

CFO's Financial Performance Review



AHMAD HAKIMI MUHAMMAD RADZI
Chief Financial Officer



I joined the Group as Chief Financial Officer in November 2025, during the final stretch of a strong financial year. With just two months in the role during FY2025, it would be easy to view this year as a handover footnote. I see it differently. My first responsibility is stewardship, to honour the work done throughout the year, to understand the true drivers behind the numbers, and to be clear with stakeholders about how we will protect value and distributions going forward.

2025 was not a straightforward year financially. Global trade tensions and policy uncertainty kept capital markets on edge for much of the year, and investor sentiment faced real headwinds. Despite that, Malaysia held its ground well, recording GDP growth of 5.2%, ahead of the Government's forecast of 4.0% to 4.8%, with domestic demand and the labour market remaining stable throughout.

Nevertheless, the course of action for the Group was straightforward. Protect the balance sheet, manage liquidity carefully and ensure our financial position remained strong enough to weather uncertainty and deliver on our commitments to stakeholders. The approach proved its worth. We closed the year in a position of strength, and the numbers reflect it.

Revenue

RM1,739.8 million

(2024: RM1,710.9 million)

Profit before tax (excluding fair value adjustments)

RM970.3 million

(2024: RM967.1 million)

TOP ACHIEVEMENTS FOR THE YEAR

- Achieved an **all-time high revenue of RM1,739.8 million**, the strongest performance since listing in 2013, driven by resilient growth across all segments.
- Declared a **record Distribution per Stapled Security of 47.00 sen**, reflecting sustained value creation for unitholders.
- Delivered **record profit despite full-year Sukuk Wakalah impact**, underscoring disciplined execution and financial resilience.
- Property value increased to **RM16.7 billion**, reaffirming the strength and durability of the Group's asset portfolio.

	2024 RM'mil	2025 RM'mil	Variance %
Revenue	1,710.9	1,739.8	1.7
Operating profit	1,067.3	1,076.8	0.9
Profit before tax*	967.1	970.3	0.3
Profit for the year*	830.8	833.8	0.4
Profit attributable to equity holders*	790.1	831.3	5.2
Operating profit margin* (%)	62.4	61.9	(0.8)
Profit before tax margin* (%)	56.5	55.8	(1.3)
Earnings per stapled security* (sen)	43.33	45.44	4.9
Distribution per stapled security (sen)	44.50	47.00	5.6
Payout ratio (%)	92%	90%	(2.5)

* excluding fair value adjustments

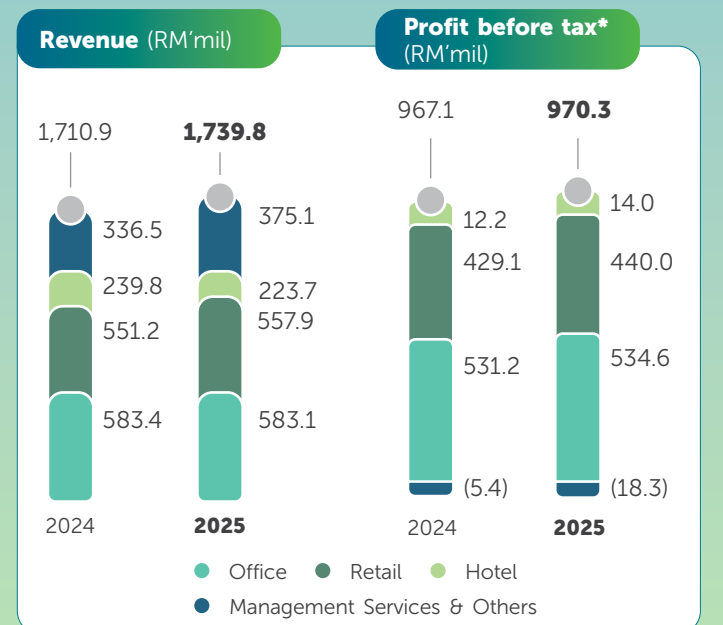
Record-high financial performance

KLCCP Stapled Group delivered a record-high performance in 2025, demonstrating resilience amid a challenging operating environment. Revenue increased to RM1,739.8 million (2024: RM1,710.9 million), while profit before tax (PBT) excluding fair value adjustments remained robust at RM970.3 million (2024: RM967.1 million). This underscores the Group's ability to sustain earnings strength alongside topline growth.

This achievement was delivered despite the full-year impact of the sukuk issuance in April 2024 and refinancing matured borrowings during the year, demonstrating the resilience of the Group's financial performance. Results were underpinned by the inherent strength of our portfolio, disciplined cost management and continued focus on capital efficiency.

In addition, the Group recorded a 5.2% year-on-year increase in profit attributable to equity holders (excluding fair value adjustments) supported by growth across all segments and the full-year contribution from the acquisition of the remaining 40% stake in Suria KLCC in the previous financial year.

Reflecting on the strong performance and cash flow strength, the Group declared a total distribution of 47.00 sen per Stapled Security for the year representing a 90% payout of distributable profit and realised income. This marks the highest distribution since listing in 2013 and translates into a dividend yield of 5.4%, reflecting the resilience and sustainability of the Group's portfolio and cash flows.



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SEGMENTAL FINANCIAL PERFORMANCE

Performance across all four operating segments remained resilient during the year, reflecting disciplined execution and the underlying strength of the Group's diversified portfolio.

OFFICE

Property	REVENUE			PROFIT BEFORE TAX (excluding fair value adjustments)			PBT contribution
	2024 RM'mil	2025 RM'mil	Variance %	2024 RM'mil	2025 RM'mil	Variance %	2025 %
PETRONAS Twin Towers	401.5	401.7	0.0	357.0	358.1	0.3	67
Menara 3 PETRONAS	92.8	92.8	-	91.7	91.8	0.1	17
Menara ExxonMobil	47.7	47.2	(1.0)	31.8	31.7	(0.3)	6
Menara Dayabumi	41.4	41.4	-	35.9	37.0	3.1	7
Menara Maxis*	-	-	-	14.8	16.0	8.1	3
Sub-total	583.4	583.1	(1.0)	531.2	534.6	0.6	100
Citypoint Development	-	-	-	-	-	-	-
Total Office Segment	583.4	583.1	(1.0)	531.2	534.6	0.6	100

* share of profit of an associate

The Office segment remained the Group's largest revenue contributor generating RM583.1 million which accounted for 33.5% of total revenue. Performance was underpinned by the stability of the Triple Net Lease (TNL) for PETRONAS Twin Towers, Menara 3 PETRONAS, and Menara Dayabumi and further strengthened by the long-term leases in Menara ExxonMobil.

PETRONAS Twin Towers contributed the largest share at 68.9% (RM401.7 million), followed by Menara 3 PETRONAS at 15.9% (RM92.8 million). Backed by the Triple Net Lease (TNL) arrangement, under which the tenant bears all property outgoings, the Group is largely insulated from softer market conditions, resulting in minimal impact on earnings and safeguarding overall PBT.

RETAIL

Property	REVENUE			PROFIT BEFORE TAX (excluding fair value adjustments)			PBT contribution
	2024 RM'mil	2025 RM'mil	Variance %	2024 RM'mil	2025 RM'mil	Variance %	2025 %
Suria KLCC	515.1	522.2	1.4	409.8	421.2	2.8	96
Menara 3 PETRONAS (Retail Podium)	36.1	35.7	(1.1)	19.3	18.8	(2.6)	4
Total Retail Segment	551.2	557.9	1.2	429.1	440.0	2.5	100

The Retail segment accounted for 32.1% of the Group's total revenue. Revenue grew by 1.2% and PBT (excluding fair value adjustments) increased by 2.5%, supported by improved rental rates and sustained high occupancy of 98% throughout the year. This performance reflects the Group's continued focus on enhancing the retail experience while maintaining operational discipline and driving sustainable growth.

HOTEL

Property	REVENUE			PROFIT BEFORE TAX		
	2024 RM'mil	2025 RM'mil	Variance %	2024 RM'mil	2025 RM'mil	Variance %
Mandarin Oriental, Kuala Lumpur	239.8	223.7	(6.7)	12.2	14.0	14.8

The Hotel segment recorded revenue of RM223.7 million, representing a decline of 6.7% primarily due to lower banqueting income from the F&B segment during the refurbishment of the Grand Ballroom, which reopened in the second quarter of 2025. Despite this temporary impact, PBT increased by 14.8% to RM14.0 million, supported by lower financing cost during the year.

This strong performance reflects various progressive enhancements implemented to elevate the guest experience, successful group bookings, and effective room rate optimisation, which collectively contributed to improved overall yield.

MANAGEMENT SERVICES & OTHERS

Property	REVENUE			PROFIT BEFORE TAX (excluding fair value adjustments)			PBT contribution
	2024 RM'mil	2025 RM'mil	Variance %	2024 RM'mil	2025 RM'mil	Variance %	2025 %
Facilities Management	244.7	277.7	13.5	20.9	23.5	12.0	41
Car Park Management	70.3	75.3	7.1	30.4	34.1	12.4	59
Management Services Segment	315.0	353.0	12.1	51.3	57.6	12.3	100
Others	21.5	22.1	2.8	(56.7)	(75.9)	(33.9)	
Total Management Services & Others Segment	336.5	375.1	11.5	(5.4)	(18.3)	>100	

Management Services and Others generated a total revenue of RM375.1 million, an increase of 11.5% from 2024, and contributed 21.6% of the Group's total revenue.

Facilities Management recorded a 13.5% increase in revenue driven by expanded scope of services and additional works carried out during the year across managed facilities. This growth demonstrates the segment's strong operational discipline and its ability to scale services in line with customers' evolving requirements.

Car Park Management reported a revenue increase of 7.1%, attributed to additional car park locations, higher footfall, and as well as an increase in seasonal parking rates during the year.

Others mainly represents general management services provided by the Company to the entire KLCC Group of Companies, interest/profit income earned, and financing costs of Sukuk Wakalah. The decrease in PBT was due to the full-year impact of Sukuk Wakalah which was issued in the previous financial year.

The Group's Management Services segment includes providing management services to KLCC REIT under KLCC REIT Management Sdn Bhd. The stapled structure of the Group ensures no leakage of management fees, as all management fees charged as part of KLCC REIT's expenses are recycled back into the Group's income stream, hence not impacting profitability. Income earned by KLCC REIT Management continues to be directed towards dividends for holders of Stapled Securities.

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FINANCIAL POSITION

	2024 RM'mil	2025 RM'mil	Variance %
ASSETS			
Investment properties	16,200.5	16,681.5	3.0
Property, plant and equipment	542.4	547.6	1.0
Receivables	291.0	225.8	(22.4)
Cash and bank balances	1,360.9	1,514.7	11.3
Others	268.5	268.2	(0.1)
	18,663.3	19,237.8	3.1
LIABILITIES			
Payables	445.7	537.3	20.5
Financings	4,317.5	4,318.0	0.0
Others	195.5	207.4	6.1
	4,958.7	5,062.7	2.1
Total equity attributable to equity holders of KLCCP and KLCC REIT	13,671.6	14,139.5	3.4
Net asset value (NAV) per stapled security (RM)	7.57	7.83	3.4

The Group maintained a robust financial position during the year, supported by a well-balanced and prudent asset-based capital management and strong equity fundamentals. Total assets increased by 3.1% to RM19.2 billion (2024: RM18.7 billion), reflecting property value appreciation and disciplined balance sheet management.

Total equity attributable to equity holders of KLCCP and KLCC REIT strengthened by 3.4% to RM14.1 billion (2024: RM13.7 billion), supported by property value appreciation and retained earnings. Consequently, net asset value (NAV) per stapled security improved from RM7.57 to RM7.83, reflecting continued strengthening of the Group's balance sheet.

The Group's property, plant and equipment (PPE) mainly comprises book value of the MOKUL Hotel building. During the year, the Group recorded total additions of PPE amounting to RM31.5 million which was invested primarily in hotel asset enhancement initiatives, including refurbishment of the ballroom, upgrades to the Club floor, and improvements to guest rooms. This capital expenditure was partially offset by depreciation charges and write-offs on the disposals of assets that were no longer in use.

The Group's receivables decreased by 22.4% in 2025, amounting to RM225.8 million compared to RM291.0 million in 2024, mainly due to lower accrued rental revenue arising from the straight-lining impact of leases under MFRS 16 in KLCC REIT and Suria KLCC.

Total liabilities was marginally higher by 2.1% compared to last year, largely driven by higher trade and other payables. Payables rose by 20.5% to RM537.3 million, mainly reflecting timing differences in operational expenditures towards the end of the year.

Investment Properties and Fair Value Adjustments

Property	Market Value		Carrying Value	
	31 Dec 2024 RM'mil	31 Dec 2025 RM'mil	31 Dec 2024 RM'mil	31 Dec 2025 RM'mil
KLCC REIT Assets	9,530.0	9,536.0	9,353.7	9,469.7
Suria KLCC	5,800.0	6,160.0	5,780.1	6,138.0
Kompleks Dayabumi*	639.0	644.0	754.0	759.0
Lot D1*	290.0	292.0	312.7	314.8
Total	16,259.0	16,632.0	16,200.5	16,681.5

* The carrying value of Kompleks Dayabumi and Lot D1 includes the IPUC, which was valued at cost.

The Group's investment properties of KLCCP Stapled Group portfolio remains a key pillar of our balance sheet, accounting for 86.7% of total assets and comprising some of the most prestigious and premium assets in Kuala Lumpur. These assets encompass PETRONAS Twin Towers, Menara 3 PETRONAS, and Menara ExxonMobil within KLCC REIT, as well as Suria KLCC, Menara Dayabumi, City Point land, and the vacant land of Lot D1 owned by KLCCP.

As of 31 December 2025, the market value of these properties increased by 2.3% to RM16.6 billion, primarily driven by the retail segment's value appreciation. This growth underscores the robustness of the Group's assets despite competitive market conditions.

In accordance with MFRS 140 Investment Properties, accounting adjustments were made to exclude accrued operating lease income and capital expenditure incurred during the year to avoid double counting of assets. Consequently, a fair value adjustment amounting to RM463.9 million was recognised in 2025.

CASHFLOW REVIEW

	2024 RM'mil	2025 RM'mil
Operating activities	1,136.1	1,171.5
Investing activities	(2,001.3)	(51.8)
Financing activities	1,006.5	(982.1)
Change in cash and cash equivalent	141.3	137.6
Breakdown of Cash and Bank Balances		
Cash with PETRONAS IFSSC	924.4	1,010.8
Deposits with licensed banks	419.6	492.9
Cash and bank balances	16.9	11.0

Operating Activities

The Group generated strong net cash from operating activities of RM1,171.5 million in 2025 (2024: RM1,136.1 million), reflecting improved operating performance across all segments, coupled with higher interest and profit income received from fund placements.

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Investing Activities

In the previous financial year, higher spending was recorded due to cost of acquisition of the remaining shares in Suria KLCC. Investing activities during the year were largely related to asset enhancement initiatives, including ballroom refurbishment, building system improvements, and other enhancement works.

Financing Activities

The financing activities of the Group consist of servicing the interest/profit for the Sukuk programmes and the hotel's term loan.

In the previous financial year, higher cash generated mainly from the new issuance of Sukuk Wakalah for the acquisition of remaining shares in Suria KLCC Sdn Bhd and refinancing of existing Sukuk Murabahah for both KLCC REIT and Suria KLCC.

The Group continuously manages the available cash with prudence through placement in fixed deposits or with PETRONAS Integrated Financial Services Centre (IFSSC) whereby the balance is interest/profit bearing.

CAPITAL MANAGEMENT

HIGHLIGHTS

- Successfully refinanced **RM388.0 million** term loan into Sukuk Wakalah at a **fixed profit rate of 3.77%**
- The refinancing resulted in **100% fixed-rate financing**, strengthening cash flow stability
- Reduced the Group's **average cost of debt to 3.9%** (2024: 4.0%)
- Sukuk Murabahah of KLCC REIT & Suria KLCC and Sukuk Wakalah of KLCCP **rated AAA** by RAM Services Berhad

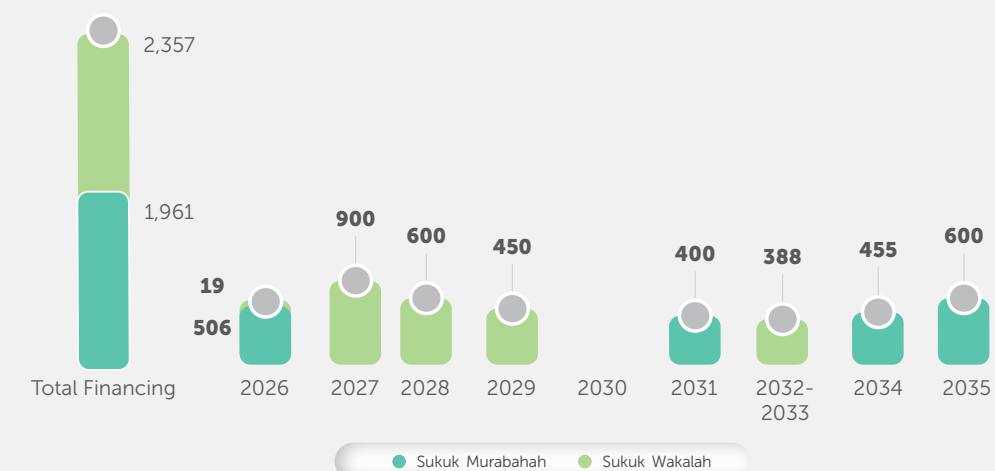
As set out in the KLCC Group Corporate Financial Policy, the Group's objective in managing capital is to maintain an optimal capital structure and ensure the availability of funds for businesses and operations whilst maximising shareholder value.

During the year, the Group remained disciplined in managing our capital structure to provide a solid foundation to withstand near-term uncertainties while preserving financial flexibility over the long term.

	2021	2022	2023	2024	2025
Total financing (RM million)	2,370	2,375	2,362	4,316	4,317
Average cost of debt (%)	4.3	4.6	4.6	4.0	3.9
Fixed: Floating ratio	83	83	83	91	100
Average maturity period (years)	4.3	3.3	2.3	4.6	4.2
Gearing ratio (%)					
– Gross	18.2	18.1	17.7	31.6	30.5
– Net	10.8	9.7	8.8	21.6	19.8

(Note: Total financing excludes arrangements accounted for as leases under MFRS 16)

Debt Maturity Profile as of 31 December 2025 (RM'mil)



To read more, please refer to Notes to the Financial Statements – Capital Management on page 322

Capital Expenditure

The Group's capital expenditure during the year totalled RM48.8 million, with a significant portion directed towards building improvement systems and hotel asset enhancement initiatives, including refurbishment works for ballroom and other enhancement projects. These investments support asset quality, operational efficiency and long-term value preservation across the portfolios.

FINANCIAL RISK MANAGEMENT

Guided by the PETRONAS Integrated Financial Risk Management (IFRM) Guideline, the Group is cognisant of the financial risk inherent in the course of its day-to-day business.

As part of prudent financial risks management, the Group has reviewed, appraised and deliberated identified financial risks to an acceptable level, taking into consideration the current economic factors. All identified risks will be continuously monitored and regulated with proper mitigation plans in accordance with the Group's view of the balance between risk and reward.

Credit Risk


Credit risk is the possibility of default in payments owing to us, which could adversely impact the Group's financial performance. Although the credit risk appetite differs from one business segment to another, the Group strives to minimise our overall credit risk by entering into contracts with high credit-rated counterparties also requiring collaterals or other forms of credit enhancements.

During the year, the Group reduced the allowance for impairment losses on trade receivables to RM3.4 million (2024: RM4.5 million), reflecting the current credit risk profile and prevailing economic conditions.

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The Group's Trade Receivables as of 31 December 2025 stood at RM7.0 million.

Trade Receivables' Ageing	RM'000
Not past due	3,950
Past due 1 to 30 days	1,071
Past due 31 to 60 days	855
Past due 61 to 90 days	158
Past due more than 90 days	4,336
	10,370
Less: Allowance for impairment losses	(3,386)
	6,984

 To read more, please refer to Notes to the Financial Statements - Credit Risk on pages 318 to 319

Liquidity Risk

Liquidity risk is the possibility of the Group encountering difficulties in meeting financial commitments in a timely manner.

The Group maintains adequate cash and bank balances to meet its working capital requirement as part of its overall liquidity management. Periodic cash flow forecasts are undertaken to determine optimal cash requirements, taking into consideration all receivables, payment of suppliers and other capital and financial obligations.

 To read more, please refer to Notes to the Financial Statements – Liquidity Risk on pages 315 to 317

Foreign Currency Risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of financial instruments because of changes in foreign exchange rates. As KLCCP Stapled Group operates predominantly in Malaysia and transacts mainly in Malaysian Ringgit, it is not exposed to any significant foreign currency risk.

OUTLOOK

Malaysia enters 2026 on a steady economic footing, with Visit Malaysia 2026 expected to drive higher international arrivals and boost tourism and retail activity nationwide. While the outlook is encouraging, the operating environment continues to evolve with new developments entering the Klang Valley, fiscal reforms and shifting consumer sentiment requiring continued vigilance. The Group is well-positioned to navigate these dynamics supported by the strength and resilience of our portfolio.

On the financial front, two matters warrant attention. The long-standing withholding tax concession on REIT distributions expired on 31 December 2025. As a result, effective Year of Assessment 2026, the impacted REIT unitholders will be subjected to tax at the prevailing rate on income distributions received from REITs. In addition, one of the financing programmes is due for refinancing in 2026. Our priority remains clear, namely to secure competitive funding terms while extending maturity profiles in a measured manner. The Group's financial foundations remain sound and we are well-placed to navigate any outcome.

Financial discipline continues to guide our decisions. We remain focused on protecting margins through cost optimisation, maintaining balance sheet strength and ensuring the flexibility to respond to opportunities and challenges alike. We are also progressing the digitalisation of our financial systems to enhance forecasting, improve cash flow visibility and sharpen our capital allocation decisions. These initiatives are already underway and form part of our ongoing commitment to prudent stewardship.