

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 2023**

	Second quarter ended		Cumulative 6 months ended	
	30-Jun-23 RM'000	30-Jun-22 RM'000	30-Jun-23 RM'000	30-Jun-22 RM'000
Revenue	394,633	350,306	775,377	672,018
Operating expenses	(143,882)	(113,531)	(273,243)	(215,035)
Operating profit	250,751	236,775	502,134	456,983
Interest/profit income	9,749	5,123	19,050	9,730
Financing costs	(27,805)	(26,181)	(55,402)	(52,051)
Share of profit of an associate	3,719	3,534	7,398	7,058
Profit before taxation	236,414	219,251	473,180	421,720
Taxation	(28,323)	(31,069)	(56,486)	(52,823)
Profit for the period, representing total comprehensive income	208,091	188,182	416,694	368,897
Profit attributable to:				
Equity holders of the Company	68,808	52,916	135,748	102,182
Non-controlling interests relating to KLCC Real Estate Investment Trust (KLCC REIT)	111,996	112,259	225,617	224,429
	180,804	165,175	361,365	326,611
Other non-controlling interests	27,287	23,007	55,329	42,286
	208,091	188,182	416,694	368,897
Dividend/income distribution to stapled security holders:				
<u>Quarter ended 30 June 2023/2022</u>				
Realised distributable income - KLCCP	68,808	52,917	135,748	102,183
Realised distributable income - KLCC REIT	126,449	126,550	254,510	253,068
Total realised distributable income	195,257	179,467	390,258	355,251
Unrealised distributable loss - KLCC REIT	(14,453)	(14,291)	(28,893)	(28,639)
	180,804	165,176	361,365	326,612
Distribution rate (%) ¹	81.36%	80.48%	80.03%	81.31%
Dividend/income distribution	158,869	144,427	312,322	288,854
Dividend/income distribution per stapled security (sen)	8.80	8.00	17.30	16.00
Earnings per stapled security (sen)				
– Basic / Diluted	10.01	9.15	20.02	18.09

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 2022 and the accompanying explanatory notes attached to this interim financial report.)

KLCC PROPERTY HOLDINGS BERHAD

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

	30-Jun-23 RM'000	31-Dec-22 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	557,350	570,929
Investment properties	15,730,600	15,722,780
Right-of-use assets	3,065	3,913
Investment in an associate	272,421	265,023
Deferred tax assets	1,460	1,464
Other receivables	299,226	328,988
	<u>16,864,122</u>	<u>16,893,097</u>
Current assets		
Inventories	1,576	1,558
Trade and other receivables	83,827	102,018
Tax recoverable	3,853	7,813
Cash and bank balances	1,065,976	1,104,972
	<u>1,155,232</u>	<u>1,216,361</u>
TOTAL ASSETS	<u>18,019,354</u>	<u>18,109,458</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the company		
Share capital	1,823,386	1,823,386
Capital reserve	2,897,190	2,897,190
Retained profits	364,275	392,812
	<u>5,084,851</u>	<u>5,113,388</u>
Equity attributable to unit holders of the KLCC REIT	<u>8,002,064</u>	<u>8,018,361</u>
Total equity attributable to equity holders of KLCCP and KLCC REIT	<u>13,086,915</u>	<u>13,131,749</u>
Other non-controlling interests	<u>2,032,091</u>	<u>2,035,529</u>
Total equity	<u>15,119,006</u>	<u>15,167,278</u>
Non-current liabilities		
Deferred revenue	84,336	82,633
Other long term liabilities	135,924	126,928
Financings	1,889,688	2,355,887
Deferred tax liabilities	53,982	53,982
	<u>2,163,930</u>	<u>2,619,430</u>
Current liabilities		
Trade and other payables	231,567	281,308
Financings	475,983	22,586
Taxation	28,868	18,856
	<u>736,418</u>	<u>322,750</u>
Total liabilities	<u>2,900,348</u>	<u>2,942,180</u>
TOTAL EQUITY AND LIABILITIES	<u>18,019,354</u>	<u>18,109,458</u>
Net asset value per stapled security (RM)	7.25	7.27

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 2023**

	← 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 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
As at 1 January 2023	1,823,386	392,812	2,897,190	5,113,388	8,018,361	2,035,529	15,167,278
Total comprehensive income for the period	–	135,748	–	135,748	225,617	55,329	416,694
Dividends paid	–	(164,285)	–	(164,285)	(241,914)	(58,767)	(464,966)
As at 30 June 2023	1,823,386	364,275	2,897,190	5,084,851	8,002,064	2,032,091	15,119,006

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 (RM373,980,000) and Retained Profit (RM409,188,000).

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 2023

	Cumulative 6 months ended	
	30-Jun-23 RM'000	30-Jun-22 RM'000
Cash flows from operating activities		
Profit before tax	473,180	421,720
Adjustments for:		
Interest/profit income	(19,050)	(9,730)
Financing costs	55,402	52,051
Accrued rental income	26,583	29,852
Depreciation	17,300	22,657
Allowance for impairment losses on receivables	75	1,011
Loss on disposal of property, plant and equipment	(84)	-
Derecognition of leases	-	(9)
Investment property written off	-	13
Share of profit of an associate	(7,398)	(7,058)
	<u>72,828</u>	<u>88,787</u>
Operating profit before changes in working capital	546,008	510,507
Changes in working capital:		
Trade and other receivables	2,609	8,071
Amount due from/to ultimate holding company	(2,471)	6,572
Amount due from/to immediate holding company	24,689	14,240
Amount due from/to related companies	(4,647)	(2,811)
Trade and other payables	(37,050)	(32,732)
Inventories	(18)	56
	<u>(16,888)</u>	<u>(6,604)</u>
Interest/profit income received	19,618	9,737
Tax paid	(43,017)	(37,586)
Tax refund received	503	12
Net cash generated from operating activities	<u>506,224</u>	<u>476,066</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,673)	(3,667)
Subsequent expenditure on investment properties	(11,861)	(3,354)
Proceeds from disposal of property, plant and equipment	84	1
Net cash used in investing activities	<u>(15,450)</u>	<u>(7,020)</u>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2023

	Cumulative 6 months ended	
	30-Jun-23 RM'000	30-Jun-22 RM'000
Cash flows from financing activities		
Drawdown of borrowing	-	16,540
Repayment of borrowings	(10,000)	(10,000)
Dividends paid to shareholders	(164,285)	(122,040)
Dividends paid to non-controlling interests relating to KLCC REIT	(241,866)	(249,614)
Dividends paid to other non-controlling interests	(58,767)	(58,767)
Interest/profit expense paid	(53,838)	(50,803)
Payment of principal portion of lease liabilities	(1,014)	(2,522)
(Decrease)/increase in deposits restricted	(3,272)	1,135
Net cash used in financing activities	<u>(533,042)</u>	<u>(476,071)</u>
Net decrease in cash and cash equivalents	(42,268)	(7,025)
Cash and cash equivalents at the beginning of the year	1,102,810	956,525
Cash and cash equivalents at the end of period	<u>1,060,542</u>	<u>949,500</u>
Cash and cash equivalents at the end of period comprises:		
Cash and bank balances	742,656	642,378
Deposits	323,320	308,990
	<u>1,065,976</u>	<u>951,368</u>
Less: Deposits restricted ¹	(5,434)	(1,868)
	<u>1,060,542</u>	<u>949,500</u>

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 2022 and the accompanying explanatory notes attached to this interim financial report.)

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NOTES ON THE QUARTERLY REPORT — 30 JUNE 2023

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 14 August 2023.

A2 Basis of preparation

These condensed consolidated interim financial statements, for the period ended 30 June 2023, 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 2022 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 2023 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 2022 was not qualified.

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NOTES ON THE QUARTERLY REPORT — 30 JUNE 2023

A EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTD.)

A5 Segmental information

	Second quarter ended			Cumulative 6 months ended		
	30-Jun-23			30-Jun-23		
	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	10,493	134,950	145,443	20,924	270,833	291,757
Retail	118,491	9,981	128,472	238,079	20,167	258,246
Hotel operations	44,699	-	44,699	90,798	-	90,798
Management services	95,609	-	95,609	173,022	-	173,022
	<u>269,292</u>	<u>144,931</u>	<u>414,223</u>	<u>522,823</u>	<u>291,000</u>	<u>813,823</u>
Eliminations			<u>(19,590)</u>			<u>(38,446)</u>
			<u>394,633</u>			<u>775,377</u>
Operating profit						
Property investment:						
Office	8,577	119,052	127,629	16,962	239,626	256,588
Retail	97,952	6,045	103,997	197,984	12,405	210,389
Hotel operations	2,455	-	2,455	5,176	-	5,176
Management services	20,777	-	20,777	39,542	-	39,542
	<u>129,761</u>	<u>125,097</u>	<u>254,858</u>	<u>259,664</u>	<u>252,031</u>	<u>511,695</u>
Eliminations			<u>(4,107)</u>			<u>(9,561)</u>
			<u>250,751</u>			<u>502,134</u>
Interest/profit income	8,162	1,587	9,749	16,240	2,810	19,050
Finance cost	(13,117)	(14,688)	(27,805)	(26,178)	(29,224)	(55,402)
Share of profit of an associate company	3,719	-	3,719	7,398	-	7,398
Taxation	(28,323)	-	(28,323)	(56,486)	-	(56,486)
Profit for the period / Total comprehensive income for the period			<u>208,091</u>			<u>416,694</u>

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NOTES ON THE QUARTERLY REPORT — 30 JUNE 2023

A EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTD.)

A5 Segmental information (contd.)

	As at 30-Jun-23		Group RM'000
	KLCCP RM'000	KLCC REIT RM'000	
Total assets			
Property investment — Office	1,084,438	9,082,951	10,167,389
Property investment — Retail	5,775,412	507,095	6,282,507
Hotel operations	556,468	—	556,468
Management services	287,059	—	287,059
	<u>7,703,377</u>	<u>9,590,046</u>	<u>17,293,423</u>
Eliminations and adjustments			<u>725,931</u>
			<u>18,019,354</u>
Total liabilities			
Property investment — Office	15,625	1,563,813	1,579,438
Property investment — Retail	787,685	24,168	811,853
Hotel operations	438,753	—	438,753
Management services	89,692	—	89,692
	<u>1,331,755</u>	<u>1,587,981</u>	<u>2,919,736</u>
Eliminations and adjustments			<u>(19,388)</u>
			<u>2,900,348</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

There were no changes to the corporate tax rate during the quarter under review. However, 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.

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 2023

A EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTD.)

A10 Dividends paid

The Board of Directors declared interim dividends comprising 1.41 sen and 7.09 sen relating to KLCCP and KLCC REIT respectively in respect of the three month period ended 31 March 2023 totaling 8.50 sen per stapled security.

The KLCCP dividend of 1.41 sen per share (tax exempt under the single-tier tax system) amounting to RM25.4 million and the KLCC REIT income distribution of 7.09 sen per unit amounting to RM128.0 million were paid on 28 June 2023.

A11 Debt and equity securities

There is no issuance, repurchases and repayments of debt and equity securities for the current quarter ended 30 June 2023, 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 2023 is as follows:

	RM'000
Approved and contracted for	7,573
Approved but not contracted for	62,210
	<u>69,783</u>

A15 Contingent liabilities and contingent assets

There were no 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 2023

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 2023				
<u>Financial liabilities</u>				
Sukuk Murabahah	-	1,947,788	-	1,947,788
<hr/>				
At 31 December 2022				
<u>Financial liabilities</u>				
Sukuk Murabahah	-	1,920,950	-	1,920,950
<hr/>				

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.

KLCC PROPERTY HOLDINGS BERHAD

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NOTES ON THE QUARTERLY REPORT — 30 JUNE 2023

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 strong revenue and PBT of RM394.6 million and RM236.4 million respectively during the quarter; improved by 13% and 8% compared to the same period last year. Similarly, year to date, improvement was recorded in both revenue and PBT by 15% and 12% respectively.

Office segment continued to provide a stable return whilst other segments showed improvement particularly the hotel and management services segments. The improvement was contributed by the returning of hotel's patronage and the increase in maintenance activities undertaken by facilities management segment.

However, this was partially offset by higher utilities cost due to the hike in the Imbalance Cost Pass-Through (ICPT) charges and impacted the bottom line across the Group.

B1 Performance review - Quarterly Results (Q2 2023 vs Q2 2022)

	Second quarter ended			Cumulative 6 months ended		
	30-Jun-23 RM'000	30-Jun-22 RM'000	Change %	30-Jun-23 RM'000	30-Jun-22 RM'000	Change %
Revenue:						
Property investment:						
Office	145,443	145,428	0.01	291,757	290,757	0.34
Retail	128,472	125,170	2.64	258,246	236,015	9.42
Hotel operations	44,699	32,116	39.18	90,798	52,084	74.33
Management services	95,609	66,556	43.65	173,022	130,387	32.70
Eliminations/Adjustments	(19,590)	(18,964)		(38,446)	(37,225)	
	394,633	350,306	12.65	775,377	672,018	15.38
Profit before tax ("PBT"):						
Property investment:						
Office *	119,627	118,410	1.03	240,252	237,170	1.30
Retail	97,215	95,639	1.65	196,873	175,277	12.32
Hotel operations	(2,635)	(8,258)	68.09	(4,942)	(21,111)	76.59
Management services	21,381	16,046	33.25	40,536	32,971	22.94
Eliminations/Adjustments	826	(2,585)		461	(2,587)	
	236,414	219,252	7.83	473,180	421,720	12.20

* Includes share of profit of an associate.

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NOTES ON THE QUARTERLY REPORT — 30 JUNE 2023

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 2023 vs Q2 2022) (contd.)

Variance analysis by segment

Property investment — Office

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

Property investment — Retail

Higher revenue and PBT from retail segment of RM128.5 million (increased by 2.6%) and RM97.2 million (increased by 1.7%) respectively were recorded during the quarter. The continuous effort of refreshing the tenant mix and marketing campaigns have improved customer counts and tenants' sales. The mall welcomed new and exciting tenants during the quarter, which included the official opening of the restaurants at the reconfigured area of the previous Rasa Food Court.

Revenue and PBT improved by 9.4% and 12.3% respectively during the six months under review.

Hotel operations

Mandarin Oriental KL (MOKL) continues to record a robust performance during the quarter on the back of higher Average Room Rate by 28% as well as higher occupancy (Q2 2023: 48%; Q2 2022: 43%). The hotel has leveraged on the increase of MICE activities in the surrounding precinct during the quarter to capture sales.

F&B improved with the seasonal festivities, returning of corporate, MICE and social events where the promotional offerings have collectively led to higher revenue of RM44.7 million and improved PBT by 68%.

Year to date, higher revenue and PBT was recorded by 74.3% and 76.6% respectively.

Management services

Revenue and PBT increased by 43.6% and 33.2% respectively due to the maintenance activities undertaken during Q2 FY2023. Higher interest income derived from higher interest rate during the quarter has further elevated the overall performance.

Year to date, management services segment achieved higher revenue and PBT by 32.7% and 22.9% respectively.

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NOTES ON THE QUARTERLY REPORT — 30 JUNE 2023

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-23 RM'000	31-Mar-23 RM'000	
Revenue:			
Property investment:			
Office	145,443	146,314	(0.60)
Retail	128,472	129,774	(1.00)
Hotel operations	44,699	46,099	(3.04)
Management services	95,609	77,413	23.51
Eliminations/Adjustments	(19,590)	(18,856)	
	<u>394,633</u>	<u>380,744</u>	3.65
Profit/(loss) before tax:			
Property investment:			
Office *	119,627	120,625	(0.83)
Retail	97,215	99,658	(2.45)
Hotel operations	(2,635)	(2,307)	(14.22)
Management services	21,381	19,155	11.62
Eliminations/Adjustments	826	(365)	
	<u>236,414</u>	<u>236,766</u>	(0.15)

* Includes share of profit of an associate.

The Group concluded the quarter with increased revenue compared to the preceding quarter, primarily driven by the revenue generated from one-off maintenance activities undertaken. This was partially offset by marginally lower hotel occupancy and lower percentage rent in retail segment mainly due to multiple festive seasons in Q1 2023.

Office segment remained stable, supported by long-term tenancies.

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B3 Prospects for financial year 2023

Positive recovery momentum is evident in economic and business indicators, fueled by the resurgence of international Meetings, Incentives, Conferences, and Exhibitions (MICE) activities, events, and tourism. Additionally, domestic demand is on the rise, further contributing to the favorable trend.

The mall creative campaign to enrich shopping experience has contributed to increase in customer count and tenants' sales. Suria KLCC will continue to capitalize on its strategic location, demonstrating a commitment to enhance its vibrancy by continuously welcoming new brands as part of a well-planned strategic initiative.

Backed by its robust brand reputation and strategic collaboration with KLCC precinct partners, Mandarin Oriental anticipates sustained growth and favourable performance throughout the year.

The Directors recognize the inflationary pressures, rising cost and the other headwinds surrounding the businesses, however, are confident that the Group will continue to adapt to the market conditions to support sustainable growth.

Overall, the Group's performance is expected to remain stable backed by long term leases and triple net lease arrangement in the office segment.

B4 Profit forecast

No profit forecast was issued for the financial period.

B5 Tax expense

Taxation comprises the following:

	Second quarter ended		Cumulative 6 months ended	
	30-Jun-23	30-Jun-22	30-Jun-23	30-Jun-22
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:				
Malaysian income tax	28,321	31,059	56,483	52,808
Deferred tax	2	10	3	15
	28,323	31,069	56,486	52,823

Overall effective tax rate of 11.98% 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-23		Group RM'000
	KLCCP RM'000	KLCC REIT RM'000	
Short term:			
<u>Secured</u>			
Term loans	12,035	–	12,035
Sukuk Murabahah	–	462,466	462,466
Lease liabilities	1,482	–	1,482
	<u>13,517</u>	<u>462,466</u>	<u>475,983</u>
Long term:			
<u>Secured</u>			
Term loans	388,182	–	388,182
Sukuk Murabahah	600,000	900,000	1,500,000
Lease liabilities	1,506	–	1,506
	<u>989,688</u>	<u>900,000</u>	<u>1,889,688</u>
	<u>1,003,205</u>	<u>1,362,466</u>	<u>2,365,671</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	12,035	388,182	–	–	400,217
Sukuk Murabahah	–	600,000	–	–	600,000
Lease liabilities	1,482	1,506	–	–	2,988
	<u>13,517</u>	<u>989,688</u>	<u>–</u>	<u>–</u>	<u>1,003,205</u>
<u>KLCC REIT</u>					
Sukuk Murabahah	462,466	–	500,000	400,000	1,362,466
	<u>475,983</u>	<u>989,688</u>	<u>500,000</u>	<u>400,000</u>	<u>2,365,671</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 2023:

	Total stapled securities	Dividend/income distribution per stapled securities Sen	Total dividend/income distribution payable RM'000
KLCCP ¹	1,805,333,083	1.80	32,496
KLCC REIT ^{2,3}	1,805,333,083	7.00	126,373
Group		8.80	158,869

The dividend and income distribution for KLCCP and KLCC REIT will be paid on 27 September 2023. The book closure date in respect of both the aforesaid interim dividend and income distribution is 1 September 2023.

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-23 RM'000	30-Jun-22 RM'000	30-Jun-23 RM'000	30-Jun-22 RM'000
Revenue				
Property investment - Office	134,950	135,100	270,833	270,112
Property investment - Retail	9,981	9,792	20,167	19,793
	144,931	144,892	291,000	289,905
Profit income	1,587	1,079	2,810	1,685
	146,518	145,971	293,810	291,590
Less: Expenses	(34,522)	(33,712)	(68,193)	(67,161)
Profit for the period	111,996	112,259	225,617	224,429
Less: Adjustments	14,453	14,289	28,893	28,637
Total realised income available for the period	126,449	126,548	254,510	253,066
Add: Brought forward undistributed realised income available for distribution	93,381	80,692	93,318	80,728
Total realised income available for distribution *	219,830	207,240	347,828	333,794
Less: Income to be distributed for the quarter	(126,373)	(126,554)	(254,371)	(253,108)
Balance undistributed realised income available for distribution	93,457	80,686	93,457	80,686
Distribution per unit (sen)	7.00	7.01	14.09	14.02

* 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	8,002,064	4.43	4.36
KLCCP Stapled Group	1,805,333,083	13,086,915	7.25	7.16

¹ An analysis of KLCC REIT's performance based on changes in NAV and NAV per unit, after distribution, since 31 March 2023 is as follows:

	As at 30-Jun-23	As at 31-Mar-23	Changes
NAV (after distribution) (RM'000)	7,875,691	7,890,067	(14,376)
NAV per unit (after distribution) (RM)	4.36	4.37	(0.01)

B13 Profit for the period

	Second quarter ended		Cumulative 6 months ended	
	30-Jun-23 RM'000	30-Jun-22 RM'000	30-Jun-23 RM'000	30-Jun-22 RM'000
Profit for the period is arrived after charging:				
Depreciation of property, plant and equipment ¹ (Reversal)/allowance for impairment losses on receivables	7,743	11,275	17,300	22,657
Gain on disposal of property, plant and equipment	135	(425)	75	1,011
	(30)	—	(84)	—

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-23	30-Jun-22	30-Jun-23	30-Jun-22
Profit attributable to ordinary equity holders of the Company (RM'000)	68,808	52,916	135,748	102,182
Profit attributable to unitholders of KLCC REIT (RM'000)	111,996	112,259	225,617	224,429
	<u>180,804</u>	<u>165,175</u>	<u>361,365</u>	<u>326,611</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>10.01</u>	<u>9.15</u>	<u>20.02</u>	<u>18.09</u>

B15 Trade receivables

	As at 30-Jun-23 RM'000	As at 31-Dec-22 RM'000
Property investment		
- Office	352	361
- Retail	10,657	11,835
Hotel operations	3,276	3,594
Management services	690	534
	<u>14,975</u>	<u>16,324</u>
Less: Allowance for impairment losses	<u>(7,642)</u>	<u>(7,574)</u>
	<u>7,333</u>	<u>8,750</u>

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B15 Trade receivables (contd.)

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

	As at 30-Jun-23 RM'000	As at 31-Dec-22 RM'000
Not past due	3,730	3,316
Past due 1 to 30 days	1,867	2,155
Past due 31 to 60 days	254	887
Past due 61 to 90 days	303	1,041
Past due more than 90 days	8,821	8,925
	<u>11,245</u>	<u>13,008</u>
Allowance for impairment losses	<u>(7,642)</u>	<u>(7,574)</u>
	<u>7,333</u>	<u>8,750</u>

The movement in the allowance account is as follows:

	As at 30-Jun-23 RM'000	As at 31-Dec-22 RM'000
At 1 January	7,574	9,076
Reversal for impairment	68	(1,502)
At 30 June/ 31 December	<u>7,642</u>	<u>7,574</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