

KLCC PROPERTY HOLDINGS BERHAD

Registration No. 200401003073 (641576-U)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

	Third quarter ended		Cumulative 9 months ended	
	30-Sep-23 RM'000	30-Sep-22 RM'000	30-Sep-23 RM'000	30-Sep-22 RM'000
Revenue	401,156	373,977	1,176,533	1,045,995
Operating expenses	(143,212)	(120,345)	(416,455)	(335,380)
Operating profit	257,944	253,632	760,078	710,615
Interest/profit income	10,083	6,595	29,133	16,325
Financing costs	(27,915)	(26,374)	(83,317)	(78,425)
Share of profit of an associate	3,745	3,710	11,143	10,768
Profit before taxation	243,857	237,563	717,037	659,283
Taxation	(28,674)	(31,544)	(85,160)	(84,367)
Profit for the period, representing total comprehensive income	215,183	206,019	631,877	574,916
Profit attributable to:				
Equity holders of the Company	73,478	65,231	209,226	167,413
Non-controlling interests relating to KLCC Real Estate Investment Trust (KLCC REIT)	111,858	111,355	337,475	335,784
	185,336	176,586	546,701	503,197
Other non-controlling interests	29,847	29,433	85,176	71,719
	215,183	206,019	631,877	574,916
Dividend/income distribution to stapled security holders:				
<u>Quarter ended 30 September 2023/2022</u>				
Realised distributable income - KLCCP	73,478	65,231	209,226	167,414
Realised distributable income - KLCC REIT	126,360	125,726	380,870	378,792
Total realised distributable income	199,838	190,957	590,096	546,206
Unrealised distributable loss - KLCC REIT	(14,502)	(14,371)	(43,395)	(43,008)
	185,336	176,586	546,701	503,198
Distribution rate (%) ¹	79.50%	75.63%	79.85%	79.33%
Dividend/income distribution	158,869	144,426	471,191	433,280
Dividend/income distribution per stapled security (sen)	8.80	8.00	26.10	24.00
Earnings per stapled security (sen)				
– Basic / Diluted	10.27	9.78	30.28	27.87

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 30 SEPTEMBER 2023

	30-Sep-23 RM'000	31-Dec-22 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	550,940	570,929
Investment properties	15,730,939	15,722,780
Right-of-use assets	2,751	3,913
Investment in an associate	276,166	265,023
Deferred tax assets	1,461	1,464
Other receivables	285,294	328,988
	<u>16,847,551</u>	<u>16,893,097</u>
Current assets		
Inventories	1,386	1,558
Trade and other receivables	71,551	102,018
Tax recoverable	2,306	7,813
Cash and bank balances	1,137,930	1,104,972
	<u>1,213,173</u>	<u>1,216,361</u>
TOTAL ASSETS	<u>18,060,724</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	405,257	392,812
	<u>5,125,833</u>	<u>5,113,388</u>
Equity attributable to unit holders of the KLCC REIT	<u>7,987,548</u>	<u>8,018,361</u>
Total equity attributable to equity holders of KLCCP and KLCC REIT	<u>13,113,381</u>	<u>13,131,749</u>
Other non-controlling interests	<u>2,035,972</u>	<u>2,035,529</u>
Total equity	<u>15,149,353</u>	<u>15,167,278</u>
Non-current liabilities		
Deferred revenue	83,400	82,633
Other long term liabilities	142,361	126,928
Financings	1,889,425	2,355,887
Deferred tax liabilities	53,982	53,982
	<u>2,169,168</u>	<u>2,619,430</u>
Current liabilities		
Trade and other payables	222,554	281,308
Financings	497,481	22,586
Taxation	22,168	18,856
	<u>742,203</u>	<u>322,750</u>
Total liabilities	<u>2,911,371</u>	<u>2,942,180</u>
TOTAL EQUITY AND LIABILITIES	<u>18,060,724</u>	<u>18,109,458</u>
Net asset value per stapled security (RM)	7.26	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 30 SEPTEMBER 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	—	167,413	—	167,413	335,784	71,719	574,916
Dividends paid	—	(139,913)	—	(139,913)	(376,412)	(83,367)	(599,692)
As at 30 September 2022	1,823,386	335,996	2,860,830	5,020,212	7,976,498	2,017,990	15,014,700
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	—	209,226	—	209,226	337,475	85,176	631,877
Dividends paid	—	(196,781)	—	(196,781)	(368,288)	(84,733)	(649,802)
As at 30 September 2023	1,823,386	405,257	2,897,190	5,125,833	7,987,548	2,035,972	15,149,353

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 (RM394,672,000).

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

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

	Cumulative 9 months ended	
	30-Sep-23 RM'000	30-Sep-22 RM'000
Cash flows from operating activities		
Profit before tax	717,037	659,283
Adjustments for:		
Interest/profit income	(29,133)	(16,325)
Financing costs	83,319	78,425
Accrued rental income	38,775	44,554
Depreciation	25,351	34,163
(Reversal)/allowance for impairment losses on receivables	(105)	366
Loss on disposal of property, plant and equipment	(37)	(1)
Derecognition of leases	-	(9)
Investment property written off	-	13
Share of profit of an associate	(11,143)	(10,768)
	<u>107,027</u>	<u>130,418</u>
Operating profit before changes in working capital	824,064	789,701
Changes in working capital:		
Trade and other receivables	3,297	6,931
Amount due from/to ultimate holding company	74	670
Amount due from/to immediate holding company	26,714	12,447
Amount due from/to related companies	4,152	(16,750)
Trade and other payables	(41,598)	(27,493)
Inventories	172	66
	<u>(7,189)</u>	<u>(24,129)</u>
Interest/profit income received	29,672	16,102
Tax paid	(76,841)	(55,551)
Tax refund received	503	12
Net cash generated from operating activities	<u>770,209</u>	<u>726,135</u>
Cash flows from investing activities		
Dividends received	-	16,500
Purchase of property, plant and equipment	(5,039)	(2,412)
Subsequent expenditure on investment properties	(12,357)	(3,850)
Proceeds from disposal of property, plant and equipment	104	2
Net cash used in investing activities	<u>(17,292)</u>	<u>10,240</u>

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

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

	Cumulative 9 months ended	
	30-Sep-23	30-Sep-22
	RM'000	RM'000
Cash flows from financing activities		
Drawdown of borrowing	-	16,540
Repayment of borrowings	(10,000)	(10,000)
Dividends paid to shareholders	(196,781)	(139,913)
Dividends paid to non-controlling interests relating to KLCC REIT	(368,264)	(376,167)
Dividends paid to other non-controlling interests	(84,733)	(83,367)
Interest/profit expense paid	(59,101)	(54,743)
Payment of principal portion of lease liabilities	(1,080)	(3,701)
(Decrease)/increase in deposits restricted	(2,408)	1,909
Net cash used in financing activities	<u>(722,367)</u>	<u>(649,442)</u>
Net decrease in cash and cash equivalents	30,550	86,933
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>1,133,360</u>	<u>1,043,458</u>
Cash and cash equivalents at the end of period comprises:		
Cash and bank balances	763,147	697,851
Deposits	<u>374,783</u>	<u>346,701</u>
	1,137,930	1,044,552
Less: Deposits restricted ¹	<u>(4,570)</u>	<u>(1,094)</u>
	<u>1,133,360</u>	<u>1,043,458</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.)

NOTES ON THE QUARTERLY REPORT — 30 SEPTEMBER 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 28 November 2023.

A2 Basis of preparation

These condensed consolidated interim financial statements, for the period ended 30 September 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.

NOTES ON THE QUARTERLY REPORT — 30 SEPTEMBER 2023

A EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTD.)

A5 Segmental information

	Third quarter ended 30-Sep-23			Cumulative 9 months ended 30-Sep-23		
	KLCCP RM'000	KLCC REIT RM'000	Group RM'000	KLCCP RM'000	KLCC REIT RM'000	Group RM'000
Revenue						
Property investment:						
Office	10,486	135,138	145,624	31,410	405,971	437,381
Retail	123,202	10,090	133,292	361,281	30,257	391,538
Hotel operations	54,961	-	54,961	145,759	-	145,759
Management services	86,071	-	86,071	259,093	-	259,093
	<u>274,720</u>	<u>145,228</u>	<u>419,948</u>	<u>797,543</u>	<u>436,228</u>	<u>1,233,771</u>
Eliminations			<u>(18,792)</u>			<u>(57,238)</u>
			<u>401,156</u>			<u>1,176,533</u>
Operating profit						
Property investment:						
Office	8,081	118,918	126,999	25,043	358,544	383,587
Retail	102,434	6,132	108,566	300,418	18,537	318,955
Hotel operations	6,794	-	6,794	11,970	-	11,970
Management services	19,174	-	19,174	58,716	-	58,716
	<u>136,483</u>	<u>125,050</u>	<u>261,533</u>	<u>396,147</u>	<u>377,081</u>	<u>773,228</u>
Eliminations			<u>(3,589)</u>			<u>(13,150)</u>
			<u>257,944</u>			<u>760,078</u>
Interest/profit income	8,429	1,654	10,083	24,669	4,464	29,133
Finance cost	(13,069)	(14,846)	(27,915)	(39,247)	(44,070)	(83,317)
Share of profit of an associate company	3,745	-	3,745	11,143	-	11,143
Taxation	(28,674)	-	(28,674)	(85,160)	-	(85,160)
Profit for the period / Total comprehensive income for the period			<u>215,183</u>			<u>631,877</u>

NOTES ON THE QUARTERLY REPORT — 30 SEPTEMBER 2023

A EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTD.)

A5 Segmental information (contd.)

	As at 30-Sep-23		Group
	KLCCP	KLCC REIT	
	RM'000	RM'000	RM'000
Total assets			
Property investment — Office	1,090,281	9,082,486	10,172,767
Property investment — Retail	5,789,784	507,213	6,296,997
Hotel operations	560,509	—	560,509
Management services	292,749	—	292,749
	<u>7,733,323</u>	<u>9,589,699</u>	<u>17,323,022</u>
Eliminations and adjustments			<u>737,702</u>
			<u>18,060,724</u>
Total liabilities			
Property investment — Office	14,692	1,577,880	1,592,572
Property investment — Retail	793,425	24,270	817,695
Hotel operations	441,082	—	441,082
Management services	78,946	—	78,946
	<u>1,328,145</u>	<u>1,602,150</u>	<u>2,930,295</u>
Eliminations and adjustments			<u>(18,924)</u>
			<u>2,911,371</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.

NOTES ON THE QUARTERLY REPORT — 30 SEPTEMBER 2023

A EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTD.)

A10 Dividends paid

The Board of Directors declared interim dividends comprising 1.80 sen and 7.00 sen relating to KLCCP and KLCC REIT respectively in respect of the six month period ended 30 June 2023 totaling 8.80 sen per stapled security.

The KLCCP dividend of 1.80 sen per share (tax exempt under the single-tier tax system) amounting to RM32.5 million and the KLCC REIT income distribution of 7.00 sen per unit amounting to RM126.4 million were paid on 27 September 2023.

A11 Debt and equity securities

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

	RM'000
Approved and contracted for	6,708
Approved but not contracted for	54,749
	<u>61,457</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.

NOTES ON THE QUARTERLY REPORT — 30 SEPTEMBER 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 September 2023				
<u>Financial liabilities</u>				
Sukuk Murabahah	-	1,940,634	-	1,940,634
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.

NOTES ON THE QUARTERLY REPORT — 30 SEPTEMBER 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 quarterly revenue and profit before tax (PBT) increased by 7% and 3% respectively as compared to the same period last year.

The better performance for the quarter was mainly contributed by improvement in the hotel and management services segments whilst the office segment remained steady. The hotel achieved higher occupancy with increased international guests. The management services segment was contributed by higher maintenance activities undertaken.

However, the hike in the Imbalance Cost Pass-Through (ICPT) earlier this year has resulted in higher utility costs across all business segments, which affected the Group's overall profitability.

Nonetheless, the year-to-date performance improved by 12% and 9% in revenue and PBT respectively.

B1 Performance review - Quarterly Results (Q3 2023 vs Q3 2022)

	Third quarter ended			Cumulative 9 months ended		
	30-Sep-23 RM'000	30-Sep-22 RM'000	Change %	30-Sep-23 RM'000	30-Sep-22 RM'000	Change %
Revenue:						
Property investment:						
Office	145,624	145,230	0.27	437,381	435,987	0.32
Retail	133,292	133,572	(0.21)	391,538	369,587	5.94
Hotel operations	54,961	45,763	20.10	145,759	97,847	48.97
Management services	86,071	68,400	25.83	259,093	198,787	30.34
Eliminations/Adjustments	(18,792)	(18,988)		(57,238)	(56,213)	
	401,156	373,977	7.27	1,176,533	1,045,995	12.48
Profit before tax ("PBT"):						
Property investment:						
Office *	118,985	116,678	1.98	359,237	353,848	1.52
Retail	101,713	107,797	(5.64)	298,586	283,074	5.48
Hotel operations	1,712	(2,363)	>100	(3,230)	(23,474)	86.24
Management services	19,994	17,438	14.66	60,530	50,409	20.08
Eliminations/Adjustments	1,453	(1,988)		1,914	(4,574)	
	243,857	237,562	2.65	717,037	659,283	8.76

* Includes share of profit of an associate.

NOTES ON THE QUARTERLY REPORT — 30 SEPTEMBER 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 (Q3 2023 vs Q3 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

Retail segment recorded improvement in tenants' sales, higher occupancy and footfall on the back of innovative marketing campaigns. Excluding the reversal adjustment on rental rebate in Q3 2022, revenue and PBT exceeded last year's performance by 5.4% and 1.0% respectively.

Year-to-date revenue improved by 5.9% or RM21.9 million from the sustained tenants' performance. Despite the higher utilities cost due to ICPT surcharge, PBT has improved by 5.5% driven by higher revenue and cost optimization.

Hotel operations

Mandarin Oriental KL (MOKL) recorded higher revenue of RM55.0 million and PBT of RM1.7 million from the growth in both Rooms and F&B segments.

Higher Average Room Rate (ARR) and occupancy (Q3 2023: 58%; Q3 2022: 55%) were recorded, leveraging on high MICE activities surrounding KLCC precinct as well as increased international guests.

F&B segment improved with the increase in group & social events and sales from the Mid-Autumn festival.

Year-to-date, revenue and PBT was higher by 49.0% and 86.2% respectively.

Management services

Revenue and PBT increased by 25.8% and 14.7% respectively, contributed by higher maintenance activities undertaken during the quarter.

Similarly, management services segment achieved higher revenue and PBT by 30.3% and 20.0% respectively during the nine months period under review.

NOTES ON THE QUARTERLY REPORT — 30 SEPTEMBER 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-Sep-23 RM'000	30-Jun-23 RM'000	
Revenue:			
Property investment:			
Office	145,624	145,443	0.12
Retail	133,292	128,472	3.75
Hotel operations	54,961	44,699	22.96
Management services	86,071	95,609	(9.98)
Eliminations/Adjustments	(18,792)	(19,590)	
	401,156	394,633	1.65
Profit/(loss) before tax:			
Property investment:			
Office *	118,985	119,627	(0.54)
Retail	101,713	97,215	4.63
Hotel operations	1,712	(2,635)	>100
Management services	19,994	21,381	(6.49)
Eliminations/Adjustments	1,453	826	
	243,857	236,414	3.15

* Includes share of profit of an associate.

The Group concluded the quarter with higher revenue and PBT by 1.7% and 3.2% respectively whilst office segment remained stable. The retail and hotel segments surpassed preceding quarter's performance.

Hotel segment achieved positive bottom line during the quarter, marking an encouraging turnaround in its financial performance with revenue increase of 23%, attributed by the higher ARR and occupancy. MOKL experienced better turnover in F&B on the back of higher number of corporate events during the quarter.

Lower one-off maintenance activities undertaken in Q3 2023 contributed to the decrease in management services segment during the quarter.

NOTES ON THE QUARTERLY REPORT — 30 SEPTEMBER 2023

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

B3 Prospects for financial year 2023

The recovery of the economy is expected to continue throughout the year supported by healthy domestic demand. Whilst economic growth has surpassed the pre-pandemic level, the Directors recognize the inflationary pressure and cautious consumer spendings are amongst the potential challenges to the business.

Backed by the growing international tourism and increasing corporate demands, Mandarin Oriental fosters strategic collaborations with partners within the KLCC precinct on various promotional offerings to sustain their recovery momentum.

Suria KLCC continues to focus on tenants' sustainability, operational effectiveness and tailored marketing initiatives to attract footfall and boost tenants' sales.

The Group will continue to capitalize on its iconic assets, resilient business portfolio and cost management discipline in order to continue maximize performance for the year.

B4 Profit forecast

No profit forecast was issued for the financial period.

B5 Tax expense

Taxation comprises the following:

	Third quarter ended		Cumulative 9 months ended	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:				
Malaysian income tax	28,674	31,535	85,157	84,343
Deferred tax	–	9	3	24
	28,674	31,544	85,160	84,367

Overall effective tax rate of 11.76% 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.

NOTES ON THE QUARTERLY REPORT — 30 SEPTEMBER 2023

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

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-Sep-23		Group RM'000
	KLCCP RM'000	KLCC REIT RM'000	
Short term:			
<u>Secured</u>			
Term loans	11,957	–	11,957
Sukuk Murabahah	7,153	476,656	483,809
Lease liabilities	1,715	–	1,715
	<u>20,825</u>	<u>476,656</u>	<u>497,481</u>
Long term:			
<u>Secured</u>			
Term loans	388,182	–	388,182
Sukuk Murabahah	600,000	900,000	1,500,000
Lease liabilities	1,243	–	1,243
	<u>989,425</u>	<u>900,000</u>	<u>1,889,425</u>
	<u>1,010,250</u>	<u>1,376,656</u>	<u>2,386,906</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	11,957	388,182	–	–	400,139
Sukuk Murabahah	7,153	600,000	–	–	607,153
Lease liabilities	1,715	1,243	–	–	2,958
	<u>20,825</u>	<u>989,425</u>	<u>–</u>	<u>–</u>	<u>1,010,250</u>
<u>KLCC REIT</u>					
Sukuk Murabahah	476,656	–	500,000	400,000	1,376,656
	<u>497,481</u>	<u>989,425</u>	<u>500,000</u>	<u>400,000</u>	<u>2,386,906</u>

B10 Material litigation

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

NOTES ON THE QUARTERLY REPORT — 30 SEPTEMBER 2023

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

B11 Dividend/income distribution

The Board of Directors has declared the following dividend/income distribution for the quarter ended 30 September 2023:

	Total stapled securities	Dividend/ income distribution per stapled securities Sen	Total dividend/ income distribution payable RM'000
KLCCP ¹	1,805,333,083	2.50	45,133
KLCC REIT ^{2, 3}	1,805,333,083	6.30	113,736
Group		<u>8.80</u>	<u>158,869</u>

The dividend and income distribution for KLCCP and KLCC REIT will be paid on 29 December 2023. The book closure date in respect of both the aforesaid interim dividend and income distribution is 13 December 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%

NOTES ON THE QUARTERLY REPORT — 30 SEPTEMBER 2023

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

B11 Dividend/income distribution (contd.)

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

	Third quarter ended		Cumulative 9 months ended	
	30-Sep-23 RM'000	30-Sep-22 RM'000	30-Sep-23 RM'000	30-Sep-22 RM'000
Revenue				
Property investment - Office	135,138	134,850	405,971	404,962
Property investment - Retail	10,090	9,235	30,257	29,028
	145,228	144,085	436,228	433,990
Profit income	1,654	1,096	4,464	2,781
	146,882	145,181	440,692	436,771
Less: Expenses	(35,024)	(33,826)	(103,217)	(100,987)
Profit for the period	111,858	111,355	337,475	335,784
Less: Adjustments	14,502	14,371	43,395	43,008
Total realised income available for the period	126,360	125,726	380,870	378,792
Add: Brought forward undistributed realised income available for distribution	93,457	80,686	93,318	80,728
Total realised income available for distribution *	219,817	206,412	474,188	459,520
Less: Income to be distributed for the quarter	(113,736)	(125,651)	(368,107)	(378,759)
Balance undistributed realised income available for distribution	106,081	80,761	106,081	80,761
Distribution per unit (sen)	6.30	6.96	20.39	20.98

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

NOTES ON THE QUARTERLY REPORT — 30 SEPTEMBER 2023

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

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	7,987,548	4.42	4.36
KLCCP Stapled Group	1,805,333,083	13,113,381	7.26	7.18

¹ An analysis of KLCC REIT's performance based on changes in NAV and NAV per unit, after distribution, since 30 June 2023 is as follows:

	As at 30-Sep-23	As at 30-Jun-23	Changes
NAV (after distribution) (RM'000)	7,873,812	7,875,690	(1,878)
NAV per unit (after distribution) (RM)	4.36	4.36	-

B13 Profit for the period

	Third quarter ended		Cumulative 9 months ended	
	30-Sep-23 RM'000	30-Sep-22 RM'000	30-Sep-23 RM'000	30-Sep-22 RM'000
Profit for the period is arrived after charging:				
Depreciation of property, plant and equipment ¹	8,051	11,506	25,351	34,163
(Reversal)/allowance for impairment losses on receivables	(180)	(637)	(105)	366
Gain/(loss) on disposal of property, plant and equipment	47	(1)	(37)	(1)
Write off of investment properties	-	-	-	13

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

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

NOTES ON THE QUARTERLY REPORT — 30 SEPTEMBER 2023

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

B14 Earnings per stapled securities ("EPSS")

	Third quarter ended		Cumulative 9 months ended	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
Profit attributable to ordinary equity holders of the Company (RM'000)	73,478	65,231	209,226	167,413
Profit attributable to unitholders of KLCC REIT (RM'000)	111,858	111,355	337,475	335,784
	<u>185,336</u>	<u>176,586</u>	<u>546,701</u>	<u>503,197</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>10.27</u>	<u>9.78</u>	<u>30.28</u>	<u>27.87</u>

B15 Trade receivables

	As at 30-Sep-23 RM'000	As at 31-Dec-22 RM'000
Property investment		
- Office	660	361
- Retail	9,616	11,835
Hotel operations	2,635	3,594
Management services	635	534
	<u>13,546</u>	<u>16,324</u>
Less: Allowance for impairment losses	<u>(7,463)</u>	<u>(7,574)</u>
	<u>6,083</u>	<u>8,750</u>

NOTES ON THE QUARTERLY REPORT — 30 SEPTEMBER 2023

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

B15 Trade receivables (contd.)

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

	As at 30-Sep-23 RM'000	As at 31-Dec-22 RM'000
Not past due	3,319	3,316
Past due 1 to 30 days	1,888	2,155
Past due 31 to 60 days	667	887
Past due 61 to 90 days	49	1,041
Past due more than 90 days	7,623	8,925
	<u>10,227</u>	<u>13,008</u>
Allowance for impairment losses	(7,463)	(7,574)
	<u>6,083</u>	<u>8,750</u>

The movement in the allowance account is as follows:

	As at 30-Sep-23 RM'000	As at 31-Dec-22 RM'000
At 1 January	7,574	9,076
Reversal for impairment	(111)	(1,502)
At 30 September/ 31 December	<u>7,463</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)
 Company Secretary
 Kuala Lumpur