

KLCC REIT

Manager's Financial and Operational Review

KLCC REIT Management Sdn Bhd (the Manager), the Manager of KLCC Real Estate Investment Trust (KLCC REIT or the Fund), is pleased to submit the Manager's financial and operational review for the financial year ended 31 December 2023 (FY2023).

PRINCIPAL ACTIVITY AND INVESTMENT OBJECTIVES

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

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

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

INVESTMENT STRATEGIES

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

Active asset management strategy

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

Acquisition growth strategy

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



OVERVIEW OF PROPERTY PORTFOLIO

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

The properties with a combined NLA of over 3.2 million sq. ft. are located in the prime area of Kuala Lumpur City Centre, popularly known as KLCC, within the 100-acre KLCC Development. The internationally renowned integrated commercial development within the KLCC Precinct is a combination of prime Grade A offices, premier retail outlets, 4 to 5 star hotels, high-end residential, MICE facilities and world-class entertainment fronting a lush KLCC Park.

Financial Review

Key Highlights

KLCC REIT demonstrates sustained resilience, backed by its long-term, locked-in leases that contribute stability to KLCCP Stapled Group, contributing **45.8%** of the Group's PBT.

Upward rental revisions for Menara Exxonmobil and Menara 3 PETRONAS, which took effect in April and December 2023.

	2023 RM'mil	2022 RM'mil	Variance (%)
Revenue	582.1	578.8	0.6
Net Property Income	549.5	548.5	0.2
Profit for the year*	450.8	447.8	0.7
Income Available for Distribution*	508.9	505.3	0.7
Income Distribution	483.6	492.7	-1.8
Earnings per unit* (EPU) (sen)	24.97	24.81	0.7
Distribution per unit (DPU) (sen)	26.79	27.29	-1.8

* Excluding fair value adjustments

2023 was a steady year for KLCC REIT with a resilient office centric portfolio, anchored by its long term lease arrangement. The retail segment continued to show encouraging improvement in the overall performance following the recovery of retail industry.

In 2023, KLCC REIT recorded profit for the year (excluding fair value adjustments) of RM450.8 million at the back of revenue of RM582.1 million. The YoY increase in both profit and revenue by 0.7% and 0.6% respectively contributed by the improvement in retail segment and the upward rental revision in Menara ExxonMobil.

KLCC REIT continues to contribute the major portion of KLCCP Stapled Group's revenue at 36.0%, with net asset value of RM4.47 sen per unit as at 31 December 2023. The increase in the NAV is attributed to the robust and well-performing assets.

During the financial year 2023, KLCC REIT distributed a total amount of RM483.6 million to the unit holders with DPU of 26.79 sen.

KLCC REIT Manager's Financial and Operational Review

	Revenue			Net Property Income			Profit for the Year*		
	2023 RM'mil	2022 RM'mil	Variance %	2023 RM'mil	2022 RM'mil	Variance %	2023 RM'mil	2022 RM'mil	Variance %
PETRONAS Twin Towers	401.4	401.4	0.0	400.5	400.7	(0.1)	324.8	323.8	0.3
Menara ExxonMobil	47.8	45.8	4.4	28.6	27.9	2.3	23.2	22.7	2.4
Menara 3 PETRONAS	92.7	92.7	0.0	92.6	92.5	0.0	81.5	80.7	0.9
Total for Office Segment	541.9	539.9	0.4	521.6	521.2	0.1	429.5	427.2	0.5
Menara 3 PETRONAS (Retail Podium)	40.2	38.9	3.3	27.9	27.3	2.3	21.3	20.6	3.2
Total for Retail Segment	40.2	38.9	3.3	27.9	27.3	2.3	21.3	20.6	3.2
Total	582.1	578.8	0.6	549.5	548.5	0.2	450.8	447.8	0.7

* Excluding fair value adjustments

KLCC REIT is an office focused REIT with 93% of the revenue contributed by PETRONAS Twin Towers, Menara ExxonMobil and Menara 3 PETRONAS.

The performance of the three office investment properties generated net property income of RM521.6 million at the back of revenue RM541.9 million. The increase in Menara ExxonMobil during the year was mainly due to the higher rental revision. PETRONAS Twin Towers remained KLCC REIT's highest revenue contributor at 69.0% and contributed 72.9% of the total net property income (NPI).

Menara 3 PETRONAS Retail Podium also recorded an improvement in Revenue and NPI compared to 2022 by 3.3% and 2.3% respectively mainly due to better tenant sales captured during the year. Customer count improved by 7.8% compared to 2022.

Office segment

Despite the competitive market, our high-quality office portfolio delivered stable performance. We successfully navigated industry challenges by leveraging our robust office lease portfolio with reputable tenants.

The Triple Net Lease for PETRONAS Twin Towers and Menara 3 PETRONAS act as a shield for KLCC REIT in the face of soft market conditions. In these arrangements, all property expenses and outgoings are borne by the tenants, thereby limiting the impact on earnings. These leases, contributing to 91% of the office segment, provide a steady income stream for the REIT, further bolstered by their full occupancy. During the year, rental uplift was observed for Menara ExxonMobil and Menara 3 PETRONAS, taking effect in April and December 2023, respectively.

Retail segment

The retail podium registered steady momentum, with revenue of RM40.2 million, 3.3% higher than last year. The mall heightened its festive decorations, held engaging pop-up events and offered unparalleled shopping experience through Picnic in the Park campaign to drive footfall and amplify sales opportunities for retailers. The retailers in Menara 3 PETRONAS recorded higher sales compared to 2022 by 10.6%.

During the year, the mall welcomed the arrival of Healthland Premium, a one-stop wellness centre providing premium wellness treatments. The new space offers an exceptional dual-floor experience on levels 3 and 4. Footfall for the retail podium, Menara 3 PETRONAS increased by 7.8% year-on-year driven by promotional campaigns and refreshed tenant mix.

Assets and Liabilities

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

	2023 RM'mil	2022 RM'mil	Variance (%)
ASSETS			
Investment Properties	9,271.9	9,175.3	1.1
Receivables	260.3	321.2	(19.0)
Cash and Bank Balances	142.0	111.1	27.8
Others	0.4	0.8	(50.0)
	9,674.6	9,608.4	0.7
LIABILITIES			
Financings	1,361.4	1,363.9	(0.2)
Others	242.2	226.1	7.1
	1,603.6	1,590.0	0.9
Unitholders Fund	8,071.0	8,018.4	0.7
Net Asset Value per unit (NAV per unit) (RM)	4.47	4.44	0.7

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

The decrease of RM60.9 million in receivables from RM321.2 million last year means that rental received is now higher than the revenue recognised during the year, representing the unwinding of the built up of accrued lease income in the previous years.

Higher cash balance was noted at RM142.0 million compared to RM111.1 million mainly due to increase in rental rate for Menara ExxonMobil and better rental performance for the retail podium Menara 3 PETRONAS.

NAV per unit increased to RM4.47 during the year, backed by the higher properties value.



KLCC REIT

Manager's Financial and Operational Review

MARKET VALUE OF INVESTMENT PROPERTIES

KLCC REIT's portfolio of investment properties remained resilient throughout the year locked-in by the long-term tenancies. The market value increased by RM35.0 million, driven by the positive valuation in both the office portfolio and retail podium. This growth is attributed to a favorable rental reversion compared to the previous year.

Market value as of 31 December 2023 at RM9.5 billion was adjusted under the requirements of MFRS 140 Investment Property to account for accrued lease income and additions during the year. Due to the unwinding impact of accrued lease income, RM93.2 million gain on fair value adjustment was recognised in the income statement.

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

	Market Value		Changes in Value	
	31 Dec 2023 RM'mil	31 Dec 2022 RM'mil	RM'mil	%
PETRONAS Twin Towers	6,950.0	6,940.0	10.0	0.1
Menara ExxonMobil	540.0	532.0	8.0	1.5
Menara 3 PETRONAS	2,038.0	2,021.0	17.0	0.8
Total	9,528.0	9,493.0	35.0	0.4
Less: Adjustments*			58.2	
Fair value gain FY2023			93.2	1.0

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



OPERATIONAL REVIEW

Asset Management

The Manager takes a proactive stance on asset enhancement initiatives (AEI), aiming to secure a leading market position within its segment and locale. Simultaneously, the focus is on preserving the iconic stature and performance of our premium grade-A portfolio of assets.

It is crucially important to establish high-performing workplaces that cater to the changing needs of our tenants. These spaces should encourage enhanced communication, collaboration, flexibility, and adaptability to rapid technological changes. Over the past year, we have actively collaborated with our tenant, PETRONAS, to transform their office spaces into a “Workplace for Tomorrow.” 10 floors across approximately 180,000 sq. ft. were completed for PETRONAS Tower 2 and Menara 3 PETRONAS during this period.

In addition, the Manager prioritises asset preservation to enhance value and promote greener, more sustainable buildings exemplified by the implementation of LED energy-conserving technologies and water-efficiency initiatives. The Integrated Building Command Centre (IBCC) continues to play a major role in enabling the Manager to undertake sustainable and resource-efficient operations by using GPS technology to monitor gondola operations remotely, allowing real-time oversight of buildings cleaning operations.

Capital Management

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

KLCC REIT's borrowing remained at RM1.4 billion, representing a gearing ratio of 14.1%. The significant debt headroom supports financing for future growth and is kept well below the 50% gearing cap as imposed by the SC. To-date, KLCC REIT's remains one of the lowest geared M-REITs in the country.

	2023	2022
Total borrowings (RM'mil)	1,361.4	1,363.9
Average Cost of Debt (%)	4.34	4.34
Fixed : Floating (ratio)	100:0	100:0
Average maturity period (years)	3.1	4.1
Debt service cover ratio (times)	10.1	9.4
Gearing ratio (%)	14.1	14.2
RAM Rating of Sukuk	AAA	AAA

Income Distribution

The Manager distributed 95.0% of its distributable income for the financial year 2023, as we remained committed to enhance value to its unitholders.

Based on the total income available for distribution of RM508.9 million, the Manager had recommended, and the Trustee had approved a total income distribution of 26.79 sen for the year ended 31 December 2023.

Income Distribution	Income Distribution per unit (sen)	Income Distribution (RM'000)	Remarks
First Interim Distribution	7.09	127,998	28 June 2023
Second Interim Distribution	7.00	126,373	27 September 2023
Third Interim Distribution	6.30	113,736	29 December 2023
Fourth Interim Distribution	6.40	115,541	to be paid on 29 February 2024
Total	26.79	483,648	

KLCC REIT

Manager's Financial and Operational Review

OUTLOOK

Bank Negara Malaysia (BNM) reported that Malaysia's GDP expanded by 3% in 2023, supported by continued growth in household spending, a further recovery in tourism activities, and higher investment growth. Looking ahead, economic growth will benefit from resilient domestic expenditure, improvement in external demand, and continued progress in tourist arrivals. The Malaysian real estate investment trusts (REITs) market is anticipated to experience healthy growth, particularly in the retail segment, supported by sustained occupancy and positive rental reversions.

Amidst the increasing influx of new office supply, our office portfolio is poised to maintain stability with secured long-term leases from high-quality tenants. The Manager's unwavering commitment to enhancing property value remains steadfast, achieved through strategic AEI and organic growth.

Looking ahead, the Manager is dedicated to further enhancing property value and upholding the prestige of its assets. This commitment is evident through proactive asset enhancements and top-tier asset management practices, aimed at optimising returns for unitholders.

The retail podium of Menara 3 PETRONAS will continue to leverage Suria KLCC's position as a dynamic and engaging destination for shoppers and visitors alike. This commitment is underscored by its experiential retail model, continuous revitalisation of its offerings and ability to move with market dynamics.

Source:

1. BNM Press Release: Economic and Financial Developments in Malaysia in the Fourth Quarter of 2023
2. The Edge, February 2024

MATERIAL LITIGATION

The Manager is not aware of any material litigation since the balance sheet date as at 31 December 2023 up to the date of this report.

CIRCUMSTANCES WHICH MATERIALLY AFFECT THE INTERESTS OF UNITHOLDERS

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



DIRECTORS OF THE MANAGER'S BENEFITS

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

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



MANAGER'S FEE

For the financial year ended 31 December 2023, the Manager's fee comprised the following:

1. Base fee of RM28.6 million, calculated at 0.3% per annum of Total Asset Value
2. Performance fee of RM16.5 million, calculated at 3.0% per annum of Net Property Income

The Manager's total management fee of RM45.1 million represents 0.6% of NAV of KLCC REIT.

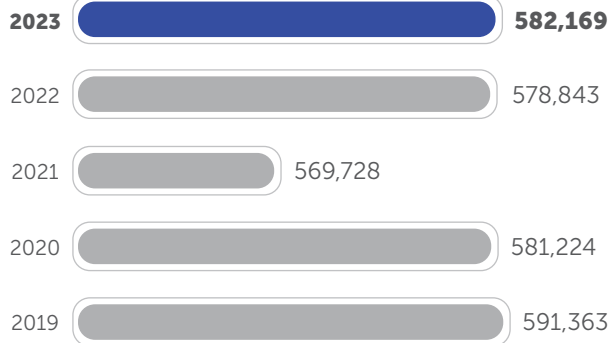
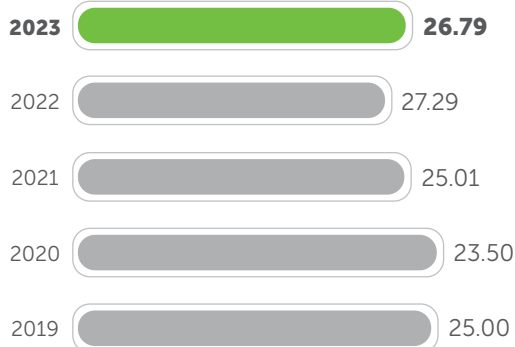
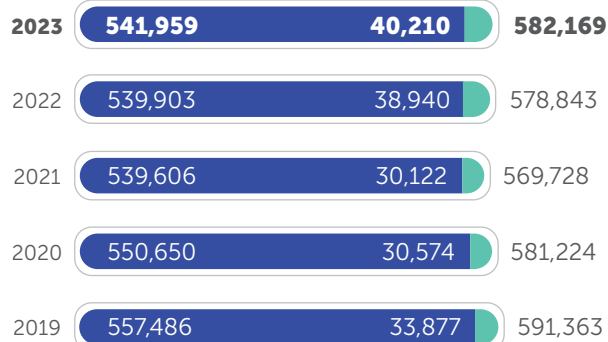
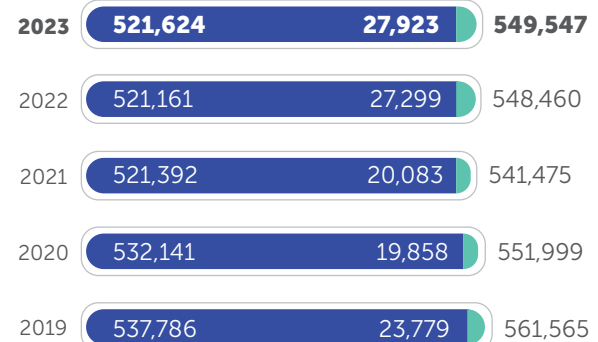
Except for expenses incurred for the general overheads and costs of services which the Manager is expected to provide, that falls in the normal expertise of the Manager, the Manager has the right to be reimbursed the fees, costs, charges, expenses and outgoings incurred by it that are directly related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

SOFT COMMISSION

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

KLCC REIT

5-Year Financial Highlights

Total Portfolio Revenue
(RM'000)Total Portfolio Net Property Income
(RM'000)Distribution Per Unit
(sen)Investment Properties
(RM'000)Revenue
(RM'000)Net Property Income
(RM'000)

■ Office

■ Retail

Value Added Statement

	2023 RM'000	2022 RM'000
Total Turnover	582,169	578,843
Profit income	6,138	4,032
Fair value adjustments of investment properties	93,200	61,635
Operating and tax expenses	(41,942)	(36,547)
	639,565	607,963
Reconciliation		
Profit for the year	534,632	503,298
Finance costs	59,249	59,119
Managers fees	45,084	44,946
Trustee fee	600	600
	639,565	607,963
Value distributed		
Trust expenses		
Managers fees	45,084	44,946
Trustee fee	600	600
Providers of capital		
Finance costs	59,249	59,119
Income distribution	482,024	502,063
Reinvestment and growth		
Undistributed income	(31,272)	(54,236)
Capital reserve*	83,880	55,471
	639,565	607,963

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

KLCC REIT

Fund Performance

STATEMENT OF COMPREHENSIVE INCOME

Key Data & Financial Ratios	2023	2022	2021	2020	2019
Revenue (RM'000)	582,169	578,843	569,728	581,224	591,363
Net Property Income (RM'000)	549,547	548,460	541,475	551,999	561,565
Total Comprehensive Income: (RM'000)					
– Realised	450,752	447,827	438,677	444,247	454,409
– Unrealised	83,880	55,471	(69,281)	(4,576)	(20,761)
Income available for distribution (realised) (RM'000)	508,925	505,265	467,654	447,372	451,569
Income distribution ¹	483,648	492,676	451,515	424,253	451,333
Distribution per unit (DPU) (sen)	26.79	27.29	25.01	23.50	25.00
Distribution Yield ² (%)	5.71	5.66	5.13	4.24	4.81
Basic Earnings per Unit (sen)	29.61	27.88	20.46	24.35	24.02
Management expense ratio ³ (%)	0.59	0.59	0.59	0.59	0.60

STATEMENT OF FINANCIAL POSITION

Key Data & Financial Ratios	2023	2022	2021	2020	2019
Investment Properties (RM'000)	9,271,852	9,175,267	9,113,553	9,189,014	9,193,989
Total Assets (RM'000)	9,674,577	9,608,338	9,604,975	9,706,139	9,696,441
Total Financings (RM'000)	1,361,423	1,363,874	1,366,310	1,368,704	1,370,738
Total Liabilities (RM'000)	1,603,608	1,589,977	1,587,849	1,627,294	1,623,085
Total Unitholders' Fund (RM'000)	8,070,969	8,018,361	8,017,126	8,078,845	8,073,356
Total Net Asset Value (NAV) (RM'000)	8,070,969	8,018,361	8,017,126	8,078,845	8,073,356
Net Asset Value (NAV) per unit:					
– before distribution (RM)	4.47	4.44	4.44	4.47	4.47
– after distribution (RM)	4.41	4.38	4.37	4.42	4.41
Highest NAV per unit (RM)	4.47	4.46	4.50	4.50	4.52
Lowest NAV per unit (RM)	4.40	4.39	4.44	4.45	4.45
Gearing ratio (%)	14.1	14.2	14.2	14.1	14.1
Average cost of debt (%)	4.34	4.34	4.34	4.50	4.35
Debt Service Cover Ratio (times)	10.1	9.4	6.5	8.2	8.6

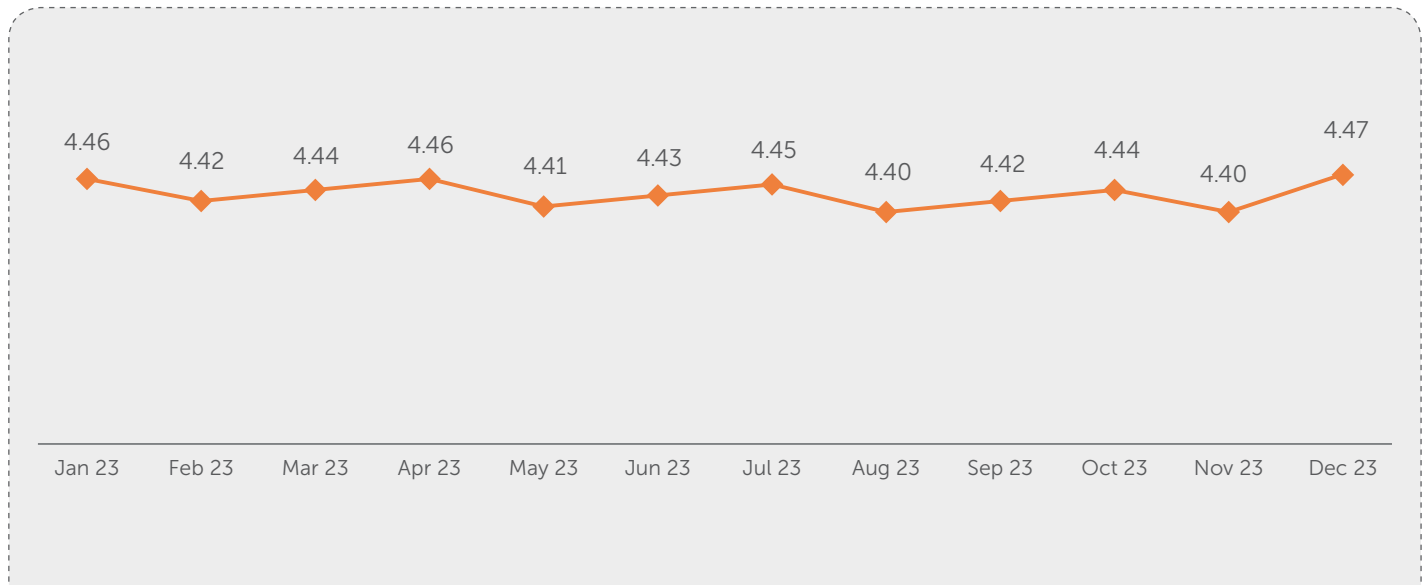
¹ Includes the 2023 fourth income distribution payable on 29 February 2024.

² Based on DPU of KLCCP Stapled Group of 40.50 sen (2022: 38.00 sen) and the closing price of KLCC Stapled Securities of RM7.09 (2022: RM6.71) as KLCC REIT units are stapled with KLCCP ordinary shares and traded as a single price quotation.

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

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

NET ASSET VALUE PER UNIT (RM)



TRADING PRICE PERFORMANCE OF KLCC STAPLED SECURITIES¹

Trading Summary	2023	2022	2021	2020	2019
Stapled Securities Closing Price at 31 December (RM)	7.09	6.71	6.55	7.08	7.90
Highest traded price for the year (RM)	7.30	7.10	7.17	8.26	8.40
Lowest traded price for the year (RM)	6.69	6.33	6.32	7.08	7.68
Capital Appreciation (%)	5.7	2.4	(7.5)	(10.4)	3.1
Annual Total Return (%) ²	11.4	8.1	(2.4)	(6.1)	7.9
Average Total Return (3 years) (%)	5.7	(0.1)	(0.2)	(1.6)	3.2
Average Total Return (5 years) (%)	3.8	0.2	0.2	5.1	8.3
Number of Stapled Securities ('000)	1,805,333	1,805,333	1,805,333	1,805,333	1,805,333
Market Capitalisation (RM'000)	12,799,812	12,113,784	11,824,931	12,781,758	14,262,131

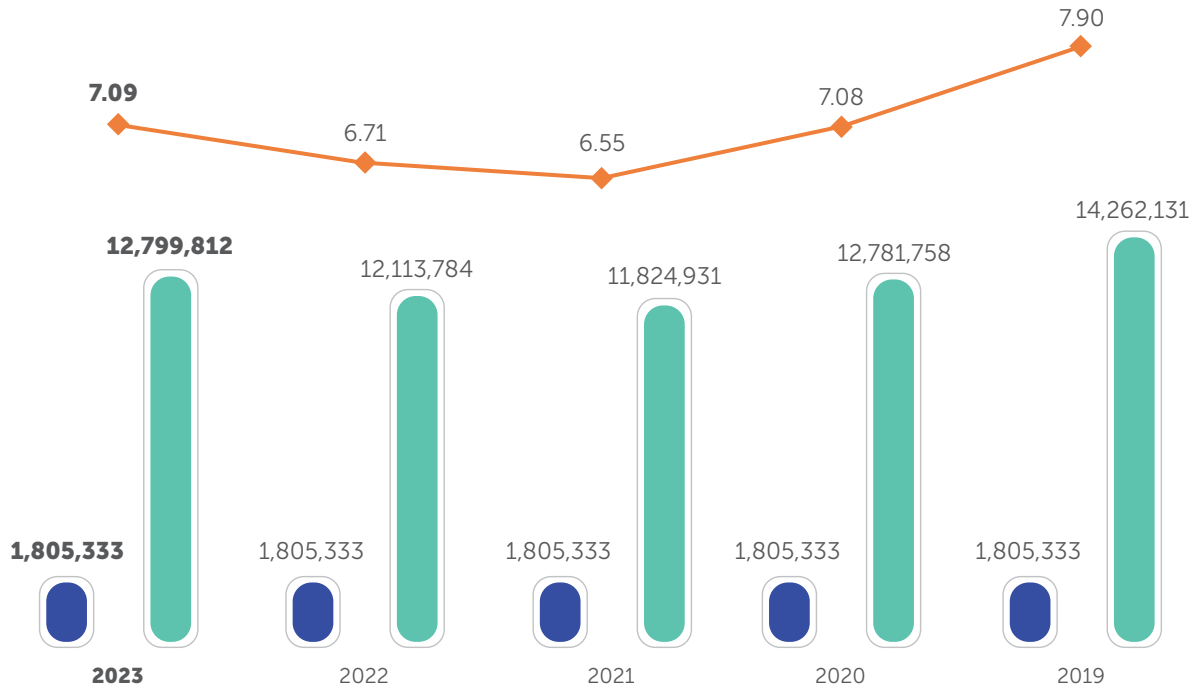
¹ The trading price performance of KLCC REIT is based on the price performance of KLCC Stapled Securities as KLCC REIT units are stapled with KLCCP ordinary shares and traded as a single price quotation.

² Annual total return comprises capital appreciation from 1 January 2023 to 31 December 2023 of (5.7%) (2022: 2.4%) and distribution yield of KLCCP Stapled Group of (5.71%) (2022: 5.66%).

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

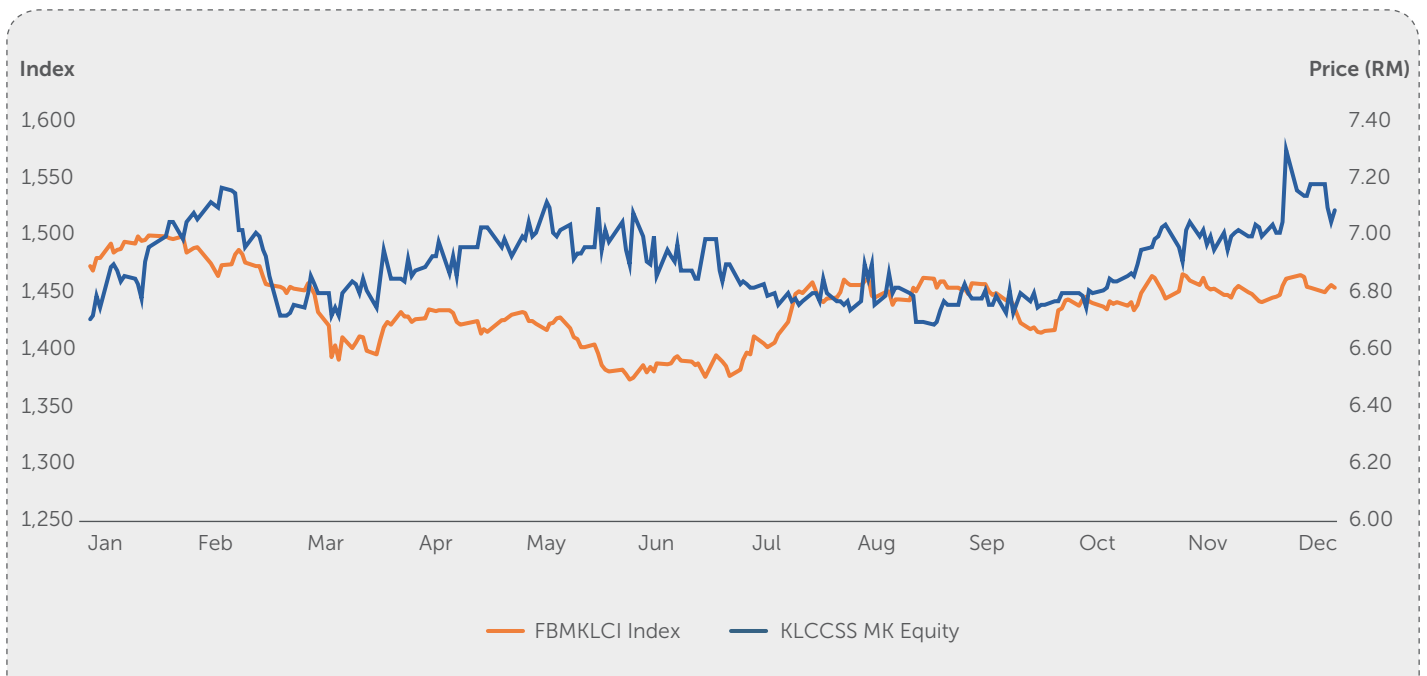
KLCC REIT Fund Performance

MARKET CAPITALISATION, SHARE PRICE PERFORMANCE AND NUMBER OF STAPLED SECURITIES



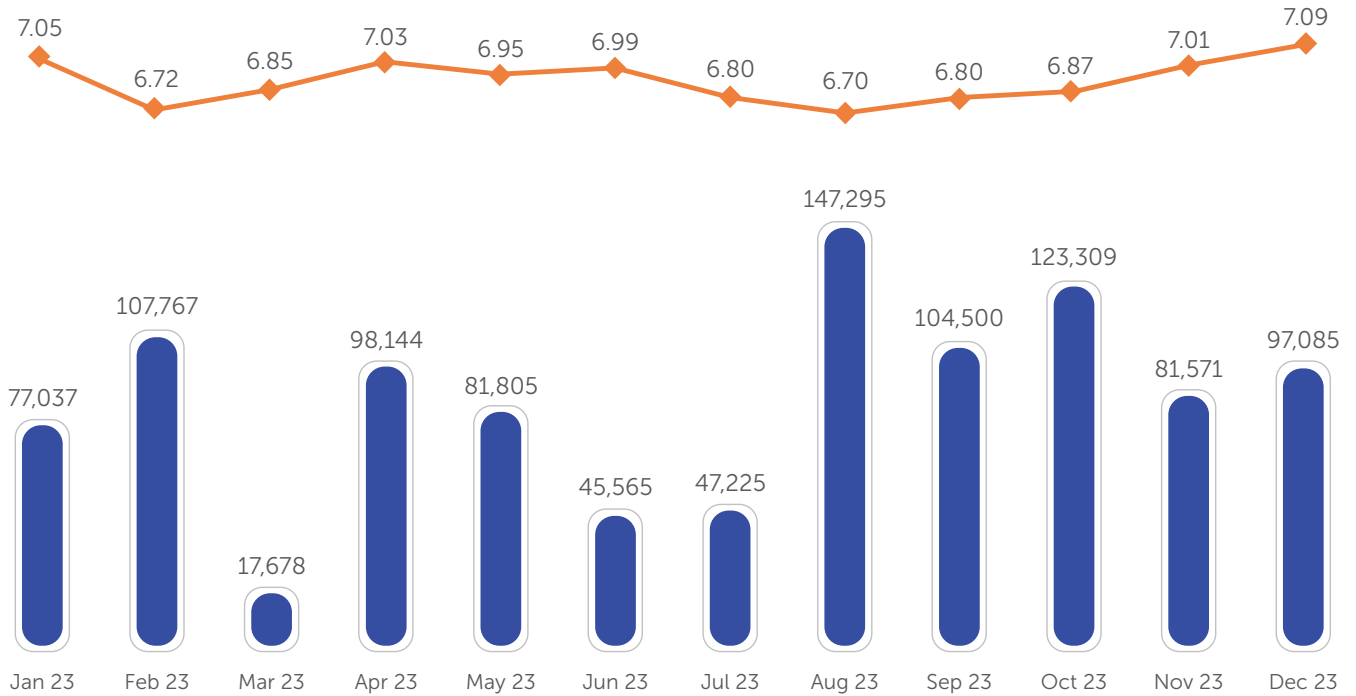
■ Number of Stapled Securities ('000) ■ Market Capitalisation (RM'000) ◆ Stapled Securities Closing Price at 31 December (RM)

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



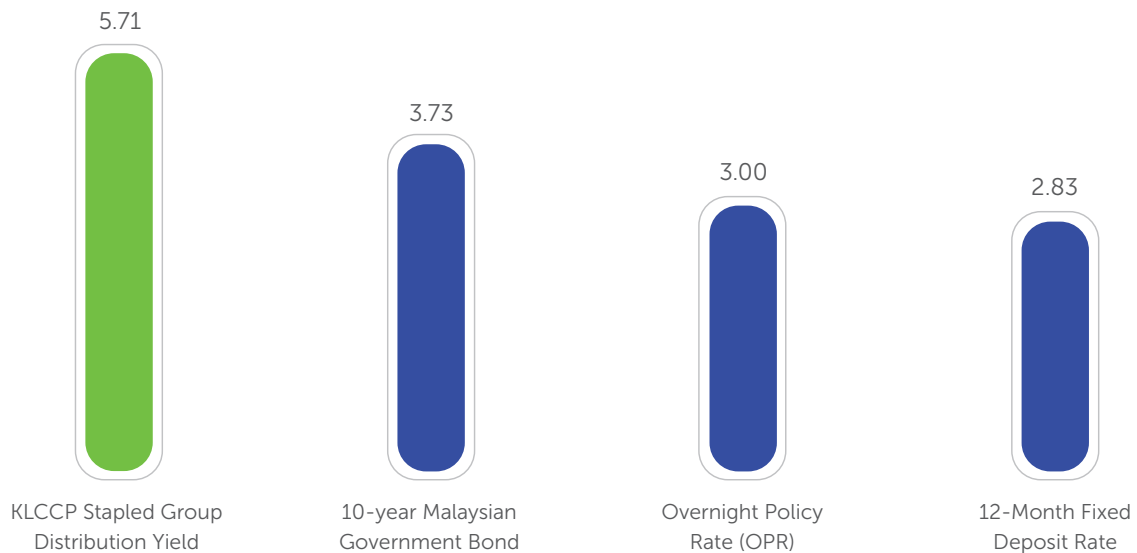
Past performance is not necessarily an indication of future performance as market conditions may change over time.

KLCC STAPLED SECURITIES MONTHLY TRADING PERFORMANCE



■ Average Daily Trading Volume ◆ Month End Share Price (RM)

COMPARATIVE YIELDS AS AT 31 DECEMBER 2023 (%)



Source: Bank Negara Malaysia

1,700 trees of
66 native
species with
tagged QR
codes

LED lights
throughout the
Park for energy
efficiency

Eco-friendly
materials used
for the
hardscape and
softscape

A Green Oasis

Bird sanctuary
with 22
identified
species of local
and migratory
birds

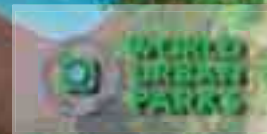
Water
conservation via
soil sensors and
sprinkler system
for plant
irrigation

Robotic pool
cleaning and
IoT sensors for
water feature
system

Use of
organic
fertilisers for
soil health
and fertility



The park was created in a strategic stroke of city renewal, setting aside several blocks for a park with lake, rainforest trees, flower beds and lingering pathways next to central business district sky-scrapers, thereby creating a lush breathing space for office workers and city shoppers.



A City Park Like No Other

For 25 years, as Kuala Lumpur transformed into a metropolis pulsing with commercial activity, its very centre has remained green, an oasis of calm and serenity. This is KLCC Park, a 50-acre urban botanical treasure that has taken natural conservation to the highest level while serving the needs of local communities. Designed by renowned Brazilian landscape artist Roberto Burle Marx, the park – boasting world-class facilities for people of all ages, has been meticulously maintained as a masterpiece of social and environmental intersection. While contributing to carbon capture and biodiversity, it also creates social cohesion and heightens people's well-being.

Its exceptional sustainability attributes have led to the park winning a series of awards, the most notable being a Silver at the 2020 Large Urban Parks Awards presented at the World Urban Park Congress. We at KLCCP Stapled Group are proud of this nature wonderland and are committed to maintaining it as the stunning green emerald in our crown.

A Social Magnet

1.3km EPDM (ethylene, propylene and diene monomers) rubberised jogging track and foot path for comfort and safety

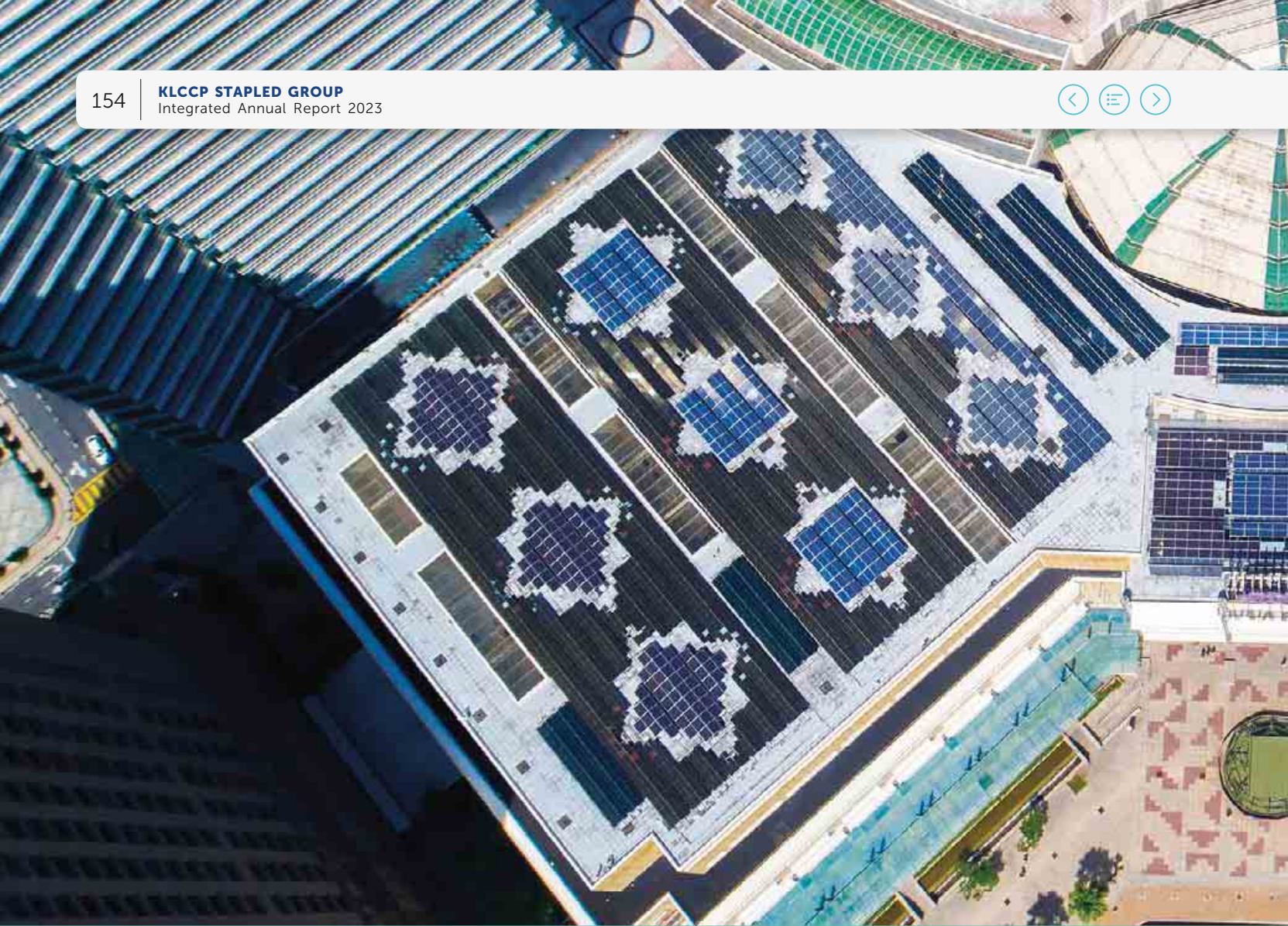
2-acre children's playground and pool with MS966:2001-certification

Venue host for events and community festivals, showcasing vibrant KL city culture

Lake Symphony Fountain with RGB lights, programmed to colourful animation and music

Receives 5,000-15,000 visitors daily and up to 30,000-50,000 for events, promoting sustainable tourism

Integrated security surveillance with 239 CCTVs, 26 Emergency Help-Points, 86 Crime Prevention through Environmental Design (CPTED) and Auxilliary Police



Sustainability @ KLCC

As the country's largest internally managed Stapled Security, engaged in investment holding, property investment and the provision of management services, we bear the responsibility of showcasing leadership not solely within our business domains but also in our interactions with the environment and community. Our focus is on making long-term investments for the sustained growth and future of our organisation and stakeholders. It is imperative that our actions have a positive and enduring impact on our community, economy, the environment, and the nation.

Embarking on a journey toward sustainability is not just an initiative; it is a commitment to lasting impact. Recognising the imperative for progressive yet continuous action, we are seizing the opportunity to significantly influence the environmental and societal landscape while concurrently enhancing the future value of our business.

Aligned with the UN2030 Agenda, our strategic framework revolves around the critical dimensions of Prosperity, Planet, People, and Peace. Beyond mere compliance, our approach is geared towards delivering financial prosperity, environmental protection, and societal well-being, with a judicious balance between economic success and environmental and social responsibility.



Our organisational commitment encompasses:

- Pragmatic management of material sustainability matters, encompassing a comprehensive assessment of risks and opportunities inherent in our industry.
- Fostering lasting and sustainable business values that align with stakeholders, customers, and the wider community.
- Reduction of environmental impacts and carbon emissions arising from our operations.
- Prioritisation of stakeholder well-being, safety, and security as a fundamental operational philosophy.
- Adherence to the highest standards of governance in all aspects of our business operations.

This commitment is further manifested through a meticulously formulated 5-Year Sustainability Roadmap (2019-2023). This roadmap is designed to fortify our organisational purpose and accomplish three overarching goals:



As the current roadmap concludes in 2023, we are poised to continue our journey to enhance our impact and sustainable value by continuing with an improved roadmap.

Our unwavering dedication is underscored by a rigorous measurement of our sustainability performance against the UNSDG. This commitment propels us toward contributing meaningfully to environmental sustainability, fostering a secure and vibrant environment for our community, creating growth opportunities, and upholding the highest standards of integrity and human rights.

ESG AT THE

KLCCP Stapled Group has always believed in operating responsibly in order to create value for our stakeholders while protecting the environment. Over the years, the Group has adopted a more structured approach to sustainability, conducting a materiality assessment to determine the issues that are most pertinent for us to address (our material sustainability matters), and benchmarking these against global frameworks such as the United Nations' Sustainable Development Goals (UNSDG).

PEOPLE

Positive Social Impact

- Health, Safety and Security
- Human Capital Development
- Human Rights
- Labour Standard and Practices

PLANET

Safeguard the Environment

- Climate Change and Energy Management
- Environmental Management

PEACE

Responsible Governance

- Business Ethics
- Corporate Governance
- Cyber Security and Data Privacy

PROSPERITY

Continued Value Creation

- Financial Sustainability
- Customer and Talent Management
- Corporate Social Responsibility
- Supply Chain Management

KLCCP Stapled Group contributes to the following UNSDG through its sustainability efforts and initiatives:



We outlined our first 5-year Sustainability Roadmap in 2019, anchored on three goals that focus on digitalisation, our people and the environment. In 2023, we celebrated the achievement of 86% of all targets that had been set. We are now in the process of developing our next Sustainability Roadmap to further build on our current performance.

Our 5-Year Sustainability Roadmap (2019-2023):

GOAL 1

Build a Smart, Safe and Sustainable KLCC Precinct

5-year Target(s)	Key Achievements in 5 Years (2019-2023)
To be a digitally competent organisation	<ul style="list-style-type: none"> • Set up a digital committee & established a digital roadmap (2020-2023) • Rolled out Microsoft 365 to all employees • Launched Integrated Building Command Centre (IBCC), and integrated it for PETRONAS Twin Towers and Menara 3 PETRONAS • Transitioned Northwest Development (NWD) carpark to 100% ticketless and cashless • MOKUL Hotel paperless initiatives • Established Enterprise Information Management • Established KLCC Group Procurement integrated dashboard • Established KPM Operations dashboard • Digitalisation of procurement process – Phase 1 of SMART GEP • Integrated Workplace Management System (IWMS)



FOREFRONT

GOAL 2

Build an Agile, Inclusive and Sustainable Workforce in a VUCA World

5-year Target(s)

Achieve succession planning ratio of 2:1.

Institutionalise organisational capabilities

Inculcate digital native mindset, healthy and ethical workforce

Key Achievements in 5 Years (2019-2023)

- Achieved the succession planning ratio in 2023
- Completed capability assessments for Marketing, Sales & Leasing, Property Development, Investment Management and Project Management
- Capability upskilling to support the Group enhance strategic agenda and culture transformation
- Aligned Capability Areas in support of the Group's Strategic Framework
- Launched Innovation Hub
- Implemented ABMS
- Launched Digital Learning Series
- Implemented new HR platform for Talent Management, Workforce Management and Payroll solutions
- 52 hours of online digital self-learning sessions per staff per year.
- 73 index score in 2023 Organisational Culture Survey on employee wellness, diversity and inclusion

GOAL 3

Combating climate change & reducing environmental impacts ^[1]

5-year Target(s)

To reduce:
Carbon emissions by %;

Office: 8.0%
Retail: 18.0%
Hotel: 3.0%

Energy consumption by%;

Office: 6.8%
Retail: 5.0%
Hotel 1.8%

Water usage by;

Office: 1.0%
Retail: 7.0%
Hotel: 20.0%

Waste generation:

Office: 12.0%
Retail: 18.0%
Hotel: 15.0%

100% removal of single use plastics in hotel

Key Achievements in 5 Years (2019-2023)

- Carbon emissions has been reduced beyond the target set with the following achievement of reduction in 2023:
 - Office: Reduced by 19.8%
 - Retail: Reduced by 33.6%
 - Hotel: Reduced by 13.0%
- Energy consumption has been reduced beyond the target set with the following achievement of reduction in 2023:
 - Office: Reduced by 8.5%
 - Retail: Reduced by 31.4%
 - Hotel: Reduced by 7.9%
- The following water consumption reduction was achieved in 2023:
 - Office: Reduced by 9.2%
 - Retail: Reduced by 24.2%
 - Hotel: Reduced by 8.6%
- The following waste generation reduction was achieved in 2023:
 - Office: Reduced by 46.0%
 - Retail: Reduced by 23.0%
 - Hotel: Increased by 5.5% (due to higher occupancy)
- 100% removal of single use plastics in hotel has been achieved.

^[1] All targets and achievements specified for Goal 3 are calculated based on 2015 baseline, except for waste generation, for which Suria KLCC has a 2017 baseline

MOHAINEE BINTI TAHIR

Senior General Manager,
Group Strategy and
Sustainability



SUSTAINABILITY STEERING COMMITTEE CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

KLCCP Stapled Group has always adopted a responsible stance in balancing our financial performance with the creation of positive Environmental, Social and Governance (ESG) outcomes. As climate change and energy management issues are becoming more critical, we have stepped up to the challenge of reviewing our operations and re-setting our sustainability priorities.

2023 was pivotal for KLCCP Stapled Group's sustainability agenda, as the year marked the completion of our first 5-Year Sustainability Roadmap and preparations for its successor. During the year, we also conducted an extensive review of our material sustainability matters and, for the first time, ranked them according to their significance, both internally and externally.

Not surprisingly, Climate Change and Energy Management emerged as our topmost sustainability priority. According to the United Nations Environment Programme (UNEP), about 37% of global carbon emissions are from commercial buildings, hence our responsibility to ensure the most efficient use of energy in our portfolio of assets. Cognisant of this, one of the three sustainability goals we outlined along with our first sustainability roadmap was "Combating Climate Change and Reducing Environmental Impacts".

Various targets were set for this and the other two sustainability goals, namely "Building a Smart, Safe and Sustainable KLCC Precinct" and "Building an Agile, Inclusive and Sustainable Workforce in a Volatile, Uncertain, Complex and Ambiguous (VUCA) World".

In terms of our environmental performance, our total carbon emissions and energy consumption increased by 3% and 5% year-on-year respectively, mainly due to higher occupancy rates in our hotel. Towards achieving the 25% emissions reduction target by 2030 (from a 2019 baseline), we have established a Carbon Reduction Strategy based on energy efficiency and the adoption of renewable energy. We are also establishing reduction targets for each operating and business unit, ensuring a higher level of responsibility and accountability Group-wide.

“

2023 WAS PIVOTAL FOR KLCCP STAPLED GROUP'S SUSTAINABILITY AGENDA, AS THE YEAR MARKED THE COMPLETION OF OUR FIRST 5-YEAR SUSTAINABILITY ROADMAP AND PREPARATIONS FOR ITS SUCCESSOR. ”

Our longer-term goal is to become a net zero carbon organisation by 2050. This requires even greater commitment including enhanced transition investment. As a start, we are expanding our reduction initiatives to encompass Scope 3 indirect emissions, such as emissions from employees' commute and business travel. Monitoring and measurement of these emissions will begin in 2024.

Underlining our commitment to climate change adaptation and management, we have engaged the services of a consultant to help establish a framework for reporting based on Task Force on Climate-related Financial Disclosures (TCFD) recommendations. The process began in 2023 with a capacity building workshop for our leadership team and other key sustainability players. A gap analysis is ongoing and we hope to start reporting based on the recommendations in our next annual report, a year ahead of the deadline set by Bursa Malaysia.

Just as we are increasing our focus on environmental issues, we are pressing ahead with our social and governance commitments. Globally, there has been increasing focus on diversity and inclusion at the workplace as well as the observance of human rights. We recognise these as areas where there is scope for more structured policies and procedures, and are working to fill the

gaps. In 2024, we will be launching our Human Rights Policy along with enhanced due diligence processes including social risk assessments.

We are further strengthening a culture of sustainability through more robust governance and by nurturing a sustainability mindset across the Group. Towards the former, we have embarked on sustainability training for our Board of Directors. Our directors as well as our leadership team participated in a half-day session on "Creating Impactful Leadership for Sustainability" on 5 December 2023. In addition, our leadership team attended a Net Zero Carbon Emissions masterclass facilitated by PETRONAS' Corporate Sustainability Office. To promote sustainability awareness among all employees and encourage the adoption of sustainable choices as well as lifestyles, a series of talks and activities was organised throughout the month of September. Our employees were also required to complete two sustainability e-learning modules.

As an organisation, we subscribe to and are committed to sustainability because we firmly believe sustainability issues will shape our future. Nevertheless, it is always heartening to be recognised for our initiatives. This year, we were very pleased to receive top awards at two industry events. We won Platinums in the ESG and CSR Leadership category at the 15th Annual Global CSR & ESG Summit & Awards 2023; as well as at the Asset ESG Corporate Awards 2023.

These awards are the result of the efforts put in by the entire KLCCP Stapled Group team, and I would like to thank each member for your commitment to our sustainability journey. Rather than rest on our laurels, we are aiming for more and achieve even greater success. The objective is not only to future-proof KLCCP Stapled Group, but also to contribute towards a better, more equitable and sustainable future for everyone.

Our Contribution to UNSDG

KLCCP Stapled Group remains dedicated to advancing the United Nations Sustainable Development Goals (UNSDG) by actively pursuing goals and targets that align with our business purpose and strategies. Our 2023 Sustainability Report follows the guidance of the World Economic Forum’s Stakeholder Capitalism Metrics, harmonising with the UN2030 Agenda for Sustainable Development and its 17 UNSDG.

We consistently update the UN Global Compact on our progress through the Communication on Progress (CoP) platform, endorsing The Ten Principles on Human Rights, Labour, Environment, and Anti-Corruption. This reinforces our commitment to the UNSDG and reflects our global vision for inclusive and sustainable development.





Ensure healthy lives and promote well-being for all at all ages

UNSDG Targets

3.9
By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination

Our Contribution

Responsible hazardous waste management in all our assets and operations, in compliance with the Environmental Quality (Scheduled Waste) Regulations 2005

Zero cases of occupational illness or disease recorded in 2023



Achieve gender equality and empower all women and girls

5.5
Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life

50% women directors on the Boards
44% of management level staff and above, are women
39% of our employees are women



Ensure availability and sustainable management of water and sanitation for all

6.4
By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity

KLCCP Stapled Group has continually implemented water conservation efforts in our assets. In 2023, we achieved the following reductions from our base year 2015 data, in the following segments:

Office: 9.2%
Retail: 24.2%
Hotel: 8.6%



Ensure access to affordable, reliable, sustainable, and modern energy for all

7.1
By 2030, ensure universal access to affordable, reliable, and modern energy services

7.2
By 2030, increase substantially the share of renewable energy in the global energy mix

57 Electric Vehicle (EV) Chargers at car parks available within KLCC Precinct to date

440,468 kWh of renewable energy was generated from solar PV panels installed at Suria KLCC’s rooftop



Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all

8.8
Protect labour rights and promote safe and secure working environment for all workers, including migrant workers, in particular women migrants, and those in precarious employment

KLCCP HSE policy commits and strives to provide a safe working environment for all employees.

We recorded zero fatalities in 2023

Our Occupational Safety and Health management system is ISO45001 certified, audited annually by an external certification body. We also achieved Zero Non-conformity Report (NCR) from the assurance process

Our Contribution to UNSDG



Make cities and human settlements inclusive, safe, resilient, and sustainable

UNSDG Targets

11.6

By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management

Our Contribution

In 2023, the Group attained notable waste diversion rates through a combination of initiatives focused on waste prevention, reduction, recycling, and composting:

Office: 3%
Retail: 12%
Hotel: 31%



Ensure sustainable consumption and production patterns

12.2

By 2030, achieve the sustainable management and efficient use of natural resources

Eliminated 100% of single-use plastic in hotel operations

We managed to achieve the following waste diversion rates:

Office: 3%
Retail: 12%
Hotel: 31%

12.3

By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses

MOKUL Hotel composted 239 tonnes of food waste (25% of total waste generated)

12.4

By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their lifecycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil to minimise their adverse impacts on human health and the environment

Responsible hazardous waste management in all our assets and operations, in compliance with the Environmental Quality (Scheduled Waste) Regulations 2005

12.5

By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse

We managed to achieve the following waste diversion rates:

Office: 3%
Retail: 12%
Hotel: 31%

12.6

Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle

The Group discloses our sustainability data in the ESG World Platform on our corporate website.

The Group was recognised by The Asset with a Platinum Award for excellence in Environmental, Social and Governance practices for four consecutive years

UNSDG Targets



Take urgent action to combat climate change and its impacts

13.1

Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

13.3

Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning

Our Contribution

Engaged an external consultant to pursue disclosures aligned with the TCFD Recommendations. We are currently under the process of gap analysis

Conducted training for Senior Management on the company's Net Zero Carbon Emissions Pathway in 2023.

Inclusion of climate related information in the Sustainability Awareness Talk, as part of KLCC Sustainable September 2023 campaign



Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels

16.5

Substantially reduce corruption and bribery in all their forms

Zero corruption cases in 2023

Corporate Information

KLCC PROPERTY HOLDINGS BERHAD ("KLCCP")

[Reg. no. (200401003073) (641576-U)]

KLCC REAL ESTATE INVESTMENT TRUST

("KLCC REIT")

KLCC REIT MANAGEMENT SDN BHD (MANAGER FOR KLCC REIT ("THE MANAGER"))

[Reg. no. (201201042293) (1026769-H)]

BOARDS OF DIRECTORS OF KLCCP AND THE MANAGER

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

Datuk Md. Shah bin Mahmood
(Executive Director/Chief Executive Officer)

Puan Liza binti Mustapha
(Non-Independent Non-Executive Director)

Puan Farina binti Farikhullah Khan
(Independent Non-Executive Director)

Dato' Jamaludin bin Osman
(Independent Non-Executive Director)

Puan Chong Chye Neo
(Independent Non-Executive Director)

Datin Noor Lily Zuriati binti Abdullah
(Independent Non-Executive Director)

Dato' Sr. Mazuki bin A. Aziz
(Independent Non-Executive Director)

BOARD AUDIT COMMITTEES OF KLCCP AND THE MANAGER

Puan Farina binti Farikhullah Khan
(Chairperson)

Puan Chong Chye Neo

Dato' Sr. Mazuki bin A. Aziz

BOARD NOMINATION AND REMUNERATION COMMITTEES OF KLCCP AND THE MANAGER

Puan Chong Chye Neo
(Chairperson)

Puan Farina binti Farikhullah Khan

Dato' Jamaludin bin Osman

BOARD RISK COMMITTEES OF KLCCP AND THE MANAGER

Dato' Jamaludin bin Osman
(Chairman)

Puan Farina binti Farikhullah Khan

Datin Noor Lily Zuriati binti Abdullah

COMPANY SECRETARIES OF KLCCP AND THE MANAGER

Puan Lim Siew Mei

(SSM PC No.201908001632)

(MAICSA 7020355)

Levels 33 & 34

Menara Dayabumi

Jalan Sultan Hishamuddin

50050 Kuala Lumpur

Telephone No. : 03-2783 6000

Facsimile No. : 03-2783 7810

Puan Hanida Hanum Binti Jamon

(SSM PC No. 201908001412)

(LS 0007099)

Levels 33 & 34

Menara Dayabumi

Jalan Sultan Hishamuddin

50050 Kuala Lumpur

Telephone No. : 03-2783 6000

Facsimile No. : 03-2783 7810

REGISTERED OFFICE OF KLCCP AND THE MANAGER

Level 54, Tower 2

PETRONAS Twin Towers

Kuala Lumpur City Centre

50088 Kuala Lumpur

Telephone No. : 03-2783 6000

Facsimile No. : 03-2783 7231

Email : info@klcc.com.my /

investor_relations@klcc.com.my

CORPORATE OFFICE OF KLCCP AND THE MANAGER

Levels 33 & 34

Menara Dayabumi

Jalan Sultan Hishamuddin

50050 Kuala Lumpur

Telephone No. : 03-2783 6000

Facsimile No. : 03-2783 7810

SHARE REGISTRAR FOR KLCCP AND KLCC REIT

Tricor Investor & Issuing House Services Sdn Bhd

Unit 32-01, Level 32, Tower A,

Vertical Business Suite,

Avenue 3, Bangsar South,

No. 8, Jalan Kerinchi,

59200 Kuala Lumpur

Telephone No. : 03-2783 9299

Facsimile No. : 03-2783 9222

Email : enquiry@my.tricorglobal.com

TRUSTEE FOR KLCC REIT

Maybank Trustees Berhad

8th Floor, Menara Maybank

100, Jalan Tun Perak

50050 Kuala Lumpur

Telephone No. : 03-2070 8833

Facsimile No. : 03-2070 9387

Email : mtb.ct@maybank.com

PROPERTY MANAGER FOR KLCC REIT

Rahim & Co International Sdn Bhd

Level 17, Menara Liberty

1008, Jalan Sultan Ismail

50250 Kuala Lumpur

Telephone No. : 03-2691 9922

Facsimile No. : 03-2691 9992

SHARIAH ADVISER FOR KLCC REIT

CIMB Islamic Bank Berhad

Level 12, Menara CIMB

Jalan Stesen Sentral 2

Kuala Lumpur Sentral

50470 Kuala Lumpur

Telephone No. : 03-2261 8888

Facsimile No. : 03-2261 0099

Email : Nil

AUDITORS

Ernst & Young PLT

[Firm No. 202006000003

(LLP0022760-LCA) & AF 0039]

Level 23A, Menara Milenium

Jalan Damanlela

Pusat Bandar Damansara

50490 Kuala Lumpur

Telephone No. : 03-7495 8000

Facsimile No. : 03-2095 9076/78

INTERNAL AUDITOR

Group Internal Audit

KLCC (Holdings) Sdn Bhd

Levels 33 & 34

Menara Dayabumi

Jalan Sultan Hishamuddin

50050 Kuala Lumpur

Telephone No. : 03-2783 6000

Facsimile No. : 03-2783 7810

PRINCIPAL BANKERS FOR KLCCP AND KLCC REIT

(a) CIMB Islamic Bank Berhad

(b) CIMB Bank Berhad

(c) Maybank Islamic Berhad

STOCK EXCHANGE LISTING

Listed on Main Market of Bursa

Malaysia Securities Berhad on

9 May 2013

Stock Code : 5235SS

Stock Name : KLCC

Website

www.klcc.com.my



KLCCP and KLCC REIT Boards of Directors



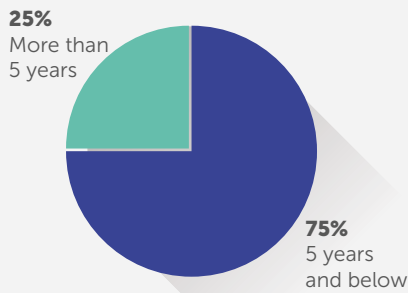


None of the Directors have:

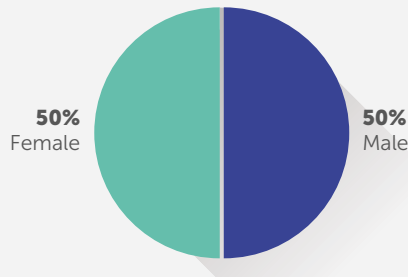
- (i) Any family relationship with any Directors of KLCCP, KLCC REIT and/or major Stapled Securities holders of KLCCP and KLCC REIT;
- (ii) Any conflict of interest or potential conflict of interest, including interest in any competing business, that they have with KLCCP, KLCC REIT and their subsidiaries;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

BOARD COMPOSITION

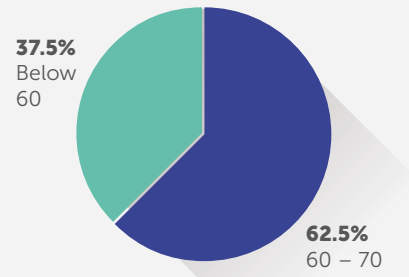
TENURE



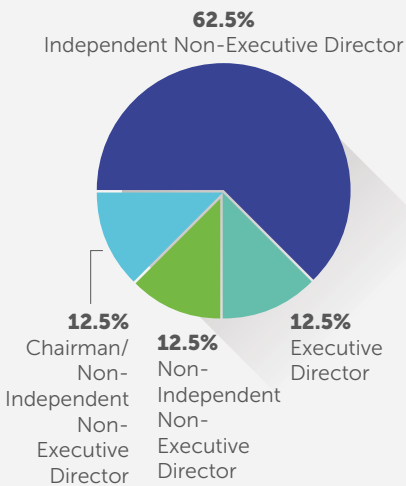
GENDER DIVERSITY



AGE PROFILE



DESIGNATIONS



SKILLS MATRIX

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

EXPERIENCE



Profiles of KLCCP and KLCC REIT Board of Directors

Tan Sri Ahmad Nizam Bin Salleh

Chairman

Non-Independent Non-Executive Director

Nationality : Malaysian

Age : 68

Gender : Male

Date of Appointment to the Board:

(i) 21 December 2018 (KLCC Property Holdings Berhad ("KLCCP"))

(ii) 21 December 2018 (KLCC REIT Management Sdn Bhd ("KLCCRM"))

Board Committee: Nil

Other Directorships:

Listed Issuers:

- Nil

Public Company:

- Pelaburan Hartanah Berhad



ACADEMIC/PROFESSIONAL QUALIFICATIONS

- Bachelor's Degree in Business Administration, Ohio University, USA
- Advanced Management Programme, Wharton School, University of Pennsylvania, USA

WORKING EXPERIENCE

Present Appointments:

- Chairman, Pelaburan Hartanah Berhad
- Chairman, KLCC (Holdings) Sdn Bhd

Past Experiences:

- Analyst, Planner and Project Coordinator, Corporate Planning and Finance Divisions, PETRONAS Corporate Head Office from the years 1981 to 1987
- Head of Crude Oil Group and Group Treasury, PETRONAS
- Managing Director/Chief Executive Officer, Malaysia LNG Group of Companies
- Vice President, Corporate Services Division, PETRONAS
- Managing Director/Chief Executive Officer, Engen Ltd, South Africa
- Director, Putrajaya Holdings Sdn Bhd
- Director, Kuala Lumpur Convention Centre Sdn Bhd
- Director, Prince Court Medical Centre Sdn Bhd

- Director, MISC Berhad
- Director in several petrochemical subsidiaries of PETRONAS
- Member, PETRONAS Management Committee
- Chairman, PETRONAS Risk Management Council
- Chairman, PETRONAS Central Tender Committee
- Chairman, PETRONAS
- Chairman, Yayasan PETRONAS
- Pro-Chancellor, Universiti Teknologi PETRONAS

BOARD SKILL MATRIX

- Business Management
- Strategy Development
- International Business
- Business/Company Transformation and Restructuring

INDUSTRY EXPERIENCE

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



Datuk Md. Shah Bin Mahmood

Executive Director/Chief Executive Officer

Nationality : Malaysian

Age : 54

Gender : Male

Date of Appointment to the Board:

(i) 10 May 2021 (KLCCP)

(ii) 10 May 2021 (KLCCRM)

Board Committee: Nil

Other Directorships:

Listed Issuers:

- Nil

Public Company:

- Kuala Lumpur City Park Berhad
- Midciti Sukuk Berhad
- Malaysian Philharmonic Orchestra
- Dewan Filharmonik PETRONAS

ACADEMIC/PROFESSIONAL QUALIFICATIONS

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

WORKING EXPERIENCE

Present Appointments:

- Director/Group Chief Executive Officer, KLCC (Holdings) Sdn Bhd ("KLCCH")
- Director/Chief Executive Officer, KLCCP
- Director, PETRONAS Group of Companies
- Director, KLCCH's subsidiaries and associate companies, and subsidiaries of KLCCP
- Director, Malaysian Philharmonic Orchestra
- Trustee, Dewan Filharmonik PETRONAS & Malaysian Petroleum Club
- PETRONAS Sustainability Development Council
- PETRONAS Leadership Team for Project Management and HSSE

Past Experiences:

- Held management positions covering various divisions in PETRONAS:
 - Business Development
 - Corporate Planning and Development
 - Head (Solar Project)

- Technology Strategy for Research & Technology
- Project Studies for Project Delivery and Technology
- Project Director of LNG Regasification Facilities Project in Pengerang, Johor
- Head of Commercial & Business Development, PETRONAS LNG Sdn Bhd
- Head of Strategy and Business Development, Gas & New Energy Business
- Member, PETRONAS Corporate Investment Committee
- Advisory Committee for Business Planners

BOARD SKILL MATRIX

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

INDUSTRY EXPERIENCE

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

Profiles of KLCCP and KLCC REIT Board of Directors

Liza Binti Mustapha

Non-Independent Non-Executive Director

Nationality : Malaysian
Age : 53
Gender : Female

Date of Appointment to the Board:

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

Board Committee: Nil

Other Directorships:

Listed Issuers:

- MISC Berhad

Public Company:

- PETRONAS



ACADEMIC/PROFESSIONAL QUALIFICATIONS

- Fellow of the Association of Chartered Certified Accountants
- BSc. Economics (Accounting & Finance), The London School of Economics and Political Science, University of London
- Advance Management Program at Harvard Business School, USA

WORKING EXPERIENCE

Present Appointments:

- Executive Vice President & Group Chief Financial Officer, PETRONAS
- Director, PETRONAS's subsidiaries
- Treasurer, Malaysian Petroleum Club

Past Experiences:

- Vice President Group Procurement, PETRONAS
- Group Financial Controller, PETRONAS
- Chief Financial Officer, PETRONAS Upstream Business
- Senior General Manager, PETRONAS Group Treasury
- Chief Financial Officer, PETRONAS Gas Berhad

BOARD SKILL MATRIX

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

INDUSTRY EXPERIENCE

- Banking and Finance
- Oil and Gas



Farina Binti Farikhullah Khan

Independent Non-Executive Director

Nationality : Malaysian

Age : 51

Gender : Female

Date of Appointment to the Board:

(i) 23 April 2018 (KLCCP)

(ii) 23 April 2018 (KLCCRM)

Board Committee:

- Chairperson, Board Audit Committees of KLCCP and KLCCRM (Appointed as member on 23 April 2018) (Re-designated as Chairperson on 12 October 2018)
- Member, Board Nomination and Remuneration Committees of KLCCP and KLCCRM (Appointed on 3 April 2019)
- Member, Board Risk Committees of KLCCP and KLCCRM (Appointed on 9 December 2021)

Other Directorships:

Listed Issuers:

- PETRONAS Gas Berhad
- AMMB Holdings Berhad
- Icon Offshore Berhad

Public Company:

- AMBank Islamic Berhad

Foreign Company:

- EnQuest Plc

ACADEMIC/PROFESSIONAL QUALIFICATIONS

- Bachelor of Commerce (Accounting), University of New South Wales, Australia
- Fellow Member of Chartered Accountants in Australia & New Zealand
- Advanced Management Program, Harvard Business School, USA

WORKING EXPERIENCE

Present Appointments:

- Senior Independent Director, PETRONAS Gas Berhad
- Senior Independent Director, EnQuest Plc
- Chairman, Board Audit Committee, PETRONAS Gas Berhad
- Member, Nomination and Remuneration Committee, PETRONAS Gas Berhad
- Member, Board Risk Committee, PETRONAS Gas Berhad
- Chairman, Audit Committee, EnQuest Plc
- Member, Remuneration and Social Responsibility Committee, EnQuest Plc
- Chairman, Group Nomination and Remuneration Committee, AMMB Holdings Berhad
- Member, Audit and Examination Committee, AMMB Holdings Berhad
- Member, Risk Management Committee, Ambank Islamic Berhad
- Member, Audit and Examination Committee, Ambank Islamic Berhad
- Member, Audit Committee, Icon Offshore Berhad

Past Experiences:

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

BOARD SKILL MATRIX

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

INDUSTRY EXPERIENCE

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

Profiles of KLCCP and KLCC REIT Board of Directors

Dato' Jamaludin Bin Osman

Independent Non-Executive Director

Nationality : Malaysian

Age : 69

Gender : Male

Date of Appointment to the Board:

(i) 1 January 2020 (KLCCP)

(ii) 1 January 2020 (KLCCRM)

Board Committee:

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

Other Directorships:

Listed Issuers:

- Nil

Public Company:

- MMC Corporation Berhad



ACADEMIC/PROFESSIONAL QUALIFICATIONS

- Bachelor's Degree, Civil Engineering, Universiti Teknologi Malaysia
- Member of Institute of Engineers Malaysia
- Management Development Programme, Asian Institute of Management

WORKING EXPERIENCE

Present Appointments:

- Member, Audit Committee, MMC Corporation Berhad

Past Experiences:

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

BOARD SKILL MATRIX

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

INDUSTRY EXPERIENCE

- Engineering



Chong Chye Neo

Independent Non-Executive Director

Nationality : Malaysian

Age : 61

Gender : Female

Date of Appointment to the Board:

(i) 10 May 2021 (KLCCP)

(ii) 10 May 2021 (KLCCRM)

Board Committee:

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

Other Directorships:

Listed Issuers:

- Bursa Malaysia Berhad
- Hong Leong Financial Group Berhad

Public Company:

- QSR Brands (M) Holdings Bhd

ACADEMIC/PROFESSIONAL QUALIFICATIONS

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

WORKING EXPERIENCE

Present Appointments:

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

Past Experiences:

Over 30 years in information technology industry within IBM group:

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

BOARD SKILL MATRIX

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

INDUSTRY EXPERIENCE

- Banking and Finance
- Regional/International
- Manufacturing

Profiles of KLCCP and KLCC REIT Board of Directors

Dato' Sr. Mazuki Bin A Aziz

Independent Non-Executive Director

Nationality : Malaysian

Age : 68

Gender : Male

Date of Appointment to the Board:

(i) 9 December 2021 (KLCCP)

(ii) 9 December 2021 (KLCCRM)

Board Committee:

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

Other Directorships:

Listed Issuers:

- Nil

Public Company:

- Nil



ACADEMIC/PROFESSIONAL QUALIFICATIONS

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

WORKING EXPERIENCE

Present Appointments:

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

Past Experiences:

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

BOARD SKILL MATRIX

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

INDUSTRY EXPERIENCE

- Engineering

Datin Noor Lily Zuriati Binti Abdullah

Independent Non-Executive Director

Nationality : Malaysian

Age : 65

Gender : Female

Date of Appointment to the Board:

(i) 9 December 2021 (KLCCP)

(ii) 9 December 2021 (KLCCRM)

Board Committee:

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

Other Directorships:

Listed Issuers:

- Sapura Industrial Berhad

Public Company:

- Nil



ACADEMIC/PROFESSIONAL QUALIFICATIONS

- LLB (Hons), University of London, United Kingdom
- Qualified Legal Practice by Qualifying Board for Legal Profession Malaysia
- Senior Management Development Programme, INSEAD
- Leadership Excellence PETRONAS (LEAP) Programme

WORKING EXPERIENCE

Present Appointments:

- Member, Institute of Corporate Directors Malaysia
- Member, Audit Committee, Sapura Industrial Berhad

Past Experiences:

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

BOARD SKILL MATRIX

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

INDUSTRY EXPERIENCE

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

KLCCP and KLCC REIT Management Team



Datuk Md. Shah Bin Mahmood

Chief Executive Officer

Please refer to his profile on page 169



Rohizal Bin Kadir

Chief Financial Officer/Senior General Manager, Strategic Finance
KLCC Property Holdings Berhad

Head of Investment/Head of Finance,
KLCC REIT Management Sdn Bhd



Ho Mei Ling

General Manager,
Governance, Risk &
Assurance, KLCC Property
Holdings Berhad



Ahmad Zahid Bin Zainal Abidin

General Manager, Legal &
Company Secretarial, KLCC
Property Holdings Berhad

Head of Legal/Compliance
Officer, KLCC REIT
Management Sdn Bhd



Salha Binti Ahmad Dahlan

General Manager, Human
Capital, KLCC Property
Holdings Berhad



Ikhwan Hamzah Bin Azizan

Head of Leasing/
Asset Manager, KLCC REIT
Management Sdn Bhd



Mohd Akmam Bin Yeop

General Manager,
KLCC Parking Management
Sdn Bhd



Francis Tan Chee Way

Chief Executive Officer,
Suria KLCC Sdn Bhd



Martin Josef Schnider

General Manager,
Mandarin Oriental
Kuala Lumpur



Hanida Hanum Binti Jamon

Company Secretary,
KLCC Property Holdings
Berhad

Company Secretary,
KLCC REIT Management
Sdn Bhd



Lim Siew Mei

Head, Company Secretary,
KLCC Property Holdings Berhad

Company Secretary, KLCC
Property Holdings Berhad

Company Secretary, KLCC REIT
Management Sdn Bhd

Compliance Officer, KLCC REIT
Management Sdn Bhd

None of the Management Teams have:

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

Profiles of KLCCP and KLCC REIT Management Team

1

Rohizal Bin Kadir

Nationality : Malaysian
Age : 46
Gender : Male

DATE OF APPOINTMENT:

1 December 2022

- Chief Financial Officer/Senior General Manager, Strategic Finance, KLCC Property Holdings Berhad ("KLCCP")
- Head of Investment/Head of Finance, KLCC REIT Management Sdn Bhd ("KLCCRM")

ACADEMIC/PROFESSIONAL QUALIFICATIONS:

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

PAST EXPERIENCE:

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

PRESENT APPOINTMENTS:

- Director of KLCCCH's subsidiaries and associate companies, and subsidiaries of KLCCP
- Director, Midciti Sukuk Berhad

RESPONSIBILITIES:

- Responsible for the management of all financial aspects of KLCCP Stapled Group, as well as investor relations and information systems
- Overall management and coordination of financial reporting, financial planning, debt financing, treasury and budget management functions of KLCCP Stapled Group
- Responsible for evaluating potential acquisitions of assets to enhance KLCC REIT's portfolio

2

Ahmad Zahid Bin Zainal Abidin

Nationality : Malaysian
Age : 57
Gender : Male

DATE OF APPOINTMENT:

1 July 2022

- General Manager, Legal & Company Secretarial, KLCCP
- Head of Legal/Compliance Officer, KLCCRM (Appointed as Compliance Officer on 10 January 2024)

ACADEMIC/PROFESSIONAL QUALIFICATIONS:

- Bachelor of Laws (LLB) (Hons.), International Islamic University Malaysia (IIUM)

PAST EXPERIENCE:

- 11 years working experience as a Senior/Leadership position in Legal Advisory
- Leading multiple cross/functional teams

PRESENT APPOINTMENTS:

- Director of KLCCCH's subsidiaries and associate companies and subsidiaries of KLCCP

RESPONSIBILITIES:

- Steer and advise all legal, conveyancing and company secretarial aspects of the organisation to safeguard organisation's compliance to relevant regulatory requirements

3

Ho Mei Ling

Nationality : Malaysian

Age : 60

Gender : Female

DATE OF APPOINTMENT:

28 October 2013

- General Manager, Governance, Risk & Assurance, KLCCP

ACADEMIC/PROFESSIONAL QUALIFICATIONS:

- Bachelor of Arts (Honours), York University, Toronto, Canada

PAST EXPERIENCE:

- Manager of Corporate Recovery, Ernst & Young
- Manager, Business Planning, Putrajaya Holdings Sdn Bhd
- Head, Customer Relationship Management, Putrajaya Holdings Sdn Bhd

PRESENT APPOINTMENTS:

Nil

RESPONSIBILITIES:

- Develop and implement appropriate Group risk management strategies, measures, frameworks and instruments in order to establish a common systematic approach group-wide to mitigate and minimise exposure to risks across the Group.
- Conduct risk monitoring and provide updates to the Management and Board of Directors on regular basis on trends for risk exposures, highlighting key areas of concern and priority of attention for continuous improvement.
- Provide proactive and preventive advice to Management with respect to necessary changes in the risk profile of the Group or specific business activities, including good corporate governance and ethical practices.
- Ensure required competence and skill level of subordinates are developed to ensure operational needs are met.
- Ensure department operates within set cost profiles so as to optimise resources

4

Ikhwan Hamzah Bin Azizan

Nationality : Malaysian

Age : 46

Gender : Male

DATE OF APPOINTMENT:

1 October 2023

- Head of Leasing/Asset Manager, KLCCRM

ACADEMIC/PROFESSIONAL QUALIFICATIONS:

- Masters of Business Administration, ESCP Europe
- Bachelor of Economics & Commerce, University of Melbourne, Australia

PAST EXPERIENCE:

- Head, Corporate Projects, Corporate Sustainability Office, PETRONAS
- Head, Group Strategy, PETRONAS Lubricants International Sdn Bhd
- Regional Business Head (Asia Pacific), PETRONAS Lubricants International Sdn Bhd
- Head, Commercial Business Division, PETRONAS Dagangan Berhad
- Head, Economics & Planning, PETRONAS Refinery & Petrochemical Corporation
- Managing Director, PETRONAS Lubricants Turkey
- Various positions within the PETRONAS Group

PRESENT APPOINTMENTS:

Nil

RESPONSIBILITIES:

- Identify business opportunities for enterprise portfolio, advise on business model and partnership
- Identify, assess and formulate marketing portfolio, risks and mitigation
- Shape and evaluate leasing and leasing strategy in generating revenue by securing new clients and sustaining existing clients
- Shape and evaluate asset development in order to sustain company growth

Profiles of KLCCP And KLCC REIT Management Team

5

Salha Binti Ahmad Dahlan

Nationality : Malaysian
Age : 48
Gender : Female

DATE OF APPOINTMENT:

1 June 2020

- General Manager, Human Capital, KLCCP

ACADEMIC/PROFESSIONAL QUALIFICATIONS:

- Bachelor of Engineering (Manufacturing) (Honours), International Islamic University Malaysia

PAST EXPERIENCE:

- Head, People Development, Project Delivery & Technology, PETRONAS
- Head, People Strategy & Planning, Downstream Corporate Office, PETRONAS
- HR Merger & Acquisition, Downstream Corporate Office, PETRONAS
- HR Planner, VP Oil Office, Oil Business, PETRONAS
- Manager, Capability Development, PETRONAS Penapisan (Melaka) Sdn Bhd
- System Analyst, SAP Business Support, PETRONAS

PRESENT APPOINTMENTS:

Nil

RESPONSIBILITIES:

- Lead and shape strategies to drive human capital objectives and realise KLCC Group of Companies' aspirations
- Steer development of capable and credible talent pipeline towards achieving desired workforce performance & productivity, to meet current and future business requirements
- Strategise and implement conducive workforce and workplace experience by establishing progressive policies and procedures, maintain good rapport with all stakeholders, in line with the statutory/regulatory requirements and relevant industry practices to safeguard company's reputation

6

Mohd Akmam Bin Yeop

Nationality : Malaysian
Age : 52
Gender : Male

DATE OF APPOINTMENT:

1 September 2020

- General Manager, KLCC Parking Management Sdn Bhd

ACADEMIC/PROFESSIONAL QUALIFICATIONS:

- B.Sc (Hons) Quantity Surveying, Liverpool John Moores University, England

PAST EXPERIENCE:

- Head of Department, KLCC Central Operation, KLCC Parking Management Sdn Bhd
- Project Senior Quantity Surveyor, Business and Technical Services Department, KLCC Projekts Sdn Bhd
- Project Quantity Surveyor, KLCC Projekts Sdn Bhd for Putrajaya Development Project and Jabal Omar Development Project, Makkah, Saudi Arabia

PRESENT APPOINTMENTS:

- Director, KLCC Parking Management Sdn Bhd

RESPONSIBILITIES:

- Accountable for the strategic direction and development of Parking Management to support the KLCC Group and Statement of Purpose
- Lead Division towards achieving MFT 50.30.0 by delivering maximum value, efficiency, optimisation and operational direction of car park utilisation accordance with governance, policies, procedures without compromising Customer Experience

7

Francis Tan Chee Way

Nationality : Malaysian

Age : 56

Gender : Male

DATE OF APPOINTMENT:

1 January 2024

- Chief Executive Officer, Suria KLCC Sdn Bhd

ACADEMIC/PROFESSIONAL QUALIFICATIONS:

- Master of Business Administration, University of Nebraska – Lincoln Nebraska, U.S.A
- Bachelor of Science – Marketing, University of Nebraska – Lincoln Nebraska, U.S.A

PAST EXPERIENCE:

- Chief Operating Officer, Suria KLCC Sdn Bhd
- Divisional General Manager, SP Setia Bhd
- General Manager Centre Management, Suria KLCC Sdn Bhd
- General Manager Leasing, Suria KLCC Sdn Bhd
- Senior Manager Leasing, Suria KLCC Sdn Bhd
- Leasing Manager, Mid Valley City Sdn Bhd
- Marketing & Promotions Executive to Leasing Manager, The Lion Group's Parade of Shopping Centres

PRESENT APPOINTMENTS:

Nil

RESPONSIBILITIES:

- Oversee strategic and fiscal responsibility for assets owned and managed by Suria KLCC and encompassing all asset management, development, finance, leasing, marketing and management of the assets.

8

Martin Josef Schnider

Nationality : Swiss

Age : 55

Gender : Male

DATE OF APPOINTMENT:

6 June 2023

- General Manager, Mandarin Oriental Kuala Lumpur

ACADEMIC/PROFESSIONAL QUALIFICATIONS:

- Culinary School Chef Apprenticeship, Lucerne, Switzerland (Aug 1985 – July 1988)
- Culinary School Sommelier Apprenticeship, Lausanne, Switzerland (June 1990 – May 1991)
- Swiss Hotel Management School, Lucerne, Switzerland (Sept 1992 to May 1995)

PAST EXPERIENCE:

- Mandarin Oriental, Doha, Qatar – General Manager (Oct 2015 to June 2023)
- Mandarin Oriental, Macau, S.A.R. Macau – General Manager (Dec 2008 to Oct 2015)
- Mandarin Oriental, Tokyo, Japan – General Manager (from Oct 2006 to Oct 2008)
- Mandarin Oriental Hotel Majapahit, Surabaya, Indonesia – General Manager (Oct 2005 to Sept 2006)
- Mandarin Oriental, Kuala Lumpur – Resident Manager/ Executive Assistant Manager, Director of F&B, Assistant Director of F&B (Nov 1999 to Sept 2005)
- Mandarin Oriental, Manila, Philippines – Assistant Director of F&B (May 1995 to March 1999)
- Mandarin Oriental, Singapore – F&B Management (Sept 1994 to Dec 1994)

PRESENT APPOINTMENTS:

- Mandarin Oriental, Kuala Lumpur – General Manager (June 2023 to present)

RESPONSIBILITIES:

- Oversee and responsible for Mandarin Oriental, Kuala Lumpur's hotel operations, business growth and projects.

Profiles of KLCCP And KLCC REIT Management Team

9

Hanida Hanum Binti Jamon

Nationality : Malaysian

Age : 54

Gender : Female

DATE OF APPOINTMENT:

28 November 2023

- Company Secretary, KLCCP
- Company Secretary, KLCCRM

ACADEMIC/PROFESSIONAL QUALIFICATIONS:

- Bachelor in Laws (LLB), International Islamic University Malaysia

PAST EXPERIENCE:

- Legal Assistant, Messrs Hisham Sobri & Kadir
- Legal Executive, Negara Properties (M) Berhad
- Assistant Manager, Legal & Corporate Secretariat Division, Putrajaya Holdings Sdn Bhd
- Manager, Legal & Corporate Secretariat Division, Putrajaya Holdings Sdn Bhd

PRESENT APPOINTMENTS:

- Senior Manager, Legal & Company Secretarial Department, Putrajaya Holdings Sdn Bhd
- Company Secretary, Putrajaya Holdings Sdn Bhd Group of Companies.
- Company Secretary, KLCC Holdings Sdn Bhd/KLCC Property Holdings Berhad

RESPONSIBILITIES:

- Strategise legal advisory on corporate construction and conveyancing matters including reviewing drafting any relevant agreements and documents to safeguard company's interest and mitigate risks & legal implications that may have dire ramifications.
- Negotiate by nurturing trust, foster productive working relationship with counter parties and stakeholders to provide solutions, navigate conflicts and achieve mutual agreements.

- Provide general legal support services and advice on all relevant corporate matters, commercial transactions, hotel operation and retail agreements and concession contract with Government.
- Lead the development, implementation and enforcement of legal framework & systems to ensure consistency of advice and service in the organisation.
- Strategies, advise and facilitate the services for financing documentation, manage and plan the due diligence process and provide confirmation on all the related information and documents required by the Lead Arranger/Lead Advisor/Trustee/Banks/Financial Institution.
- Facilitate all legal dispute including litigation, Arbitration, CIPAA and Mediation and liaise with the appointed solicitors for the strategy and plan to protect Company's interest and optimise the success outcome.
- Formulate the legal frameworks and monitor the compliance to the statutory legal requirements as well as the relevant compliance policies introduced by PETRONAS for adoption and use.
- Plan and facilitate any required training and communication on any recent relevant laws and policies applicable to the Company's business and operations.
- Lead the development, implementation and enforcement of secretarial framework & systems to ensure consistency of advice and service in the organisation.
- Steer and shape the provision of Company Secretarial & Compliance services to the organisation to ensure compliance to the relevant statutory requirements.

10

Lim Siew Mei

Nationality : Malaysian

Age : 61

Gender : Female

DATE OF APPOINTMENT:

1 April 2022

- Head Company Secretary, KLCCP

27 June 2022

- Company Secretary, KLCCP
- Company Secretary, KLCCRM

21 September 2022

- Compliance Officer, KLCCRM

ACADEMIC/PROFESSIONAL QUALIFICATIONS:

- LL.M. (Merit) University of Cumbria
- Fellow of the Chartered Governance Institute of UK & Ireland
- Fellow Member of the Chartered Secretaries Malaysia
- Associate of the Chartered Tax Institute of Malaysia

PAST EXPERIENCE:

- More than 25 years of broad corporate practice founded on the KLCC real estate development and management.
- From the core of investment in strategic properties, asset management in equity and joint venture, to the fields of specialist property services. Closing in on structuring ownership and transactions, private debt, and the contemporaneous capital markets compliance management.
- Stints of a total of 10 years intermediate experience in the management consulting practice of KPMG Malaysia and commercial banking head office operations in Public Bank.

PRESENT APPOINTMENTS:

- Group Company Secretary, KLCCP Stapled Group
- Board Committee Secretary of the KLCCP and KLCCRM Audit Committees, Nomination and Remuneration Committees, as well as their Risk Committees respectively
- EXCO Committee Secretary of the Asas Klasik Sdn Bhd Owner Committee
- Group Company Secretary for KLCC (Holdings) Sdn Bhd and Group
- Committee Secretary of the Policy Implementation Committee, Impiana KLCC Hotel

RESPONSIBILITIES:

- Control of corporate governance application within the framework of evolving laws, regulations, and listing rules
- Safeguard the board policies/processes/procedures and its committees for effective system of corporate governance
- Strategic governance implementation on a balance of the interests of the board/management/other stakeholders
- Shaping service level of group company secretariat for commercial and business operational excellence
- Coaching and talent development in board governance and compliance management

Profile of Shariah Adviser

ABOUT THE SHARIAH ADVISER, CIMB ISLAMIC BANK BERHAD (CIMB ISLAMIC)

As the Shariah Adviser to KLCC REIT, CIMB Islamic is providing necessary advice to ensure that KLCC REIT business is Shariah compliant.

CIMB Islamic is CIMB Group's global Islamic banking and finance services franchise. It is headquartered in Kuala Lumpur and offers innovative and comprehensive Shariah-compliant financial solutions in consumer banking, wholesale banking, investment banking, private banking, as well as wealth and asset management products and services. It is part of the fifth largest banking group in ASEAN.

CIMB Islamic is licensed under the Malaysia's Islamic Financial Services Act 2013 and is an approved Shariah Adviser as per the Guidelines for Shariah Advisers issued by Securities Commission.

This enables CIMB Islamic to provide a wide range of products and services to commercial, corporate, and institutional customers across ASEAN, the Middle East, South Asia, North Asia, and major international financial centres. Its products and operations are managed in strict compliance with Shariah principles under the guidance of the CIMB Islamic Shariah Committee, which comprises the industry's leading Islamic Scholars.

CIMB Islamic is free from any conflict of interest with KLCC REIT, which could impair their objectivity and independence. CIMB Islamic has not been convicted for offences within the past 7 years or been imposed with any penalty by the regulatory bodies relevant to the REIT during the financial year.

PROFILE OF DESIGNATED PERSON RESPONSIBLE FOR SHARIAH MATTERS RELATING TO KLCCP STAPLED GROUP

AHMAD SUHAIMI YAHYA

Director & Regional Head

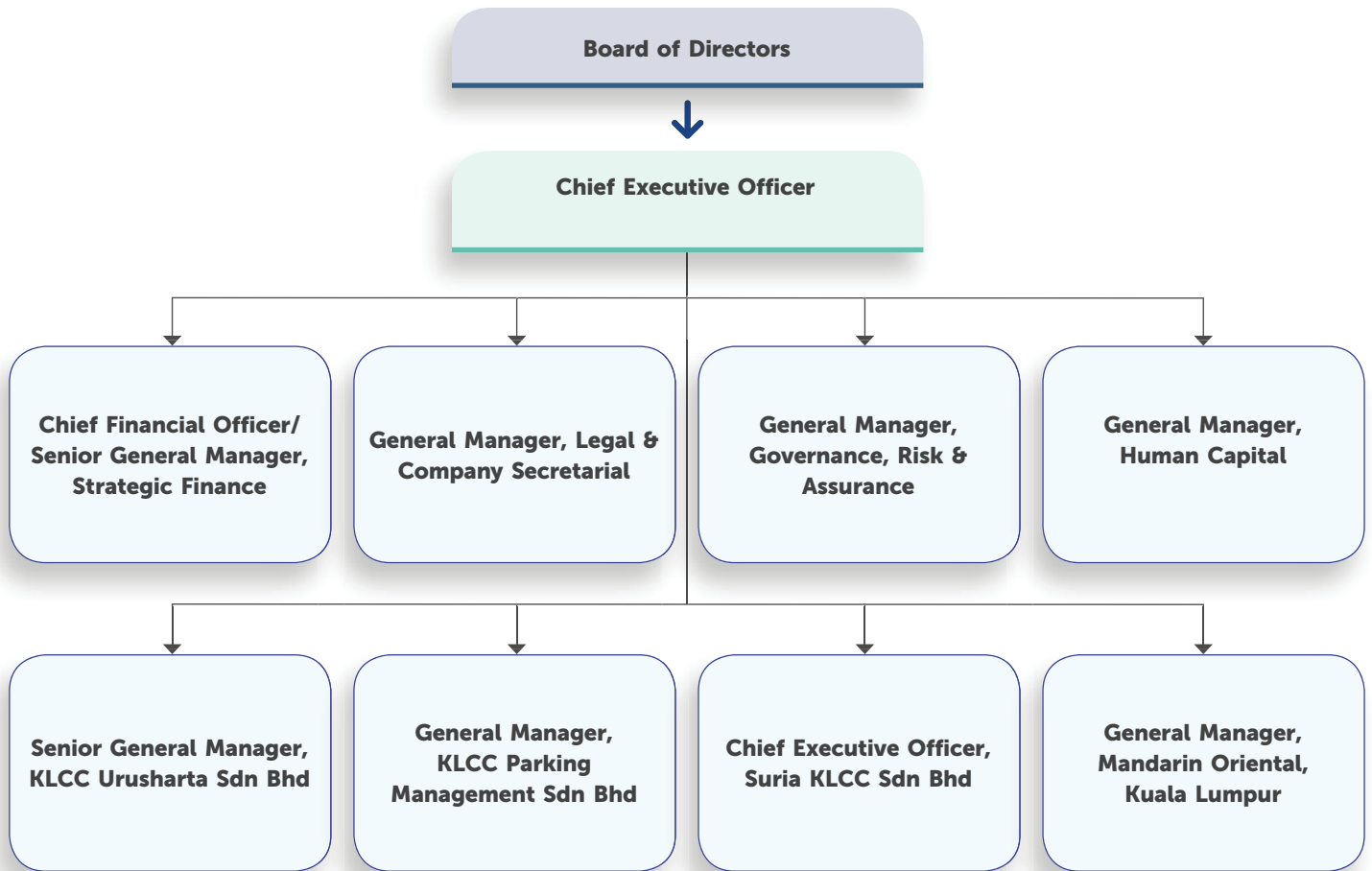
Ahmad Suhaimi is currently the Regional Head, Shariah Advisory & Governance, CIMB Islamic Bank and brings with him over 29 years worth of experience in fiqh al-muamalat (Islamic commercial law) and Islamic finance. Prior to joining CIMB, he was the Chief Shariah Officer of Hong Leong Islamic Bank Berhad ("HLISB"), Chief Regional Shariah Officer of Kuwait Finance House (Malaysia) Berhad ("KFHMB"), Senior Vice President and Head of Shariah of RHB Islamic Bank Berhad ("RHBIB"). Before joining RHBIB, he was the in-house Shariah Advisor and the Director of Shariah Division of KFHM. He was one of the pioneer staff of KFHM, the first foreign Islamic bank licensed by Bank Negara Malaysia ("BNM"). Before joining KFHM, he had served the Securities Commission Malaysia ("SC")'s Islamic Capital Market. He also has experience in teaching Shariah (Islamic Law) and lectured at the International Islamic University Malaysia ("IIUM") before joining SC.

He is currently a member of the High Shariah Supervisory Board of Central Bank of Oman ("CBO"), Exco member (Secretary) of Association of Shariah Advisors in Islamic Finance (ASAS), a member of Accreditation and Exemptions Review Panel (AEP) for the CIIF'S Chartered Professional in Islamic Finance (CPIF) Programme and a member of Board of Studies, Kolej Pengajian Islam Johor ("MARSAM"). He was appointed as a member of the Shariah Advisory Council of Securities Commission Malaysia from 2010-2012, a member of Panel Pakar Muamalat JAKIM, a member of BNM's Industry Committee for Shariah Standard Review 2013, Board of Studies, IIUM Institute of Islamic Banking and Finance ("IIBF") in 2011 and the Chairman of Shariah Governance Committee, Association of Islamic Banking Institutions Malaysia ("AIBIM"). He was also the Shariah Advisor of KFH Investment Co. in Kuwait 2014-2015.

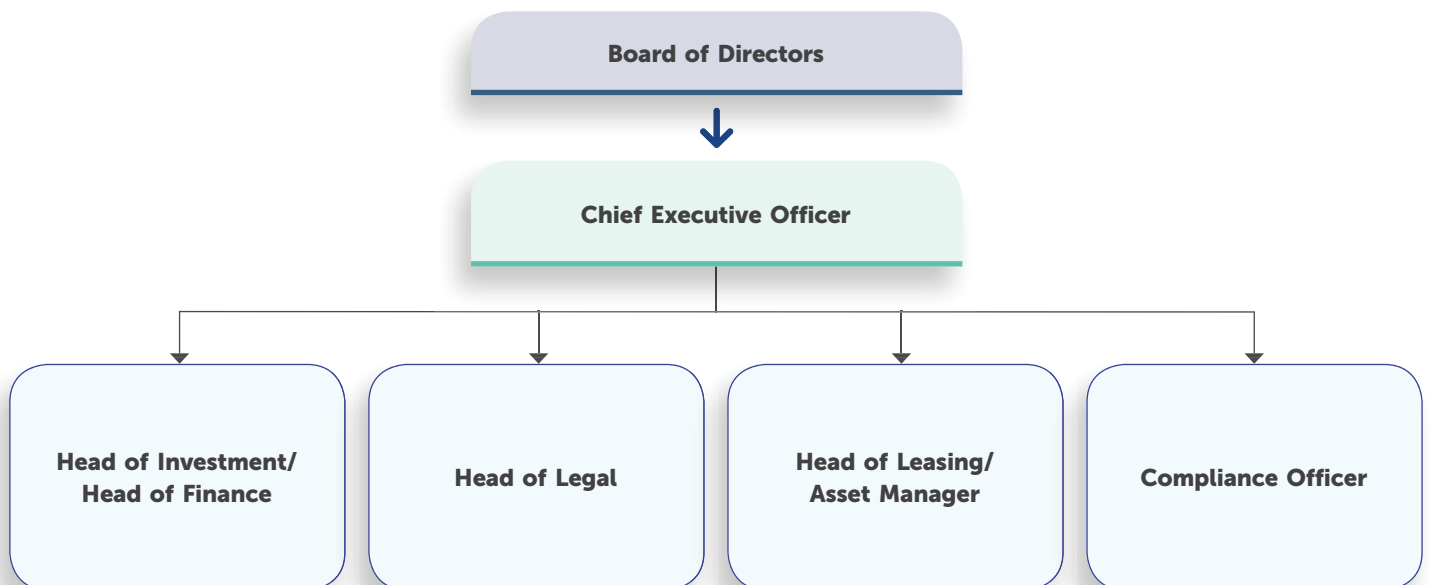
He holds a degree in Shariah from the Al-Azhar University, Egypt and Master degree in Shariah from Cairo University, Egypt with First Class Honours. He also holds a professional certification as a Certified Shariah Advisor and Auditor (CSAA) by Accounting and Auditing Organisation for Islamic Financial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

Organisation Structure

KLCC STAPLED GROUP



KLCC REIT MANAGEMENT SDN BHD





TAN SRI AHMAD NIZAM BIN SALLEH
Chairman

CHAIRMAN'S CORPORATE GOVERNANCE OVERVIEW STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors (Boards), I am pleased to present the KLCCP Stapled Group (Group) Corporate Governance Overview Statement (CG Statement) for the financial year ended 31 December 2023.

The Boards are collectively responsible for the sustainable long-term performance, economic value and growth of the Company. The Boards remains committed to building resilience through the adoption and strengthening of corporate governance policies and practices of the Group to ensure long-term business sustainability in a fast-evolving and transforming business landscape.

As a Group, we are resolved in delivering long-term returns to our shareholders. We are able to do this premised largely on the important principles of good governance, accountability, transparency and integrity. We embrace these principles and ingrain them in our shared values, goals and practices to enable us to drive responsible growth and robust business performance.

Our corporate governance framework encompasses a rigorous, and diligent decision-making process which provides clarity to decisions being made. It helps to ensure that a strong level of governance is maintained, enabling the Company to embed the governance culture that exists within the organisation as part of building a sustainable business for all our stakeholders.

This Statement gives a general overview of the activities of the Boards and the Board Committees throughout the year under review and how the Boards continues to pay high regard to corporate governance and internal control in all aspects of the organisation.

Comprising a majority of Non- Executive Directors, the Boards' structure is designed to ensure there is a clear balance of responsibilities between the executive and non-executive functions. As Chairman, I am responsible for reviewing and approving strategies and monitor its implementation and performance, in conjunction with the Boards, and for ensuring the effective operation of the Boards. Additionally, my colleagues at the Boards play a critical role in further championing efforts to strengthen the governance practices of the Group.

The Group believes that the highest standards of corporate governance are critical for delivering consistent performance, reflective of its belief that robust governance processes and culture are fundamental to inspiring investor confidence, ensuring long-term shareholder value and protect the interest of stakeholders.

“

THE BOARD WILL CONTINUE TO PROVIDE GUIDANCE TO THE GROUP FOCUSING ON RESILIENCE AND AGILITY, STRENGTHEN COLLABORATION WITH MANAGEMENT AND BUILD ON IMPROVED GOVERNANCE PRACTICES AND PROCESSES THAT WE HAVE IN PLACE. ”

As a responsible corporate citizen, the Group acknowledges the need to balance our healthy economic performance with responsible environmental and social considerations that accentuate the Group's sustainable development practices. As we continue our sustainability journey, our ultimate aim is to deliver a sustainable performance while ensuring long-term value creation for our stakeholders.

The Boards will continue to focus on further improving governance practices, strengthening oversight of sustainability risks and opportunities and integrating sustainability goals with business strategy and operations as well as promoting meaningful engagement with stakeholders.

In the year ahead, the Boards will continue to provide guidance to the Group focusing on resilience and agility, strengthen collaboration with Management and build on improved governance practices and processes that we have in place.

I am pleased to report that the Group has complied with the relevant provisions of the Listing Requirements of Bursa Securities, the Corporate Governance Guide – 3rd Edition issued by Bursa Securities and the Companies Act 2016. The status and the Company's application of the Practices of the MCGG 2021 (MCGG) are explained in the Corporate Governance Report which is available to the public on the Company's corporate website at www.klcc.com.my. I am pleased to inform that we have substantially applied the Practices enumerated in the MCGG.

Tan Sri Ahmad Nizam Bin Salleh
Chairman

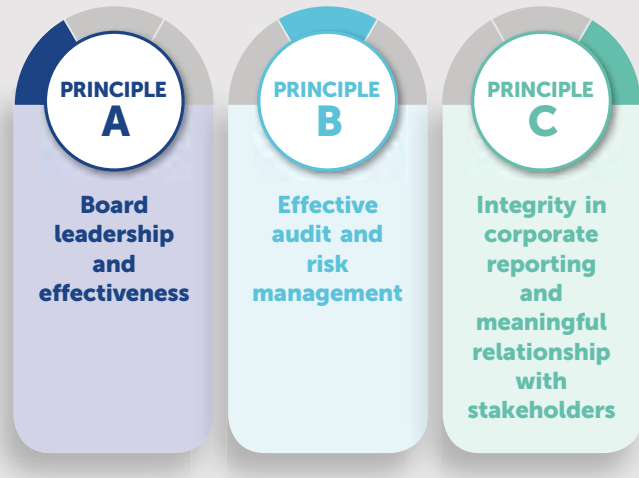
Corporate Governance Overview Statement

The Board is pleased to introduce the 2023 Corporate Governance Overview Statement ("CG Statement") describing the governance practices relating to operations of the Board and its Committees and how the Board has discharged its responsibilities during the year under review.

The purpose of this statement is to explain how the Board assessed the Group's governance environment with informed decisions to secure a commitment to high standards of corporate governance.

The strength of the Board's leadership is assessed through the clarity of the actions it takes and transparency surrounding the standards, processes and culture it ultimately sets.

This CG Statement manifests how Board measures are aligned with the principles of good governance of the Malaysian Code on Corporate Governance ("MCCG") specifically the following key corporate governance principles in the MCCG:



The CG Statement also reports on the manner the Group has adopted and applied the principles and best practices set out in the following requirements/guides:

- Guidelines on Conduct of Directors of Listed Corporations and the Subsidiaries published by the Securities Commission ("SC")
- Companies Act 2016
- Malaysian Code on Corporate Governance 2021
- Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities")
- Guidelines on Listed REIT
- Developments in market practice and regulations
- Other applicable rules and regulations

The Group has applied the Practices encapsulated in the MCCG for the year under review with the exception of Practice 8.2 and Practice 8.3 – Step Up.

This statement is to be read with the Corporate Governance Report ("CG Report") which contains details on the application of each of the Practices as well as the departures and alternative measures established within the Group. The CG Report is available on the KLCCP Stapled Group's corporate website at www.klcc.com.my.

An important role of corporate governance is to ensure sustainable long-term performance, maximise returns for our stakeholders and create long-term economic value and growth.

Amidst an increasingly challenging business environment, the Board is committed to strengthening the Group's corporate governance practices and processes to effectively meet growing operating challenges.

Prudent leadership of the Board coupled with strategic management guidance define how the Group safeguards stakeholders. The governance framework supports this approach and its emphasis on diligent and effective controls. The Board inspires its Leadership Team to drive robust business performance and strategies execution upon effective governance and financial practices.

The Board works to ensure that the Group's governance structure continues to remain appropriate and that it keeps abreast with relevant corporate governance and regulatory requirements.

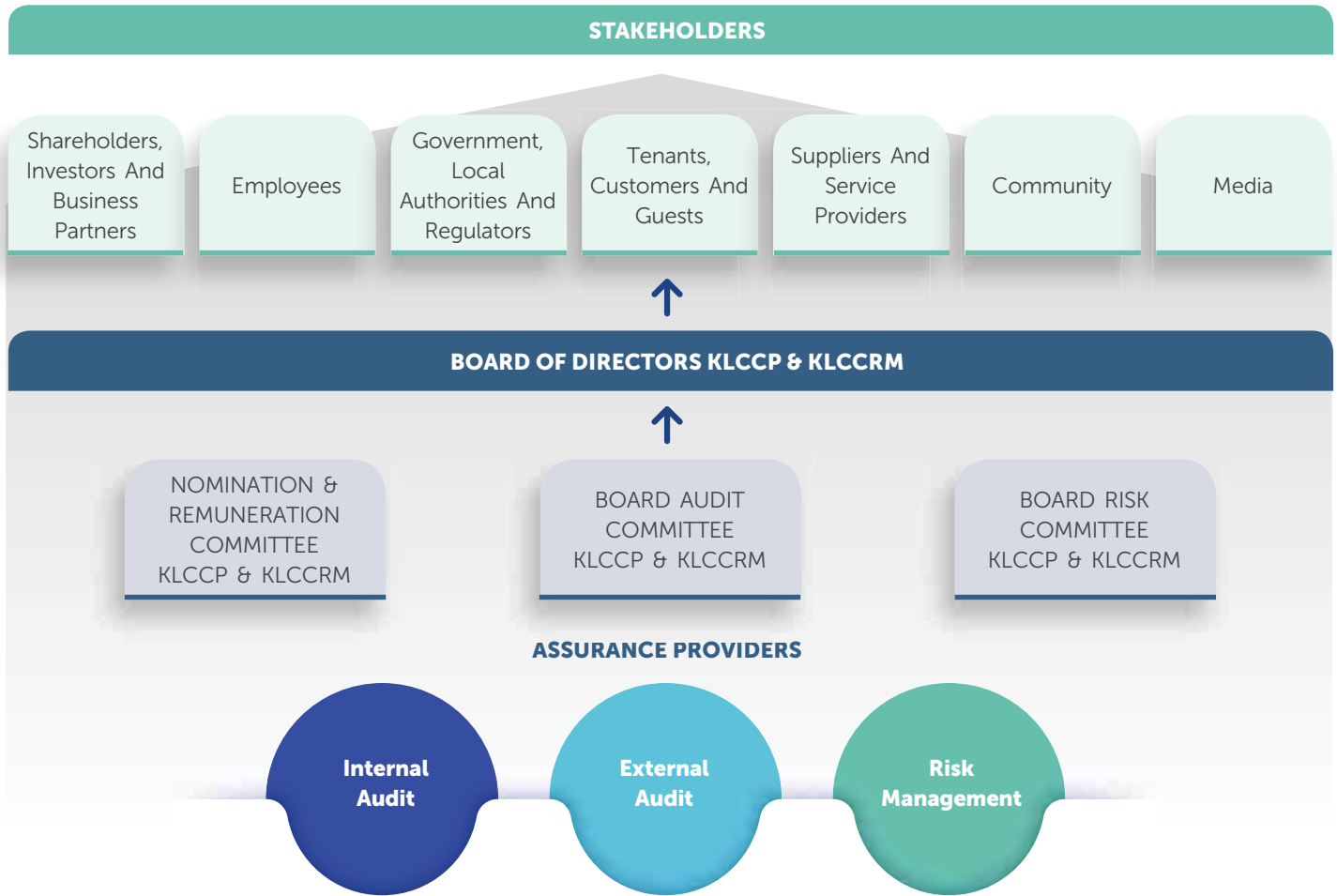
The Governance Framework, its structure and processes, are built upon the Terms of Reference ("TOR") of the Board Committees which are complemented by Limits of Authority and supported by the various management committees, policies and procedures.

* Note: In this report, unless the context otherwise requires any reference to singular number shall be deemed to include the plural number and vice versa

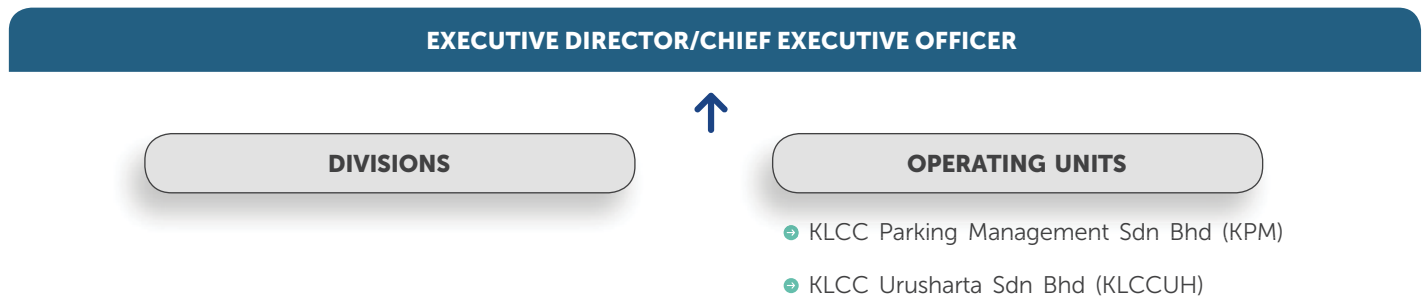
The Governance Framework is depicted below:

THE GOVERNANCE FRAMEWORK

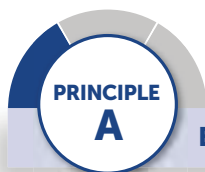
Board & Board Committees



Executive Director & Leadership Team



Corporate Governance Overview Statement



BOARD LEADERSHIP AND EFFECTIVENESS

i) Board Responsibilities

The Board is responsible for the overall leadership of the Group and for promoting its long-term sustainability and success by providing leadership within a framework of prudent and effective controls.

The Board safeguards stakeholder value-creation. The Board ensures that the strategic plan of the Group supports long-term value creation and includes strategies on economic, environmental, social and governance ("ESG") considerations thereby strengthening the sustainability in the Group's operations. Through sustainability practices, the Group is more flexible, able to create durable and sustainable value and eventually maintains the confidence of its stakeholders.

The Board is entrusted with the responsibility to promote the success of the Group by directing and supervising the Group's affairs in a responsible and effective manner. Each Director has a duty to act in good faith and in the best interest of the Company. The Directors are aware of their collective and individual responsibilities to all shareholders for the manner in which the affairs of the Company is managed, controlled and operated. The Board is satisfied that it has fulfilled these duties and obligations during the year under review.

In discharging the Board's duties and responsibilities effectively, the Board is guided by KLCC Property Holdings Berhad ("KLCCP")'s Board Charter, which provides the framework for the performance of the Board's functions and duties vis-a-vis Management and the Group. The Board Charter has been developed to give prominence to the Board's commitment to high standards of corporate governance. It adopted best practices, applicable rules and regulations, process and procedure to guide the Board in discharge of its duties and functions.

The roles of Chairman and CEO are held by separate individuals, and their responsibilities are also well defined in the Board Charter. The Chairman of the Board is not a member of the Board Committees. This is to ensure the objectivity of the Chairman and the Board is not impaired, particularly during deliberation on the recommendations put forth by the Board Committees.

The Board has a schedule of matters specifically reserved to it for decision and has approved the TOR of the various Board Committees, namely the Board Audit Committee ("BAC"), Nomination and Remuneration Committee ("NRC") and Board Risk Committee ("BRC"). The Board has delegated its authority in certain matters to these Board Committees to support the Board in the performance of its duties and responsibilities.

While appropriately delegating its authority to Board Committees and Management, each Board does not abdicate its responsibility and exercises at all times, collective oversight of them. Each Board further ensures that it does not leave the management of the Company's affairs to the Board Committees without committing a breach of duty and that the Directors remain responsible for the exercise of such powers.

The constitution of KLCCP, Board Charter as well as the respective TOR of the BAC, NRC and BRC are available on the KLCCP Stapled Group's corporate website at www.klcc.com.my.

To read more on leadership and effectiveness of the Board, please refer to the NRC Report, BAC Report, Statement of Risk Management and Internal Control, and Sustainability Report of this Integrated Annual Report.

ii) Board Conduct

All Directors commit themselves to ethical business and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members.

All Directors discharge their fiduciary duties and responsibilities at all times in the best interests of the Group.

In directing or managing the Group’s business and affairs, the Board exercises reasonable care, skill and diligence by applying the members’ knowledge, skill and experience.

The Board ensures that key transactions or critical decisions are deliberated and decided by the Board in a meeting. The Board also ensures that decisions and basis for those decisions, including any dissenting views are made known and properly minuted.



iii) Board Composition and Diversity

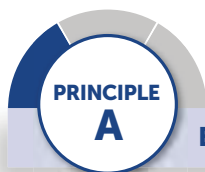
The Board recognises the need for it to strategically evolve as a dynamic board in accordance with the strategic direction of the Group. Hence, the Board actively reviews its composition to ensure the right balance of independence and diversity to effectively discharge its collective responsibilities. Diversity is important to ensure the Group remains relevant and sustainable in the rapidly transforming and evolving business environment. In this regard, the NRCs are responsible for reviewing the Board composition periodically and to make recommendations to the Board. Further activities of the NRC are provided in the NRC Report.

As of the date of this report, the Boards of KLCCP and KLCC REIT Management Sdn Bhd (KLCCRM) consist of 63% Independent Non-Executive Directors (“INEDs”). Each Board currently consists of eight (8) members, led by a Non-Executive Chairman, and supported by one (1) Executive Director as well as six (6) Non-Executive Directors. Five (5) of the Non-Executive Directors fulfil the criteria of independence, as defined in the Listing Requirements of Bursa Securities, while the remaining two (2) Non-Executive Directors [including the Chairman] are Non-Independent Non-Executive Directors (“NINEDs”).

The current overall Board composition is diverse in terms of age, gender including varied skills, experience and knowledge enabling them to provide effective oversight, strategic guidance and constructive challenge, examines proposals on strategy and empowers the CEO to implement strategies approved by the Board. This is to ensure diversity and inclusiveness of views as well as to facilitate effective decision-making and constructive deliberation during its meetings. The Board Diversity Policy aims to achieve 30% women directors in line with the country’s aspirational target of 30% representation of women directors. To-date, the representation of women directors on the Board is 50%.

The Board Diversity Policy, which is approved by the KLCCP Board and applicable to KLCCRM, is available on the KLCCP Stapled Group’s corporate website at **www.klcc.com.my**. Further details on the Board Diversity Policy are described in the CG Report.

Corporate Governance Overview Statement



BOARD LEADERSHIP AND EFFECTIVENESS

iv) Directors' Independence

The Board recognises the important contributions of INEDs to good corporate governance. The INEDs play a significant role in providing unbiased and independent views, advice and judgement which bring objective and scrutiny to the Board's deliberation and decision-making. Their role is also important to protect the interests of minority shareholders. All Directors, regardless of their independent status, are required to act in the best interests of the Group and to exercise unfettered and independent judgement. Thus, the Board is also of the view that all Directors have exercised independent judgement at all times.

In line with the Listing Requirements of Bursa Securities, none of the INEDs of KLCCP and KLCCRM would exceed a cumulative term limit of nine (9) years. The Board has adopted the policy to limit the tenure of INEDs up to nine (9) years as recommended by the MCCG.

Board decisions are made taking into account the views of the INEDs which carry substantial weight. The INEDs fulfil their roles in ensuring that strategies proposed by Management are deliberated and examined taking into account the interests of the shareholders and stakeholders. Their role is also particularly critical for related party transactions as these require independence of judgement and objective impartiality to protect the interests of minority shareholders.

To date all the INEDs satisfy the following criteria:

- a) Independent from Management and free from any business or other relationship which could interfere with independent or the ability to act in the best interests of the Company.
- b) Not involved in the day-to-day operations of the Company other than when collective Board approval is required.
- c) Declared their interest or any possible conflict of interest in any matter tabled prior to the commencement of Board meetings.

Based on the outcome of the BEE for the year under review, all the INEDs had scored highly and there was no conflicts of interest that could have affected their independent judgement.

The Board also believes that each INED has retained his/her independence throughout his/her tenure and had not under any circumstances formed any association with Management that might compromise his/her ability to exercise independent judgement that could ultimately affect the interest of stakeholders.

v) Directors' Appointment, Resignation and Re-election

The appointment, resignation and re-election of Directors are governed by the Companies Act 2016, Listing Requirements of Bursa Securities, Guidelines on Listed REIT, other applicable rules and regulations as well as the best practices of MCCG. The NRC reviews the size, structure, diversity and composition of the Board and makes recommendations on new appointments by taking into consideration the Board Skills Matrix and the Board Diversity Policy and ensures that the appointment process is rigorous and transparent. The re-election of Directors is recommended by the NRC based on the satisfactory performance of the Directors concerned and their contribution to the Board.


In addition, the Group practices a formal and transparent process on the appointment of new Directors. The nomination of INED to the Board is made by major shareholder of the Group. The nomination of INEDs to the Board is made through external sources to find the most suitable candidates to fill the vacant positions or via recommendations by the Board members.

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

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

Pursuant to the Listing Requirements and the respective Constitutions of KLCCP and KLCCRM, one-third of the Directors for the time being shall retire from office once at least in each three (3) years and shall be eligible for re-election at the Annual General Meeting ("AGM").

In addition, the Director appointed via a casual vacancy or an addition to the existing Board shall hold office only until the conclusion of the next AGM and shall be eligible for re-election at such meeting.

 To read more on the appointment, resignation, re-election of Directors, and directors' appointment process, please refer to the NRC Report contained in this Integrated Annual Report.

vi) **Board Meetings and Access to Management, Company Secretaries, Information and External Experts**

All Directors are encouraged to declare their time commitment to the Board and to notify the Chairman of each Board before accepting any new directorship in other public listed companies and that the new directorship would not unduly affect their time commitments and responsibilities to the Board. The Board believes that all members must be equally responsible for their overall core responsibilities.

The Board meets at least quarterly to approve, inter alia, the strategic plans and direction for KLCCP Stapled Group, the annual business plans and budgets, operational and financial performance reports, investment and capital expenditures, and quarterly reports and to review the business performance of the KLCCP Stapled Group.

Management proposes the agendas for upcoming meetings of Board Committees and Board. Once the agendas have been finalised, all meeting papers are uploaded onto an electronic Board paper system, which provides immediate and secured access by the Board members. The Agendas and meeting papers are uploaded into the electronic Board paper system at least six (6) days prior to the meetings.

The Board will be continuously updated by the CEO on the business and operations of the Group through CEO briefings to the Board which forms part of the Board agendas.

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

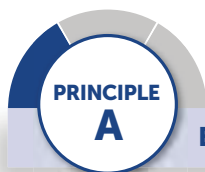
Board meetings for the year are scheduled in advance before the start of the financial year. Additional meetings are convened on an ad hoc basis to deliberate on urgent and important matters. Sufficient notices are duly given for all scheduled and additional meetings of the Board.

To avoid any conflict of interest, all Board members must immediately declare their interests in transactions to be deliberated by the Board. The nature of their interest should be disclosed at a Board meeting or as soon as practicable after the Board member become aware of the conflict of interest. The interested Board member must abstain from participating in the deliberation and Board decision on the matter as he/she is an interested party.

During the year under review, four (4) Board Meetings of KLCCP and four (4) Board Meetings of KLCCRM were held respectively. The proceedings of all meetings of the Board including all issues raised, enquiries made and responses thereto, were also presented and recorded in the minutes of the respective Boards meetings. Where necessary, decisions have been taken by way of circular resolutions. The respective Chairmen of BAC, NRC and BRC also update the Board on the proceedings of their respective Committee meetings.

The Directors' commitment in carrying out their duties and responsibilities is reflected by their attendance at the Board and Board Committees meetings held during the year under review. The Board is satisfied that each Director has devoted sufficient time to effectively discharge his/her responsibilities.

Corporate Governance Overview Statement



BOARD LEADERSHIP AND EFFECTIVENESS

KLCCP and KLCCRM Board Meetings attendance for the year under review is as follows:

Directors	No. of Meetings Attended	
	KLCCP	KLCCRM
Executive		
(i) Datuk Md. Shah bin Mahmood (Chief Executive Officer)	4/4	4/4
Non-Executive		
(ii) Tan Sri Ahmad Nizam bin Salleh (Chairman)	4/4	4/4
(iii) Liza binti Mustapha	4/4	4/4
(iv) Farina binti Farikhullah Khan	4/4	4/4
(v) Dato' Jamaludin bin Osman	4/4	4/4
(vi) Chong Chye Neo	4/4	4/4
(vii) Dato' Sr. Mazuki bin A Aziz	4/4	4/4
(viii) Datin Noor Lily Zuriati binti Abdullah	4/4	4/4

The Board members are supported by Company Secretaries who provide advisory services to the Board, particularly on corporate governance and compliance issues, including compliance to the relevant rules/procedures, laws and regulatory requirements. The details of the Company Secretaries relating to qualifications, training programmes attended, and others are disclosed in the CG Report. All Directors have unrestricted access to the advice and services of the Company Secretaries.

The Directors also have direct access to Management and unrestricted access to any information relating to the Group in discharging their duties. The Board seeks advice from Management concerned as they may require and are able to interact directly with Management regarding any aspect of the KLCCP Stapled Group's operations or businesses under its purview. Management is invited to attend Board meetings to give an update and report to

the Board on matters pertinent to their respective areas of responsibility, to present new proposals or to brief on actions implemented pursuant to recommendations made by the Board.

Additionally, the Directors may obtain independent professional advice at the Company's expense through an agreed procedure on specific issues that would aid in their deliberations and determination of a decision that would benefit the KLCCP Stapled Group.

The deliberations at the Board Committees and Board meetings are properly recorded and communicated to Management for necessary action. Minutes of Board Committees and Board meetings, which include records of the Board Committees and Board decisions, are properly maintained by the Company Secretary.

vii) Sustainability

The Board deems it fundamental that the Group acts immediately to make a meaningful difference in delivering the future value of the Group's business towards positive environmental and society impact by working with tenants, customers, suppliers, communities and sector peers to achieve the common sustainability goals. The Group also owns those buildings that are energy efficient and resilient to climate change and promote the health and well-being of the occupants and the surrounding areas.


At the Group, sustainable development is viewed as a business imperative, looking beyond financial profitability by balancing ESG considerations in making sound and sustainable business decisions. The Group drives sustainability practices across its business activities, the environment and the wider community. The Group’s sustainability framework outlines the Group’s cumulative effort to better respond to changing stakeholder concerns, and market conditions.

As testament to the Group’s commitment on ESG management, the Group has established a department dedicated to ESG matters, responsible to oversee and steer the day-to-day management on material sustainability matters in the Group.

Being the country’s largest Stapled Securities, the Board has the responsibility to demonstrate leadership not only in the business areas but also with the environment and community. It is about investing for the long-term growth and future of the Group and stakeholders, and ensuring that the Group’s efforts make a positive and lasting impact on the community, economy and nation.

The Group’s sustainability strategy draws guidance from the Listing Requirements, reporting standards such as Global Reporting Initiative Standards and World Economic Forum Stakeholder Capitalism Metrics Index, and the critical dimensions in the 2023 agenda of the United Nations Sustainable Development Goals for sustainable development. The Group is committed to deliver financial value and societal benefits in a responsible and holistic manner, by balancing the economic, environment and social needs of the stakeholders.

The Board represents the highest authority and is ultimately accountable for managing and overseeing sustainability matters (including climate change) of the Group, supported by the Board Risk Committees which receive quarterly updates from the Management who in turn is responsible for strategies on sustainability matters. Together with Management, the Board takes responsibility for the governance of sustainability in setting the Group’s sustainability strategies, priorities and targets.

 To read more on the sustainability, please refer to the Sustainability Report of this Integrated Annual Report.

viii) The Boards’ 2023 Activities and Priorities

The Boards of KLCCP and KLCCRM are responsible for the long-term success of the Group and are accountable to the holders of Stapled Securities as well as other stakeholders in ensuring that the Group is appropriately managed and achieves the strategic objectives that have been set.

The table below shows the key focus areas for each Board which appear as items on its Board agenda at the respective Board meetings throughout the year under review.

KLCCP	
<ul style="list-style-type: none"> • Reviewed and approved business plans and budget for FY2024 and forecast from FY2025 to FY2028. • Reviewed projected cash flows and distribution for the KLCCP Stapled Group. • Oversaw the proper conduct of the KLCCP Stapled Group’s business. • Reviewed and approved quarterly results for FY2023 and the audited financial statements of KLCCP for the financial year ended 31 December 2022. • Reviewed and approved recurrent related party transactions of the KLCCP Stapled Group. • Reviewed and approved the proposed revision to the Board Charter. • Reviewed and approved the revision to the Nomination and Remuneration Committee’s Terms of Reference. • Reviewed and endorsed the evaluation findings of the Board, Board Committees and Individual Directors. • Reviewed and endorsed the re-election of Directors retiring pursuant to KLCCP Constitution and recommended the same for holders of the Stapled Securities’ approval. 	<ul style="list-style-type: none"> • Reviewed and recommended Directors’ remuneration for the holders of Stapled Securities’ approval. • Reviewed and approved the reports and statements for inclusion into the Annual Report 2022. • Ensured the implementation of policies, procedures and practices relating to operational and corporate governance. • Reviewed and approved KLCCP’s principal risks with their proposed mitigations, and ensured appropriate measures were implemented to manage these risks. • Reviewed the adequacy and integrity of the KLCCP Stapled Group’s management information and internal control system. • Determined and approved dividends. • Reviewed the KLCC Group sustainability matters update and enhancement. • Reviewed the updates on ISO37001 Anti-Bribery Management System for FY2023. • Reviewed the Digital Roadmap for KLCC Group. • Approved the appointment of Joint Company Secretary. • Approved Sustainability Materiality Assessment 2023.

Corporate Governance Overview Statement

PRINCIPLE A

BOARD LEADERSHIP AND EFFECTIVENESS

KLCCRM

- Reviewed and approved budget for FY2024 and forecast from FY2025 to FY2028.
- Reviewed projected cash flows and distributions for KLCC REIT.
- Discussed business strategy.
- Oversaw the proper conduct of KLCC REIT's business.
- Reviewed and approved the quarterly results of KLCC REIT for FY2023 and the audited financial statements of KLCC REIT and KLCCRM for the financial year ended 31 December 2022.
- Reviewed and approved recurrent related party transaction of KLCCRM.
- Reviewed and approved the revision to the Nomination and Remuneration Committee's Terms of Reference.
- Reviewed and endorsed the evaluation findings of the Board, Board Committees and Individual Directors.
- Reviewed and endorsed the re-election of Directors retiring pursuant to KLCCRM's Constitution and recommended the same for shareholder's approval.
- Reviewed and recommended Directors' remuneration for shareholder's approval.
- Reviewed and approved the reports and statements for inclusion into the Annual Report 2022.
- Ensured the implementation of policies, procedures and practices relating to operational and corporate governance.
- Reviewed and approved KLCCRM's principal risks (in respect of KLCC REIT's business activities) with their proposed mitigations, and ensured appropriate measures were implemented to manage these risks.
- Reviewed the adequacy and integrity of KLCC REIT's management information and internal control system.
- Determined and approved income distributions to the holders of Stapled Securities and payments of management fees to the Manager.
- Approved the appointment of Joint Company Secretary.
- Approved Sustainability Materiality Assessment 2023.

ix) Training and Professional Development of Directors

The Board recognises the importance of attending and participating in training and development activities in order to broaden Directors' perspectives and to keep abreast with developments in the marketplace, as well as new statutory and regulatory requirements which would enable them to fulfil their responsibilities.

In this regard, the Company Secretaries provide assistance in Directors' training and development, and to facilitate the onboarding programme for newly appointed Directors.

To read more on Directors' Training and Professional Development, please refer to the NRC Report of this Integrated Annual Report.

x) Board Effectiveness Evaluation

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

The Board is aware of the importance for an externally facilitated BEE as recommended in the MCCG. The Board continues to uphold this best practice, with the inclusion in the Board Charter of a statement that the BEE shall be conducted by independent experts at least once every three (3) years.

For the year under review, the BEE, which is under the purview of the NRC, was conducted externally by the Institute Corporate Directors Malaysia as the independent expert. In promoting openness in communication between the Board and Management thereby fostering a trust culture, the BEE for FY2023 not only required the Board to complete the survey, but also the Management.

The findings from the BEE were presented to the NRC for deliberation and appropriate recommendations were made to the Board. Details on the process and parameters of the BEE are provided in the NRC Report contained in this Annual Report.

xi) Integrity and Ethics

The Board acknowledges its roles in establishing a corporate culture of integrity and ethical conduct within the Group. The Board is guided by the PETRONAS Code of Conduct and Business Ethics ("CoBE") and the Anti-Bribery and Corruption Manual (including No Gift Policy), which were adopted by the Group. The Group has also adopted the enhanced PETRONAS' Whistle-blowing Policy which provides and facilitates whistleblowing communication and feedback channels between the Group and its employees, directors and members of public. The CoBE, enhanced PETRONAS' Whistle-blowing Policy, and the Anti-Bribery and Corruption Manual, are described in the CG Report and is available on the KLCCP Stapled Group's corporate website at www.klcc.com.my.

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

During the year, the Board was updated with the implementation progress of ISO 37001:2016 Anti Bribery Management System ("ABMS"). The Board reviewed and endorsed the ABMS Action Plan throughout 2023 based on TRUST Principles (Guidelines on Adequate Procedures) pursuant to subsection (5) of Section 17A of the Malaysian Anti-Corruption Commission Act, 2009. The ABMS Recertification Audit was conducted for KLCCP from 30 October to 3 November 2023 by SIRIM, following which, KLCCP successfully obtained the ISO 37001:2016 ABMS Recertification.


The Group continues the implementation of the Memorandum on Insider Trading whereby Directors and employees of the KLCCP Stapled Group are prohibited from trading in the Stapled Securities, particularly when they are in possession of price-sensitive information and knowledge of facts which have not been publicly announced.

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

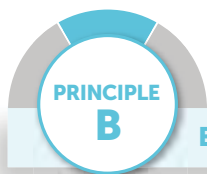
xii) Directors' Remuneration

In determining Directors' fees and meeting allowances as well as meeting allowances for the Board Committees (collectively "Directors Remuneration"), the Board adheres to the Remuneration Framework for KLCC Property Holdings Berhad Non-Executive Directors. Directors' Remuneration for Non-Executive Directors is subject to approval of the holders of Stapled Securities during the AGM of KLCCP.

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

 Further details on Directors Remuneration for the year under review are provided in the NRC Report of this Integrated Annual Report as well as in the CG Report.

Corporate Governance Overview Statement



EFFECTIVE AUDIT AND RISK MANAGEMENT

i) Board Audit Committees

The Board is responsible for ensuring that the Group's audited financial statements comply with the relevant financial reporting standards and any other applicable legislations and regulations. The statement by the Directors, the Manager's Report, and the statement by the Manager in relation to the preparation of the financial statements of the KLCCP Stapled Group are set out in this Annual Report.

In this respect, the Board had established the BAC for KLCCP and KLCCRM with the objective of assisting the Board in fulfilling its responsibilities primarily relating to financial management, financial accounting and internal control systems of the Group. The Board is assisted by the BAC to provide independent scrutiny of the processes in place to monitor the Group's financial and non-financial reporting, and the quality of the same.

The Chairperson of the BAC as well as its members are professionals. Collectively, they have vast experience and skills in accounting and finance as well as other fields of expertise and are highly qualified to formulate and review the integrity and reliability of the Group's financial statements prior to recommending the same to the Board for approval.

KLCCP and KLCCRM adopted the Framework on External Auditors and established a formal policy and procedure to assess the suitability, objectivity and independence of the external auditors in tandem with the practice of the MCCG.

The BAC meets with the external auditors to discuss their audit plans, fees, audit findings and their reviews of the Group's financial statements. The meetings are held in the presence of the CEO and relevant Management staff.

From time to time, the external auditors will highlight matters that require further attention of the BAC and the Board. The Board has obtained assurance from the external auditors on their independence in discharging their duties throughout the conduct of the audit engagement.

During the year under review, the BAC also met with the external auditors twice without the presence of the CEO and Management. In addition, the external auditors were also present at the AGM to provide their professional and independent clarification on issues and concerns raised by the holders of Stapled Securities.

In respect of the Internal Audit function, the BAC is responsible to review and approve the appointment of the Head of Group Internal Audit ("GIA"). The Head of GIA has unrestricted access and reports directly to the BAC to support the BAC in discharging its oversight responsibilities.

The BAC is also responsible to review the internal audit programmes, processes, audit plans and investigations as well as the results of the same that were undertaken, and whether or not appropriate actions have been taken based on the recommendations of the internal auditors.

During the year under review, the BAC met formally with internal auditors five (5) times to review the findings and recommendations arising from internal control reviews conducted by the internal auditors. A declaration of organisational independence of the internal audit activity, followed by a private session with the BAC without the presence of the CEO and Management were also conducted.

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

ii) Board Risk Committee

Pursuant to MCCG Step-Up Practice, the BRC was established on 9 December 2021. The BRC assists the Board in ensuring effective risk oversight across the Group. In addition to matters pertaining to risk policies, strategies, principal risks and risk practices, the scope of the BRC also encompasses environmental, social and governance ("ESG") compliance and sustainability matters.

During the year under review, the BRC reviewed the updates on ESG management of the Group as well as

status of compliance with the Listing Requirements of Bursa Securities including Practice Note 9 of the Listing Requirements. The BRC also endorsed the Sustainability Materiality Assessment 2023 and the resulting Materiality Matrix, which was conducted in accordance to the process recommended by Bursa Malaysia in its Sustainability Reporting Guide 3rd Edition (2022).

Moving into 2024, the Board will continue to diligently monitor risks associated with the business, as well as overall financial and operational risk.

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

iii) Risk Management and Internal Control Framework

The Board through the Board Committees has overall responsibility for maintaining a sound system of risk management and internal control for the Group that provide reasonable assurance of effective and efficient business operations, compliance with laws and regulations as well as internal policies, frameworks and guidelines.

The Board has implemented KLCC Group Enterprise Risk Management Framework ("ERM Framework") which outlines the risk policy, risk governance and structure, risk measurement and risk operations and system. The Board has implemented the ERM processes to identify, assess, monitor, report and mitigate risks impacting the KLCCP Stapled Group's business and supporting activities in accordance with ISO 31000:2018 – Principles and Guidelines on Implementation.

The Group's risk appetite is reviewed annually by the Board to ensure that the risk exposure and type of risk to pursue or retain by the Company in achieving its strategic objectives are reflective to the internal and external changes.

Annual review of the Corporate Risk Profiles were also carried out in compliance with the ERM Framework where the principal risks were reviewed, assessed and updated to safeguard the KLCCP Stapled Group's investment and key business activities and to ensure the risk exposures are relevant and up to date taking into account of the current and emerging risks.

The status of the principal risks, key risk indicators and risk appetite performances are deliberated at the BRC and Board meetings on a quarterly basis to safeguard business interests and ensure risks are being managed effectively.

The Group has an effective internal control system which sets out the processes and frameworks required to

ensure effective and efficient delivery of the Group's strategic objectives. The internal control system is designed to identify and mitigate the potential risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material financial misstatement or loss.

In this respect, the internal audit function assists the Group in accomplishing its goals by bringing a systematic and disciplined approach in evaluating the effectiveness of governance, risk management and control processes which includes anti-corruption and whistle-blowing. This function serves as an important source of advice for the BAC concerning areas of weaknesses or deficiencies in internal processes to facilitate appropriate remedial measures by the Group. GIA adopts a systematic and risk-based approach in reviewing the KLCCP Stapled Group's governance, risk management and internal controls, guided by the COSO (i.e. The Committee of Sponsoring Organizations of the Treadway Commission) Internal Control – Integrated Framework.

The internal audit function is undertaken by the GIA of KLCC (Holdings) Sdn Bhd ("KLCCCH"). To support the BACs in discharging their responsibilities, the Head of GIA of KLCCCH reports directly to the BACs.

The GIA is led by Puan Julika Ishak, who is certified in Committee of Sponsoring Organizations of the Treadway Commission ("COSO") Internal Control – Integrated Framework, and is a member of the Institute of Internal Auditors Malaysia (IIAM).

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



Further details on the risk management and internal control practices as well as the internal audit activities are set out in the BAC Report and Statement on Risk Management and Internal Control contained in this Integrated Annual Report.

Corporate Governance Overview Statement



INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

i) Engagement with Stakeholders

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

The Group establishes and maintains proactive dialogue with all stakeholders. In doing so, the Group recognises the evolving needs of its stakeholders and the Group responds dynamically to the needs. During the year under review, a number of events were held to maintain an open communication with the investors, holders

of Stapled Securities, business partners and other communities, with the presence of the CEO, the Chief Financial Officer and the Head of Investor Relations. By partnering with various stakeholders, understanding their challenges and managing risks, the Group can find solutions for the Group's shared success.

As such the Group has consistently maintained an open dialogue with relevant stakeholder groups such as regulatory agencies, employees, shareholders, investors, holders of Stapled Securities, business partners and the general public, non-governmental associations and suppliers. Their views and concerns on the Group's business, its policies on governance, the environment and social responsibility are given due consideration in our decision-making process.

To read more on Investor Relations, please refer to the Stakeholder Management Report contained in this Integrated Annual Report.

ii) Annual General Meetings

The Board considers the annual general meeting as the principal forum for effective open dialogue with the holders of Stapled Securities.

The twentieth (20th) Annual General Meeting of KLCCP and tenth (10th) Annual General Meeting of KLCC REIT (AGMs) were convened virtually via remote participation and voting facilities.

The 20th AGM of KLCCP and 10th AGM of KLCC REIT, were attended by all Directors, Senior Management and holders of Stapled Securities. The respective Chairman, who chaired the proceedings provided fair opportunity and time to all shareholders to exercise their rights to raise questions and make recommendations.

The notice and agenda of the AGMs together with the Forms of Proxy were given to holders of Stapled Securities thirty-seven (37) days before the AGMs. Each item of special business included in the notice of the AGMs was accompanied by an explanatory note on the effects of the proposed resolutions.

Before the AGMs, the holders of Stapled Securities were encouraged and given sufficient opportunity as well as time by the Board to submit questions pertaining to the Integrated Annual Report, resolutions being proposed and the business

of the Group in general prior to seeking approval from the holders of Stapled Securities on the resolutions.

During the AGMs, the CEO presented a comprehensive review of the Group's performance initiatives and value created for the holders of Stapled Securities. The Board, Senior Management and external auditors were also present at the AGMs to provide answers and clarification to the holders of Stapled Securities.

KLCCP and KLCC REIT received one-hundred and forty seven (147) pre-submitted and live questions from the holders of Stapled Securities. The questions from the Employees Provident Fund and Minority Shareholders Watch Group and the responses by Management were shared with all the holders of Stapled Securities for their information.

KLCCP and KLCC REIT had engaged Tricor Investor and Issuing House Services Sdn Bhd as the Poll Administrator and BDO Consulting Sdn Bhd as Independent Scrutineer for the AGMs.

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

To read more on matters relating to the proceedings of the AGM, please refer to the CG Report.

GOVERNANCE INITIATIVES AND OUTLOOK

The Boards believe that good governance is essential in supporting the realisation of business objectives of the KLCCP Stapled Group.

Moving forward, the Boards will continue to strengthen their application of the corporate governance practices and procedures throughout the Group, in pursuit of safeguarding the interests of all the Group's shareholders and stakeholders.

This Statement is made in accordance with the resolution of the Board of Directors on 7 February 2024.

Nomination and Remuneration Committees Report



THE NRCs OF KLCCP AND KLCCRM HAVE BEEN ESTABLISHED SINCE 27 NOVEMBER 2012 AND 21 AUGUST 2013 RESPECTIVELY. AS COMMITTEES OF THE BOARDS, THE NRCs CONTRIBUTE TO THE BOARDS' IMPLEMENTATION OF NOMINATION AND REMUNERATION GOVERNANCE. ”

TERMS OF REFERENCE

The Terms of Reference describing the roles and functions of the respective NRCs of KLCCP and KLCCRM are available for public access, especially by holders of Stapled Securities on the KLCCP Stapled Group's corporate website at www.klcc.com.my.

COMPOSITION

The NRCs consist of three members each, all of whom are Independent Non-Executive Directors. Members of the NRCs (members) possess objectivity, management experience, professionalism, integrity, knowledge and sound judgement of the industry.

MEETINGS AND ATTENDANCE

During the year under review, three meetings of the NRC of KLCCP and KLCCRM were held. The attendance of the members of the NRCs for the meeting is as follows:

Committee Members	Meeting Attendance	
	KLCCP	KLCCRM
Chairperson		
(i) Chong Chye Neo Independent Non-Executive Director	3/3	3/3
Members		
(ii) Farina binti Farikhullah Khan Independent Non-Executive Director	3/3	3/3
(iii) Dato' Jamaludin bin Osman Independent Non-Executive Director	3/3	3/3

The agenda and a set of meeting papers encompassing information relevant to the business of the meetings were distributed to the members via a secured board meeting automation system no less than six days from the dates of the meetings.

All the proceedings and resolutions of the meetings were recorded by the Company Secretary. Minutes of the meetings were circulated to all members and tabled for confirmation at the next NRCs meetings, after which the said minutes were circulated to the Boards for notation.

The Chief Executive Officer ("CEO"), General Manager of Human Capital Department and other representatives of the Group were also invited by the NRCs to attend and deliberate on specific matters which required their input or advice.

Nomination and Remuneration Committees Report

ACTIVITIES CONDUCTED WITHIN THE PERIOD 2023 UNDER REVIEW

The NRCs performed as part their duties, the following activities during the period 2023 under review:

Categories	Activities
Board membership	<ul style="list-style-type: none"> ➤ Reviewed and endorsed the re-election of Directors standing for re-election at the AGM 2023 contingent upon the performance of the Directors stated in the FY2022 Board Effectiveness Evaluation results and Directors' Fit and Proper assessments.
Board fees & benefits	<ul style="list-style-type: none"> ➤ Reviewed the fees payable to Non-Executive Directors for the holders of Stapled Securities' approval.
Board Performance Evaluation	<ul style="list-style-type: none"> ➤ Discussed the evaluation results of the annual Board Effectiveness Evaluation conducted for FY2022 and recommended necessary actions for board effectiveness enhancement. ➤ Deliberated and endorsed appointment of an Independent Expert to conduct annual board evaluation for FY2023. ➤ Assessed the effectiveness of the Boards, Board Committees, and Individual Directors through annual Board Effectiveness Evaluation.
Succession Planning	<ul style="list-style-type: none"> ➤ Deliberated and reviewed suitability of the proposed talent as pool of successors to the identified Key Positions, resulting in achieving a good ratio of Successor to the Key Positions. ➤ Reviewed and deliberated on the Company's established talent management initiatives and/or programmes.
Governance	<ul style="list-style-type: none"> ➤ Reviewed and endorsed the Nomination and Remuneration Committees' Report for inclusion in the KLCCP Stapled Group Integrated Annual Report FY2022. ➤ Reviewed and endorsed the revisions on NRCs Terms of Reference.

BOARD AND BOARD COMMITTEES' COMPOSITION REVIEW AND SUCCESSION PLANNING

The NRCs continuously evaluate current Boards and their Committees' composition as part of the Boards' endeavour to enhance the mix of Board's skills and competencies.

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

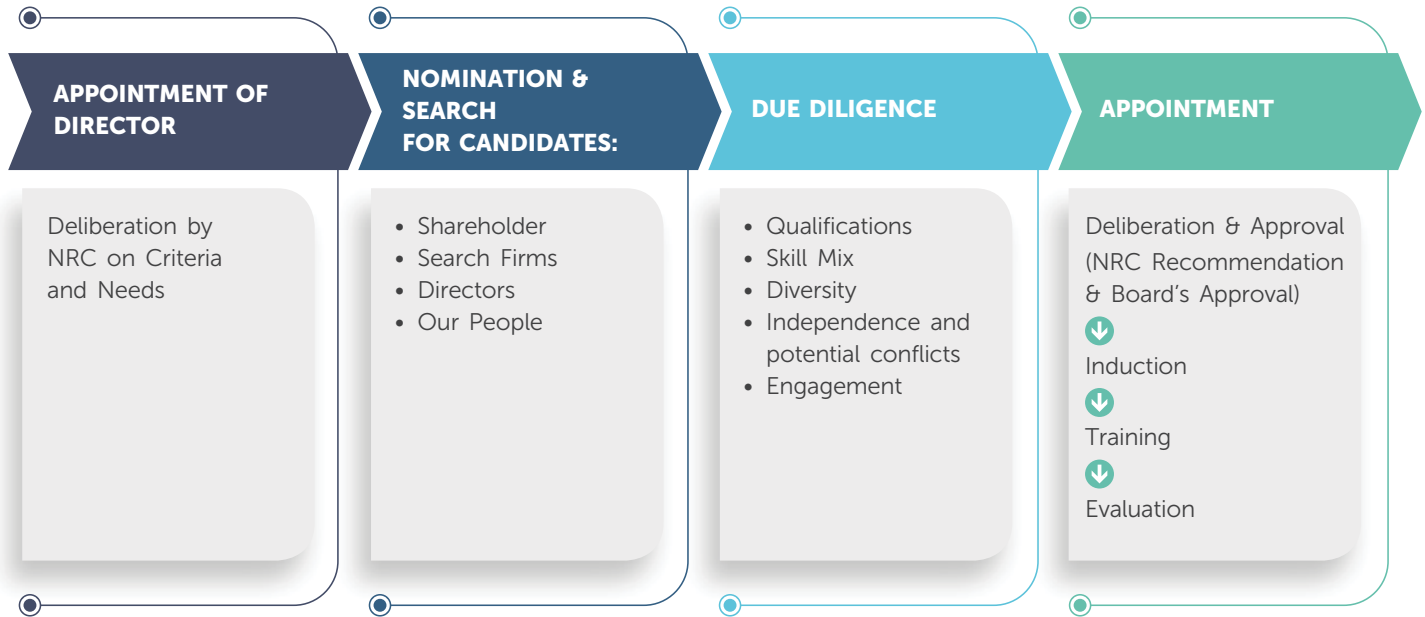
Prior to any appointment, all nominees to the Boards are first considered by the NRCs. The NRCs will then recommend the nominees for the Boards' approvals. The search and selection process for any appointment of additional directors will take into consideration the mix of skills, competencies, experiences, integrity, time commitment, age, ethnicity, gender, and other qualities required to effectively discharge the role of a director which are guided by the following:

- (i) Board Skills Matrix
- (ii) Board Diversity Policy
- (iii) Directors' Fit and Proper Policy

Newly appointed Directors will then be invited for an induction programme which is designed to assist the new Directors to understand the business and operations of the Group. Each induction programme includes the following:

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

The appointment process of a Director is set out in the diagram below:



The NRCs assessed that both the Boards and Board Committees had maintained appropriate compositions.

During the year under review, KLCCP and KLCCRM Boards, with the recommendation of the NRCs, endorsed the re-election of Directors who are subjected to retirement in accordance with the provisions of the respective Constitutions of KLCCP and KLCCRM.

The following Directors are due for retirement and are eligible for re-election pursuant to the respective Constitutions:

- (i) Tan Sri Ahmad Nizam bin Salleh
- (ii) Datuk Md. Shah bin Mahmood, and
- (iii) Puan Chong Chye Neo

The three retiring Directors had indicated their willingness to seek re-election at the forthcoming AGM of KLCCP to be held in April 2024. The retiring Directors were also assessed on their appropriateness and compliance to the Directors’ Fit and Proper Policy.

Prior to recommending the re-election of the Directors, the NRCs also reviewed the individual retiring Director’s performance and contribution. Based on the outcome of the Board Effectiveness Evaluation FY2023, the NRCs are of the opinion that the Directors had individually discharged his/her duties effectively and had provided valuable contribution to the leadership of the Group.

SENIOR MANAGEMENT SUCCESSION PLANNING

During the year under review, KLCCP NRC deliberated on the proposed talent suitability and readiness as successors to the Identified Key Critical positions for KLCCP.

KLCCP NRC was also updated on the talent management initiatives that have contributed to the enhanced pool of successors. These included adoption of enhanced screening criteria for top talent identification, increased number of talents sent for external assessment resulting in a higher success rate of talent identified as top talents. Intensified collaboration with PETRONAS on identification of the Group suitable talent coupled with a series of talent review exercises to validate and categorise talent also contributed to the initiative. Leadership Learning Series for talent development has also been established to harness their leadership capabilities.

Nomination and Remuneration Committees Report

BOARDS AND INDIVIDUAL DIRECTORS' EFFECTIVENESS EVALUATION

The effectiveness of the Boards and their Committees is reviewed annually. For the FY2023, the effectiveness evaluation of the Boards, Board Committees and individual Directors was carried out by an independent expert, namely, the Institute of Corporate Directors Malaysia ("ICDM"). ("FY2023 Board Effectiveness Evaluation").

The criteria agreed by the NRCs for the FY2023 Board Effectiveness Evaluation are as follows:

- 01 Board effectiveness assessment of the Board as a whole.
- 02 Individual Director assessment (self-assessment and assessment by fellow Board members)
- 03 Board Committee effectiveness as evaluated by all members of the Board
- 04 Individual Board committee member assessment by members of the committee
- 05 360 degree assessment of the Board by key selected members of Management
- 06 BEE 2023 report including recommendations and action plans

The FY2023 Board Effectiveness Evaluation was conducted via a combination of interviews and online survey based on the following parameters:



In conducting the FY2023 Board Effectiveness Evaluation, ICDM carried out the following process:

1. Documentation review.
2. Online questionnaires.
3. Confidential interviews.
4. Compliance assessment.
5. Observation & evaluation.

The FY2023 Board Effectiveness Evaluation Report prepared by ICDM, which encapsulated the key observations and recommendations was tabled to the Boards for deliberation on the proposed recommendations by ICDM for improvement.

Based on the analysis on the findings from the FY2023 Board Effectiveness Evaluation Report, the key strengths of the Board are visible in the following areas:

- 01 The Board is engaged and provided strong leadership in formulating and driving long term strategic goals.
- 02 The current board composition is well-balanced and meets the threshold of good governance standard.
- 03 The Board Committees meet the needs of the Board and are in line with best practices.
- 04 The Board and senior management work effectively together and there is a healthy relationship between the parties.
- 05 The Board actively ensures the readiness and resilience of the Group in crisis management.

The result of the FY2023 Board Effectiveness Evaluation Report for the year under review has enabled the Board to put in place actions to address areas for improvement for the coming year.

TRAINING AND PROFESSIONAL DEVELOPMENT OF DIRECTORS

Any Director can request further information to support their individual duties or collective Board roles. The arrangements are overseen by the Company Secretary and can be internally or externally facilitated, with sessions typically originating from technical Board discussions, an identified training opportunity or area of general interest relating to the Group. To remain abreast of, and connected to broader societal and economic trends, Directors are encouraged to participate in seminars and events hosted by external organisations. Discussions with peers, professionals from other sectors and individuals in various situations promote the development of broader perspectives and additional insights, which would promote non-group think and more robust debate at Board discussions.

The list of training programmes attended by the Directors are set out below:

Tan Sri Ahmad Nizam bin Salleh

- Refresher of 5 Critical Legal Areas for Board of Directors of KLCC Property Holdings Berhad
- Board Strategic Away Day: Portfolio Review and Strategic Conversation
- Directors' Conflict of Interest
- Building a Sustainable Legacy – Empowering Leaders for a lasting impact
- ESG for Construction and Property

Datuk Md. Shah bin Mahmood

- Refresher of 5 Critical Legal Areas for Board of Directors of KLCC Property Holdings Berhad
- Board Strategic Away Day: Portfolio Review and Strategic Conversation
- CMDP: Module 1 Directors as Gatekeepers of Market Participants
- CMDP: Module 2a Business Challenges and Regulatory Expectations – What Directors Need to Know (Equities & Future Broking)
- CMDP: Module 2b Business Challenges and Regulatory Expectations – What Directors Need to Know (Fund Management)
- CMDP: Module 3 Risk Oversight and Compliance – Action Plan for Board of Directors
- CMDP: Module 4 Emerging and Current Regulatory Issues in the Capital Market
- Council on Tall Buildings and Urban Habitat (CTBUH) Conference
- Directors' Conflict of Interest
- Building a Sustainable Legacy – Empowering Leaders for a lasting impact
- ESG for Construction and Property

Chong Chye Neo

- Refresher of 5 Critical Legal Areas for Board of Directors of KLCC Property Holdings Berhad
- Board Strategic Away Day Portfolio Review and Strategic Conversation
- Directors' Conflict of Interest
- Building a Sustainable Legacy – Empowering Leaders for a lasting impact
- ESG for Construction and Property
- Mandatory Accreditation Programme Part II: Leading for Impact (LIP)
- Battling The Rise of Cyber Threats in Financial Services in 2023
- Invest Malaysia 2023 Series 1: Reshaping Malaysia's Narrative
- Briefing on Environmental, Social and Governance by PricewaterhouseCoopers PLT
- Anti-Bribery and Corruption Refresher Training: Revisiting Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009
- Understanding the Cyber Security Landscape
- Building a Winning Conglomerate In Turbulent Times by Dr Ram Charan
- Entrepreneurial and Business Leadership for a New Era
- Invest Malaysia 2023: National Energy Transition Projects & Initiatives
- Board's role in value creation
- Mega Trends 2023: 'Malaysia's Development Bargain: Can it be Renewed and Enhanced?' by Prof Stefan Dercon
- Mega Trends 2023: 'Chinese New Economy and Globalisation – The Sequel' by Dr Eric Li
- Board Oversight of Climate Risks & Opportunities
- Embedded Finance – seizing the multi-trillion dollar opportunity
- Joint Committee for Climate Change Conference 2023: Journey to Zero
- National Economic Masterplan: NIMP 2030 – Strategies for Industries

Nomination and Remuneration Committees Report

Liza binti Mustapha

- Refresher of 5 Critical Legal Areas for Board of Directors of KLCC Property Holdings Berhad
- Board Strategic Away Day Portfolio Review and Strategic Conversation
- World Economic Forum
- PETRONAS ESG Legal Conference 2023
- CERAWEEK 2023
- MISC Group Directors' Training 2023
- Energy Asia Conference: ASEAN Climate Finance for Developing Economies
- Climate Finance Summit 2023 – Net Malaysia Association: Session: Lessons from Net Zero Economy
- The Vienna Forum
- PETRONAS Board Excellence: Continuous Education – Conflict of Interest

Dato' Jamaludin bin Osman

- Refresher of 5 Critical Legal Areas for Board of Directors of KLCC Property Holdings Berhad
- Board Strategic Away Day Portfolio Review and Strategic Conversation
- Directors' Conflict of Interest
- Building a Sustainable Legacy – Empowering Leaders for a lasting impact
- ESG for Construction and Property

Datin Noor Lily Zuriati binti Abdullah

- Refresher of 5 Critical Legal Areas for Board of Directors of KLCC Property Holdings Berhad
- Board Strategic Away Day Portfolio Review and Strategic Conversation
- Directors' Conflict of Interest
- Building a Sustainable Legacy – Empowering Leaders for a lasting impact
- ESG for Construction and Property

Farina binti Farikhullah Khan

- Refresher of 5 Critical Legal Areas for Board of Directors of KLCC Property Holdings Berhad
- Board Strategic Away Day Portfolio Review and Strategic Conversation
- Sustainability Awareness Program
- BNM Climate Risk Management and Scenario Analysis Policy Document
- Bursa Securities Malaysia's Requirement: Roles and Responsibilities of Board in Financial Reporting
- PETRONAS Board Conversation Series #Q1 2023: A Session with Martijn Wilder AM, Founder and CEO of Pollination
- Energy Asia – Charting Pathways for a Sustainable Asia
- 2nd Asian Economy Impact – Climate Change Risk
- PGB BAC & BRC Sustainability Training
- Dialog with Bursa on FTSE4GOOD ESG Ratings and ESG Development
- Conflict of Interest ('COI') and Governance of COI
- Cyber Security Awareness Program

Dato' Sr. Mazuki bin A Aziz

- Refresher of 5 Critical Legal Areas for Board of Directors of KLCC Property Holdings Berhad
- Board Strategic Away Day Portfolio Review and Strategic Conversation
- Directors' Conflict of Interest
- Building a Sustainable Legacy – Empowering Leaders for a lasting impact
- ESG for Construction and Property
- BAC Dialogue and Networking 2023

REMUNERATION

(a) Directors' Remuneration

During the year under review, the NRCs ensured the transparency of remuneration matters and that decisions on remuneration made by the NRCs supported the strategic direction of the business. The remuneration of the Boards is based on the KLCCP Non-Executive Directors' (NEDs) Remuneration Framework which is available on the corporate website of KLCCP at www.klcc.com.my.

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

Element	How it operates
Retainer Fee	The NEDs are to be paid a fixed retainer fee.
Special Fee	Special Fee is payable to the NEDs with special experience and skills critical for the company's success.
Meeting Allowance	The NEDs shall be paid attendance allowance for every meeting of the Board and attendance of the different meetings of the Board Committees.
Petrol Allowance	The NEDs are each given petrol card with a fixed maximum amount per annum.
Others	The NEDs of KLCCRM are only entitled to Meeting Attendance Allowance as well as Special Fee (where applicable). The said allowance/fee become payable only when meetings of the Board or the Board Committees of KLCCRM are held on a different date than the meetings of the Board or Board Committees of KLCCP.

For the financial year ended 31 December 2023, a total of RM1,216,500 was paid to the Board members of KLCCP as Directors' Remuneration.

The payment was made following the approval of the resolution tabled at the AGM of KLCCP held on 6 April 2023 where the holders of Stapled Securities had approved the payment of directors' fee and benefits with effect from 7 April 2023 until the next AGM to be held in 2024.

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

(i) KLCCP

	Director's Fee (RM)	Board Meeting Allowance* (RM)	Audit Committee Meeting Allowance* (RM)	Nomination & Remuneration Meeting Allowance* (RM)	Board Risk Committee Meeting Allowance* (RM)	Petrol Allowance (RM)	Total (RM)
Executive Director							
Datuk Md. Shah bin Mahmood	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Non-Executive Directors							
Tan Sri Ahmad Nizam bin Salleh	240,000	14,000	n/a	n/a	n/a	6,000	260,000
Farina binti Farikhullah Khan	120,000	14,000	17,500	10,500	10,500	6,000	178,500
Dato' Jamaludin bin Osman	120,000	14,000	n/a	10,500	14,000	6,000	164,500
Liza binti Mustapha [#]	120,000	14,000	n/a	n/a	n/a	n/a	134,000

Nomination and Remuneration Committees Report

	Director's Fee (RM)	Board Meeting Allowance* (RM)	Audit Committee Meeting Allowance* (RM)	Nomination & Remuneration Meeting Allowance* (RM)	Board Risk Committee Meeting Allowance* (RM)	Petrol Allowance (RM)	Total (RM)
Non-Executive Directors							
Chong Chye Neo	120,000	14,000	17,500	10,500	n/a	6,000	168,000
Datin Noor Lily Zuriati binti Abdullah	120,000	14,000	n/a	n/a	14,000	6,000	154,000
Dato' Sr. Mazuki bin A Aziz	120,000	14,000	17,500	n/a	n/a	6,000	157,500
Total	960,000	98,000	52,500	31,500	38,500	36,000	1,216,500

Note:

* Meeting allowances depend on the number of meetings attended by the Board/Audit Committee/NRC/Board Risk Committee Members.

Fees paid directly to PETRONAS in respect of Directors and appointees of PETRONAS.

The Directors' Remuneration tabulated above reflects what was incurred on a group basis whereby no meeting allowance was paid to the members of the Board and Board Committees of KLCCRM, as their meetings were held on the same date as the meetings of the Board and Board Committees of KLCCP.

The details are also disclosed in KLCCP Stapled Group Corporate Governance Report, which is accessible at KLCCP Stapled Group's corporate website at www.klcc.com.my.

The Executive Director cum CEO of KLCCP and KLCCRM, Datuk Md. Shah bin Mahmood is the Group CEO of KLCC (Holdings) Sdn Bhd ("KLCC"). He is assigned to KLCCP and KLCCRM to undertake all responsibilities of the Executive Director and CEO. KLCCP reimbursed KLCC for the services rendered by Datuk Md. Shah bin Mahmood in the form of management fees with an amount of RM1,570,871.

The NRCs had reviewed and endorsed the proposed NEDs' Remuneration for 2024/2025 for consideration by the Boards prior to recommending for approval by the holders of Stapled Securities at the forthcoming AGM of KLCCP to be held in April 2024 and the shareholder of KLCCRM.

(b) Senior Management Remuneration

The overall structure of Senior Management remuneration in accordance with the remuneration policy approved by the Board anchored on the performance capability, experience and requirements based on the level of job grades.

This Statement is made in accordance with the resolution of the Board of Directors on 7 February 2024.

Board Audit Committees Report



THE BOARD AUDIT COMMITTEES (BACs) OF KLCCP AND KLCCRM WERE ESTABLISHED ON 9 JULY 2004 AND 12 DECEMBER 2012 RESPECTIVELY. ”

TERMS OF REFERENCE

The Terms of Reference describing the roles and functions of the respective BACs of KLCCP and KLCCRM are available for public access, especially by holders of the Stapled Securities on KLCCP Stapled Group’s corporate website at www.klcc.com.my.

COMPOSITION

The BACs consist of three members each, all of whom are Independent Non-Executive Directors. Members of the BACs possess sound judgement, objectivity, management experience, professionalism, integrity and knowledge of the industry.

MEETINGS AND ATTENDANCE

During the year under review, five meetings of the BAC of KLCCP and KLCCRM were held respectively. The details of attendance are set out below:

Committee Members	Meeting Attendance	
	KLCCP	KLCCRM
Chairperson		
(i) Farina binti Farikhullah Khan Independent Non-Executive Director	5/5	5/5
Members		
(ii) Chong Chye Neo Independent Non-Executive Director	5/5	5/5
(iii) Dato’ Sr. Mazuki bin A Aziz Independent Non-Executive Director	5/5	5/5

The agenda and a set of meeting papers encompassing information relevant to the business of the meetings were distributed to the members of the BACs via a secured board meeting automation system no less than six days from the date of the meetings.

All the proceedings and resolutions of the meetings were recorded by the Company Secretary. Minutes of the meetings were circulated to all members of the BACs and tabled for confirmation at the next BACs meeting, after which the said minutes were circulated to the respective Boards for notation.

The Chief Executive Officer (“CEO”), Chief Financial Officer, Group Internal Audit of KLCC (Holdings) Sdn Bhd, representatives from the external auditors, and other representatives of the Group were also invited by the BACs to attend and deliberate on specific matters which required their input or advice.

Board Audit Committees Report

SUMMARY OF THE WORK OF THE BOARD AUDIT COMMITTEES

The BACs are collectively responsible in assisting the Boards on matters relating to corporate governance and compliance of the KLCCP Stapled Group. A summary of the work and key matters considered by the BACs during the financial year ended 31 December 2023 are described below:

Internal Audit

- During the first quarter of 2023, the BACs reviewed and approved the Performance Report of the GIA's Strategy and Balanced Scorecard ("BSC") for 2022. The BSC for 2023 was also reviewed during the first quarter of 2023 with comments, and the revised BSC 2023 was approved in the second quarter of 2023. Subsequently, the half-year Performance Report of the GIA's 2023 BSC was also reviewed and approved by the BACs in the third quarter of 2023;
- Deliberated and approved the internal audit reports which highlighted major findings, agreed mitigation actions and management's responses;
- Deliberated and approved the Quarterly Audit Status Reports which highlighted the outstanding agreed mitigation actions to ensure all audit issues are resolved within the agreed stipulated period;
- Deliberated and approved the revised Annual Audit Plan for 2023 which included a Review of KLCCP's Sustainability Reporting; and
- Deliberated and approved the Annual Audit Plan for activities to be undertaken for 2024.

Financial Statements and Reporting

- Reviewed and discussed the unaudited quarterly financial results of the KLCCP Stapled Group with the Management and recommended the same for the Boards' consideration and approval before releasing to Bursa Malaysia Securities Berhad ("Bursa Securities"). The review was to ensure compliance with the Main Market Listing Requirements ("MMLR"), Malaysian Financial Reporting Standards, Companies Act 2016, Listed REIT Guidelines and any other applicable legislations and regulations;
- Reviewed and discussed the audited financial statements with the external auditors and the management. Having been satisfied that the financial statements and reports complied with the relevant accounting standards and other applicable laws and regulations, the BACs recommended the same for the respective Boards' consideration and approvals;
- Discussed the key audit matters raised by the external auditors with the Management and the disclosure thereof in the Auditors' Report for the financial year ended 31 December 2023 for KLCCP, KLCC REIT and KLCCRM which is in line with the requirements of the new International Standards on Auditing 701; and

- Recommended to the Boards of KLCCP and KLCCRM (as approved by the Trustee) for approvals on dividends and income distributions respectively for payment to the holders of Stapled Securities.

External Audit

- Reviewed the external auditors' scope of work, audit plans and fees for the year under review. Prior to the audit, representatives from the external auditors presented their audit strategies and plans;
- Discussed with the external auditors on the Audited Financial Statements for the financial year ended 31 December 2023, particularly on the major issues that arose during the course of the audit and their resolution, key accounting and audit adjustments, as well as the unadjusted differences identified during the audit;
- Discussed with external auditors on issues arising from financial audits and other matters in the absence of the Management, twice this year; and
- Reviewed the independence and objectivity of the external auditors and their services rendered including non-audit services:
 - For KLCCP, the BAC made recommendations to the Board for the re-appointment of the external auditors and approvals of their audit and non-audit fees.
 - In respect of KLCCRM, the BAC recommended the appointment and remuneration of the external auditors of KLCC REIT upon the approval of the Trustee of KLCC REIT.

The details of fees paid/payable to the external auditors for the year in respect of statutory audit and other services rendered to KLCCP Stapled Group are set out below:

	KLCCP Stapled Group RM'000*	KLCCP RM'000	KLCC REIT RM'000#
Statutory Audit	706	249	104
Non-Audit Fee	16	16	-
Total	722	265	104

Note:

* inclusive of fees paid by subsidiaries of KLCCP

inclusive of fees paid by Midciti Sukuk Berhad

The Boards of KLCCP and KLCCRM considered the provision of other services by the external auditors to the KLCCP Stapled Group as cost effective and efficient due to their knowledge and understanding of the operations of KLCCP Stapled Group, with no undue compromise to their independence and objectivity.

Related Party Transactions

- (a) Reviewed and recommended to the Boards for approval on the recurrent related party transactions to be entered into by KLCCP Stapled Group based on the following requirements:
- The MMLR, Listed REIT Guidelines and other applicable laws and regulations;
 - On arm's-length basis under normal commercial terms and to be in the best interest of the holders of Stapled Securities;
 - Interested Directors are to abstain from voting at Board Meetings;
 - Disclosure via Bursa Announcements, Quarterly Reports and Annual Report (if applicable); and
 - Approval by the Trustee (for KLCC REIT only).
- (b) Reviewed the quarterly report on recurrent related party transactions of KLCCP Stapled Group.

Corporate Governance and Regulatory Compliance

- (a) Reviewed and recommended to the Boards on the following:
- Corporate Governance ("CG") Overview Statement and CG Report;
 - Statement on Risk Management and Internal Control;
 - BACs' Report; and
- (b) Reviewed and recommended to the Boards on the proposed compliance actions on the recent amendments of the MMLR issued by Bursa Securities pertaining to Conflict of Interest ("COI") and Others Areas.

INTERNAL AUDIT FUNCTION

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

The GIA is led by Puan Julika Ishak, who is certified in Committee of Sponsoring Organizations of the Treadway Commission ("COSO") Internal Control – Integrated Framework, and is a member of the Institute of Internal Auditors Malaysia ("IIAM").

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

For the financial year ended 31 December 2023, the GIA of KLCCCH had executed the following activities:

- (1) Conducted assurance activities based on the approved annual audit plan 2023 covering:
 - Audit on Facilities Management of ExxonMobil
 - Audit on Facilities Management of Dayabumi
 - Audit on Cybersecurity for KLCC Group of Companies
 - Audit on KLCC Parking Management
 - Audit on Post Implementation of Diamond+
 - Review of KLCCP's Sustainability Reporting

The resulting audit reports, including findings, recommendations and Management responses, were presented to the BACs except for the Audit on Post Implementation of Diamond+ and the Review of KLCCP's Sustainability Reporting which would be presented to the BACs in the first quarter of 2024.

- (2) Conducted periodic monitoring and reporting on the implementation status of agreed mitigation action items by the managements of KLCCP and KLCCRM to ensure key risks and control weaknesses were addressed effectively and timely, where the status of implementation of the said agreed mitigation actions were reported to the BACs on a quarterly basis.
- (3) Re-evaluated the annual audit plan for 2023 to include Review of KLCCP's Sustainability Reporting to address the requirements imposed by Bursa Securities.
- (4) Prepared annual audit plans for 2024 to ensure that all high-risk areas in significant businesses and support units were assessed and identified for the BACs' deliberations and approvals.

The total costs incurred for the internal audit activities of the KLCCP Stapled Group for the year under review amounted to RM1,145,152.

Further details of the activities of GIA of KLCCCH are set out in the Statement on Risk Management and Internal Control of this Integrated Annual Report.

This Statement is made in accordance with the resolution of the Board of Directors on 7 February 2024.

Board Risk Committees Report



THE BOARD RISK COMMITTEES OF KLCCP AND KLCCRM (“BRCs”) WERE ESTABLISHED ON 9 DECEMBER 2021 BY THE BOARD OF DIRECTORS OF KLCCP AND KLCCRM RESPECTIVELY. ”

TERMS OF REFERENCE

The Terms of Reference (“TOR”) of the BRCs sets out the direction, guidance, and oversight of all aspects of the risk policies, strategies, principal risks, risk practices as well as relating to the Environment, Social & Governance Compliance including sustainability matters which are aligned with the requirements of the Malaysian Code on Corporate Governance.

The TOR for the respective BRCs are available on the KLCCP Stapled Group’s corporate website at www.klcc.com.my.

COMPOSITION

The BRCs consist of three members each, all of whom are Independent Non-Executive Directors. Members of the BRCs possess sound judgement, objectivity, management experience, professionalism, integrity and knowledge of the industry.

MEETINGS AND ATTENDANCE

The BRCs met four times during the year and details of attendance are set out below:

Committee Members	No. of Meeting Attended	
	KLCCP	KLCCRM
Chairman		
(i) Dato’ Jamaludin bin Osman Independent Non-Executive Director	4/4	4/4
Members		
(ii) Farina binti Farikhullah Khan Independent Non-Executive Director	3/4	3/4
(iii) Datin Noor Lily Zuriati binti Abdullah Independent Non-Executive Director	4/4	4/4

The agenda and a set of meeting papers encompassing information relevant to the business of the meetings were distributed to members of the BRCs via a secured board meeting automation system no less than six days from the date of the meetings.

All the proceedings and resolutions of the meetings were recorded by the Company Secretary. Minutes of the meetings were circulated to all members of the BRCs and tabled for confirmation at the next meeting of the BRCs, after which the said minutes were circulated to the respective Boards for notation.

The Chief Executive Officer (“CEO”), Chief Financial Officer, Head of Governance, Risk and Assurance, Head of Group Strategy and Sustainability and other representatives of the Group were also invited by the BRCs to attend and deliberate on specific matters which required their input or advice.

ANNUAL REPORTING

The BRCs reviewed the BRCs Reports and SORMIC for the financial year ended 31 December 2023 to ensure that the reports are prepared in compliance with the requirements and guidelines of the MMLR of Bursa Securities.

BRC’S ACTIVITIES 2023

A summary of the key matters considered during the year is as follows:

Risk Management

- Reviewed quarterly updates on KRI and risk appetite results to gain early insights of any potential risk exposure to the Group.
- Annual review of risk appetite to provide comprehensiveness to the current risk appetite statement in ensuring the financial and non-financial risk exposure and type of risk to be pursued or retained by the KLCCP Stapled Group in achieving its strategic objectives are properly defined. The annual review is crucial to ensure that the risk exposure and type of risk to pursue or retain by the Company in achieving its strategic objectives are reflective to the internal and external changes.
- Annual review of risk profiling exercise to review, assess and update the principal risks to safeguard the KLCCP Stapled Group’s investments and key business activities and to ensure the risk exposures are relevant and up-to-date taking into account of the current and emerging risks.

Environmental, Social & Governance (“ESG”)

- Reviewed and endorsed the KLCCP Stapled Group Sustainability Report 2022.
- Reviewed and assessed the readiness of the KLCCP Stapled Group to comply with the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) on Enhanced Sustainability Disclosure, which the gaps closure progress has been reported to the Boards quarterly.
- Reviewed and endorsed the Sustainability Materiality Assessment 2023, which will form part of the Sustainability Report 2023.

Statement on Risk Management and Internal Control



THE BOARDS OF KLCCP AND KLCCRM ARE RESPONSIBLE FOR AND COMMITTED TO MAINTAIN A SOUND AND EFFECTIVE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM OF THE KLCCP STAPLED GROUP. IN THE KLCCP STAPLED GROUP, RISK MANAGEMENT IS INTEGRATED INTO OUR BUSINESS PLANNING, INVESTMENT DECISIONS, INTERNAL CONTROL AND DAY-TO-DAY OPERATIONS TO ENHANCE OWNERSHIP AND AGILITY IN MANAGING RISKS. ”

The system encompasses risk management, organisation policies and processes, corporate governance, financial information integrity, operational and regulatory controls. The system is designed to manage and not to eliminate all inherent risks associated with the business as well as any weaknesses in the processes and policies of the KLCCP Stapled Group. An effective and sound risk management and internal control system is important for the KLCCP Stapled Group to achieve its business strategies and objectives.

The Management is accountable to the respective Boards to ensure effective implementation of risk management and internal controls. The Management formulates and endorses the risk management policy, frameworks and guidelines including their implementation across the Group. The risks are reviewed and additional course of action to mitigate the identified risks are then recommended. The Management also assigns accountabilities and responsibilities at appropriate levels within the Group as well as ensures that all the necessary resources are efficiently allocated to manage risks.

RISK MANAGEMENT

The Boards have established sound risk management practices guided by the KLCC Group Enterprise Risk Management Framework (“ERM Framework”) to safeguard the KLCCP Stapled Group’s business interest from risk events that may impede the achievement of its business strategies and growth opportunities besides providing assurances to all stakeholders.

The ERM Framework outlines the risk policy, risk governance and structure, risk measurement and risk operations and system for the KLCCP Stapled Group. The Boards have implemented the ERM processes to identify, assess, monitor, report and mitigate risks impacting the KLCCP Stapled Group’s business and supporting activities in accordance with ISO 31000:2018 – Principles and Guidelines on Implementation.

In supporting the risk governance structure and effective implementation of the ERM, the KLCCP Stapled Group has established appropriate risk operations mechanism covering the areas of system, processes, reporting of risks, knowledge management and assurance activities.

The Risk Management Oversight Structure sets out the structure used to assign responsibility for risk management and facilitates the process for assessing and communicating risk issues from operational levels to the Boards. The structure consists of the Boards, BRCs and the Management, represented by the Risk Management Committee (“RMC”) and Top Management. The structure enables effective strategic risk communication to take place between the Boards, BRCs and Management on a quarterly basis.

The Boards are responsible for the overall risk oversight for the KLCCP Stapled Group. The Boards’ roles include identifying and approving the key principal risks for the KLCCP Stapled Group and ensuring the implementation of appropriate and prudent systems to manage the identified risks.

The BRCs provide advice to the Boards on risk matters. This includes reviewing the adequacy and effectiveness of risk

management, internal control system and key control processes as adopted by the KLCCP Stapled Group.

The RMC serves as a central platform of the KLCCP Stapled Group to assist the Management in identifying principal risks, reviewing and recommending frameworks, methodologies, measurement, providing guidance and direction in the implementation and institutionalisation of risk management practices and providing assurance on effective implementation of risk management on a group wide basis.

The RMC comprises key personnel from the respective disciplines within the KLCCP Stapled Group to undertake the review process of all risk management matters before submission to the BRCs and the Boards for deliberation and approval.

The RMC in discharging its risk management function, is assisted by the Governance, Risk & Assurance department of KLCCP in managing the principal risks, providing assurance on effectiveness of the risk management framework for the KLCCP Stapled Group and also promotes sound risk management practices to enhance risk management culture across the KLCCP Stapled Group.

Concerns on all principal risks are shared with Group Internal Audit (GIA) of KLCC (Holdings) Sdn Bhd which then uses the risk assessment reports as reference to develop the annual audit plans for the KLCCP Stapled Group. Risk awareness sharing sessions are regularly conducted for all levels of staff as part of the ongoing initiative to sustain risk awareness and risk management capabilities to inculcate risk management culture within the KLCCP Stapled Group.

Statement on Risk Management and Internal Control

Risk Profiling

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









The likelihood and impact of the risks have been assessed and evaluated against the KLCCP Stapled Group’s risk appetite and tolerance level while appropriate key risk indicators and mitigation plans have been identified for the risks. The status of the principal risks and key risk indicator performances are then reported to the RMC, BRCs and the Boards for their deliberation and guidance on a quarterly basis.

During the year under review, the Boards carried out the following:

<p>01</p> <p>Review of quarterly update on KRI and risk appetite results to gain an early insight of any potential risk exposure to the Company.</p>	<p>02</p> <p>Annual review of the Risk Appetite to ensure that the risk exposure and type of risk to pursue or retain by the Company in achieving its strategic objectives are reflective to the internal and external changes.</p>	<p>03</p> <p>Annual review of Corporate Risk Profile in compliance with the ERM Framework where the principal risks were reviewed, assessed and updated to safeguard the KLCCP Stapled Group’s investment and key business activities and to ensure the risk exposures are relevant and up to date taking into account of the current and emerging risks.</p>	<p>04</p> <p>Annual review of Risk Profile for entities under the KLCCP Stapled Group namely KLCC Parking Management Sdn. Bhd. and KLCC Urusharta Sdn. Bhd.</p>	<p>05</p> <p>Analyse the risk assessment on business proposals, new initiatives and any other Board decision papers for deliberation and decision-making.</p>
---	--	--	--	--

The Corporate Risk Profile is monitored via the INTERISK system, a risk management tool which provides complete risk overview of the organisation for reporting to the Boards. It is a web-enabled system where users are able to access the organisation risk profile on a real-time basis anytime and anywhere.

The KLCCP Stapled Group has identified the following principal risks which are critical to the success of the KLCCP Stapled Group’s business objectives:

<p>Human Capital</p> 	<p>Security</p> 	<p>Finance</p> 	<p>Market</p> 
 <p>Asset Management</p>	 <p>Supplier</p>	 <p>Health, Safety & Environment</p>	 <p>Facilities Management</p>

Crisis Management

Crisis Management Plan ("CMP") was established to address and respond to incidents where risk mitigation fails or when full prevention of the risk occurring is unlikely.

The CMP is to ensure preparedness in managing and responding in HSE and areas beyond HSE which are Human Capital, Financial, Digital, Facility Management and Legal and Regulatory in the event of emergency/crisis.

The CMP includes the objective and scope, roles and responsibilities, activation thresholds and procedures, notification and communication process, strategies and actions for responding pre, during and post emergency/crisis, escalation process and resource requirement.

During the year under review, the KLCCP Stapled Group conducted the following exercises:

- Briefing on fire & life safety programme including evacuation procedure with floor safety managers and tenants at PETRONAS Twin Towers, Menara 3 PETRONAS and Kompleks Dayabumi;
- Integrated Emergency Exercise at PETRONAS Twin Towers and Menara 3 PETRONAS (Ex SIAGA 6); and
- Tabletop exercise with PETT Emergency Management Team (EMT) at PETRONAS Twin Towers.

These exercises are to ensure the readiness and effectiveness of the evacuation and communication processes together with the recovery action plan in responding to the crisis whereby risk owners are made aware of their roles and response preparedness in the event of emergency/crisis.

Based on the above exercises, staff and tenants were trained and familiarised themselves with the respective roles and responsibilities in the event a crisis occurs.

Business Continuity Management

Business Continuity Management was established to provide guidance in resuming key business functions in the event a crisis occurs and has a major or catastrophic impact on business in terms of financial, operation and reputation.

During the year under review, the KLCCP Stapled Group conducted an update review of the Business Impact Analysis ("BIA") to identify the critical business functions ("CBF"). The BIA is to assess the impact of unavailability of the functions over time, set prioritised timeframes for resuming these functions and specify Minimum Resources Requirements for people, equipment, technology, asset and interdependencies to be allocated to recover and resume these functions.

The testing and exercising for Call Tree Verification exercise to validate that phone numbers and contact lists of relevant personnel and stakeholders are accurate and up to date, was conducted to ensure effectiveness of communication to CBF staff upon activation of BCP. This is to ensure that the CBF staff are contactable to carry out their designated roles accordingly. Based on the call tree verification exercise, CBF staff were trained to respond promptly to the activation of BCP.

INTERNAL CONTROL PROCESSES

The Boards continue to uphold and implement strong control structure and environment with the following key control processes to identify, evaluate and manage weaknesses of the KLCCP Stapled Group's internal control system:

- 1) The Boards meet at least quarterly and have set a schedule of matters, which is required to be deliberated and approved by the Boards, thus ensuring that the Boards maintain full and effective supervision over the control processes.
- 2) The CEO of KLCCP and KLCCRM leads the presentation of board papers and provides comprehensive information and explanation for each discussion paper. In arriving at any decision, on recommendation by the Management, a thorough deliberation and discussion by the Boards is a prerequisite.
- 3) Updates on the KLCCP Stapled Group's operations and performance are provided to the Boards at every meeting and the CEO also reports on any significant changes in the business operations and risk profiles of the KLCCP Stapled Group. In addition the CEO and the Chief Financial Officer ("CFO") of KLCCP (who is also the Head of Finance/Head of Investment of KLCCRM) assure the Boards that adequate processes and controls are in place for the preparation of quarterly and annual financial statements.
- 4) KLCCP Stapled Group has an organisational structure with defined lines of responsibilities, delegation of authority and accountability. A hierarchical reporting structure has been established to provide documentary and auditable trail of accountability. In this respect, Limits of Authority Manuals are in place to define the lines of accountability and responsibility in relation to the KLCCP Stapled Group's operations and functions.

Statement on Risk Management and Internal Control

- 5) KLCCP Stapled Group adopts the PETRONAS Code of Conduct and Business Ethics (CoBE), Anti Bribery and Corruption Manual, enhanced Whistle-Blowing Policy to ensure that Directors, Management and employees, and third parties, when performing any work or services for the KLCCP Stapled Group, will act ethically and remain above board at all times and their individual behaviour is in line with the PETRONAS Shared Values, i.e. Loyalty, Professionalism, Integrity and Cohesiveness.

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

- 6) KLCCP Stapled Group undertakes an annual planning and budgeting exercise including development of business strategies for forthcoming years and establishes key performance indicators for each business segment to achieve. Variance against budgets are analysed and reported on a quarterly basis to the Boards.
- 7) KLCCP Stapled Group's strategic directions are also reviewed annually taking into consideration changes in market conditions and significant business risks.
- 8) The CFO (who is also the Head of Finance/Head of Investment of KLCCRM) report to the BAC of KLCCP and BAC of KLCCRM respectively that the accounting policies and procedures as set out in the Accounting Procedures Manual are in place and applied consistently to ensure that the financial statements are in compliance with the Malaysian Financial Reporting Standards and the relevant regulatory disclosure requirements.
- 9) For the associate company, it is done via representation on the associate company's board. Information on the financial performance of the associate company is provided monthly.

INTERNAL AUDIT

The GIA of KLCCH provides an independent and objective assurance on the efficiency and effectiveness of governance, risk management and internal controls implemented by the KLCCP Stapled Group, to the BACs of KLCCP and KLCCRM. This is to support the BACs in the discharge of their oversight over governance and internal controls responsibilities. The BACs have full access to the services of GIA and receive reports on all audits that are performed via quarterly BACs meetings.

Governed by the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) and its Internal Audit Charter, the GIA of KLCCH is independent of the activities

being audited and performs its duties with integrity, objectivity, confidentiality and competency. The GIA of KLCCH is also a corporate member of the IIA Malaysia chapter.

GIA adopts a systematic and risk-based approach in reviewing the KLCCP Stapled Group's governance, risk management and internal controls, guided by the COSO (i.e. The Committee of Sponsoring Organisations of the Treadway Commission) Internal Control – Integrated Framework.

GIA also performs a risk based annual audit plan by assessing the risk profile, materiality, past audit history, business developments, feedbacks and requests, organisational changes, new regulations, result of reviews by other assurance providers and any other significant changes and developments within and outside the organisation.

MANAGEMENT ROLE

The respective Boards have received assurances from the CEO and CFO that the KLCCP Stapled Group's risk management and internal control system is operating effectively in all material aspects based on the processes as approved by the Boards.

The Boards are of the view that the KLCCP Stapled Group's internal control system is sound and effective to safeguard the stapled securities holders' investment, the interests of customers, employees and other stakeholders, and the KLCCP Stapled Group's assets.

REVIEW OF THIS STATEMENT

The External Auditors have performed limited assurance procedures on this Statement on Risk Management and Internal Control (Statement) in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report.

They have reported to the Boards that nothing has come to their attention that causes them to believe the Statement intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers nor is the Statement factually inaccurate.

This Statement is made in accordance with the resolution of the Board of Directors on 7 February 2024.

Additional Compliance Information

The information set out below is disclosed in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Guidelines on Listed Real Estate Investment Trusts issued by Securities Commission Malaysia.

(i) Material Contracts

There were no material contracts or loans entered into by KLCCP or KLCCP's subsidiaries involving the interests of the Directors or major Stapled Securities holders, either still subsisting at the end of the financial year ended 31 December 2023 or entered into since the end of the previous year, except as disclosed in the Prospectus of Stapled Securities dated 7 May 2013 and the audited financial statements of KLCCP.

(ii) Utilisation of Proceeds

KLCCP and KLCC REIT did not raise funds through any corporate proposals during the financial year.

(iii) Sanctions and/or Penalties

During the financial year, there was no public sanction or penalty imposed by the relevant regulatory bodies on the management company of KLCC REIT.

(iv) Recurrent Related Party Transaction ("RRPT")

Both KLCCP and KLCC REIT did not seek any mandate from the holders of Stapled Securities on RRPT during the financial year.

(v) List of Property Development Activities

During the financial year, there were no property development activities including acquisition of vacant land carried out by KLCC REIT.

CHAPTER 8: **Financial Statements**

- 220** Directors' Report
- 225** Statement by Directors
- 225** Statutory Declaration
- 226** Consolidated Statement of Financial Position
- 228** Consolidated Statement of Comprehensive Income
- 229** Statement of Income Distribution to Stapled Securities Holders
- 230** Consolidated Statement of Changes in Equity
- 231** Consolidated Statement of Cash Flows
- 233** Statement of Financial Position
- 234** Statement of Comprehensive Income
- 235** Statement of Changes in Equity
- 236** Statement of Cash Flows
- 237** Notes to the Financial Statements
- 299** Independent Auditors' Report



KLCCP STAPLED GROUP

Directors' Report

For The Year Ended 31 December 2023

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Company in the course of the financial year remained unchanged and consist of investment holding, property development management and the provision of management services.

The principal activities of subsidiaries and an associate are stated in Note 5 and Note 6 to the financial statements respectively. The Board of Directors deems such information is included in the Company's Directors' Report by such reference and shall form part of the Company's Directors' Report.

CORPORATE INFORMATION

The Company is a public limited liability company, incorporated on 7 February 2004 and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

Upon the completion of the listing of stapled securities on 7 May 2013, the Group now comprises:

- (a) KLCC Property Holdings Berhad ("KLCCP") Group, being the Company, its existing subsidiaries and associate company; and
- (b) KLCC Real Estate Investment Trust ("KLCC REIT") Group.

HOLDING COMPANIES

The immediate and ultimate holding companies of the Company are KLCC (Holdings) Sdn. Bhd. ("KLCCCH") and Petroliam Nasional Berhad ("PETRONAS") respectively, all of which are incorporated in Malaysia.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the year	1,066,382	271,120
Attributable to:		
Equity holders of the Company	396,662	271,120
Non-controlling interests relating to KLCC REIT	534,632	–
Other non-controlling interests	135,088	–
	1,066,382	271,120

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2022 were as follows:

	RM'000
In respect of the financial year ended 31 December 2022 as reported in the Directors' Report in that year:	
A fourth interim dividend of 7.69%, tax exempt under single tier system on 1,805,333,083 ordinary shares, was declared on 31 January 2023 and paid on 28 February 2023.	138,830
In respect of the financial year ended 31 December 2023:	
A first interim dividend of 1.41%, tax exempt under single tier system on 1,805,333,083 ordinary shares, was declared on 29 May 2023 and paid on 28 June 2023.	25,455
A second interim dividend of 1.80%, tax exempt under single tier system on 1,805,333,083 ordinary shares, was declared on 14 August 2023 and paid on 27 September 2023.	32,496
A third interim dividend of 2.50%, tax exempt under single tier system on 1,805,333,083 ordinary shares, was declared on 28 November 2023 and paid on 29 December 2023.	45,134
	241,915

A fourth interim dividend in respect of the financial year ended 31 December 2023, of 8.00%, tax exempt under the single tier system on 1,805,333,083 ordinary shares, declared on 7 February 2024 amounting to a dividend payable of RM144,426,647 will be payable on 29 February 2024.

The financial statements for the current year do not reflect this fourth interim dividend. Such dividend will be accounted for in equity as an appropriation of profits in the financial year ending 31 December 2024.

RESERVES AND PROVISIONS

There were no material movements to or from reserves and provisions during the year other than as disclosed in the financial statements.

DIRECTORS

Directors who served during the financial year until the date of this report are:

Tan Sri Ahmad Nizam Bin Salleh
 Farina Binti Farikhullah Khan
 Dato' Jamaludin Bin Osman
 Liza Binti Mustapha
 Datuk Md. Shah Bin Mahmood
 Chong Chye Neo
 Dato' Sr. Mazuki Bin A. Aziz
 Datin Noor Lily Zuriati Binti Abdullah

The Company has been granted a relief order pursuant to Section 255(1) of the Companies Act, 2016 relieving the Company's Directors from full compliance to the requirements under Section 253(2) of the Companies Act, 2016.

The names of Directors of subsidiaries are available in the respective subsidiaries' Directors' Report or at the Company's registered office that the Board deems such information is included in the Company's Directors' Report by such reference and shall form part of the Company's Directors' Report.

KLCCP STAPLED GROUP

Directors' Report

For The Year Ended 31 December 2023

DIRECTORS' INTERESTS

The Directors in office at the end of the year who have interests and deemed interests in the shares of the Company and of its related corporations other than wholly-owned subsidiaries as recorded in the Register of Directors' Shareholdings are as follows:

	Number of Shares in Petronas Chemicals Group Berhad			
	Balance as at 1.1.2023	Number of Shares		Balance as at 31.12.2023
		Bought	Sold	
Direct				
Tan Sri Ahmad Nizam Bin Salleh	10,000	–	–	10,000
Datuk Md. Shah Bin Mahmood	6,000	–	–	6,000

	Number of Shares in Petronas Gas Berhad			
	Balance as at 1.1.2023	Number of Shares		Balance as at 31.12.2023
		Bought	Sold	
Direct				
Tan Sri Ahmad Nizam Bin Salleh	2,000	–	–	2,000

None of the other Directors holding office at 31 December 2023 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than the benefit shown below), by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The Directors' benefits paid to or receivable by directors in respect of the financial year ended 31 December 2023 was RM1,217,000.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

The Directors' benefits are as follows:

	Group RM'000	Company RM'000
Directors of the Company		
Executive*	–	–
Non-Executive:		
Fees	1,217	1,217
	1,217	1,217

* The remuneration of the Executive Director is paid to KLCCH as disclosed in Note 26.

ISSUE OF SHARES

There were no changes in the issued and paid up capital of the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

INDEMNITY AND INSURANCE COSTS

During the financial year, PETRONAS and its subsidiaries (hereinafter referred to as "PETRONAS Group"), including the Company, maintained a Directors' and Officers' Liability Insurance in accordance with Section 289 of the Companies Act, 2016. The total insured limit for the Directors and Officers Liability Insurance effected for the Directors and Officers of PETRONAS Group was RM1,290 million per occurrence and in the aggregate. The insurance premium for the Company is RM1,000.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain:

- (i) that necessary actions had been taken in relation to the writing off of bad debts and the provisioning of doubtful debts and satisfied themselves that all known bad debts have been written off and adequate provision made for doubtful debts; and
- (ii) that any current assets which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company, had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent;
- (ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading;
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; and
- (iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person; or
- (ii) any material contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No material contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2023 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

KLCCP STAPLED GROUP

Directors' Report

For The Year Ended 31 December 2023

AUDITORS

The auditors, Ernst & Young PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration for the financial year ended 31 December 2023 of the Group and the Company is as follows:

	Group RM'000	Company RM'000
Statutory audit fees		
Ernst & Young PLT	706	249
Non audit service fees		
Ernst & Young PLT	16	16

Signed on behalf of the Board of Directors
in accordance with a resolution of the Directors:

Tan Sri Ahmad Nizam Bin Salleh

Chairman

Datuk Md. Shah Bin Mahmood

Director

Kuala Lumpur,

Date: 7 February 2024

Statement By Directors

In the opinion of the Directors, the financial statements set out on pages 226 to 298 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2023 and of their financial performance and cash flows for the financial year then ended on that date.

Signed on behalf of the Board of Directors
in accordance with a resolution of the Directors:

Tan Sri Ahmad Nizam Bin Salleh

Chairman

Datuk Md. Shah Bin Mahmood

Director

Kuala Lumpur,

Date: 7 February 2024

Statutory Declaration

I, Rohizal Bin Kadir, the officer primarily responsible for the financial management of KLCC Property Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 226 to 298 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed

Rohizal Bin Kadir

MIA Membership Number: 50742

at **Kuala Lumpur** in **Wilayah Persekutuan**

on 7 February 2024

Rohizal Bin Kadir

BEFORE ME:

Y.M. Tengku Nur Athiya Tengku Fariddudin

Commissioner for Oaths

KLCCP STAPLED GROUP

Consolidated Statement of Financial Position

As At 31 December 2023

	Note	2023 RM'000	2022 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	3	547,763	570,929
Investment properties	4	15,953,114	15,722,780
Investment in an associate	6	266,687	265,023
Trade and other receivables	7	270,954	328,988
Right-of-use assets	22	2,495	3,913
Deferred tax assets	8	1,513	1,464
		17,042,526	16,893,097
Current Assets			
Inventories	9	1,607	1,558
Trade and other receivables	7	94,182	102,018
Tax recoverable		3,167	7,813
Cash and bank balances	10	1,192,076	1,104,972
		1,291,032	1,216,361
TOTAL ASSETS		18,333,558	18,109,458
EQUITY			
Equity Attributable to Equity Holders of the Company			
Share capital	11	1,823,386	1,823,386
Capital reserve	12	3,008,866	2,897,190
Retained profits	12	435,883	392,812
Total equity attributable to shareholder of the Company		5,268,135	5,113,388
Non-controlling interests ("NCI") relating to KLCC REIT	5	8,070,969	8,018,361
Stapled Securities holders interests in the Group		13,339,104	13,131,749
Other NCI	5	2,050,350	2,035,529
TOTAL EQUITY		15,389,454	15,167,278

	Note	2023 RM'000	2022 RM'000
LIABILITIES			
Non-Current Liabilities			
Trade and other payables	14	149,515	126,928
Deferred revenue	15	83,951	82,633
Financings	13	1,289,572	2,355,887
Deferred tax liabilities	8	62,850	53,982
		1,585,888	2,619,430
Current Liabilities			
Trade and other payables	14	261,158	281,308
Financings	13	1,074,600	22,586
Taxation		22,458	18,856
		1,358,216	322,750
TOTAL LIABILITIES		2,944,104	2,942,180
TOTAL EQUITY AND LIABILITIES		18,333,558	18,109,458
Net asset value ("NAV")		13,339,104	13,131,749
Less: Fourth interim distribution		(259,968)	(252,747)
Net NAV after distribution		13,079,136	12,879,002
Number of stapled securities/shares in circulation ('000)		1,805,333	1,805,333
NAV per stapled security/share (RM)			
– before distribution		7.39	7.27
– after distribution		7.24	7.13

KLCCP STAPLED GROUP

Consolidated Statement of Comprehensive Income

For The Year Ended 31 December 2023

	Note	2023 RM'000	2022 RM'000
Revenue		1,619,163	1,459,251
Operating profit	16	1,020,226	958,796
Interest/profit income	19	42,391	27,068
Financing costs	20	(111,312)	(105,759)
Share of profit of an associate	6	14,204	10,098
Fair value adjustments of investment properties	4	221,914	128,676
Profit before taxation	17	1,187,423	1,018,879
Tax expense	21	(121,041)	(107,325)
PROFIT FOR THE YEAR, REPRESENTING TOTAL COMPREHENSIVE INCOME		1,066,382	911,554
Profit attributable to:			
Equity holders of the Company		396,662	279,365
NCI relating to KLCC REIT	5	534,632	503,298
Other NCI	5	931,294	782,663
		135,088	128,891
		1,066,382	911,554
Earnings per share attributable to equity holders of the Company (sen):			
Basic/diluted	23	21.97	15.47
Earnings per stapled security (sen):			
Basic/diluted	23	51.59	43.35

The notes set out on pages 237 to 298 are an integral part of these financial statements.

Statement of Income Distribution to Stapled Securities Holders

For The Year Ended 31 December 2023

	2023 RM'000	2022 RM'000
Overall distributable income is derived as follows:		
Profit attributable to the equity holders of the Company	396,662	279,365
Add: Unrealised fair value adjustments attributable to the equity holders	(111,676)	(36,360)
	284,986	243,005
Distributable income of KLCC REIT	508,925	505,265
Total available for income distribution	793,911	748,270
Distribution to equity holders of the Company in respect of financial year ended 31 December:		
First interim dividend of 1.41% (2022: 0.99%)	(25,455)	(17,873)
Second interim dividend of 1.80% (2022: 0.99%)	(32,496)	(17,873)
Third interim dividend of 2.50% (2022: 1.04%)	(45,134)	(18,775)
Fourth interim dividend of 8.00% (2022: 7.69%)	(144,427)	(138,830)
	(247,512)	(193,351)
Distribution to KLCC REIT holders in respect of financial year ended 31 December:		
First interim income distribution of 7.09% (2022: 7.01%)	(127,998)	(126,554)
Second interim income distribution of 7.00% (2022: 7.01%)	(126,373)	(126,554)
Third interim income distribution of 6.30% (2022: 6.96%)	(113,736)	(125,651)
Fourth interim income distribution of 6.40% (2022: 6.31%)	(115,541)	(113,917)
	(483,648)	(492,676)
Balance undistributed	62,751	62,243

KLCCP STAPLED GROUP

Consolidated Statement of Changes in Equity

For The Year Ended 31 December 2023

	Note	← Attributable to Equity Holders of the Company →			Total equity attributable to holders of the Company RM'000	NCI relating to KLCC REIT RM'000 (Note 5)	Other NCI RM'000	Total Equity RM'000
		Non-distributable	← Distributable →					
		Share Capital RM'000 (Note 11)	Capital Reserve RM'000 (Note 12)	Retained Profits RM'000 (Note 12)				
Balance at 1 January 2023		1,823,386	2,897,190	392,812	5,113,388	8,018,361	2,035,529	15,167,278
Total comprehensive income for the year		–	–	396,662	396,662	534,632	135,088	1,066,382
Transfer of fair value adjustments net of tax	12	–	111,676	(111,676)	–	–	–	–
Dividends paid		–	–	(241,915)	(241,915)	(482,024)	(120,267)	(844,206)
Balance at 31 December 2023		1,823,386	3,008,866	435,883	5,268,135	8,070,969	2,050,350	15,389,454
Balance at 1 January 2022		1,823,386	2,860,830	308,496	4,992,712	8,017,126	2,029,638	15,039,476
Total comprehensive income for the year		–	–	279,365	279,365	503,298	128,891	911,554
Transfer of fair value adjustments net of tax	12	–	36,360	(36,360)	–	–	–	–
Dividends paid		–	–	(158,689)	(158,689)	(502,063)	(123,000)	(783,752)
Balance at 31 December 2022		1,823,386	2,897,190	392,812	5,113,388	8,018,361	2,035,529	15,167,278

The notes set out on pages 237 to 298 are an integral part of these financial statements.

Consolidated Statement of Cash Flows

For The Year Ended 31 December 2023

	Note	2023 RM'000	2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,187,423	1,018,879
Adjustments for:			
Interest/profit income	19	(42,391)	(27,068)
Financing costs		111,314	105,763
Amortisation of accrued rental income and deferred revenue		50,972	58,135
Depreciation of property, plant and equipment	3	31,459	40,488
Depreciation of right-of-use assets	22	1,418	4,490
Investment property written off	4	–	13
(Gain)/loss on disposal of property, plant and equipment	17	(27)	30
Gain on fair value adjustments of investment properties	4	(221,914)	(128,676)
Impairment on investment property under construction	4	–	115
Net reversal for impairment losses of receivables		(1,368)	(1,496)
Bad debts written off	17	1,163	–
Share of profit of an associate	6	(14,204)	(10,098)
Derecognition of leases		–	(9)
Remeasurement of leases		–	(44)
Operating cash flows before changes in working capital		1,103,845	1,060,522
Changes in working capital:			
Trade and other receivables		(674)	15,509
Amount due from related companies		1,726	(5,262)
Amount due from immediate holding company		12,168	(27,813)
Amount due to ultimate holding company		4,387	(599)
Trade and other payables		(6,983)	28,125
Inventories		(49)	(204)
Cash generated from operations		1,114,420	1,070,278
Interest/profit income received		42,343	26,297
Taxation paid		(104,477)	(70,176)
Taxation refunded		503	12
Net cash generated from operating activities		1,052,789	1,026,411
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from an associate		12,540	16,500
Purchase of property, plant and equipment		(9,255)	(6,512)
Subsequent expenditure on investment properties		(5,435)	(6,004)
Proceeds from disposal of property, plant and equipment		126	3
Net cash (used in)/generated from investing activities		(2,024)	3,987

KLCCP STAPLED GROUP

Consolidated Statement of Cash Flows

For The Year Ended 31 December 2023

	Note	2023 RM'000	2022 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of financings		–	16,540
Repayment of financings		(10,000)	(10,000)
Repayment of lease liabilities	22	(1,380)	(4,880)
Dividends paid to shareholders	24	(241,915)	(158,689)
Dividends paid to other NCI	5	(120,267)	(123,000)
Dividends paid to NCI relating to KLCC REIT		(482,235)	(501,840)
Interest/profit paid		(107,864)	(103,085)
(Increase)/decrease in deposits restricted		(244)	841
Net cash used in financing activities		(963,905)	(884,113)
NET INCREASE IN CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1,102,810	956,525
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	10	1,189,670	1,102,810
The additions in property, plant and equipment and investment properties were acquired by way of:			
Cash		1,838	1,260
Accruals and right-of-use asset		14,974	12,852
		16,812	14,112
Cash paid for additions in prior years		12,852	11,256
Cash paid for additions in current year		1,838	1,260
Total cash paid for investment properties and property, plant and equipment		14,690	12,516

The notes set out on pages 237 to 298 are an integral part of these financial statements.

Statement of Financial Position

As At 31 December 2023

	Note	2023 RM'000	2022 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	3	68	147
Investment in subsidiaries	5	1,371,796	1,371,793
Investment in an associate	6	99,195	99,195
Right-of-use assets	22	–	388
Deferred tax assets	8	829	1,437
		1,471,888	1,472,960
Current Assets			
Trade and other receivables	7	11,563	9,919
Tax recoverable		2,184	5,846
Cash and bank balances	10	684,703	647,539
		698,450	663,304
TOTAL ASSETS		2,170,338	2,136,264
EQUITY			
Share capital	11	1,823,386	1,823,386
Retained profits	12	333,512	304,307
TOTAL EQUITY		2,156,898	2,127,693
LIABILITIES			
Current Liabilities			
Trade and other payables	14	13,440	8,166
Financings	13	–	405
TOTAL LIABILITIES		13,440	8,571
TOTAL EQUITY AND LIABILITIES		2,170,338	2,136,264

The notes set out on pages 237 to 298 are an integral part of these financial statements.

KLCCP STAPLED GROUP

Statement of Comprehensive Income

For The Year Ended 31 December 2023

	Note	2023 RM'000	2022 RM'000
Revenue		300,195	294,169
Operating profit	16	255,408	253,735
Interest/profit income	19	21,778	14,372
Financing costs	20	(5)	(98)
Profit before taxation		277,181	268,009
Tax (expense)/benefit	21	(6,061)	788
PROFIT FOR THE YEAR, REPRESENTING TOTAL COMPREHENSIVE INCOME		271,120	268,797

The notes set out on pages 237 to 298 are an integral part of these financial statements.

Statement of Changes in Equity

For The Year Ended 31 December 2023

	Note	Non-Distributable Share Capital RM'000 (Note 11)	Distributable Retained Profits RM'000 (Note 12)	Total Equity RM'000
Balance at 1 January 2023		1,823,386	304,307	2,127,693
Total comprehensive income for the year		–	271,120	271,120
Dividends paid	24	–	(241,915)	(241,915)
Balance at 31 December 2023		1,823,386	333,512	2,156,898
Balance at 1 January 2022		1,823,386	194,199	2,017,585
Total comprehensive income for the year		–	268,797	268,797
Dividends paid	24	–	(158,689)	(158,689)
Balance at 31 December 2022		1,823,386	304,307	2,127,693

The notes set out on pages 237 to 298 are an integral part of these financial statements.

KLCCP STAPLED GROUP

Statement of Cash Flows

For The Year Ended 31 December 2023

	Note	2023 RM'000	2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		277,181	268,009
Adjustments for:			
Interest/profit income	19	(21,778)	(14,372)
Financing costs	20	5	98
Depreciation of property, plant and equipment	3	79	139
Depreciation of right-of-use assets	22	388	3,160
Dividend income		(274,940)	(271,500)
Operating cash flows before changes in working capital		(19,065)	(14,466)
Changes in working capital:			
Trade and other receivables		(2,638)	(248)
Amount due from subsidiaries		321	(188)
Amount due from related companies		(792)	(829)
Amount due from immediate holding company		3,768	(609)
Amount due to ultimate holding company		3,527	(1,572)
Trade and other payables		(559)	3,410
Cash used in operations		(15,438)	(14,502)
Interest/profit income received		21,778	14,372
Taxation paid		(2,294)	(371)
Taxation refunded		503	–
Net cash generated from/(used in) operating activities		4,549	(501)
CASH FLOWS FROM INVESTING ACTIVITY			
Dividends received from subsidiaries and an associate			
Representing the net cash generated from investing activity		274,940	271,500
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities	22	(410)	(3,392)
Dividends paid		(241,915)	(158,689)
Net cash used in financing activities		(242,325)	(162,081)
NET INCREASE IN CASH AND CASH EQUIVALENTS		37,164	108,918
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		647,539	538,621
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	10	684,703	647,539

The notes set out on pages 237 to 298 are an integral part of these financial statements.

Notes to the Financial Statements

31 December 2023

1. BASIS OF PREPARATION

1.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 in Malaysia.

As of 1 January 2023, the Group and the Company had adopted amendments to MFRS ("pronouncements") that have been issued by the Malaysian Accounting Standards Board ("MASB") as described fully in Note 30.

MASB has also issued new and revised pronouncements which are not yet effective for the Group and the Company and therefore, have not been adopted in these financial statements. These pronouncements including their impact on the financial statements in the period of initial application are set out in Note 31. New and revised pronouncements that are not relevant to the operations of the Group and of the Company are set out in Note 32.

These financial statements were approved and authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 7 February 2024.

1.2 Basis of measurement

The financial statements of the Group and of the Company have been prepared on historical cost basis except for certain items which are measured at fair value, as disclosed in the accounting policies below.

As at 31 December 2023, the current liabilities of the Group exceeded the current assets by RM67,184,000. The net current liabilities position is due to the maturity of its RM455,000,000 and RM600,000,000 Sukuk Murabahah on 25 April 2024 and 31 December 2024 respectively. The Group has plans in place for the repayment of the Sukuk upon their maturities as disclosed in Note 27(c). Hence, the Directors have continued to prepare the financial statements on a going concern basis.

1.3 Functional and presentation currency

The financial statements of the Company is prepared using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company has been determined as Ringgit Malaysia ("RM"). The Group's and the Company's financial statements are presented in RM, which is the Company's reporting currency.

All financial information is presented in RM and has been rounded to the nearest thousands, unless otherwise stated.

1.4 Use of estimates and judgments

The preparation of financial statements in conformity with MFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

(i) Critical judgement made in applying accounting policies

There are no critical judgements made by management in the process of applying the Group's and the Company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

KLCCP STAPLED GROUP

Notes to the Financial Statements

31 December 2023

1. BASIS OF PREPARATION (continued)

1.4 Use of estimates and judgments (continued)

(ii) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is discussed below:

Fair value of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group had engaged independent professional valuers to determine the fair values and there are no material events that affect the valuation between the valuation date and financial year end.

The fair values of the investment properties derived by the independent professional valuers is most sensitive to the estimated reversion and term yield rate and discount rate. The range of the reversion and term yield rate and the discount rate used in the valuation is described in Note 4.

The following table demonstrates the sensitivity of the fair value measurement to changes in estimated reversion and term yield rate and discount rate:

	Fair value Increase/(decrease)	
	2023 RM'000	2022 RM'000
Reversion and term yield rate		
+ 0.25%	(368,044)	(343,404)
- 0.25%	381,202	365,542
Discount rate		
+ 0.25%	(223,705)	(225,839)
- 0.25%	223,409	235,751

The other key assumptions used to determine the fair value of the investment properties are further explained in Note 4.

2. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Group and the Company, unless otherwise stated.

2.1 Basis of Consolidation

Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.1 Basis of Consolidation (continued)

Subsidiaries (continued)

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

The financial statements of subsidiaries are included in the consolidated financial statements of the Group from the date that control commences until the date that control ceases.

All inter-company transactions are eliminated on consolidation and revenue and profits relate to external transactions only. Unrealised losses resulting from inter-company transactions are also eliminated unless cost cannot be recovered.

Business combination

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses. Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group. The identifiable assets acquired and liabilities assumed are measured at their fair values at the acquisition date. The cost of an acquisition is measured as the aggregate of the fair value of the consideration transferred and the amount of any non-controlling interests in the acquiree. Non-controlling interests are stated either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

When a business combination is achieved in stages, the Group remeasures its previously held non-controlling equity interest in the acquiree at fair value at the acquisition date, with any resulting gain or loss recognised in the profit or loss. Increase in the Group's ownership interest in an existing subsidiary is accounted for as equity transactions with differences between the fair value of consideration paid and the Group's proportionate share of net assets acquired, recognised directly in equity.

The Group measures goodwill as the excess of the cost of an acquisition and the fair values of any previously held interest in the acquiree over the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Transaction costs, other than those associated with the issuance of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Non-controlling interests

Non-controlling interests at the end of the reporting period, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the shareholders of the Company.

Non-controlling interests in the results of the Group are presented in the consolidated statement of profit or loss and other consolidated statement of comprehensive income as an allocation of the profit or loss and total comprehensive income for the year between the non-controlling interests and shareholders of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

KLCCP STAPLED GROUP

Notes to the Financial Statements

31 December 2023

2. MATERIAL ACCOUNTING POLICIES (continued)

2.1 Basis of Consolidation (continued)

Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a fair value through other comprehensive income financial asset depending on the level of influence retained.

2.2 Associates

Associates are entities in which the Group has significant influence including representation on the Board of Directors, but not control or joint control, over the financial and operating policies of the investee company.

Associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The consolidated financial statements include the Group's share of post-acquisition profits or losses and other comprehensive income of the equity-accounted associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

The Group's share of post-acquisition reserves and retained profits less losses is added to the carrying value of the investment in the consolidated statement of financial position. These amounts are taken from the latest audited financial statements or management financial statements of the associates.

When the Group's share of post-acquisition losses exceeds its interest in an equity accounted associate, the carrying amount of that interest (including any long-term investments such as loans and advances) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that associate, with the resulting gain or loss being recognised in the profit or loss. Any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset.

When the Group's interest in an associate decreases but does not result in loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets and liabilities.

Unrealised profits arising from transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses on such transactions are also eliminated partially, unless cost cannot be recovered.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 Property, plant and equipment and depreciation

Recognition and measurement

Freehold land and projects-in-progress are stated at cost less accumulated impairment losses and are not depreciated. Other property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the assets to working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of material and direct labour. For qualifying assets, financing costs are capitalised in accordance with the accounting policy on financing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced item of property, plant and equipment is derecognised with any corresponding gain or loss recognised in the profit or loss accordingly. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

Depreciation

Depreciation for property, plant and equipment other than freehold land, and projects-in-progress, is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Property, plant and equipment are not depreciated until the assets are ready for their intended use.

The annual rates of depreciation of the other property, plant and equipment are as follows:

Hotel building	80 years
Building improvements	5 – 6 years
Furniture and fittings	5 – 10 years
Plant and equipment	4 – 10 years
Office equipment	5 years
Renovation	5 years
Motor vehicles	4 – 5 years
Crockery, linen and utensils	3 years

The depreciable amount is determined after deducting residual value. The residual value, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, period and method of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

KLCCP STAPLED GROUP**Notes to the Financial Statements**

31 December 2023

2. MATERIAL ACCOUNTING POLICIES (continued)**2.3 Property, plant and equipment and depreciation (continued)****Derecognition**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the profit or loss.

2.4 Investment properties

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purpose. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Gains or losses arising from changes in the fair value of investment properties are recognised in the profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the profit or loss in the year in which they arise.

Where the fair value of the Investment Property Under Construction ("IPUC") is not reliably determinable, the IPUC is measured at cost until either its fair value has been reliably determinable or construction is complete, whichever is earlier.

2.5 Leases**(i) Definition of a lease**

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. The customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

At inception or on reassessment of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.5 Leases (continued)

(ii) Recognition and initial measurement

(a) As a lessee

The Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the profit rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental financing rate is used. Generally, the Group entities use their incremental financing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that Group and the Company are reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group and the Company are reasonably certain not to early terminate the contract.

The Group and the Company exclude variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group and the Company assess at lease commencement whether it is reasonably certain to exercise the extension options in determining the lease term.

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group and the Company present right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'financings' in the statement of financial position.

(b) As a lessor

When the Group and the Company act as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group and the Company make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

KLCCP STAPLED GROUP

Notes to the Financial Statements

31 December 2023

2. MATERIAL ACCOUNTING POLICIES (continued)

2.5 Leases (continued)

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Depreciation of certain right-of-use assets are subsequently capitalised into carrying amount of other assets whenever they meet the criteria for capitalisation. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest/profit rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. The Group will reassess whether it is reasonably certain to exercise the extension option if there is a significant change in circumstances within its control.

When the lease liability is remeasured as described in the above paragraph, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

When there is lease modification due to increase in the scope of lease by adding the right-to-use one or more underlying assets, the Group and the Company assess whether the lease modification shall be accounted for as a separate lease or similar to reassessment of lease liability. The Group and the Company account for lease modification as a separate lease when the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments.

When there is lease modification due to decrease in scope, the Group and the Company decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease. The corresponding gain or loss shall be recognised in profit or loss. Lease liabilities are remeasured for all other lease modifications with corresponding adjustments to the right-of-use asset.

(b) As a lessor

The Group and the Company recognise lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.6 Investments

Long-term investments in subsidiaries and associates are stated at cost less impairment loss, if any, in the Company's financial statements unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

The carrying amount of these investments includes fair value adjustments on shareholders loans and advances, if any.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.7 Intangible assets

Goodwill

Goodwill arising from business combinations is initially measured at cost as described in Note 2.1. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment. The entire carrying amount of the investment is reviewed for impairment when there is objective evidence of impairment.

Other intangible assets

Intangible assets other than goodwill are measured on initial recognition at cost. The costs of intangible assets acquired in a business combination are their fair values as at the date of acquisition.

Following initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is recognised in the profit or loss on a straight-line basis over the estimated economic useful lives, other than certain recoverable expenditure incurred under a service contract which is amortised based on unit of production method, which is calculated based on entitlement of production for the period, and estimated entitlement for the remaining life of the asset.

Intangible assets are assessed for impairment whenever there is indication that the intangible assets may be impaired. Impairment assessment on intangible assets with indefinite useful lives is performed annually.

The amortisation method and the useful life for intangible assets are reviewed at least at each reporting date. Intangible assets are assessed for impairment whenever there is indication that the intangible assets may be impaired.

2.8 Financial instruments

A financial instrument is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

Recognition and initial measurement

A financial asset (unless it is a receivable without a significant financing component) and a financial liability is measured at fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, any directly attributable transaction cost incurred at the acquisition or issuance of the financial instrument.

KLCCP STAPLED GROUP

Notes to the Financial Statements

31 December 2023

2. MATERIAL ACCOUNTING POLICIES (continued)

2.8 Financial instruments (continued)

Classification and subsequent measurement

(i) Financial assets

Financial assets are classified as measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"), as appropriate.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them.

With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or if the period between performance and payment is 1 year or less under practical expedient of MFRS 15, are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place ("regular way trades") are recognised on the trade date, that is the date that the Company commits to purchase or sell the asset.

Amortised cost

This category is the most relevant to the Group and the Company. The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Subsequent measurement

Financial assets at amortised cost are subsequently measured using the effective interest/profit rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.8 Financial instruments (continued)

Classification and subsequent measurement (continued)

(ii) Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and financings and payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and financings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables and loans and financings.

Fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Company that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gain or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

Amortised cost (financings)

This is the category most relevant to the Group and the Company. After initial recognition, interest/profit bearing financings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest/profit rate financings.

(iii) Effective interest/profit rate method

Amortised cost was computed using the effective interest/profit rate method. This method used effective interest/profit rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument to the net carrying amount of the financial instrument. Amortised cost takes into account any transaction costs and any discount or premium on settlement.

KLCCP STAPLED GROUP

Notes to the Financial Statements

31 December 2023

2. MATERIAL ACCOUNTING POLICIES (continued)

2.8 Financial instruments (continued)

Classification and subsequent measurement (continued)

(iv) Derecognition of financial instruments

Financial asset

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or, the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement without retaining control of the asset or substantially all the risks and rewards of the asset.

Financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liabilities extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss. In the case of waiver of debt from owners, the gain is recognised in equity as capital reserve.

(v) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

2.9 Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses ("ECL") on financial assets measured at amortised cost and debt investments measured at fair value through other comprehensive income.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original Effective Profit Rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group and the Company consider a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.9 Impairment (continued)

(i) Financial assets (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is past due.

The Group and the Company consider a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group and the Company in full, without recourse by the Group and the Company to actions such as realising security.

(ii) Other assets

The carrying amounts of other assets, other than inventories, deferred tax assets and non-current assets or disposal groups classified as held for sale, are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the profit or loss.

A cash-generating unit is the smallest identifiable asset group that generates cash flows from continuing use that are largely independent from other assets and groups. An impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less cost to sell and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed in the subsequent period. In respect of other assets, impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Reversals of impairment losses are credited to the profit or loss in the year in which the reversals are recognised.

KLCCP STAPLED GROUP

Notes to the Financial Statements

31 December 2023

2. MATERIAL ACCOUNTING POLICIES (continued)

2.10 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and bank balances, deposits with licensed financial institutions and highly liquid investments which have an insignificant risk of changes in fair value and are used by the Group and the Company in the management of their short-term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and deposits restricted, if any.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost of developed properties held for sale and properties under development consists of costs associated with the acquisition of land, all costs that are directly attributable to development activities, appropriate proportions of common costs attributable to developing the properties, and interest/profit expenses incurred during the period of active development.

Cost of material stores and spares consists of the invoiced value from suppliers and import duty charges and is determined on a weighted average basis.

2.12 Provisions

A provision is recognised if, as a result of a past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

2.13 Employee benefits

(i) Short term benefits

Wages and salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF").

Such contributions are recognised as an expense in the profit or loss as incurred.

2.14 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the profit or loss except to the extent it relates to a business combination or items recognised directly in equity, in which case it is recognised in equity or other comprehensive income.

(i) Current tax

Current tax expense is the expected tax payable on the taxable income for the year, using the statutory tax rates at the reporting date, and any adjustment to tax payable in respect of previous years.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.14 Taxation (continued)

(ii) Deferred tax

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unabsorbed capital allowances, unused reinvestment allowances, unused investment tax allowances, unused tax losses and other unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unabsorbed capital allowances, unused reinvestment allowances, unused investment tax allowances, unused tax losses and other unused tax credits can be utilised.

Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities where they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax asset is reviewed at each reporting date and is reduced to the extent that it is no longer probable that the future taxable profit will be available against which the related tax benefit can be realised.

Deferred tax provided for the investment properties is at 10% which reflects the expected manner of recovery of the investment properties through sale.

The expected manner of recovery of the Group's other investment properties that are not within KLCC REIT is through sale to a real estate investment trust ("REIT"). No deferred tax is recognised on the fair valuation of these properties as chargeable gains accruing on the disposal of any chargeable assets to a REIT is tax exempted.

2.15 Foreign currency transactions

In preparing the financial statements of individual entities in the Group, transactions in currencies other than the entity's functional currency ("foreign currencies") are translated to the functional currencies at rates of exchange ruling on the transaction dates.

Monetary assets and liabilities denominated in foreign currencies at the reporting date have been retranslated to the functional currency at rates ruling on the reporting date.

KLCCP STAPLED GROUP

Notes to the Financial Statements

31 December 2023

2. MATERIAL ACCOUNTING POLICIES (continued)

2.15 Foreign currency transactions (continued)

Non-monetary assets and liabilities denominated in foreign currencies, which are measured at fair value, are retranslated to the functional currency at the foreign exchange rates ruling at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

The principal exchange rates used for each respective unit of foreign currency ruling at the reporting date are as follows:

	2023 RM	2022 RM
United States Dollar	4.60	4.41

2.16 Revenue

(i) Rental income

Rental income is recognised based on the accrual basis unless collection is in doubt, in which case it is recognised on the receipt basis.

Rental income from fixed and minimum guaranteed rent reviews is recognised on a straight line basis over the shorter of the entire lease term or the period to the first break option. Where such rental income is recognised ahead of the related cash flow, an adjustment is made to ensure the carrying value of the related property including the accrued rent does not exceed the external valuation.

Contingent rent such as turnover rent is recognised as income in the profit or loss on an accrual basis.

(ii) Others

Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer and exclude amounts collected on behalf of third parties. The Group or the Company recognises revenue when or as it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

An entity transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- i. the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- ii. the entity's performance creates or enhances an asset (for example, work-in-progress) that the customer controls as the asset is created or enhanced; or
- iii. the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time in accordance with the above criteria, an entity satisfies the performance obligation and recognises revenue at a point in time.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.16 Revenue (continued)

(ii) Others (continued)

Performance obligation by categories are as follows:

(a) Dividend income

Dividend income is recognised when the shareholders' right to receive payment is established.

(b) Hotel operations

Revenue from rental of spaces of events, hotel rooms, sale of food and beverage and other related income are recognised upon provision of the services.

(c) Revenue from management fees

Revenue from management fees is recognised when the services are performed. The revenue comprises of:

(i) Building and facilities management services

Revenue from buildings and facilities management services is recognised when the services are performed.

(ii) Car park operations

Revenue from car park operations is recognised on the accrual basis.

(d) Interest/profit income

Interest/profit income is recognised on an accrual basis using the effective interest/profit rate method.

2.17 Financing Costs

Financing costs directly attributable to the acquisition and construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All interest and other costs incurred in connection with financings are expensed as incurred, other than that capitalised in accordance with the accounting policies stated in Notes 2.3 and 2.4.

All other financing costs are charged to the profit or loss as an expense in the year in which they are incurred.

2.18 Operating segments

An operating segment is a component of the Group and of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's and the Company's other components, and for which discrete financial information is available.

An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors, to make decisions about resources to be allocated to the segment and to assess its performance.

KLCCP STAPLED GROUP

Notes to the Financial Statements

31 December 2023

2. MATERIAL ACCOUNTING POLICIES (continued)

2.19 Fair value measurement

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

(i) Financial instruments

The fair value of financial instruments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business at the end of reporting date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models. Where fair value cannot be reliably estimated, assets are carried at cost less impairment losses, if any.

(ii) Non-financial assets

For non-financial assets, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable input).

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

2.20 Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

Ordinary shares

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

Transaction costs

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.21 Current versus non-current classification

The Group and the Company present assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- (i) expected to be realised or intended to be sold or consumed in normal operating cycle;
- (ii) held primarily for the purpose of trading;
- (iii) expected to be realised within twelve months after the reporting period; or
- (iv) cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- (i) it is expected to be settled in normal operating cycle;
- (ii) it is held primarily for the purpose of trading;
- (iii) it is due to be settled within twelve months after the reporting period; or
- (iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.22 Climate related matters

The Group considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the group due to both physical and transition risks. Even though the Group believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Group is closely monitoring relevant changes and developments, such as new climate-related legislation. The items and considerations that are most directly impacted by climate-related matters are:

- (i) Useful life of property, plant and equipment. When reviewing the residual values and expected useful lives of assets, the Group considers climate-related matters, such as climate-related legislation and regulations that may restrict the use of assets or require significant capital expenditures.
- (ii) Impairment of non-financial assets. The value-in-use may be impacted in several different ways by transition risk in particular, such as climate-related legislation and regulations and changes in demand for the Group's products.
- (iii) Fair value measurement. For investment properties and revalued office properties, the Group considers the effect of physical and transition risks and whether investors would consider those risks in their valuation. The Group believes it is not currently exposed to severe physical risks, but believes that investors, to some extent, would consider impacts of transition risks in their valuation, such as increasing requirements for energy efficiency of buildings due to climate related legislation and regulations as tenants' increasing demands for low-emission buildings.

KLCCP STAPLED GROUP

Notes to the Financial Statements

31 December 2023

3. PROPERTY, PLANT AND EQUIPMENT

Group	Lands and buildings* RM'000	Project in progress RM'000	Furniture and fittings RM'000	Plant and equipment RM'000	Office equipment RM'000	Motor vehicles RM'000	Crockery, linen and utensils RM'000	Total RM'000
Cost								
At 1 January 2023	634,555	7,641	158,952	196,907	87,302	1,137	10,312	1,096,806
Additions	166	2,530	2,559	760	2,377	–	–	8,392
Transfer within property, plant and equipment	166	(4,962)	70	564	4,162	–	–	–
Reclassification	(139)	–	139	–	–	–	–	–
Disposals	–	–	(816)	–	(13)	–	–	(829)
At 31 December 2023	634,748	5,209	160,904	198,231	93,828	1,137	10,312	1,104,369
Accumulated Depreciation								
At 1 January 2023	151,916	–	124,317	158,271	80,024	1,038	10,311	525,877
Charge for the year (Note 17)	7,164	–	8,943	10,386	4,890	75	1	31,459
Disposals	–	–	(717)	–	(13)	–	–	(730)
At 31 December 2023	159,080	–	132,543	168,657	84,901	1,113	10,312	556,606
Net Carrying Amount	475,668	5,209	28,361	29,574	8,927	24	–	547,763
Cost								
At 1 January 2022	634,033	6,076	158,271	195,024	85,697	1,149	10,312	1,090,562
Additions	–	3,171	610	1,281	1,389	–	–	6,451
Transfer within property, plant and equipment	522	(1,606)	236	602	246	–	–	–
Disposals	–	–	(111)	–	(29)	(12)	–	(152)
Write off	–	–	(54)	–	(1)	–	–	(55)
At 31 December 2022	634,555	7,641	158,952	196,907	87,302	1,137	10,312	1,096,806
Accumulated Depreciation								
At 1 January 2022	144,454	–	113,127	143,297	73,475	975	10,235	485,563
Charge for the year (Note 17)	7,462	–	11,322	14,974	6,579	75	76	40,488
Disposals	–	–	(78)	–	(29)	(12)	–	(119)
Write off	–	–	(54)	–	(1)	–	–	(55)
At 31 December 2022	151,916	–	124,317	158,271	80,024	1,038	10,311	525,877
Net Carrying Amount	482,639	7,641	34,635	38,636	7,278	99	1	570,929

3. PROPERTY, PLANT AND EQUIPMENT (continued)

*Land and buildings

Group	Freehold land RM'000	Hotel building RM'000	Renovation RM'000	Building improvements RM'000	Total RM'000
Cost					
At 1 January 2023	85,889	389,797	20,512	138,357	634,555
Additions	–	–	166	–	166
Transfer within property, plant and equipment	–	–	166	–	166
Reclassification	–	–	–	(139)	(139)
At 31 December 2023	85,889	389,797	20,844	138,218	634,748
Accumulated Depreciation					
At 1 January 2023	–	90,682	19,795	41,439	151,916
Charge for the year	–	5,414	232	1,518	7,164
At 31 December 2023	–	96,096	20,027	42,957	159,080
Net Carrying Amount	85,889	293,701	817	95,261	475,668
Cost					
At 1 January 2022	85,889	389,797	20,230	138,117	634,033
Transfer within property, plant and equipment	–	–	282	240	522
At 31 December 2022	85,889	389,797	20,512	138,357	634,555
Accumulated Depreciation					
At 1 January 2022	–	85,268	19,510	39,676	144,454
Charge for the year	–	5,414	285	1,763	7,462
At 31 December 2022	–	90,682	19,795	41,439	151,916
Net Carrying Amount	85,889	299,115	717	96,918	482,639

Property, plant and equipment of a subsidiary at carrying amount of RM526,351,000 (2022: RM541,071,000) has been pledged as securities for loan facilities as disclosed in Note 13(b).

KLCCP STAPLED GROUP

Notes to the Financial Statements

31 December 2023

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Renovation RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Total RM'000
Cost					
At 1 January 2023/ 31 December 2023	7,223	2,364	8	1,865	11,460
Accumulated Depreciation					
At 1 January 2023	7,107	2,352	8	1,846	11,313
Charge for the year (Note 17)	53	9	–	17	79
At 31 December 2023	7,160	2,361	8	1,863	11,392
Net Carrying Amount	63	3	–	2	68
Cost					
At 1 January 2022/ 31 December 2022	7,223	2,364	8	1,865	11,460
Accumulated Depreciation					
At 1 January 2022	7,054	2,338	8	1,774	11,174
Charge for the year (Note 17)	53	14	–	72	139
At 31 December 2022	7,107	2,352	8	1,846	11,313
Net Carrying Amount	116	12	–	19	147

4. INVESTMENT PROPERTIES

Group	Note	Completed investment properties RM'000	IPUC land at fair value RM'000	IPUC at cost RM'000	Total RM'000
At 1 January 2023		15,121,012	464,000	137,768	15,722,780
Additions		8,420	–	–	8,420
Fair value adjustments		208,614	13,300	–	221,914
At 31 December 2023		15,338,046	477,300	137,768	15,953,114
At 1 January 2022		14,984,803	464,000	137,768	15,586,571
Additions		7,546	–	115	7,661
Write off		(13)	–	–	(13)
Impairment	17	–	–	(115)	(115)
Fair value adjustments		128,676	–	–	128,676
At 31 December 2022		15,121,012	464,000	137,768	15,722,780

4. INVESTMENT PROPERTIES (continued)

The following investment properties are held under lease terms:

	Group	
	2023 RM'000	2022 RM'000
Completed investment property	451,000	377,000
IPUC land at fair value	187,300	186,000
IPUC at cost	115,000	115,000
	753,300	678,000

The investment properties are stated at fair value, which have been determined based on valuations performed by independent professional valuers. There are no material events that affect the valuation between the valuation date and financial year end. The valuation methods used in determining the valuations are the investment method, residual method and comparison method. During the financial year, Group has recognised a total fair value gain of RM221,914,000 (2022: RM128,676,000).

IPUC is measured at cost until the earlier of the date of construction is completed or the date at which the fair value becomes reliably determinable.

Consequently, there was no impairment loss recognised on the IPUC (2022: RM114,906) during the financial year.

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

	Group	
	2023 RM'000	2022 RM'000
Rental income	1,098,625	1,064,918
Direct operating expenses of income generating investment properties	(104,683)	(93,427)
	993,942	971,491

Fair value information

Fair value of investment properties are categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2023				
– Office properties	–	–	9,402,938	9,402,938
– Retail properties	–	–	6,122,408	6,122,408
– Land	–	–	290,000	290,000
	–	–	15,815,346	15,815,346
2022				
– Office properties	–	–	9,238,305	9,238,305
– Retail properties	–	–	6,068,707	6,068,707
– Land	–	–	278,000	278,000
	–	–	15,585,012	15,585,012

KLCCP STAPLED GROUP

Notes to the Financial Statements

31 December 2023

4. INVESTMENT PROPERTIES (continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical investment properties that the entity can assess at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment properties, either directly or indirectly.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment properties.

Transfer between Level 1, 2 and 3 fair values

There is no transfer between Level 1, 2 and 3 fair values during the financial year.

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

	2023 RM'000	2022 RM'000
Valuation per valuers' report	16,086,300	15,914,000
Less: Accrued rental income	(270,954)	(328,988)
	15,815,346	15,585,012
Adjusted valuation on 1 January	15,585,012	15,448,803
Additions	8,420	7,546
Write off	–	(13)
Gain on fair value adjustments of investment properties	221,914	128,676
At 31 December	15,815,346	15,585,012

4. INVESTMENT PROPERTIES (continued)

Valuation technique	Significant unobservable inputs	Range		Inter-relationship between significant unobservable inputs and fair value measurement
		2023	2022	
Investment method (refer a)	Office:			The estimated fair value would increase/(decrease) if:
	– Market rental rate (RM/psf/month)			
	– Term	4.95 – 12.99	4.50 – 12.99	– expected market rental growth was higher/(lower)
	– Reversion	6.19 – 13.30	5.95 – 12.70	– expected market rental growth was higher/(lower)
	– Outgoings (RM/psf/month)			
	– Term	2.80	2.50	– expected inflation rate was lower/(higher)
	– Reversion	2.33 – 2.80	2.21 – 2.50	– expected inflation rate was lower/(higher)
	– Void rate (%)	5.00 – 12.50	5.00 – 12.50	– void rate was lower/(higher)
	– Term yield (%)	5.75 – 6.50	5.75 – 6.75	– term yield rate was lower/(higher)
	– Reversionary yield (%)	6.00 – 7.00	6.00 – 7.25	– reversionary yield was lower/(higher)
	– Discount rate (%)	5.75 – 7.00	5.75 – 7.25	– discount rate was lower/(higher)
	Retail:			
	– Market rental rate (RM/psf/month)			
	– Term	3.00 – 432.14	3.00 – 432.14	– expected market rental growth was higher/(lower)
	– Reversion	3.00 – 419.74	3.00 – 407.69	– expected market rental growth was higher/(lower)
	– Outgoings (RM/psf/month)			
– Term	6.80 – 7.20	6.15 – 7.00	– expected inflation rate was lower/(higher)	
– Reversion	6.80 – 7.56	6.15 – 7.35	– expected inflation rate was lower/(higher)	
– Void rate (%)	5.00 – 8.00	5.00 – 8.00	– void rate was lower/(higher)	
– Term yield (%)	6.25 – 6.50	6.25 – 6.50	– term yield rate was lower/(higher)	
– Reversionary yield (%)	6.50 – 7.00	6.50 – 7.00	– reversionary yield was lower/(higher)	
– Discount rate (%)	6.25 – 7.00	6.25 – 7.00	– discount rate was lower/(higher)	
Residual method (refer b)	– Expected rate of return (%)	–	15.00	The estimated fair value would increase/(decrease) if: – expected rate of return was lower/(higher)
	– Gross Development Value (RM million)	–	1,572	– gross development value was higher/(lower)
	– Gross Development Costs (RM million)	–	1,178	– gross development costs was lower/(higher)
	– Financing costs (%)	–	6.00	– financing costs was lower/(higher)
	– Discount rate (%)	–	7.00	– discount rate was lower/(higher)
	Comparison method (refer c)	– Adjustment factors to prices of comparable properties	-50% – 15%	–

KLCCP STAPLED GROUP

Notes to the Financial Statements

31 December 2023

4. INVESTMENT PROPERTIES (continued)

- (a) Investment method entails the capitalisation of the net rent from a property. Net rent is the residue of gross annual rent less annual expenses (outgoings) required to sustain the rent with allowance for void and management fees.
- (b) Residual method is used to value a property that has development potential. The value of the property will be the residual of the potential value less the construction costs and the required profit from the project.
- (c) Under the comparison method, a property's fair value is estimated based on the comparable transactions.

Valuation processes applied by the Group for Level 3 fair value

The fair value of investment properties is determined by independent professional valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The independent professional valuers provide the fair value of the Group's investment properties portfolio annually. Changes in Level 3 fair values are analysed by the management annually after obtaining the valuation report from the independent professional valuers.

5. INVESTMENT IN SUBSIDIARIES

	Note	Company	
		2023 RM'000	2022 RM'000
Investment at cost			
– unquoted shares		4,530,109	4,530,109
Discount on loans to subsidiaries		196,314	196,314
Effects of conversion of amounts due from subsidiaries to investment	(i)	724,233	724,230
Less: Capital reduction		(780,916)	(780,916)
Less: Write-down in value	(ii)	(3,296,954)	(3,296,954)
Less: Impairment loss	(iii)	(990)	(990)
		1,371,796	1,371,793

(i) Effects of conversion of amount due from subsidiaries to investment

During the year, a subsidiary, Arena Johan Sdn Bhd has issued ordinary shares to the Company to settle its amount due to the Company.

(ii) Write-down in value

The investments in certain subsidiaries have been adjusted to their recoverable amount subsequent to the disposal of their assets and liabilities to KLCC REIT.

(iii) Impairment review of cost of investment in subsidiaries

An impairment review of the carrying amount of investment in subsidiaries at the reporting date was undertaken by comparing it to respective recoverable amount. No additional impairment was recognised during the current and previous financial year.

5. INVESTMENT IN SUBSIDIARIES (continued)

Companies incorporated in Malaysia	Effective ownership interest and voting interest		Principal Activities
	2023 %	2022 %	
Name of subsidiaries			
Subsidiaries of the Company			
Suria KLCC Sdn Bhd ("SKSB")	60	60	Ownership and of a shopping centre and provision of business management services
Asas Klasik Sdn Bhd ("AKSB")	75	75	Property investment in a hotel
Arena Johan Sdn Bhd ("AJSB")	100	100	Inactive
KLCC Parking Management Sdn Bhd ("KPM")	100	100	Management of car park operations
KLCC Urusharta Sdn Bhd ("KLCCUH")	100	100	Facilities management
Kompleks Dayabumi Sdn Bhd ("KDSB")	100	100	Property investment
Midciti Resources Sdn Bhd ("MRSB")	100	100	Inactive
Impian Cemerlang Sdn Bhd ("ICSB")	100	100	Property investment
Arena Merdu Sdn Bhd ("AMSB")	100	100	Inactive
KLCC REIT Management Sdn Bhd ("KLCC REIT Management")	100	100	Management of a real estate investment trust
KLCC REIT	*	*	To invest in a Shariah compliant portfolio or real estate assets and real estate related assets
Subsidiary of KLCC REIT			
Midciti Sukuk Berhad ("MSB")*	100	100	To act as a special-purpose company for the purpose of raising Islamic financing for KLCC REIT.

* Whilst the Group has no ownership interests in KLCC REIT, the Directors have deemed it to be a subsidiary as:

- (i) the Group exercises power over KLCC REIT by virtue of its control over KLCC REIT Management, the manager of KLCC REIT; and
- (ii) KLCC REIT units are stapled to the ordinary shares of the Company such that the shareholders of the Company are exposed to variable returns from its involvement with KLCC REIT and the Group has the ability to affect those returns through its power over KLCC REIT.

KLCCP STAPLED GROUP

Notes to the Financial Statements

31 December 2023

5. INVESTMENT IN SUBSIDIARIES (continued)

Non-controlling interests in subsidiaries

	2023			
	KLCC REIT 100.00% RM'000	SKSB 40.00% RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
NCI percentage ownership interest and voting interest				
Carrying amount of NCI	8,070,969	2,011,254	39,096	10,121,319
Profit allocated to NCI	534,632	134,229	859	669,720
Dividend paid to NCI	(482,024)	(120,267)	–	(602,291)

Summarised financial information before intra-group elimination

	KLCC REIT RM'000	SKSB RM'000
As at 31 December		
Non-current assets – Investment properties	9,271,852	5,615,193
Non-current assets – Others	256,593	18,898
Current assets	146,132	186,154
Non-current liabilities	(1,097,163)	(78,561)
Current liabilities	(506,445)	(713,550)
Net assets	8,070,969	5,028,134
Year ended 31 December		
Revenue	582,169	488,403
Profit for the year, representing total comprehensive income	534,632	335,571
Cash flows generated from operating activities	572,327	327,708
Cash flows used in investing activities	(419)	(4,401)
Cash flows used in financing activities	(540,988)	(329,898)
Net increase/(decrease) in cash and cash equivalents	30,920	(6,591)

5. INVESTMENT IN SUBSIDIARIES (continued)**Non-controlling interests in subsidiaries (continued)**

	2022			Total RM'000
	KLCC REIT 100.00% RM'000	SKSB 40.00% RM'000	Other individually immaterial subsidiaries RM'000	
NCI percentage ownership interest and voting interest				
Carrying amount of NCI	8,018,361	1,997,292	38,237	10,053,890
Profit allocated to NCI	503,298	133,951	(5,060)	632,189
Dividend paid to NCI	(502,063)	(123,000)	–	(625,063)

Summarised financial information before intra-group elimination

	KLCC REIT RM'000	SKSB RM'000
As at 31 December		
Non-current assets – Investment properties	9,175,267	5,568,745
Non-current assets – Others	318,510	16,476
Current assets	114,561	198,848
Non-current liabilities	(1,542,703)	(655,485)
Current liabilities	(47,274)	(135,354)
Net assets	8,018,361	4,993,230
Year ended 31 December		
Revenue	578,843	456,019
Profit for the year, representing total comprehensive income	503,298	334,877
Cash flows generated from operating activities	565,033	327,772
Cash flows used in investing activities	(83)	(7,914)
Cash flows used in financing activities	(560,680)	(337,085)
Net increase/(decrease) in cash and cash equivalents	4,270	(17,227)

KLCCP STAPLED GROUP

Notes to the Financial Statements

31 December 2023

6. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unquoted shares at cost	99,195	99,195	99,195	99,195
Share of post-acquisition reserves	167,492	165,828	–	–
	266,687	265,023	99,195	99,195

Companies incorporated in Malaysia	Effective ownership interest and voting interest		Principal Activity
	2023 %	2022 %	
Name of associate			

Associates of the Company

Impian Klasik Sdn Bhd ("IKSB")*	33	33	Property investment
---------------------------------	----	----	---------------------

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

Summary of financial information on associate:

	2023 RM'000	2022 RM'000
Assets and liabilities		
Non-current assets	799,390	731,988
Current assets	11,566	74,747
Non-current liabilities	(95,489)	(96,060)
Current liabilities	(2,324)	(2,576)
Net assets	713,143	708,099
Results		
Revenue	57,554	56,668
Profit for the year, representing total comprehensive income	43,044	30,597
Reconciliation of net assets to carrying amount as at 31 December		
Group's share of net assets	235,337	233,673
Goodwill	31,350	31,350
Carrying amount in the statement of financial position	266,687	265,023
Group's share of profit from continuing operations	14,204	10,098
Other information		
Dividend received	12,540	16,500

7. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current					
Accrued rental income		270,954	328,988	–	–
Current					
Trade receivables		15,296	16,324	–	–
Other receivables and deposits		20,371	18,924	5,280	2,642
Amount due from:					
Ultimate holding company		1,499	258	–	–
Immediate holding company		48,544	58,187	–	1,462
Subsidiaries		–	–	1,510	1,834
Related companies		14,669	15,899	4,773	3,981
		100,379	109,592	11,563	9,919
Less: Impairment loss		(6,197)	(7,574)	–	–
		94,182	102,018	11,563	9,919
Total trade and other receivables		365,136	431,006	11,563	9,919
Add: Cash and bank balances	10	1,192,076	1,104,972	684,703	647,539
Less: Accrued rental income	4	(270,954)	(328,988)	–	–
Total financial assets carried at amortised cost		1,286,258	1,206,990	696,266	657,458

Amounts due from subsidiaries, ultimate holding company, immediate holding company and related companies arose in the normal course of business are unsecured, non-interest bearing and repayable on demand.

8. DEFERRED TAX

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January		52,518	50,677	(1,437)	(651)
Recognised in profit or loss	21	8,819	1,841	608	(786)
At 31 December		61,337	52,518	(829)	(1,437)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

8. DEFERRED TAX (continued)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Group	At 1.1.2023 RM'000	Credited/ (Charged) to profit or loss RM'000	At 31.12.2023 RM'000
Deferred tax liabilities			
Property, plant and equipment	70,689	136	70,825
Investment properties	41,554	9,320	50,874
Others	3,618	528	4,146
	115,861	9,984	125,845
Deferred tax assets			
Unused tax losses	(876)	155	(721)
Unabsorbed capital allowances	(20,048)	(789)	(20,837)
Unused investment tax allowances	(37,815)	—	(37,815)
Others	(4,604)	(531)	(5,135)
	(63,343)	(1,165)	(64,508)
	52,518	8,819	61,337

Group	At 1.1.2022 RM'000	Credited/ (Charged) to profit or loss RM'000	At 31.12.2022 RM'000
Deferred tax liabilities			
Property, plant and equipment	68,893	1,796	70,689
Investment properties	35,390	6,164	41,554
Others	4,273	(655)	3,618
	108,556	7,305	115,861
Deferred tax assets			
Unused tax losses	(721)	(155)	(876)
Unabsorbed capital allowances	(15,061)	(4,987)	(20,048)
Unused investment tax allowances	(37,816)	1	(37,815)
Others	(4,281)	(323)	(4,604)
	(57,879)	(5,464)	(63,343)
	50,677	1,841	52,518

KLCCP STAPLED GROUP

Notes to the Financial Statements

31 December 2023

8. DEFERRED TAX (continued)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows (continued):

Company	At 1.1.2023 RM'000	Credited/ (Charged) to profit or loss RM'000	At 31.12.2023 RM'000
Deferred tax liabilities			
Property, plant and equipment	15	(1)	14
Others	93	(93)	–
	108	(94)	14
Deferred tax assets			
Unused tax losses	(155)	155	–
Unabsorbed capital allowances	(22)	22	–
Others	(1,368)	525	(843)
	(1,545)	702	(843)
	(1,437)	608	(829)

Company	At 1.1.2022 RM'000	Credited/ (Charged) to profit or loss RM'000	At 31.12.2022 RM'000
Deferred tax liabilities			
Property, plant and equipment	19	(4)	15
Others	852	(759)	93
	871	(763)	108
Deferred tax assets			
Unused tax losses	–	(155)	(155)
Unabsorbed capital allowances	–	(22)	(22)
Others	(1,522)	154	(1,368)
	(1,522)	(23)	(1,545)
	(651)	(786)	(1,437)

9. INVENTORIES

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

10. CASH AND BANK BALANCES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash with PETRONAS Integrated Financial Shared Services Centre	836,772	783,890	684,688	647,519
Cash and bank balances	6,868	12,896	15	20
Deposits with licensed banks	348,436	308,186	–	–
	1,192,076	1,104,972	684,703	647,539
Less: Deposits restricted	(2,406)	(2,162)	–	–
Cash and cash equivalents	1,189,670	1,102,810	684,703	647,539

The Group's and the Company's cash and bank balances are held in the In-House Account ("IHA") managed by PETRONAS Integrated Financial Shared Service Centre ("IFSSC") to enable more efficient cash management for the Group and the Company.

Included in cash with IFSSC and cash and bank balances of the Group and of the Company are interest/profit bearing balances amounting to RM839,111,000 (2022: RM793,623,000) and RM684,698,000 (2022: RM647,534,000) respectively.

Included in deposits restricted are monies held on behalf of clients held in designated accounts, which represent cash calls less payments in the course of rendering building and facilities management services on behalf of clients.

The weighted average effective profit rates applicable to the deposits with licensed banks of the Group is 3.99% per annum (2022: 3.94% per annum).

Deposits with licensed banks of the Group have an average maturity of 73 days (2022: 68 days).

11. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	2023 Unit'000	2022 Unit'000	2023 RM'000	2022 RM'000
Issued and fully paid:				
Ordinary shares				
At the beginning/end of the year	1,805,333	1,805,333	1,823,386	1,823,386

Stapled security:

Stapled security means one ordinary share in the Company stapled to one unit in KLCC REIT ("Unit"). Holders of KLCCP Stapled Group securities are entitled to receive distributions and dividends declared from time to time and are entitled to one vote per stapled security at Shareholders' and Unitholders' meetings.

KLCCP STAPLED GROUP

Notes to the Financial Statements

31 December 2023

12. RESERVES

Retained profits

As at 31 December 2023, the Company may distribute the entire balance of the retained profits under the single-tier system.

Capital reserve

Fair value adjustments on investment properties are transferred from retained profits to capital reserve and such surplus will be considered distributable upon the sale of investment properties.

13. FINANCINGS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current				
Secured:				
Sukuk Murabahah				
– KLCC REIT	900,000	1,355,000	–	–
– Other subsidiary	–	600,000	–	–
Term loans	388,182	398,182	–	–
Lease liabilities	1,390	2,705	–	–
Total non-current secured financings	1,289,572	2,355,887	–	–
Total non-current financings	1,289,572	2,355,887	–	–
Current				
Secured:				
Sukuk Murabahah				
– KLCC REIT	461,422	8,874	–	–
– Other subsidiary	600,000	–	–	–
Term loans	11,867	12,508	–	–
Lease liabilities	1,311	1,204	–	405
Total current secured financings	1,074,600	22,586	–	405
Total current financings	1,074,600	22,586	–	405
Total financings	2,364,172	2,378,473	–	405

13. FINANCINGS (continued)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Total financings which are secured, comprise:				
Sukuk Murabahah (a)	1,961,422	1,963,874	–	–
Term loans (b)	400,049	410,690	–	–
Lease liabilities	2,701	3,909	–	405
	2,364,172	2,378,473	–	405

Terms and debt repayment schedule

	Group				
	Total RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	Over 5 years RM'000
2023					
Secured					
Sukuk Murabahah	1,961,422	1,061,422	–	500,000	400,000
Term loans	400,049	11,867	388,182	–	–
Lease liabilities	2,701	1,311	824	566	–
	2,364,172	1,074,600	389,006	500,566	400,000
2022					
Secured					
Sukuk Murabahah	1,963,874	8,874	1,055,000	500,000	400,000
Term loans	410,690	12,508	10,000	388,182	–
Lease liabilities	3,909	1,204	1,053	1,652	–
	2,378,473	22,586	1,066,053	889,834	400,000

KLCCP STAPLED GROUP

Notes to the Financial Statements

31 December 2023

13. FINANCINGS (continued)

(a) Sukuk Murabahah

Sukuk Murabahah consists of Islamic Commercial Programme ("ICP") of up to RM500 million and Islamic medium term notes ("IMTN") of up to RM3 billion subject to a combined limit of RM3 billion. It is primarily secured against assignment and charge over the Finance Service Account and Revenue Account maintained by the REIT Trustee.

Details of the drawdown that are outstanding as at year end are as follows:

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

The profit rate is payable semi-annually.

Another subsidiary of the Group also issued Sukuk Murabahah of up to RM600 million on 31 December 2014. The Sukuk Murabahah consists of ICP of up to RM300 million and IMTN of up to RM600 million subject to a combined limit of RM600 million. It is secured against assignment and charge over the Finance Service Account of the subsidiary. RM600 million has been drawdown at the profit rate of 4.73% per annum and maturing on 31 December 2024.

The RM455,000,000 and RM600,000,000 Sukuk Murabahah will mature on 25 April 2024 and 31 December 2024 respectively and the Group has plans in place for the repayment of the Sukuk Murabahah on the respective maturity dates. As such, the RM455,000,000 and RM600,000,000 Sukuk Murabahah are presented as current liabilities as at 31 December 2023. The Group's repayment plans are discussed in Note 27(c).

(b) Term loans

On 27 May 2015, a subsidiary of the Group entered into a Supplemental Agreement with Public Bank Berhad to restructure the term loan with an aggregate sum of RM378 million, comprising the following:

Type of Facilities	Revised Principal Limit (RM'000)
Term Loan Facility 1	239,540
Term Loan Facility 2	138,460

The term loans are repayable at RM7.5 million per annum for 7 years commencing on the 3rd year with the final bullet payment of the remainder in the final year.

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

Term loan facility 3 was approved on 25 May 2016. The subsidiary has utilised RM78 million from the total facility of RM102 million.

The term loan facility 3 is repayable by way of 6 annual principal repayments of RM2.5 million each and one final principal payment of the remainder sum.

The term loan is secured by way of a fixed charge over the hotel property as well as debenture covering all fixed and floating assets of the hotel property as disclosed in Note 3.

The loan bears an profit rate of 4.98% per annum (2022: 5.13% per annum).

Other information on financial risks of financings are disclosed in Note 27.

13. FINANCINGS (continued)**Reconciliation of movement of liabilities to cash flows arising from financing activities**

Group	Liabilities					
	Sukuk Murabahah RM'000	Term loans RM'000	Lease liabilities RM'000	Dividend paid RM'000	Other* RM'000	Total RM'000
Balance at 1 January 2023	1,963,874	410,690	3,909	–	–	2,378,473
Changes from financing cash flows						
Repayment of term loan	–	(10,000)	–	–	–	(10,000)
Repayment of lease liabilities	–	–	(1,380)	–	–	(1,380)
Dividend paid	–	–	–	(844,417)	–	(844,417)
Interest/profit paid	(87,055)	(20,809)	–	–	–	(107,864)
Total changes from financing cash flows	(87,055)	(30,809)	(1,380)	(844,417)	–	(963,661)
Other changes						
Liability-related						
Interest/profit expenses	84,603	20,168	172	–	654	105,597
Dividend payable	–	–	–	844,417	–	844,417
Others	–	–	–	–	(654)	(654)
Total liability-related other changes	84,603	20,168	172	844,417	–	949,360
Balance at 31 December 2023	1,961,422	400,049	2,701	–	–	2,364,172

* Other relates to commitment fee for term loan.

Group	Liabilities					
	Sukuk Murabahah RM'000	Term loans RM'000	Lease liabilities RM'000	Dividend paid RM'000	Total RM'000	
Balance at 1 January 2022	1,966,310	403,750	5,852	–	2,375,912	
Changes from financing cash flows						
Repayment of term loan	–	(10,000)	–	–	(10,000)	
Drawdown of term loan	–	16,540	–	–	16,540	
Repayment of lease liabilities	–	–	(4,880)	–	(4,880)	
Dividend paid	–	–	–	(783,529)	(783,529)	
Interest/profit paid	(87,142)	(15,943)	–	–	(103,085)	
Total changes from financing cash flows	(87,142)	(9,403)	(4,880)	(783,529)	(884,954)	
Other changes						
Liability-related						
Interest/profit expenses	84,706	16,343	210	–	101,259	
Acquisition of new lease	–	–	98	–	98	
Derecognition of lease	–	–	(350)	–	(350)	
Remeasurement of lease	–	–	2,979	–	2,979	
Dividend payable	–	–	–	783,529	783,529	
Total liability-related other changes	84,706	16,343	2,937	783,529	887,515	
Balance at 31 December 2022	1,963,874	410,690	3,909	–	2,378,473	

KLCCP STAPLED GROUP

Notes to the Financial Statements

31 December 2023

13. FINANCINGS (continued)

Reconciliation of movement of liabilities to cash flows arising from financing activities (continued)

Company	Liabilities		
	Lease liabilities RM'000	Dividend paid RM'000	Total RM'000
Balance at 1 January 2023	405	–	405
Changes from financing cash flows			
Repayment of lease liabilities	(410)	–	(410)
Dividend paid	–	(241,915)	(241,915)
Total changes from financing cash flows	(410)	(241,915)	(242,325)
Liability-related other changes			
Interest/profit expenses	5	–	5
Dividend payable	–	241,915	241,915
Total liability-related other changes	5	241,915	241,920
Balance at 31 December 2023	–	–	–
Balance at 1 January 2022	3,699	–	3,699
Changes from financing cash flows			
Repayment lease liabilities	(3,392)	–	(3,392)
Dividend paid	–	(158,689)	(158,689)
Total changes from financing cash flows	(3,392)	(158,689)	(162,081)
Liability-related other changes			
Interest/profit expenses	98	–	98
Dividend payable	–	158,689	158,689
Total liability-related other changes	98	158,689	158,787
Balance at 31 December 2022	405	–	405

14. TRADE AND OTHER PAYABLES

	Note	Group	
		2023 RM'000	2022 RM'000
Non-current			
Security deposit payables	(i)	149,515	126,928
Current			
Trade payables	(ii)	34,904	44,931
Other payables		147,236	146,918
Security deposits		59,075	78,165
Amount due to:	(iii), (iv)		
Ultimate holding company		13,327	7,699
Immediate holding company		2,752	227
Other related companies		3,864	3,368
		261,158	281,308
Total trade and other payables		410,673	408,236
Add: Financings	13	2,364,172	2,378,473
Total financial liabilities carried at amortised cost		2,774,845	2,786,709

	Note	Company	
		2023 RM'000	2022 RM'000
Current			
Trade payables	(ii)	102	438
Other payables		7,101	7,324
Amount due to:	(iii), (iv)		
Ultimate holding company		3,931	404
Immediate holding company		2,306	–
		13,440	8,166
Total trade and other payables		13,440	8,166
Add: Financings	13	–	405
Total financial liabilities carried at amortised cost		13,440	8,571

- i. Security deposit payables are interest-free, unsecured and refundable upon expiry of the respective lease agreements. The fair values at initial recognition were determined based on profit rates ranging from 4.34% to 4.73% (2022: 4.33% to 4.73%) per annum.
- ii. Trade payables are denominated in Ringgit Malaysia and credit terms vary up from 30 to 45 days (2022: 30 to 45 days).
- iii. Amount due to ultimate holding company, immediate holding company, and related companies arose in the normal course of business.
- iv. The amounts due to the holding company and other related companies are unsecured, non-interest bearing and repayable on demand.

KLCCP STAPLED GROUP

Notes to the Financial Statements

31 December 2023

15. DEFERRED REVENUE

Deferred revenue relates to the excess of the principal amount of security deposits received over their fair value which is accounted for as prepaid lease income and amortised over the lease term on a straight line basis.

16. OPERATING PROFIT

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue				
Property investment				
– Office	582,496	580,818	–	–
– Retail	516,129	484,100	–	–
Hotel operations	210,932	146,910	–	–
Management services	309,606	247,423	25,255	22,669
Dividend income from subsidiaries	–	–	262,400	255,000
Dividend income from an associate	–	–	12,540	16,500
	1,619,163	1,459,251	300,195	294,169
Cost of revenue:				
– Cost of services and goods	(448,781)	(360,587)	–	–
Gross profit	1,170,382	1,098,664	300,195	294,169
Selling and distribution expenses	(14,502)	(12,047)	–	–
Administration expenses	(140,621)	(133,700)	(44,793)	(40,525)
Other operating income	4,967	5,879	6	91
Operating profit	1,020,226	958,796	255,408	253,735

All the revenue of the Group and of the Company are derived from the same geographical market as the Group and the Company operate predominantly in Malaysia. The services are transferred to the customers at a point in time.

17. PROFIT BEFORE TAXATION

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

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Auditors' remuneration					
– Statutory audit		706	660	249	233
– Non-statutory audit		16	16	16	16
Depreciation					
– property, plant and equipment	3	31,459	40,488	79	139
– right-of-use assets	22	1,418	4,490	388	3,160
Valuation fees		367	448	–	–
Employee benefits expense	18	145,072	132,791	28,085	25,956
Directors' remuneration	26	1,217	1,295	1,217	1,295
Fee in relation to services of Executive Director		1,571	1,049	1,571	1,049
(Gain)/loss on disposal of					
– property, plant and equipment		(27)	30	–	–
Investment properties written off		–	13	–	–
Impairment of investment property under construction	4	–	115	–	–
Rental of plant and machinery		411	358	10	83
Reversal for impairment losses of trade receivables	27	(1,377)	(1,502)	–	–
Bad debts written off		1,163	–	–	–

18. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Wages, salaries and others	133,207	122,752	25,050	23,515
Defined contribution plans	11,865	10,039	3,035	2,441
Total	145,072	132,791	28,085	25,956

19. INTEREST/PROFIT INCOME

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest/profit income from:				
Deposits	42,391	27,068	21,778	14,372

KLCCP STAPLED GROUP

Notes to the Financial Statements

31 December 2023

20. FINANCING COSTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest/profit expense on:				
Term loans	20,822	16,343	–	–
Sukuk Murabahah	84,603	84,706	–	–
Lease liabilities	172	206	5	98
Accretion of financial instruments	5,715	4,504	–	–
	111,312	105,759	5	98

21. TAX EXPENSE/(BENEFIT)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current tax expense				
Current year	111,246	111,672	5,171	–
Under/(over) provision of tax in prior year	976	(6,188)	282	(2)
Total current tax expense	112,222	105,484	5,453	(2)
Deferred tax expense/(credit) (Note 8)				
Origination/(reversal) of temporary differences	11,771	2,034	64	(786)
(Over)/under provision in prior years	(2,952)	(193)	544	–
Total deferred tax credit	8,819	1,841	608	(786)
Total tax expense/(benefit)	121,041	107,325	6,061	(788)

Domestic current income tax is calculated at the statutory tax rate of 24% (2022: 24%) of the estimated assessable profit for the year.

21. TAX EXPENSE/(BENEFIT) (continued)

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

	Group	
	2023 RM'000	2022 RM'000
Profit before taxation	1,187,423	1,018,879
Taxation at Malaysian statutory tax rate of 24% (2022: 24%)	284,982	244,531
Effect of prosperity tax ("Cukai Makmur")	–	19,748
Expenses not deductible for tax purposes	24,063	25,116
Income not subject to tax	(191,939)	(179,429)
Effects of share of profit of an associate	(3,409)	(2,424)
Deferred tax recognised at different tax rates	9,320	6,164
Over provision of deferred tax in prior year	(2,952)	(193)
Under/(over) provision of taxation in prior year	976	(6,188)
Tax expense	121,041	107,325

	Company	
	2023 RM'000	2022 RM'000
Profit before taxation	277,181	268,009
Taxation at Malaysian statutory tax rate of 24% (2022: 24%)	66,523	64,322
Expenses not deductible for tax purposes	4,698	3,485
Income not subject to tax	(65,986)	(68,593)
Under provision of deferred tax in prior year	544	–
Under/(over) provision of taxation in prior year	282	(2)
Tax expense/(benefit)	6,061	(788)

In the previous financial year, the deferred tax assets and tax liabilities in respect of temporary differences that were realised in 2023 were originated at blended rates. The blended rates were measured at 24% on the first RM100 million of estimated chargeable income and one-off 33% on the remaining estimated chargeable income for the year of assessment 2023 in accordance with the provision of Malaysian Finance Act 2021.

The Company's current tax and deferred tax position is derived based on current tax legislation and best available information at the reporting date.

KLCCP STAPLED GROUP

Notes to the Financial Statements

31 December 2023

22. LEASE

The Group and the Company have lease contracts for office space with contract terms of 2 to 3 years and the lease contracts do not contain variable lease payments.

The Group and the Company also have certain leases of office equipments with lease terms of 12 months or less and leases of office equipment with low value. The Group and the Company apply the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
As at 1 January		3,913	5,623	388	3,548
Additions		–	98	–	–
Depreciation	17	(1,418)	(4,490)	(388)	(3,160)
Derecognition		–	(341)	–	–
Remeasurement		–	3,023	–	–
As at 31 December		2,495	3,913	–	388

Set out below are the carrying amounts of lease liabilities (included under interest/profit-bearing financings) and the movements during the year:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
As at 1 January	3,909	5,852	405	3,699
Additions	–	98	–	–
Accretion of interest/profit	172	210	5	98
Payments	(1,380)	(4,880)	(410)	(3,392)
Derecognition	–	(350)	–	–
Remeasurement	–	2,979	–	–
As at 31 December	2,701	3,909	–	405
Current	1,311	1,204	–	405
Non-current	1,390	2,705	–	–

The maturity analysis of lease liabilities are disclosed in Note 27.

22. LEASE (continued)

The following are the amounts recognised in profit or loss:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Depreciation expense of right-of-use	1,418	4,490	388	3,160
Interest/profit expense on lease liabilities	172	210	5	98
Total amount recognised in profit or loss	1,590	4,700	393	3,258

The Group and the Company have several lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's and the Company's business needs. Management exercises judgement in determining whether these extension options are reasonably certain to be exercised (Note 2.5 (ii)).

Operating lease commitments

The Group has entered into non-cancellable commercial property leases on its investment properties. The future minimum rental receivable under these operating leases at the reporting date is as follows:

	Group	
	2023 RM'000	2022 RM'000
Less than one year	1,050,257	972,249
One to five years	2,918,050	2,858,507
More than five years	6,986,158	7,316,505
As at 31 December	10,954,465	11,147,261

23. EARNINGS PER SHARE/STAPLED SECURITY - BASIC AND DILUTED

Basic/diluted earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

Basic/diluted earnings per stapled security amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company and unitholders of the KLCC REIT by the weighted average number of stapled securities in issue during the financial year.

	2023	2022
Profit attributable to equity holders of the Company (RM'000)	396,662	279,365
Profit attributable to NCI relating to KLCC REIT (RM'000)	534,632	503,298
Profit attributable to stapled securities holders (RM'000)	931,294	782,663
Weighted average number of stapled securities/shares in issue (Unit'000)	1,805,333	1,805,333
Basic/diluted earnings per share (sen)	21.97	15.47
Basic/diluted earnings per stapled security (sen)	51.59	43.35

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

KLCCP STAPLED GROUP

Notes to the Financial Statements

31 December 2023

24. DIVIDENDS

	Dividends Recognised in Year		Net Dividends per Ordinary Share	
	2023 RM'000	2022 RM'000	2023 sen	2022 sen
Recognised during the year:				
A fourth interim dividend of 7.69% (2021: 5.77%) on 1,805,333,083 ordinary shares for financial year ended 31 December 2022/2021	138,830	104,168	7.69	5.77
A first interim dividend of 1.41% (2022: 0.99%) on 1,805,333,083 ordinary shares for financial year ended 31 December 2023/2022	25,455	17,873	1.41	0.99
A second interim dividend of 1.80% (2022: 0.99%) on 1,805,333,083 ordinary shares for financial year ended 31 December 2023/2022	32,496	17,873	1.80	0.99
A third interim dividend of 2.50% (2022: 1.04%) on 1,805,333,083 ordinary shares for financial year ended 31 December 2023/2022	45,134	18,775	2.50	1.04
	241,915	158,689	13.40	8.79

A fourth interim dividend in respect of the financial year ended 31 December 2023, of 8.00%, tax exempt under the single tier system on 1,805,333,083 ordinary shares, declared on 7 February 2024, amounting to a dividend payable of RM144,426,647 will be paid on 29 February 2024.

The financial statements for the current year do not reflect this fourth interim dividend. Such dividend will be accounted for in equity as an appropriation of profits in the financial year ending 31 December 2024.

25. COMMITMENTS

	Group	
	2023 RM'000	2022 RM'000
Investment properties		
Approved and contracted for	6,070	5,830
Approved but not contracted for	18,383	36,222
	24,453	42,052
Property, plant and equipment		
Approved and contracted for	9,438	135
Approved but not contracted for	6,249	16,803
	15,687	16,938

During the year, the Company has approved to enter into a share purchase agreement to acquire the remaining shares in SKSB as disclosed in Note 33.

26. RELATED PARTY DISCLOSURES

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and an entity that provides key management personnel services to the Group. The key management personnel include all the Directors of the Company, and certain members of senior management of the Group.

The Group's and the Company's related parties include subsidiaries and associates as well as the Government of Malaysia and its related entities as the ultimate holding company is wholly-owned by the Government of Malaysia.

Key management personnel compensation

Directors

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Directors of the Company				
Executive*	–	–	–	–
Non-Executive: Fees	1,217	1,295	1,217	1,295
	1,217	1,295	1,217	1,295

* The remuneration of the Executive Director is paid to KLCCH as fee in relation to services of Executive Director as disclosed in Note 17.

The Company reimbursed the ultimate holding company for compensation of certain key management personnel attributable to services rendered to the Company as well as fees for Directors who are appointees of the holding company as disclosed below.

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Analysis excluding benefits-in-kind: Total Non-Executive Directors' remuneration (Note 17)	1,217	1,295	1,217	1,295

KLCCP STAPLED GROUP

Notes to the Financial Statements

31 December 2023

26. RELATED PARTY DISCLOSURES (continued)

Key management personnel compensation (continued)

Directors (continued)

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

	Group		Company	
	2023	2022	2023	2022
Executive Director*	1	1	1	1
Non-Executive Directors				
RMNil – RM50,000	–	–	–	–
RM50,001 – RM100,000	–	1	–	1
RM100,001 – RM150,000	1	1	1	1
RM150,001 – RM200,000	5	5	5	5
RM200,001 – RM250,000	–	–	–	–
RM250,001 – RM300,000	1	1	1	1

* The remuneration of the Executive Director is paid to KLCCH as fee in relation to services of Executive Director as disclosed in Note 17.

Other key management personnel

Datuk Md. Shah Bin Mahmood, Executive Director and Chief Executive Officer of the Company is an employee of KLCCH. KLCCH charges fees in consideration for his services to the Company as disclosed in Note 17.

Significant transactions with related parties

The names of subsidiaries and associates all of which are incorporated in Malaysia have been disclosed in Notes 5 to 6 respectively.

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Income/(expense)				
Federal Government of Malaysia:				
Property licences and taxes	(13,376)	(13,372)	–	(2)
Sales and Service Tax and Tourism Tax	(25,917)	(19,295)	(107)	(705)
Government of Malaysia's related entities:				
Purchase of utilities	(24,733)	(17,428)	–	–
Hotel revenue	4,303	3,330	–	–
Wages Subsidy Programme	–	812	–	–

26. RELATED PARTY DISCLOSURES (continued)**Significant transactions with related parties (continued)**

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Income/(expense) (continued)				
Ultimate Holding Company:				
Rental income	556,439	554,633	–	–
Facilities management and manpower fees	136,262	109,099	–	–
Interest/profit income	26,538	17,178	21,717	14,301
Rental of car park spaces	(7,396)	(6,737)	–	–
Fees for representation on the Board of Directors*	(134)	(141)	(134)	(141)
Hotel revenue	5,402	2,877	–	–
Centralised Head Office Services charges	(15,603)	(10,541)	(3,223)	(2,813)
Immediate Holding Company:				
General management services fee payables	(8,382)	(5,532)	(3,268)	(2,306)
General management services fee receivables	4,976	4,624	4,976	4,624
Fee in relation to services of Executive Director	(1,571)	(1,049)	(1,571)	(1,049)
Subsidiaries:				
Facilities management and manpower fees	–	–	(209)	(305)
General management services fee receivable	–	–	6,616	6,919
Hotel charges	–	–	(516)	(342)
Other Related Companies:				
Facilities management and manpower fees	59,917	41,557	–	–
General management services fee receivable	13,662	11,043	13,662	11,126
Hotel revenue	2	17	–	–
Management and incentive fees	3,486	3,740	–	–
Chilled water supply	(33,814)	(25,728)	–	–
Project management fees	(3,048)	(8,502)	–	–
Fees for secondment of executive director	(644)	(1,434)	–	–
Rental of car park spaces	(7,480)	(6,483)	–	–

* Fee paid directly to PETRONAS in respect of the Non-Executive Director appointed by the ultimate holding company.

The Directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established on a commercial basis. The above has been stated at contracted amount.

Information regarding outstanding balances arising from related party transactions as at 31 December 2023 are disclosed in Notes 7 and 14.

KLCCP STAPLED GROUP

Notes to the Financial Statements

31 December 2023

27. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

As the Group and the Company owns a diverse property portfolio, the Group and the Company are exposed to various risks that are particular to its various businesses. These risks arise in the normal course of the Group's and the Company's business.

The Group has a Risk Management Framework and Guidelines that set the foundation for the establishment of effective risk management across the Group.

Risk taking activities are undertaken within acceptable level of risk or risk appetite, whereby the risk appetite level reflects business considerations and capacity to assume such risks. The risk appetite is established at Board level, where relevant, based on defined methodology and translated into operational thresholds.

The Group's and the Company's goal in risk management are to ensure that the management understands, measures, monitors and reports the financial risks that arise in connection with their operations. The policies, standards and guidelines have been developed to identify, analyse, appraise, monitor and report the dynamic risks facing the Group and the Company. Based on this assessment, each business unit adopts appropriate measures to mitigate these risks in accordance with the business unit's view of the balance between risk and reward.

(a) Market risk

Market risk is the risk or uncertainty arising from change in market prices and their impact on the performance of the business. The market price changes that the Group and the Company are exposed to include interest/profit rates, foreign currency exchange rates, commodity prices, equity prices and other indices that could affect the value of the Group's and the Company's financial assets, liabilities or expected future cash flows.

Financial instruments affected by market risk include financings and deposits.

(b) Interest/profit rate risk

Interest/profit rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market profit rates. Fair value interest/profit rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest/profit rates. As the Group has no significant interest/profit-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest/profit rates. The Group's interest/profit-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

The Group's interest/profit rate risk arises primarily from interest/profit-bearing financings. Financings at floating rates expose the Group to cash flow interest/profit rate risk. Financings obtained at fixed rates expose the Group to fair value interest/profit rate risk. The Group manages its interest/profit rate exposure by maintaining a mix of fixed and floating rate financings.

The interest/profit rate profile of the Group's and the Company's interest/profit-bearing financial instruments based on carrying amount as at reporting date is as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Fixed rate instruments				
Financial assets	348,436	308,186	–	–
Financial liabilities	(1,961,422)	(1,963,874)	–	–
Floating rate instruments				
Financial assets	839,111	793,623	684,698	647,534
Financial liabilities	(400,049)	(410,690)	–	–

27. FINANCIAL INSTRUMENTS (continued)**Cash flow sensitivity analysis for floating rate instruments**

The following table demonstrates the indicative pre-tax effects on the profit or loss of applying reasonably foreseeable market movements in the profit rates of floating rate instruments:

	Increase/ (decrease) in profit rate b.p.s	Group Profit or loss RM'000	Company Profit or loss RM'000
2023			
KLIBOR	-50	(2,195)	(3,423)
KLIBOR	+50	2,195	3,423
2022			
KLIBOR	-50	(1,915)	(3,238)
KLIBOR	+50	1,915	3,238

A decrease/increase in interest/profit rate above would have had equal but opposite effect, on the basis that all other variables remain constant.

(c) Liquidity Risk

Liquidity risk is the risk that the Group and the Company will have insufficient funds to meet financial commitments in a timely manner. The Group's and the Company's exposure to liquidity risk arises principally from its trade and other payables, and financings. In managing its liquidity risk, the Group and the Company maintains sufficient cash and liquid marketable assets. The Company's current credit rating enables it to access banking facilities in excess of current and immediate future requirements of the Group and the Company.

The Group are in net current liabilities position of RM67,184,000 as at 31 December 2023. This is due to the reclassification of its RM455,000,000 and RM600,000,000 Sukuk Murabahah to current liabilities as the maturity dates are on 25 April 2024 and 31 December 2024 respectively. The Group has plans in place for the repayment of the Sukuk Murabahah on the respective maturity dates.

The Directors do not expect repayment risk and is currently exploring various refinancing options and source to redeem the Sukuk Murabahah. Based on the reaffirmed AAA ratings from RAM Ratings on 2 June 2023 and 4 December 2023 for the RM455,000,000 and RM600,000,000 Sukuk Murabahah respectively, the Directors are confident that the Group will be able to refinance the Sukuk Murabahah upon maturity.

KLCCP STAPLED GROUP

Notes to the Financial Statements

31 December 2023

27. FINANCIAL INSTRUMENTS (continued)

(c) Liquidity Risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the reporting date based on undiscounted contractual payments:

	Group						
	Carrying amount RM'000	Effective profit rate	Contractual cash flow* RM'000	Within 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
2023							
Financial Liabilities							
Sukuk Murabahah	1,961,422	4.16 % – 4.73 %	2,162,472	1,133,916	37,000	554,603	436,953
Term loans	400,049	5.38 %	429,665	33,025	396,640	–	–
Trade and other payables	410,673	4.34 % – 4.73 %	497,283	261,158	44,755	47,347	144,023
Lease liabilities	2,701	4.88 % – 5.49 %	2,896	1,363	1,150	383	–
2022							
Financial Liabilities							
Sukuk Murabahah	1,963,874	4.16 % – 4.73 %	2,252,067	95,855	1,127,656	575,559	452,997
Term loans	410,690	5.13 %	461,459	31,622	30,262	399,575	–
Trade and other payables	408,236	4.33 % – 4.73 %	494,985	281,308	33,439	37,203	143,035
Lease liabilities	3,909	3.42 % – 5.49 %	4,275	1,380	1,171	1,724	–
	Company						
	Carrying amount RM'000	Effective profit rate	Contractual cash flow* RM'000	Within 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
2023							
Financial Liabilities							
Trade and other payables	13,440	–	13,440	13,440	–	–	–
2022							
Financial Liabilities							
Lease liabilities	405	3.42 % – 5.03 %	409	409	–	–	–
Trade and other payables	8,166	–	8,166	8,166	–	–	–

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

27. FINANCIAL INSTRUMENTS (continued)

(d) Credit risk

Credit risk is the risk of potential exposure of the Group and of the Company to losses in the event of non-performance by counterparties. The Group and the Company's exposures to credit risk arise principally from customers and placement in financial institutions. Credit risks are controlled by individual subsidiaries in line with Group's Risk Management Framework and Guideline.

Receivables

Risk management objectives, policies and processes for managing the risk

The Group and the Company minimise credit risk by entering into contracts with highly credit rated counterparty and through credit approval, financial limits and monitoring procedures. Counterparty credit evaluations are done systematically using quantitative and qualitative criteria on credit risks as specified by individual operating units.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group and the Company.

At each reporting date, the Group and the Company assess whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

Concentration of credit risk

Exposure to losses increases with concentrations of credit risk which may exist when a number of counterparties are involved in similar activities or operate in the same industry sector or geographical area, which may result in their ability to meet contractual obligations being impacted by changes in economic, political or other conditions. The Group's principal customers with which it conducts business are located globally and there is no significant concentration of credit risk at reporting date.

Recognition and measurement of impairment loss

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statement of financial position.

In managing credit risk of trade receivables and contract assets, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances.

The Group and the Company perform credit rating assessment of all its counterparties in order to measure ECL of trade receivables for all segments using the PETRONAS Credit Risk Rating system. This credit rating assessment considers quantitative assessment using the counterparties' financial statements or a qualitative assessment of the counterparties which includes but is not limited to their reputation, competitive position, industry and geopolitical outlook.

In determining the ECL, the probability of default assigned to each counterparty is based on their individual credit rating. This probability of default is derived by benchmarking against available third party and market information, which also incorporates forward looking information.

Loss given default is the assumption of the proportion of financial asset that cannot be recovered by conversion of collateral to cash or by legal process, and is assessed based on the Group's and the Company's historical experience.

The Group and the Company have not recognised any loss allowance for trade receivables that are secured by collateral and/or other credit enhancements such as cash deposits, letter of credit and bank guarantees.

KLCCP STAPLED GROUP

Notes to the Financial Statements

31 December 2023

27. FINANCIAL INSTRUMENTS (continued)

(d) Credit risk (continued)

Receivables (continued)

Recognition and measurement of impairment loss (continued)

The ageing of trade receivables as at the reporting date was:

	Group	
	2023 RM'000	2022 RM'000
At net:		
Not past due	5,769	3,316
Past due 1 to 30 days	2,367	2,155
Past due 31 to 60 days	604	887
Past due 61 to 90 days	104	1,041
Past due more than 90 days	6,452	8,925
	15,296	16,324
Less: Allowance for impairment losses	(6,197)	(7,574)
	9,099	8,750

The movement in the allowance account is as follows:

	Group	
	2023 RM'000	2022 RM'000
At 1 January	7,574	9,076
Reversal for impairment	(1,377)	(1,502)
At 31 December	6,197	7,574

The Group does not typically renegotiate the terms of trade receivables. There were no renegotiated balances outstanding as at 31 December 2023.

27. FINANCIAL INSTRUMENTS (continued)

(e) Fair Values

Recognised financial instruments

The Group's and the Company's financial instruments consist of cash and bank balances, trade and other receivables, financings, and trade and other payables.

The carrying amounts of cash and bank balances, trade and other receivables, trade and other payables and short term financings approximate their fair values due to the relatively short term nature of these financial instruments.

The carrying amounts of other long term liabilities approximate its fair value amount.

This analysis assumes that all other variables remain constant.

The following table analyses financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position. The different levels have been defined as follows:

	Group				
	Fair value of financial instruments not carried at fair value				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
2023					
Financial liabilities					
Sukuk Murabahah	–	1,933,265	–	1,933,265	1,961,422
2022					
Financial liabilities					
Sukuk Murabahah	–	1,910,468	–	1,910,468	1,963,874

For the financial instruments listed above, fair values have been determined by discounting expected future cash flows at market incremental lending rate for similar types of financings at the reporting date. There were no transfers between Level 1, 2 and 3 fair values during the financial year (2022: no transfer between Level 1, 2 and 3 fair values).

(f) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group operates predominantly in Malaysia and transacts mainly in Malaysian Ringgit. As such, it is not exposed to any significant foreign currency risk.

KLCCP STAPLED GROUP

Notes to the Financial Statements

31 December 2023

28. CAPITAL MANAGEMENT

The Group and the Company define capital as the total equity and debts of the Company. The objective of the Group's and the Company's capital management is to maintain an optimal capital structure and ensuring availability of funds in order to support its business and maximise shareholder value. As a subsidiary of PETRONAS, the Group's and the Company's approach in managing capital is set out in the KLCC Group Corporate Financial Policies.

The Group and the Company monitor and maintain a prudent level of total debts to total equity ratio to optimise shareholder value and to ensure compliance with covenants under debt and shareholders' agreements.

The debt to equity ratio as at 31 December 2023 and 31 December 2022 is as follows:

	Group	
	2023 RM'000	2022 RM'000
Total debt	2,364,172	2,378,473
Total equity (excluding Other NCI)	13,339,104	13,131,749
Debt equity ratio	18:82	18:82

29. SEGMENTAL INFORMATION

(a) Reporting Format

Segment information is presented in respect of the Group's business segments.

Inter-segment transactions have been entered into in the normal course of business and have been established on commercial basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest/profit-earning assets and revenue, interest/profit-bearing financings and expenses, and corporate assets and expenses.

The Group comprises the following main business segments:

Property investment – Office	Rental of office spaces and other related activities.
Property investment – Retail	Rental of retail spaces and other related activities.
Hotel operations	Rental of hotel rooms, the sale of food and beverages and other related activities.
Management services	Facilities management, car park operations, management of a real estate investment trust and general management services.

Details on geographical segments are not applicable as the Group operates predominantly in Malaysia.

29. SEGMENTAL INFORMATION (continued)**(b) Allocation Basis and Transfer Pricing**

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest/profit-earning assets and revenue, interest/profit-bearing financings and expenses, and corporate assets and expenses.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. Inter-segment transactions have been entered into in the normal course of business and have been established on commercial basis. These transfers are eliminated on consolidation.

Business Segments

2023	Property Investment – Office RM'000	Property investment – Retail RM'000	Hotel operations RM'000	Management services RM'000	Elimination/Adjustment RM'000	Consolidated RM'000
Business Segments						
Revenue						
External customers	582,496	516,129	210,932	309,606	–	1,619,163
Inter-segment revenue	1,399	12,484	–	63,261	(77,144)	–
Total revenue	583,895	528,613	210,932	372,867	(77,144)	1,619,163
Results						
Operating profit	506,595	429,480	23,102	80,391	(19,342)	1,020,226
Fair value adjustments on investment properties	160,470	49,444	–	12,000	–	221,914
Financing costs						(111,312)
Interest/profit income						42,391
Share of profit of an associate						14,204
Tax expense						(121,041)
Profit after tax but before non-controlling interests						1,066,382
Segment assets	10,336,846	6,335,853	571,852	157,624	664,696	18,066,871
Investment in an associate	–	–	–	99,195	167,492	266,687
Total assets						18,333,558
Total liabilities	1,591,681	817,799	445,761	109,584	(20,721)	2,944,104
Capital expenditure	4,209	4,802	4,985	2,816	–	16,812
Depreciation	368	765	19,605	12,139	–	32,877
Non-cash items other than depreciation	–	(212)	(27)	7	–	(232)

KLCCP STAPLED GROUP

Notes to the Financial Statements

31 December 2023

29. SEGMENTAL INFORMATION (continued)

Business Segments (continued)

2022 Business Segments	Property investment – Office RM'000	Property investment – Retail RM'000	Hotel operations RM'000	Management services RM'000	Elimination/ Adjustment RM'000	Consolidated RM'000
Revenue						
External customers	580,818	484,100	146,910	247,423	–	1,459,251
Inter-segment revenue	1,203	10,859	–	63,489	(75,551)	–
Total revenue	582,021	494,959	146,910	310,912	(75,551)	1,459,251
Results						
Operating profit	504,369	408,530	(7,435)	70,344	(17,012)	958,796
Fair value adjustments on investment properties	61,963	66,713	–	–	–	128,676
Financing costs						(105,759)
Interest/profit income						27,068
Share of profit of an associate						10,098
Tax expense						(107,325)
Profit after tax but before non-controlling interests						911,554
Segment assets	10,185,720	6,279,267	573,314	174,205	631,929	17,844,435
Investment in an associate	–	–	–	99,195	165,828	265,023
Total assets						18,109,458
Total liabilities	1,595,433	803,359	450,657	112,080	(19,349)	2,942,180
Capital expenditure	99	7,992	1,280	4,741	–	14,112
Depreciation	496	917	28,648	14,917	–	44,978
Non-cash items other than depreciation	99	(1,490)	48	2	–	(1,341)

The operating profit of property investment – office is inclusive of impairment of IPUC of RMNil (2022: RM114,906). Excluding the impairment, operating profit is at RM506,595,000 (2022: RM504,483,906).

30. ADOPTION OF NEW AND REVISED PRONOUNCEMENTS

During the financial year, the Group and the Company adopted the following pronouncements that have been issued by the MASB and are applicable as listed below:

Effective for annual periods beginning on or after 1 January 2023

Amendments to MFRS 101	Presentation of Financial Statements and MFRS Practice Statement 2 (Disclosure of Accounting Policies)
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)
Amendments to MFRS 112	Income Taxes (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)
Amendments to MFRS 112	Income Taxes (International Tax Reform – Pillar Two Model Rules)

The initial application of the above-mentioned pronouncements did not have any material impact to the financial statements of the Group and the Company.

31. PRONOUNCEMENTS YET IN EFFECT

The following pronouncements that have been issued by the MASB will become effective in future financial reporting periods and have not been adopted by the Group and the Company in these financial statements:

Effective for annual periods beginning on or after 1 January 2024

Amendments to MFRS 16	Leases (Lease Liability in a Sale and Leaseback)
Amendments to MFRS 101	Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)
Amendments to MFRS 101	Presentation of Financial Statements (Non-current Liabilities with Covenants)
Amendments to MFRS 107	Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures (Supplier Finance Arrangements)

Effective for annual periods beginning on or after 1 January 2025

Amendments to MFRS 121	The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability
------------------------	--

Effective for a date yet to be confirmed

Amendments to MFRS 10	Consolidated Financial Statements: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 128	Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company are expected to apply the above-mentioned pronouncements beginning from the respective dates the pronouncements become effective. The initial application of the above-mentioned pronouncements are not expected to have any material impacts to the financial statements of the Group and the Company.

KLCCP STAPLED GROUP**Notes to the Financial Statements**

31 December 2023

32. NEW PRONOUNCEMENTS NOT APPLICABLE TO THE GROUP AND THE COMPANY

During the financial year, the MASB has issued pronouncements which are not relevant to the Company as listed below:

Effective for annual periods beginning on or after 1 January 2023

MFRS 17 Insurance Contracts

Amendment to MFRS 17 Insurance Contracts
(Initial Application of MFRS 17 and MFRS 9 – Comparative Information)

33. SUBSEQUENT EVENT

On 26 January 2024, the Company entered into a share purchase agreement to acquire the remaining 136,666,668 ordinary shares representing 40% of the issued share capital of SKSB from Ocmador (Malaysia) City Retail Centre Sdn. Bhd., Port Moresby Investments Limited and Bold Peak Sdn. Bhd., for a cash consideration of RM1,950,000,000.

The aforesaid acquisition will be funded by external financings and SKSB will become a wholly owned subsidiary of the Company upon completion.

Independent Auditors' Report

To The Members of KLCC Property Holdings Berhad (Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of KLCC Property Holdings Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information, as set out on pages 226 to 298.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Valuation of investment properties

As at 31 December 2023, the carrying value of the Group's investment properties carried at fair value amounted to RM15,815,346,000 which represents 86% of the Group's total assets. The Group adopts the fair value model for its investment properties. The valuation of investment properties carried at fair value is significant to our audit due to their magnitude, complex valuation method and high dependency on a range of estimates (amongst others, rental income data, yield rate and discount rate) which are based on current and future market or economic conditions. The Group has engaged external valuers to determine the fair value of the investment properties carried at fair value at the reporting date and a fair value gain of RM221,914,000 has been recognised during the year.

KLCCP STAPLED GROUP**Independent Auditors' Report****To The Members of KLCC Property Holdings Berhad (Incorporated in Malaysia)***Valuation of investment properties (continued)*

Our audit procedures focused on the valuations performed by firms of independent valuers, which included, amongst others, the following procedures:

- We considered the objectivity, independence and expertise of the firms of independent valuers;
- We obtained an understanding of the methodology adopted by the independent valuers in estimating the fair value of the investment properties and assessed whether such methodology is consistent with those used in the industry;
- We had discussions with the independent valuers to obtain an understanding of the property related data used as input to the valuation models which included, amongst others, rental income data and yield rate;
- We assessed the reasonableness of the property related data by corroborating those data used in the valuation to available market data;
- We tested the accuracy of rental income data applied in the valuation by comparing them with lease agreements and challenged the yield rate by comparing them with available industry data, taking into consideration comparability and market factors. Where the rates were outside the expected range, we undertook further procedures to understand the effect of additional factors and held further discussions with the valuers;
- We assessed whether the discount rate used to determine the present value of the cash flows reflects the estimated market rate of return for comparable assets with similar profile; and
- We also evaluated the Group's disclosures on those assumptions to which the outcome of the valuation is most sensitive. The Group's disclosures on the valuation sensitivity and significant assumptions used, including relationships between key unobservable inputs and fair values, are included in Notes 1.4 and 4 to the financial statements respectively.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditors' responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Muhammad Syarizal Bin Abdul Rahim
No. 03157/01/2025 J
Chartered Accountant

Kuala Lumpur, Malaysia
7 February 2024

CHAPTER 8: **Financial Statements**

- 304** Manager's Report
- 309** Statement by The Manager
- 309** Statutory Declaration
- 310** Trustee's Report
- 311** Shariah Adviser's Report
- 312** Consolidated Statement of Financial Position
- 313** Consolidated Statement of Comprehensive Income
- 314** Consolidated Statement of Changes in Net Asset Value
- 315** Consolidated Statement of Cash Flows
- 316** Statement of Financial Position
- 317** Statement of Comprehensive Income
- 318** Statement of Changes in Net Asset Value
- 319** Statement of Cash Flows
- 320** Notes to the Financial Statements
- 359** Independent Auditors' Report





KLCC REIT

Manager's Report

For The Year Ended 31 December 2023

The Manager of KLCC Real Estate Investment Trust ("KLCC REIT" or "the Fund"), KLCC REIT Management Sdn. Bhd. ("the Manager"), has pleasure in submitting their report and the audited financial statements of the Group and of the Fund for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Fund during the financial year are investing directly and indirectly, in a Shariah-compliant portfolio of income producing real estate used primarily for office and retail purposes as well as real estate related assets.

The principal activity of its subsidiary is stated in Note 5 to the financial statements.

CORPORATE INFORMATION

The Fund is a Malaysia-domiciled real estate investment trust constituted pursuant to the Trust Deed dated 2 April 2013 (as amended and restated by the Amended and Restated Trust Deed dated 3 September 2019) (the "Amended and Restated Trust Deed") entered into between the Manager and Maybank Trustees Berhad (the "Trustee"). The Amended and Restated Trust Deed was registered with the Securities Commission Malaysia on 16 October 2019. The Fund was listed on the Main Market of Bursa Malaysia Securities Berhad on 9 May 2013. The registered office of the Manager is located at Level 54, Tower 2, PETRONAS Twin Towers, Kuala Lumpur City Centre, 50088 Kuala Lumpur.

ULTIMATE HOLDING COMPANY

The Directors of the Manager regard Petroliam Nasional Berhad ("PETRONAS"), a company incorporated in Malaysia, as the ultimate holding company.

SUBSIDIARY

The details of the Fund's subsidiary are disclosed in Note 5 to the financial statements.

RESULTS

	Group RM'000	Fund RM'000
Profit for the year	534,632	534,638

DISTRIBUTION OF INCOME

The amount of income distributions paid by the Fund were as follows:

	RM'000
In respect of the financial year ended 31 December 2022:	
Fourth interim income distribution of 6.31% on 1,805,333,083 units, declared on 31 January 2023 and paid on 28 February 2023	113,917
In respect of the financial year ended 31 December 2023:	
First interim income distribution of 7.09% on 1,805,333,083 units, declared on 29 May 2023 and paid on 28 June 2023	127,998
Second interim income distribution of 7.00% on 1,805,333,083 units, declared on 14 August 2023 and paid on 27 September 2023	126,373
Third interim income distribution of 6.30% on 1,805,333,083 units, declared on 28 November 2023 and paid on 29 December 2023	113,736
	482,024

A fourth interim income distribution in respect of the financial year ended 31 December 2023 of 6.40% on 1,805,333,083 units, declared on 7 February 2023, amounting to an income distribution payable of RM115,541,317 will be payable on 29 February 2024.

The financial statements for the current year do not reflect this fourth interim income distribution. Such income distribution will be accounted for in equity as an appropriation of profits in the financial year ending 31 December 2024.

RESERVES AND PROVISIONS

There were no material movements to or from reserves and provisions during the year other than as disclosed in the financial statements.

DIRECTORS

Directors who served on the Board of the Manager during the financial year until the date of this report are:

Tan Sri Ahmad Nizam Bin Salleh
 Farina Binti Farikhullah Khan
 Dato' Jamaludin Bin Osman
 Liza Binti Mustapha
 Datuk Md. Shah Bin Mahmood
 Chong Chye Neo
 Dato' Sr. Mazuki Bin A. Aziz
 Datin Noor Lily Zuriati Binti Abdullah

KLCC REIT**Manager's Report**

For The Year Ended 31 December 2023

DIRECTORS OF MANAGER'S INTERESTS

The Directors in office at the end of the year who have interests in the units of the Fund and its related corporations as recorded in the Register of Directors' Shareholdings are as follows:

	Number of Shares in Petronas Chemicals Group Berhad			
	Balance as at 1.1.2023	Number of Shares		Balance as at 31.12.2023
		Bought	Sold	
Direct				
Tan Sri Ahmad Nizam Bin Salleh	10,000	–	–	10,000
Datuk Md. Shah Bin Mahmood	6,000	–	–	6,000

	Number of Shares in Petronas Gas Berhad			
	Balance as at 1.1.2023	Number of Shares		Balance as at 31.12.2023
		Bought	Sold	
Direct				
Tan Sri Ahmad Nizam Bin Salleh	2,000	–	–	2,000

None of the other Directors holding office at 31 December 2023 had any interest in the ordinary shares of the Fund and of its related corporations during the financial year.

DIRECTORS OF MANAGER'S BENEFITS

Since the end of the previous financial year, no Director of the Manager has received nor become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by the Directors from certain related corporations) by reason of a contract made by the Fund or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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

ISSUE OF UNITS

There were no changes in the issued and paid up units of the Fund during the financial year.

OPTIONS GRANTED OVER UNISSUED UNITS

No options were granted to any person to take up unissued units of the Fund during the financial year.

SOFT COMMISSION

There was no soft commission received by the Manager during the financial year from broker or dealer by virtue of transactions conducted for the Fund.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Fund were made out, the Manager took reasonable steps to ascertain:

- (i) that necessary actions had been taken in relation to the writing off of bad debts and the provisioning of doubtful debts and satisfied themselves that no known bad debts have been written off and no provision made for doubtful debts; and
- (ii) that any current assets which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and of the Fund, had been written down to an amount which they might be expected so to realise.

At the date of this report, the Manager is not aware of any circumstances:

- (i) that would render it necessary to write off any bad debts, or to make any the provision for doubtful debts in respect of the financial statements of the Group and of the Fund;
- (ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Fund misleading;
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Fund misleading or inappropriate; or
- (iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Fund misleading.

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group or of the Fund that has arisen since the end of the financial year and which secures the liabilities of any other person; or
- (ii) any material contingent liability in respect of the Group or of the Fund that has arisen since the end of the financial year.

No material contingent liability or other liability of the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Manager, will or may substantially affect the ability of the Group and of the Fund to meet their obligations as and when they fall due.

In the opinion of the Manager, the financial performance of the Group and of the Fund for the financial year ended 31 December 2023 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

KLCC REIT**Manager's Report**

For The Year Ended 31 December 2023

AUDITORS

The auditors, Ernst & Young PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration for the financial year ended 31 December 2023 of the Group and the Fund is as follows:

	Group RM'000	Fund RM'000
Statutory audit fees		
Ernst & Young PLT	104	99

Signed on behalf of the Board of the Manager
in accordance with a resolution of the Directors of the Manager.

Tan Sri Ahmad Nizam Bin Salleh

Chairman

Datuk Md. Shah Bin Mahmood

Director

Kuala Lumpur,

Date: 7 February 2024

Statement by The Manager

In the opinion of the Directors of the Manager, the financial statements set out on pages 312 to 358 are drawn up in accordance with the provision of the Trust Deed dated 2 April 2013 and an Amended and Restated Trust Deed dated 3 September 2019 (collectively referred to as the "Deed"), the Securities Commission's Guidelines on Listed Real Estate Investment Trusts in Malaysia, Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Fund as at 31 December 2023 and of the results of their financial performance and cash flows for the year ended 31 December 2023.

For and on behalf of the Manager,
KLCC REIT MANAGEMENT SDN. BHD.

Signed on behalf of the Board of the Manager
in accordance with a resolution of the Directors of the Manager.

Tan Sri Ahmad Nizam Bin Salleh
Chairman

Datuk Md. Shah Bin Mahmood
Director

Kuala Lumpur,
Date: 7 February 2024

Statutory Declaration

I, Rohizal Bin Kadir, the officer of the Manager primarily responsible for the financial management of KLCC Real Estate Investment Trust, do solemnly and sincerely declare that the financial statements set out on pages 312 to 358 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed

Rohizal Bin Kadir
MIA Membership Number: 50742
at **Kuala Lumpur** in **Wilayah Persekutuan**
on 7 February 2024

Rohizal Bin Kadir
BEFORE ME:

Y.M. Tengku Nur Athiya Tengku Fariddudin
Commissioner for Oaths

KLCC REIT**Trustee's Report****To the unitholders of KLCC REIT**

We have acted as Trustee of KLCC Real Estate Investment Trust ("KLCC REIT") for the financial year ended 31 December 2023. To the best of our knowledge, KLCC REIT Management Sdn. Bhd. ("the Manager") has managed KLCC REIT in the financial year under review in accordance to the following:

- (a) the limitation imposed on the investment powers of the Manager and the Trustee under the Deed, other applicable provisions of the Deed, the Securities Commission's Guidelines on Listed Real Estate Investment Trusts, the Capital Markets & Services Act 2007 and other applicable laws; and
- (b) the valuation of KLCC REIT is carried out in accordance with the Deed and other regulatory requirements.

There are four (4) income distributions to the unitholders of KLCC REIT in the financial year under review, details of which are stated below:

- (i) First interim income distribution of 7.09 sen per unit distributed on 28 June 2023;
- (ii) Second interim income distribution of 7.00 sen per unit distributed on 27 September 2023;
- (iii) Third interim income distribution of 6.30 sen per unit distributed on 29 December 2023;
- (iv) Fourth interim income distribution of 6.40 sen per unit for year ended 31 December 2023 declared and will be payable on 29 February 2024.

We are of the view that the distributions are consistent with the objectives of KLCC REIT.

For and on behalf of the Trustee,

MAYBANK TRUSTEES BERHAD

[Registration No.: 196301000109 (5004-P)]

Norhazliana Binti Mohammed Hashim

Head, Unit Trust & Corporate Operations

Kuala Lumpur, Malaysia

Shariah Adviser's Report

To the unitholders of KLCC REIT

We have acted as the Shariah Adviser of KLCC REIT. Our responsibility is to ensure that the procedures and processes employed by KLCC REIT Management Sdn Bhd and that the provisions of the Trust Deed are in accordance with the relevant Shariah principles.

In our opinion, KLCC REIT Management Sdn Bhd has managed and administered KLCC REIT in accordance with the Shariah principles and complied with the applicable guidelines, rulings and decisions issued by the Securities Commission Malaysia pertaining to Shariah matters for the financial year ended 31 December 2023.

In addition, we also confirm that the investment portfolio of KLCC REIT:

- (a) Comprises investment properties and rental income which complied with the Securities Commission's Guidelines on Islamic Capital Market Products and Services and Guidelines on Listed Real Estate Investment Trusts. The percentage ratio of Shariah Non-Compliant Rental for the financial year ended 31 December 2023 is 1.19%;
- (b) KLCCP Stapled Securities is listed on Bursa Malaysia Securities Berhad which have been classified as Shariah-compliant by Shariah Advisory Council of the Securities Commission;
- (c) Cash placement and liquid assets, which are placed in Shariah-compliant investments and/or instruments;
- (d) There is no acquisition of real estate during the financial year; and
- (e) The percentage of Shariah Non-Compliant Rental by the end of 10th financial year post listing or establishment has been complied with.

For and on behalf of Shariah Adviser

CIMB Islamic Bank Berhad

Ahmad Suhaimi Yahya

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

Kuala Lumpur, Malaysia

KLCC REIT

Consolidated Statement of Financial Position

As At 31 December 2023

	Note	2023 RM'000	2022 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	3	445	777
Investment properties	4	9,271,852	9,175,267
Trade and other receivables	6	256,148	317,733
		9,528,445	9,493,777
Current Assets			
Trade and other receivables	6	4,148	3,497
Cash and bank balances	7	141,984	111,064
		146,132	114,561
TOTAL ASSETS		9,674,577	9,608,338
TOTAL UNITHOLDERS' FUND AND LIABILITIES			
Unitholders' Fund			
Unitholders' capital	8	7,212,684	7,212,684
Merger reserve	9	6,212	6,212
Capital reserve	10	457,860	373,980
Retained profits		394,213	425,485
Total Unitholders' Fund		8,070,969	8,018,361
Non-Current Liabilities			
Other long term liabilities	11	71,899	69,474
Financing	13	900,000	1,355,000
Deferred tax liability	14	50,873	41,553
Other payables	15	74,391	76,676
		1,097,163	1,542,703
Current Liabilities			
Other payables	15	45,022	38,400
Financing	13	461,423	8,874
		506,445	47,274
Total Liabilities		1,603,608	1,589,977
TOTAL UNITHOLDERS' FUND AND LIABILITIES		9,674,577	9,608,338
Number of units in circulation ('000 units)		1,805,333	1,805,333
Net asset value ("NAV")			
– before income distribution		8,070,969	8,018,361
– after income distribution		7,955,428	7,904,444
NAV per unit (RM)			
– before income distribution		4.47	4.44
– after income distribution		4.41	4.38

The notes set out on pages 320 to 358 are an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For The Year Ended 31 December 2023

	Note	2023 RM'000	2022 RM'000
Revenue	16	582,169	578,843
Property operating expenses	17	(32,622)	(30,383)
Net property income		549,547	548,460
Fair value adjustments of investment properties	4	93,200	61,635
Profit income		6,138	4,032
		648,885	614,127
Management fees	18	(45,084)	(44,946)
Trustee's fee	19	(600)	(600)
Financing costs	20	(59,249)	(59,119)
Profit before tax	21	543,952	509,462
Tax expense	22	(9,320)	(6,164)
PROFIT FOR THE YEAR, REPRESENTING TOTAL COMPREHENSIVE INCOME		534,632	503,298
Basic earnings per unit (sen)	23	29.61	27.88

	2023 RM'000	2022 RM'000
Income Distribution		
Total comprehensive income for the financial year	534,632	503,298
Add/(less) Adjustments:		
Accrued rental income	61,585	60,714
Amortisation of deferred revenue	(4,202)	(4,070)
Amortisation of premium for Sukuk Murabahah	(2,507)	(2,436)
Deferred tax liabilities	9,320	6,164
Depreciation of property, plant and equipment	350	515
Accretion of financial instruments	2,947	2,715
Fair value adjustments of investment properties	(93,200)	(61,635)
	(25,707)	1,967
Total income available for distribution	508,925	505,265
Distribution to unitholders in respect of financial year 2023:		
First interim income distribution of 7.09% (2022: 7.01%) on 1,805,333,083 units	(127,998)	(126,554)
Second interim income distribution of 7.00% (2022: 7.01%) on 1,805,333,083 units	(126,373)	(126,554)
Third interim income distribution of 6.30% (2022: 6.96%) on 1,805,333,083 units	(113,736)	(125,651)
Fourth interim income distribution of 6.40% (2022: 6.31%) on 1,805,333,083 units	(115,541)	(113,917)
Balance undistributed	25,277	12,589

The notes set out on pages 320 to 358 are an integral part of these financial statements.

KLCC REIT

Consolidated Statement of Changes in Net Asset Value

For The Year Ended 31 December 2023

	← Non-distributable →		← Distributable →		Total Group RM'000
	Unitholders' Capital RM'000 (Note 8)	Merger Reserve RM'000 (Note 9)	Capital Reserve RM'000 (Note 10)	Retained Profits RM'000	
As at 1 January 2023	7,212,684	6,212	373,980	425,485	8,018,361
Total comprehensive income for the year	–	–	–	534,632	534,632
Transfer of fair value adjustments net of tax	–	–	83,880	(83,880)	–
Income distribution (Note 24)	–	–	–	(482,024)	(482,024)
Net total comprehensive income for the year attributable to unitholders	–	–	83,880	(31,272)	52,608
As at 31 December 2023	7,212,684	6,212	457,860	394,213	8,070,969
As at 1 January 2022	7,212,684	6,212	318,509	479,721	8,017,126
Total comprehensive income for the year	–	–	–	503,298	503,298
Transfer of fair value adjustments net of tax	–	–	55,471	(55,471)	–
Income distribution (Note 24)	–	–	–	(502,063)	(502,063)
Net total comprehensive income for the year attributable to unitholders	–	–	55,471	(54,236)	1,235
As at 31 December 2022	7,212,684	6,212	373,980	425,485	8,018,361

The notes set out on pages 320 to 358 are an integral part of these financial statements.

Consolidated Statement of Cash Flows

For The Year Ended 31 December 2023

	Note	2023 RM'000	2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		543,952	509,462
Adjustments for:			
Profit income		(6,138)	(4,032)
Financing costs	20	59,249	59,119
Accrued rental income and amortisation of deferred revenue		57,383	56,644
Depreciation of property, plant and equipment	3	350	515
Fair value adjustments on investment properties	4	(93,200)	(61,635)
Operating cash flows before changes in working capital		561,596	560,073
Changes in working capital:			
Trade and other receivables		32	1,545
Trade and other payables		4,626	(468)
Cash generated from operations		566,254	561,150
Profit income received		6,073	3,883
Net cash generated from operating activities		572,327	565,033
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions for investment properties	4	(401)	(79)
Purchase of property, plant and equipment	3	(18)	(4)
Net cash used in investing activities		(419)	(83)
CASH FLOWS FROM FINANCING ACTIVITIES			
Income distributions paid		(482,235)	(501,840)
Financing cost paid		(58,753)	(58,840)
Net cash used in financing activities		(540,988)	(560,680)
NET INCREASE IN CASH AND CASH EQUIVALENTS		30,920	4,270
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		111,064	106,794
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7	141,984	111,064

The notes set out on pages 320 to 358 are an integral part of these financial statements.

KLCC REIT

Statement of Financial Position

As At 31 December 2023

	Note	2023 RM'000	2022 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	3	445	777
Investment properties	4	9,271,852	9,175,267
Investment in a subsidiary	5	*	*
Trade and other receivables	6	256,148	317,733
		9,528,445	9,493,777
Current Assets			
Trade and other receivables	6	4,149	3,497
Cash and bank balances	7	141,808	110,978
		145,957	114,475
TOTAL ASSETS		9,674,402	9,608,252
TOTAL UNITHOLDERS' FUND AND LIABILITIES			
Unitholders' Fund			
Unitholders' capital	8	7,212,684	7,212,684
Merger reserve	9	6,212	6,212
Capital reserve	10	457,860	373,980
Retained profits		394,281	425,547
Total Unitholders' Fund		8,071,037	8,018,423
Non-Current Liabilities			
Other long term liabilities	11	71,899	69,474
Amount due to a subsidiary	12	900,000	1,355,000
Deferred tax liability	14	50,873	41,553
Other payables	15	74,391	76,676
		1,097,163	1,542,703
Current Liabilities			
Other payables	15	45,011	38,337
Amount due to a subsidiary	12	461,191	8,789
		506,202	47,126
Total Liabilities		1,603,365	1,589,829
TOTAL UNITHOLDERS' FUND AND LIABILITIES		9,674,402	9,608,252
Number of units in circulation ('000 units)		1,805,333	1,805,333
Net asset value ("NAV")			
– before income distribution		8,071,037	8,018,423
– after income distribution		7,955,496	7,904,506
NAV per unit (RM)			
– before income distribution		4.47	4.44
– after income distribution		4.41	4.38

* Represents RM2 in Midciti Sukuk Berhad

The notes set out on pages 320 to 358 are an integral part of these financial statements.

Statement of Comprehensive Income

For The Year Ended 31 December 2023

	Note	2023 RM'000	2022 RM'000
Revenue	16	582,169	578,843
Property operating expenses	17	(32,616)	(30,376)
Net property income		549,553	548,467
Fair value adjustments of investment properties	4	93,200	61,635
Profit income		6,138	4,032
		648,891	614,134
Management fees	18	(45,084)	(44,946)
Trustee's fee	19	(600)	(600)
Financing costs	20	(59,249)	(59,119)
Profit before tax	21	543,958	509,469
Tax expense	22	(9,320)	(6,164)
PROFIT FOR THE YEAR, REPRESENTING TOTAL COMPREHENSIVE INCOME		534,638	503,305
Basic earnings per unit (sen)	23	29.61	27.88

	2023 RM'000	2022 RM'000
Income Distribution		
Total comprehensive income for the financial year	534,638	503,305
Add/(less) Adjustments:		
Accrued rental income	61,585	60,714
Amortisation of deferred revenue	(4,202)	(4,070)
Amortisation of premium for Sukuk Murabahah	(2,507)	(2,436)
Deferred tax liabilities	9,320	6,164
Depreciation of property, plant and equipment	350	515
Accretion of financial instruments	2,947	2,715
Fair value adjustments of investment properties	(93,200)	(61,635)
	(25,707)	1,967
Total income available for distribution	508,931	505,272
Distribution to unitholders in respect of financial year 2023:		
First interim income distribution of 7.09% (2022: 7.01%) on 1,805,333,083 units	(127,998)	(126,554)
Second interim income distribution of 7.00% (2022: 7.01%) on 1,805,333,083 units	(126,373)	(126,554)
Third interim income distribution of 6.30% (2022: 6.96%) on 1,805,333,083 units	(113,736)	(125,651)
Fourth interim income distribution of 6.40% (2022: 6.31%) on 1,805,333,083 units	(115,541)	(113,917)
Balance undistributed	25,283	12,596

The notes set out on pages 320 to 358 are an integral part of these financial statements.

KLCC REIT

Statement of Changes in Net Asset Value

For The Year Ended 31 December 2023

	Non-distributable		Distributable		Total Funds RM'000
	Unitholders' Capital RM'000 (Note 8)	Merger Reserve RM'000 (Note 9)	Capital Reserve RM'000 (Note 10)	Retained Profits RM'000	
As at 1 January 2023	7,212,684	6,212	373,980	425,547	8,018,423
Total comprehensive income for the year	–	–	–	534,638	534,638
Transfer of fair value adjustments net of tax	–	–	83,880	(83,880)	–
Income distribution (Note 24)	–	–	–	(482,024)	(482,024)
Net total comprehensive income for the year attributable to unitholders	–	–	83,880	(31,266)	52,614
As at 31 December 2023	7,212,684	6,212	457,860	394,281	8,071,037
As at 1 January 2022	7,212,684	6,212	318,509	479,776	8,017,181
Total comprehensive income for the year	–	–	–	503,305	503,305
Transfer of fair value adjustments net of tax	–	–	55,471	(55,471)	–
Income distribution (Note 24)	–	–	–	(502,063)	(502,063)
Net total comprehensive income for the year attributable to unitholders	–	–	55,471	(54,229)	1,242
As at 31 December 2022	7,212,684	6,212	373,980	425,547	8,018,423

The notes set out on pages 320 to 358 are an integral part of these financial statements.

Statement of Cash Flows

For The Year Ended 31 December 2023

	Note	2023 RM'000	2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		543,958	509,469
Adjustments for:			
Profit income		(6,138)	(4,032)
Financing costs	20	59,249	59,119
Accrued rental income and amortisation of deferred revenue		57,383	56,644
Depreciation of property, plant and equipment	3	350	515
Fair value adjustments on investment properties	4	(93,200)	(61,635)
Operating cash flows before changes in working capital		561,602	560,080
Changes in working capital:			
Trade and other receivables		32	1,545
Trade and other payables		4,530	(495)
Cash generated from operations		566,164	561,130
Profit income received		6,073	3,883
Net cash generated from operating activities		572,237	565,013
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions for investment properties	4	(401)	(79)
Purchase of property, plant and equipment	3	(18)	(4)
Net cash used in investing activities		(419)	(83)
CASH FLOWS FROM FINANCING ACTIVITIES			
Income distributions paid		(482,235)	(501,840)
Financing cost paid		(58,753)	(58,840)
Net cash used in financing activities		(540,988)	(560,680)
NET INCREASE IN CASH AND CASH EQUIVALENTS		30,830	4,250
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		110,978	106,728
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7	141,808	110,978

The notes set out on pages 320 to 358 are an integral part of these financial statements.

KLCC REIT

Notes to the Financial Statements

31 December 2023

1. BASIS OF PREPARATION

1.1 Statement of compliance

The financial statements of the Group and of the Fund have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), applicable provisions of the Deed and the Securities Commission's Guidelines on Listed Real Estate Investment Trusts in Malaysia. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.

As of 1 January 2023, the Group and the Fund had adopted amendments to MFRS ("pronouncements") that have been issued by the Malaysian Accounting Standards Board ("MASB") as described fully in Note 31.

MASB has also issued new and revised pronouncements which are not yet effective for the Group and the Fund and therefore, have not been adopted in these financial statements. These pronouncements including their impact on the financial statements in the period of initial application are set out in Note 32. New and revised pronouncements that are not relevant to the operations of the Group and of the Fund are set out in Note 33.

These financial statements were approved and authorised for issue by the Board of Directors of the Manager in accordance with a resolution of the Directors of the Manager on 7 February 2024.

1.2 Basis of measurement

The financial statements of the Group and of the Fund have been prepared on historical cost basis except for certain items which are measured at fair value, as disclosed in the accounting policies below.

As at 31 December 2023, the current liabilities of the Group and the Fund exceeded the current assets by RM360,313,000 and RM360,245,000 respectively. The net current liabilities positions are due to the maturity of their RM455,000,000 Sukuk Murabahah on 25 April 2024. The Manager has plans in place for the repayment of the Sukuk Murabahah upon its maturity as disclosed in Note 28. Hence, the Manager continues to prepare the financial statements of the Group and the Fund on a going concern basis.

1.3 Functional and presentation currency

The individual financial statements of each entity in the Group are prepared using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Group's and the Fund's financial statements are presented in RM, which is the Fund's reporting currency.

All financial information is presented in RM and has been rounded to the nearest thousands, unless otherwise stated.

1.4 Use of estimates and judgments

The preparation of financial statements in conformity with MFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

(i) Critical judgement made in applying accounting policies

There are no critical judgements made by management in the process of applying the Group's and the Fund's accounting policies that have a significant effect on the amounts recognised in the financial statements.

1. BASIS OF PREPARATION (continued)

1.4 Use of estimates and judgments (continued)

(ii) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is discussed below:

Fair value of investment properties

The Group and the Fund carry their investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group and the Fund had engaged an independent professional valuer to determine the fair values and there are no material events that affect the valuation between the valuation date and financial year end.

The determined fair values of the investment properties by the independent professional valuer is most sensitive to the estimated reversion and term yield rate and discount rate. The range of the yield rate and the discount rate used in the valuation is described in Note 4.

The following table demonstrates the sensitivity of the fair value measurement to changes in estimated reversion and term yield rate, discount rate and its corresponding sensitivity result in a higher or lower fair value measurement:

	Fair value Increase/(decrease)	
	2023 RM'000	2022 RM'000
Reversion and term yield rate		
– 0.25%	182,000	175,000
+ 0.25%	(169,000)	(153,000)
Discount rate		
– 0.25%	209,000	214,000
+ 0.25%	(199,000)	(195,000)

The other key assumptions used to determine the fair value of the investment properties, are further explained in Note 4.

2. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Group and the Fund, unless otherwise stated.

2.1 Basis of Consolidation

Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Fund. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

KLCC REIT**Notes to the Financial Statements**

31 December 2023

2. MATERIAL ACCOUNTING POLICIES (continued)**2.1 Basis of Consolidation (continued)****Subsidiaries (continued)**

Investments in subsidiaries are measured in the Fund's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

The financial statements of subsidiaries are included in the consolidated financial statements of the Group from the date that control commences until the date that control ceases.

All inter-company transactions are eliminated on consolidation and revenue and profits relate to external transactions only. Unrealised losses resulting from inter-company transactions are also eliminated unless cost cannot be recovered.

Business Combination

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses. Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group. The identifiable assets acquired and liabilities assumed are measured at their fair values at the acquisition date. The cost of an acquisition is measured as the aggregate of the fair value of the consideration transferred and the amount of any non-controlling interests in the acquiree. Non-controlling interests are stated either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

When a business combination is achieved in stages, the Group remeasures its previously held non-controlling equity interest in the acquiree at fair value at the acquisition date, with any resulting gain or loss recognised in the profit or loss. Increase in the Group's ownership interest in an existing subsidiary is accounted for as equity transactions with differences between the fair value of consideration paid and the Group's proportionate share of net assets acquired, recognised directly in equity.

The Group measures goodwill as the excess of the cost of an acquisition and the fair values of any previously held interest in the acquiree over the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Transaction costs, other than those associated with the issuance of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Business combination under common control

KLCC REIT applies merger accounting to account for business combinations under common control. Under the merger accounting, assets and liabilities acquired are not restated to their respective fair values but at their carrying amounts in the consolidated financial statements of the holding company. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities (at the date of the transaction) of the acquired business is recorded as merger reserve. No additional goodwill is recognised. The acquired business' results and the related assets and liabilities are recognised prospectively from the date on which the business combination between entities under common control occurred.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.2 Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the assets to working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of material and direct labour. For qualifying assets, financing costs are capitalised in accordance with the accounting policy on financing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Fund and its cost can be measured reliably. The carrying amount of the replaced item of property, plant and equipment is derecognised with any corresponding gain or loss recognised in the profit or loss accordingly. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

Depreciation

Depreciation for property, plant and equipment other than freehold land, oil and gas properties and projects-in-progress, is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Property, plant and equipment are not depreciated until the assets are ready for their intended use.

The annual rates of depreciation of the other property, plant and equipment are as follows:

Building improvements	5 to 6 years
Office equipment	5 years

The depreciable amount is determined after deducting residual value. The residual value, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, period and method of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Derecognition

An item of the property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

KLCC REIT**Notes to the Financial Statements**

31 December 2023

2. MATERIAL ACCOUNTING POLICIES (continued)**2.3 Investment properties**

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both.

Investment properties are measured initially at cost and subsequently at fair value with any changes therein recognised in profit or loss for the period in which they arise. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Gains or losses arising from changes in the fair value of investment properties are recognised in the profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between net disposal proceeds and the carrying amount is recognised in the profit or loss in the period in which the item is derecognised.

2.4 Leases**(i) Definition of a lease**

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Fund assess whether:

- (a) the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- (b) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- (c) the customer has the right to direct the use of the asset when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. The customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

At inception or on reassessment of a contract that contains a lease component, the Group and the Fund allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

(ii) Recognition and initial measurement**As a lessor**

When the Group and the Fund act as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group and the Fund make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.4 Leases (continued)

(ii) Recognition and initial measurement (continued)

Operating Leases – the Fund as lessor

Leases in which the Group and the Fund do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(iii) Subsequent measurement

As a lessor

The Group and the Fund recognise lease payments received under operating leases as income on a straight-line basis over the lease term as part of "Revenue".

The Group and the Fund recognise finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's and the Fund's net investment in the lease. The Group and the Fund aim to allocate finance income over the lease term on a systematic and rational basis. The Group and the Fund apply the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9 Financial Instruments as stated in Note 2.7.

2.5 Investment in Subsidiary

Investment in subsidiary is stated at cost less impairment loss, if any, in the Fund's financial statements. The cost of investment includes transaction cost.

On disposal of such investment, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.6 Financial instruments

Recognition and initial measurement

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Fund become a party to the contractual provisions of the instrument.

A financial asset (unless it is a receivable without a significant financing component) and a financial liability is measured at fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, any directly attributable transaction cost incurred at the acquisition or issuance of the financial instrument.

KLCC REIT**Notes to the Financial Statements**

31 December 2023

2. MATERIAL ACCOUNTING POLICIES (continued)**2.6 Financial instruments (continued)****Classification and subsequent measurement****(i) Financial assets**

Financial assets are classified as measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"), as appropriate.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Fund's business model for managing them.

With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Fund have applied the practical expedient, the Group and the Fund initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or if the period between performance and payment is 1 year or less under practical expedient of MFRS 15, are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest (or profit in the context of Islamic financial assets) ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Fund's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place ("regular way trades") are recognised on the trade date, that is the date that the Group or the Fund commits to purchase or sell the asset.

Amortised cost

This category is the most relevant to the Group and the Fund. The Group and the Fund measure financial assets at amortised cost if both of the following conditions are met:

- i. The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Subsequent measurement

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

Classification and subsequent measurement (continued)

(ii) Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, financings and payables.

All financial liabilities are recognised initially at fair value and, in the case of financings and payables, net of directly attributable transaction costs.

The Group's and the Fund's financial liabilities include other payables and financings.

Fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Fund that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gain or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Fund have not designated any financial liability as at fair value through profit or loss.

Amortised cost (financing)

This is the category most relevant to the Group and the Fund. After initial recognition, financings are subsequently measured at amortised cost using the effective profit rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective profit rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective profit rate. The effective profit rate amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to financing costs and financing.

(iii) Effective profit rate method

Amortised cost was computed using the effective profit rate method. This method used effective profit rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument to the net carrying amount of the financial instrument. Amortised cost takes into account any transaction costs and any discount or premium on settlement.

KLCC REIT**Notes to the Financial Statements**

31 December 2023

2. MATERIAL ACCOUNTING POLICIES (continued)**2.6 Financial instruments (continued)****(iv) Derecognition****Financial asset**

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or, the Group and the Fund have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement without retaining control of the asset or substantially all the risks and rewards of the asset.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss, except for equity investments at fair value through other comprehensive income where the gain or loss are recognised in other comprehensive income.

Financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liabilities extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss. In the case of waiver of debt from owners, the gain is recognised in equity as capital reserve.

(v) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

2.7 Impairment**(i) Financial assets**

The Group and the Fund recognise loss allowances for expected credit losses (“ECL”) on financial assets measured at amortised cost and debt investments measured at fair value through other comprehensive income.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Fund expect to receive, discounted at an approximation of the original Effective Profit Rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group and the Fund apply a simplified approach in calculating ECLs. Therefore, the Group and the Fund do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. The Group and the Fund have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group and the Fund consider a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group and the Fund may also consider a financial asset to be in default when internal or external information indicates that the Group and the Fund are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Fund. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.7 Impairment (continued)

(i) Financial assets (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Fund consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available. The Group and the Fund assume that the credit risk on a financial asset has increased significantly if it is past due.

The Group and the Fund consider a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group and the Fund in full, without recourse by the Group and the Fund to actions such as realising security.

(ii) Other assets

The carrying amounts of other assets, other than inventories, deferred tax assets and non-current assets or disposal groups classified as held for sale, are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the profit or loss.

A cash-generating unit is the smallest identifiable asset group that generates cash flows from continuing use that are largely independent from other assets and groups. An impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less cost to sell and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed in the subsequent period. In respect of other assets, impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Reversals of impairment losses are credited to the profit or loss in the year in which the reversals are recognised.

KLCC REIT**Notes to the Financial Statements**

31 December 2023

2. MATERIAL ACCOUNTING POLICIES (continued)**2.8 Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand and bank balances, deposits with licensed financial institutions and highly liquid investments which have an insignificant risk of changes in fair value and are used by the Group and the Fund in the management of their short-term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and deposits restricted, if any.

2.9 Provisions

A provision is recognised when the Group and the Fund have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

2.10 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the profit or loss except to the extent it relates to a business combination or items recognised directly in equity, in which case it is recognised in equity or other comprehensive income.

(i) Current tax

Current tax expense is the expected tax payable on the taxable income for the period, using the statutory tax rate at the reporting date, and any adjustment to tax payable in respect of previous years.

(ii) Deferred tax

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unabsorbed capital allowances, unused reinvestment allowances, unused investment tax allowances, unused tax losses and other unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unabsorbed capital allowances, unused reinvestment allowances, unused investment tax allowances, unused tax losses and other unused tax credits can be utilised.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2.3, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is expected to be settled, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax provided for the investment properties is at 10% which reflects the expected manner of recovery of the investment properties through sale.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.11 Revenue

(i) Rental income

Rental income is recognised based on the accrual basis unless collection is in doubt, in which case it is recognised on the receipt basis.

Rental income from fixed and minimum guaranteed rent reviews is recognised on a straight line basis over the shorter of the entire lease term or the period to the first break option. Where such rental income is recognised ahead of the related cash flow, an adjustment is made to ensure the carrying value of the related property including the accrued rent does not exceed the external valuation.

(ii) Others

Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer and exclude amounts collected on behalf of third parties. The Group or the Fund recognises revenue when or as it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

An entity transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- (b) the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- (c) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, an entity satisfies the performance obligation at a point in time.

Profit income

Profit income is recognised on an accrual basis using the effective profit rate method.

2.12 Financing Costs

Financing costs directly attributable to the acquisition and construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other financing costs are charged to the profit or loss as an expense in the year in which they are incurred.

2.13 Operating segments

An operating segment is a component of the Group and of the Fund that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's and the Fund's other components, and for which discrete financial information is available.

An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors, to make decisions about resources to be allocated to the segment and to assess its performance.

KLCC REIT**Notes to the Financial Statements**

31 December 2023

2. MATERIAL ACCOUNTING POLICIES (continued)**2.14 Fair value measurement**

The fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

(i) Financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market prices within the bid-ask spread at the close of business at the end of reporting date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models. Where fair value cannot be reliably estimated, assets are carried at cost less impairment losses, if any.

(ii) Non-financial assets

For non-financial assets, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Fund use observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability.
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable input).

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

2.15 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Fund after deducting all of its liabilities. Units are classified as equity. Dividends on units are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

2.16 Earnings per share

The Group presents basic earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit and loss attributable to ordinary shareholders of the Fund by the weighted average number of ordinary shares outstanding during the period.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.17 Current versus non-current classification

The Group and the Fund present assets and liabilities in the statements of financial position based on current/non-current classification.

An asset is current when it is:

- (i) expected to be realised or intended to be sold or consumed in normal operating cycle;
- (ii) held primarily for the purpose of trading;
- (iii) expected to be realised within twelve months after the reporting period; or
- (iv) cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- (i) it is expected to be settled in normal operating cycle;
- (ii) it is held primarily for the purpose of trading;
- (iii) it is due to be settled within twelve months after the reporting period; or
- (iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.18 Climate-related matters

The Group considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the group due to both physical and transition risks. Even though the Group believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Group is closely monitoring relevant changes and developments, such as new climate-related legislation. The items and considerations that are most directly impacted by climate-related matters are:

- (i) Useful life of property, plant and equipment. When reviewing the residual values and expected useful lives of assets, the Group considers climate-related matters, such as climate-related legislation and regulations that may restrict the use of assets or require significant capital expenditures.
- (ii) Impairment of non-financial assets. The value-in-use may be impacted in several different ways by transition risk in particular, such as climate-related legislation and regulations and changes in demand for the Group's products.
- (iii) Fair value measurement. For investment properties and revalued office properties, the Group considers the effect of physical and transition risks and whether investors would consider those risks in their valuation. The Group believes it is not currently exposed to severe physical risks, but believes that investors, to some extent, would consider impacts of transition risks in their valuation, such as increasing requirements for energy efficiency of buildings due to climate related legislation and regulations as tenants' increasing demands for low-emission buildings.

KLCC REIT

Notes to the Financial Statements

31 December 2023

3. PROPERTY, PLANT AND EQUIPMENT

	Note	Group/Fund			Total RM'000
		Building Improvements RM'000	Office Equipment RM'000	Project-in Progress RM'000	
At 31 December 2023					
Cost					
At 1 January 2023		2,250	1,097	–	3,347
Additions		–	18	–	18
At 31 December 2023		2,250	1,115	–	3,365
Accumulated Depreciation					
At 1 January 2023		1,893	677	–	2,570
Charge for the year	21	181	169	–	350
At 31 December 2023		2,074	846	–	2,920
Net Carrying Amount		176	269	–	445
At 31 December 2022					
Cost					
At 1 January 2022		2,250	1,042	51	3,343
Additions		–	4	–	4
Transfer within property, plant and equipment		–	51	(51)	–
At 31 December 2022		2,250	1,097	–	3,347
Accumulated Depreciation					
At 1 January 2022		1,562	493	–	2,055
Charge for the year	21	331	184	–	515
At 31 December 2022		1,893	677	–	2,570
Net Carrying Amount		357	420	–	777

4. INVESTMENT PROPERTIES

	Group/Fund	
	2023 RM'000	2022 RM'000
At 1 January	9,175,267	9,113,553
Fair value adjustments	93,200	61,635
Additions during the year	3,385	79
At 31 December	9,271,852	9,175,267

The Group and the Fund incurred costs on investment properties during the year by way of:

	Group/Fund	
	2023 RM'000	2022 RM'000
Cash	401	79
Other payables	2,984	–
	3,385	79

The investment properties are stated at fair value, which have been determined based on valuations performed by an independent professional valuer. There are no material events that affect the valuation between the valuation date and financial year end. The valuation method used in determining the valuations is the investment method.

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

	Group/Fund	
	2023 RM'000	2022 RM'000
Rental income	582,169	578,843
Direct operating expenses	(30,229)	(28,046)
	551,940	550,797

Fair value information

Fair value of investment properties are categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2023				
– Office properties	–	–	8,764,638	8,764,638
– Retail properties	–	–	507,214	507,214
	–	–	9,271,852	9,271,852
2022				
– Office properties	–	–	8,675,305	8,675,305
– Retail properties	–	–	499,962	499,962
	–	–	9,175,267	9,175,267

KLCC REIT

Notes to the Financial Statements

31 December 2023

4. INVESTMENT PROPERTIES (continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical investment properties that the entity can assess at the measurement date.

Level 2 fair value

Level 2 fair values of land and buildings have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Level 3 fair value

For Level 3 fair value, the Group/Fund uses various valuation techniques in determining the fair value of its investment properties. Such techniques include discounted cash flow method, investment method and market comparable method.

Transfer between Level 1, 2 and 3 fair values

There is no transfer between level 1, 2 and 3 fair values during the financial year.

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

	Group/Fund	
	2023 RM'000	2022 RM'000
Valuation per valuer's reports	9,528,000	9,493,000
Less: Accrued rental income	(256,148)	(317,733)
	9,271,852	9,175,267

4. INVESTMENT PROPERTIES (continued)

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Valuation technique	Significant unobservable inputs	Range		Inter-relationship between significant unobservable inputs and fair value measurement
		2023	2022	
Investment method (refer below)	Office:			The estimated fair value would increase/(decrease) if:
	– Market rental rate (RM/psf/month)			
	– Term	8.50 – 12.99	8.50 – 12.99	– expected market rental growth was higher/(lower)
	– Reversion	9.55 – 13.30	9.25 – 12.70	– expected market rental growth was higher/(lower)
	– Outgoings (RM/psf/month)			
	– Term	2.80	2.50	– expected inflation rate was lower/(higher)
	– Reversion	2.70 – 2.80	2.40 – 2.50	– expected inflation rate was lower/(higher)
	– Void rate (%)	5.00	5.00	– void rate was lower/(higher)
	– Term yield (%)	5.75 – 6.00	5.75 – 6.00	– term yield rate was lower/(higher)
	– Reversionary yield (%)	6.00 – 6.25	6.00 – 6.25	– reversionary yield was lower/(higher)
	– Discount rate (%)	5.75 – 6.25	5.75 – 6.25	– discount rate was lower/(higher)
	Retail:			The estimated fair value would increase/(decrease) if:
	– Market rental rate (RM/psf/month)			
	– Term	6.97 – 138.87	6.61 – 120.50	– expected market rental growth was higher/(lower)
– Reversion	7.50 – 165.39	7.33 – 150.12	– expected market rental growth was higher/(lower)	
– Outgoings (RM/psf/month)				
– Term	6.80	6.15	– expected inflation rate was lower/(higher)	
– Reversion	6.80	6.15	– expected inflation rate was lower/(higher)	
– Void rate (%)	5.00	5.00	– void rate was lower/(higher)	
– Term yield (%)	6.25	6.25	– term yield rate was lower/(higher)	
– Reversionary yield (%)	6.50	6.50	– reversionary yield was lower/(higher)	
– Discount rate (%)	6.25 – 6.50	6.25 – 6.50	– discount rate was lower/(higher)	

Investment method entails the capitalisation of the net rent from a property. Net rent is the residue of gross annual rent less annual expenses (outgoings) required to sustain the rent with allowance for void and management fees.

Valuation processes applied by the Group and the Fund for Level 3 fair value

The fair value of investment properties is determined by an external, independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The independent professional valuer provides the fair value of the Group's and of the Fund's investment properties portfolio annually. Changes in Level 3 fair values are analysed by the Management annually based on the valuation reports from the independent professional valuer.

KLCC REIT

Notes to the Financial Statements

31 December 2023

4. INVESTMENT PROPERTIES (continued)

Description of property	Tenure of land	Existing use	Location	Date of acquisition	Acquisition cost RM'000	Carrying value as at 31.12.2023 RM'000	Carrying value as at 31.12.2022 RM'000	Fair value as at 31.12.2023 RM'000	Fair value as at 31.12.2022 RM'000	Percentage of fair value to NAV as at	
										31.12.2023 %	31.12.2022 %
PETRONAS Twin Towers	Freehold	Office	Kuala Lumpur	10.04.2013	6,500,000	6,760,206	6,692,681	6,950,000	6,940,000	86.1	86.6
Menara 3 PETRONAS	Freehold	Office & retail	Kuala Lumpur	10.04.2013	1,790,000	1,971,646	1,950,586	2,038,000	2,021,000	25.3	25.2
Menara ExxonMobil	Freehold	Office	Kuala Lumpur	10.04.2013	450,000	540,000	532,000	540,000	532,000	6.7	6.6
					8,740,000	9,271,852	9,175,267	9,528,000	9,493,000		

5. INVESTMENT IN SUBSIDIARY

	Fund	
	2023 RM	2022 RM
Unquoted shares at cost	2	2

Details of the subsidiary, which is incorporated in Malaysia, are as follows:

Name of Subsidiary	Effective ownership interest and voting interest		Principal Activity
	2023 %	2022 %	
Midciti Sukuk Berhad ("MSB")	100	100	To act as a special-purpose company for the purpose of raising Islamic financing for KLCC REIT.

6. TRADE AND OTHER RECEIVABLES

	Group		Fund	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current				
Accrued rental income	256,148	317,733	256,148	317,733
Current				
Trade receivables	144	222	144	222
Other receivables and deposits	3,005	2,892	3,006	2,892
Amount due from:				
Ultimate holding company	276	–	276	–
fellow subsidiaries	723	383	723	383
Total trade and other receivables	4,148	3,497	4,149	3,497
Total	260,296	321,230	260,297	321,230

	Group		Fund	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade receivables	144	222	144	222
Other receivables	4,004	3,275	4,005	3,275
	4,148	3,497	4,149	3,497
Add: Cash and bank balances (Note 7)	141,984	111,064	141,808	110,978
Total financial assets carried at amortised cost	146,132	114,561	145,957	114,475

Amount due from ultimate holding company and fellow subsidiaries arose in the normal course of business and are unsecured, non-interest bearing and repayable on demand.

7. CASH AND BANK BALANCES

	Group		Fund	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and bank balances	383	185	246	137
Deposits with licensed banks	141,601	110,879	141,562	110,841
	141,984	111,064	141,808	110,978

The weighted average effective profit rate applicable to the deposits with licensed banks for the Group and the Fund at the reporting date were 3.91% per annum (2022: 4.31% per annum) and 3.91% per annum (2022: 4.31% per annum) respectively.

Deposits with licensed banks for the Group and Fund have average maturity of 58 days (2022: 49 days) and 56 days (2022: 42 days) respectively.

KLCC REIT

Notes to the Financial Statements

31 December 2023

8. UNITHOLDERS' CAPITAL

	Fund			
	Number of Units		Amount	
	2023 '000	2022 '000	2023 RM'000	2022 RM'000
Issued and fully paid:				
At 1 January/31 December	1,805,333	1,805,333	7,212,684	7,212,684

Stapled Security:

Stapled security means one unit in KLCC REIT is stapled to one ordinary share in KLCCP. Holders of KLCCP Group Stapled Securities are entitled to receive distributions and dividends as declared from time to time and are entitled to one vote per stapled security at Unitholders' and Shareholders' meetings.

Accordingly, the Fund does not have authorised unitholders' capital, or par value in respect of its issued units.

As at 31 December 2023, the Manager did not hold any units in the Fund. However, parties related to the Manager held units in the Fund as follows:

	Group/Fund			
	Number of Units		Market value	
	2023 '000	2022 '000	2023 RM'000	2022 RM'000
Direct unitholdings of parties related to the Manager				
KLCCH	1,167,639	1,167,639	8,278,561	7,834,858
PETRONAS	40,817	40,817	289,393	273,882
	1,208,456	1,208,456	8,567,954	8,108,740
Indirect unitholdings of parties related to the Manager				
PETRONAS	1,167,639	1,167,639	8,278,561	7,834,858

The market value of the units held by the parties related to the Manager is determined by using the closing market value of the Fund as at 31 December 2023 of RM7.09 per unit (2022: RM6.71 per unit).

9. MERGER RESERVE

KLCC REIT adopts merger accounting as its accounting policy to account for business combination under common control. In accordance with its policy, the difference between the fair value of the units issued as consideration and the aggregate carrying amount of assets and liabilities acquired as of the date of business combination is included in equity as merger reserve.

10. CAPITAL RESERVE

Fair value adjustments on investment property are transferred from retained profits to capital reserve and such surplus will be considered distributable upon the sale of investment property.

11. OTHER LONG TERM LIABILITIES

	Group/Fund	
	2023 RM'000	2022 RM'000
Security deposits payable	71,899	69,474

Security deposits payable are interest-free, unsecured and refundable upon expiry of the respective lease agreements. The fair values at initial recognition were determined based on effective profit rates at 4.34% (2022: 4.33%) per annum.

12. AMOUNT DUE TO A SUBSIDIARY

The amount due to a subsidiary relates to Sukuk undertaken by the subsidiary but utilised by the Fund. The profit expenses incurred on the financing is charged to the Fund. The short term amount due is unsecured and is repayable on demand. The long term amount due is unsecured and is not repayable within the next 12 months.

13. FINANCING

	Group	
	2023 RM'000	2022 RM'000
Short term financing		
Secured:		
Sukuk Murabahah	461,423	8,874
Long term financing		
Secured:		
Sukuk Murabahah	900,000	1,355,000
Total financing		
Secured:		
Sukuk Murabahah	1,361,423	1,363,874

Terms and debt payment schedule:

	Group				
	Total RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	Over 5 years RM'000
31 December 2023					
Secured					
Sukuk Murabahah	1,361,423	461,423	–	500,000	400,000
31 December 2022					
Secured					
Sukuk Murabahah	1,363,874	8,874	455,000	500,000	400,000

KLCC REIT

Notes to the Financial Statements

31 December 2023

13. FINANCING (continued)

(a) Sukuk Murabahah

Sukuk Murabahah consists of Islamic Commercial Programme ("ICP") of up to RM500 million and Islamic medium term notes ("IMTN") of up to RM3 billion subject to a combined limit of RM3 billion. It is primarily secured against assignment and charge over the Finance Service Account and Revenue Account maintained by the REIT Trustee.

Details of the drawdown that are outstanding as at year end are as follows:

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

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

The RM455,000,000 Sukuk Murabahah will mature on 25 April 2024. As such, the RM455,000,000 Sukuk Murabahah is presented as current liabilities as at 31 December 2023. The Manager's repayment plans are discussed in Note 28.

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

Group	Sukuk Murabahah RM'000	Dividend paid RM'000	Total RM'000
Balance at 1 January 2023	1,363,874	–	1,363,874
Changes from financing cash flows			
Financing cost paid	(58,753)	–	(58,753)
Income distributions paid	–	(482,235)	(482,235)
Total changes from financing cash flows	(58,753)	(482,235)	(540,988)
Other changes			
Liability-related			
Financing cost	56,302	–	56,302
Dividend payable	–	482,235	482,235
Total liability-related other changes	56,302	482,235	538,537
Balance at 31 December 2023	1,361,423	–	1,361,423
Balance at 1 January 2022	1,366,310	–	1,366,310
Changes from financing cash flows			
Financing cost paid	(58,840)	–	(58,840)
Income distributions paid	–	(501,840)	(501,840)
Total changes from financing cash flows	(58,840)	(501,840)	(560,680)
Other changes			
Liability-related			
Financing cost	56,404	–	56,404
Dividend payable	–	501,840	501,840
Total liability-related other changes	56,404	501,840	558,244
Balance at 31 December 2022	1,363,874	–	1,363,874

14. DEFERRED TAX LIABILITY

	Note	Group/Fund	
		2023 RM'000	2022 RM'000
At 1 January		41,553	35,389
Recognised in profit or loss	22	9,320	6,164
At 31 December		50,873	41,553

15. OTHER PAYABLES

	Note	Group		Fund	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-Current					
Deferred revenue		74,391	76,676	74,391	76,676
Current					
Other payables		28,841	23,981	28,833	23,975
Security deposits payable		2,683	1,763	2,685	1,763
Amount due to:					
Ultimate holding company		247	249	247	249
Immediate holding company		678	60	673	3
Fellow subsidiaries		11,880	11,759	11,880	11,759
Other related companies		693	588	693	588
Total other payables		45,022	38,400	45,011	38,337
Add: Financing	13	1,361,423	1,363,874	–	–
Amount due to a subsidiary		–	–	1,361,191	1,363,789
Other long term liabilities	11	71,899	69,474	71,899	69,474
Total financial liabilities carried at amortised cost		1,478,344	1,471,748	1,478,101	1,471,600

Deferred revenue relates to the excess of the principal amount of security deposits received over their fair value which is accounted for as prepaid lease income and amortised over the lease term on a straight line basis.

Amounts due to holding company, fellow subsidiaries and other related companies which arose in the normal course of business are unsecured, interest-free and repayable on demand.

KLCC REIT

Notes to the Financial Statements

31 December 2023

16. REVENUE

	Group/Fund	
	2023 RM'000	2022 RM'000
Investment properties		
– Office	541,959	539,903
– Retail	40,210	38,940
	582,169	578,843

17. PROPERTY OPERATING EXPENSES

	Group		Fund	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Utilities expenses	12,551	10,365	12,551	10,365
Maintenance expenses	10,737	10,684	10,737	10,684
Quit rent and assessment	3,441	3,441	3,441	3,441
Other operating expenses	5,893	5,893	5,887	5,886
	32,622	30,383	32,616	30,376

18. MANAGEMENT FEES

	Group/Fund	
	2023 RM'000	2022 RM'000
Base fee	28,598	28,492
Performance fee	16,486	16,454
	45,084	44,946

The Manager will receive the following fees from KLCC REIT:

- i) a base fee of 0.3% per annum of the total asset value of KLCC REIT (excluding cash and bank balances) at each financial year end.
- ii) a performance fee of 3.00% per annum of KLCC REIT's net property income in the relevant financial year.

19. TRUSTEE'S FEE

In accordance with the Deed, an annual trusteeship fee of up to 0.025% per annum of the net asset value of KLCC REIT at each financial year end, subject to a maximum cap of RM600,000 per annum is to be paid to Trustee.

20. FINANCING COSTS

	Group/Fund	
	2023 RM'000	2022 RM'000
Profit expense:		
Sukuk Murabahah	56,302	56,404
Accretion of financial instruments	2,947	2,715
	59,249	59,119

21. PROFIT BEFORE TAX

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

	Note	Group		Fund	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Auditors' remuneration		104	97	99	92
Valuation fees		160	220	160	220
Property manager fee		95	95	95	95
Depreciation	3	350	515	350	515

22. TAX EXPENSE

Pursuant to Section 61A of the Malaysian Income Tax Act, 1967 ("Act"), income of KLCC REIT will be exempted from tax provided that at least 90% of its total taxable income (as defined in the Act) is distributed to the unitholders' in the basis period of KLCC REIT for that year of assessment within two months after the close of the financial year. If the 90% distribution condition is not complied with or the 90% distribution is not made within two months after the close of KLCC REIT financial year which forms the basis period for a year of assessment, KLCC REIT will be subject to income tax at the prevailing statutory rate on its total taxable income. Income which has been taxed at the KLCC REIT level will have tax credits attached when subsequently distributed to unitholders.

As at the date of this financial statements, KLCC REIT has declared more than 90% of its distributable income to unitholders for the financial year ended 31 December 2023 accordingly. No provision for income tax expense has been made for the year.

Deferred tax liability has been provided for the investment properties held by KLCC REIT at 10% (2022: 10%) which reflects the expected manner of recovery of the investment properties, i.e. recovered through sale.

KLCC REIT

Notes to the Financial Statements

31 December 2023

22. TAX EXPENSE (continued)

Reconciliation of the tax expense is as follows:

	Group	
	2023 RM'000	2022 RM'000
Profit before tax	543,952	509,462
Taxation at Malaysian statutory tax rate of 24% (2022: 24%)	130,548	122,271
Expenses not deductible for tax purposes	15,935	15,632
Income not subject to tax	(146,483)	(137,903)
Deferred tax recognised at different tax rate	9,320	6,164
Tax expense	9,320	6,164

	Fund	
	2023 RM'000	2022 RM'000
Profit before tax	543,958	509,469
Taxation at Malaysian statutory tax rate of 24% (2022: 24%)	130,550	122,273
Expenses not deductible for tax purposes	15,933	15,630
Income not subject to tax	(146,483)	(137,903)
Deferred tax recognised at different tax rate	9,320	6,164
Tax expense	9,320	6,164

23. BASIC EARNINGS PER UNIT

Basic earnings per unit amounts are calculated by dividing profit for the year attributable to unitholders of the Fund by the weighted average number of units in issue during the financial year.

	Group		Fund	
	2023	2022	2023	2022
Profit attributable to unitholders (RM'000)	534,632	503,298	534,638	503,305
Weighted average number of units in issue ('000)	1,805,333	1,805,333	1,805,333	1,805,333
Basic earnings per unit (sen)	29.61	27.88	29.61	27.88

24. INCOME DISTRIBUTION

	Income distribution recognised in year		Net income distribution per unit	
	2023 RM'000	2022 RM'000	2023 sen	2022 sen
Recognised during the year:				
A fourth interim income distribution of 6.31% (2021: 6.83%) on 1,805,333,083 ordinary shares for financial year ended 31 December 2022/2021	113,917	123,304	6.31	6.83
A first interim income distribution of 7.09% (2022: 7.01%) on 1,805,333,083 ordinary shares for financial year ended 31 December 2023/2022	127,998	126,554	7.09	7.01
A second interim income distribution of 7.00% (2022: 7.01%) on 1,805,333,083 ordinary shares for financial year ended 31 December 2023/2022	126,373	126,554	7.00	7.01
A third interim income distribution of 6.30% (2022: 6.96%) on 1,805,333,083 ordinary shares for financial year ended 31 December 2023/2022	113,736	125,651	6.30	6.96
	482,024	502,063	26.70	27.81

A fourth interim income distribution in respect of the financial year ended 31 December 2023 of 6.40% on 1,805,333,083 units, declared on 7 February 2024 amounting to an income distribution payable of RM115,541,317 will be payable on 29 February 2024.

The financial statements for the current year do not reflect this fourth interim income distribution. Such income distribution will be accounted for in equity as an appropriation of profits in the financial year ending 31 December 2024.

Distribution to unitholders is from the following sources:

	Group	
	2023 RM'000	2022 RM'000
Net property income	549,547	548,460
Profit income	6,138	4,032
Fair value adjustments of investment properties	93,200	61,635
	648,885	614,127
Less: Expenses	(104,933)	(104,665)
Tax expense	(9,320)	(6,164)
Profit for the year	534,632	503,298
(Less)/add: Non-cash items	(25,707)	1,967
Add: Brought forward undistributed income available for distribution	93,317	80,728
Total available for income distribution	602,242	585,993
Less: Income distributed	(368,107)	(378,759)
Less: Income to be distributed on 29 February 2024 (2022: 28 February 2023)	(115,541)	(113,917)
Balance undistributed income available for distribution	118,594	93,317
Distribution per unit (sen)	26.79	27.29

KLCC REIT

Notes to the Financial Statements

31 December 2023

25. MANAGEMENT EXPENSE RATIO

	Group		Fund	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Total Trust expenses	46,956	46,568	46,951	46,563
Net asset value at the end of the financial year	8,070,969	8,018,361	8,071,037	8,018,423
Less: Fourth interim income distribution	(115,541)	(113,917)	(115,541)	(113,917)
Net asset value at the end of the financial year, after interim income distribution	7,955,428	7,904,444	7,955,496	7,904,506
Management Expense Ratio ("MER")	0.59	0.59	0.59	0.59

The calculation of MER is based on the total fees and expenses incurred by the Group and the Fund in the financial year, including Manager's fee and Trustee's fee, auditors' remuneration, tax agent's fee, valuation fees and other Trust expenses to the net asset value (after the fourth interim income distribution) at the end of the respective financial year.

26. COMMITMENTS

(a) Capital commitments

	Group/Fund	
	2023 RM'000	2022 RM'000
Approved but not contracted for Investment properties	7,050	6,663

(b) Operating lease commitments – as lessor

The Group has entered into non-cancellable commercial property lease on its investment properties. The future minimum rental receivable under this non-cancellable operating lease at the reporting date is as follows:

	Group/Fund	
	2023 RM'000	2022 RM'000
Not later than 1 year	616,355	584,736
Later than 1 year but not later than 5 years	2,370,196	2,363,722
More than 5 years	6,722,989	7,035,696
	9,709,540	9,984,154

27. RELATED PARTY DISCLOSURES

(a) Significant transactions with related parties

- (i) PETRONAS, the ultimate holding company, and its subsidiaries.
- (ii) KLCCCH, the penultimate holding company, and its subsidiaries.
- (iii) KLCCP, the immediate holding company, and its subsidiaries.
- (iv) Subsidiary of the Fund as disclosed in Note 5.

(b) Other than as disclosed elsewhere in the notes to the financial statements, the significant related party transactions are as follows:

	Group		Fund	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Income/(expense)				
Federal Government of Malaysia				
Property licenses and other taxes	(3,441)	(3,441)	(3,441)	(3,441)
Government of Malaysia's related entities				
Purchase of utilities	(5,064)	(4,001)	(5,064)	(4,001)
Ultimate Holding Company				
Rental income	515,320	513,188	515,320	513,188
Fellow subsidiaries				
Management fees	(45,084)	(44,946)	(45,084)	(44,946)
Property management fees	(2,349)	(2,299)	(2,349)	(2,299)
Property maintenance fees	(9,312)	(9,514)	(9,312)	(9,514)
Property advertising and marketing fees	(873)	(869)	(873)	(869)
Carpark income	839	741	839	741
Other related company				
Chilled water supply	(7,487)	(6,364)	(7,487)	(6,364)

The Directors of the Manager are of the opinion that the above transactions and transactions detailed elsewhere were undertaken at mutually agreed terms between the parties in the normal course of business and the terms and conditions are established under negotiated terms.

Information regarding outstanding balances arising from related party transactions as at 31 December 2023 are disclosed in Notes 6, 12 and 15.

KLCC REIT

Notes to the Financial Statements

31 December 2023

28. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group has a Risk Management Framework and Guidelines that set the foundation for the establishment of effective risk management across the Group.

Risk taking activities are undertaken within acceptable level of risk or risk appetite, whereby the risk appetite level reflects business considerations and capacity to assume such risks. The risk appetite is established at Board level, where relevant, based on defined methodology and translated into operational thresholds.

The Group's and the Fund's goal in risk management are to ensure that the management understands, measures, monitors and reports the financial risks that arise in connection with their operations. The policies, standards and guidelines have been developed to identify, analyse, appraise, monitor and report the dynamic risks facing the Group and the Fund. Based on this assessment, each business unit adopts appropriate measures to mitigate these risks in accordance with the business unit's view of the balance between risk and reward.

The Group and the Fund have exposure to market risk, profit rate risk, liquidity risk and credit risk arising from its use of financial instruments in the normal course of the Group's and the Fund's business.

Market Risk

Market risk is the risk or uncertainty arising from change in market prices and their impact on the performance of the business. The market price changes that the Group and the Fund are exposed to include profit rates, foreign currency exchange rates, commodity prices, equity prices and other indices that could affect the value of the Group's and the Fund's financial assets, liabilities or expected future cash flows.

Financial instruments affected by market risk include financings and deposits.

Profit Rate Risk

Profit rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market profit rates. Fair value profit rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market profit rates. As the Group has no significant profit-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market profit rates. The Group's and the Fund's profit-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

The Group's and the Fund's profit rate risk arises primarily from profit-bearing financing. Financing at variable rates expose the Group to cash flow profit rate risk. Financing obtained at fixed rates expose the Group and the Fund to fair value profit rate risk. The Group and the Fund manage their profit expense rate exposure through a balanced portfolio of fixed and variable rate financing.

The profit rate profile of the Group's and the Fund's profit-bearing financial instruments based on carrying amount as at reporting date was:

	Group		Fund	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Fixed rate instruments				
Financial assets	141,601	110,879	141,562	110,841
Financial liabilities	(1,361,423)	(1,363,874)	(1,361,191)	(1,363,789)

28. FINANCIAL INSTRUMENTS (continued)

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises from the requirement to raise funds for the Group's and the Fund's businesses on an ongoing basis as a result of the existing and future commitments which are not funded from internal resources. As part of its overall liquidity management, the Group and the Fund maintain sufficient levels of cash or cash convertible investments to meet their working capital requirements. As far as possible, the Group and the Fund raises committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

The Group and the Fund are in net current liabilities position of RM360,313,000 and RM360,245,000 respectively as at 31 December 2023. This is due to the reclassification of their RM455,000,000 Sukuk Murabahah to current liabilities as maturity date is on 25 April 2024 and the Manager has plans in place for the repayment of the Sukuk Murabahah upon its maturity.

The Manager does not expect repayment risk and is currently exploring various refinancing options and source to redeem the Sukuk Murabahah. Based on the reaffirmed AAA ratings from RAM Ratings on 2 June 2023, the Manager is confident that the Group and the Fund will be able to refinance the Sukuk Murabahah upon maturity.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Fund's financial liabilities as at the reporting date based on undiscounted contractual payments:

	Group						
	Carrying amount RM'000	Effective profit rate	Contractual cash flow RM'000	Within 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
Financial Liabilities							
31 December 2023							
Sukuk Murabahah	1,361,423	4.16%	1,533,859	505,303	37,000	554,603	436,953
Other payables	45,022	–	45,022	45,022	–	–	–
Other long term liabilities	71,899	4.34%	148,501	–	2,811	5,452	140,238
31 December 2022							
Sukuk Murabahah	1,363,874	4.16%	1,595,151	67,553	499,042	575,559	452,997
Other payables	38,400	–	38,400	38,400	–	–	–
Other long term liabilities	69,474	4.33%	150,639	–	3,751	3,853	143,035

KLCC REIT

Notes to the Financial Statements

31 December 2023

28. FINANCIAL INSTRUMENTS (continued)

Liquidity Risk (continued)

Maturity analysis (continued)

The table below summarises the maturity profile of the Group's and the Fund's financial liabilities as at the reporting date based on undiscounted contractual payments: (continued)

	Fund						
	Carrying amount RM'000	Effective profit rate	Contractual cash flow RM'000	Within 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
Financial Liabilities							
31 December 2023							
Amount due to a subsidiary	1,361,191	4.16%	1,533,628	505,072	37,000	554,603	436,953
Other payables	45,011	–	45,011	45,011	–	–	–
Other long term liabilities	71,899	4.34%	148,501	–	2,811	5,452	140,238
31 December 2022							
Amount due to a subsidiary	1,363,789	4.16%	1,598,195	58,199	503,348	580,179	456,469
Other payables	38,337	–	38,337	38,337	–	–	–
Other long term liabilities	69,474	4.33%	150,639	–	3,751	3,853	143,035

Credit risk

Credit risk is the risk of potential exposure of the Group and of the Fund to losses in the event of non-performance by counterparties. The Group and the Fund's exposures to credit risk arise principally from customers and placement in financial institutions. Credit risks are controlled by individual subsidiaries in line with Group's Risk Management Framework and Guideline.

Receivables

Risk management objectives, policies and processes for managing the risk

The Group and the Fund minimise credit risk by entering into contracts with highly credit rated counterparties and through credit approval, financial limits and on-going monitoring procedures. Counterparties credit evaluation is done systematically using quantitative and qualitative criteria on credit risks specified by individual operating units. Depending on the creditworthiness of the counterparty, the Group and the Fund may require collateral or other credit enhancements.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group and the Fund.

The Group and the Fund use ageing analysis and credit limit review to monitor the credit quality of the receivables. The Fund monitors the results of its subsidiary regularly. Any customers exceeding their credit limit are monitored closely. With respect to the trade and other receivables that are neither impaired nor past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations.

With respect to the trade and other receivables which have no realistic prospect of recovery, the gross carrying amounts of the credit impaired receivables will be written off (either in partial or in full).

28. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

Receivables (continued)

Recognition and measurement of impairment loss

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statement of financial position.

In managing credit risk of trade receivables and contract assets, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances.

The Group and the Fund perform credit rating assessment of all its counterparties in order to measure Expected Credit Loss ("ECL") of trade receivables for all segments using the PETRONAS Credit Risk Rating system. This credit rating assessment considers quantitative assessment using the counterparties' financial statements or a qualitative assessment of the counterparties which includes but is not limited to their reputation, competitive position, industry and geopolitical outlook.

In determining the ECL, the probability of default assigned to each customer is based on their individual credit rating. This probability of default is derived by benchmarking against available third party and market information, which also incorporates forward looking information.

Loss given default is the assumption of the proportion of financial asset that cannot be recovered by conversion of collateral to cash or by legal process, and is assessed based on the Group's and the Fund's historical experience.

The Group and the Fund have not recognised any loss allowance for trade receivables that are secured by collateral and/or other credit enhancements such as cash deposits, letter of credit and bank guarantees.

The ageing of trade receivables as at the reporting date was:

	Group/Fund	
	2023 RM'000	2022 RM'000
At net:		
Not past due:	143	113
Past due 1 to 30 days	1	–
Past due 31 to 60 days	–	107
Past due 61 to 90 days	–	–
Past due more than 90 days	–	2
	144	222
Trade receivables	144	222
Less: Impairment losses	–	–
Net trade receivable	144	222

The Group does not typically negotiate the terms of trade receivables. There were no renegotiated balances outstanding as at 31 December 2023 and 31 December 2022.

KLCC REIT

Notes to the Financial Statements

31 December 2023

28. FINANCIAL INSTRUMENTS (continued)

Fair Value Information

Recognised financial instruments

The Group's and the Fund's financial instruments consist of cash and cash equivalents, investments and financing, trade and other receivables, financing, other payables and various debt.

The carrying amounts of cash and cash equivalents, trade and other receivables, other payables and short term financing approximate their fair values due to the relatively short term nature of these financial instruments.

The carrying amount of other long term liabilities approximate its fair value amount.

The following table analyses financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments not carried at fair value				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
2023					
Financial liabilities					
Sukuk Murabahah	–	1,329,409	–	1,329,409	1,361,423
2022					
Financial liabilities					
Sukuk Murabahah	–	1,308,646	–	1,308,646	1,363,874

For the financial instruments listed above, fair values have been determined by discounting expected future cash flows at market incremental financing rate for similar types of financing at the reporting date. There were no transfers between Level 1, 2 and 3 fair values during the financial year (2022: no transfer between Level 1, 2 and 3 fair values).

29. CAPITAL MANAGEMENT

The Group and the Fund define capital as the total equity and debts of the Fund. The objective of the Group's and the Fund's capital management is to maintain an optimal capital structure and ensuring availability of funds in order to support its business and maximise shareholder value. As a subsidiary of Petroliam Nasional Berhad ("PETRONAS"), the Group's and the Fund's approach in managing capital is set out in the KLCC Group Corporate Financial Policies.

The Group and the Fund monitor and maintain a prudent level of total debts to total equity ratio to optimise shareholder value and to ensure compliance with covenants under debt and shareholders' agreements.

The Group's capital is represented by its unitholders' fund in the statement of financial position. The capital requirements imposed on the Group is to ensure it maintains a healthy gearing ratio of maximum 50% of the total asset value at the time the financing is incurred, in addition to complying with the financial covenants prescribed by financial institutions as stated in the Facility Agreements. The Directors of the Manager will monitor and are determined to maintain an optimal gearing ratio that will provide an ideal financing to total assets ratio that also complies with regulatory requirements.

29. CAPITAL MANAGEMENT (continued)

The financing to total assets ratio as at 31 December 2023 is as follows:

	Group	
	2023 RM'000	2022 RM'000
Total financing	1,361,423	1,363,874
Total assets	9,674,577	9,608,338
Financing to total assets ratio	14.1%	14.2%

The Deed provides that the Manager shall, with the approval of the Trustee, for each distribution year, distribute all (or such other percentage as determined by the Manager at its absolute discretion) of the Group's distributable income. It is the intention of the Manager to distribute at least 90% of the Group's distributable income on a quarterly basis or such other intervals as the Manager may determine at its absolute discretion.

30. SEGMENT INFORMATION

(a) Reporting format

Segment information is presented in respect of the Group's and the Fund's business segments.

Inter-segment transactions have been entered into in the normal course of business and have been established on commercial basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise profit-earning assets and revenue, profit-bearing financing, financing and expenses, and corporate assets and expenses.

The Group and the Fund comprises the following main business segments:

Property investment – Office Rental of office spaces and other related activities.

Property investment – Retail Rental of retail spaces and other related activities.

Details on geographical segments are not applicable as the Group operates predominantly in Malaysia.

KLCC REIT

Notes to the Financial Statements

31 December 2023

30. SEGMENT INFORMATION (continued)

(b) Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise profit-earning assets and revenue, profit-bearing financing and corporate assets and expenses.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. Inter-segment transactions have been entered into in the normal course of business and have been established on commercial basis. These transfers are eliminated on consolidation.

Business Segments

31 December 2023	Property investment – Office RM'000	Property investment – Retail RM'000	Consolidated RM'000
Revenue			
External customers	541,959	40,210	582,169
Results			
Net property income	521,624	27,923	549,547
Profit income			6,138
Fair value adjustments on investment properties			93,200
Management fees			(45,084)
Trustee's fee			(600)
Financing costs			(59,249)
Tax expense			(9,320)
Profit after tax			534,632
Depreciation			350
Non-cash items other than depreciation			(26,057)
Segment assets	8,901,655	630,938	9,532,593
Cash and bank balances			141,984
Consolidated total assets			9,674,577
Segment liabilities	216,497	25,688	242,185
Financing			1,361,423
Consolidated total liabilities			1,603,608

30. SEGMENT INFORMATION (continued)**(b) Allocation basis and transfer pricing (continued)****Business Segments (continued)**

31 December 2022	Property investment – Office RM'000	Property investment – Retail RM'000	Consolidated RM'000
Revenue			
External customers	539,903	38,940	578,843
Results			
Net property income	521,161	27,299	548,460
Profit income			4,032
Fair value adjustments on investment properties			61,635
Management fees			(44,946)
Trustee's fee			(600)
Financing costs			(59,119)
Tax expense			(6,164)
Profit after tax			503,298
Depreciation			515
Non-cash items other than depreciation			1,452
Segment assets			
Cash and bank balances	8,872,865	624,409	9,497,274
Consolidated total assets			9,608,338
Segment liabilities			
Financing	213,582	12,521	226,103
Consolidated total liabilities			1,589,977

31. ADOPTION OF NEW AND REVISED PRONOUNCEMENTS

During the financial year, the Group and the Fund adopted the following pronouncements that have been issued by the MASB and are applicable as listed below:

Effective for annual periods beginning on or after 1 January 2023

Amendments to MFRS 101	Presentation of Financial Statements and MFRS Practice – Statement 2 (Disclosure of Accounting Policies)
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)
Amendments to MFRS 112	Income Taxes (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)
Amendments to MFRS 112	Income Taxes (International Tax Reform – Pillar Two Model Rules)

The initial application of the above-mentioned pronouncements did not have any material impact to the financial statements of the Group and the Fund.

KLCC REIT

Notes to the Financial Statements

31 December 2023

32. PRONOUNCEMENTS YET IN EFFECT

The following pronouncements that have been issued by the MASB will become effective in future financial reporting periods and have not been adopted by the Group and the Fund in these financial statements:

Effective for annual periods beginning on or after 1 January 2024

Amendments to MFRS 16	Leases (Lease Liability in a Sale and Leaseback)
Amendments to MFRS 101	Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)
Amendments to MFRS 101	Presentation of Financial Statements (Non-current Liabilities with Covenants)
Amendments to MFRS 107	Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures (Supplier Finance Arrangements)

Effective for annual periods beginning on or after 1 January 2025

Amendments to MFRS 121	The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability
------------------------	--

Effective for a date yet to be confirmed

Amendments to MFRS 10	Consolidated Financial Statements: Sale or Contribution of Assets between an Investor and its Associate or Joint venture
Amendments to MFRS 128	Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Fund are expected to apply the above-mentioned pronouncements beginning from the respective dates the pronouncements become effective. The initial application of the above-mentioned pronouncements are not expected to have any material impacts on the financial statements of the Group and the Fund.

33. NEW PRONOUNCEMENTS NOT APPLICABLE TO THE GROUP AND THE FUND

During the financial year, the MASB has issued pronouncements which are not relevant to the Group and of the Fund as listed below:

Effective for annual periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendment to MFRS 17	Insurance Contracts (Initial Application of MFRS 17 and MFRS 9 – Comparative Information)

Independent Auditors' Report

To the unitholders of KLCC Real Estate Investment Trust

Report on the audit of the financial statements

Opinion

We have audited the financial statements of KLCC Real Estate Investment Trust ("KLCC REIT" or the "Fund"), which comprise the statements of financial position as at 31 December 2023 of the Group and of the Fund, and the statements of comprehensive income, statements of changes in net asset value and statements of cash flows of the Group and of the Fund for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information, as set out on pages 312 to 358.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Fund as at 31 December 2023, and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Securities Commission's Guidelines on Real Estate Investment Trusts in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Fund for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Fund as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Valuation of investment properties

As at 31 December 2023, the carrying value of the Group and of the Fund's investment properties carried at fair value amounted to RM9,271,852,000 which represents 96% of the Group and of the Fund's total assets. The Group and the Fund adopt the fair value model for its investment properties. The valuation of investment properties carried at fair value is significant to our audit due to their magnitude, complex valuation method and high dependency on a range of estimates (amongst others, rental income data, yield rate and discount rate) which are based on current and future market or economic conditions. The Group and the Fund has engaged an external valuer to determine the fair value of the investment properties at the reporting date and a fair value gain of RM93,200,000 has been recognised during the year.

KLCC REIT**Independent Auditors' Report****To the unitholders of KLCC Real Estate Investment Trust***Valuation of investment properties (continued)*

Our audit procedures focused on the valuations performed by the independent valuer, which included, amongst others, the following procedures:

- We considered the objectivity, independence and expertise of independent valuer;
- We obtained an understanding of the methodology adopted by the independent valuer in estimating the fair value of the investment properties and assessed whether such methodology is consistent with those used in the industry;
- We had discussions with the independent valuer to obtain an understanding of the property related data used as input to the valuation models which included, amongst others, rental income data and yield rate;
- We assessed the reasonableness of the property related data by corroborating those data used in the valuation to available market data;
- We tested the accuracy of rental income data applied in the valuation by comparing them with lease agreements and challenged the yield rate by comparing them with available industry data, taking into consideration comparability and market factors. Where the rates were outside the expected range, we undertook further procedures to understand the effect of additional factors and held further discussions with the valuer;
- We assessed whether the discount rate used to determine the present value of the cash flows reflects the estimated market rate of return for comparable assets with similar profile; and
- We also evaluated the Group's disclosures on those assumptions to which the outcome of the valuation is most sensitive. The Group's disclosures on the valuation sensitivity and significant assumptions used, including relationships between key unobservable inputs and fair values, are included in Notes 1.4 and 4 to the financial statements respectively.

Information other than the financial statements and auditors' report thereon

The Manager of the Fund is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of financial statements of the Group and of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Securities Commission's Guidelines on Real Estate Investment Trusts in Malaysia. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Group and of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Fund, the Manager is responsible for assessing the Group's and the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Group or the Fund or to cease operations, or has no realistic alternative to do so.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditors' responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Fund, including the disclosures, and whether the financial statements of the Group and of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Fund for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters

This report is made solely to the unitholders of the Fund, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Muhammad Syarizal Bin Abdul Rahim
No. 03157/01/2025 J
Chartered Accountant

Kuala Lumpur, Malaysia
7 February 2024

Analysis of Shareholdings and Unitholdings

As at 19 January 2024

For the purpose of Main Market Listing Requirements of Bursa Malaysia Securities Berhad, both KLCC Property Holdings Berhad ("KLCCP") and KLCC Real Estate Investment Trust ("KLCC REIT") are classified as "listed issuers".

Listed Issuer	KLCC Property Holdings Berhad
Issued Share Capital	1,805,333,083 Ordinary Shares
No. of Shareholders	8,743
Voting Rights	One vote for each share

Listed Issuer	KLCC Real Estate Investment Trust
Approved Fund Size	1,805,333,085 Units
Total Issued Units	1,805,333,083 Units
No. of Unitholders	8,743
Voting Rights	One vote for each unit

Under the "stapled" structure, all ordinary shares of KLCCP are stapled together with all units of KLCC REIT ("Stapled Securities"). Therefore, the information on Distribution of the Stapled Securities Holdings, Directors' Interest in Listed Issuers, Substantial Stapled Securities Holders of the Listed Issuers and Thirty Largest Stapled Securities Holders stated below is based on Stapled Securities structure.

DISTRIBUTION OF STAPLED SECURITIES HOLDINGS

Size of Stapled Securities Holdings	No. of Stapled Securities Holders	(%)	No. of Stapled Securities Held	(%)
Less than 100	1,587	18.151	9,889	0.000
100 to 1,000	4,116	47.077	2,300,364	0.127
1,001 to 10,000	2,542	29.074	9,338,746	0.517
10,001 to 100,000	368	4.209	11,752,740	0.651
100,001 to less than 5% of issued stapled securities	126	1.441	370,662,271	20.531
5% and above of issued stapled securities	4	0.045	1,411,269,073	78.172
Total	8,743	100	1,805,333,083	100

DIRECTORS' INTERESTS IN THE LISTED ISSUERS

None of the Directors of the Listed Issuers have any interest in the Stapled Securities.

DIRECTORS' INTERESTS IN RELATED CORPORATIONS

PETRONAS Chemicals Group Berhad				
Name	Direct		Indirect	
	No. of Shares	(%)	No. of Shares	(%)
Tan Sri Ahmad Nizam bin Salleh	10,000	0.000	–	–
Datuk Md. Shah bin Mahmood	6,000	0.000	–	–

DIRECTORS' INTERESTS IN RELATED CORPORATIONS

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

SENIOR MANAGEMENT INTEREST IN THE LISTED ISSUERS

Name	Direct		Indirect	
	No. of Shares	(%)	No. of Shares	(%)
Nil	–	–	–	–

SUBSTANTIAL STAPLED SECURITIES HOLDERS OF THE LISTED ISSUERS

Name	Direct		Indirect	
	No. of Stapled Securities Holders	(%)	No. of Stapled Securities Held	(%)
1. KLCC (Holdings) Sdn Bhd	1,167,638,804	64.677	–	–
2. CIMB Group Nominees (Tempatan) Sdn Bhd (Exempt AN for Petroliaam Nasional Berhad)	40,816,979	2.261	1,167,638,804 [#]	64.677
3. Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board (including Portfolio Managers)	185,931,675	10.299	–	–
4. Amanahraya Trustees Berhad (Amanah Saham Bumiputera)	131,120,600	7.262	–	–

[#] Deemed interest in 1,167,638,804 Stapled Securities held by KLCC (Holdings) Sdn Bhd by virtue of PETRONAS 100% direct interest in KLCC (Holdings) Sdn Bhd.

THIRTY LARGEST STAPLED SECURITIES HOLDERS

No.	Name	No. of Stapled Securities	(%)
1.	KLCC (Holdings) Sdn Bhd	617,700,294	34.215
2.	KLCC (Holdings) Sdn Bhd	549,938,510	30.461
3.	Citigroup Nominees (Tempatan) Sdn Bhd (Employees Provident Fund Board)	112,509,669	6.232
4.	Amanahraya Trustees Berhad (Amanah Saham Bumiputera)	131,120,600	7.262
5.	CIMB Group Nominees (Tempatan) Sdn Bhd (Exempt AN for Petroliaam Nasional Berhad)	40,816,979	2.261
6.	Amanahraya Trustees Berhad (Amanah Saham Malaysia)	38,220,900	2.117
7.	Lembaga Tabung Haji	31,485,700	1.744
8.	Amanahraya Trustees Berhad (Amanah Saham Malaysia 3)	17,739,800	0.982

Analysis of Shareholdings and Unitholdings

As at 19 January 2024

THIRTY LARGEST STAPLED SECURITIES HOLDERS (CONT'D.)

No.	Name	No. of Stapled Securities	(%)
9.	Permodalan Nasional Berhad	14,942,600	0.827
10.	Maybank Nominees (Tempatan) Sdn Bhd (Maybank Trustees Berhad For Public Ittikal Fund (N14011970240))	12,975,100	0.718
11.	Amanahraya Trustees Berhad (Amanah Saham Malaysia 2 – Wawasan)	11,192,100	0.619
12.	Pertubuhan Keselamatan Sosial	8,600,083	0.476
13.	Citigroup Nominees (Tempatan) Sdn Bhd (Employees Provident Fund Board (Nomura))	7,424,100	0.411
14.	Amanahraya Trustees Berhad (Amanah Saham Bumiputra 3 – Didik)	9,066,900	0.502
15.	HSBC Nominees (Tempatan) Sdn Bhd (HSBC (M) Trustee Bhd for Zurich Life Insurance Malaysia Berhad (Life Par))	4,264,400	0.236
16.	HSBC Nominees (Tempatan) Sdn Bhd (HSBC (M) Trustee Bhd For Zurich Life Insurance Malaysia Berhad (NP-Other-Reits))	6,523,000	0.361
17.	Amanahraya Trustees Berhad (Public Islamic Dividend Fund)	6,362,000	0.352
18.	Cartaban Nominees (Tempatan) Sdn Bhd (PAMB for PRULINK Equity Fund)	4,776,200	0.264
19.	Kumpulan Wang Persaraan (Diperbadankan)	5,699,800	0.315
20.	Citigroup Nominees (Tempatan) Sdn Bhd (Employees Provident Fund Board (CGS CIMB))	4,513,000	0.249
21.	Cartaban Nominees (Tempatan) Sdn Bhd (PBTB for Takafulink Dana Ekuiti)	4,040,400	0.223
22.	Lembaga Tabung Angkatan Tentera	3,965,000	0.219
23.	Citigroup Nominees (Tempatan) Sdn Bhd (Employees Provident Fund Board (Amundi))	3,674,200	0.203
24.	Amanahraya Trustees Berhad (Public Islamic Equity Fund)	4,033,800	0.223
25.	Citigroup Nominees (Tempatan) Sdn Bhd (Employees Provident Fund Board (AsianIslamic))	3,463,900	0.191
26.	HSBC Nominees (Tempatan) Sdn Bhd (HSBC (M) Trustee Bhd For Zurich General Insurance Malaysia Berhad (GI-REITS))	2,732,200	0.151
27.	Amanahraya Trustees Berhad (Amanah Saham Bumiputera 2)	3,043,700	0.168
28.	Cartaban Nominees (Tempatan) Sdn Bhd (Prudential Assurance Malaysia Berhad For Prulink Strategic Fund)	2,871,700	0.159
29.	Citigroup Nominees (Tempatan) Sdn Bhd (Great Eastern Life Assurance (Malaysia) Berhad (Non Par 16))	3,206,000	0.177
30.	Citigroup Nominees (Tempatan) Sdn Bhd (Employees Provident Fund Board (Islamic))	48,621,206	2.693

List of Properties of KLCCP Stapled Group

As at 31 December 2023

KLCC PROPERTY HOLDINGS BERHAD

Registered Owner	Particulars of land title	Date of Revaluation (Tenure)	Description/ Existing use	Land area (sq m)	Built-up area (sq m)	Age of building	Audited net carrying amount as at 31.12.2023 (RM mil)
Suria KLCC Sdn Bhd	Grant 43698 Lot 170, Seksyen 58, Town & District of Kuala Lumpur	31.12.2023 (Freehold)	A 6 storey retail centre (Suria KLCC)/ Shopping Centre	28,160	143,569	25 years	5,615.2*
Asas Klasik Sdn Bhd	Grant 43700 Lot 172, Seksyen 58, Town & District of Kuala Lumpur	31.12.2023 (Freehold)	An international class hotel comprising hotel rooms and service apartments (Mandarin Oriental, Kuala Lumpur)/Hotel	8,094	92,783	25 years	526.3
Impian Cemerlang Sdn Bhd	Grant 43701, Lot 173, Seksyen 58, Town & District of Kuala Lumpur	31.12.2023 (Freehold)	A parcel of commercial land	5,726	–	–	312.8*
Kompleks Dayabumi Sdn Bhd	HS(D) 123344 (Formerly PN 2395), PT 50001 (Formerly Lot 38), Seksyen 70, Town & District of Kuala Lumpur	31.12.2023 (Leasehold of 99 years expiring on 5.6.2122)		Lot 38: 52 sq m			
	PN 53463, Lot 39, Seksyen 70, Town & District of Kuala Lumpur	31.12.2023 (Leasehold of 99 years expiring on 9.11.2081)	A 36-storey office building (Menara Dayabumi) and a parcel of vacant contiguous commercial land/ Office building	Lot 39: 2,166 sq m			
	PN 33471, Lot 45, Seksyen 70, Town & District of Kuala Lumpur	31.12.2023 (Leasehold of 99 year expiring on 27.1.2079)		Lot 45: 25,790 sq m	125,988	39 years	753.3**
	Lot 51: 1,331 sq m						
	HS(D) 123343 (Formerly PN 32233), PT 50003 (Formerly Lot 51), Seksyen 70, Town & District of Kuala Lumpur	31.12.2023 (Leasehold of 98 years expiring on 5.6.2121)					
				Total: 29,339 sq m			

* Investment Properties stated at fair value

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

List of Properties of KLCCP Stapled Group

As at 31 December 2023

KLCC REAL ESTATE INVESTMENT TRUST

Registered Owner	Particulars of land title	Date of Revaluation (Tenure)	Description/ Existing use	Land area (sq m)	Built-up area (sq m)	Age of building	Audited net carrying amount as at 31.12.2023 (RM mil)
Maybank Trustees Berhad as trustee of KLCC Real Estate Investment Trust	Grant 43685 Lot 157, Seksyen 58, Town & District of Kuala Lumpur	31.12.2023 (Freehold)	A 29 storey office building with 3 basement levels (Menara ExxonMobil)/ Office building	3,999	74,369	27 years	540.0*
Maybank Trustees Berhad as trustee of KLCC Real Estate Investment Trust	Grant 43699 Lot 171, Seksyen 58, Town & District of Kuala Lumpur	31.12.2023 (Freehold)	A 58-storey office tower (Menara 3 PETRONAS) cum shopping podium and basement car park/ Office building & retail podium	4,302	155,296	12 years	1,971.6*
Maybank Trustees Berhad as trustee of KLCC Real Estate Investment Trust	Grant 43697 Lot 169, Seksyen 58, Town & District of Kuala Lumpur	31.12.2023 (Freehold)	Two 88-storey office towers (PETRONAS Twin Towers)/ Office building	21,740	510,917	26 years	6,760.2*

* Investment Properties stated at fair value

Corporate Directory

KLCC PROPERTY HOLDINGS BERHAD

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

KLCC REIT MANAGEMENT SDN BHD

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

KLCC PARKING MANAGEMENT SDN BHD

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

MANDARIN ORIENTAL, KUALA LUMPUR

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

KLCC URUSHARTA SDN BHD

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

SURIA KLCC SDN BHD

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

Notice of Annual General Meeting

KLCC PROPERTY HOLDINGS BERHAD
200401003073 (641576-U)
(Incorporated in Malaysia)

KLCC REAL ESTATE INVESTMENT TRUST
(A real estate investment trust constituted under
the laws of Malaysia)

NOTICE IS HEREBY GIVEN THAT the Eleventh Annual General Meeting ("11th AGM") of KLCC Real Estate Investment Trust ("**KLCC REIT**") and the Twenty-First Annual General Meeting ("21st AGM") of KLCC Property Holdings Berhad (the "**Company**" or "**KLCCP**") will be conducted concurrently and entirely through live streaming from the broadcast venue at the Crystal Room, Level 2, Mandarin Oriental Kuala Lumpur, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia ("Broadcast Venue") on Wednesday, 24 April 2024 at 10.30 a.m. for the following purposes:

A. KLCC REIT

AS ORDINARY BUSINESS:

- To receive the Audited Financial Statements for the financial year ended 31 December 2023 of KLCC REIT together with the Reports attached thereon. **(Please refer to Note 12)**

AS SPECIAL BUSINESS:

To consider and if thought fit, to pass, with or without modifications, the following resolution:

- Proposed Unitholders' Mandate to Issue New Units pursuant to Paragraph 6.59 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

"THAT pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and the approval of the relevant regulatory authorities, where such approval is required and subject to passing of Resolution VI of KLCCP, approval be and is hereby given to the Directors of KLCC REIT Management Sdn Bhd, the manager for KLCC REIT (the "**Manager**"), to issue new units in KLCC REIT ("**New Units**") from time to time to such persons and for such purposes and upon such terms and conditions as the Directors of the Manager may in their absolute discretion deem fit, provided that the number of New Units to be issued, when aggregated with the number of units in KLCC REIT issued during the preceding 12 months, must not exceed 10% of the total number of units issued of KLCC REIT for the time being and provided further that such corresponding number of new ordinary shares in KLCCP equal to the number of New Units shall be issued and every one New Unit shall be stapled to one new ordinary share upon issuance to such persons ("**Proposed KLCC REIT Mandate**") and the Directors of the Manager be and are hereby also empowered to obtain the approval for the listing of and quotation for such new stapled securities comprising ordinary shares in KLCCP stapled together with the units in KLCC REIT ("**Stapled Securities**") on the Main Market of Bursa Securities.

THAT such approval shall continue to be in force until:

- the conclusion of the next Annual General Meeting of the unitholders held after the approval was given;
- the expiration of the period within which the next Annual General Meeting of the unitholders is required to be held after the approval was given; or
- revoked or varied by resolution passed by the unitholders in a unitholders' meeting,

whichever is the earlier.

THAT the New Units to be issued pursuant to the Proposed KLCC REIT Mandate shall, upon issue and allotment, rank *pari passu* in all respects with the existing units of KLCC REIT, except that the New Units will not be entitled to any income distribution, right, benefit, entitlement and/or any other distributions, in respect of which the entitlement date is prior to the date of allotment of such New Units.

THAT authority be and is hereby given to the Directors of the Manager and Maybank Trustees Berhad (the "Trustee"), acting for and on behalf of KLCC REIT, to give effect to the Proposed KLCC REIT Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of KLCC REIT and/or as may be imposed by the relevant authorities.

AND FURTHER THAT the Directors of the Manager and the Trustee, acting for and on behalf of KLCC REIT, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed KLCC REIT Mandate."

Resolution 1

B. KLCCP

AS ORDINARY BUSINESS:

3. To receive the Audited Financial Statements for the financial year ended 31 December 2023 of the Company and the Reports of the Directors and Auditors thereon.
4. To re-elect the following Directors who retire pursuant to the Constitution of the Company:
 - (i) Tan Sri Ahmad Nizam bin Salleh
 - (ii) Datuk Md. Shah bin Mahmood
 - (iii) Puan Chong Chye Neo
5. To approve the payment of the following Directors' fees and benefits payable to Non-Executive Directors for the period commencing on the date immediately after the date of the 21st AGM up to the date of the next Annual General Meeting to be held in 2025 of the Company:

**(Please refer to
Note 14)**

Resolution I

Resolution II

Resolution III

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

Resolution IV

6. To re-appoint Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix the Auditors' remuneration.

Resolution V

Notice of Annual General Meeting

AS SPECIAL BUSINESS:

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

7. Authority to Issue Shares of the Company pursuant to Sections 75 and 76 of the Companies Act, 2016

"THAT pursuant to Sections 75 and 76 of the Companies Act, 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and the approval of the relevant regulatory authorities, where such approval is required and subject to passing of Resolution 1 of KLCC REIT, the Directors of the Company be and are hereby authorised to issue ordinary shares in the capital of the Company ("**New Ordinary Shares**") from time to time to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the total number of such New Ordinary Shares to be issued, pursuant to this resolution, when aggregated with the total number of any such ordinary shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares of the Company for the time being (excluding any treasury shares) and provided further that such corresponding number of New Units in KLCC REIT equal to the number of New Ordinary Shares shall be issued and every one New Ordinary Share shall be stapled to one New Unit upon issuance to such persons ("**Proposed KLCCP Mandate**") and that the Directors be and are hereby also empowered to obtain the approval from Bursa Securities for the listing of and quotation for such new Stapled Securities on the Main Market of Bursa Securities.

THAT such approval shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting of the Company held after the approval was given;
- (ii) the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or
- (iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

THAT the New Ordinary Shares to be issued pursuant to the Proposed KLCCP Mandate shall, upon issue and allotment, rank *pari passu* in all respects with the existing ordinary shares of the Company, except that the New Ordinary Shares will not be entitled to any dividend, right, benefit, entitlement and/or any other distributions, in respect of which the entitlement date is prior to the date of allotment of such New Ordinary Shares.

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed KLCCP Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND FURTHER THAT the Directors of the Company, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed KLCCP Mandate."

Resolution VI

8. To transact any other business for which due notice has been given.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a holder of the Stapled Securities who shall be entitled to attend the 11th AGM of KLCC REIT and the 21st AGM of KLCCP ("AGMs") via Remote Participation and Voting facilities ("RPV"), the Manager and/or the Trustee and KLCCP shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Paragraph 17 of Schedule 1 of the Amended and Restated Trust Deed dated 3 September 2019 entered into between the Manager and the Trustee, Articles 76(1) and 76(2) of KLCCP's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991, to issue a General Meeting Record of Depositors as at 16 April 2024 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend, speak and vote at the said meetings via RPV.

BY ORDER OF THE BOARD

Lim Siew Mei (SSM PC No. 201908001632) (MAICSA 7020355)
Hanida Hanum Jamon (SSM PC No. 201908001412) (LS 0007099)
Company Secretaries

Kuala Lumpur
29 February 2024

Notes:

1. IMPORTANT NOTICE

The 11th AGM of KLCC REIT and 21st AGM of KLCCP will be conducted concurrently and entirely through live streaming from the Broadcast Venue. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting.

Holders of the Stapled Securities, proxy(ies) and corporate representatives **WILL NOT BE ALLOWED** to be physically present at the Broadcast Venue on the day of the meetings.

Holders of the Stapled Securities are to attend, speak (including posing questions to the Board of Directors via real time submission of typed texts) and vote (collectively, "participate") remotely at the 11th AGM of KLCC REIT and 21st AGM of KLCCP via the RPV provided by Tricor Investor & Issuing House Services Sdn. Bhd. through its **TIIH Online** website at <https://tiih.online>. **Please follow the Procedures for RPV provided in the Administrative Details for the 11th AGM of KLCC REIT and 21st AGM of KLCCP and read Notes (2) to (11) below in order to participate remotely via RPV.**

2. A holder of the Stapled Securities who is entitled to attend and vote at the meetings via RPV is entitled to appoint not more than 2 proxies to attend and, to vote in his/her stead. A proxy may but need not be a holder of the Stapled Securities. There shall be no restriction as to the qualification of the proxy. The holders may submit questions to the Board of Directors at <https://tiih.online> to the AGMs or to use the query box to transmit questions to Board of Directors via RPV during live streaming.

3. Where a holder of the Stapled Securities is an authorised nominee, it may appoint at least one proxy but not more than 2 proxies in respect of each securities account it holds with ordinary shares of the Company and units of KLCC REIT standing to the credit of the said securities account.
4. Where a holder of the Stapled Securities is an exempt authorised nominee who holds Stapled Securities for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
5. Where a holder of the Stapled Securities or the authorised nominee appoints 2 proxies, or where an exempt authorised nominee appoints 2 or more proxies, the appointment shall be invalid unless he specifies the proportions of his/her holdings to be represented by each proxy.
6. A holder of the Stapled Securities who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at these AGMs via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at <https://tiih.online> **Please follow the Procedures for RPV in the Administrative Details for the 11th AGM of KLCC REIT and 21st AGM of KLCCP.**

Notice of Annual General Meeting

7. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company and KLCC REIT not less than forty-eight (48) hours before the time appointed for holding the AGMs or adjourned general meetings at which the person named in the appointment proposes to vote:

(i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company and KLCC REIT at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

(ii) By electronic form

The proxy form can be electronically lodged with the Share Registrar of the Company and KLCC REIT via **TIIH Online** website at <https://tiih.online>. Kindly refer to Administrative Details on the procedures for electronic lodgement of proxy form via TIIH Online.

8. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

9. Last date and time for lodging the proxy form is **Monday, 22 April 2024 at 10.30 a.m.**

10. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company and KLCC REIT at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGMs or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

11. A corporate which is a holder of the Stapled Securities who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment with the Share Registrar of the Company and KLCC REIT at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment should be executed in the following manner:

(i) If the corporate holder of the Stapled Securities has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate holder of the Stapled Securities.

(ii) If the corporate holder of the Stapled Securities does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate holder (if any) and executed by:

(a) at least two (2) authorised officers, of whom one shall be a director; or

(b) any director and/or authorised officers in accordance with the laws of the country under which the corporate holder is incorporated.

Explanatory Notes for Items on the Agenda

12. Explanatory Note for Item 1

This agenda item is meant for discussion only as in accordance with the provision of Paragraph 13.18(b) of the Guidelines on Listed Real Estate Investment Trusts, a formal approval on the Audited Financial Statements of KLCC REIT from the holders of Stapled Securities is not required. Hence, this item is not put forward to the holders of Stapled Securities for voting.

13. Explanatory Note for Item 2

Subject to passing of Resolution VI of the Company, the proposed Resolution 1, if passed, will grant a renewed mandate to the Manager of KLCC REIT to issue New Units from time to time provided that the number of the New Units to be issued, when aggregated with the number of units issued during the preceding 12 months, must not exceed 10% of the total number of units issued of KLCC REIT for the time being and provided further that such corresponding number of New Ordinary Shares in the Company equal to the number of New Units shall be issued and every one New Unit shall be stapled to one New Ordinary Share upon issuance. The Proposed KLCC REIT Mandate, unless revoked or varied at a unitholders' meeting, will expire at the conclusion of the next AGM of unitholders of KLCC REIT.

The Proposed KLCC REIT Mandate will allow the Manager the flexibility to issue New Units to raise funds to finance future investments, acquisitions and capital expenditure to enhance the value of KLCC REIT and/or to refinance existing debt as well as for working capital purposes, subject to the relevant laws and regulations. With the Proposed KLCC REIT Mandate, delays and further costs involved in convening separate general meetings to approve such issue of units to raise funds can be avoided.

As at the date of this Notice, no New Units have been issued pursuant to the mandate granted to the Directors of the Manager at the 10th AGM of KLCC REIT.

14. Explanatory Note for Item 3

This agenda item is meant for discussion only as the provisions of Sections 248(2) and 340(1) of the Companies Act, 2016 do not require a formal approval of the holders of Stapled Securities for the Audited Financial Statements of the Company. Hence, this item is not put forward to the holders of Stapled Securities for voting.

15. Explanatory Note for Item 4

Article 106 of the Company's Constitution provides that one-third of the Directors of the Company for the time being shall retire by rotation at an AGM of the Company provided always that all Directors, shall retire from office once at least in each three years but shall be eligible for re-election at the AGM. A Director retiring at a meeting shall retain office until the conclusion of the meeting.

The Board recognises bona fides recommendation for shareholders' approval of the directors' re-election must be substantiated with the individual director performance and contribution. The results of the Board, Board Committees and Directors' Effectiveness Evaluation ("BEE") 2023 upon approval by the Board therefore form the basis thereof.

The Directors subject to retirement by rotation and eligible for re-election pursuant to the Constitution of the Company are Tan Sri Ahmad Nizam bin Salleh, Datuk Md. Shah bin Mahmood and Puan Chong Chye Neo. The Directors have offered themselves for re-election at the 21st AGM. Pursuant to the annual Fit and Proper ("FAP") assessment, the retiring Directors have met the fit and proper criteria prescribed in the FAP Policy. The Board has approved the recommendation of the Nomination and Remuneration Committee ("NRC") that the retiring Directors are eligible to stand for re-election based on the following:

- (a) Tan Sri Ahmad Nizam bin Salleh's chairmanship and leadership have cultivated a high-performance Board. Tan Sri Ahmad Nizam challenged status quo and fostered an open environment by actively listening to fellow Directors, valuing their input and encouraging their active participation in discussions. With diverse perspectives, he ensured the Board's decisions are equitable and aligned with the Company's best interests.
- (b) Datuk Md. Shah bin Mahmood has a wide range of skills and knowledge which enabled him to demonstrate excellent leadership by guiding strategic management initiatives and problem-solving to enhance KLCCP Stapled Group's values. Datuk Md. Shah ensured effective implementation of board decisions and maintained open communication with the Board. With extensive and broad knowledge of the Group's operations, Datuk Md. Shah consistently keeps the Board informed about crucial aspects of the Company's operations, ensuring timely and complete information sharing with the Board.
- (c) Puan Chong Chye Neo, the NRC Chairperson and a member of the Board Audit Committee, provided independent judgement and demonstrated fair and objective views in Board and Board Committees' meetings. With her information technology and digital literacy and both local and international experience, she constantly provides relevant input particularly on the Group's technological opportunities and risks.

The retiring Directors' profiles are set out in the Profiles of the Board of Directors of the Integrated Annual Report 2023 of KLCCP Stapled Group.

16. Explanatory Note for Item 5

The holders of Stapled Securities at the last AGM held on 6 April 2023 approved the Non-Executive Directors' ("NEDs") fees and benefits as per the table disclosed in Item 5 above effective 7 April 2023 until the AGM of the Company to be held in 2024 i.e. 21st AGM ("Directors Remuneration 2023/2024").

A total of RM1,216,500.00 of Non-Executive Directors' fees and benefits were incurred for the Company for the financial year ended 31 December 2023 and the details of payment are stated in the NRC Report of the KLCCP Stapled Group Integrated Annual Report 2023 and Corporate Governance Report.

NRCs of the Company and the Manager (a wholly-owned subsidiary of the Company) had reviewed the Directors' Remuneration for the NEDs for the period commencing on the date immediately after the date of the 21st AGM up to the date of the next AGM to be held in 2025 and recommended that the said Directors' Remuneration shall remain unchanged as per Directors' Remuneration 2023/2024. The respective Boards of Directors of the Company and the Manager endorsed the respective NRCs' recommendations.

Resolution IV on the proposed Directors' fees and benefits to be approved by the holders of Stapled Securities is pursuant to Section 230(1)(b) of the Companies Act, 2016.

The members of the Board and Board Committees of the Manager are only remunerated for Attendance/Tele-Conferencing when the meetings of the Manager are held on a different date than the meetings of the Board and Board Committees of the Company.

17. Explanatory Note for Item 6

The Board of Directors of the Company at its meeting held on 7 February 2024 endorsed for the re-appointment of Ernst & Young PLT as External Auditors of the Company for the financial year ending 31 December 2024 be presented to the holders of Stapled Securities for approval. Based on the annual assessment conducted by Board Audit Committee of the Company on suitability, independence, objectivity and performance of external auditors, Ernst & Young PLT has met the criteria prescribed by Paragraph 15.21 of the Main Market Listing Requirements of Bursa Securities.

18. Explanatory Note for Item 7

Subject to passing of Resolution 1 of KLCC REIT, the proposed Resolution VI, if passed, will grant a renewed mandate and provide flexibility for the Company to empower the Directors to issue New Ordinary Shares from time to time, provided that the total number of such New Ordinary Shares to be issued, when aggregated with the total number of any such ordinary shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares of the Company for the time being (excluding any treasury shares) should the need arise and provided further that such corresponding number of New Units equal to the number of New Ordinary Shares shall be issued and every one New Ordinary Share shall be stapled to one New Unit upon issuance.

In order to avoid any delay and costs involved in convening a general meeting to approve such issuance of ordinary shares, the approval is a renewed mandate given to the Directors as the Board is always looking into prospective areas and seeking opportunities to broaden the operating base, increase earnings potential of the Company, raise funds to finance future investments, acquisitions and capital expenditure to enhance the value of the Company and/or to refinance existing debt as well as for working capital purposes which may involve the issue of new ordinary shares. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

As at the date of this Notice, the Company did not issue any New Ordinary Shares pursuant to the mandate granted to the Directors at its 20th AGM.

Administrative Details

11TH ANNUAL GENERAL MEETING OF KLCC REAL ESTATE INVESTMENT TRUST AND 21ST ANNUAL GENERAL MEETING OF KLCC PROPERTY HOLDINGS BERHAD

Date	Wednesday, 24 April 2024
Time	10.30 a.m.
Broadcast Venue	Crystal Room, Level 2, Mandarin Oriental Kuala Lumpur, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia.
Meeting Platform	TIIH Online website at https://tiih.online

MODE OF MEETING

The Eleventh Annual General Meeting ("11th AGM") of KLCC Real Estate Investment Trust ("KLCC REIT") and the Twenty-First Annual General Meeting ("21st AGM") of KLCC Property Holdings Berhad (the "Company" or "KLCCP") ("AGMs") will be conducted entirely through live streaming from the Broadcast Venue.

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairperson of the meeting to be present at the main venue of the AGMs. The holders of Stapled Securities **WILL NOT BE ALLOWED** to be physically present at the Broadcast Venue on the day of the AGMs.

REMOTE PARTICIPATION AND VOTING FACILITIES ("RPV")

The holders of Stapled Securities are to attend, speak (including posing questions to the Board of Directors via real time submission of typed texts) and vote (collectively, "participate") remotely at the AGMs using Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its **TIIH Online** website at <https://tiih.online>.

The holders of Stapled Securities who appoint proxies to participate via RPV in the AGMs must ensure that the duly executed proxy forms are deposited in a hard copy form or by electronic means to Tricor no later than **Monday, 22 April 2024 at 10.30 a.m.**

Corporate representatives of corporate members must deposit their original certificate of appointment of corporate representative to Tricor not later than **Monday, 22 April 2024 at 10.30 a.m.** to participate via RPV in the AGMs.

Attorneys appointed by power of attorney are to deposit their power of attorney with Tricor not later than **Monday, 22 April 2024 at 10.30 a.m.** to participate via RPV in the AGMs.

A holder of Stapled Securities who has appointed a proxy or attorney or authorised representative to participate at these AGMs via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at <https://tiih.online>.

As the 11th AGM of KLCC REIT and 21st AGM of KLCCP are virtual AGMs, the holders of Stapled Securities who are unable to participate in these AGMs may appoint the Chairman of the meetings as his/her proxy and indicate the voting instructions in the proxy form.

PROCEDURES FOR RPV

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

Procedure	Action
BEFORE THE DAY OF AGMS	
(a) Register as a user with TIIH Online	<ul style="list-style-type: none"> Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services" select "Create Account by Individual Holder". Refer to the tutorial guide posted on the homepage for assistance. Registration as a user will be approved within one (1) working day and you will be notified via e-mail. If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.
(b) Submit your request	<ul style="list-style-type: none"> Registration is open from 29 February 2024 until the day of AGMs, Wednesday, 24 April 2024. Member(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the AGMs to ascertain their eligibility to participate in the AGMs using the RPV. Login with your user ID and password and select the corporate event: "(REGISTRATION) KLCC REIT AND KLCCP AGMS 2024". Read and agree to the Terms & Conditions and confirm the Declaration. Select "Register for Remote Participation and Voting". Review your registration and proceed to register. The system will send an e-mail to notify that your registration for remote participation is received and will be verified. After verification of your registration against the General Meeting Record of Depositors as at 16 April 2024, the system will send you an e-mail after 22 April 2024 to approve or reject your registration for remote participation. <p>(Note: Please allow sufficient time for the approval of new user of TIIH Online as well as the registration for RPV in order that you can login to TIIH Online and participate in the AGMs remotely).</p>
ON THE DAY OF THE AGMS (WEDNESDAY, 24 APRIL 2024)	
(c) Login to TIIH Online	<ul style="list-style-type: none"> Login with your user ID and password for remote participation at the AGMs at any time from 9.30 a.m. i.e. one (1) hour before the commencement of the AGMs on Wednesday, 24 April 2024 at 10.30 a.m.
(d) Participate through Live Streaming	<ul style="list-style-type: none"> Select the corporate event: "(LIVE STREAM MEETING) KLCC REIT AND KLCCP AGMS 2024" to engage in the proceedings of the AGMs remotely. If you have any question for the Chairperson/Board, you may use the query box to transmit your question. The Chairperson/Board will endeavour to respond to questions submitted by remote participants during the AGMs.
(e) Online Remote Voting	<ul style="list-style-type: none"> Voting session commences from 10.30 a.m. on Wednesday, 24 April 2024 until a time when the Chairperson announces the completion of the voting session of the AGMs. Select the corporate event: "(REMOTE VOTING) KLCC REIT AND KLCCP AGMS 2024" or if you are on the live stream meeting page, you can select "GO TO REMOTE VOTING PAGE" button below the Query Box. Read and agree to the Terms & Conditions and confirm the Declaration. Select the CDS account that represents your shareholdings. Indicate your votes for the resolutions that are tabled for voting. Confirm and submit your votes.
(f) End of remote participation	<ul style="list-style-type: none"> Upon the announcement by the Chairman on the closure of the AGMs, the Live Streaming will end.

Administrative Details

Note to users of the RPV:

1. Should your application to join the AGMs be approved, we will make available to you the rights to join the live streamed meetings and to vote remotely. Your login to **TIIH Online** on the day of meetings will indicate your presence at the virtual meetings.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
3. In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting, kindly call Tricor Help Line at 011-40805616/011-40803168/011-40803169/011-40803170 for assistance or e-mail to tiih.online@my.tricorglobal.com for assistance.

GENERAL MEETING RECORD OF DEPOSITORS ("ROD")

- Only a depositor whose name appears on the ROD as at **16 April 2024** shall be entitled to attend, speak and vote at the AGMs or appoint proxies to attend and/or vote on his/her behalf.

PROXY

- The AGMs will be conducted via virtual meeting, if you are unable to attend the meetings via RPV on Wednesday, 24 April 2024, you may appoint the Chairman of the meetings as proxy and indicate the voting instructions in the Proxy Form.
- The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company and KLCC REIT not less than forty-eight (48) hours before the time appointed for holding the AGMs or adjourned general meetings at which the person named in the appointment proposes to vote:
 - (i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company and KLCC REIT at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - (ii) By electronic form

The proxy form can be electronically lodged with the Share Registrar of the Company and KLCC REIT via **TIIH Online** website at <https://tiih.online>. Kindly refer to Administrative Details on the procedures for electronic lodgement of proxy form via TIIH Online.
- Last date and time for lodging the proxy form is **Monday, 22 April 2024 at 10.30 a.m.** Please do read and follow the procedures to submit Proxy Form electronically below.

ELECTRONIC LODGEMENT OF PROXY FORM

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

Procedure	Action
i. Steps for Individual Shareholders	
(a) Register as a user with TIIH Online	<ul style="list-style-type: none"> Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please do refer to the tutorial guide posted on the homepage for assistance. If you are already a user with TIIH Online, you are not required to register again.
(b) Proceed with submission of Proxy Form	<ul style="list-style-type: none"> After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. Select the corporate event: "KLCC REIT AND KLCCP AGMS 2024 - Submission of Proxy Form". Read and agree to the Terms & Conditions and confirm the Declaration. Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy. Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote. Review and confirm your proxy(s) appointment. Print proxy form for your record.
ii. Steps for corporation or institutional shareholders	
(c) Register as a User with TIIH Online	<ul style="list-style-type: none"> Access TIIH Online at https://tiih.online Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects "Create Account by Representative of Corporate Holder". Complete the registration form and upload the required documents. Registration will be verified, and you will be notified by email within one (1) to two (2) working days. Proceed to activate your account with the temporary password given in the email and re-set your own password. Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.
(d) Proceed with submission of Proxy Form	<ul style="list-style-type: none"> Login to TIIH Online at https://tiih.online Select the corporate exercise name: "KLCC REIT AND KLCCP AGMS 2024: Submission of Proxy Form" Agree to the Terms & Conditions and Declaration. Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. Prepare the file for the appointment of proxies by inserting the required data. Submit the proxy appointment file. Login to TIIH Online, select corporate exercise name: "KLCC REIT AND KLCCP AGMS 2024 - Submission of Proxy Form". Proceed to upload the duly completed proxy appointment file. Select "Submit" to complete your submission. Print the confirmation report of your submission for your record.

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

Administrative Details

Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company and KLCC REIT at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGMs or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

A corporate which is a holder of the Stapled Securities who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment with the Share Registrar of the Company and KLCC REIT at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment should be executed in the following manner:

- (i) If the corporate holder of the Stapled Securities has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate holder of the Stapled Securities.
- (ii) If the corporate holder of the Stapled Securities does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate holder (if any) and executed by:
 - (a) at least two (2) authorised officers, of whom one shall be a director; or
 - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate holder is incorporated.

Poll Voting

- The Voting at the AGMs will be conducted by poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements.
- Shareholders can proceed to vote on the resolutions at any time from the commencement of the AGMs at 10.30 a.m but before the end of the voting session which will be announced by the Chairman of the Meeting. Kindly refer to item (e) of the above Procedures for RPV for guidance on how to vote remotely from **TIIH Online** website at <https://tiih.online>.

- Upon completion of the voting session for the AGMs, the Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

PRE-MEETING SUBMISSION OF QUESTIONS TO THE BOARD OF DIRECTORS

The holders of Stapled Securities may submit questions for the Boards in advance of the AGMs via Tricor's TIIH Online website at <https://tiih.online> by selecting "e-Services" to login, pose questions and submit electronically no later than **Monday, 22 April 2024 at 10.30 a.m.** The Boards will endeavour to answer the questions received at the AGMs.

RECORDING OR PHOTOGRAPHY

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

ANNUAL REPORT 2023

- The Integrated Annual Report 2023 is available at the Company's website at https://www.klcc.com.my/investor-relations/annual_report.html.
- You may request for a printed copy of the Integrated Annual Report 2023 at <https://tiih.online> by selecting "Request for Annual Report/Circular" under the "Investor Services". Nevertheless, we hope you would consider the environment before you decide to request for the printed copy.

ENQUIRY

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

Tricor Investor & Issuing House Services Sdn. Bhd.

General Line : +603-2783 9299
 Fax Number : +603-2783 9222
 Email : is.enquiry@my.tricorglobal.com

Contact persons	Telephone Number
Mr. Jake Too	+603-2783 9285
En. Aiman Nuri	+603-2783 9262

Proxy Form



KLCC PROPERTY HOLDINGS BERHAD
200401003073 (641576-U) (Incorporated in Malaysia)

KLCC REAL ESTATE INVESTMENT TRUST
(a real estate investment trust constituted under the laws of Malaysia)

No. of Stapled Securities held	CDS Account No. (For Nominee Account Only)

* I/We _____
(Full Name as per NRIC/Certificate of Incorporation)

Company No./NRIC No. (new) _____ (old) _____

of _____

_____ (Full Address)

being a *holder/holders of the Stapled Securities of KLCC PROPERTY HOLDINGS BERHAD ("Company" or "KLCCP") and KLCC REAL ESTATE INVESTMENT TRUST ("KLCC REIT"), hereby appoint:

1. PROXY "A"

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

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

2. PROXY "B"

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

or failing him/them, the CHAIRMAN OF THE MEETINGS as *my/our *proxy/proxies to vote for *me/us and on *my/our behalf at the Eleventh Annual General Meeting ("11th AGM") of KLCC REIT and the Twenty First Annual General Meeting ("21st AGM") of the Company to be conducted concurrently and entirely through live streaming from the broadcast venue at the **Crystal Room, Level 2, Mandarin Oriental Kuala Lumpur, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia ("Broadcast Venue")** on **Wednesday, 24 April 2024 at 10.30 a.m.** and at any adjournment thereof.

Please indicate with an "X" in the appropriate box against each resolution how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he/she thinks fit, or at his/her discretion, abstain from voting.

Resolution	PROXY "A"		PROXY "B"	
	For	Against	For	Against
KLCC REIT				
Proposed unitholders' mandate to issue new units pursuant to Paragraph 6.59 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad	1			
KLCCP				
Re-election of Tan Sri Ahmad Nizam bin Salleh	I			
Re-election of Datuk Md. Shah bin Mahmood	II			
Re-election of Puan Chong Chye Neo	III			
Directors' fees and benefits payable to Non-Executive Directors for the period commencing on the date immediately after the date of the 21 st AGM up to the date of the next Annual General Meeting to be held in 2025 of the Company	IV			
Re-appointment of Ernst & Young PLT as Auditors and to authorise the Directors to fix the Auditors' remuneration	V			
Authority to issue shares of the Company pursuant to Sections 75 and 76 of the Companies Act, 2016	VI			

Contact Number

Signature of holder(s)
of the Stapled Securities or Common Seal

Dated

* Strike out whichever is not desired.

Fold here

Affix Stamp
Here

Share Registrar

Tricor Investor & Issuing House Services Sdn Bhd 197101000970 (11324-H)

Unit 32-01, Level 32,
Tower A, Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur

Fold here

NOTES:

1. IMPORTANT NOTICE

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which require the Chairperson of the meeting to be present at the main venue of the meeting.

Holders of the Stapled Securities, proxy(ies) and corporate representatives **WILL NOT BE ALLOWED** to be physically present at the Broadcast Venue on the day of the meetings.

Holders of the Stapled Securities are to attend, speak (including posing questions to the Board of Directors via real time submission of typed texts) and vote (collectively, "participate") remotely at the 11th AGM of KLCC REIT and 21st AGM of KLCCP via the RPV provided by Tricor Investor & Issuing House Services Sdn. Bhd. through its **TIIH Online** website at <https://tiih.online>. **Please follow the Procedures for RPV provided in the Administrative Details for the 11th AGM of KLCC REIT and 21st AGM of KLCCP and read Notes (2) to (11) below in order to participate remotely via RPV.**

2. A holder of the Stapled Securities who is entitled to attend and vote at the meetings via RPV is entitled to appoint not more than 2 proxies to attend and, to vote in his stead. A proxy may but need not be a holder of the Stapled Securities. There shall be no restriction as to the qualification of the proxy. The holders may submit questions to the Board of Directors at <https://tiih.online> to the AGMs or to use the query box to transmit questions to Board of Directors via RPV during live streaming.

3. Where a holder of the Stapled Securities is an authorised nominee, it may appoint at least one proxy but not more than 2 proxies in respect of each securities account it holds with ordinary shares of the Company and units of KLCC REIT standing to the credit of the said securities account.

4. Where a holder of the Stapled Securities is an exempt authorised nominee which holds Stapled Securities for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

5. Where a holder of the Stapled Securities or the authorised nominee appoints 2 proxies, or where an exempt authorised nominee appoints 2 or more proxies, the appointment shall be invalid unless he specifies the proportions of his/her holdings to be represented by each proxy.

6. A holder of the Stapled Securities who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at these AGMs via RPV must request his/her proxy to register himself/herself for RPV at **TIIH Online** website at <https://tiih.online>. **Please follow the Procedures for RPV in the Administrative Details for the 11th AGM of KLCC REIT and 21st AGM of KLCCP.**

7. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company and KLCC REIT not less than forty-eight (48) hours before the time appointed for holding the AGMs or adjourned general meeting at which the person named in the appointment proposes to vote:

(i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company and KLCC REIT at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

(ii) By electronic form

The proxy form can be electronically lodged with the Share Registrar of the Company and KLCC REIT via **TIIH Online** website at <https://tiih.online>. Kindly refer to the Administrative Details on the procedures for electronic lodgement of proxy form via **TIIH Online**.

8. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

9. Last date and time for lodging the proxy form is **Monday, 22 April 2024 at 10.30 a.m.**

10. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company and KLCC REIT at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGMs or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

11. A corporate which is a holder of the Stapled Securities who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment with the Share Registrar of the Company and KLCC REIT at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment should be executed in the following manner:

(i) If the corporate holder of the Stapled Securities has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate holder of the Stapled Securities.

(ii) If the corporate holder of the Stapled Securities does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate holder (if any) and executed by:

(a) at least two (2) authorised officers, of whom one shall be a director; or

(b) any director and/or authorised officers in accordance with the laws of the country under which the corporate holder is incorporated.

12. For the purpose of determining a holder of the Stapled Securities who shall be entitled to attend the 11th AGM of KLCC REIT and the 21st AGM of the Company via RPV, KLCC REIT Management Sdn Bhd ("Manager") and/or Maybank Trustees Berhad ("Trustee") and the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Paragraph 17 of Schedule 1 of the Amended and Restated Trust Deed dated 3 September 2019 entered into between the Manager and the Trustee, Articles 76(1) and 76(2) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991, to issue a General Meeting Record of Depositors as at **16 April 2024** and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend, speak and vote at the said meetings via RPV.



KLCCP STAPLED GROUP

KLCC PROPERTY HOLDINGS BERHAD
200401003073 (641576-U)

KLCC REAL ESTATE INVESTMENT TRUST
Level 54, Tower 2, PETRONAS Twin Towers,
Kuala Lumpur City Centre,
50088 Kuala Lumpur

Tel: (03) 2783 6000
Fax: (03) 2783 7231

Email: info@klcc.com.my
Website: www.klcc.com.my

