

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Fourth quarter ended		Financial year ended	
	31-Dec-20 RM'000	31-Dec-19 RM'000	31-Dec-20 RM'000	31-Dec-19 RM'000
Revenue	304,707	364,961	1,239,150	1,423,021
Operating expenses	(187,703)	(106,655)	(474,676)	(403,001)
Operating profit	117,004	258,306	764,474	1,020,020
Fair value adjustments to investment properties	(142,535)	118,471	(142,535)	118,471
Interest/profit income	6,035	9,285	23,004	31,636
Finance costs	(27,455)	(28,097)	(110,662)	(111,421)
Share of profit of an associate	2,236	4,503	12,554	12,615
(Loss)/Profit before taxation	(44,715)	362,468	546,835	1,071,321
Taxation	(8,878)	(47,292)	(72,120)	(125,650)
(Loss)/Profit for the period, representing total comprehensive income	(53,593)	315,176	474,715	945,671
(Loss)/Profit attributable to:				
Equity holders of the Company	(144,385)	151,671	(7,505)	356,503
Non-controlling interests relating to KLCC Real Estate Investment Trust (KLCC REIT)	102,548	92,741	439,671	433,648
	(41,837)	244,412	432,166	790,151
Other non-controlling interests	(11,756)	70,764	42,549	155,520
	(53,593)	315,176	474,715	945,671
Excluding fair value adjustments:				
Profit before taxation	99,074	242,994	690,624	951,847
Profit for the period	89,687	217,555	617,995	848,050
Dividend/income distribution to stapled security holders:				
<u>Quarter ended 31 December 2020/2019</u>				
Distributable profit - KLCCP	(34,072)	73,530	102,808	278,362
Realised distributable income - KLCC REIT	113,318	112,854	447,372	451,569
Total realised distributable income	79,246	186,384	550,180	729,931
Unrealised distributable profit - KLCCP	(110,313)	78,141	(110,313)	78,141
Unrealised distributable income - KLCC REIT	(10,770)	(20,113)	(7,701)	(17,921)
	(41,837)	244,412	432,166	790,151
Distribution rate (%) ¹	152.64%	112.36%	98.44%	93.99%
Dividend/income distribution	120,957	209,418	541,599	686,026
Dividend/income distribution per stapled security (sen)	6.70	11.60	30.00	38.00
Earnings per stapled security (sen)				
– Basic	(2.32)	13.54	23.94	43.77

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 2019 and the accompanying explanatory notes attached to this interim financial report.)

KLCC PROPERTY HOLDINGS BERHAD

Registration No. 200401003073 (641576-U)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

	31-Dec-20 RM'000	31-Dec-19 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	638,267	671,690
Investment properties	15,693,205	15,894,180
Right-of-use assets	9,472	11,807
Investment in an associate	266,262	265,588
Deferred tax assets	415	1,330
Other receivables	427,863	426,488
	<u>17,035,484</u>	<u>17,271,083</u>
Current assets		
Inventories	1,411	1,810
Trade and other receivables	81,548	52,962
Tax recoverable	5,370	1,493
Cash and cash equivalents	871,658	883,908
	<u>959,987</u>	<u>940,173</u>
TOTAL ASSETS	<u>17,995,471</u>	<u>18,211,256</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the company		
Share capital	1,823,386	1,823,386
Capital reserve	2,905,084	3,015,397
Retained profits	206,750	299,821
	<u>4,935,220</u>	<u>5,138,604</u>
Equity attributable to unit holders of the KLCC REIT	<u>8,078,845</u>	<u>8,073,356</u>
Total equity attributable to equity holders of KLCCP and KLCC REIT	<u>13,014,065</u>	<u>13,211,960</u>
Other non-controlling interests	<u>2,063,894</u>	<u>2,081,478</u>
Total equity	<u>15,077,959</u>	<u>15,293,438</u>
Non-current liabilities		
Deferred revenue	89,543	46,947
Other long term liabilities	138,494	171,288
Long term borrowings	1,919,273	2,317,386
Deferred taxation	65,224	71,994
	<u>2,212,534</u>	<u>2,607,615</u>
Current liabilities		
Trade and other payables	257,727	257,843
Short term borrowings	430,171	29,210
Taxation	17,080	23,150
	<u>704,978</u>	<u>310,203</u>
Total liabilities	<u>2,917,512</u>	<u>2,917,818</u>
TOTAL EQUITY AND LIABILITIES	<u>17,995,471</u>	<u>18,211,256</u>
Net asset value per stapled security (RM)	7.21	7.32

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 YEAR ENDED 31 DECEMBER 2020**

	← 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 2019	1,823,386	243,209	2,937,256	5,003,851	8,091,402	2,029,836	15,125,089
Adjustment on initial application of MFRS 16 ³	–	(55)	–	(55)	–	(11)	(66)
At 1 January 2019, restated	1,823,386	243,154	2,937,256	5,003,796	8,091,402	2,029,825	15,125,023
Total comprehensive income for the year	–	356,503	–	356,503	433,648	155,520	945,671
Transfer of fair value surplus	–	(78,141)	78,141	–	–	–	–
Dividends paid/declared	–	(221,695)	–	(221,695)	(451,694)	(103,867)	(777,256)
As at 31 December 2019	1,823,386	299,821	3,015,397	5,138,604	8,073,356	2,081,478	15,293,438
As at 1 January 2020	1,823,386	299,821	3,015,397	5,138,604	8,073,356	2,081,478	15,293,438
Total comprehensive income for the year	–	(7,505)	–	(7,505)	439,671	42,549	474,715
Transfer of fair value loss	–	110,313	(110,313)	–	–	–	–
Dividends paid/declared	–	(195,879)	–	(195,879)	(434,182)	(60,133)	(690,194)
As at 31 December 2020	1,823,386	206,750	2,905,084	4,935,220	8,078,845	2,063,894	15,077,959

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 (RM387,790,000) and Retained Profit (RM472,159,000).

³ Cumulative effect of initial application of MFRS 16 under modified retrospective approach.

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 YEAR ENDED 31 DECEMBER 2020

	Financial year ended	
	31-Dec-20 RM'000	31-Dec-19 RM'000
Cash flows from operating activities		
Profit before tax	546,835	1,071,321
Adjustments for:		
Interest/profit income	(23,004)	(31,636)
Finance costs	110,662	111,421
Accrued rental income	(4,044)	(13,777)
Net loss/(gain) on fair value adjustments on investment properties	142,535	(118,471)
Depreciation	50,316	43,334
Allowance for impairment losses on trade receivables	3,127	23
Loss on disposal of property, plant and equipment	34	38
Write off of property, plant and equipment	–	9
Impairment of investment property under construction (IPUC)	81,362	2,786
Share of results of an associate	(12,554)	(12,615)
	<u>348,434</u>	<u>(18,888)</u>
Operating profit before changes in working capital	895,269	1,052,433
Changes in working capital:		
Trade and other receivables	(17,011)	521
Amount due from/to ultimate holding company	11,587	1,849
Amount due from/to immediate holding company	(23,684)	(1,483)
Amount due from/to related companies	1,774	4,058
Trade and other payables	4,535	53,881
Inventories	399	(197)
	<u>(22,400)</u>	<u>58,629</u>
Interest/profit income received	23,504	31,998
Tax paid	(87,921)	(102,549)
Net cash generated from operating activities	<u>808,452</u>	<u>1,040,511</u>
Cash flows from investing activities		
Dividends received	11,880	–
Purchase of property, plant and equipment	(12,594)	(39,686)
Cost incurred for investment properties	(27,520)	(59,511)
Proceeds from disposal of property, plant and equipment	34	110
Net cash used in investing activities	<u>(28,200)</u>	<u>(99,087)</u>
Cash flows from financing activities		
Proceeds from drawdown of borrowings	17,028	500,000
Repayment of borrowings	(10,000)	(407,500)
Dividends paid to equity holders of the company	(195,879)	(221,695)
Dividends paid to non-controlling interests relating to KLCC REIT	(434,463)	(451,649)
Dividends paid to other non-controlling interests	(60,133)	(103,867)
Interest/profit expense paid	(104,378)	(106,545)
Payment of lease liabilities	(4,677)	(1,984)
Decrease in deposits restricted	429	2,971
Net cash used in financing activities	<u>(792,073)</u>	<u>(790,269)</u>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Financial year ended	
	31-Dec-20 RM'000	31-Dec-19 RM'000
Net (decrease)/increase in cash and cash equivalents	(11,821)	151,155
Cash and cash equivalents at the beginning of the year	881,586	730,431
Cash and cash equivalents at the end of the year	<u>869,765</u>	<u>881,586</u>
Cash and cash equivalents at the end of period comprises:		
Cash and bank balances	538,920	549,696
Deposits	<u>332,738</u>	<u>334,212</u>
	871,658	883,908
Less: Deposits restricted ¹	<u>(1,893)</u>	<u>(2,322)</u>
	<u>869,765</u>	<u>881,586</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 2019 and the accompanying explanatory notes attached to this interim financial report.)

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NOTES ON THE QUARTERLY REPORT — 31 DECEMBER 2020

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 27 January 2021.

A2 Basis of preparation

These condensed consolidated interim financial statements, for the period ended 31 December 2020, 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 2019 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 2020 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 2019 was not qualified.

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NOTES ON THE QUARTERLY REPORT — 31 DECEMBER 2020

A EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTD.)

A5 Segmental information

	Fourth quarter ended			Financial year ended		
	31-Dec-20			31-Dec-20		
	KLCCP	KLCC REIT	Group	KLCCP	KLCC REIT	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
Property investment:						
Office	10,187	132,586	142,773	40,922	550,650	591,572
Retail	90,388	8,228	98,616	383,203	30,574	413,777
Hotel operations	9,652	-	9,652	52,858	-	52,858
Management services	71,438	-	71,438	253,180	-	253,180
	181,665	140,814	322,479	730,163	581,224	1,311,387
Eliminations			(17,772)			(72,237)
			304,707			1,239,150
Operating profit						
Property investment:						
Office	(72,741)	117,455	44,714	(47,875)	488,729	440,854
Retail	67,376	5,364	72,740	303,412	17,290	320,702
Hotel operations	(14,707)	-	(14,707)	(49,589)	-	(49,589)
Management services	16,985	-	16,985	65,953	-	65,953
	(3,087)	122,819	119,732	271,901	506,019	777,920
Eliminations			(2,728)			(13,446)
			117,004			764,474
Fair value adjustment on investment properties	(137,450)	(5,085)	(142,535)	(137,450)	(5,085)	(142,535)
Interest/profit income	5,615	420	6,035	20,877	2,127	23,004
Finance cost	(11,340)	(16,115)	(27,455)	(46,763)	(63,899)	(110,662)
Share of profit of an associate company	2,236	-	2,236	12,554	-	12,554
Taxation	(8,878)	-	(8,878)	(72,120)	-	(72,120)
Profit for the period / Total comprehensive income for the period			(53,593)			474,715

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NOTES ON THE QUARTERLY REPORT — 31 DECEMBER 2020

A EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTD.)

A5 Segmental information (Contd.)

	As at 31-Dec-20		Group
	KLCCP	KLCC REIT	
	RM'000	RM'000	RM'000
Total assets			
Property investment — Office	1,032,320	9,181,033	10,213,353
Property investment — Retail	5,829,493	525,106	6,354,599
Hotel operations	611,104	—	611,104
Management services	235,177	—	235,177
	<u>7,708,094</u>	<u>9,706,139</u>	<u>17,414,233</u>
Eliminations and adjustments			<u>581,238</u>
			<u>17,995,471</u>
Total liabilities			
Property investment — Office	21,997	1,603,572	1,625,569
Property investment — Retail	816,143	23,724	839,867
Hotel operations	407,176	—	407,176
Management services	64,801	—	64,801
	<u>1,310,117</u>	<u>1,627,296</u>	<u>2,937,413</u>
Eliminations and adjustments			<u>(19,901)</u>
			<u>2,917,512</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 other than as explained in Note B1.

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, whilst the other segments are not affected by seasonal or cyclical factors.

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A EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTD.)

A10 Dividends paid

The Board of Directors declared interim dividends comprising 1.63 sen and 5.87 sen relating to KLCCP and KLCC REIT respectively in respect of the three month period ended 30 September 2020 totaling 7.50 sen per stapled security.

The KLCCP dividend of 1.63 sen per share (tax exempt under the single-tier tax system) amounting to RM29.4 million and the KLCC REIT income distribution of 5.87 sen per unit amounting to RM106.0 million were paid on 18 December 2020.

A11 Debt and equity securities

There were no other material events subsequent to the end of the quarter under review that have not been reflected in the interim financial statements.

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 31 December 2020 is as follows:

	RM'000
Approved and contracted for	28,547
Approved but not contracted for	208,258
	<u>236,805</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.

KLCC PROPERTY HOLDINGS BERHAD

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NOTES ON THE QUARTERLY REPORT — 31 DECEMBER 2020

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

B1 Performance review

	Fourth quarter ended			Financial year ended		
	31-Dec-20 RM'000	31-Dec-19 RM'000	Change %	31-Dec-20 RM'000	31-Dec-19 RM'000	Change %
Revenue:						
Property investment:						
Office	142,773	148,799	(4.05)	591,572	597,324	(0.96)
Retail	98,616	131,879	(25.22)	413,777	514,707	(19.61)
Hotel operations	9,652	49,101	(80.34)	52,858	177,481	(70.22)
Management services	71,438	53,435	33.69	253,180	206,930	22.35
Eliminations/Adjustments	(17,772)	(18,253)		(72,237)	(73,421)	
	<u>304,707</u>	<u>364,961</u>	(16.51)	<u>1,239,150</u>	<u>1,423,021</u>	(12.92)
Profit before tax ("PBT"):						
Property investment:						
Office *	32,701	118,313	(72.36)	396,448	479,768	(17.37)
Retail	64,910	101,268	(35.90)	290,394	392,147	(25.95)
Hotel operations	(18,040)	2,303	(>100)	(63,618)	671	(>100)
Management services	17,535	19,938	(12.05)	67,372	76,652	(12.11)
Eliminations/Adjustments	714	2,175		(1,226)	3,612	
	<u>97,820</u>	<u>243,997</u>	(59.91)	<u>689,370</u>	<u>952,850</u>	(27.65)
Fair value adjustment on investment properties	(142,535)	118,471	(>100)	(142,535)	118,471	(>100)
	<u>(44,715)</u>	<u>362,468</u>	(>100)	<u>546,835</u>	<u>1,071,321</u>	(48.96)

* Includes share of profit of an associate.

Variance analysis by segment

Property investment — Office

On 18 November 2020, PETRONAS has exercised the option to extend the Triple Net Lease (TNL) period for Menara 3 and PETRONAS Twin Towers for another fifteen (15) years after the expiry of current term in 2026 and 2027 respectively to 2041 and 2042. This has further reinforced the Group's long-term tenancies and resilient in the office segment.

In order to ensure that the extended TNL is fair and at arms' length for both KLCCP and PETRONAS, the rental rate for the extended term will be determined one year before the expiry of the current term after taking into consideration of valuation exercise by professional valuers.

As there is no agreed rate, the accounting treatment under MFRS 16 Lease requires the Group to straight-line the contractual rent until to 2041/2042 based on current rate. As such, the non-cash accounting adjustment have resulted in slight decrease in revenue by 4.1% and 1% in quarter and year to-date (YTD) respectively.

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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 (Contd.)

Property investment — Office (Contd.)

	Fourth quarter ended			Financial year ended		
	31-Dec-20 RM'000	31-Dec-19 RM'000	Change %	31-Dec-20 RM'000	31-Dec-19 RM'000	Change %
PBT Property investment:						
Office	32,701	118,313	(72.36)	396,448	479,768	(17.37)
Add: Impairment of IPUC	81,362	2,786	>100	81,362	2,786	>100
	<u>114,063</u>	<u>121,099</u>	(5.81)	<u>477,810</u>	<u>482,554</u>	(0.98)

In Q4 2020, the Group has recognised an impairment of investment property under construction (IPUC) of RM81.4 million. The impairment arose from the on-going development of Kompleks Dayabumi Phase 3 after taking into accounts of the current economic condition and the prolongation of the project.

Excluding the impairment, PBT office segment remained constant at RM114.1 million and RM477.8 million in Q4 2020 and YTD respectively.

Property investment — Retail

Revenue and PBT in Q4 2020 declined by 25.2% and 35.9% respectively mainly due to the provision of tenant assistance coupled with the decline in the overall revenue as a result of conditional Movement Control Order (MCO) re-imposed by the government effective 12 October 2020.

The YTD revenue and PBT dropped by 19.6% and 26.0% respectively mostly due to the tenant assistance in supporting the retailers following the various phases of MCO throughout the year.

Hotel operations

The hotel's performance remains adversely affected by the pandemic as the country keeps its borders closed to international tourists, resulting in a decrease of 80.3% in the revenue compared to corresponding quarter last year.

Subsequently, the hotel reported a loss before tax of RM18.0 million and RM63.6 million respectively for the quarter and as of YTD.

Management services

Higher revenue observed during the quarter and YTD by 33.7% and 22.4% respectively mostly due to the new business approach in the facility management services.

However, PBT was impacted due to lower profit margin and decline in carpark income from lower transient parking affected by the various phases of MCO.

NOTES ON THE QUARTERLY REPORT — 31 DECEMBER 2020

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 %
	31-Dec-20 RM'000	30-Sep-20 RM'000	
Revenue:			
Property investment:			
Office	142,773	149,721	(4.64)
Retail	98,616	106,418	(7.33)
Hotel operations	9,652	11,667	(17.27)
Management services	71,438	63,060	13.29
Eliminations/Adjustments	(17,772)	(18,262)	
	304,707	312,604	(2.53)
Profit before tax:			
Property investment:			
Office *	32,701	121,564	(73.10)
Retail	64,910	74,894	(13.33)
Hotel operations	(18,040)	(16,292)	(10.73)
Management services	17,535	16,931	3.57
Eliminations/Adjustments	714	(1,646)	
	97,820	195,451	(49.95)
Fair value adjustments on investment properties	(142,535)	–	
	(44,715)	195,451	(122.88)

* Includes share of profit of an associate.

Overall revenue in Q4 2020 decreased slightly by 2.5% mainly due to the re-imposed CMCO by the government effective 12 October 2020 which included interstate travel restrictions until 6 December 2020.

Excluding the fair value adjustment, PBT for the period decreased by 50.0% mainly from the impairment of IPUC of RM81.4 million.

B3 Prospects for financial year 2021

The Directors anticipate another challenging year ahead due to the continuing Covid-19 pandemic.

The recent hike in Covid-19 cases globally also indicates that borders may remain closed for a longer period. The hotel segment continues to operate in a challenging environment. Mandarin Oriental Kuala Lumpur will continue to focus on local and domestic market until the government reopens the border for international arrivals.

Suria KLCC will continue to leverage on its strategic location and its completed anchor-to-specialty reconfiguration. The Directors remain cautious due to the current market sentiment and consumers' spending behavior.

The Directors expect the performance of the office segment to remain stable backed by the triple net lease agreements and long-term leases. The extension of TNL by PETRONAS in both PETRONAS Twin Towers and Menara 3 has further strengthened the stability of the Group's investment in the office segment for the next 15 years after the expiry of the current term in 2026/2027.

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B4 Profit forecast

No profit forecast was issued for the financial period.

B5 Taxation

Taxation comprises the following:

	Fourth quarter ended		Financial year ended	
	31-Dec-20 RM'000	31-Dec-19 RM'000	31-Dec-20 RM'000	31-Dec-19 RM'000
In respect of the current period:				
Malaysian income tax	14,720	24,281	77,975	102,941
Deferred tax	(5,842)	23,011	(5,855)	22,709
	8,878	47,292	72,120	125,650

Overall effective tax rate of 14% 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.

B8 Status of corporate proposal announced

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

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	As at 31-Dec-20		Group RM'000
	KLCCP RM'000	KLCC REIT RM'000	
Short term:			
<u>Secured</u>			
Term loans	11,891	–	11,891
Sukuk Murabahah	–	413,704	413,704
Lease liabilities	4,576	–	4,576
	<u>16,467</u>	<u>413,704</u>	<u>430,171</u>
Long term:			
<u>Secured</u>			
Term loans	359,194	–	359,194
Sukuk Murabahah	600,000	955,000	1,555,000
Lease liabilities	5,079	–	5,079
	<u>964,273</u>	<u>955,000</u>	<u>1,919,273</u>
	<u>980,740</u>	<u>1,368,704</u>	<u>2,349,444</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	11,891	10,000	347,166	2,028	371,085
Sukuk Murabahah	–	–	600,000	–	600,000
Lease liabilities	4,576	2,071	3,008	–	9,655
	<u>16,467</u>	<u>12,071</u>	<u>950,174</u>	<u>2,028</u>	<u>980,740</u>
<u>KLCC REIT</u>					
Sukuk Murabahah	413,704	–	455,000	500,000	1,368,704
	<u>430,171</u>	<u>12,071</u>	<u>1,405,174</u>	<u>502,028</u>	<u>2,349,444</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 31 December 2020:

	Total stapled securities	Dividend/ income distribution per stapled securities Sen	Total dividend/ income distribution payable RM'000
KLCCP ¹	1,805,333,083	1.00	18,053
KLCC REIT ^{2, 3}	1,805,333,083	5.70	102,904
Group		<u>6.70</u>	<u>120,957</u>

The dividend and income distribution for KLCCP and KLCC REIT will be paid on 26 February 2021. The book closure date in respect of both the aforesaid interim dividend and income distribution is 15 February 2021.

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:

	Fourth quarter ended		Financial year ended	
	31-Dec-20 RM'000	31-Dec-19 RM'000	31-Dec-20 RM'000	31-Dec-19 RM'000
Revenue				
Property investment - Office	132,586	138,871	550,650	557,486
Property investment - Retail	8,228	8,660	30,574	33,877
	140,814	147,531	581,224	591,363
Profit income	420	908	2,127	3,634
Fair value adjustment on investment properties	(5,085)	1,093	(5,085)	1,093
	136,149	149,532	578,266	596,090
Less: Expenses	(34,110)	(34,938)	(139,104)	(140,589)
Taxation	509	(21,853)	509	(21,853)
Profit for the period	102,548	92,741	439,671	433,648
Add back : Non-cash items	10,770	20,113	7,701	17,921
Total realised income available for the period/ year	113,318	112,854	447,372	451,569
Add: Brought forward undistributed realised income available for distribution	54,174	41,448	41,469	41,233
Total realised income available for distribution *	167,492	154,302	488,841	492,802
Less: Total income distributed for the period	-	-	(321,349)	(338,500)
Less: Income to be distributed for the quarter	(102,904)	(112,833)	(102,904)	(112,833)
Balance undistributed realised income available for distribution	64,588	41,469	64,588	41,469
Distribution per unit (sen)	5.70	6.25	23.50	25.00

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

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B12 Summary of Net Asset Value ("NAV")

	No. of units listed	NAV RM'000	NAV per unit	
			before distribution RM	after distribution RM
KLCC REIT ¹	1,805,333,083	8,078,845	4.47	4.42
KLCCP Stapled Group	1,805,333,083	13,014,065	7.21	7.14

¹ An analysis of KLCC REIT's performance based on changes in NAV and NAV per unit, after distribution, since 31 December 2019 is as follows:

	As at 31-Dec-20	As at 30-Sep-20	Changes
NAV (after distribution) (RM'000)	7,975,941	7,972,324	3,617
NAV per unit (after distribution) (RM)	4.42	4.42	-

The NAV per unit (after distribution) remained at RM4.42.

B13 Profit for the period

	Fourth quarter ended		Financial year ended	
	31-Dec-20 RM'000	31-Dec-19 RM'000	31-Dec-20 RM'000	31-Dec-19 RM'000
Profit for the period is arrived after charging:				
Depreciation of property, plant and equipment ¹	12,287	11,020	50,316	43,334
Allowance for impairment losses on trade receivables	2,860	-	3,127	23
Loss on disposal of property, plant and equipment	(1)	(5)	34	38
Impairment of investment property under construction	81,362	2,786	81,362	2,786
Write off of property, plant and equipment	-	-	-	9

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")

	Fourth quarter ended		Financial year ended	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
Profit attributable to ordinary equity holders of the Company (RM'000)	(144,385)	151,671	(7,505)	356,503
Profit attributable to unitholders of KLCC REIT (RM'000)	102,548	92,741	439,671	433,648
	<u>(41,837)</u>	<u>244,412</u>	<u>432,166</u>	<u>790,151</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>(2.32)</u>	<u>13.54</u>	<u>23.94</u>	<u>43.77</u>
Without fair value adjustments				
Profit attributable to ordinary equity holders of the Company (RM'000)	(144,385)	151,671	(7,505)	356,503
Profit attributable to unitholders of KLCC REIT (RM'000)	102,548	92,741	439,671	433,648
Less: Fair value adjustments	114,889	(57,381)	114,889	(57,381)
	<u>73,052</u>	<u>187,031</u>	<u>547,055</u>	<u>732,770</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>4.05</u>	<u>10.36</u>	<u>30.30</u>	<u>40.59</u>

B15 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

Abd Aziz Bin Abd Kadir (SSM PC No. 201908001622) (LS0001718)
Yeap Kok Leong (SSM PC No. 202008001750) (MAICSA 0862549)
Company Secretaries
Kuala Lumpur