

KLCC PROPERTY HOLDINGS BERHAD

Registration No. 200401003073 (641576-U)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2023**

| | First quarter ended | | Cumulative 3 months ended | |
|--|------------------------|---------------------|------------------------------|---------------------|
| | 31-Mar-23 RM'000 | 31-Mar-22 RM'000 | 31-Mar-23 RM'000 | 31-Mar-22 RM'000 |
| Revenue | 380,744 | 321,712 | 380,744 | 321,712 |
| Operating expenses | (129,361) | (101,504) | (129,361) | (101,504) |
| Operating profit | 251,383 | 220,208 | 251,383 | 220,208 |
| Interest/profit income | 9,301 | 4,607 | 9,301 | 4,607 |
| Financing costs | (27,597) | (25,870) | (27,597) | (25,870) |
| Share of profit of an associate | 3,679 | 3,524 | 3,679 | 3,524 |
| Profit before taxation | 236,766 | 202,469 | 236,766 | 202,469 |
| Taxation | (28,163) | (21,754) | (28,163) | (21,754) |
| Profit for the period, representing total comprehensive income | 208,603 | 180,715 | 208,603 | 180,715 |
| Profit attributable to: | | | | |
| Equity holders of the Company | 66,940 | 49,266 | 66,940 | 49,266 |
| Non-controlling interests relating to KLCC Real Estate Investment Trust (KLCC REIT) | 113,621 | 112,170 | 113,621 | 112,170 |
| | 180,561 | 161,436 | 180,561 | 161,436 |
| Other non-controlling interests | 28,042 | 19,279 | 28,042 | 19,279 |
| | 208,603 | 180,715 | 208,603 | 180,715 |
| Dividend/income distribution to stapled security holders: | | | | |
| <u>Quarter ended 31 March 2023/2022</u> | | | | |
| Realised distributable income - KLCCP | 66,940 | 49,266 | 66,940 | 49,266 |
| Realised distributable income - KLCC REIT | 128,061 | 126,518 | 128,061 | 126,518 |
| Total realised distributable income | 195,001 | 175,784 | 195,001 | 175,784 |
| Unrealised distributable loss - KLCC REIT | (14,440) | (14,348) | (14,440) | (14,348) |
| | 180,561 | 161,436 | 180,561 | 161,436 |
| Distribution rate (%) ¹ | 78.69% | 82.16% | 78.69% | 82.16% |
| Dividend/income distribution | 153,453 | 144,427 | 153,453 | 144,427 |
| Dividend/income distribution per stapled security (sen) | 8.50 | 8.00 | 8.50 | 8.00 |
| Earnings per stapled security (sen) | | | | |
| – Basic / Diluted | 10.00 | 8.94 | 10.00 | 8.94 |

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
Registration No. 200401003073 (641576-U)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

| | 31-Mar-23 | 31-Dec-22 |
|---|--------------------------|--------------------------|
| | RM'000 | RM'000 |
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 561,629 | 570,929 |
| Investment properties | 15,722,845 | 15,722,780 |
| Right-of-use assets | 3,488 | 3,913 |
| Investment in an associate | 268,702 | 265,023 |
| Deferred tax assets | 1,462 | 1,464 |
| Other receivables | 314,302 | 328,988 |
| | <u>16,872,428</u> | <u>16,893,097</u> |
| Current assets | | |
| Inventories | 1,347 | 1,558 |
| Trade and other receivables | 75,755 | 102,018 |
| Tax recoverable | 5,680 | 7,813 |
| Cash and bank balances | 1,035,192 | 1,104,972 |
| | <u>1,117,974</u> | <u>1,216,361</u> |
| TOTAL ASSETS | <u>17,990,402</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 | 320,922 | 392,812 |
| | <u>5,041,498</u> | <u>5,113,388</u> |
| Equity attributable to unit holders of the KLCC REIT | <u>8,018,065</u> | <u>8,018,361</u> |
| Total equity attributable to equity holders of KLCCP and KLCC REIT | <u>13,059,563</u> | <u>13,131,749</u> |
| Other non-controlling interests | <u>2,030,771</u> | <u>2,035,529</u> |
| Total equity | <u>15,090,334</u> | <u>15,167,278</u> |
| Non-current liabilities | | |
| Deferred revenue | 85,406 | 82,633 |
| Other long term liabilities | 131,879 | 126,928 |
| Financings | 2,354,953 | 2,355,887 |
| Deferred tax liabilities | 53,982 | 53,982 |
| | <u>2,626,220</u> | <u>2,619,430</u> |
| Current liabilities | | |
| Trade and other payables | 206,910 | 281,308 |
| Financings | 43,432 | 22,586 |
| Taxation | 23,506 | 18,856 |
| | <u>273,848</u> | <u>322,750</u> |
| Total liabilities | <u>2,900,068</u> | <u>2,942,180</u> |
| TOTAL EQUITY AND LIABILITIES | <u>17,990,402</u> | <u>18,109,458</u> |
| Net asset value per stapled security (RM) | 7.23 | 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

Registration No. 200401003073 (641576-U)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 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 | – | 49,266 | – | 49,266 | 112,170 | 19,279 | 180,715 |
| Dividends paid | – | (104,168) | – | (104,168) | (123,304) | (36,900) | (264,372) |
| As at 31 March 2022 | 1,823,386 | 253,594 | 2,860,830 | 4,937,810 | 8,005,992 | 2,012,017 | 14,955,819 |
| 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 | – | 66,940 | – | 66,940 | 113,621 | 28,042 | 208,603 |
| Dividends paid | – | (138,830) | – | (138,830) | (113,917) | (32,800) | (285,547) |
| As at 31 March 2023 | 1,823,386 | 320,922 | 2,897,190 | 5,041,498 | 8,018,065 | 2,030,771 | 15,090,334 |

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 (RM425,189,000).

(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 31 MARCH 2023

| | Cumulative 3 months ended | |
|---|------------------------------|-----------------------|
| | 31-Mar-23 RM'000 | 31-Mar-22 RM'000 |
| Cash flows from operating activities | | |
| Profit before tax | 236,766 | 202,469 |
| Adjustments for: | | |
| Interest/profit income | (9,301) | (4,607) |
| Financing costs | 27,598 | 25,870 |
| Accrued rental income | 13,123 | 19,121 |
| Depreciation | 9,557 | 11,382 |
| (Reversal)/allowance for impairment losses on receivables | (60) | 1,428 |
| Loss/(gain) on disposal of property, plant and equipment | (54) | - |
| Share of profit of an associate | (3,679) | (3,524) |
| | <u>37,184</u> | <u>49,670</u> |
| Operating profit before changes in working capital | 273,950 | 252,139 |
| Changes in working capital: | | |
| Trade and other receivables | (6,510) | 3,843 |
| Amount due from/to ultimate holding company | 6,904 | (2,260) |
| Amount due from/to immediate holding company | 33,021 | 12,523 |
| Amount due from/to related companies | 1,262 | (1,467) |
| Trade and other payables | (72,740) | (26,316) |
| Inventories | 211 | 76 |
| | <u>(37,852)</u> | <u>(13,601)</u> |
| Interest/profit income received | 9,415 | 4,580 |
| Tax paid | (21,382) | (18,447) |
| Tax refund received | - | 12 |
| Net cash generated from operating activities | <u>224,131</u> | <u>224,683</u> |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (551) | (2,650) |
| Subsequent expenditure on investment properties | (65) | (300) |
| Proceeds from disposal of property, plant and equipment | 54 | 1 |
| Net cash used in investing activities | <u>(562)</u> | <u>(2,949)</u> |

KLCC PROPERTY HOLDINGS BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2023

| | Cumulative 3 months ended | |
|---|------------------------------|---------------------|
| | 31-Mar-23 RM'000 | 31-Mar-22 RM'000 |
| Cash flows from financing activities | | |
| Drawdown of borrowing | – | 3,388 |
| Dividends paid to shareholders | (138,830) | (104,168) |
| Dividends paid to non-controlling interests relating to KLCC REIT | (115,988) | (125,151) |
| Dividends paid to other non-controlling interests | (32,800) | (36,900) |
| Interest/profit expense paid | (5,221) | (3,763) |
| Payment of principal portion of lease liabilities | (510) | (1,269) |
| Increase/(decrease) in deposits restricted | (2,518) | 1,144 |
| Net cash used in financing activities | <u>(295,867)</u> | <u>(266,719)</u> |
| Net decrease in cash and cash equivalents | (72,298) | (44,985) |
| 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>1,030,512</u> | <u>911,540</u> |
| Cash and cash equivalents at the end of period comprises: | | |
| Cash and bank balances | 748,386 | 619,550 |
| Deposits | 286,806 | 293,849 |
| | <u>1,035,192</u> | <u>913,399</u> |
| Less: Deposits restricted ¹ | (4,680) | (1,859) |
| | <u>1,030,512</u> | <u>911,540</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.)

KLCC PROPERTY HOLDINGS BERHAD

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NOTES ON THE QUARTERLY REPORT — 31 MARCH 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 29 May 2023.

A2 Basis of preparation

These condensed consolidated interim financial statements, for the period ended 31 March 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.

KLCC PROPERTY HOLDINGS BERHAD

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NOTES ON THE QUARTERLY REPORT — 31 MARCH 2023**A EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTD.)****A5 Segmental information**

| | First quarter ended | | | Cumulative 3 months ended | | |
|---|---------------------|----------------|-----------------------|---------------------------|----------------|-----------------------|
| | 31-Mar-23 | | | 31-Mar-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 | 10,431 | 135,883 | 146,314 | 10,431 | 135,883 | 146,314 |
| Retail | 119,588 | 10,186 | 129,774 | 119,588 | 10,186 | 129,774 |
| Hotel operations | 46,099 | - | 46,099 | 46,099 | - | 46,099 |
| Management services | 77,413 | - | 77,413 | 77,413 | - | 77,413 |
| | <u>253,531</u> | <u>146,069</u> | <u>399,600</u> | <u>253,531</u> | <u>146,069</u> | <u>399,600</u> |
| Eliminations | | | (18,856) | | | (18,856) |
| | | | <u>380,744</u> | | | <u>380,744</u> |
| Operating profit | | | | | | |
| Property investment: | | | | | | |
| Office | 8,385 | 120,574 | 128,959 | 8,385 | 120,574 | 128,959 |
| Retail | 100,032 | 6,360 | 106,392 | 100,032 | 6,360 | 106,392 |
| Hotel operations | 2,721 | - | 2,721 | 2,721 | - | 2,721 |
| Management services | 18,765 | - | 18,765 | 18,765 | - | 18,765 |
| | <u>129,903</u> | <u>126,934</u> | <u>256,837</u> | <u>129,903</u> | <u>126,934</u> | <u>256,837</u> |
| Eliminations | | | (5,454) | | | (5,454) |
| | | | <u>251,383</u> | | | <u>251,383</u> |
| Interest/profit income | 8,078 | 1,223 | 9,301 | 8,078 | 1,223 | 9,301 |
| Finance cost | (13,061) | (14,536) | (27,597) | (13,061) | (14,536) | (27,597) |
| Share of profit of an associate company | 3,679 | - | 3,679 | 3,679 | - | 3,679 |
| Taxation | (28,163) | - | (28,163) | (28,163) | - | (28,163) |
| Profit for the period / | | | | | | |
| Total comprehensive | | | | | | |
| income for the period | | | <u>208,603</u> | | | <u>208,603</u> |

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NOTES ON THE QUARTERLY REPORT — 31 MARCH 2023

A EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTD.)

A5 Segmental information (contd.)

| | As at 31-Mar-23 | | Group RM'000 |
|------------------------------|------------------|------------------------|--------------------------|
| | KLCCP RM'000 | KLCC REIT RM'000 | |
| Total assets | | | |
| Property investment — Office | 1,078,556 | 9,100,047 | 10,178,603 |
| Property investment — Retail | 5,779,374 | 495,574 | 6,274,948 |
| Hotel operations | 563,440 | — | 563,440 |
| Management services | 259,079 | — | 259,079 |
| | <u>7,680,449</u> | <u>9,595,621</u> | <u>17,276,070</u> |
| Eliminations and adjustments | | | <u>714,332</u> |
| | | | <u>17,990,402</u> |
| Total liabilities | | | |
| Property investment — Office | 16,923 | 1,565,285 | 1,582,208 |
| Property investment — Retail | 796,596 | 12,291 | 808,887 |
| Hotel operations | 443,090 | — | 443,090 |
| Management services | 84,320 | — | 84,320 |
| | <u>1,340,929</u> | <u>1,577,576</u> | <u>2,918,505</u> |
| Eliminations and adjustments | | | <u>(18,437)</u> |
| | | | <u>2,900,068</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.

KLCC PROPERTY HOLDINGS BERHAD

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NOTES ON THE QUARTERLY REPORT — 31 MARCH 2023

A EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTD.)

A10 Dividends paid

The Board of Directors declared final dividends comprising 7.69 sen and 6.31 sen relating to KLCCP and KLCC REIT respectively in respect of the three month period ended 31 December 2022 totaling 14.00 sen per stapled security.

The KLCCP dividend of 7.69 sen per share (tax exempt under the single-tier tax system) amounting to RM138.8 million and the KLCC REIT income distribution of 6.31 sen per unit amounting to RM113.9 million were paid on 28 February 2023.

A11 Debt and equity securities

There is no issuance, repurchases and repayments of debt and equity securities for the current quarter ended 31 March 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 31 March 2023 is as follows:

| | RM'000 |
|---------------------------------|---------------|
| Approved and contracted for | 7,638 |
| Approved but not contracted for | 66,047 |
| | <u>73,685</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 MARCH 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 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 |
|------------------------------|-------------------|-------------------|-------------------|-----------------|
| At 31 March 2023 | | | | |
| <u>Financial liabilities</u> | | | | |
| Sukuk Murabahah | - | 1,935,445 | - | 1,935,445 |
| At 31 December 2022 | | | | |
| <u>Financial liabilities</u> | | | | |
| Sukuk Murabahah | - | 1,920,950 | - | 1,920,950 |

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 31 December 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 2022 and subsequent capital expenditure incurred up to the reporting date.

KLCC PROPERTY HOLDINGS BERHAD

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NOTES ON THE QUARTERLY REPORT — 31 MARCH 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 revenue and PBT of RM380.7 million and RM236.8 million respectively during the quarter; an encouraging post pandemic recovery.

Higher customer counts in the mall, the returning of hotel's patronage as well as the increase in maintenance activities undertaken led to better performance.

B1 Performance review - Quarterly Results (Q1 2023 vs Q1 2022)

| | First quarter ended | | | Cumulative 3 months ended | | |
|----------------------------|---------------------|---------------------|-------------|---------------------------|---------------------|-------------|
| | 31-Mar-23 RM'000 | 31-Mar-22 RM'000 | Change % | 31-Mar-23 RM'000 | 31-Mar-22 RM'000 | Change % |
| Revenue: | | | | | | |
| Property investment: | | | | | | |
| Office | 146,314 | 145,329 | 0.68 | 146,314 | 145,329 | 0.68 |
| Retail | 129,774 | 110,845 | 17.08 | 129,774 | 110,845 | 17.08 |
| Hotel operations | 46,099 | 19,968 | >100 | 46,099 | 19,968 | >100 |
| Management services | 77,413 | 63,831 | 21.28 | 77,413 | 63,831 | 21.28 |
| Eliminations/Adjustments | (18,856) | (18,261) | | (18,856) | (18,261) | |
| | 380,744 | 321,712 | 18.35 | 380,744 | 321,712 | 18.35 |
| Profit before tax ("PBT"): | | | | | | |
| Property investment: | | | | | | |
| Office * | 120,625 | 118,760 | 1.57 | 120,625 | 118,760 | 1.57 |
| Retail | 99,658 | 79,638 | 25.14 | 99,658 | 79,638 | 25.14 |
| Hotel operations | (2,307) | (12,853) | 82.05 | (2,307) | (12,853) | 82.05 |
| Management services | 19,155 | 16,925 | 13.18 | 19,155 | 16,925 | 13.18 |
| Eliminations/Adjustments | (365) | (1) | | (365) | (1) | |
| | 236,766 | 202,469 | 16.94 | 236,766 | 202,469 | 16.94 |

* Includes share of profit of an associate.

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NOTES ON THE QUARTERLY REPORT — 31 MARCH 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 (Q1 2023 vs Q1 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 from retail segment of RM129.8 million, an increase of 17% supported by better tenant's sales and improved customer counts at the mall.

This was partially offset by higher electricity cost as a result of hike in Imbalance Cost Pass-Through (ICPT) charges announced in January 2023. Nonetheless, overall PBT improved by 25% to RM99.7 million during the quarter under review.

Hotel operations

Mandarin Oriental KL (MOKL) recorded a robust performance during the quarter on the back of higher occupancy (Q1 2023: 49.5%; Q1 2022: 21.2%). The higher occupancy was driven by the easing of travel restrictions and re-opening of international borders since April 2022 allowing MOKL to capture pent-up demand via innovative offerings by the hotel.

F&B improved with the returning of corporate and MICE business as well as social events. This has collectively resulted to the higher revenue of RM46.1 million and improved bottom line by 82%.

Management services

Revenue and PBT increased by 21.3% and 13.2% respectively due to the higher carpark income and maintenance activities undertaken during Q1 FY2023. The better performance was further contributed by the higher interest income derived from higher interest rate during the quarter.

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B2 Variation of results against preceding quarter

| | Quarter ended | | Change % |
|---|---------------------|---------------------|----------------|
| | 31-Mar-23 RM'000 | 31-Dec-22 RM'000 | |
| Revenue: | | | |
| Property investment: | | | |
| Office | 146,314 | 146,034 | 0.19 |
| Retail | 129,774 | 125,372 | 3.51 |
| Hotel operations | 46,099 | 49,063 | (6.04) |
| Management services | 77,413 | 112,125 | (30.96) |
| Eliminations/Adjustments | <u>(18,856)</u> | <u>(19,338)</u> | |
| | 380,744 | 413,256 | (7.87) |
| Profit before tax: | | | |
| Property investment: | | | |
| Office * | 120,625 | 110,530 | 9.13 |
| Retail | 99,658 | 96,853 | 2.90 |
| Hotel operations | (2,307) | (95) | >100 |
| Management services | 19,155 | 21,494 | (10.88) |
| Eliminations/Adjustments | <u>(365)</u> | <u>2,138</u> | |
| | 236,766 | 230,920 | 2.53 |
| Fair value adjustments on investment properties | - | 128,676 | |
| | 236,766 | 359,596 | (34.16) |

* Includes share of profit of an associate.

The Group's profitability continued in an upward trend from the preceding quarter with Profit Before Tax (excluding fair value adjustment) higher by 2.5% at RM236.8 million (Q4 FY2022: RM230.1 million). This was supported by the better performance in office and retail segments in the absence of one-off site preservation cost and rental assistance respectively.

This was partially offset by marginally lower hotel's PBT where MOKL's performance in Q4 FY2022 was better due to festive season and year end celebration.

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B3 Prospects for financial year 2023

Economic and business indicators show positive recovery momentum with the return of international MICE, events and tourism along with the rising domestic demand.

The encouraging customer count in Suria KLCC during the quarter indicates normalisation of the retail segment with the return of shoppers as the mall heightens its marketing activities to drive sales and introduce new product offerings. The mall continues to leverage on its strategic location and will continue to welcome new brands as part of the strategic initiative to enhance the vibrancy of the mall.

Mandarin Oriental is expecting to continue its positive performance by leveraging on its strong brand value and innovative campaigns.

Notwithstanding, the Directors remain cautious with inflationary pressure which may impact the consumers' spending pattern and cost of business.

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:

| | First quarter ended | | Cumulative 3 months ended | |
|-----------------------------------|---------------------|---------------|---------------------------|---------------|
| | 31-Mar-23 | 31-Mar-22 | 31-Mar-23 | 31-Mar-22 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| In respect of the current period: | | | | |
| Malaysian income tax | 28,162 | 21,748 | 28,162 | 21,749 |
| Deferred tax | 1 | 6 | 1 | 5 |
| | 28,163 | 21,754 | 28,163 | 21,754 |

Overall effective tax rate of 11.89% 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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There was no corporate proposal announced but not completed as at the date of this report.

B9 Financings

| | As at 31-Mar-23 | | |
|-------------------|------------------|------------------------|------------------|
| | KLCCP RM'000 | KLCC REIT RM'000 | Group RM'000 |
| Short term: | | | |
| <u>Secured</u> | | | |
| Term loans | 11,910 | – | 11,910 |
| Sukuk Murabahah | 7,076 | 22,768 | 29,844 |
| Lease liabilities | 1,678 | – | 1,678 |
| | <u>20,664</u> | <u>22,768</u> | <u>43,432</u> |
| Long term: | | | |
| <u>Secured</u> | | | |
| Term loans | 398,182 | – | 398,182 |
| Sukuk Murabahah | 600,000 | 1,355,000 | 1,955,000 |
| Lease liabilities | 1,771 | – | 1,771 |
| | <u>999,953</u> | <u>1,355,000</u> | <u>2,354,953</u> |
| | <u>1,020,617</u> | <u>1,377,768</u> | <u>2,398,385</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 | 11,910 | 10,000 | 388,182 | – | 410,092 |
| Sukuk Murabahah | 7,076 | – | 600,000 | – | 607,076 |
| Lease liabilities | 1,678 | 1,771 | – | – | 3,449 |
| | <u>20,664</u> | <u>11,771</u> | <u>988,182</u> | <u>–</u> | <u>1,020,617</u> |
| <u>KLCC REIT</u> | | | | | |
| Sukuk Murabahah | 22,768 | 455,000 | 500,000 | 400,000 | 1,377,768 |
| | <u>43,432</u> | <u>466,771</u> | <u>1,488,182</u> | <u>400,000</u> | <u>2,398,385</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 March 2023:

| | Total stapled securities | Dividend/income distribution per stapled securities Sen | Total dividend/income distribution payable RM'000 |
|--------------------------|--------------------------|--|--|
| KLCCP ¹ | 1,805,333,083 | 1.41 | 25,455 |
| KLCC REIT ^{2,3} | 1,805,333,083 | 7.09 | 127,998 |
| Group | | <u>8.50</u> | <u>153,453</u> |

The dividend and income distribution for KLCCP and KLCC REIT will be paid on 28 June 2023. The book closure date in respect of both the aforesaid interim dividend and income distribution is 14 June 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:

| | First quarter ended | | Cumulative 3 months ended | |
|---|---------------------|---------------------|---------------------------|---------------------|
| | 31-Mar-23 RM'000 | 31-Mar-22 RM'000 | 31-Mar-23 RM'000 | 31-Mar-22 RM'000 |
| Revenue | | | | |
| Property investment - Office | 135,883 | 135,012 | 135,883 | 135,012 |
| Property investment - Retail | 10,186 | 10,001 | 10,186 | 10,001 |
| | 146,069 | 145,013 | 146,069 | 145,013 |
| Profit income | 1,223 | 606 | 1,223 | 606 |
| | 147,292 | 145,619 | 147,292 | 145,619 |
| Less: Expenses | (33,671) | (33,449) | (33,671) | (33,449) |
| Profit for the period | 113,621 | 112,170 | 113,621 | 112,170 |
| Less: Adjustments | 14,440 | 14,348 | 14,440 | 14,348 |
| Total realised income available for the period | 128,061 | 126,518 | 128,061 | 126,518 |
| Add: Brought forward undistributed realised income available for distribution | 93,318 | 80,728 | 93,318 | 80,728 |
| Total realised income available for distribution * | 221,379 | 207,246 | 221,379 | 207,246 |
| Less: Income to be distributed for the quarter | (127,998) | (126,554) | (127,998) | (126,554) |
| Balance undistributed realised income available for distribution | 93,381 | 80,692 | 93,381 | 80,692 |
| Distribution per unit (sen) | 7.09 | 7.01 | 7.09 | 7.01 |

* 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 | 8,018,065 | 4.44 | 4.37 |
| KLCCP Stapled Group | 1,805,333,083 | 13,059,563 | 7.23 | 7.15 |

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

| | As at 31-Mar-23 | As at 31-Dec-22 | Changes |
|--|--------------------|--------------------|----------|
| NAV (after distribution) (RM'000) | 7,890,067 | 7,904,444 | (14,377) |
| NAV per unit (after distribution) (RM) | 4.37 | 4.38 | (0.01) |

B13 Profit for the period

| | First quarter ended | | Cumulative 3 months ended | |
|--|------------------------|---------------------|------------------------------|---------------------|
| | 31-Mar-23 RM'000 | 31-Mar-22 RM'000 | 31-Mar-23 RM'000 | 31-Mar-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 | 9,557 | 11,382 | 9,557 | 11,382 |
| Gain on disposal of property, plant and equipment | (60) | 1,428 | (60) | 1,428 |
| | (54) | – | (54) | – |

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")

| | First quarter ended | | Cumulative 3 months ended | |
|--|---------------------|----------------|---------------------------|----------------|
| | 31-Mar-23 | 31-Mar-22 | 31-Mar-23 | 31-Mar-22 |
| Profit attributable to ordinary equity holders of the Company (RM'000) | 66,940 | 49,266 | 66,940 | 49,266 |
| Profit attributable to unitholders of KLCC REIT (RM'000) | 113,621 | 112,170 | 113,621 | 112,170 |
| | <u>180,561</u> | <u>161,436</u> | <u>180,561</u> | <u>161,436</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>10.00</u> | <u>8.94</u> | <u>10.00</u> | <u>8.94</u> |

B15 Trade receivables

| | As at 31-Mar-23 RM'000 | As at 31-Dec-22 RM'000 |
|---------------------------------------|---------------------------|---------------------------|
| Property investment | | |
| - Office | 1,123 | 361 |
| - Retail | 11,493 | 11,835 |
| Hotel operations | 2,460 | 3,594 |
| Management services | 552 | 534 |
| | <u>15,628</u> | <u>16,324</u> |
| Less: Allowance for impairment losses | <u>(7,514)</u> | <u>(7,574)</u> |
| | <u>8,114</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 31-Mar-23 RM'000 | As at 31-Dec-22 RM'000 |
|---------------------------------|---------------------------------------|---------------------------------------|
| Not past due | 3,015 | 3,316 |
| Past due 1 to 30 days | 3,023 | 2,155 |
| Past due 31 to 60 days | 665 | 887 |
| Past due 61 to 90 days | 303 | 1,041 |
| Past due more than 90 days | 8,622 | 8,925 |
| | <u>12,613</u> | <u>13,008</u> |
| Allowance for impairment losses | <u>(7,514)</u> | <u>(7,574)</u> |
| | <u>8,114</u> | <u>8,750</u> |

The movement in the allowance account is as follows:

| | As at 31-Mar-23 RM'000 | As at 31-Dec-22 RM'000 |
|--------------------------|---------------------------------------|---------------------------------------|
| At 1 January | 7,574 | 9,076 |
| Reversal for impairment | (60) | (1,502) |
| At 31 March/ 31 December | <u>7,514</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