE EXPERIENCE, UNIQUE MARKET INSIGHTS AND OUTSTANDING EXECUTION CAPABILITIES

OUR STRATEGY

OUR STRATEGY IS UNDERPINNED BY OUR CORE CAPABILITIES

1. **ASSET MANAGEMENT EXPERTISE**
2. **CAPITALISING ON MARKET TRENDS**
3. **DISCIPLINED APPROACH TO ACQUISITIONS**
4. **OPTIMISATION OF CAPITAL STRUCTURE**

CREATE SYNERGY WITH EXISTING KL CITY CENTRE PORTFOLIO

ANTICIPATE FUTURE TENANT AND CUSTOMER NEEDS

DELIVER STABLE LONG-TERM DIVIDEND DISTRIBUTIONS

1 Maximise asset performance by ensuring

- The office portfolio of assets continue to be tenanted by creditable tenants
- Execute proactive marketing and leasing strategies to find the right tenant for the right location and optimising the tenant mix for the retail portfolio
- Selective asset enhancements to prolong the life of the asset and to keep properties in pristine condition for longer term tenancy prospects
- Uphold the highest standards of safety and security for all our tenants and customers by upgrading security technology

2 With changing market factors, shifts in demand patterns and changing competitive pressures, we capitalise on the market opportunities to unlock value through repositioning

- Refurbish, reconfigure and refresh tenant mix to improve footfall and maintain competitiveness
- Provide unique product and service offerings in meeting customers' demand

3 Practise a disciplined approach to asset acquisitions that will provide attractive yields and accretion in distribution for future income and capital growth.
A thorough evaluation of acquisition opportunities is conducted based on:

- Location
- Strategic fit
- Yield threshold and returns
- Tenant mix and occupancy

4 We approach capital management in a prudent and disciplined way by endeavouring to

- Maintain a strong balance sheet
- Limit exposure of fluctuations of interest
- Retain an appropriate mix of debt and equity funding

VALUE CREATING BUSINESS MODEL

WE UTILISE OUR KEY RESOURCES

The success of our business depends on a number of inputs

Financial
Well balanced funding structure of debt and equity with strategic fund management

Manufactured
Diversified portfolio of premier and strategically located assets of office, retail and hotel

Nature
Develop and operate assets efficiently respecting nature and natural resources. A green excellence approach through strong Health, Safety & Environment (HSE) culture and implementation

Social and Relationship
Active engagements with our ecosystem of stakeholders from shareholders, authorities, partners, tenants and end-users; building lasting relationships within society

Human and Intellectual
Collaborative work atmosphere, nurtured talents with strong management and leadership team with right skills and expertise on delivering superior performance

THROUGH CLEAR OPERATIONAL ACTIVITIES

The main activities that we undertake towards delivering our strategy

Own
Own strategic-located investments comprising a quality portfolio of office, retail and hotel

Develop/Invest
Develop own lands or make strategic investments which improve the overall quality of the portfolio and ensure long-term capital appreciation

Manage
Manage assets and invest the capital neccessary to ensure properties are well maintained and operate at optimum efficiency

Connect/Collaborate
Active engagements with key stakeholders in mitigating operational issues and achieving sustainability in value creation

PREMISED ON OUR COMMITMENT OF SUSTAINABILITY

Corporate Governance
Upholding transparency in our actions and disclosures, ensuring high standards of governance, business ethics and integrity in our operations

Environmental Stewardship
Striving for improved environmental practices & operational sustainability

Safety & Health
Operating reliably, effectively & efficiently across the HSE social spheres

Our People
Nurturing a diverse and talented workforce to drive business growth strategies

Reliable Partner
Strengthening financial position, business competitiveness and spurring socio-economic growth

UNDERPINNED BY SHARED VALUES

TO DELIVER VALUE

Sustainable Growth
Profitable growth and sustained returns, leveraging on our ownership of premier assets and developments that have low-risk-high-potential value

Right Talent, Right Leader
An engaged workforce who embraces the Cultural Beliefs in delivering superior performance and building the leadership pipeline as the capital driver of success

Driven by Future
Creating, engaging, sustainable environment and spaces, attuned to changing market dynamics, delivering a lifestyle experience tailored to customer preferences

A Trusted Organisation
Responsible corporate conduct within a culture of integrity and leadership in governance, delivering financial value and societal benefits to our stakeholders

VALUE CREATED

ECONOMIC

Distribution per stapled security
36.15 sen

Total annual return
8.3%

Fair value gain
RM**182.5** million

ENVIRONMENT

Reduction in energy consumption
10.0%

Reduction in GHG emissions
6.0%

Sustainability awards
3

SOCIAL

Community investment spend
RM**2.0** million

Learning and development spend
RM**2.1** million

Moving annual turnover-tenant sales for Suria KLCC exceeding
RM**2.6** billion

Refurbished and renovated guestrooms at MOKL Hotel
273 rooms

VALUE SHARED WITH OUR STAKEHOLDERS

By successfully employing our business model we aim to deliver positive results for all our stakeholder groups

Investors
Access to iconic and high quality real estate investment portfolio which benefit investors through consistent earnings growth and stable long-term dividend distributions

Business Partners
Access to high quality real estate, expertise and skills in asset management and development, through our strong relationship

Tenants and Customers
Innovative formats that are responsive to customer demands, curated experiences tailored to customer preferences and outstanding services and facilities

Employees
A diverse and inclusive environment with enhanced well-being and opportunities to make a positive difference

Communities
Creation of positive lasting social impact through our development which have bridged people together with stronger community network and facilities

INNOVATIVE . COHESIVENESS . LOYALTY . INTEGRITY . PROFESSIONALISM

MATERIAL SUSTAINABLE MATTERS

Our material matters have the most impact on our strategy to create long-term value for our stakeholders. We review our material matters on an annual basis through internal workshops to discuss and evaluate our sustainability context, stakeholder issues and the associated risks and opportunities for KLCCP Stapled Group to streamline our actions to benefit all stakeholders concerned. We considered both internal and external factors affecting the industry in our review and assessed its impact to our business and stakeholders. Ten material sustainable matters were identified of high importance.

CORPORATE GOVERNANCE & BUSINESS ETHICS
RISK MANAGEMENT

Risks
- Breach of compliance to evolving regulatory and reporting landscape may give rise to regulation, integrity and reputational risks
- Breach of trust and confidence of shareholders, investors and stakeholders

Opportunities
- Setting the tone from the top and driving a culture of strong governance
- Good governance practices represent a critical benchmark in an organisation's success and management stability

What we are doing
- Anticipate and be responsive to changes in regulations that may impact our business transparency and disclosures
- Benchmarking to international best practices and implementing responsible corporate conduct across the business segments
- Inspiring trust and integrity through leadership across all levels of the organisation

FINANCIAL SUSTAINABILITY
ECONOMIC, SOCIAL & INDUSTRY GROWTH

Risks
- Softer business performance from challenging market conditions
- Delivering lower distribution per stapled security

Opportunities
- Unlocking value through optimisation of our portfolio of assets
- Reshaping competitive edge by recognising our collective strength and leveraging on our core competencies to promote economic and industry growth

What we are doing
- Ensuring our assets are resilient to changes in market and demand with our repositioning strategy
- Focused on building long-term value, driven by management excellence and strong financial discipline

CLIMATE CHANGE
ENVIRONMENTAL MANGEMENT

Risks
- Rising energy costs with potential utility tariff increases. We need energy to deliver services to our tenants, guests, shoppers, primarily for our buildings
- Negative impact to the environment and surrounding community

Opportunities
- In support of Malaysia's pledge to cut carbon emission intensity, minimising pollution and environmental impact
- To be a responsible organisation who is committed to operate and grow in a socially responsible and sustainable development

What we are doing
- Managing and responding to regulatory risk and opportunity that climate change presents in our business
- Working in tandem with our tenants in our green building initiatives and energy saving measures

SECURITY, SAFETY AND HEALTH

Risks

- Threats to employee health & safety – work related illnesses, accidents & occupational well-being
- Threats to safety of our guests, tenants, customers, assets with rising global security threats and being located on the iconic belt

Opportunities

- Leadership commitment in heightening safety standards within our operations
- Engagement with stakeholder and community to create awareness and ensure accountability

What we are doing

- Building strong Health, Safety and Environment (HSE) culture, improving processes & monitoring compliance to HSE standards and procedures
- Reviewing and implementing initiatives to strengthen security surveillance within KLCC Precinct to manage customer safety and security across all our assets

OUR PEOPLE HUMAN RIGHTS & LABOUR PRACTICES

Risks

- Impedes succession management
- Employees not well-equipped with skillsets required with advancements in technology

Opportunities

- To transform our workforce with the right mindset and culture to be agile in responding to changing operating environment
- To promote fair and responsible employment practices

What we are doing

- Ensuring that we attract & retain the best people, encourage a high performance culture and be recognised as an employer of choice
- Aligning our Human Resource practices, policies and compensation benefits to keep pace with our competitors and be attractive to potential talents
- Foster responsible employment practices and enhance employee welfare, catering to the growing needs of our people

CUSTOMER & TENANT MANAGEMENT

Risks

- Failure to keep pace or stay ahead of the rapid transformation of customer expectations & digital revolution
- Impedes market leader position from intensifying competition and disruption to business trends

Opportunities

- Reconfigure layout & reposition retail with refreshing tenant & trade mix to drive footfall and maintain competitiveness
- Refurbish and renovate hotel with new product to compete with next wave of competitors

What we are doing

- Working with our tenants to create a "Workplace for Tomorrow" which reflects more collaborative workspaces in our office assets
- Attracting brands that offer exclusive services and offerings of new concepts to deliver a shopping experience tailored to customer preferences
- Asset enhancement initiatives to upgrade aged properties and facilities with technological advancements

The detailed materiality assessment and material sustainable matters are reflected in the Sustainability Statement on pages 120 to 122

STRATEGIC REVIEW

ENGAGING OUR STAKEHOLDERS

Engaging stakeholders and building a strong relationship based on trust is imperative to the success of our business. Each relationship is an intangible asset of our business, contributing more to the value of KLCCP Stapled Group.

Engagement with stakeholders provide us with an understanding of the matters they are concerned with and enable our responsive action. These matters define our strategic priorities and guide our implementation of initiatives.

Media
Shapes market perception and is a key multiplier of information to the public. Effective communication ensures that they receive information that is relevant to their needs and in turn builds positive dialogue with our organisation.

Employees
Pillars of strength in the continued sustainability of our organisation. Through their dedication, passion and belief in our shared values, we deliver desired results.

Suppliers and Service Providers
Drive our sustainable value chain. Share valued expertise, support and contribute to the quality services and products we procure in strengthening our business, growth and expansion.

Community
Define our social relevance, how we foster goodwill and deliver a lasting positive impact, building upon our understanding of the environmental and community challenges which may need to be addressed.

Customers and Consumers
Set the pace of the changing market dynamics and continue unlocking of building value in redefining the environment, the lifestyle experiences to make us truly future ready.

Government/Local Authorities/Regulators
Provide the regulatory framework in which we operate in respect to compliance and risk mitigation. We integrate the Government's processes, policy development and the regulations set by the local authorities/regulators with our industry knowledge in our commercial negotiations, operations and project execution.

Shareholders/Investors/ Business Partners
Define the trust, reputation and credibility of our organisation. Provide equity investment and access to funding to sustain and grow our business.

The detailed stakeholder engagement is reflected in the Sustainability Statement on page 124

OUR PEOPLE & CULTURE

Human capital development remained at the heart of our focus throughout 2017, particularly in attracting the right talent, nurturing talent development and retaining talent to grow within the organisation. Anchoring on the theme of "Right Talent, Right Leader and Right Environment", the Group Human Resource Division focuses on managing its talents from hire to retire.

RIGHT TALENT

- Introduction of PETRONAS' Leadership Model and talent management strategies
- Aligning the HR Practices and policies, compensation and benefits to remain competitive and attractive
- Introduced new HR Practices in managing the new generation of employees
- Bi-annual talent review for each business unit

RIGHT LEADER

- Identifying the right leader for future growth and success of the organisation
- Building the leadership pipeline for succession management
- Rigorous leadership assessments and development for identified successors to ensure readiness and continuous supply of leaders within the Group

RIGHT ENVIRONMENT

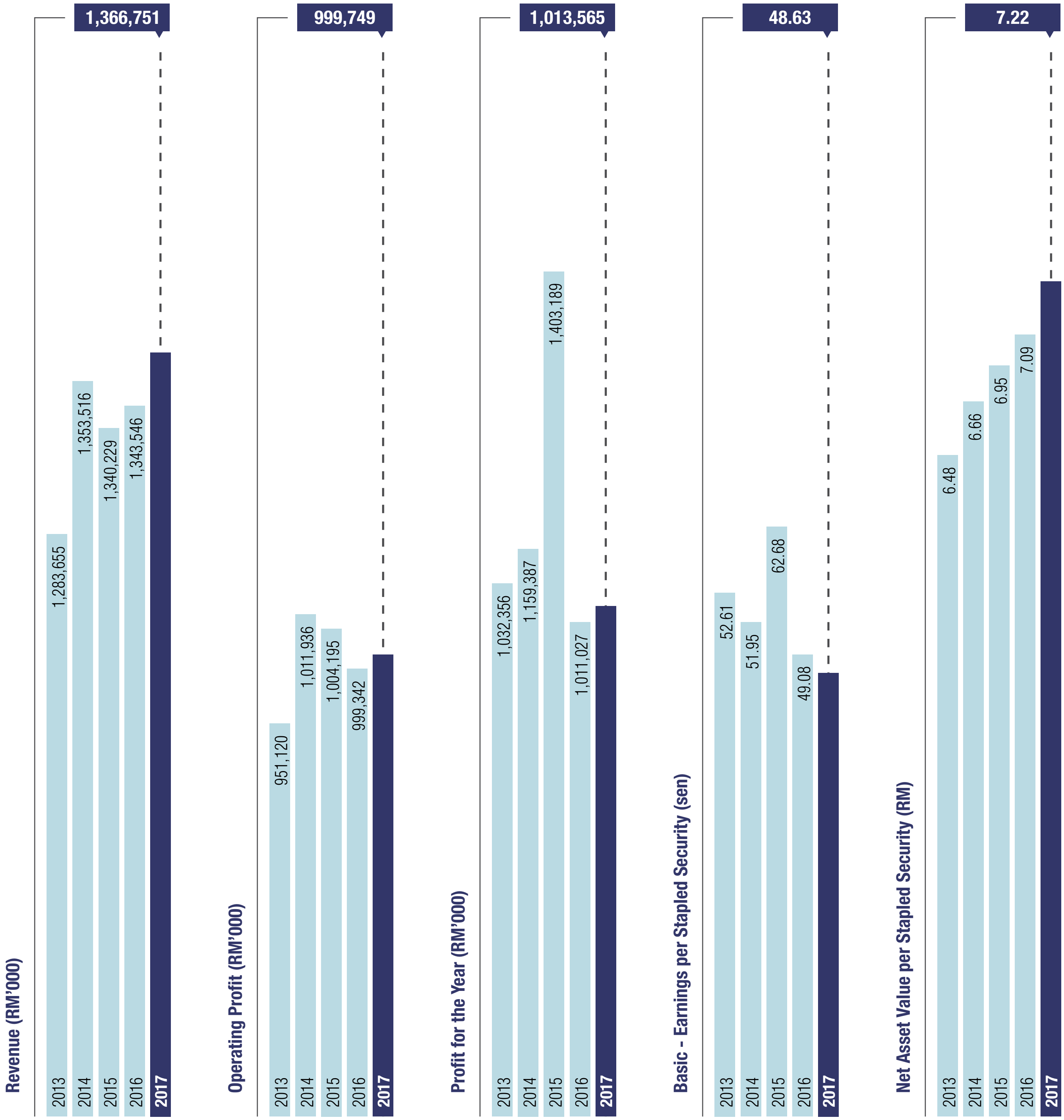
- Nurturing talents to grow with the business
- Sustaining and retaining the Cultural Beliefs to create the right corporate culture
- Instilling a mindset of accountability to deliver results, societal benefits to stakeholders
- Culture conversations throughout formal events, surveys, meetings and informal discussions as part of daily work-life

Malaysia's top 100 (M100) leading graduate employers

85% employee satisfaction score

5 Talents promoted to leadership position

KLCCP STAPLED GROUP 5-YEAR FINANCIAL HIGHLIGHTS



SEGMENTAL REVENUE

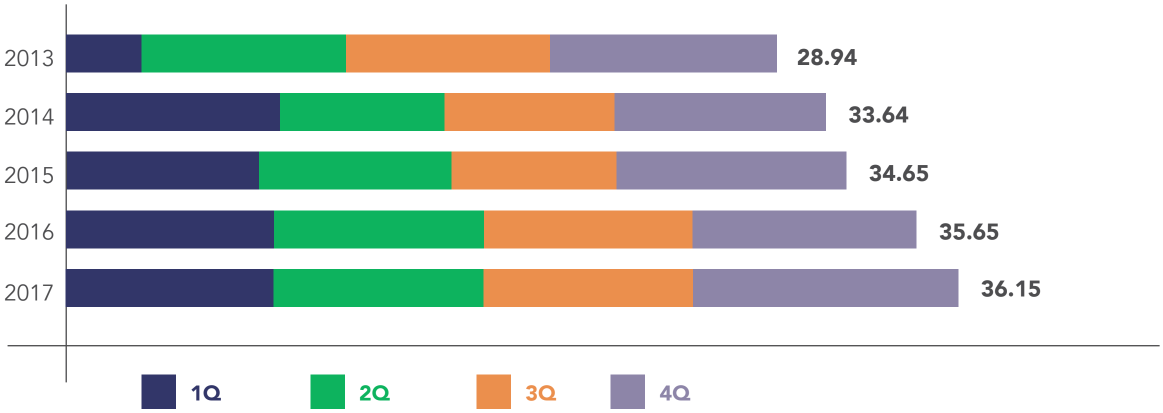
Revenue (RM'mil)	2017	2016	2015	2014	2013
OFFICE	591.0	590.9	590.9	594.1	592.6
RETAIL	476.0	475.3	469.8	459.4	423.2
HOTEL	167.2	149.5	155.8	183.3	168.3
MANAGEMENT SERVICES	132.6	127.8	123.7	116.7	99.6
TOTAL PORTFOLIO	1,366.8	1,343.5	1,340.2	1,353.5	1,283.7

SEGMENTAL PROFIT BEFORE TAX (PBT)[1]

PBT (RM'mil)	2017	2016	2015	2014	2013
OFFICE	530.2	525.6	523.2	493.3	491.9
RETAIL	363.4	364.7	367.6	354.5	326.4
HOTEL	5.3	(3.2)	4.0	22.4	20.7
MANAGEMENT SERVICES	33.3	44.4	42.7	42.4	36.2
TOTAL PORTFOLIO	932.2	931.5	937.5	912.6	875.2

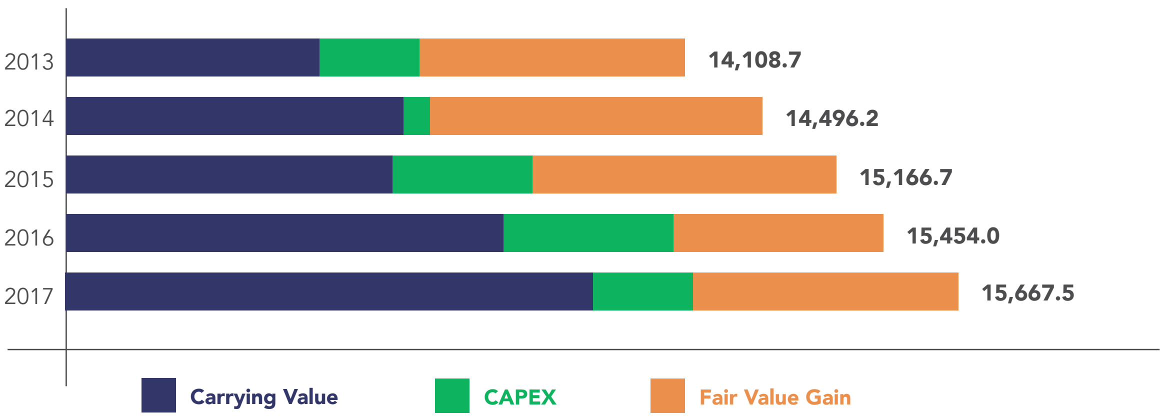
[1] *Excluding Fair Value Adjustment*

DISTRIBUTION PER STAPLED SECURITY (SEN)



Distribution per Stapled Security (sen)	2013	2014	2015	2016	2017
1Q	4.50	8.65	8.34	8.60	**8.60**
2Q	7.45	8.05	8.34	8.60	**8.60**
3Q	8.28	8.19	8.15	8.60	**8.60**
4Q	8.71	8.75	9.82	9.85	**10.35**
Total Distribution per Stapled Security	**28.94**	**33.64**	**34.65**	**35.65**	**36.15**

PROPERTY VALUE (RM'mil)



Property Value (RM'mil)	2013	2014	2015	2016	2017
Carrying Value	13,807.1	14,108.7	14,496.2	15,166.7	**15,454.0**
CAPEX	30.5	1.4	91.7	116.2	**31.0**
Fair Value Gain	271.0	386.1	578.8	171.1	**182.5**
Property value	**14,108.7**	**14,496.2**	**15,166.7**	**15,454.0**	**15,667.5**

KLCCP STAPLED GROUP VALUE ADDED STATEMENT

	2017 RM'000	2016 RM'000
Total turnover	**1,366,751**	1,343,546
Interest income	**30,597**	42,552
Operating expenses	**(229,824)**	(219,425)
Value added by the KLCCP Stapled Group	**1,167,524**	1,166,673
Share of profits of an associate	**13,465**	10,881
Fair value adjustments of investment properties	**182,483**	171,143
	1,363,472	1,348,697
Reconciliation		
Profit attributable to holders of Stapled Securities	**877,900**	885,971
Add:		
Depreciation and amortisation	**33,152**	33,146
Finance costs	**110,963**	121,220
Staff costs	**104,026**	91,633
Taxation	**101,766**	91,671
Other non-controlling interests	**135,665**	125,056
	1,363,472	1,348,697
Value distributed		
Employees		
Salaries and other staff costs	**104,026**	91,633
Government		
Corporate taxation	**104,002**	103,184
Providers of capital		
Dividends	**643,601**	643,059
Finance costs	**110,963**	121,220
Other non-controlling interests	**135,665**	125,056
Reinvestment and growth		
Depreciation and amortisation	**33,152**	33,146
Capital reserve*	**75,309**	75,841
Income retained by the KLCCP Stapled Group	**156,754**	155,558
	1,363,472	1,348,697

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

BUSINESS REVIEW

OVERVIEW

Business and Operations

KLCC Property Holdings Berhad (KLCCP) and KLCC Real Estate Investment Trust (KLCC REIT), collectively known as KLCCP Stapled Group, is Malaysia's largest internally managed stapled security that invests, develops, owns and manages a portfolio of iconic properties and quality assets. With our core business in property investment and development, KLCCP Stapled Group has a diverse property portfolio strategically located within the Kuala Lumpur City Centre comprising prime Grade-A office buildings, a leading retail mall and a luxury hotel.

OUR PROPERTY VALUE CONTINUES TO GROW AND CURRENTLY STANDS AT

RM15.7 BILLION

OUR CORE FUNDAMENTAL VALUE RESIDES IN OUR PORTFOLIO OF ASSETS UNDER KLCC REIT WHICH HAVE DEFINED CASHFLOW RETURNS TOGETHER WITH STRONG CASH GENERATING ASSETS UNDER KLCCP

Our investments are Malaysia focused and our portfolio of iconic and quality assets continue to grow in value and currently stands at RM15.7 billion. KLCCP Stapled Group is also well positioned with its strong fundamentals and pipeline of assets to drive future earnings growth through the Right of First Refusal granted to KLCC REIT from our holding company, KLCC (Holdings) Sdn Bhd.

Our core fundamental value resides in our portfolio of assets under KLCC REIT which have defined cashflow returns together with strong cash generating assets under KLCCP.

KLCCP Stapled Group's facility management and car parking management services, under KLCC Urusharta Sdn Bhd (KLCCUH) and KLCC Parking Management Sdn Bhd (KPM) respectively, complement the property portfolio in delivering premium asset management services in maintaining the iconic stature and performance of the assets within the Group. The REIT Manager who is engaged to manage and administer KLCC REIT is internally appointed and resides within KLCCP as a 100% owned subsidiary.

BUSINESS REVIEW

THE RESILIENCE OF KLCCP STAPLED GROUP'S STRONG FUNDAMENTALS, QUALITY TENANTS AND PREMIUM PROPERTY LOCATION UNDERPIN ITS LONG-TERM VALUE AND DRIVES SUSTAINABLE RETURNS

KLCCP Stapled Group has more than 11 million sq ft gross floor area of office, retail and hotel space spread across 8 properties and continues to focus on becoming Malaysia's leading Real Estate Investment Group. We are committed to understand our customer needs and provide spaces that engage and inspire, which will further support in delivering sustainable returns to our investors.

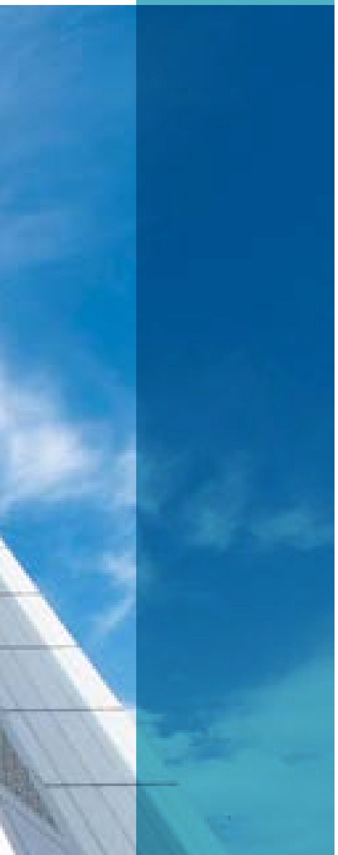
Sustainability is deeply embedded in our business model, which serves as a guide as to how we develop and maintain work spaces that are happy, positive and efficient. The resilience of KLCCP Stapled Group's strong fundamentals, quality tenants and premium property location underpin its long-term value and drives sustainable returns. The operations of KLCCP Stapled Group remained stable during the year in spite of the challenges from the intensifying competition of the hospitality and retail sectors and the oversupply in the office market.

FINANCIAL REVIEW

For the financial year ended 31 December 2017, KLCCP Stapled Group's revenue recorded a top-line increase of 1.8% year-on-year (y-o-y), driven by the strength and resilience of the office and retail segments which underpinned the earnings growth and improve performance of our hotel segment. As a result, the profit attributable to equity holders (excluding fair value adjustment) marginally increased to RM720.4 million.

	2017 RM'mil	2016 RM'mil	Growth %
Revenue	**1,366.8**	1,343.5	1.8
Operating profit	**999.8**	999.3	-
Profit before tax*	**932.2**	931.6	0.1
Profit for the year*	**830.4**	826.8	0.4
Profit attributable to equity holders*	**720.4**	719.0	0.2
Operating profit margin	**73%**	74%	(1.4)
Profit before tax margin*	**68%**	69%	(1.4)
Earnings per Stapled Security* (sen)	**40.00**	39.80	0.5
Distribution per Stapled Security (sen)	**36.15**	35.65	1.4

** Excluding fair value adjustment*

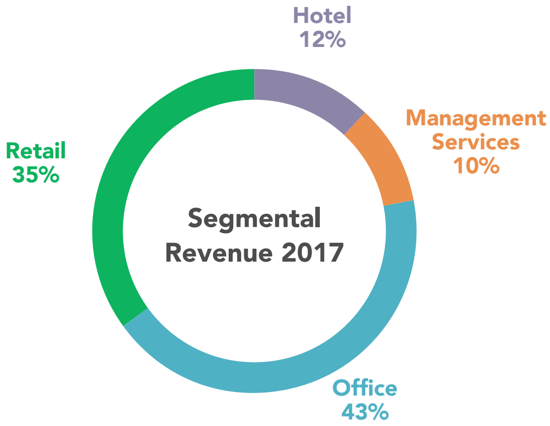


11

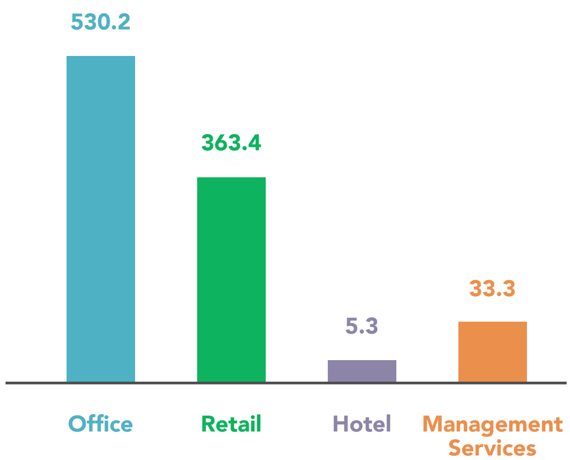
MILLION SQ FT GROSS FLOOR AREA OF OFFICE, RETAIL AND HOTEL SPACE SPREAD ACROSS 8 PROPERTIES

Key Highlights

- Secured 2 new leases for Menara ExxonMobil post expiry in January 2017
  - ExxonMobil Exploration and Production Malaysia Inc ("EMEPMI") - for a lease period of 18 years for the occupancy of 13 floors with effect from February 2017
  - PETRONAS – for a lease period of 18 years for the remaining 11 floors vacated by EMEPMI, with effect from April 2017
- Top-line growth in the retail segment from new tenants and renewal of tenancies with positive rental reversion
- Improved performance by MOKL Hotel backed by higher occupancy for its newly refurbished Club Rooms and Suites, supported by the improved demand in the banqueting and food & beverage (F&B) segment



Segmental Profit before tax[1]
2017 (RM'mil)



[1] *Excluding fair value adjustment*

Revenue

The revenue is higher by RM23.3 million which is primarily driven by the increase in revenue of 11.8% or RM17.7 million in the hotel segment. The newly refurbished Club Rooms and Suites were well received. In addition, marketing packages bringing in improved banqueting and food and beverage revenues, capitalising on the refurbished meeting rooms and ballrooms.

The revenue declined in the first half of 2017 as a result of 2 months unleased area of approximately 40% of Menara ExxonMobil upon the lease expiry with EMEPMI in January 2017. EMEPMI had reduced their space requirement following the disposal of a business unit and thus retained occupancy of approximately 60% of the net lettable area of the building. However, this was offset by the full year impact of the additional net lettable area at Menara Dayabumi and additional lease area of 40% in Menara ExxonMobil to PETRONAS.

Operating Profit

Operating profit reported a marginal increase of RM0.5 million. During the year, KLCCP Stapled Group continued its financial discipline to manage, fixed overheads and ensuring continuous value enhancement to the shareholders of Stapled Securities. However, repair and maintenance as well as security costs increased during the year as part of our efforts to safeguard our assets.

Profit Before Tax (PBT)

PBT saw a marginal increase, in line with the increase in operating profit. This was also contributed by the net interest cost savings as a result of the net repayment of RM200.0 million of the RM3.0 billion Sukuk Murabahah Programme utilising internal cash. This is part of the prudent capital management strategy practiced by KLCCP Stapled Group.

Profit For The Year

KLCCP Stapled Group's effective tax rate was approximately 11%. KLCC REIT distributed more than 90% of distributable income and was thus exempted from tax. The capital expenditure in respect to the hotel building also provided additional reinvestment allowances for the deduction against taxable income.

BUSINESS REVIEW

Distribution per Stapled Security
Testament to our resilience and sustainability of our earnings, we reported a profit attributable to equity holders of RM720.4 million. KLCCP Stapled Group continued to maintain its stable and sustainable distribution per Stapled Security with a distribution of 36.15 sen, a 1.4% increase from 2016. This translates to the full year dividend payment of RM652.6 million.

FINANCIAL POSITION REVIEW

		2017 RM'mil	2016 RM'mil	Variance %
ASSETS				
Investment properties		**15,667.5**	15,454.0	1.4
Property, plant and equipment		**667.2**	636.7	4.8
Receivables		**451.0**	419.0	7.6
Cash and bank balances		**750.3**	1,015.2	(26.1)
Others		**256.6**	257.2	0.2
		17,792.6	**17,782.1**	**0.1**
LIABILITIES				
Payables		**402.3**	359.5	11.9
Borrowings		**2,251.1**	2,552.4	(11.8)
Others		**92.3**	92.2	0.1
		2,745.7	**3,004.1**	**(8.6)**
Total Equity attributable to equity holders of KLCCP and KLCC REIT		**13,028.5**	**12,794.2**	**1.8**
Net Asset Value per stapled security (NAV)	**RM**	**7.22**	**7.09**	**1.8**

KLCCP Stapled Group's balance sheet remained in a strong position providing a headroom for future development and long-term growth. Our total equity attributable to equity holders grew from RM12.8 billion to RM13.0 billion, recording a growth of 1.8% from 31 December 2016, inclusive of the appreciation in fair value of the investment properties. This translates to a higher net asset value of RM7.22; a corresponding increase of 1.8% from RM7.09 in the preceding financial year.

Investment Properties

The core assets of KLCCP Stapled Group are represented by its investment properties which consists of assets in KLCC REIT namely: PETRONAS Twin Towers, Menara 3 PETRONAS and Menara Exxonmobil, as well as KLCCP's assets, Menara Dayabumi, the undeveloped City Point Podium land and a vacant land-Lot D1.

Property valuations as at 31 December 2017 recorded an increase in market value of RM246.6 million as compared to the previous year. In line with the accounting treatment under MFRS 140 Investment Property, adjustment of accrued operating lease income and additions are required to be made to avoid double counting of assets, hence RM182.5 million out of the RM246.6 million was recognised as fair value adjustment.

	Market Value		Carrying Value	
Property	**31 Dec 2017 RM'mil**	**31 Dec 2016 RM'mil**	**31 Dec 2017 RM'mil**	**31 Dec 2016 RM'mil**
KLCC REIT sssets	**9,555.7**	9,423.0	**9,176.1**	9,092.3
Suria KLCC	**5,430.0**	5,350.0	**5,424.1**	5,346.1
Dayabumi	**579.4**	555.0	**576.1**	550.1
Lot D1	**283.5**	274.0	**283.5**	274.3
Total	**15,848.6**	**15,602.0**	**15,459.8**	**15,262.9**

Fair Value Adjustment

The total fair value adjustment was mainly contributed by the uplift of fair value in Menara Exxonmobil and Suria KLCC. The fair value increase of Menara Exxonmobil was underpinned by the successful execution of a new lease with PETRONAS for the remaining 40% of the net lettable area, putting KLCCP Stapled Group on a strong footing with occupancy for the office portfolio normalising to 100%. The fair value increase in Suria KLCC reflects the new tenancies and renewal rates obtained during the year.

Property, Plant and Equipment

Property plant and equipment is mainly represented by the cost of MOKL Hotel building. The increase is consistent with the current refurbishment undertaken at the hotel and also investment in state-of-the-art Car Finding System for the North West Development car park in KLCC Precinct by KLCC Parking Management (KPM).

Receivables

Receivables primarily consist of accrued rental income (86.2%) and trade receivables (2.4%). The accrued rental income arises as a result of the straight lining effects of recognition of the step-up rates in the triple net lease arrangements whereby all future revenue of the tenancy locked-in period is accounted for in constant amounts across the entire lease period. The increase during the current financial year is attributable to the increase in accrued rental income.

Cash and Bank Balances

The reduction in cash and bank balances was attributable to the net repayment of the RM300.0 million Sukuk Murabahah Programme utilising internal cash upon maturing in April 2017.

Payables

Payables show an increase of 11.9% as a result of additional security deposit for the new office and retail tenants.

BUSINESS REVIEW

CASH FLOW REVIEW

	2017 RM'mil	2016 RM'mil
Operating activities	**954.1**	916.4
Financing activities	**(1,161.2)**	(867.5)
Investing activities	**(68.0)**	(141.3)
Change in cash and cash equivalent	**(275.0)**	(92.4)
Cash with PETRONAS IFSSC	**430.2**	55.8
Deposits with licensed banks	**303.8**	954.4
Cash and bank balances	**16.2**	5.1
Cash and cash equivalents	**750.3**	**1,015.2**

Operating Activities

Net cash generated from operating activities was RM954.1 million in 2017, an increase of 4.1% y-o-y, mainly attributable to deposits received for new tenants for both office and retail.

Financing Activities

KLCCP Stapled Group reported a cash outflow of RM1.2 million as a result of payment of dividends, interest expense and repayment of the first tranche of the Islamic Medium Term Notes of the existing Sukuk Murabahah Programme made during the year.

Investing Activities

KLCCP Stapled Group utilised RM68.0 million for investing activities during the year compared to RM141.3 million in 2016. The investing activities mainly related to KLCCP Stapled Group's investment in asset enhancement initiatives at MOKL Hotel, North West Development car park and redevelopment of the City Point podium.

As at 31 December 2017, despite an overall drop in cash and cash equivalents, the cash levels are maintained at a positive level of RM750.3 million. Available cash is prudently managed by placement of fixed deposits or with PETRONAS Integrated Financial Shared Services Centre (IFSCC) whereby the balances are interest bearing.

OPERATIONS REVIEW

KLCCP Stapled Group's operating business consists of 4 segments - Office, Retail, Hotel and Management Services.

OFFICE

No. of assets	NLA sq ft	Occupancy	Revenue contribution by segment
5	5.6million	100%	43%
2016: 5	2016: 5.6 million	2016: 100%	2016: 44%

(Note: 2016 adjusted to include Menara Maxis)

The office segment of KLCCP Stapled Group comprises premium Grade-A office portfolio located strategically within the Kuala Lumpur City Centre. PETRONAS Twin Towers, Menara Exxonmobil and Menara 3 PETRONAS, are held under KLCC REIT whilst Menara Dayabumi, which is located within the former Central Business District of Kuala Lumpur, is under KLCCP. KLCCP Stapled Group also has a 33% stake in the office tower of Menara Maxis. These assets with a combined value of RM10.2 billion are strong cash generating assets that provide a steady cash flow return to the holders of Stapled Securities.

As at 31 December 2017, our office segment retained its 100% occupancy and continues to command top quartile rental profiles. The locked-in long-term tenancies also underpin the stability of the revenue stream for this segment.

Industry Landscape and Operating Challenges

During the year, the office market remained subdued amidst weaker demand. The overall occupancy levels for the Kuala Lumpur market trended downwards partly contributed by additional space and limited absorption rate while the rental rates saw similar decline, pressured by new office towers and existing tenants seeking cheaper alternatives. In the absence of strong catalysts to boost demand in the near term, and with impending mega projects in the likes of the Tun Razak Exchange, Bandar Malaysia, Merdeka PNB 118 which will bring about an increase of current office available space by a further 25 percent, the disequilibrium between supply and demand is challenging. This may put further pressure on occupancy and rental rates. The upcoming new supply is also likely to result in a gentrification of the older office stocks.

Given the rising concern on the risks and prolonged property downturn, the Government had announced an indefinite freeze on new approvals including office, retail and high-end residential sectors in November 2017. The availability of public transport with the recently opened Mass Rapid Transit is expected to fuel the ongoing trend of office decentralisation to within the city limits rather than the city centre.

BUSINESS REVIEW

With the office spaces being 'reimagined' by future-gazing individuals and companies recognising that a building environment may impact a company's culture, productivity and success, the industry is moving in the direction of offices centred on the theme of collaboration, work, live and play. The emergence of co-working spaces is expected to impact office demand in general and pose a challenge for the established commercial locations and its design form in the coming near future.

Strategy and Initiatives for the Year

For our office assets, we continue to strengthen our leasing capabilities in respect to seeking out quality tenants for our new developments and retaining the existing tenants, in light of the slower expansion in the oil and gas and banking sectors and the abundance of office space available in the market. The leasing strategy for Menara ExxonMobil proved vital with the lease expiry in January 2017 and EMEPMI releasing 11 floors of net lettable area pursuant to their re-sizing based on current requirements. Determining which tenants to target was critical to ensure minimal downtime of the tenant transition and getting the property back to full occupancy.

KLCCP Stapled Group worked diligently towards securing a lease for the remaining space at Menara ExxonMobil and successfully sealed the agreement with PETRONAS for a long-term lease period of 18 years with effect from April 2017, minimising the downtime to a mere two months. PETRONAS' Information and Technology arm, PETRONAS ICT Sdn Bhd took up occupancy of the remaining 11 floors of the said building. Following the successful new lease with EMEPMI executed with effect from February 2017, we further upgraded the main lobby, basement and podium as well as security features to ensure continued tenant service improvements.

We continue to focus on achieving our full Green Building Index Certification (GBI) for PETRONAS Twin Towers and Menara 3 PETRONAS by 2018, with our commitment of sustainable development for all our new development. We progressed with the enhancements to the Energy Management System at both said properties, implementation of LED lighting replacement at the common areas and commissioning of the electrical and Heating, Ventilation, and Air Conditioning (HVAC) system at Menara 3 PETRONAS. Well-located good grade office buildings with MSC and GBI dual compliance continue to generate interest from investors and tenants, this would put us in good stead to sustain interest from multinational corporations (MNCs) in future.

Taking the cue of unfolding new demands for more efficient office space, we worked closely with our tenant, PETRONAS, in undertaking a revamp of their strategy to create a "Workplace for Tomorrow". This will see a transformation of office space with more open areas for employees, encouraging more collaborative interaction, simplifying how employees access and use office space towards cost saving for the employers and building owners by enabling them to right-size their office space and operate buildings more efficiently. This transformation has been completed for PETRONAS Tower 1 (Level 20-23), PETRONAS Tower 2 (Level 71), Menara Dayabumi (Level 3) and Menara ExxonMobil (Level 20-29). This transformation will be undertaken in all our office buildings within the portfolio with completion targeted by 2020.

During the year, the Phase 3 refurbishment of Kompleks Dayabumi which entails the redevelopment of the City Point podium progressed well with the completion of substructure work and will see the tender for the next development phase in 2018. We continued to seek quality anchor tenants for our new development which includes introduction of a new office building concept. The launching of the first phase of the River of Life (RoL) project and the Blue Pool project in August, covering the river stretch around Masjid Jamek – Dayabumi also bode well for our upcoming development as the RoL project is expected to bring stronger impact to the country's progress through the Nation's capital.

TAKING THE CUE OF UNFOLDING NEW DEMANDS FOR MORE EFFICIENT OFFICE SPACE, WE WORKED CLOSELY WITH OUR TENANT, PETRONAS, IN UNDERTAKING A REVAMP OF THEIR STRATEGY TO CREATE A "WORKPLACE FOR TOMORROW"

FINANCIAL REVIEW

	REVENUE			PROFIT BEFORE TAX (Excluding fair value adjustment)			PBT contribution
Property	2017 RM'mil	2016 RM'mil	Growth %	2017 RM'mil	2016 RM'mil	Growth %	2017 %
PETRONAS Twin Towers	**424.2**	423.5	0.2	**373.3**	368.2	1.4	**70**
Menara 3 PETRONAS	**87.8**	88.1	(0.3)	**84.9**	87.9	(3.4)	**16**
Menara ExxonMobil	**39.4**	42.5	(7.3)	**24.5**	28.6	(14.3)	**5**
Menara Dayabumi	**39.6**	36.9	7.3	**34.7**	30.0	15.7	**7**
Menara Maxis*	**-**	-	-	**12.8**	10.9	17.4	**2**
Total Office Segment	**591.0**	591.0	-	**530.2**	525.6	0.9	**100**

**share of results of associates*

For the year under review, revenue remained stable whilst PBT saw a marginal increase despite the two-month downtime for the tenant transition at Menara ExxonMobil which was compensated by the full year impact of the additional rental income. The additional rental income was derived from the conversion of the atrium spaces at Menara Dayabumi into additional office spaces of 43,184 sq ft which was added to the Triple Net Lease Agreement with PETRONAS in September 2016.

The long-term tenancy was secured with PETRONAS for 11 floors at Menara ExxonMobil in April 2017 whilst physical occupancy of this space only commenced in October 2017, following the renovation works. With the long-term leases for Menara ExxonMobil secured, the office segment is on a good footing and continue to maintain its stability and profitability going forward.

PETRONAS Twin Towers remains the largest contributor at 70% or RM373.3 million of the office segment with Menara 3 PETRONAS coming in second at 16% or RM84.9 million. The high PBT margin is mainly attributable to the Triple Net Lease arrangement with PETRONAS whereby all property expenses and outgoings are borne by the tenant. This minimises the impact of the operating expenses to the PBT. The steady cashflow and resilient income underpins the stable performance of the office segment of KLCCP Stapled Group.

BUSINESS REVIEW

RETAIL

No. of assets	NLA sq ft	Occupancy	Revenue contribution by segment
2	1.2 million	97%	35%
2016: 2	2016: 1.2 million	2016: 96%	2016: 35%

The retail portfolio comprises Suria KLCC and the retail podium of Menara 3 PETRONAS, with the former being the major contributor. Suria KLCC is the country's premier shopping mall and is the desired mall for established and new brands coming into the market. Located within the iconic belt of Kuala Lumpur and with a captured market surrounded by offices and tourist attractions, Suria KLCC has maintained its resilience in the challenging retail landscape and preserved its status as one of the top tourism hotspots in Kuala Lumpur.

Suria KLCC together with the adjacent retail podium of Menara 3 PETRONAS achieved an impressive RM2.6 billion Moving Annual Turnover with customer footfall exceeding 48 million annually. In an effort to stay ahead of the competition in the market, Suria KLCC has brought in over 400 new concepts/tenancies over the past 12 years, living up to its tagline of "Always Something New".

Industry Landscape and Operating Challenges

The retail market continues to be challenging and competitive in 2017 due to the opening of many new malls in the Klang Valley. Despite the attractive incentives being offered by these new malls, occupancy levels remained low leading to temporary/pop up stores tenancy. Domestically, purchasing power continue to fall amid rising cost of living. The Consumer Sentiment Index in Malaysia, though rose to 80.7 points in the second quarter of 2017, retreated to 77.1 in the third quarter and remains below the optimism threshold of 100 points.

In response to the challenges in the retail market, Management took proactive measures to refurbish, reconfigure and reposition their shopping centers with refreshing tenant and trade mix to improve footfall and maintain competitiveness.

At the global front, retailers are still in consolidation mode, with limited capital for expansion or refitting of existing stores. There are also efforts to consolidate the stores to have future stores focused mainly in high impact areas. The traditional retailers are also currently being disrupted by technologies whereby there is now a further pressure due to the emergence of "click and mortar" concept.

Consumers' expectations continue to increase and whilst the online shopping can provide instant gratification which serve to fuel normal everyday purchases, product uniqueness and shopping experiences tailored to customers preferences will form a differentiating point.

Strategy and Initiatives for the Year

Despite the challenges, Suria KLCC has seen good results from its tenant remixing exercise in meeting the customers' demand as well as its intensive research and engagement with tenants. During the year, Suria KLCC focused on providing unique products with distinctive experiences with 38 new tenants on board.

The beauty and cosmetic precinct created on the Concourse floor has seen great success and Suria KLCC has complimented the same with a new to Malaysia fast fashion brand from Denmark called Jack

SURIA KLCC HAS BROUGHT IN OVER

400

NEW CONCEPTS/ TENANCIES OVER THE PAST 12 YEARS

& Jones and Vera Moda. Suria KLCC has also further strengthened the Ramlee end of that floor with the opening of the latest McDonald's restaurant/café concept equipped with digital menu boards and self-serve ordering kiosks.

One of the key strategies for the ground floor is to attract exclusive luxury brands or brands that offer exclusive services and differentiation. This is in the likes of the La Mer standalone boutique which is exclusive to Suria KLCC, the only Bottega Veneta boutique in Malaysia that offers the "Customization Atelier" service, the only Longchamp boutique that has the "personalisation station" and the Patek Philippe's flagship store with a 8.4m external façade facing Jalan Ampang.

The formation of the dedicated luxury women and men's precincts on Level 1 continued its progress with Breitling and Illy Caffe being the latest addition to the luxury men's precinct whilst Fendi and Bally have both created duplex stores with dedicated men's section on Level 1, followed by the opening of Sennheiser, a high-end sound specialty store. CK Calvin Klein Platinum pop up store opened in September 2017, and it will be one of the first CK Calvin Klein Platinum stores in the world with the latest global concept which is expected to be rolled out in mid-2018. Suria KLCC steers ahead of the competition with exclusive brands, namely Chanel, Harrods, Coach Men, Calvin Klein Platinum Accessories, Rebecca Minkoff, Boggi Milano and Marc Jacobs.

Majority of the remixing at level 2 of the mall has been completed in 2017 with the opening of Armani Exchange, MUJI and GLO. Several new concept stores opened on Level 3 during the year, namely Football Republic, Asics, Birkenstock in the active wear precinct as well as OPPO and MI Store in the IT and Electronic precinct. In the Level 4 restaurant precinct, the first pork-free version of the world renowned Din Tai Fung Restaurant in Malaysia opened in July 2017 to an over-whelming response.

The Retail Podium in Menara 3 PETRONAS saw the opening of Texas' Chicken flagship store with the world's first Tex Café corner. The introduction of valet parking at the ground floor main entrance of the retail podium of Menara 3 PETRONAS in 2017, has seen increased patronage and awareness of this area and its offerings. De Beers is currently constructing its exclusive flagship store with a double storey façade due to open in quarter one of 2018.

In respect to its asset enhancement initiatives, Suria KLCC has embarked on its investment to upgrade the current facilities and amenities in the mall. Major works completed in 2017 include the replacement of the 2 centre court bubble lifts with 3 brand new glass lifts. The work took 10 months to complete and involved the removal of the existing structure and constructing three state-of-the-art elevators that effectively quadrupled the elevator capacity at centre court. The new glass structure also significantly improved the visibility of all the shops behind the lifts.

The escalator modernisation project commenced during the year and will provide escalators which are enhanced in reliability and equipped with advanced safety features. Two new escalators in Park Mall were completed in September 2017 and with another 2 completed at year end. The entire escalator modernisation project, which involves the replacement of all escalator parts with new and upgraded components, as well as higher balustrade to further enhance safety, will be conducted in phases and is expected to complete over the next few years.

BUSINESS REVIEW

With the emergence of social media and digital revolution redefining customer expectations, Suria KLCC launched its new website with interactive features, upgraded all its mall directories with targeted search content and introduced media & advertising screens and panels within the mall to facilitate retailers' promotions and advertising. This digitalisation allows us to engage with the larger community and simultaneously evolve to stay relevant, embracing the challenges as we move ahead.

FINANCIAL REVIEW

	REVENUE			PROFIT BEFORE TAX (Excluding fair value adjustment)			PBT contribution 2017
Property	**2017 RM'mil**	**2016 RM'mil**	**Growth %**	**2017 RM'mil**	**2016 RM'mil**	**Growth %**	**%**
Suria KLCC	**442.3**	438.4	0.9	**345.0**	344.7	0.1	**95**
Menara 3 PETRONAS (Retail Podium)	**33.7**	36.9	(8.7)	**18.4**	20.1	(8.5)	**5**
Total Retail Segment	**476.0**	475.3	0.1	**363.4**	364.8	(0.4)	**100**

The revenue from our retail segment, representing 35% of KLCCP Stapled Group's revenue, remain relatively stable with a marginal increase of RM0.7 million. However in 2016, there was a one-off settlement revenue from a previous tenant. Excluding this, revenue from the retail segment reported a marginal increase whilst PBT recorded a growth of 1.6% mainly attributable to higher rental rates from new tenants and rent reviews becoming effective during the year.

The performance of the retail segment was mainly contributed by Suria KLCC which saw its top-line reporting a marginal growth of 0.9% or RM3.9 million. When adjusted for the one-off settlement revenue recorded for the year ended 31 December 2016, the revenue and PBT grew by 1.7% and 2.2% respectively.

The retail podium at Menara 3 PETRONAS by comparison saw a relatively dampened performance compared to 2016 with revenue and PBT declining by 8.7% and 8.5% respectively. This is mainly due to the drop in average occupancy from 89% in 2016 to 80% in 2017, following the exit of several tenants, namely French Sole, Giorgio Armani and Kentucky Fried Chicken and the ongoing tenant remixing at the retail mall to better reflect the current shopping trends to enhance customer experience.

HOTEL

No. of assets	No. of rooms	Average occupancy per available room	Revenue contribution by segment
1	632	73%	12%
2016: 1	2016: 632	2016: 54%	2016: 11%

The hotel segment of KLCCP Stapled Group is represented by MOKL Hotel-rated one of the top luxury hotels in the country. After almost 20 years in operation, MOKL Hotel is in the midst of a master plan refurbishment which commenced in 2011 and has to-date seen the completion of the refurbishment of the lobby, upgrading of the ballrooms, all-day dining, lounge, club floor, meeting rooms and recreational facilities. The final phase of the refurbishment comprising the guestroom renovation kicked off in June 2016 and is expected to be fully completed in 2018.

Despite 12 months of intensive guestroom renovation in an over-supplied market, MOKL Hotel showed improved results resulting from stronger visitor arrivals, the launch of some newly renovated room products and a strong F&B performance. The quality of service at our MOKL Hotel is paramount with our commitment of exceeding guests' expectations in order to ensure a luxury hotel experience throughout their stay at the hotel.

MOKL Hotel continues to enjoy worldwide recognition as the preferred accommodation for business and leisure travelers. During the year, MOKL Hotel was conferred with 12 awards, including 5-star Hotel Gold Award – Kuala Lumpur Mayor's Tourism Awards 2017-2019, No 1 Hotel in Kuala Lumpur – Travel + Leisure's World's Best Awards 2017, Best Hotels & Resorts in Malaysia - DestinAsian Reader's Choice Awards 2017 amongst others.

Industry Landscape and Operating Challenges

During the year, the hospitality industry remained positive on the back of the weak currency and expected growing tourist arrivals. The tourism industry continues to remain the third largest contributor to Malaysia's economy. Visitor arrivals increased by 4.1% over 2016, a good growth but nevertheless below Tourism Malaysia's expected 12% increase particularly with Malaysia hosting the 2017 SEA Games. The Government of Malaysia also launched the eVisa programme for travelers from China and India to smoothen the visa process in the bid to drive tourist arrivals.

BUSINESS REVIEW

A new Tourism Tax of RM10 per room per night for foreign tourists staying at all hotel accommodation in Malaysia, took effect on 1 September 2017. As the amount is nominal, there has been no significant impact seen on demand to-date.

The city's key driver markets of oil and gas, banking and finance continued their lacklustre performance under belt tightening pressures within industries. However, the medium-term hospitality outlook remains positive, with gains in meetings, incentives, conferences and exhibitions (MICE) and the leisure segment arrivals taking advantage of the affordable currency exchange, thus partially off-setting declines in the corporate segment growth. However, the unregulated new serviced apartments and AirBnB rentals remain a threat and continue to encroach into the market share of the hospitality industry, as their marketing focuses on deep discounting.

Regardless, in the months to come and next 5 years, Kuala Lumpur City Centre will see the opening of 9 new 5-star hotels which will see a 77% increase in supply of hotel rooms within MOKL Hotel's primary catchment area.

As part of the Government's continued efforts to bridge the income gap especially that between Peninsular Malaysia and East Malaysia, there were announcements during the year of a potential new minimum wage to be announced in 2018. The hospitality industry is currently still adjusting to the impact of increased operating cost arising from the Minimum Wage Order 2016 which raised the minimum wage from RM900 to RM1,000. Another rate hike will further increase the operating cost of the hotel segment and is expected to impact the profit margins.

Strategy and Initiatives for the Year

To face the future competition and to stay ahead of the market, MOKL Hotel

implemented a comprehensive strategy to deal with the current hotel industry landscape. With the expectation of new hotels coming on stream within the near to medium term, MOKL Hotel had embarked on an overall refurbishment of its hotel offers in phases from 2011. To-date all have been completed with the exception of the guestrooms. The guestroom renovation kicked-off in 2016 at an opportune time when the hospitality industry was impacted by the downturn of the oil and gas sector. During the financial year 2017, MOKL Hotel had completed its first phase of the guestroom renovation comprising 157 Club Rooms and Suites as well as the Presidential Suite in July 2017. To capitalise on the re-launch of the new Club Rooms and Suite products in the second half of 2017, MOKL Hotel had undertaken a comprehensive marketing campaign covering high profile publications, social media and digital marketing to re-launch the renovated rooms by utilising new high-quality photography of the renovated Club and Suite rooms. These new offerings were well received and resulted in a higher revenue and average room rate for the hotel.

The second phase of the guestroom renovation comprising the Deluxe Rooms and Park Suites commenced in July 2017 and is anticipated to continue into 2018. This involves 433 rooms from levels 9 to 23 of the hotel. In November 2017, 4 levels of this second phase comprising 116 rooms were completed and returned to inventory. As at December 2017, the top 11 levels of MOKL Hotel have been fully refurbished. During the ongoing renovation and in order to still provide the guests with quality service offerings, the hotel upgraded the quality of the guestroom amenities to compensate for any inconveniences to the guests during this period.

DURING THE YEAR, MOKL HOTEL WAS CONFERRED WITH

12

AWARDS

Due to changing market conditions, shifts in demand patterns and increasing competitive pressures, the hotel accelerated expansion of its network and focused its sales efforts on stepping up corporate business from the domestic market and the regional markets of Singapore, Hong Kong, Japan and United Kingdom. In order to diversify from its traditional reliance of the oil and gas and banking sector clientele, MOKL Hotel redirected industry focus to the sectors of technology, government, consulting and manufacturing.

Despite the decline in the corporate market segment, there has been a robust growth in the leisure market, driving group bookings. The hotel's newly renovated spa, swimming pool and recreational facilities were well received by guests and attractive packages were launched to promote the hotel as an "Urban Resort" to boost the hotel weekend sales. KYO and REN, the 2 new clubs which were introduced with a revamped concept to replace Sultan Lounge and Casbah in December 2016 have been able to attract the younger leisure crowd and drive revenue.

MOKL Hotel also collaborated with the hotels within the KLCC Precinct to establish the Kuala Lumpur Business Events Alliance (KLCCBEA), which offers a platform for joint marketing efforts between KLCC and hotels within the KLCC Precinct, primarily focused on providing a value proposition to help drive lead generation and conversion. The aim is to gain higher penetration on the convention group business in a dynamic way in attracting more international events to the city.

With commitment to exceeding guests' expectations for a luxury hotel experience, MOKL Hotel stepped up its service quality and innovative signature offerings across all its food and beverage outlets with bespoke food promotions with renowned chefs, classic festive period promotions, amongst others. The hotel also grew its banqueting business by leveraging on the renovated ballrooms and function rooms facilities.

With these new initiatives, our hotel is getting geared to offer guests a resolutely new hotel experience in time when the hospitality industry is on the cusp of continued growth.

FINANCIAL REVIEW

	2017 RM'mil	2016 RM'mil	Growth %
Revenue	**167.2**	149.5	11.8
Operating Profit	**19.9**	11.6	71.5
Profit/(loss) before tax	**5.3**	(3.2)	> 100

The hotel segment reported a strong performance during the year boosted by revenue growth of 11.8% y-o-y, primarily backed by higher occupancy for its newly refurbished Club Rooms and Suites, supported by the improved demand in the banqueting and F&B segment. The introduction of the newly refurbished Club Rooms and Suites in the third quarter of the year saw the second half of 2017 registering a profit of RM6.8 million and closing the year at RM5.3 million, rebounding from a loss position in the preceding year.

In spite of the ongoing room renovation during the year, the hotel room revenue reported an increase of RM10.5 million from 2016 mainly due to continued demand in the leisure segment with the renovated rooms showing a positive pace gain. The newly re-launched Club Rooms and Suites enjoyed an uptick in occupancy since its launch in August 2017. The hotel had also redirected its efforts to leverage on its newly refurbished ballroom and function rooms. The F&B revenue grew by 9.4% or RM6.2 million backed by higher banqueting revenue of RM30.5 million. Banqueting revenue which constituted 43% of total F&B revenue benefited from large scale group events, conferences & exhibitions and high profile wedding events.

MOKL Hotel showed a remarkable improvement in spite of the ongoing refurbishment works. The ongoing renovations involved the closure of 6 floors each time with 4 floors under construction and single buffer floors above and below to minimise noise impact to guests, hence reducing the room stocks available for sale. Based on the available rooms for sale, the average occupancy stood at 73% for the year ended 2017.

MANAGEMENT SERVICES

No. of facilities managed	No. of car parking bays managed	Revenue contribution by segment
20	12,532	10%
2016: 20	2016: 11,650	2016: 10%

The management services segment comprising facilities management, car parking management and REIT Management continue to complement the property portfolio of KLCCP Stapled Group.

KLCC Urusharta Sdn Bhd (KLCCUH) undertakes the management of all the office buildings within the KLCCP Stapled Group portfolio, common facilities and common estate which include KLCC Park, all within KLCC Development and also various PETRONAS facilities. KLCC Parking Management (KPM) provides parking management services befitting the standard required for the portfolio of assets within the KLCC Group of Companies. KPM also addresses the parking demands of the facilities and ensure the operations complement the integrated needs of the retail, office tenants, hotel and convention centre and provides advisory services to owners and operators on the practical, functional and aesthetic aspects of car park facilities.

Industry Landscape and Operating Challenges

The biggest challenge encountered by facilities manager is to provide a top notch service to ensure compliance with regulatory requirements whilst maintaining the most efficient allocation of resources for every square foot of space. KLCCUH is faced with rising operations cost with the increase in manpower costs and continuous rising cost of replacement parts. As the office buildings managed by KLCCUH continue to age, the need to continue preventive maintenance to prolong the life of assets and replacement of assets that are technologically obsolete will take a toll on the operational costs.

The opening of the MRT Sungai Buloh-Kajang Line on 16 December 2016 had eased the commute of passengers from these areas to the city center. This had resulted in a decline of 8% in transient car count in the North West Development car park at KLCC Precinct, the largest car park management under KPM's care. The demand of a high quality car park management is to provide delivery of quality operations, robust audit procedures and the requisite knowledge and experience to ensure effective yield management on behalf of the car park owner. With this in mind, security of customers, ease of finding car park and other ancillary services like charging stations for hybrid cars had been introduced to elevate customer parking experience.

Strategy and Initiatives for the Year

- Delivering Premium Facilities Management Services
- Green Building Initiatives
- Efficiency and Comfort of Car Parking Experience
- Safety and Security of KLCC Precinct

The services provided by KLCCUH and KPM are key to maintaining the premium office status of the PETRONAS Twin Towers, Menara 3 PETRONAS and Menara Exxonmobil. As PETRONAS Twin Towers approaches its 20th year anniversary, constant maintenance either through replacement or preventative maintenance to prolong the life of the assets is extremely important in order to maintain the building in pristine condition for longer term tenancy prospects. KLCCUH through prudent cost management balances the maintenance requirements and the cost of upkeeping the offices in pristine state. As a testament to our efficient management services, we were awarded the EdgeProperty.com – Malaysia's Best Managed Property Awards 2017, Gold Award and the Editor's Choice Award for Iconic Innovation which we received for the PETRONAS Twin Towers.

As part of the continuous improvement, our facility management team focused on the Green Building initiatives (GBI) for PETRONAS Twin Towers and Menara 3 PETRONAS. With the achievement of the Provisional GBI Certification in 2015, the team worked towards meeting the GBI points and operational needs. This entailed the upgrading of the Building Management System, in particular the Energy Management System component to track and control energy consumption, for both the buildings and the implementation of LED lighting replacement at the common areas and commissioning of the electrical and HVAC system at Menara 3 PETRONAS. We are on track to obtain the full GBI Certification for both PETRONAS Twin Towers and Menara 3 PETRONAS in 2018.

Our car parking management company, KPM was recognised in the Malaysia Book of Records as the first car parking management company to achieve the integrated management certification of ISO 9001:2015 (Quality Management Services), ISO 14001:2015 (Environmental Management System) and OHSAS 18001:2007 (Occupational Health and Safety Management System). This is a testament of KPM's focus to maintain the customer satisfaction at the highest standard. In keeping up with technological advances, our North West Development basement car park of KLCC Precinct development saw improvements during the year when

KPM installed a Car Finding System. This is to assist customers in locating their car through the license plate recognition camera at the entry and exit barriers. Towards digitilisation, KPM improved the visual messaging to customers with the installation of digital and directional LED signages in the KLCC basement car park. Through this implementation, customers are guided to the vacant parking bays thus creating a smooth and efficient traffic flow. During the year, in pursuit of improving convenience to customers and their cashless incentive, KPM had successfully equipped 7 auto pay machines located at strategic areas within the Suria KLCC car park with credit card facilities and also activated online payment via their website catered for season car card holders.

As global security threats continue to rise and taking cognizance of the fact that the KLCC Precinct is the epitome of Kuala Lumpur, the capital of Malaysia, Management undertook a review of the KLCC Precinct Security Master Plan to enhance the Security Surveillance System & HELP Points within the KLCC Precinct Common Areas.

FINANCIAL REVIEW

	REVENUE			PROFIT BEFORE TAX (Excluding fair value adjustment)			PBT contribution
Property	2017 RM'mil	2016 RM'mil	Growth %	2017 RM'mil	2016 RM'mil	Growth %	2017 %
Facilities Management	**64.8**	61.1	6.1	**17.9**	21.2	(15.6)	**54**
Car Park Management	**61.5**	58.5	5.1	**13.4**	12.3	8.9	**40**
Others	**6.3**	8.2	(23.2)	**2.0**	10.9	(81.7)	**6**
Total Segment	**132.6**	127.8	3.8	**33.3**	44.4	(25.0)	**100**

For the financial year 2017, management services contribution totaled of RM132.6 million, an increase of 3.8% from the previous year and constituted 9.7% KLCCP Stapled Group's revenue. The increased revenue was mainly contributed by the full year impact of the facilities management services undertaken last year on Kerteh properties and increase in revenue from car park operations. Despite the increase in revenue, PBT reported a decrease as a result of higher manpower costs and lower interest income.

Facilities management reported a growth in revenue of RM3.7 million or 6.1% on the back of full year revenue impact from the expansion of services to the properties in Kerteh, Terengganu in 2016. However, the PBT fell by 15.6% as 2017 saw lesser one-off works with higher margins being recorded.

Car park management revenue grew by 5.1%, despite the reduction in transient car counts, as season car park fees were increased by 10% in the North West Development and Menara Dayabumi car park coupled with additional car park income from new locations at Menara ExxonMobil and Option Lots (Open space Exxon). The PBT however reported a positive growth of 8.9% due to disciplined cost management.

'Others' is represented mainly by interest income earned as well as general management services provided by the Company to the entire KLCC Group of Companies. The decrease in PBT of 81.7% is as a result of lower interest income. Interest income fell as internal cash was used for repayment of the RM100.0 million Sukuk Murabahah Programme of KLCC REIT. Further, the decrease in base lending rate had led to a decrease in interest income earned.

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

CAPITAL MANAGEMENT

KLCCP Stapled Group's approach to managing capital is set out in the KLCC Group Corporate Financial Policy. The objective of capital management is to maintain an optimal capital structure and ensure the availability of funds in order to support the business needs whilst simultaneously maximise shareholders' value.

The key elements of our capital management strategy are to match the income stream to the long duration financings and maturity schedule whilst maintaining financial ratios within industry benchmark. The equity or debt structure undertaken also takes into account the optimal tax structure. The recent Budget 2018 announcement in respect to the earning stripping rules will be analysed to ensure that an appropriate structure is maintained at all times during the year.

Capital Expenditure

As a part of the continuous asset enhancement initiatives and development of new assets, KLCCP Stapled Group had committed to the following major capital expenditure during the year.

All the current capital expenditure committed are expected to be met via internal cash available, whilst the MOKL Hotel guestroom renovation will partially be funded by the existing term loan facilities of RM378.0 million.

As the redevelopment of City Point Podium progresses, the Management will review the funding requirements and will raise debt funding where required, in tandem with the progress on ground.

Financing Structure

	2017	2016	2015	2014	2013
Total borrowings (RM million)	**2,251.1**	2,552.4	2,560.6	2,511.5	2,326.0
Average cost of debt (%)	**4.55**	4.49	4.51	4.50	4.68
Fixed: Floating ratio	**84**	85	86	86	70
Average maturity period (years)	**5.09**	5.55	6.52	9.82	2.22
Gearing ratio (%)					
- Gross	**17.2**	19.9	20.4	20.9	19.9
- Net	**11.5**	12.0	11.6	11.5	10.6

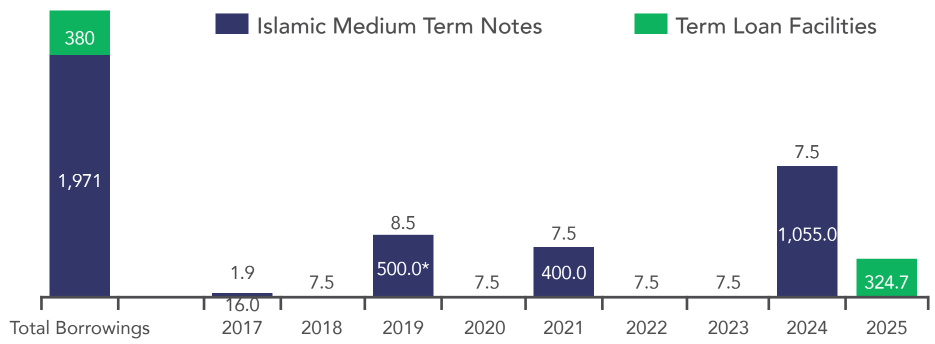
In 2014, KLCC REIT and Suria KLCC proactively restructured its existing facilities with the establishment of Sukuk Murabahah Programmes (Sukuk Murabahah) with combined limit of RM3.0 billion and RM600.0 million respectively which were rated AAA by RAM Ratings. In 2015, Asas Klasik Sdn Bhd, a 75% owned subsidiary of KLCC, which owns MOKL Hotel, restructured its existing borrowings of RM330.0 million into 2 restructured term loan facilities in the aggregate sum of RM378.0 million. In April 2017, RM300.0 million of the first tranche of the RM3.0 billion Sukuk Murabahah fell due and was repaid by KLCC REIT through internal cash of RM200.0 million and a RM100.0 million through subscription of the existing RM3.0 billion Sukuk Murabahah, by KLCCP.

As at 31 December 2017, our borrowings stood at RM2.3 billion, a decrease of 11.8% as a result of the repayment of the RM300.0 million as mentioned above. The total gross gearing correspondingly reduced to 17.2%, well below the industry benchmark of approximately 30.0%. RM500.0 million of the Sukuk Murabahah will be due in 2019 and planning is already underway to strategise the repayment and refinancing of the borrowings.

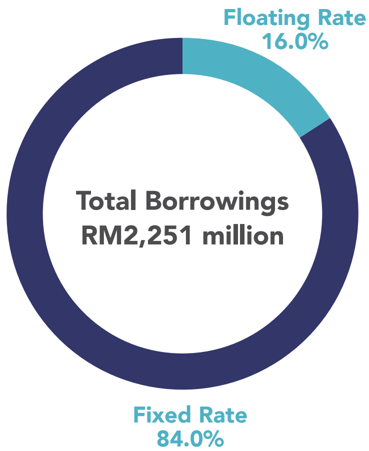
KLCC REIT has yet to utilise the RM1.7 billion from the total of RM3.0 billion Sukuk Murabahah. With sizeable debt headroom and the mandate granted by the holders of Stapled Securities to issues new share up to 100% of the approved share capital, it provides KLCCP Stapled Group financial flexibility to tap into the debt equity markets.

KLCC REIT	SURIA KLCC	MOKL HOTEL
Sukuk Murabahah Programme • Combined limit of RM3.0 billion • Tenure of 3-10 years maturing 2024 • Rated AAA/Stable/P1	**Sukuk Murabahah Programme** • Combined limit of RM600.0 million • Tenure of 10 years maturing 2024 • Rated AAA/Stable/P1	**Term Loan Facilities** • Aggregate principal sum of RM378.0 million • Tenure of 10 years maturing 2025

DEBT Maturity Profile
(RM million)



Includes RM100m interco from KLCCP



FINANCIAL RISK MANAGEMENT

KLCCP Stapled Group financial risk management is guided by PETRONAS Integrated Financial Risk Management ("IFRM") guidelines, which was adopted and implemented during the year. The IFRM is a continuous, proactive and disciplined process in which financial risks are identified, analysed and consciously accepted or mitigated within approved risk parameters. The guidelines ensure there are appropriate policies, processes and procedures in ensuring awareness and accountability for financial risk key decision making.

Key Financial Risks

Areas of Implementation	Description
Risk assessment and evaluation	• Annual risk assessment or as and when new risks are identified in new business processes introduced • Risk with financial impact in areas of credit, liquidity, interest rate and foreign currency risks are to be evaluated
Risk mitigation strategy development and implementation	• Nature of risk is identified with relevant strategy to reduce or mitigate the risk • Set-up of mitigation strategy parameters for effective monitoring
Risk management and valuation	• Setting-out of basis for valuation
Risk monitoring and reporting	• Quarterly reporting of risk exposure and progress of strategy of mitigation
Risk management control activities	• Escalation of risk to appropriate management levels

BUSINESS REVIEW

Credit Risk

Credit risk is primarily the inability to collect amounts owing to us that could adversely impact financial performance. Credit risk appetite defer between the different operating segments.

KLCCP Stapled Group minimises the credit risk by entering into contracts with highly credit rated counterparties and through credit approvals, financial limits and on-going monitoring procedures. Counterparties' credit evaluations are conducted systematically using quantitative and qualitative criteria on credit risks specified by individual operating units. Depending on the creditworthiness of the counterparty, KLCCP Stapled Group may require collateral or other credit enhancements.

A significant portion of KLCCP Stapled Group's revenue is contributed from the office segment whereby these revenues are secured against the locked-in long-term leases with creditable tenants and these lease rentals are paid timely. Our main exposure of credit risk relates to the retail and hotel operations. For retail segments, tenants are reviewed thoroughly for their financial strength and product offerings prior to tenancy spaces being offered. The retail operators also have a rigorous process of following up closely with the tenants to ensure collectability and constant monitoring of the tenants affordability of the rental charges. For the hotel segment, the hotel operators conduct an assessment of the creditworthiness of customers who are granted credit limits to ensure collection of obligation when it falls due.

As at 31 December 2017, the following is the aging of the Group's trade receivables

Trade Receivables' Ageing	RM'mil
Not past due	8.7
Past due 1 to 30 days	0.7
Past due 31 to 60 days	0.3
Past due 61 to 90 days	0.3
Past due more than 90 days	1.5
	11.5
Less: Allowance for impairment losses (Retail)	(0.6)
	10.9

Liquidity Risk

Liquidity risk is the risk that the funds of the Group will not be able to meet its financial obligations. As part of the overall liquidity management, KLCCP Stapled Group maintains adequate cash and bank balances to meet its working capital requirements. In order to achieve this, our liquidity management guidelines require that periodic cashflow forecast is undertaken to determine the optimal working capital needs and proactive management of our receivables and payables. This will ensure that the idle monies are placed in interest bearing accounts.

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

Interest Rate Risk

Interest rate risk is the risk that future cash flows are affected by changes in market interest rates. Adverse interest rate movement may affect financial performance.

KLCCP Stapled Group's interest rate risk is relatively low as 84% of its borrowings are on fixed rate. The exposure of floating interest rate borrowings only represent RM380.0 million of the total borrowings. Hence a 0.5% change in the interest rate will only increase the interest expense by RM1.9 million per annum and decrease the DPU by 0.11 sen.

The balance of the exposure to interest rate represent interest bearing cash and bank balances. KLCCP Stapled Group reported an interest income of RM30.6 million at the back of average interest rate of 3.8%. On the available cash and bank balances as at 31 December 2017, a 0.5% change in the interest rate will result in an additional income of approximately RM0.4 million.

Foreign Currency Risk

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

PROSPECTS

In 2018, the Malaysian economy is expected to continue to ride on the positive momentum that was seen towards the end of 2017 on the back of healthy economic activities. Inflation is projected to be at a 3% level making room for increased pro-growth social spending to boost domestic market. The 11th Malaysia Plan focusing on supporting higher productivity and improving labour market outcomes is expected to boost medium term economic growth and improve living standards and household consumption.

The MREIT market is likely to experience modest to flattish growth in the near term as there is oversupply in the overall property market. On a positive note, the creation of the new REIT index may spur the REIT market as it provides greater visibility for development of wider asset class of REITs.

2018 will continue to favour the office tenant market due to the incoming supply in Kuala Lumpur and Greater KL. Aggressive offerings such as attractive tenancy terms and incentives will be on the cards to attract tenants. With improved connectivity and quality of office buildings, there is a general downtrend of KL office occupancy and rental rates. Our office segment continues to remain stable and unaffected by the changing tides in the market due to long-term leases. However, we continue to maintain our buildings in pristine condition to ensure retention of our quality tenants even beyond the locked-in period of the long-term tenancies.

The anticipated return of the ringgit to a steady level in 2018 coupled with having political certainty after the first half of 2018 is expected to stimulate economic activities and boost confidence of consumers. It is projected that in 2018, Malaysia's overall retail sales are expected to grow by 6%. With focus on enhancing the shopping experience for its customers, Suria KLCC will continue its strategic remixing to refresh the offerings, curating the mall in the best possible manner to deliver tailored shopping experience based on customer preferences. Suria KLCC will also continue to focus on upgrading the amenities and facilities within the mall and its continuous engagement with tenants and retailers on the ever changing consumer needs and demands to deliver value.

The hotel industry will continue to be impacted with the intense competition, especially in the luxury hotel segment due to the incoming supply of luxury hotel rooms in the next 3 years. MOKL Hotel's current refurbishment will allow the hotel to reposition itself with a new product to compete with the upcoming new players in the luxury hotel market. The newly launched Club Rooms, Suites, Deluxe Rooms and Park Suites will give MOKL Hotel the competitive edge to regain its market share in light of the intensifying competition once back in inventory. MOKL Hotel is also expected to benefit from the upcoming MICE events to be held in 2018.

With the repositioning taking place at our assets and with our passion and drive for operational excellence, we believe KLCCP Stapled Group is well positioned to weather the challenging times ahead and, more importantly, be able to add to the value of our assets. KLCCP Stapled Group is focused on building long-term value across the organisation and is driven by management excellence and strong financial discipline to create sustainable long-term value for all stakeholders.

INVESTOR RELATIONS

Investor Relations at KLCCP Stapled Group is based on principles of sound corporate governance. We are committed to enhancing long-term sustainable value for holders of Stapled Securities through consistent and open communication with the investment community to optimally position the investment case of the Group.

2017 saw the evolution of Investor Relations (IR) with how technology is disrupting and enabling the Investor Relations function. Globally, discussion centred on how The Markets in Financial Instruments Directive (MiFID) II is changing the investment landscape, trend towards passive investing driving an uptick in governance conversations with investors and issues surrounding Environment Social and Governance (ESG) concerns have come to the foreground for many IR teams. Closer to home, the highlights for the year included changing perceptions of the IR function, effective shareholder and investor engagement channels (including social media), communication with stakeholders and crisis management during uncertainty.

Nevertheless, it is clear that the fundamentals of IR – responsiveness, transparency and accountability are at the core of a successful IR function. As such, at KLCCP Stapled Group, our IR team takes pride in upholding the highest standards of accountability through good corporate transparency practices and fostering long-term relationships with our stakeholders. We are focused on maintaining an active channel of communication with the investing community through accurate and timely disclosure of information.

STAMPING OUR MARK

The concerted efforts carried out by KLCCP Stapled Group's Investor Relations team (IR Team) to effectively communicate and engage with the investment community were recognised with the achievement of various awards and nominations in 2017.

The strength of our IR best practices received recognition when for the second consecutive year, KLCCP Stapled Group was awarded the Best Senior Management IR Support for Malaysia by Southeast Asia's Institutional Investor Awards for Corporates.

At the 7th Malaysia Investor Relations Awards organised by the Malaysian Investor Relations Association (MIRA), KLCCP Stapled Group was nominated for 9 categories under the Large Cap sector – Best Company for IR, Best CEO for IR, Best CFO for IR, Best IR Professional, Best IR Website, Quality of One-on-One meetings, Most Improved Service from IR team, Business Knowledge & Insight of IR Team and Quality of Annual Reports/Formal Disclosure.
We emerged top 3 in the Best CFO for IR category, and top 5 respectively for Best CEO for IR and Quality of One-on-One meetings.

At the IR Magazine Awards – Southeast Asia 2017, KLCCP Stapled Group was a nominee for the Best in Country for Malaysia whilst our IR Head, Bindu Menon received the Rising Star Award.

KLCCP Stapled Group was also included in MSWG's Top 100 companies for demonstrating good disclosures and best practices in corporate governance, pursuant to MSWG's Malaysia-ASEAN Corporate Governance Awards 2017.

COMMITTED TO IR EXCELLENCE

In 2017, our IR Team strived for providing our investing community with information on a consistent and equal basis, promptly and in a clear and concise manner. This was made possible through effective teamwork between the IR Team and various information providers and leaders within KLCCP Stapled Group.

IR Benchmarking

We undertook an assessment to identify the value gap between the perceived complexity of the stapled structure and the market's ability to allocate fair value to KLCCP Stapled Group. We analysed the analysts' perspectives on KLCC Stapled Securities (KLCCSS), reviewed our positioning against the peer group, benchmarked against an identified set of REIT and real estate peer group comprising geographical reach, investment style and market sentiments.

We re-engaged with our analysts and reinforced the core building blocks of long-term value creation for KLCCSS that underpin KLCCSS' market value across all aspects of communication with the investors and research analysts. With the research undertaken, we shared insights of the valuation methodology benchmarking against stapled securities in Singapore and Australia. Our IR Team also enhanced our internal Peer Benchmarking Tracker and formulated an IR toolkit to facilitate potential investors understanding of KLCCSS.

ENGAGING THE INVESTMENT COMMUNITY
Investor Meetings, Conferences & Events

We recognise the importance of engaging our investors and believe that consistent, clear and timely communication will foster confidence and build understanding that will lead towards maximum shareholder value. We continue to attract strong interest from both local and international analysts as well as institutional investors through one-on-one and group meetings, and conferences in Malaysia and internationally.

54
One-on-one meetings

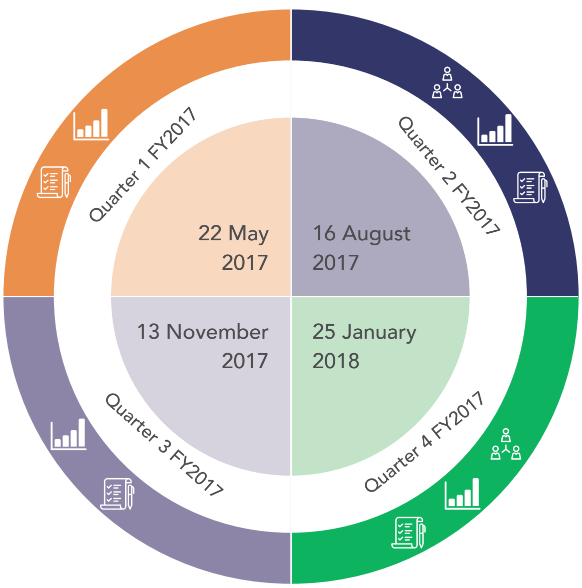
4
Conferences

21 – 22
March 2017
Invest ASEAN
Singapore 2017
Maybank Kim Eng (Singapore)

20
March 2017
Daiwa ASEAN
REIT Day 2017
Daiwa (Singapore)

25 – 26
July 2017
Invest Malaysia 2017
CIMB (Kuala Lumpur)

7-9
November 2017
Daiwa Investment
Conference 2017
Daiwa (Hong Kong)



Analyst Presentations & Financial Statements

Press Release

Analyst Briefing

This year, we also enhanced our engagement with the retail investors through the Malaysian REIT Managers Association (MRMA) in collaboration with Bursa Malaysia. We participated in the Shariah Investing Fair 2017 sharing insights on REIT investment knowledge to the public.

Quarterly Analyst Briefings

We conducted live analyst briefings for our half yearly and full year result announcements. These sessions were well attended by our sell-side and buy-side analysts and chaired by the CEO with the presence of the Head of Legal & Corporate Services. Our CFO presented the financial results at these sessions, where our analysts get the opportunity to interface with our management team who have continuously supported the IR Team. We also ensured that the analyst presentations, quarterly financial statements, and press releases were provided to our analysts and made available to the investing community and media simultaneously on the IR page of the KLCCP Stapled Group's corporate website, following the release of the quarterly results.

Annual General Meeting

The KLCCP and KLCCRM Annual General Meeting (AGM) remains the principal forum for dialogue with our holders of Stapled Securities. The holders of Stapled Securities are encouraged to participate in the proceedings and ask questions about the resolutions being proposed and the operations of KLCCP Stapled Group. The 14th AGM of KLCCP and the 4th AGM of KLCC REIT were held concurrently on 6 April 2017 in Kuala Lumpur, Malaysia.

Our CEO, Datuk Hashim Wahir, updated our esteemed holders of Stapled Securities on our key achievements for the financial year ended 31 December 2016 as well as our strategic directions moving forward. We also responded to inquiries made by the Minority Shareholder Watchdog Group (MSWG) and Employee Provident Fund (EPF) in relation to our 2016 Annual Report.

This year also saw our first ever electronic poll voting at the AGM to facilitate greater participation from holders of Stapled Securities which was premised on reliability, applicability and efficiency.

All the proposed resolutions were duly passed by the holders of Stapled Securities at the AGM.

BUSINESS REVIEW

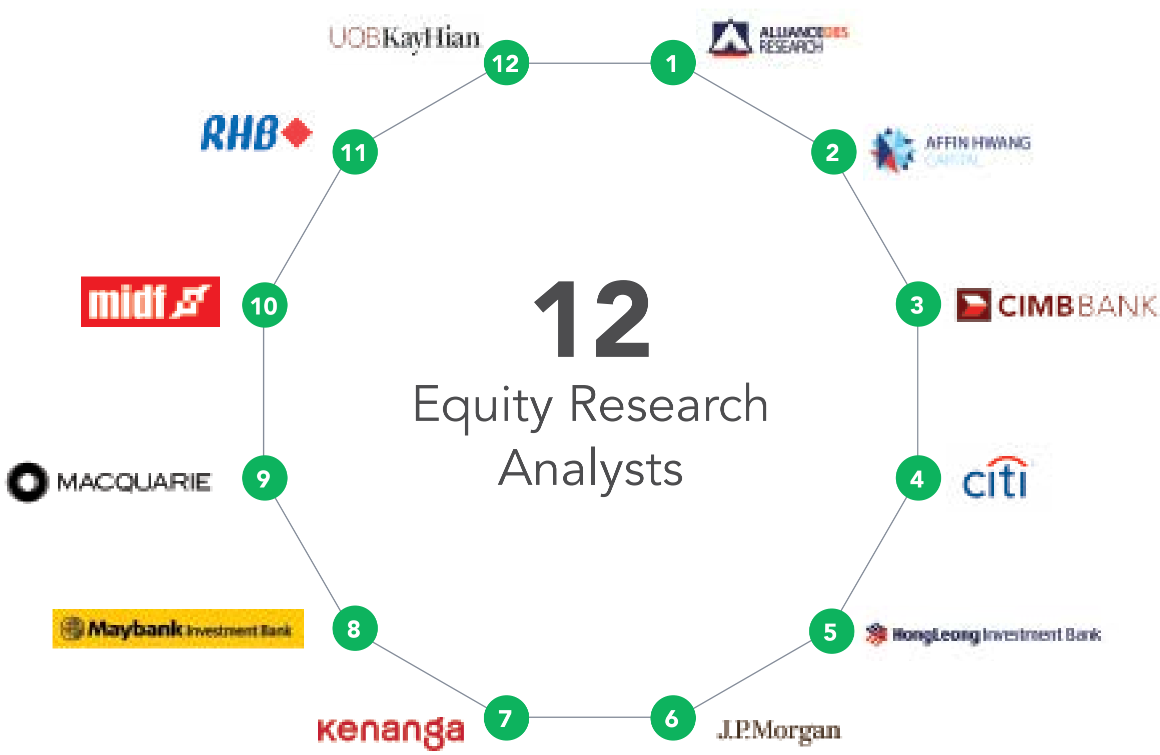
Property Tour

During the year under review, KLCCP Stapled Group's IR Team organised a property tour of Suria KLCC, our retail property for the buy and sell side analysts on 23 November 2017. The tour was to foster a better understanding of our retail business operations in light of the changing dynamics of the retail landscape.

The CEO of Suria KLCC, Mr. Andrew Brien enlightened the analysts with the performance of the mall to-date followed by a tour of the mall. The analysts were shown the almost completed luxury men's and women's precinct on level 1, the new digitalisation to the mall directories and the media & advertising screens within the mall, the modernisation of the escalators and replacement of the bubble lifts to glass lifts and the latest new entrants to the mall which continue to provide a wholesome customer experience.

Analysts' Coverage

Consistent IR engagements coupled with strong investor interest was reflected in good coverage by 12 equity research analysts in FY2017.



We nurture and maintain strong links with these sell-side research analysts based in Malaysia and Singapore who issue regular reports. We monitor analysts', industry and media reports closely as part of our efforts to continuously improve disclosures and IR practices.

Corporate Website

KLCCP Stapled Group's website serves as a key communication platform through which the IR Team ensures up-to-date corporate information and financial data are readily accessible by stakeholders.

The portal contains a number of segments:

- **Financial Information**
  - Financial Highlights
  - Quarterly Results
  - Financial Statements
- **Financial Reports**
  - Annual Reports
  - Quaterly Reports
  - Prospectus
- **News Centre**
  - Bursa Announcements
  - Press Releases
- **Stock Information**
  - Share Price Information and Interactive Chart
  - Price and Volume
  - Distribution Information
  - Investor Calculator
- **Minutes of AGM**
- **Presentations**
- **Investor Calendar**

TOWARDS DIGITALISATION

Streamlined towards digitalisation and to broaden our communication channel with the investment community, we introduced a mobile application called the *KLCC Mobile Investor Relations App* on our IR webpage. This application serves as a quick and handy platform for users to access information and real-time updates including financial results, annual reports, stock information and relevant contact person for enquiries, whilst on-the-go.

During the year, we also revamped the intranet portal with interactive features incorporating IR content which provides the opportunity to amplify our messages to a broader audience, including employees. Our *KLCC Channel* on the *myExplorer* application is another platform where we share IR content, dedicated to the employees, accessible to the employees, via mobile phone or the intranet portal.

ESG COMMUNICATION

Our IR Team together with our Corporate Communications team from the onset have been responsible for preparing the Sustainability Report for KLCCP Stapled Group in satisfying the needs of our investors for information on ESG matters.

During the year, we incorporated ESG communication as part of our IR agenda updating the investing community on our initiatives and performance in respect to sustainability.

Our IR Team is the primary point of contact with our CEO having primary accountable responsibility for progress towards our key strategic targets, which includes ESG issues.

MOVING INTO 2018

Our IR Team maintains a high level of professionalism, integrity and transparent communication in building confidence and trust in the marketplace. With the market challenges, changing dynamics of the IR landscape, KLCC Stapled Group's IR strategy will continue to focus on transparent, accessible and credible communication with our investors, in equipping them to make well-informed investment decisions which will sustain value for our holders of Stapled Securities. We will continue to proactively engage our investing community and enhance shareholder value through investor targeting and market positioning.

FINANCIAL CALENDAR

ANNUAL GENERAL MEETING

6
April 2017
KLCCP 14th Annual General Meeting

6
April 2017
KLCC REIT 4th Annual General Meeting

12
April 2018
KLCCP 15th Annual General Meeting

12
April 2018
KLCC REIT 5th Annual General Meeting

FINANCIAL YEAR 2017-2018

20 January 2017	Announcement of unaudited consolidated results for the 4th quarter ended 31 December 2016
28 February 2017	Payment of interim dividend for the 4th quarter ended 31 December 2016
22 May 2017	Announcement of unaudited consolidated results for the 1st quarter ended 31 March 2017
5 July 2017	Payment of interim dividend for the 1st quarter ended 31 March 2017
15 August 2017	Announcement of unaudited consolidated results for the 2nd quarter ended 30 June 2017
4 October 2017	Payment of interim dividend for the 2nd quarter ended 30 June 2017
13 November 2017	Announcement of unaudited consolidated results for the 3rd quarter ended 30 September 2017
28 December 2017	Payment of interim dividend for the 3rd quarter ended 30 September 2017
24 January 2018	Announcement of unaudited consolidated results for the 4th quarter ended 31 December 2017
28 February 2018	Payment of interim dividend for the 4th quarter ended 31 December 2017
28 February 2018	Notice of KLCCP 15th Annual General Meeting & KLCC REIT 5th Annual General Meeting Issuance of FY2017 Annual Report


SURIA KLCC

MARKET REPORT

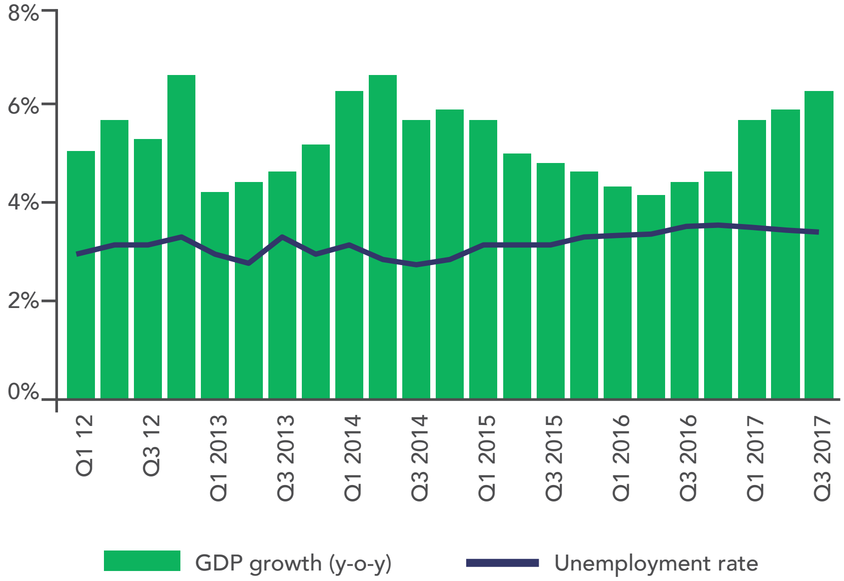
ECONOMY

Post volatility of late 2016, regional financial market began stabilising in early 2017, which also saw emerging economies in Asia benefiting from the favourable macroeconomic conditions. Following the strong improvement in the first and second quarters of the year, the Malaysian economy expanded at a better-than-expected pace of 6.2% in the third quarter of 2017, the best since Q2 2014. The strong growth continued to be fuelled by the private sector spending, as well as exports which grew at a faster pace of 11.8% (Q2 2017:9.6%). On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.8% as opposed to 1.3% in the prior quarter.

On the supply side, continued expansions across all sectors have collectively driven growth. The services and manufacturing sector remain as key drivers of the Malaysian economy, which make up 55.0% and 23.0% of total Gross Domestic Products (GDP) respectively. Between Q1 and Q3 2017, the mining and quarrying sector increased by 2.0%, compared to the same period a year ago. This was largely driven by higher natural gas production, particularly in West Malaysia.

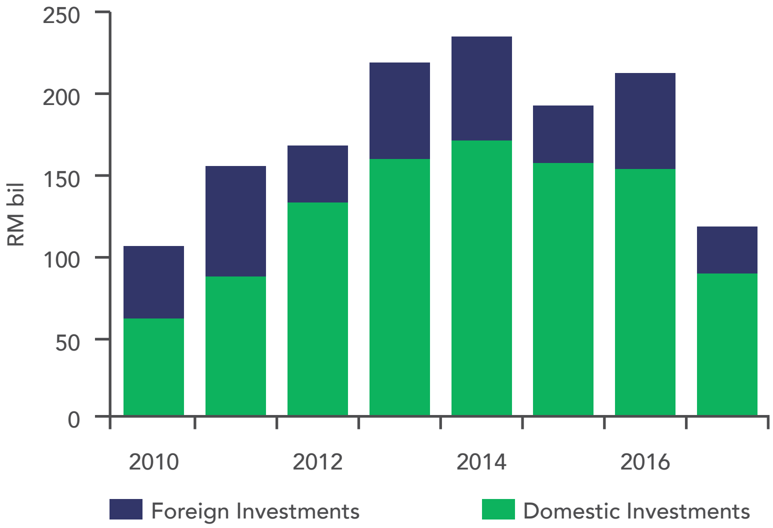
IN TANDEM WITH THE COUNTRY'S STABILISING STATE OF ECONOMIC ACTIVITIES, HIRING REMAINED MODERATE AND THE UNEMPLOYMENT RATE STABILISED AT 3.4% IN Q3 2017

GDP Growth and Unemployment Rate



Source: Department of Statistics Malaysia, Bank Negara Malaysia, 2017

Approved Investments, RM billion



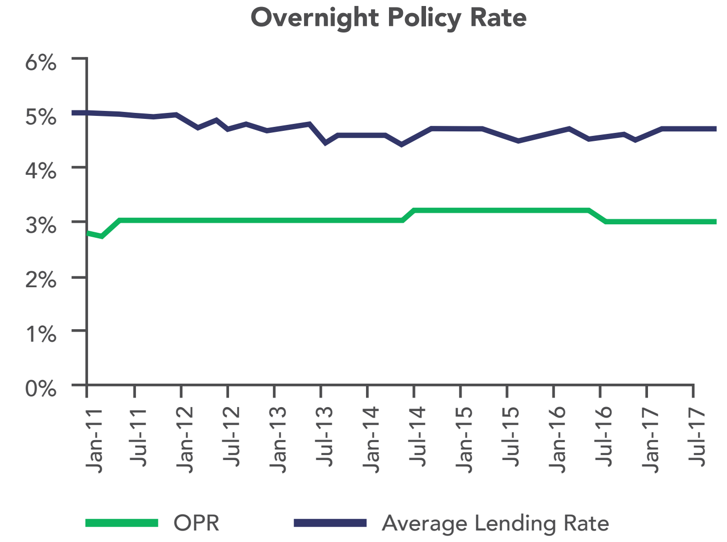
Source: Malaysian Investment Development Authority, 2017

MOVING FORWARD, THE COUNTRY'S ECONOMY IS PROJECTED TO GROW AT A RATE OF BETWEEN 5.0% AND 5.5% AS KEY ECONOMIC INDICATORS ARE SHOWING SIGNS OF OPTIMISM

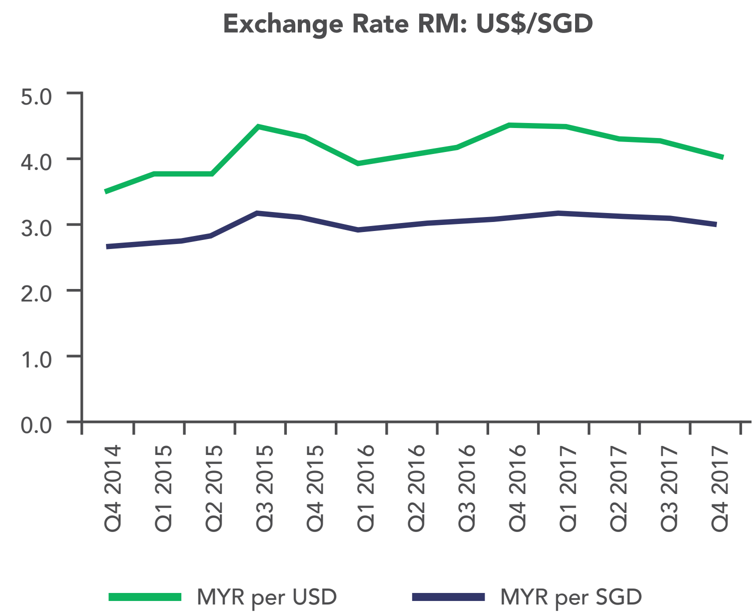
In tandem with the country's stabilising state of economic activities, hiring remained moderate and the unemployment rate stabilised at 3.4% in Q3 2017.

Between January and September 2017, Malaysia recorded RM113.5 billion worth of investments, a decline of 24.7%, as opposed to RM150.77 billion for the same period last year. This is driven by the decline in service and manufacturing sectors, which offset the higher investment in the primary sector. The slip in services sector is partly due to substantial drop in its real estate sub-sector, which has been the largest contributor, amid the period of adjustment to changing consumer demands and policy reviews. The World Economic Forum ranked Malaysia as the 23rd most competitive economy in the world in its Global Competitiveness Report 2017 – 2018, up two spots from previous year.

Headline inflation, as measured by the annual percentage change in Consumer Price Index, decreased marginally to 3.8% in the third quarter (Q2 2017:4.0%), due mainly to lower transport inflation at 11.7% (Q2:13.4%) as domestic oil price was reported slightly lower than previous quarter. Notwithstanding, global oil prices has been escalating and improved over twofold to USD62.0 per barrel in November, from the year-low of USD26.6 per barrel, in January early this year. In light of the rising global oil price, Bank Negara Malaysia (BNM) expects the full-year headline inflation to be at the upper end of its projected range of 3% - 4%.



Source: Malaysian Investment Development Authority, 2017



Source: Bank Negara Malaysia, 2017

Overnight Policy Rate (OPR) remains unchanged at 3.0%, since the reduction of 25 basis points made in July 2016. Whilst the economic condition is improving, the central bank would eventually, though progressively, normalise policy from an accommodative stance with a revision expected in early 2018.

The synchronised global economic recoveries in addition to improving oil prices have benefited trade-dependent countries, including Malaysia. Ringgit rose over 9.0% against US dollar in lieu of its dire state since the past year. For the entire year, growth is expected at about 5.5%. Moving forward, the country's economy is projected to grow at a rate of between 5.0% and 5.5% as key economic indicators are showing signs of optimism.

OFFICE

Despite stronger economic growth and an improvement in oil price for the year, the office market continued to deteriorate as new completion overtake net absorption. Total new completion registered 2.4 million sq ft, against 4.3 million sq ft in 2016, a drop of 44.0%. Notwithstanding the yearly drop, pipeline supply remain high over the next 3 years, with 13.0 million sq ft still under construction for completion to year 2020. Major completions during the year include offices at KL Gateway, KL Ecocity, Menara Public Bank 2 and JKG Tower. Notwithstanding, the absorption dropped from 3.9 million sq ft to a negative decline of 45,000 sq ft y-o-y, resulting in the average vacancy rate moving upward to 19.6%, up from 17.6% y-o-y.

The new international financial hub at TRX is gaining momentum, with the announcements that HSBC and Prudential will be relocating to two new purposed built offices there. The Exchange 106, the Signature Tower of 2.6 million sq ft is now scheduled for completion in 2018.

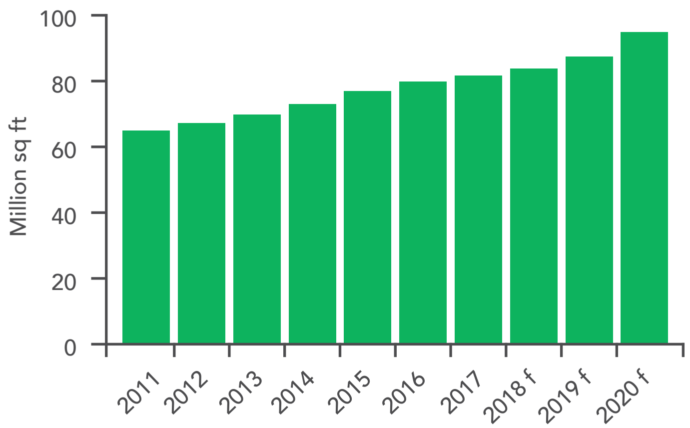
Key New Office Developments in Kuala Lumpur

Office Buildings	Location	Net Lettable Area (sq ft)	Expected Completion
Bangsar Trade Centre	Bangsar	112,000	2018
3 Towers	Jalan Ampang	290,000	2018
South Point	Mid Valley	375,000	2018
KL Eco City (COT 2)	Jalan Bangsar	300,000	2018
Etiqa Bangsar	Jalan Bangsar	756,000	2018
Equatorial Plaza	Jalan Sultan Ismail	852,000	2018
The Exchange 106	Tun Razak Exchange	2,650,000	2018
KL Eco City (COT 1)	Jalan Bangsar	300,000	2019
Menara Felcra	Jalan Semarak	1,121,000	2020
Sapura Tower	Jalan Kia Peng	1,180,000	2020
Cititower	Jalan Ampang	1,700,000	2020
Merdeka PNB 118	Jalan Hang Jebat	2,200,000	2020
TOTAL		**11,836,000**	

Source: NTL Research & Consulting, 2017

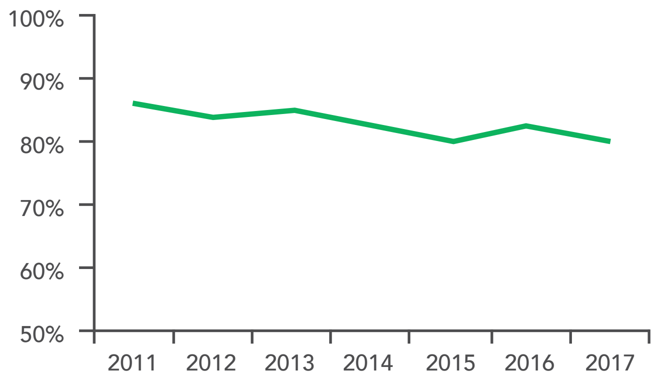
DESPITE STRONGER ECONOMIC GROWTH AND AN IMPROVEMENT IN OIL PRICE FOR THE YEAR, THE OFFICE MARKET CONTINUED TO DETERIORATE AS NEW COMPLETION OVERTAKE NET ABSORPTION

Office Stock in Kuala Lumpur



Source: NTL Research & Consulting, 2017

Office Occupancy Rate in Kuala Lumpur



Source: NTL Research & Consulting, 2017

BUSINESS REVIEW

Given the rising concern from Bank Negara on the risks and contagion effects of a potential prolonged property downturn, the Government announced an indefinite freeze on new approvals including office, retail and high end residential sector in Q4. Hopefully this will moderate any adverse effect of a market glut pending a market adjustment over the medium term.

The emergence of co-working space is an area to closely watch and how this will impact office demand in general, challenge established commercial locations and its design form, only time will tell. This will be driven by millennials and new businesses driven and centred on the theme of collaboration, work/live/play, and the lot.

Rental rate continued to be stable despite downward pressure. Prime rental is at a range of RM7 - RM13 per sq ft. However attractive tenant incentives are readily available for major space users, especially at newly completed buildings.

Capital value is holding well and show no sign of selling pressure. Major benchmark sales during the year include Menara Prudential @ RM759 per sq ft, Vista Tower @ RM824 per sq ft and Wisma Selangor Dredging @ RM1,323 per sq ft, due possibly to potential development opportunity and proximity to KLCC. Part of this stability is due to the support of domestic institutional funds, and trusts that continued to invest in quality and well located assets, and the supportive interest rate environment. Yield hovers around the 6.0%, and is likely to lower due to pressure on rental and occupancy relative to capital value, notwithstanding the risk of an interest hike in the near future. Prime strata office projects continued to be launched with prices range from RM898 to RM2,000 per sq ft, and selective good sale responses reported, including the Oxley Towers, Bukit Bintang City Centre (BBCC), and The Met 8 at KL Metropolis.

Key Major Office Transactions in Kuala Lumpur

Office Buildings	Location	Net Lettable Area (sq ft)	Transacted Price (RM per sq ft)
Menara Prudential	Jalan Sultan Ismail	164,706	759
Vista Tower	Jalan Tun Razak	551,851	824
Wisma Selangor Dredging	Jalan Ampang	362,782	1,323

Source: NTL Research & Consulting, 2017

Notwithstanding difficult market conditions, for office assets under the portfolio of KLCCP Stapled Group such as the PETRONAS Twin Towers, Menara 3 PETRONAS, and Menara Exxonmobil, their pre-eminence as prime international class assets remain, commanding a rental premium and continue to attract the best class of tenants within the city centre. The recent recovery in oil price can only enhance this.

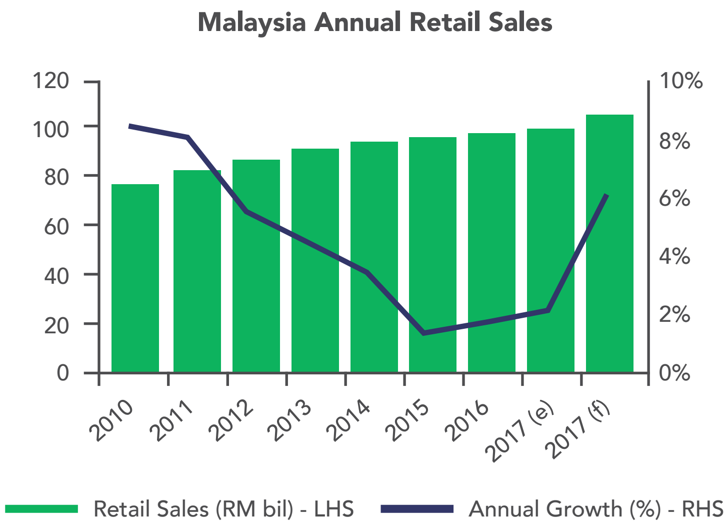
Going forward, 2018 will remain challenging for landlords until the market finds its equilibrium. Adding to these uncertainties, 2018 will be an election year, and with a potential change in administration, businesses will likely to take a more cautious approach and prefer a continuum of the existing status quo.

RETAIL

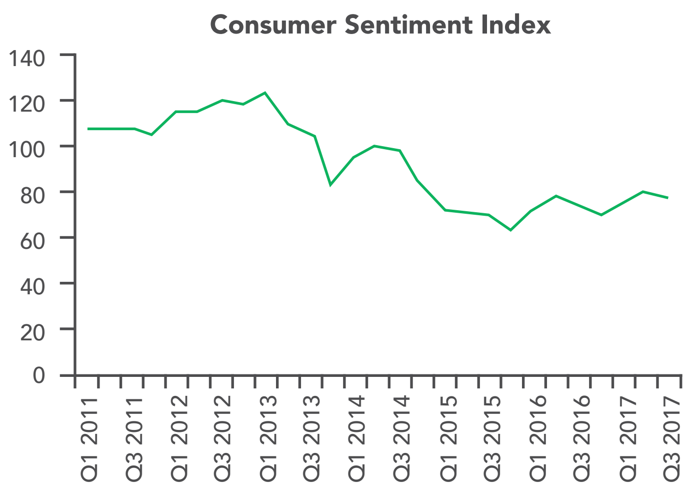
Retailing faced another challenging year, with retail turnover much lower than initially forecasted. Retail Group Malaysia cut its projection twice this year from an initial 5.0% to a current figure of 2.2% growth on the back of poor consumer sentiment. In tandem with stronger economic growth, the Consumer Sentiment Index climbed marginally in the first half of the year but faltered by Q3, and remained low at 77.1 points. There seem to be a misnomer between the stronger than expected GDP growth and the objective reality at the households' level. In fact, various analysts' reports (BNM, Khazanah Research Institute, etc) revealed that household finances are vulnerable with increasing financial stress and underfunded retirement, affecting even the M40 middle class segment of the population. The barometer of household debt to GDP ratio remains high at 85.6 (88.4 in end 2016). This is partly due to the rapidly rising cost of living and the impact of the depreciation of the Ringgit.

On the positive side, if somewhat paradoxically, the household income data for 2016 revealed that between 2014-2016, national median and mean monthly household income increased by 6.6% and 6.2% per annum, to RM5,228 and RM6,958 respectively, with even a decline in the Gini Coefficient registered. Budget 2018 also provides more financial support to the most venerable households, with increased BR1M contributions totalling RM6.8 billion, other financial aids and a lower income tax rate for those earning below RM70,000 per annum.

THE BAROMETER OF HOUSEHOLD DEBT TO GDP RATIO REMAINS HIGH AT 85.6 (88.4 IN END 2016). THIS IS PARTLY DUE TO THE RAPIDLY RISING COST OF LIVING AND THE IMPACT OF THE DEPRECIATION OF THE RINGGIT



Source: Retail Group Malaysia, 2017



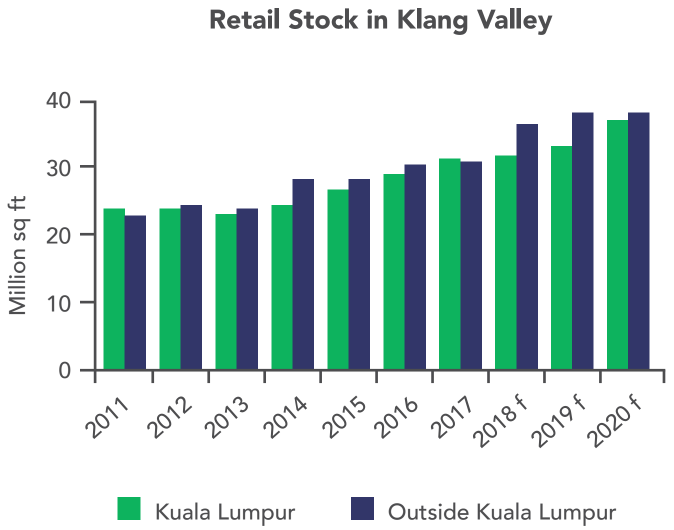
Source: Malaysian Institute of Economic Research (MIER), 2017

The year also witnessed some major store consolidation and closures, a sign of more challenging time for both retailers and shopping centres' landlords. These include Aeon, a popular supermarket cum general merchandise store and Giant (involving 5 stores) have closed and restructured stores during the year, whilst True Fitness, and a popular Korean café chain, Tous le jour have unexpectedly shuttered down. Whilst such activities are not unusual, with the rise of online commerce, and the current surplus of mall space, the pressure has and will intensify in the coming years.

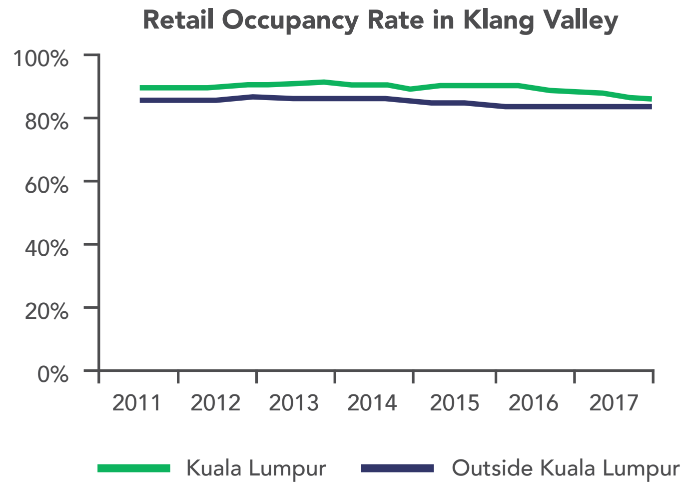
Mall completions over the KL Metropolitan area during the year which collectively have a total net lettable area of about 3.2 million sq ft include major malls such as Mytown and Melawati Mall, and a new factory outlet, Genting Premium Outlet at Genting Highlands. New malls especially, will likely to struggle to build up occupancy and foot traffic given the current caution of retailers for expansion, and the diluted market share. The spot light on this will be on Empire City, a regional mall of 2.5 million sq ft at Sungei Pencala which the developer is struggling to get completed and open for business, in a neighbourhood that already has several established major competitor malls. Another mall by WCT at Bukit Jalil is being postponed indefinitely after the company came under control of a common shareholder who is also developing the nearby Pavilion 2 of 1.8 million sq ft. Notwithstanding the freeze on new malls and with 13 million sq ft in the pipeline over the next three years, the "horses have already bolted out of the stable" is likely to hold true, and any potential benefits projected from this policy change will not be felt in the short term.

BUSINESS REVIEW

Overall, average vacancy rate is at 13.2%, up from 10.5% in 2016. This rate will be under pressure given the lower occupancies of newly completed malls. Developers are also seriously contemplating delaying completion, hoping for a better time to open.



Source: NTL Research & Consulting, 2017



Source: NTL Research & Consulting, 2017

MREITs continued to be active in deals, with Pavilion Elite being injected into a REIT at RM2,526 per sq ft, whilst Empire Gallery, a very successful suburban mall at Subang Jaya was sold to Pelaburan Hartanah Berhad (PHB) at RM1,629 per sq ft with option to buy back within the next five years. Recent valuation placed Pavilion Mall, MidValley and The Gardens Mall at RM3,317 per sq ft, RM1,981 per sq ft and RM1,477 per sq ft respectively. Benchmark indicative gross revenue are at RM26.00, RM16.00 and RM15.00 per sq ft per month respectively. A review of the MREITs data reveal that average prime rental is hovering around the RM16.00 per sq ft per month.

Suria KLCC Mall with its undisputed strategic location, continued to maintain high occupancy and trade well despite the retail headwinds. Irrespective, every mall will need to continuously reinvent itself in such a fast changing market to retain market share and remain relevant to shoppers.

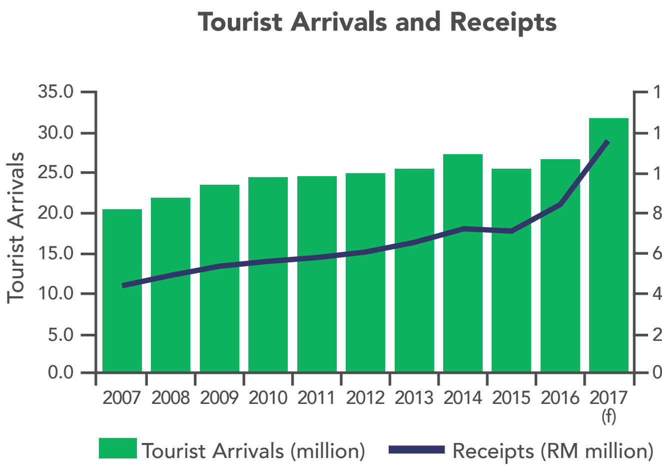
Fundamentally, the retail market needs to work out this current excess space in a midst of structural, technological and social changes that are gaining pace both domestically as well as internationally. This is not a short term issue of a market disequilibrium. Whilst the more prime centres will still have a place in the brick and mortar world, their evolving roles need to be quickly adapted with the changing environment and the consumers that they serve. As seen in the not too distant past, what was considered prime can quickly be overtaken by events. This will and may involve a combination of capex, retro fit, adaptive reuse and re-jig of tenancy mixes to survive.

HOTEL

In 2016, Malaysia recorded 26.8 million in tourist arrivals, up 4.0% from 25.7 million in 2015 with Singapore, Indonesia and China being the top three markets. Nevertheless, the period between January and September 2017 showed dismal signs for the year, following a drop of 1.5% in tourist arrivals. During this period, Malaysia hosted 19.4 million tourists, as opposed to 19.7 million the preceding year despite hosting SEA Games 2017. Tourist arrivals was earlier projected to reach 31.0 million for the full year 2017, and a total receipts of RM114.0 billion but appear unlikely to be met.

Tourist arrivals from January to September were largely driven by increased tourism initiatives and collaborative efforts by Tourism Malaysia-Brunei (TM Brunei) and Royal Brunei Airlines in providing outbound tour packages to Malaysia for Bruneian tourists. The outcome of this saw Bruneian travellers into Malaysia increase from 980,447 in 2016 to 1,701,207 in 2017, reaching a 32.3% increase that was marginally higher than the influx from Chinese travellers.

In early 2016, the Government announced visa-free entry from March to December 2016 for Chinese tourists. This subsequently saw 1.8 million arrivals, an increase of 25% as compared to 1.4 million, during the same review period in 2015. In view of continued growth of Chinese tourist arrivals to the country, the visa-free entry was extended to December 2017 and over two million Chinese tourists were expected this year. Records for January to September of the year recorded about 1.7 million arrivals.



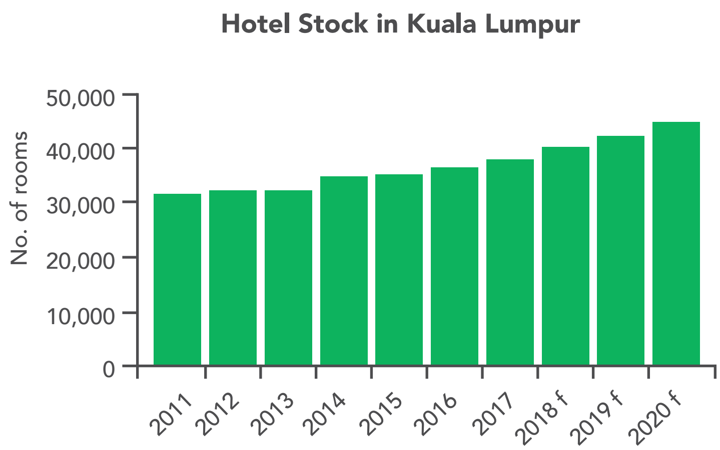
Source: Tourism Malaysia; NTL Research & Consulting, 2017

LEISURE TRAVELLERS ARE STILL THE KEY DRIVER FOR THE TOURISM INDUSTRY, HOWEVER ECONOMIC IMPROVEMENT AS SHOWN BY THE UP TRENDING GDP THROUGHOUT THE YEAR CREATES A PATH FOR THE RECOVERY OF LUXURY HOTEL MARKET

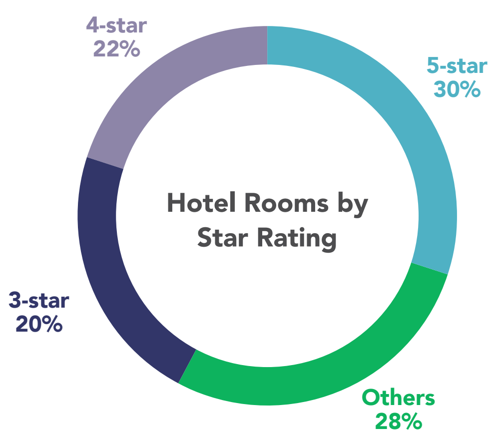
New supply of luxury hotels continues to fuel a competitive environment, given that over 5,030 rooms are slated for completion by 2021 and to be integrated with most of these new hotels are 2,259 units of serviced residences that will be managed by the hotel operators. The stiff competition is heightened from the offering of alternative accommodations such as AirBnB, catering longer stay travellers and family segment.

Leisure travellers are still the key driver for the tourism industry, however economic improvement as shown by the up trending GDP throughout the year creates a path for the recovery of luxury hotel market. Consequently, occupancy rate of a selection of luxury hotels in Kuala Lumpur has risen to 77.5%, as registered in Q3 2017 (2016: 73.5%). Despite implementation of Tourism tax of RM10 that came into effect on September 2017, the Average Room Rate (ARR) for key luxury hotels saw an upward movement, set at RM664.60 in the third quarter this year (2016: RM604.90). Moving forward, the upward movement of ARR is likely to be limited in the short term attributed by competitive new supply coming into the market within the next four years.

Facing challenges from existing and upcoming supply, Mandarin Oriental, Kuala Lumpur (MOKL Hotel) is currently embarking on its final phase of refurbishment that will upon completion, offer new products to its guests by the end of 2018. This will help the hotel to maintain competitiveness and grow market share. This is evident from the robust performance of its newly refurbished Club Rooms and Suites that recorded substantial revenue growth after the refurbishment.



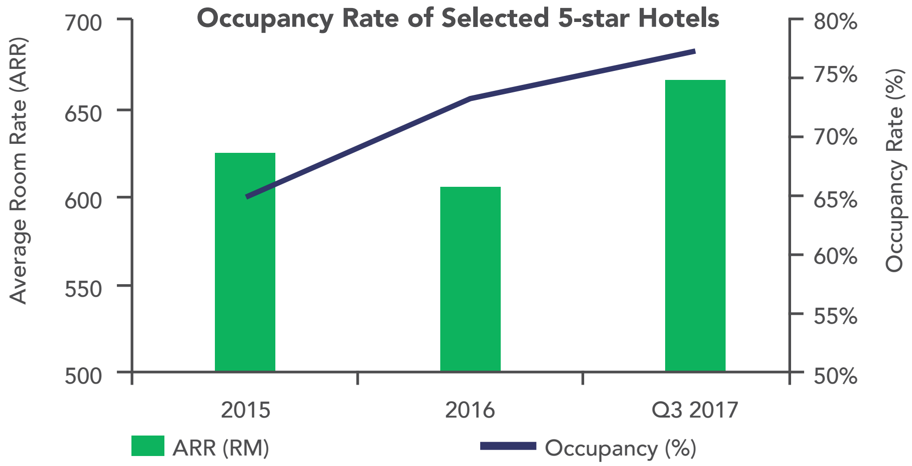
Source: NAPIC, 2016; NTL Research & Consulting, 2017



Source: NAPIC, 2016; NTL Research & Consulting, 2017

BUSINESS REVIEW

Capital values for 4 and 5-star hotels remains in the range of RM800,000 - RM1,000,000, whilst investors' expected capitalisation rate is estimated at 7.0% - 8.0%. During the review period, the market saw two notable transactions of prime hotels. YTL Hospitality REIT acquired the 300-room Majestic Hotel at RM380.0 million, translated to RM1.3 million per room whilst the Hilton KL Sentral was sold at RM497.0 million via a share sale of the holding company, Daisho Asia Development Sdn Bhd.



Source: NTL Research & Consulting, 2017

Selected New Luxury Hotel Developments in Kuala Lumpur

Hotels	Location	No. of Rooms	Expected Completion
Banyan Tree Signatures	Jalan Raja Chulan	43 suites	2017
Royale Pavilion	Jalan Raja Chulan	304	2017
Four Seasons Place	Jalan Ampang	150	2018
The RuMa Hotel	Jalan Kia Peng	253	2018
W Hotel	Jalan Ampang	150	2018
Hotel Equatorial	Jalan Sultan Ismail	441	2018
Imperial Lexis	Jalan Kia Peng	196	2019
Hotel @ Lot 1194	Jalan Sultan Ismail	700	2020
Fairmont Raffles	Jalan Ampang	690	2020
Bukit Bintang City Centre	Jalan Hang Tuah	359	2020
Kempinski Hotel	Jalan Conlay	261	2020
Hotel @ TA3 & TA4	Jalan P Ramlee	384	2020
So Sofitel	Jalan Ampang	207	2021
Jumeriah Hotel	Jalan Ampang	181	2021
Hilton KLCC & Residence	Jalan Sultan Ismail	N/a	Planned
TOTAL		**4,319**	

Source: NTL Research & Consulting, 2017

To boost tourist arrivals, the Government has declared 2020, as Visit Malaysia Year and will also be playing host to a series of major events such as the APEC Summit, World Congress of Information Technology (WCIT) and Commonwealth Head of Governments Meeting (CHOGM). Some incentives were also announced, including tax incentives to promote high-end segment tourists, a RM2.0 billion fund for Small and Medium Enterprises with continued tax incentives and expansion of eVisa regional hub to capture a larger market share.

The Government's efforts in attracting multinational corporations and foreign investors, paired with a competitive Ringgit, maintains Malaysia as a prime and attractive regional destination for both leisure and business travelers.

PROPERTY PORTFOLIO

PETRONAS TWIN TOWERS

Date Of Acquisition	10 April 2013
Acquisition Price	RM6,500,000,000
Title	GRN 43697, Lot 169, Seksyen 58, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur
Encumbrances	Nil
Lease/ Tenancy Profile	Leased to a single lessee, Petroliam Nasional Berhad vide a Triple Net Lease Agreement for a term of 15 years, expiring 30 September 2027

LOCATION
KUALA LUMPUR CITY CENTRE, 50088 KUALA LUMPUR

TENURE
FREEHOLD

AGE OF BUILDING
21 YEARS

PETRONAS Twin Towers is a world landmark and Malaysia's symbol of success. The Twin Towers have won numerous awards in building design, namely the FIABCI Malaysia Property Award 2001, FIABCI Prix d'excellence 2002 and the Aga Khan Award for Architecture 2004.

PETRONAS Twin Towers is the first phase of the KLCC Development, located at the north-western corner of the 100-acre prime land situated in the commercial hub of Kuala Lumpur. The Twin Towers stand majestically at 452 metres above street level with the pinnacles reaching a height of about 73.5 metres.

A prime A-Class office building comprising two identical 88-storey office towers (namely, Tower 1 and Tower 2), the PETRONAS Twin Towers are linked by a 58.4 metre sky bridge at levels 41 and 42. The unique double deck sky bridge which stands at 170 metres above street level is the highest double deck bridge in the world. The towers are designed with intelligent Building Management System (BMS) and Building Control System (BCS) features. PETRONAS Twin Towers is part of Malaysia's Multimedia Super Corridor (MSC) and Tower 2 of PETRONAS Twin Towers has been accorded the Malaysia MSC Cybercentre status.

The iconic towers also house a 864-seat concert hall known as Dewan Filharmonik PETRONAS, the PETRONAS Twin Towers Visit where visitors can tour the sky bridge at Level 41 and the viewing deck at Level 86 of Tower 2 and the PETRONAS Twin Towers Gift Shop.

Initiatives In The Year

- Enhancements to the Energy Management System as part of green initiatives towards achievement of full Green Building Index Certification
- Working with our tenants, PETRONAS to transform the office spaces into a collaborative workspace under their strategy to create a "Workplace For Tomorrow"

Net Book Value as at 31 December 2017	RM6,672,751,695
Appraised Value	RM6,973,000,000
Date of Valuation	31 December 2017
Independent Valuer	Nawawi Tie Leung Property Consultants Sdn Bhd

MENARA 3 PETRONAS

LOCATION
KUALA LUMPUR CITY CENTRE, 50088 KUALA LUMPUR

TENURE
FREEHOLD

AGE OF BUILDING
6 YEARS

Menara 3 PETRONAS complements the 88-storey PETRONAS Twin Towers, within the KLCC Precinct. The 59-storey Menara 3 PETRONAS is located on a 1.06 acre site of the KLCC's North West Development.

At 267 metres, the tower consists of 53-storey offices above the podium block, six levels of retail and four levels basement car park. The six floors of retail podium are seamlessly connected to Suria KLCC, the premier shopping centre in Kuala Lumpur.

The building is equipped with intelligent Building Management System (BMS) and Building Control System (BCS) features.

Initiatives In The Year

- Enhancements to the Energy Management System, implementation of LED Lighting at common areas and commissioning of electrical and Heating, Ventilation and Air Conditioning (HVAC) system
- Working with our tenants, PETRONAS to transform the office spaces into a collaborative workspace under their strategy to create a "Workplace For Tomorrow"

Date Of Acquisition	10 April 2013
Acquisition Price	RM1,790,000,000
Title	GRN 43699, Lot 171, Seksyen 58, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur
Encumbrances	Nil
Lease/ Tenancy Profile	Office Tower, Menara 3 PETRONAS is leased to a single lessee, Petroliam Nasional Berhad vide Triple Net Lease Agreement for a term of 15 years, expiring on 14 December 2026. Retail Podium, Menara 3 PETRONAS is tenanted to various retailers on a 3 to 5-year term tenancy

Net Book Value as at 31 December 2017	RM1,972,101,058
Appraised Value	RM2,049,000,000
Date of Valuation	31 December 2017
Independent Valuer	Nawawi Tie Leung Property Consultants Sdn Bhd

MENARA EXXONMOBIL

LOCATION
KUALA LUMPUR
CITY CENTRE, 50088
KUALA LUMPUR

TENURE
FREEHOLD

AGE OF BUILDING
21 YEARS

Menara ExxonMobil is a 29-storey office building which is strategically located at the south-eastern portion of the KLCC Development and enjoys an uninterrupted view of the PETRONAS Twin Towers and KLCC Park. The rectangular-shaped building has a central service core and a virtually column-free interior.

Rising 126 metres above street-level, Menara ExxonMobil has 23 office levels inclusive of 3 levels of basement car park and 5 levels of podium car park, providing 528 parking bays.

Initiatives In The Year

- Enhancements and upgrades to the main lobby, basement podium, restrooms and security features to cater towards tenants service improvements
- Transformed 10 floors into a more collaborative workspace to create a "Workplace For Tomorrow" for our tenant, PETRONAS

Date Of Acquisition	10 April 2013
Acquisition Price	RM450,000,000
Title	GRN 43685, Lot 157, Seksyen 58, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur
Encumbrances	Nil
Lease/ Tenancy Profile	Leased to two lessees, ExxonMobil Exploration and Production Malaysia Inc and PETRONAS for a period of 18 years expiring 31 January 2035 and 31 March 2035 respectively

Net Book Value as at 31 December 2017	RM531,192,764
Appraised Value	RM533,700,000
Date of Valuation	31 December 2017
Independent Valuer	Nawawi Tie Leung Property Consultants Sdn Bhd

MENARA DAYABUMI

LOCATION
50500 KUALA LUMPUR

TENURE
LEASEHOLD INTEREST FOR 99 YEARS EXPIRING 9 NOVEMBER 2081

AGE OF BUILDING
35 YEARS

Kompleks Dayabumi is an integrated office development with complementary retail podium located within the former Central Business District of Kuala Lumpur.The building comprises a 36-storey purpose-built office building (known as Menara Dayabumi) and a parcel of contiguous commercial land which was previously the site of City Point podium. The City Point podium was demolished in 2015 to make way for the proposed Dayabumi Phase 3 development.

Menara Dayabumi has undergone several asset initiatives to rejuvenate the more than 30-year-old building, which will bode well with the River of Life Project under the Government's Transformation Programme. To-date, Menara Dayabumi has seen the upgrading of the lift lobbies and common areas, upgrading of the MISC Recreational Club, auditorium, development of the new corporate and the renovation of retail area.

In 2016, conversion of the atrium spaces into additional office areas was completed and this marked the completion and refurbishment of Menara Dayabumi which enhanced the positioning of this building as a prime Grade-A office building.

Initiatives In The Year

- Completed the substructure works for the Phase 3 redevelopment of City Point Podium
- Transformed Level 3 of Menara Dayabumi into a more collaborative workspace to create a "Workplace For Tomorrow" for our tenant, PETRONAS

Date Of Acquisition	31 May 2004
Title	PN 2395, Lot 38 Seksyen 70, PN 4073, Lot 39 Seksyen 70, PN 33471, Lot 45 Seksyen 70, PN 32233, Lot 51 Seksyen 70, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur
Encumbrances	Nil
Lease/ Tenancy Profile	Leased to a single lessee, Petroliam Nasional Berhad vide a Triple Net Lease Agreement for a term of 18 years, expiring 31 December 2031

Net Book Value as at 31 December 2017	RM761,012,166
Appraised Value	RM764,348,736
Date of Valuation	31 December 2017
Independent Valuer	Nawawi Tie Leung Property Consultants Sdn Bhd

SURIA KLCC

LOCATION
KUALA LUMPUR
CITY CENTRE, 50088
KUALA LUMPUR

TENURE
FREEHOLD

AGE OF BUILDING
19 YEARS

Suria KLCC is Malaysia's premier shopping destination located in the Kuala Lumpur City Centre. Set in the heart of Kuala Lumpur's Golden Triangle, Suria KLCC is surrounded by hotels, office buildings, a scenic park and the KLCC Lake Symphony Fountains, promising hours of leisurely pleasure. It also provides a unique combination of nature, arts and culture, and education set against peaceful surroundings and state-of-the-art amenities.

Galeri PETRONAS featuring various art exhibits and PETROSAINS, an interactive Science Discovery Centre are located in Suria KLCC. The centre is also linked to the world-class Dewan Filharmonik PETRONAS, the country's 864-seat concert hall.

With great options for high-end shopping, anchor tenants at Suria KLCC include major department stores such as five-storey Isetan department store, Parkson department store and the Marks & Spencer flagship store. With more than 300 speciality stores, Suria KLCC offers an exclusive blend of renowned international fashion brands, flagship stores, unique stores and more. Stores exclusive to Suria KLCC include Marc Jacobs, Hublot, Rebecca Minkoff, La Mer, Vera Moda/Jack Jones, Football Republic, Dior Homme, Bally, Boggi Milano, Carolina Herrera and many more.

Initiatives In The Year

- Replacement of two centre court bubble lifts with three new glass lifts
- Commencement of escalators modernisation with advanced safety features
- Introduced media and advertising screens and panels within the mall to facilitate retailers' promotions and upgraded mall directories with targeted search content

Date Of Acquisition	31 May 2004
Title	GRN 43698 Lot 170, Seksyen 58, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur
Encumbrances	Charged twice by Suria KLCC to Lembaga Kumpulan Simpanan Pekerja, registered on 19 December 1996 and 12 February 1998 respectively
Lease/ Tenancy Profile	Tenanted to various retailers on a 3 to 5-year term tenancy

Net Book Value as at 31 December 2017	RM5,424,148,970
Appraised Value	RM5,430,000,000
Date of Valuation	8 November 2017
Independent Valuer	Cheston International (KL) Sdn Bhd

MANDARIN ORIENTAL, KUALA LUMPUR

LOCATION
KUALA LUMPUR CITY CENTRE, 50088 KUALA LUMPUR

TENURE
FREEHOLD

AGE OF BUILDING
19 YEARS

Set between the flowering gardens of the City Centre Park and the dramatic heights of the PETRONAS Twin Towers, Mandarin Oriental, Kuala Lumpur (MOKL Hotel) is a five-star luxury hotel with impressive views, fabulous facilities and a convenient central location.

An epitome of luxury, the 32-storey MOKL Hotel has 632 rooms, including 41 suites and 51 serviced apartments that are elegantly furnished and fitted with finest amenities. It also offers meeting and convention facilities as well as function rooms.

The hotel has five restaurants serving a range of cuisines, three bars and a bakery. The facilities include a spa, a fitness centre, an outdoor infinity pool, tennis courts and indoor golf simulators.

After almost 20 years in operation, MOKL Hotel is in the midst of a masterplan refurbishment which commenced in 2011 and has to-date seen the refurbishment completion of the lobby, upgrading of the ballrooms, all day dining, lounge, Club Floor, meeting rooms and recreational facilities. The final phase of the refurbishment comprising the guestroom renovations kicked off in June 2016, and at end 2017, saw completion of 273 rooms comprising the Club Rooms, Suites, Presidential Suite, Deluxe Rooms and Park Suites.

Initiatives In The Year

- Completion of first phase of guestroom renovations comprising 157 Club Rooms and Suites
- Commenced second phase of guestroom renovation and completed 116 Deluxe Rooms and Park Suites
- Continuing with the second phase of the guestroom renovation comprising Deluxe Rooms and Park Suites and is expected to be fully completed by end 2018

Date Of Acquisition	31 May 2004
Title	GRN 43700 Lot 172, Seksyen 58, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur
Encumbrances	Charged by Asas Klasik Sdn Bhd to Public Bank Berhad, registered on 12 June 2008

Net Book Value as at 31 December 2017	RM638,477,799
Appraised Value	RM900,000,000
Date of Valuation	9 November 2017
Independent Valuer	Cheston International (KL) Sdn Bhd

MENARA MAXIS

LOCATION
KUALA LUMPUR
CITY CENTRE, 50088
KUALA LUMPUR

TENURE
FREEHOLD

AGE OF BUILDING
19 YEARS

Menara Maxis is a 49-storey modern office building located adjacent to the PETRONAS Twin Towers and Suria KLCC. Completed in the first quarter of 1998, Menara Maxis is the headquarters of the Tanjong Public Limited Company group of companies, Maxis Communications Berhad and their associate companies.

With its elegantly curved façade fronting Jalan Ampang, Menara Maxis provides 49,054 sq m of net lettable office space area. Glazed with sun-shades, the building is a tall slender structure with floors that set back towards the top of the building at levels 37, 39, 42 and 45 to create a "stepping" effect. Above the 37th floor, the building creates a unique series of terraces that provide the occupants with a dramatic and breathtaking view of the KLCC Park. The building incorporates a unique "porte cochere" at the front entrance supported by four internally-lit columns.

Date Of Acquisition	31 May 2004
Title	GRN 43696 Lot 168, Seksyen 58, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur
Encumbrances	Nil
Lease/ Tenancy Profile	Leased 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 1 June 2028

Appraised Value	RM762,000,000
Date of Valuation	31 December 2017
Independent Valuer	Jones Lang Wootton

BUSINESS REVIEW

1 PETRONAS TWIN TOWERS

234,007
Land Area (sq ft)

4,693,756
Gross Floor Area (sq ft)

2,160,000[1]
Gross Floor Area - car park (sq ft)

3,195,544 (Office)
Net Lettable Area (sq ft)

4,889[1]
Car Park bays

100 (Office)
Occupancy as at 31 December 2017 (%)

2 MENARA 3 PETRONAS

46,306
Land Area (sq ft)

1,500,814
Gross Floor Area (sq ft)

170,782
Gross Floor Area - car park (sq ft)

812,806 (Office)
133,190 (Retail)
Net Lettable Area (sq ft)

193
Car Park bays

100 (Office) **80** (Retail)
Occupancy as at 31 December 2017 (%)

3 MENARA EXXONMOBIL

43,045
Land Area (sq ft)

559,520
Gross Floor Area (sq ft)

240,981
Gross Floor Area - car park (sq ft)

408,105 (Office)
Net Lettable Area (sq ft)

528
Car Park bays

100 (Office)
Occupancy as at 31 December 2017 (%)

4 MENARA DAYABUMI

315,802
Land Area (sq ft)

1,059,783
Gross Floor Area (sq ft)

316,018
Gross Floor Area - car park (sq ft)

650,297 (Office)
Net Lettable Area (sq ft)

854
Car Park bays

100 (Office)
Occupancy as at 31 December 2017 (%)

5 MENARA MAXIS

46,597
Land Area (sq ft)

537,085 (Office)
Net Lettable Area (sq ft)

781,383
Gross Floor Area (sq ft)

100 (Office)
Occupancy as at 31 December 2017 (%)

6 SURIA KLCC

303,112
Land Area (sq ft)

1,031,431 (Retail)
Net Lettable Area (sq ft)

1,545,361
Gross Floor Area (sq ft)

97 (Retail)
Occupancy as at 31 December 2017 (%)

7 MANDARIN ORIENTAL, KL

87,123
Land Area (sq ft)

998,706
Gross Floor Area (sq ft)

29,000
Gross Floor Area - car park (sq ft)

389
Car Park bays

73 (Hotel - per available rooms)
Occupancy as at 31 December 2017 (%)

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

ACHIEVEMENTS

SIGNIFICANT EVENTS

The KLCC Group of Companies' GCEO Townhall was held with the theme "Results Matter" in line with one of the elements of the PETRONAS Cultural Beliefs. The Group's achievements in 2016 and its aspirations were shared with employees.

20 APR

PETRONAS Twin Towers was awarded the Gold Award in the non-strata commercial category and the Editor's Choice Award for Iconic Innovation at TheEdgeProperty.com Malaysia's Best Managed Property Awards 2017. The awards are testimony to the exceptional qualities in the aspects of design functionality and its undisputable iconic innovation as a distinctive Malaysian landmark.

03 APR

KLCC Property Holdings Berhad (KLCCP) in collaboration with the relevant government departments and authorities conducted an emergency evacuation exercise also known as Exercise Siaga (ExSiaga) at the PETRONAS Twin Towers and Menara 3 PETRONAS, Kuala Lumpur City Centre. This exercise was part of on-going efforts by KLCCP to enhance its coordination with various authorities in ensuring proper preparedness and effective response to an emergency.

10 JUL

2017

Jan Feb Mar Apr May Jun Jul

KLCC Parking Management Sdn Bhd (KPM) was awarded the Platinum Award in OSH Management on Parking Management Services at the 13th MOSHPA OSH Excellence Award 2017. This adds another feather in the cap for KPM who was awarded the Integrated Management System Certification in November 2016. The MOSHPA OSH Excellence Award 2017 recognises organisations' achievement of commendable Safety & Health performances and those that have shown improvements in managing their OSH Management Systems.

11 AUG

KLCCP Stapled Group hosted the New Year Countdown event at the Esplanade, KLCC Park themed *"Together, We Are Champions"*. The event was part of the Group's effort in showcasing KLCC as a vibrant and exciting venue and at the same time promoting harmony and solidarity among the people of this Nation.

31 DEC

KLCC REIT was presented with the Most Value Creation REIT in Asia at the Fortune Times' REITs Pinnacle Awards 2017 in Singapore in recognition for its good corporate governance, promising prospects and meaningful REIT perspective in the market.

23 NOV

The "Ikrar Bebas Rasuah" ceremony was an initiative by the Group in its integrity journey. The leadership team led by the CEO signed the corruption-free pledge document, witnessed by representatives from the Malaysian Anti-Corruption Commission (MACC).

14 DEC

Aug | Sep | Oct | Nov | Dec | 2018

AWARDS & RECOGNITION

2017 AWARDS & RECOGNITION

A. KLCCP STAPLED GROUP

1. National Annual Corporate Report Awards (NACRA) 2017
   - Certificate of Merit

2. IR Magazine Awards & Conference South East Asia 2017
   - Certificate for Excellence in Investor Relations

B. KLCC PROPERTY HOLDINGS BERHAD

1. Southeast Asia's Corporate-Institutional Investor Awards 2017 (Malaysia)
   - Best Senior Management Investor Relations Support
   - Most Consistent Dividend Policy
   - Best Strategic Corporate Social Responsibility

2. The Asset Corporate Awards 2017
   - Excellence in Environmental, Social and Corporate Governance (Gold Award)

3. ACCA Malaysia Sustainability Reporting Awards (MaSRA) 2017
   - Shortlisted Report

C. KLCC REIT

1. The Edge Billion Ringgit Club Corporate Awards 2017
   - Highest Return on Equity Over Three Years – REIT category

2. The 4th Edition REITS Asia Pacific Awards 2017
   - Best of the Breeds REIT in Office (Malaysia)
   - Best of the Breeds REIT in Retail (Malaysia)

3. TheEdgeProperty.com Malaysia's Best Managed Property Awards 2017
   - Gold Award for Non-Strata Commercial Category: PETRONAS Twin Towers
   - The Editor's Choice Award for Iconic Innovation: PETRONAS Twin Towers

4. Fortune Times' REITs Pinnacle Awards 2017
   - Most Value Creation REIT in Asia

D. KLCC PARKING MANAGEMENT SDN BHD

1. Listed in The Malaysia Book of Records for being the First Parking Management company to receive ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007

2. MOSHPA OSH Excellence Awards 2017 for OSH Management in Parking Management Services
   - Platinum Award

E. MANDARIN ORIENTAL, KUALA LUMPUR

1. Kuala Lumpur Mayor's Tourism Awards 2017-2019
   - 5-Star Hotel Gold Award

2. Tripadvisor Traveller's Choice Award 2017
   - Top 25 Hotels in Malaysia
   - Top 25 Luxury Hotels in Malaysia
   - Top 25 Hotels for Service in Malaysia

3. Tripadvisor's Certificate of Excellence 2017
   - Mandarin Grill
   - The Mandarin Cake Shop
   - Aqua Restaurant & Bar
   - Mosaic
   - Lounge on the Park

4. Travel + Leisure's World's Best Awards 2017
   - No 1 hotel in Kuala Lumpur

5. The Hotels.com™ Loved by Guests Awards
   - Loved by Guests category winner

6. Institutional Investor – The World's Best Hotels 2017
   - Best Hotel in Kuala Lumpur

7. DestinAsian Reader's Choice Awards 2017
   - Best Hotels & Resorts in Malaysia

8. Business Traveller Asia-Pacific Awards 2017
   - Best Business Hotel in Kuala Lumpur

9. World Travel Awards
   - Malaysia Leading Hotel 2017

10. ASEAN Green Hotel Award 2016-2018

12. Ministry of Tourism – Green Hotel Award

PAST AWARDS

2016 AWARDS AND RECOGNITION

A. KLCCP STAPLED GROUP

1. FTSE4Good Emerging Index
   - A constituent of the FTSE4Good Emerging Index

2. Capital Finance International (CFI.CO) Awards 2016
   - Best Shariah-Compliant REIT Malaysia 2016

3. National Annual Corporate Report Awards (NACRA) 2016
   - Certificate of Merit

B. KLCC PROPERTY HOLDINGS BERHAD

1. Southeast Asia's Institutional Investor-Corporate Awards 2016 (Malaysia)
   - Most Organised Investor Relations
   - Best Senior Management Investor Relations Support
   - Most Consistent Dividend Policy

2. The Asset Corporate Awards 2016 Excellence in Governance, CSR & Investor Relations Benchmarking – Gold Award

C. KLCC REIT

1. The Edge Billion Ringgit Club Awards 2016
   - Highest Return on Equity Over Three Years – REIT Category

D. KLCC PARKING MANAGEMENT SDN BHD

1. ISO 9001:2015 (Quality Management System)
2. ISO 14001:2015 (Environmental Management System)
3. OHSAS 18001:2007 (Occupational Health & Safety Management System)
4. MOSHPA OSH Excellence Awards 2016 for OSH Management on Parking Management Services (Gold Award)

E. MANDARIN ORIENTAL, KUALA LUMPUR

1. World Luxury Hotel Awards 2016
   - Best Hotel in Kuala Lumpur

2. Travel + Leisure's World's Best Awards 2016
   - No 1 hotel in Kuala Lumpur

3. The World's Top 100 Hotels 2015/16
   - Awarded by Robb Report

4. Tripadvisor Certificate of Excellence
   - Mandarin Oriental, Kuala Lumpur
   - Lai Po Heen
   - Lounge on the Park
   - Mandarin Grill and Bar
   - Mosaic

5. ASEAN Green Hotel Award 2016 – 2018

6. DestinAsian Readers' Choice Awards 2016
   - Best Hotel in Kuala Lumpur

2015 AWARDS & RECOGNITION

A. KLCC REIT

1. Best REIT SUKUK – Asset Asian Awards 2015

B. PETRONAS TWIN TOWERS

1. Provisional Gold Certification by Green Buildings Index (GBI) Malaysia

C. MENARA 3 PETRONAS

1. Provisional Silver Certification by Green Buildings Index (GBI) Malaysia

D. KLCC PARKING MANAGEMENT SDN BHD

1. Largest Parking Guiding System (PGS) Project by CirControl, Spain
2. MOSPHA OSH Excellence Awards 2015 for OSH Management on Parking Management Services (Gold Award)

E. MANDARIN ORIENTAL, KUALA LUMPUR

1. Tripadvisor's Travellers' Choice Award 2015
   - Top 25 Hotels in Malaysia
   - Top 25 Hotels for Service in Malaysia
   - Top 25 Luxury Hotels in Malaysia

2. DestinAsian Readers' Choice Awards 2015
   - Best Hotel in Kuala Lumpur

3. The World's Top 100 Hotels 2015/16
   - Awarded by Robb Report

4. Tripadvisor Certificate of Excellence 2015
   - Mandarin Grill and Bar
   - Lai Po Heen
   - Cascade Restaurant & Bar
   - Mosaic

5. Social Media Chambers Malaysia 2015
   - Social Media Excellence Awards – Hospitality