

KLCC PROPERTY HOLDINGS BERHAD
Registration No. 200401003073 (641576-U)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2022

	Second quarter ended		Cumulative 6 months ended	
	30-Jun-22 RM'000	30-Jun-21 RM'000	30-Jun-22 RM'000	30-Jun-21 RM'000
Revenue	350,306	280,166	672,018	562,540
Operating expenses	(113,530)	(89,561)	(215,035)	(177,055)
Operating profit	236,776	190,605	456,983	385,485
Interest/profit income	5,123	4,302	9,730	8,421
Financing costs	(26,181)	(26,356)	(52,051)	(52,894)
Share of profit of an associate	3,534	3,532	7,058	6,746
Profit before taxation	219,252	172,083	421,720	347,758
Taxation	(31,069)	(16,554)	(52,823)	(33,368)
Profit for the period, representing total comprehensive income	188,183	155,529	368,897	314,390
Profit attributable to:				
Equity holders of the Company	52,917	34,631	102,182	71,689
Non-controlling interests relating to KLCC Real Estate Investment Trust (KLCC REIT)	112,259	109,383	224,429	218,450
	165,176	144,014	326,611	290,139
Other non-controlling interests	23,007	11,515	42,286	24,251
	188,183	155,529	368,897	314,390
Dividend/income distribution to stapled security holders:				
<u>Quarter ended 30 June 2022/2021</u>				
Realised distributable income - KLCCP	52,917	34,631	102,183	71,689
Realised distributable income - KLCC REIT	126,550	114,209	253,068	228,371
Total realised distributable income	179,467	148,840	355,251	300,060
Unrealised distributable loss - KLCC REIT	(14,291)	(4,826)	(28,639)	(9,921)
	165,175	144,014	326,611	290,139
Distribution rate (%) ¹	80.48%	84.91%	81.31%	84.23%
Dividend/income distribution	144,427	126,374	288,854	252,748
Dividend/income distribution per stapled security (sen)	8.00	7.00	16.00	14.00
Earnings per stapled security (sen)				
– Basic / Diluted	9.15	7.98	18.09	16.07

¹ Rounded to two decimal points.

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.)

KLCC PROPERTY HOLDINGS BERHAD

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(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022**

	30-Jun-22 RM'000	31-Dec-21 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	588,336	604,999
Investment properties	15,588,827	15,586,571
Right-of-use assets	3,052	5,623
Investment in an associate	278,483	271,425
Deferred tax assets	764	707
Other receivables	360,328	393,197
	<u>16,819,790</u>	<u>16,862,522</u>
Current assets		
Inventories	1,298	1,354
Trade and other receivables	71,259	89,343
Tax recoverable	9,958	24,357
Cash and bank balances	951,368	959,528
	<u>1,033,883</u>	<u>1,074,582</u>
TOTAL ASSETS	<u>17,853,673</u>	<u>17,937,104</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the company		
Share capital	1,823,386	1,823,386
Capital reserve	2,860,830	2,860,830
Retained profits	288,638	308,496
	<u>4,972,854</u>	<u>4,992,712</u>
Equity attributable to unit holders of the KLCC REIT	<u>7,991,697</u>	<u>8,017,126</u>
Total equity attributable to equity holders of KLCCP and KLCC REIT	<u>12,964,551</u>	<u>13,009,838</u>
Other non-controlling interests	<u>2,013,157</u>	<u>2,029,638</u>
Total equity	<u>14,977,708</u>	<u>15,039,476</u>
Non-current liabilities		
Deferred revenue	87,303	88,832
Other long term liabilities	125,349	144,475
Financings	2,353,306	2,348,486
Deferred tax liabilities	51,461	51,384
	<u>2,617,419</u>	<u>2,633,177</u>
Current liabilities		
Trade and other payables	232,497	236,946
Financings	25,102	27,426
Taxation	947	79
	<u>258,546</u>	<u>264,451</u>
Total liabilities	<u>2,875,965</u>	<u>2,897,628</u>
TOTAL EQUITY AND LIABILITIES	<u>17,853,673</u>	<u>17,937,104</u>
Net asset value per stapled security (RM)	7.18	7.21

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.)

KLCC PROPERTY HOLDINGS BERHAD

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2022**

	← Attributable to equity holders of the Company →			Total equity attributable to equity holders of KLCCP RM'000	Equity attributable to unit holders of KLCC REIT ² RM'000	Other non- controlling interests RM'000	Total Equity RM'000
	Share capital RM'000	Retained profits RM'000	Capital reserve ¹ RM'000				
As at 1 January 2021	1,823,386	206,750	2,905,084	4,935,220	8,078,845	2,063,894	15,077,959
Total comprehensive income for the period	–	71,689	–	71,689	218,450	24,251	314,390
Dividends paid	–	(35,926)	–	(35,926)	(211,405)	(30,067)	(277,398)
As at 30 June 2021	1,823,386	242,513	2,905,084	4,970,983	8,085,890	2,058,078	15,114,951
As at 1 January 2022	1,823,386	308,496	2,860,830	4,992,712	8,017,126	2,029,638	15,039,476
Total comprehensive income for the period	–	102,182	–	102,182	224,429	42,286	368,897
Dividends paid	–	(122,040)	–	(122,040)	(249,858)	(58,767)	(430,665)
As at 30 June 2022	1,823,386	288,638	2,860,830	4,972,854	7,991,697	2,013,157	14,977,708

¹ Capital reserve arises from the surplus of revaluation of investment properties that will be distributed upon the sale of investment properties.

² Equity attributable to unit holders of KLCC REIT consists of Unitholders' Fund (RM7,212,684,000), Merger Reserve (RM6,212,000), Capital Reserve (RM318,508,000) and Retained Profit (RM454,293,000).

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.)

KLCC PROPERTY HOLDINGS BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2022

	Cumulative 6 months ended	
	30-Jun-22 RM'000	30-Jun-21 RM'000
Cash flows from operating activities		
Profit before tax	421,720	347,758
Adjustments for:		
Interest/profit income	(9,730)	(8,421)
Financing costs	52,051	52,894
Accrued rental income	29,852	8,879
Depreciation	22,657	23,097
Allowance for impairment losses on trade receivables	1,011	3,155
Write off of receivables	-	2
Gain on disposal of property, plant and equipment	-	(6)
Derecognition of leases	(9)	-
Investment property written off	13	-
Share of profit of an associate	(7,058)	(6,746)
	<u>88,787</u>	<u>72,854</u>
Operating profit before changes in working capital	510,507	420,612
Changes in working capital:		
Trade and other receivables	8,071	(2,110)
Amount due from/to ultimate holding company	6,572	2,258
Amount due from/to immediate holding company	14,240	11,133
Amount due from/to related companies	(2,811)	(9,279)
Trade and other payables	(32,732)	(58,176)
Inventories	56	-
	<u>(6,604)</u>	<u>(56,174)</u>
Interest/profit income received	9,737	8,128
Tax paid	(37,586)	(44,419)
Tax refund received	12	-
Net cash generated from operating activities	<u>476,066</u>	<u>328,147</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,667)	(3,056)
Subsequent expenditure on investment properties	(3,354)	(29,063)
Proceeds from disposal of property, plant and equipment	1	10
Net cash used in investing activities	<u>(7,020)</u>	<u>(32,109)</u>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2022

	Cumulative 6 months ended	
	30-Jun-22 RM'000	30-Jun-21 RM'000
Cash flows from financing activities		
Drawdown of borrowing	16,540	22,374
Repayment of borrowings	(10,000)	(10,000)
Dividends paid to shareholders	(122,040)	(35,926)
Dividends paid to non-controlling interests relating to KLCC REIT	(249,614)	(210,937)
Dividends paid to other non-controlling interests	(58,767)	(30,067)
Interest/profit expense paid	(50,803)	(46,018)
Payment of principal portion of lease liabilities	(2,522)	(2,339)
Increase in deposits restricted	1,135	615
Net cash used in financing activities	(476,071)	(312,298)
Net decrease in cash and cash equivalents	(7,025)	(16,260)
Cash and cash equivalents at the beginning of the year	956,525	869,765
Cash and cash equivalents at the end of period	949,500	853,505
Cash and cash equivalents at the end of period comprises:		
Cash and bank balances	642,378	572,934
Deposits	308,990	281,849
	951,368	854,783
Less: Deposits restricted ¹	(1,868)	(1,278)
	949,500	853,505

¹ Deposits restricted relate to monies held on behalf of clients in designated accounts which represent cash calls less payments in the course of rendering management services on behalf of clients.

(The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.)

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NOTES ON THE QUARTERLY REPORT — 30 JUNE 2022

A EXPLANATORY NOTES PURSUANT TO MFRS 134

A1 Corporate information

KLCC Property Holdings Berhad (“KLCCP”) is a public limited liability company incorporated and domiciled in Malaysia. One ordinary share of KLCCP is stapled with one unit of KLCC Real Estate Investment Trust (“KLCC REIT”) to create the stapled securities. These stapled securities are listed on Bursa Malaysia Securities Berhad.

By virtue of KLCCP and KLCC REIT agreeing to combine their business by contract (i.e. Stapling Deed between KLCCP and KLCC REIT even though KLCCP owns no units in KLCC REIT and vice versa), KLCCP is deemed to be the controlling entity (i.e. parent) for accounting purposes as it is identified to be the party with power to govern the financial and operating policies of KLCC REIT. Therefore, the consolidated accounts of KLCCP will reflect 100% non-controlling interest relating to KLCC REIT.

These condensed consolidated interim financial statements were approved by the Board of Directors on 9 August 2022.

A2 Basis of preparation

These condensed consolidated interim financial statements, for the period ended 30 June 2022, are unaudited and have been prepared in compliance with the requirements of paragraph 9.22 and 9.44 of the *Main Market Listing Requirements* of Bursa Malaysia Securities Berhad, MFRS 134 *Interim Financial Reporting* issued by Malaysian Accounting Standards Board (“MASB”) and with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board.

The consolidated financial statements of the Group for the year ended 31 December 2021 are available upon request from the Company’s registered office at Level 54, Tower 2, PETRONAS Twin Towers, Kuala Lumpur City Centre, 50088 Kuala Lumpur.

A3 Accounting policies

The new and revised MFRSs, Amendments to MFRS and IC Interpretations which are mandatory for companies with financial periods beginning on or after 1 January 2022 did not give rise to any significant effects on the financial statements of the Group and the Company.

A4 Audit Report

The auditors’ report on the financial statements for the year ended 31 December 2021 was not qualified.

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NOTES ON THE QUARTERLY REPORT — 30 JUNE 2022

A EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTD.)

A5 Segmental information

	Second quarter ended			Cumulative 6 months ended		
	30-Jun-22			30-Jun-22		
	KLCCP	KLCC	Group	KLCCP	KLCC	Group
	REIT	REIT		REIT	REIT	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
Property investment:						
Office	10,328	135,100	145,428	20,645	270,112	290,757
Retail	115,378	9,792	125,170	216,222	19,793	236,015
Hotel operations	32,116	-	32,116	52,084	-	52,084
Management services	66,556	-	66,556	130,387	-	130,387
	<u>224,378</u>	<u>144,892</u>	<u>369,270</u>	<u>419,338</u>	<u>289,905</u>	<u>709,243</u>
Eliminations			<u>(18,964)</u>			<u>(37,225)</u>
			<u>350,306</u>			<u>672,018</u>
Operating profit						
Property investment:						
Office	7,663	119,696	127,359	16,086	239,371	255,457
Retail	97,054	6,170	103,224	177,741	12,592	190,333
Hotel operations	(4,484)	-	(4,484)	(13,747)	-	(13,747)
Management services	15,721	-	15,721	32,446	-	32,446
	<u>115,954</u>	<u>125,866</u>	<u>241,820</u>	<u>212,526</u>	<u>251,963</u>	<u>464,489</u>
Eliminations			<u>(5,044)</u>			<u>(7,506)</u>
			<u>236,776</u>			<u>456,983</u>
Interest/profit income	4,044	1,079	5,123	8,045	1,685	9,730
Finance cost	(11,495)	(14,686)	(26,181)	(22,832)	(29,219)	(52,051)
Share of profit of an associate company	3,534	-	3,534	7,058	-	7,058
Taxation	(31,069)	-	(31,069)	(52,823)	-	(52,823)
Profit for the period /						
Total comprehensive						
income for the period			<u>188,183</u>			<u>368,897</u>

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NOTES ON THE QUARTERLY REPORT — 30 JUNE 2022

A EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTD.)

A5 Segmental information (contd.)

	As at 30-Jun-22		
	KLCCP	KLCC REIT	Group
	RM'000	RM'000	RM'000
Total assets			
Property investment — Office	1,061,733	9,082,947	10,144,680
Property investment — Retail	5,712,674	494,444	6,207,118
Hotel operations	569,231	—	569,231
Management services	243,588	—	243,588
	<u>7,587,226</u>	<u>9,577,391</u>	<u>17,164,617</u>
Eliminations and adjustments			<u>689,056</u>
			<u>17,853,673</u>
Total liabilities			
Property investment — Office	15,769	1,573,136	1,588,905
Property investment — Retail	774,825	12,562	787,387
Hotel operations	447,451	—	447,451
Management services	71,216	—	71,216
	<u>1,309,261</u>	<u>1,585,698</u>	<u>2,894,959</u>
Eliminations and adjustments			<u>(18,994)</u>
			<u>2,875,965</u>

A6 Unusual items

During the quarter under review, there were no items or events that arose, which affected assets, liabilities, equity, net income or cash flows, that are unusual by reason of their nature, size or incidence.

A7 Changes in estimates

There were no changes in the estimates of amounts reported that have a material effect on the results in the quarter under review.

A8 Changes in statutory tax rate

Section 61A of the Malaysian Income Tax Act 1967 exempts KLCC REIT from the normal corporate tax in a year of assessment (“YA”) if KLCC REIT distributes at least 90% of its total taxable income in the same YA. During the quarter, the Group was impacted by Cukai Makmur; in which, company with chargeable income above RM100 million were taxed at 33%. As a result, the effective tax rate for the Group was 13% compared to 10% last year.

A9 Seasonal or cyclical factors

The Group’s hotel operations were impacted by the seasonal or cyclical factors affecting the occupancy rate and food and beverage business of the hotel.

The other segments are not affected by seasonal or cyclical factors.

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NOTES ON THE QUARTERLY REPORT — 30 JUNE 2022

A EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTD.)

A10 Dividends paid

The Board of Directors declared interim dividends comprising 0.99 sen and 7.01 sen relating to KLCCP and KLCC REIT respectively in respect of the three month period ended 31 March 2022 totaling 8.00 sen per stapled security.

The KLCCP dividend of 0.99 sen per share (tax exempt under the single-tier tax system) amounting to RM17.9 million and the KLCC REIT income distribution of 7.01 sen per unit amounting to RM126.6 million were paid on 29 June 2022.

A11 Debt and equity securities

There is no issuance, repurchases and repayments of debt and equity securities for the current quarter ended 30 June 2022, except as disclosed in Note B9.

A12 Changes in the composition of the Group

There were no changes in the composition of the Group during the quarter under review.

A13 Discontinued operations

There were no discontinued operations in the Group during the quarter under review.

A14 Capital commitments

The amount of capital commitments not provided for in the interim financial statements as at 30 June 2022 is as follows:

	RM'000
Approved and contracted for	17,178
Approved but not contracted for	110,543
	<u>127,721</u>

A15 Changes in contingent liabilities and contingent assets

There were no changes in the contingent liabilities or contingent assets of the Group during the quarter under review.

A16 Property development activities

KLCC REIT did not undertake any property development activities during the quarter under review.

A17 Material and subsequent events

There was no other material event subsequent to the end of the quarter under review that has not been reflected in the interim financial statements.

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NOTES ON THE QUARTERLY REPORT — 30 JUNE 2022

A EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTD.)

A18 Fair Value Information

The Group's financial instruments consists of cash and bank balances, trade and other receivables, financings, and trade and other payables.

The carrying amounts of cash and bank balances, trade and other receivables, trade and other payables and short term financings approximate their fair values due to the relatively short term nature of these financial instruments.

The carrying amount of other long term liabilities approximate its fair value amount.

The analysis assumes that all other variables remain constant.

The fair value hierarchy in the valuation technique are as follows:

- Level 1 Quoted market prices in an active market for identical assets or liabilities.
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
At 30 June 2022				
<u>Financial liabilities</u>				
Sukuk Murabahah	-	1,908,357	-	1,908,357
At 31 December 2021				
<u>Financial liabilities</u>				
Sukuk Murabahah	-	1,950,890	-	1,950,890

There has been no transfer between Level 1, 2 and 3 fair values during the financial year.

The Group does not have any financial liabilities that are measured at fair value for the period under review.

A19 Valuations of Property, Plant and Equipment and Investment Properties

The property, plant and equipment were stated at cost less accumulated depreciation and accumulated impairment losses as at 30 June 2022, if any.

The investment properties are being valued annually by independent professional valuers. The carrying value as at the end of the quarter were based on independent valuation as at 31 December 2021 and subsequent capital expenditure incurred up to the reporting date.

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NOTES ON THE QUARTERLY REPORT — 30 JUNE 2022

B EXPLANATORY NOTES PURSUANT TO PART A AND PART D OF APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

The Group achieved a revenue of RM350.3 million during the quarter, a 25.0% increase compared to the same quarter last year whilst PBT improved by 27.4% to RM219.3 million.

The PBT of all the segments showed a significant improvement in the retail and hotel segments by 69.3% and 54.7% respectively.

This improvement is backed by the increase in the footfall in Suria KLCC, higher MOKL occupancy and higher F&B covers.

B1 Performance review - Quarterly Results (Q2 2022 vs Q2 2021)

	Second quarter ended			Cumulative 6 months ended		
	30-Jun-22 RM'000	30-Jun-21 RM'000	Change %	30-Jun-22 RM'000	30-Jun-21 RM'000	Change %
Revenue:						
Property investment:						
Office	145,428	145,117	0.21	290,757	290,094	0.23
Retail	125,170	85,486	46.42	236,015	175,887	34.19
Hotel operations	32,116	8,544	>100	52,084	17,641	>100
Management services	66,556	59,673	11.53	130,387	114,411	13.96
Eliminations/Adjustments	(18,964)	(18,654)		(37,225)	(35,493)	
	350,306	280,166	25.04	672,018	562,540	19.46
Profit before tax ("PBT"):						
Property investment:						
Office *	118,410	117,591	0.70	237,170	235,105	0.88
Retail	95,639	56,495	69.29	175,277	115,000	52.41
Hotel operations	(8,258)	(18,228)	54.70	(21,111)	(34,327)	38.50
Management services	16,046	17,585	(8.75)	32,971	33,377	(1.22)
Eliminations/Adjustments	(2,585)	(1,360)		(2,587)	(1,397)	
	219,252	172,083	27.41	421,720	347,758	21.27

* Includes share of profit of an associate.

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B EXPLANATORY NOTES PURSUANT TO PART A AND PART D OF APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTD.)

B1 Performance review - Quarterly Results (Q2 2022 vs Q2 2021) (contd.)

Variance analysis by segment

Property investment — Office

Office segment remained stable backed by Triple Net Lease (TNL) and long-term leases.

Marginal increase in PBT by 0.7% mainly due to lower financing costs resulting from lower effective interest rate upon refinancing of Sukuk Murabahah on 23 April 2021.

Property investment — Retail

Retail revenue and PBT improved by 46.4% and 69.3% respectively in Q2 2022 attributed by lower rental assistance and higher advertising income.

Year to date, the revenue and PBT also improved by 34.2% and 52.4% respectively. The improvement is a result of the lifting of pandemic restrictions and Suria increased its footfall by intensifying its retail activities and promotional programs.

Hotel operations

Hotel segment recorded higher revenue of RM32 million as compared to RM9 million in Q2 FY2021 backed by a higher average occupancy (43% versus Q2 2021: 12%), higher F&B covers and higher Average Room Rate (ARR) of (RM681 versus Q2 2021: RM590).

This resulted in an improvement of the YTD revenue by 195.0% and a lower loss before tax by 39.0%. Mandarin Oriental continues its promotional programs to attract more guests and patrons eager to resume dine-in activities.

Management services

Revenue during Q2 FY2022 increased by 11.5% whilst the PBT decreased by 8.8% as a result of higher operating expenses incurred.

For YTD, the revenue also recorded an increase of 14.0% and a reduction of 1.2% for PBT.

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NOTES ON THE QUARTERLY REPORT — 30 JUNE 2022

B EXPLANATORY NOTES PURSUANT TO PART A AND PART D OF APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTD.)

B2 Variation of results against preceding quarter

	Quarter ended		Change %
	30-Jun-22 RM'000	31-Mar-22 RM'000	
Revenue:			
Property investment:			
Office	145,428	145,329	0.07
Retail	125,170	110,845	12.92
Hotel operations	32,116	19,968	60.84
Management services	66,556	63,831	4.27
Eliminations/Adjustments	(18,964)	(18,261)	
	<u>350,306</u>	<u>321,712</u>	8.89
Profit before tax:			
Property investment:			
Office *	118,410	118,760	(0.29)
Retail	95,639	79,638	20.09
Hotel operations	(8,258)	(12,853)	35.75
Management services	16,046	16,925	(5.19)
Eliminations/Adjustments	(2,585)	(1)	
	<u>219,252</u>	<u>202,469</u>	8.29

* Includes share of profit of an associate.

The Group ended the quarter with an increase in both revenue and PBT by 8.9% and 8.3% respectively, contributed by improved performance of retail and hotel segments.

The retail segment has shown significant improvement due to an increase in advertising income and the reduction of rental assistance.

Occupancy for the hotel segment picked up substantially with the opening of the international borders and the lifting of the pandemic restrictions. Another contributor is the increase in F&B covers as a result of a higher offering of promotional packages.

The office segment remain stable on the back of long-term tenancies.

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B3 Prospects for financial year 2022

The long-anticipated lifting of the pandemic restrictions and the re-opening of internal borders in April 2022 saw the resuscitation of business in retail and hospital segments. Suria KLCC enjoyed an improvement in customer count and the occupancy of Mandarin Oriental Kuala Lumpur improved substantially.

The Directors are cautiously optimistic that the Group is on the path to recovery to the pre-pandemic level. However, rising inflation and the increase in cost of materials may impede economic recovery momentum. Cautious spending and lower purchasing power of consumers may affect the sustainability of recovery in retail and hospitality segments.

Suria KLCC is committed to prioritise the well-being of shoppers and continue to enhance its customer experience, including a new online booking platform for better connectivity to services.

Mandarin Oriental shall continue the promotional activities in order to strengthen its reach to international travelers. Hotel segment is anticipated to gradually improve during the year.

The office segment is expected to remain stable on the back of long-term tenancies.

B4 Profit forecast

No profit forecast was issued for the financial period.

B5 Taxation

Taxation comprises the following:

	Second quarter ended		Cumulative 6 months ended	
	30-Jun-22	30-Jun-21	30-Jun-22	30-Jun-21
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:				
Malaysian income tax	31,059	16,555	52,808	33,371
Deferred tax	10	(1)	15	(3)
	31,069	16,554	52,823	33,368

Overall effective tax rate of 12.5% is lower as income from KLCC REIT is not subject to tax in accordance with Section 61A of the Malaysian Income Tax Act 1967.

B6 Sales of unquoted investments and/or properties

There was no disposal of unquoted investments or properties during the quarter under review.

B7 Quoted and marketable securities

There was no purchase or disposal of quoted and marketable securities during the quarter under review.

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B8 Status of corporate proposal announced

There was no corporate proposal announced but not completed as at the date of this report.

B9 Financings

	As at 30-Jun-22		Group RM'000
	KLCCP RM'000	KLCC REIT RM'000	
Short term:			
<u>Secured</u>			
Term loans	12,093	–	12,093
Sukuk Murabahah	–	9,953	9,953
Lease liabilities	3,056	–	3,056
	<u>15,149</u>	<u>9,953</u>	<u>25,102</u>
Long term:			
<u>Secured</u>			
Term loans	398,184	–	398,184
Sukuk Murabahah	600,000	1,355,000	1,955,000
Lease liabilities	122	–	122
	<u>998,306</u>	<u>1,355,000</u>	<u>2,353,306</u>
	<u>1,013,455</u>	<u>1,364,953</u>	<u>2,378,408</u>

Repayment schedule:

	Within 1 year RM'000	1–2 years RM'000	2–5 years RM'000	More than 5 years RM'000	Group total RM'000
<u>KLCCP</u>					
Term loans	12,093	10,000	388,184	–	410,277
Sukuk Murabahah	–	–	600,000	–	600,000
Lease liabilities	3,056	122	–	–	3,178
	<u>15,149</u>	<u>10,122</u>	<u>988,184</u>	<u>–</u>	<u>1,013,455</u>
<u>KLCC REIT</u>					
Sukuk Murabahah	9,953	455,000	500,000	400,000	1,364,953
	<u>25,102</u>	<u>465,122</u>	<u>1,488,184</u>	<u>400,000</u>	<u>2,378,408</u>

B10 Material litigation

The Group has no outstanding material litigation as at the date of this report.

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B11 Dividend/income distribution

The Board of Directors has declared the following dividend/income distribution for the quarter ended 30 June 2022:

	Total stapled securities	Dividend/ income distribution per stapled securities Sen	Total dividend/ income distribution payable RM'000
KLCCP ¹	1,805,333,083	0.99	17,873
KLCC REIT ^{2,3}	1,805,333,083	7.01	126,554
Group		<u>8.00</u>	<u>144,427</u>

The dividend and income distribution for KLCCP and KLCC REIT will be paid on 28 September 2022. The book closure date in respect of both the aforesaid interim dividend and income distribution is 1 September 2022.

¹ Dividend declared under KLCCP is tax exempt under the single-tier system.

² Income distribution to unitholders will be subjected to withholding tax at the following rates:

<u>Unitholders</u>	Withholding tax rate
Individuals and all other non-corporate investors such as institutional investors (resident and non-resident)	10%
Non-resident corporate investors	24%
Resident corporate investors	0%

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B11 Dividend/income distribution (contd.)

³ Distribution by KLCC REIT to unitholders are from the following sources:

	Second quarter ended		Cumulative 6 months ended	
	30-Jun-22 RM'000	30-Jun-21 RM'000	30-Jun-22 RM'000	30-Jun-21 RM'000
Revenue				
Property investment - Office	135,100	134,871	270,112	269,733
Property investment - Retail	9,792	7,799	19,793	15,361
	144,892	142,670	289,905	285,094
Profit income	1,079	551	1,685	1,026
	145,971	143,221	291,590	286,120
Less: Expenses	(33,712)	(33,838)	(67,161)	(67,670)
Profit for the period	112,259	109,383	224,429	218,450
Less: Adjustments	14,291	4,826	28,639	9,921
Total realised income available for the period	126,550	114,209	253,068	228,371
Add: Brought forward undistributed realised income available for distribution	80,692	70,249	80,728	64,588
Total realised income available for distribution *	207,242	184,458	333,796	292,959
Less: Income to be distributed for the quarter	(126,554)	(108,501)	(253,108)	(217,002)
Balance undistributed realised income available for distribution	80,688	75,957	80,688	184,458
Distribution per unit (sen)	7.01	6.01	14.02	12.02

* There are no unrealised losses arising during the period or brought forward from previous year.

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	No. of units listed	NAV RM'000	NAV per unit	
			before distribution RM	after distribution RM
KLCC REIT ¹	1,805,333,083	7,991,697	4.43	4.36
KLCCP Stapled Group	1,805,333,083	12,964,551	7.18	7.10

¹ An analysis of KLCC REIT's performance based on changes in NAV and NAV per unit, after distribution, since 31 March 2022 is as follows:

	As at 30-Jun-22	As at 31-Mar-22	Changes
NAV (after distribution) (RM'000)	7,865,143	7,879,438	(14,295)
NAV per unit (after distribution) (RM)	4.36	4.36	(0.01)

B13 Profit for the period

	Second quarter ended		Cumulative 6 months ended	
	30-Jun-22 RM'000	30-Jun-21 RM'000	30-Jun-22 RM'000	30-Jun-21 RM'000
Profit for the period is arrived after charging:				
Depreciation of property, plant and equipment ¹	11,275	11,474	22,657	23,097
Allowance for impairment losses on trade receivables	(425)	738	1,011	3,155
Write off of receivables	–	2	–	2
Gain on disposal of property, plant and equipment	–	(6)	–	(6)
Write off of investment properties	13	–	13	–

¹ Depreciation of property, plant and equipment is inclusive of depreciation resulting from MFRS 16: Leases.

Other than the above, the items listed under Appendix 9B Note 16 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

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B14 Earnings per stapled securities ("EPSS")

	Second quarter ended		Cumulative 6 months ended	
	30-Jun-22	30-Jun-21	30-Jun-22	30-Jun-21
Profit attributable to ordinary equity holders of the Company (RM'000)	52,917	34,631	102,182	71,689
Profit attributable to unitholders of KLCC REIT (RM'000)	112,259	109,383	224,429	218,450
	<u>165,176</u>	<u>144,014</u>	<u>326,611</u>	<u>290,139</u>
Weighted average number of stapled securities in issue ('000 units)	1,805,333	1,805,333	1,805,333	1,805,333
Basic EPSS (Sen)	<u>9.15</u>	<u>7.98</u>	<u>18.09</u>	<u>16.07</u>

B15 Trade receivables

	As at 30-Jun-22 RM'000	As at 31-Dec-21 RM'000
Property investment		
- Office	252	114
- Retail	19,389	32,261
Hotel operations	3,886	1,850
Management services	476	233
	<u>24,003</u>	<u>34,458</u>
Less: Allowance for impairment losses	<u>(10,087)</u>	<u>(9,076)</u>
	<u>13,916</u>	<u>25,382</u>

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B15 Trade receivables (contd.)

The ageing of trade receivables as at the reporting date was:

	As at 30-Jun-22 RM'000	As at 31-Dec-21 RM'000
Not past due	4,096	1,670
Past due 1 to 30 days	3,191	6,389
Past due 31 to 60 days	2,265	4,359
Past due 61 to 90 days	1,287	3,406
Past due more than 90 days	13,164	18,634
	<u>19,907</u>	<u>32,788</u>
Allowance for impairment losses	(10,087)	(9,076)
	<u>13,916</u>	<u>25,382</u>

The movement in the allowance account is as follows:

	As at 30-Jun-22 RM'000	As at 31-Dec-21 RM'000
At 1 January	9,076	3,362
Allowance for impairment	1,011	6,104
Allowance written off	-	(390)
At 30 June/31 December	<u>10,087</u>	<u>9,076</u>

B16 Limits or restrictions imposed under the Guidelines on Listed REITs issued by Securities Commission Malaysia ("the Guidelines")

The Group is in compliance with the limits or restrictions imposed under the Guidelines.

BY ORDER OF THE BOARD

Lim Siew Mei (SSM PC No. 201908001632) (MAICSA 7020355)
Yeap Kok Leong (SSM PC No. 202008001750) (MAICSA 0862549)
Company Secretaries
Kuala Lumpur