

KLCC PROPERTY HOLDINGS BERHAD (641576-U)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

| | INDIVIDUAL QUARTER | | CUMULATIVE | |
|---|--------------------|----------------|------------------|------------------|
| | THREE MONTHS ENDED | | YEAR ENDED | |
| | 31-Dec-13 | 31-Dec-12 | 31-Dec-13 | 31-Dec-12 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 330,954 | 330,985 | 1,278,752 | 1,178,311 |
| Operating Expenses | (87,867) | (73,059) | (316,261) | (300,016) |
| Operating profit | 243,087 | 257,926 | 962,491 | 878,295 |
| Fair value adjustment | 271,010 | - | 271,010 | 1,378,730 |
| Other expense | - | 11,371 | (11,371) | 11,371 |
| Interest/Profit income | 9,184 | 6,898 | 35,918 | 25,682 |
| Finance costs | (31,068) | (32,498) | (123,078) | (124,236) |
| Share of profit of associated company | 4,554 | 2,723 | 12,908 | 23,654 |
| Profit before taxation | 496,767 | 246,420 | 1,147,878 | 2,193,496 |
| Taxation | (30,220) | (76,947) | (115,522) | (209,067) |
| Profit for the period, representing total comprehensive income | 466,547 | 169,473 | 1,032,356 | 1,984,429 |
| Profit attributable to: | | | | |
| Equity holders of the Company | 193,600 | 99,599 | 459,092 | 1,464,097 |
| Non-controlling interests (NCI) relating to | | | | |
| KLCC Real Estate Investment Trust (KLCC REIT) * | 179,501 | - | 366,412 | - |
| Other NCI | 93,446 | 69,874 | 206,852 | 520,332 |
| | 466,547 | 169,473 | 1,032,356 | 1,984,429 |
| Dividend/Income distribution: | | | | |
| Dividend/Income distribution to stapled security holders | | | | |
| Quarter ended 31 March 2013 | | | | |
| Realised distributable income - KLCCP | - | - | 87,962 | - |
| Distribution rate (%) | - | - | 92.36% ** | - |
| Dividend | - | - | 81,240 | - |
| Quarter ended 30 June 2013, 30 September 2013 and 31 December 2013 | | | | |
| Adjusted realised distributable income - KLCCP | 73,612 | - | 219,566 | - |
| Realised distributable income - KLCC REIT | 91,853 | - | 244,609 | - |
| Total realised distributable income | 165,465 | - | 464,175 | - |
| Distribution rate (%) | 95% | - | 95% | - |
| Dividend/Income distribution | 157,192 | - | 440,966 | - |
| Total dividend/income distribution | 157,192 | - | 522,206 | - |
| Dividend/Income distribution per stapled security (sen) | 8.71 | - | 28.94 | - |
| Earnings per stapled security (sen) *** | | | | |
| Basic | 20.67 | 10.66 | 52.61 | 156.74 |
| Diluted | 20.67 | 7.72 | 52.61 | 113.20 |

* No corresponding comparative figure for KLCC REIT as it was constituted only on 2 April 2013. This is the third quarterly result of the stapled group being reported.

** Rounded to two decimal point.

*** The comparative figures for Basic and Diluted Earnings per stapled security refer to Basic and Diluted Earnings per share of KLCCP prior to the formation of the stapled group.

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to this interim financial report)

KLCC PROPERTY HOLDINGS BERHAD (641576-U)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 31 DECEMBER 2013**

| | 31-Dec-13 RM'000 | 31-Dec-12 RM'000 |
|--|---------------------|---------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 611,735 | 598,235 |
| Investment properties | 14,108,652 | 13,807,130 |
| Investment in associate | 273,754 | 260,846 |
| Deferred tax assets | 911 | 783 |
| | <u>14,995,052</u> | <u>14,666,994</u> |
| Current assets | | |
| Inventories | 1,568 | 1,333 |
| Trade and other receivables | 186,153 | 101,875 |
| Cash and cash equivalents | 1,081,870 | 1,020,422 |
| | <u>1,269,591</u> | <u>1,123,630</u> |
| TOTAL ASSETS | <u>16,264,643</u> | <u>15,790,624</u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the company | | |
| Share capital | 1,805,333 | 934,074 |
| Share premium | - | 562,324 |
| Redeemable convertible unsecured loan stocks (RCULS) | - | 687,990 |
| Capital redemption reserve | 18,053 | - |
| Capital reserve | 2,300,729 | 5,025,915 |
| Retained profits | 130,561 | 1,223,761 |
| | <u>4,254,676</u> | <u>8,434,064</u> |
| Equity attributable to unit holders of the KLCC REIT | <u>7,439,979</u> | - |
| Total equity attributable to holders of KLCCP and KLCC REIT | <u>11,694,655</u> | <u>8,434,064</u> |
| Other non-controlling interests | <u>1,711,711</u> | <u>4,558,241</u> |
| Total Equity | <u>13,406,366</u> | <u>12,992,305</u> |
| Non-current liabilities | | |
| Redeemable convertible unsecured loan stocks (RCULS) | - | 12,870 |
| Deferred revenue | 52,951 | |
| Other long term liabilities | 124,204 | 76,509 |
| Long term borrowings | 1,569,449 | 2,298,577 |
| Deferred taxation | 25,138 | 35,628 |
| | <u>1,771,742</u> | <u>2,423,584</u> |
| Current liabilities | | |
| Trade and other payables | 301,175 | 246,881 |
| Short term borrowings | 756,563 | 48,548 |
| Dividend payable | - | - |
| Taxation | 28,797 | 79,306 |
| | <u>1,086,535</u> | <u>374,735</u> |
| Total Liabilities | <u>2,858,277</u> | <u>2,798,319</u> |
| TOTAL EQUITY AND LIABILITIES | <u>16,264,643</u> | <u>15,790,624</u> |
| Net assets per stapled security (RM) | | |
| (FY2012: excluding RCULS) | 6.48 | 8.29 |

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to this interim financial report)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013**

| | ← Attributable to Equity Holders of the Company → | | | | | | | Total equity attributable to holders of KLCCP RM'000 | Equity attributable to unit holders of KLCC REIT # RM'000 | Other non-controlling interests RM'000 | Total Equity RM'000 |
|--|---|------------------------------------|----------------------|-----------------------------------|---|-------------------------|--------------------------|--|---|--|---------------------|
| | ← Non-Distributable → | | | ← Distributable → | | | | | | | |
| | Share Capital RM'000 | Redeemable Preference Share RM'000 | Share Premium RM'000 | Capital Redemption Reserve RM'000 | Redeemable Convertible Unsecured Loan Stocks RM'000 | Retained Profits RM'000 | Capital Reserve @ RM'000 | | | | |
| As at 1 January 2012 | 934,074 | - | 562,324 | - | 687,990 | 1,000,623 | 3,943,749 | 7,128,760 | - | 4,185,599 | 11,314,359 |
| Total comprehensive income for the period | - | - | - | - | - | 1,464,097 | - | 1,464,097 | - | 520,332 | 1,984,429 |
| Transfer | - | - | - | - | - | (1,082,166) | 1,082,166 | - | - | - | - |
| Dividends paid | - | - | - | - | - | (158,793) | - | (158,793) | - | (147,690) | (306,483) |
| As at 31 December 2012 | 934,074 | - | 562,324 | - | 687,990 | 1,223,761 | 5,025,915 | 8,434,064 | - | 4,558,241 | 12,992,305 |
| As at 1 January 2013 | 934,074 | - | 562,324 | - | 687,990 | 1,223,761 | 5,025,915 | 8,434,064 | - | 4,558,241 | 12,992,305 |
| Conversion of Redeemable Convertible Unsecured Loan Stocks | 360,662 | - | 335,641 | - | (687,990) | - | - | 8,313 | - | - | 8,313 |
| Acquisition of non-controlling interest | 510,597 | - | 2,348,746 | - | - | (14,454) | - | 2,844,889 | - | (2,853,534) | (8,645) |
| Bonus issue of Redeemable Preference Share | - | 18,053 | - | - | - | (18,053) | - | - | - | - | - |
| Redemption of Redeemable Preference Share | - | (18,053) | (3,246,711) | 18,053 | - | (3,976,837) | - | (7,223,548) | 7,223,548 | - | - |
| Effect of transactions with NCI-KLCC REIT | - | - | - | - | - | (6,212) | - | (6,212) | 6,212 | - | - |
| Stapled securities associated costs | - | - | - | - | - | - | - | - | (10,864) | - | (10,864) |
| Total comprehensive income for the period | - | - | - | - | - | 459,092 | - | 459,092 | 366,412 | 206,852 | 1,032,356 |
| Realisation of fair value surplus upon disposal of investment properties | - | - | - | - | - | 2,858,380 | (2,858,380) | - | - | - | - |
| Transfer of fair value surplus | - | - | - | - | - | (133,194) | 133,194 | - | - | - | - |
| Dividends paid | - | - | - | - | - | (261,922) | - | (261,922) | (145,329) | (199,848) | (607,099) |
| As at 31 December 2013 | 1,805,333 | - | - | 18,053 | - | 130,561 | 2,300,729 | 4,254,676 | 7,439,979 | 1,711,711 | 13,406,366 |

@ Capital Reserve arises from the surplus of revaluation of investment properties that will be distributed upon the sale of investment properties.

Equity attributable to unit holders of KLCC REIT consist of Unitholders' Fund (RM7,212,684,000), Merger Reserve (RM6,212,000) and Retained Profit (RM153,834,000).

(The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to this interim financial report)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**FOR THE YEAR ENDED 31 DECEMBER 2013**

| | YEAR ENDED | |
|---|-------------------------|-------------------------|
| | 31-Dec-13 RM'000 | 31-Dec-12 RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash receipts from customers | 1,289,162 | 1,149,691 |
| Cash payments to suppliers and employees | (233,388) | (243,621) |
| Interest income from fund and other investments | 35,420 | 25,108 |
| Tax paid | (177,268) | (142,732) |
| Net cash generated from operating activities | <u>913,926</u> | <u>788,446</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Dividends received | - | 7,739 |
| Purchase of property, plant and equipment | (38,962) | (19,744) |
| Cost incurred for investment properties | (54,500) | (32,472) |
| Proceeds from disposal of property, plant and equipment | 62 | 1,437 |
| Net cash used in investing activities | <u>(93,400)</u> | <u>(43,040)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Drawdown of borrowings | - | 28,000 |
| Repayment of borrowings | (28,000) | (28,000) |
| Dividends paid to equity holders of the company | (261,922) | (158,793) |
| Dividends paid to non-controlling interests | (197,887) | (147,690) |
| Interest expenses paid | (115,076) | (118,919) |
| Dividends paid to non-controlling interests relating to KLCC REIT | (145,329) | - |
| Stapled securities associated cost incurred | (10,864) | - |
| (Increase)/Decrease in deposits restricted | 6,378 | (9,326) |
| Net cash used in financing activities | <u>(752,700)</u> | <u>(434,728)</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 67,826 | 310,678 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | 1,010,370 | 699,692 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | <u>1,078,196</u> | <u>1,010,370</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD COMPRISE: | | |
| CASH AND BANK BALANCES | 4,840 | 12,641 |
| DEPOSITS | <u>1,077,030</u> | <u>1,007,781</u> |
| | 1,081,870 | 1,020,422 |
| LESS: DEPOSITS RESTRICTED * | <u>(3,674)</u> | <u>(10,052)</u> |
| | <u>1,078,196</u> | <u>1,010,370</u> |

* Relates 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 2012 and the accompanying explanatory notes attached to this interim financial report)

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Notes on the quarterly report – 31 December 2013

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. As part of the corporate exercise, the ordinary shares of KLCCP and the units of the newly created KLCC REIT are stapled together 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 21 January 2014.

A2. Basis of Preparation

These condensed consolidated interim financial statements, for the period ended 31 December 2013 are unaudited and have been prepared in compliance with the requirements of paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and MFRS 134: Interim Financial Reporting 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 2012 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 July 2012 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 2012 was not qualified.

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A5. Segmental Information

| <u>Business segments</u> | Individual Quarter Ended 31-Dec-13 | | | Cumulative Year Ended 31-Dec-13 | | |
|------------------------------|---------------------------------------|------------------|----------------|------------------------------------|------------------|------------------|
| | <u>Revenue</u> | | | | | |
| | <u>KLCCP</u> | <u>KLCC REIT</u> | <u>Total</u> | <u>KLCCP</u> | <u>KLCC REIT</u> | <u>Total</u> |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Property investment - Office | 9,632 | 138,515 | 148,147 | 221,980 | 369,062 | 591,042 |
| Property investment - Retail | 102,198 | 9,729 | 111,927 | 414,558 | 24,411 | 438,969 |
| Hotel operations | 45,084 | - | 45,084 | 165,115 | - | 165,115 |
| Management services | 40,590 | - | 40,590 | 140,198 | - | 140,198 |
| | <u>197,504</u> | <u>148,244</u> | <u>345,748</u> | <u>941,851</u> | <u>393,473</u> | <u>1,335,324</u> |
| Eliminations / Adjustments | | | (14,794) | | | (56,572) |
| Revenue | | | <u>330,954</u> | | | <u>1,278,752</u> |

| <u>Business segments</u> | Individual Quarter Ended 31-Dec-13 | | | Cumulative Year Ended 31-Dec-13 | | |
|--|---------------------------------------|------------------|----------------|------------------------------------|------------------|------------------|
| | <u>Total Comprehensive Income</u> | | | | | |
| | <u>KLCCP</u> | <u>KLCC REIT</u> | <u>Total</u> | <u>KLCCP</u> | <u>KLCC REIT</u> | <u>Total</u> |
| | RM'000 | | | RM'000 | | |
| Property investment - Office | 4,478 | 123,186 | 127,664 | 192,139 | 330,243 | 522,382 |
| Property investment - Retail | 84,420 | 6,765 | 91,185 | 350,783 | 16,922 | 367,705 |
| Hotel operations | 7,531 | - | 7,531 | 32,986 | - | 32,986 |
| Management services | 19,135 | - | 19,135 | 58,263 | - | 58,263 |
| | <u>115,564</u> | <u>129,951</u> | <u>245,515</u> | <u>634,171</u> | <u>347,165</u> | <u>981,336</u> |
| Eliminations / Adjustments | | | (2,428) | | | (18,845) |
| Operating profit | | | 243,087 | | | 962,491 |
| Other expenses | - | - | - | (11,371) | - | (11,371) |
| Interest income | 6,800 | 2,384 | 9,184 | 30,812 | 5,106 | 35,918 |
| Finance cost | (10,994) | (20,074) | (31,068) | (69,979) | (53,099) | (123,078) |
| Fair value adjustment | 200,222 | 70,788 | 271,010 | 200,222 | 70,788 | 271,010 |
| Share of profit of associated company | 4,554 | - | 4,554 | 12,908 | - | 12,908 |
| Taxation | (26,672) | (3,548) | (30,220) | (111,974) | (3,548) | (115,522) |
| Profit for the period / Total comprehensive income for the period | | | <u>466,547</u> | | | <u>1,032,356</u> |

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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.

A10. Dividends paid

The Board has declared interim dividends comprising 3.42 sen and 4.86 sen relating to KLCCP and KLCC REIT respectively in respect of 3 months period ended 30 September 2013 totalling 8.28 sen per stapled securities. The KLCCP dividend of 3.42 sen per share (tax exempt under the single tier tax system) amounting to RM61.47 million and the KLCC REIT income distribution of 4.86 sen per unit were paid on 9 December 2013.

A11. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review.

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 operation

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 2013 is as follows:-

| | RM’000 |
|---------------------------------|---------------|
| Approved and contracted for | 21,593 |
| Approved but not contracted for | 68,313 |
| | <u>89,906</u> |

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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. Material subsequent events

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

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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Performance Review

| Financial Highlights | Individual Quarter | | | Cumulative | | |
|---|--------------------|----------------|--------------|------------------|------------------|------------|
| | 3 Months Ended | | % | Period Ended | | % |
| | 31-Dec-13 | 31-Dec-12 | | 31-Dec-13 | 31-Dec-12 | |
| | RM'000 | RM'000 | Change | RM'000 | RM'000 | Change |
| Revenue | | | | | | |
| Property investment - Office | 148,147 | 147,659 | 0.3 | 591,042 | 521,399 | 13.4 |
| Property investment - Retail | 111,927 | 113,418 | (1.3) | 438,969 | 390,642 | 12.4 |
| Hotel operations | 45,084 | 45,008 | 0.2 | 165,115 | 174,326 | (5.3) |
| Management services | 40,590 | 28,527 | 42.3 | 140,198 | 105,798 | 32.5 |
| Intercompany Eliminations/ Adjustments | (14,794) | (3,627) | - | (56,572) | (13,854) | - |
| Total | 330,954 | 330,985 | 0.0 | 1,278,752 | 1,178,311 | 8.5 |
| Profit Before Tax | 496,767 | 246,420 | 101.6 | 1,147,878 | 2,193,496 | (47.7) |
| Less: Fair Value Adjustment ^ | (272,660) | - | - | (272,660) | (1,391,486) | - |
| Adjusted Profit Before Tax | 224,107 | 246,420 | (9.1) | 875,218 | 802,010 | 9.1 |
| Analysis of Adjusted Profit Before Tax | | | | | | |
| Property investment - Office* | 115,069 | 139,070 | - 17.3 | 460,814 | 447,183 | 3.0 |
| Property investment - Retail | 84,032 | 92,198 | - 8.9 | 339,585 | 295,985 | 14.7 |
| Hotel operations | 4,508 | 7,385 | - 39.0 | 20,679 | 27,065 | (23.6) |
| Management services | 20,328 | 7,900 | 157.3 | 59,549 | 33,061 | 80.1 |
| Intercompany Eliminations/ Adjustments | 170 | (133) | - | (5,409) | (1,285) | - |
| | 224,107 | 246,420 | -9.1 | 875,218 | 802,009 | 9.1 |
| * includes Share of Associate | | | | | | |
| ^ includes fair value adjustment of Investment Property in an associated company. | | | | | | |

Variance Analysis by Segments – Quarter and Year Ended

Property Investment – Office

Quarter results

Revenue from office rental for Q4, FY 2013 is comparable with last year quarterly results as the new triple net lease (TNL) for the PETRONAS Twin Towers was effective 1 Oct 2012. Hence the impact of the higher revenue was fully recognized since Qtr.4 last year.

Year Ended

Revenue for the current year improved by RM69 million (13.4%) mainly due to full year rental recognition of the new TNL for the PETRONAS Twin Towers as opposed to only a quarter's impact in FY2012.

Property Investment - Retail

Quarter results

Revenue from retail rental decreased by RM1.5 million (1.3%) in Q4, FY 2013 from a one-off recognition of RM10.5 million in Suria in Qtr.4 last year relating to percentage rent for previous periods. Without this adjustment, the performance for the quarter would be

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better by RM9.0 million (8.7%) due to higher rates arising from rental reviews and renewal.

Year Ended

Revenue for the current year increased by RM48.3 million (12.4%) compared to last year resulting from higher rates from rental reviews and renewals, and improved occupancy.

Hotel Operations

Quarter results

Revenue from hotel operations registered a slight increase of RM1.0 million in Q4, FY 2013 mainly from improvement in Room segments and other facilities provided by the Hotel.

Year ended

Revenue for the current year however was lower than the previous year due to decreased revenue in food & beverage, and the Room segment. These two segments were affected by the refurbishment works during the year as well as the exceptional demand last year during the World Gas Conference.

Management Services

Management Services recorded higher revenue in Q4, FY 2013 and for the year ended mainly due to first time contribution for managing the properties under KLCC REIT.

B2. Variation of results against preceding quarter

| RM'000 | 31-Dec-13 | 30-Sep-13 | Variance |
|----------------------------|------------------|------------------|-----------------|
| Profit Before Taxation | 496,767 | 223,853 | 272,914 |
| Fair Value Adjustment | (272,660) | - | (272,660) |
| Adjusted Profit Before Tax | <u>224,107</u> | <u>223,853</u> | <u>254</u> |

Profit before taxation (excluding fair value adjustment) of RM224.1 million achieved in this quarter was marginally higher mainly due to improved operating profit.

The Group's revenue for the quarter of RM330.9 million was higher by RM9.3 million as compared to the preceding quarter with positive contributions from all the segments. This is however partially offset by higher expenses, which are in line with the improved revenue.

B3. Prospects for financial year 2014

The Directors expect the overall group performance to further improve in year 2014 on the back of better performance from the retail segment, whilst the office rental remains stable.

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Retail is expected to grow from higher rental rates arising from rental reviews and lease renewals. In addition, occupancy is also expected to slightly improve in 2014. The office segment, on the other hand, is expected to remain stable as the offices are already on long term leases. The hotel segment, however, will continue to trade in a challenging environment.

Further to the above, given that majority of the leases are based on a triple net lease which requires the tenants to meet all outgoings including property assessment and electricity charges, the directors are of the view that the performance of the Group would not be significantly affected by future increases in costs.

B4. Profit forecast

No profit forecast was issued for the financial period except for the information contained in the Prospectus – Stapled Securities dated 7 May 2013.

B5. Tax expense

Taxation comprises the following:

| | 3 Months Ended | | Cumulative Year Ended | |
|---|---------------------|---------------------|-----------------------|---------------------|
| | 31-Dec-13 RM'000 | 31-Dec-12 RM'000 | 31-Dec-13 RM'000 | 31-Dec-12 RM'000 |
| Within Malaysia In respect of the current period: | | | | |
| Taxation | 25,410 | 52,749 | 126,140 | 175,737 |
| Deferred taxation | 4,810 | 24,198 | (10,618) | 33,330 |
| | <u>30,220</u> | <u>76,947</u> | <u>115,522</u> | <u>209,067</u> |

The tax expense for the Qtr.4 and the current year were lower than the respective comparative periods mainly due to the following:

- income from KLCC REIT is not subject to tax as the REIT Manager intends to distribute 95% of the distributable income for 2013, hence qualifying for exemption under S61A of the ITA; and
- business income from KLCC REIT Management is not subject to tax by virtue of it managing a shariah compliant REIT as per exemption given in the Income Tax (Exemption)(No.6) Order 2008. Interest income however is not exempted and therefore still taxable.

The deferred tax expenses were also lower than the comparative periods due to the following:

- de-recognition of deferred tax liabilities incurred on qualifying expenditure of Menara 3 PETRONAS, and lease receivables relating to Menara ExxonMobil, Menara 3 PETRONAS and PETRONAS Twin Towers. The deferred tax liabilities were de-recognised upon the sale of the relevant properties to KLCC REIT.

B6. Sale of unquoted investments and/or properties

There was no disposal of unquoted investments or properties during the quarter under review.

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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

The creation of Stapled Securities comprising units in a Real Estate Investment Trust to be stapled together with the existing ordinary shares of the company has been completed and listed on the main market of Bursa Malaysia Securities Berhad on 9 May 2013. Subsequently, there is no other corporate proposal that was announced.

B9. Borrowings

| | RM'000 | RM'000 |
|-------------------------|-------------------|------------------|
| Short term : | | |
| <u>Secured</u> | | |
| <u>KLCCP</u> | | |
| Term loans | 387,021 | |
| Revolving credit | 400 | |
| | <u> </u> | 387,421 |
| <u>KLCC REIT</u> | | |
| Term loans | 79,081 | |
| Islamic debt facility | 1,568 | |
| Private debt securities | 288,493 | |
| | <u> </u> | <u>369,142</u> |
| Total short term | | <u>756,563</u> |
| Long term : | | |
| <u>Secured</u> | | |
| <u>KLCCP</u> | | |
| Term loans | | 330,000 |
| <u>KLCC REIT</u> | | |
| Islamic debt facility | 660,000 | |
| Private debt securities | 579,449 | |
| | <u> </u> | <u>1,239,449</u> |
| Total long term | | <u>1,569,449</u> |
| Total borrowings | | <u>2,326,012</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 has declared the following dividend/income distribution for the quarter ended 31 December 2013:

| | Total stapled securities | Dividend/Income Distribution per stapled security (sen) | Total dividend payable (RM'000) |
|-----------|--------------------------|---|---------------------------------|
| KLCCP | 1,805,333,083 | 3.87 | 69,866 ¹ |
| KLCC REIT | 1,805,333,083 | 4.84 | 87,378 ² |
| Total | | 8.71 | 157,244 |

¹ Dividend declared under KLCCP is tax exempt under single tier system.

² Income distributions to unitholders will be subject to withholding tax at the following rates:

| Unitholders | Withholding tax rate |
|---|----------------------|
| Individuals & All Other Non-Corporate Investors such as institutional investors (resident and non-resident) | 10% |
| Non-resident corporate investors | 25% |
| Resident corporate investors | 0% |

The dividend and income distribution for KLCCP and KLCC REIT will be paid on 28 February 2014. The book closure date in respect of both the aforesaid interim dividend and income distribution is 6 February 2014.

B12. Profit for the Period

| | 3 Months Ended | | Cumulative Year Ended | |
|---|---------------------|---------------------|-----------------------|---------------------|
| | 31-Dec-13 RM'000 | 31-Dec-12 RM'000 | 31-Dec-13 RM'000 | 31-Dec-12 RM'000 |
| Profit for the period is arrived at after charging: | | | | |
| Depreciation of property, plant and equipment | 9,377 | 7,572 | 31,849 | 29,540 |
| and after crediting: | | | | |
| Loss on disposal of property, plant and equipment | - | - | - | 8 |
| Property, plant and equipment written-off | 651 | | 651 | |

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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B13. Realised and Unrealised Profit

The breakdown of the retained profits of the Group as at 31 December 2013 into realised and unrealised profits is as follows:

| Total retained profits of KLCCP Group and its subsidiaries: | | | |
|---|----------------|------------------|----------------|
| | KLCCP | KLCC REIT | Total |
| | RM'000 | RM'000 | RM'000 |
| - Realised | 427,408 | 153,834 | 581,242 |
| - Unrealised | 26,945 | - | 26,945 |
| | <u>454,353</u> | <u>153,834</u> | <u>608,187</u> |
| Total share of retained profits from associate: | | | |
| - Realised | 85,449 | - | 85,449 |
| - Unrealised | - | - | - |
| | <u>85,449</u> | <u>-</u> | <u>85,449</u> |
| Total Group retained profits | 539,802 | 153,834 | 693,636 |
| Less: Consolidation adjustments | | | (563,075) |
| Total Group retained profits as per consolidated accounts | | | <u>130,561</u> |

The fair value gain on the remeasurement of investment properties is regarded as an unrealised gain and has been charged under capital reserve in the financial statements.

B14. Summary of NAV

| | As at 31 December 2013 | |
|---------------------------------------|------------------------|---------------------|
| | KLCC REIT | KLCCP Stapled Group |
| Number of units listed | 1,805,333,083 | 1,805,333,083 |
| Net Asset Value (RM'000) | 7,439,979 | 11,694,655 |
| Net Asset Value per unit holders (RM) | 4.1211 | 6.4778 |

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B15. Earnings per stapled security (“EPSS”)

a) With Fair Value Adjustment

| | 3 Months Ended | | Year Ended | |
|---|------------------|------------------|------------------|------------------|
| | 31-Dec-13 | 31-Dec-12 * | 31-Dec-13 | 31-Dec-12 * |
| (i) Basic earnings per stapled security | | | | |
| Profit attributable to ordinary equity holders of the company (RM'000) | 193,600 | 99,599 | 459,092 | 1,464,097 |
| Profit attributable to unit holders of KLCC REIT (RM'000) | 179,501 | - | 366,412 | - |
| | <u>373,101</u> | <u>99,599</u> | <u>825,504</u> | <u>1,464,097</u> |
| Weighted average number of stapled securities in issue ('000) | 1,805,333 | 934,074 | 1,569,019 | 934,074 |
| Basic earnings per stapled security (sen) | <u>20.67</u> | <u>10.66</u> | <u>52.61</u> | <u>156.74</u> |
| (ii) Diluted earnings per stapled security | | | | |
| Profit attributable to ordinary equity holders of the company (RM'000) | 193,600 | 99,599 | 459,092 | 1,464,097 |
| Profit attributable to unit holders of KLCC REIT (RM'000) | 179,501 | - | 366,412 | - |
| Interest on RCULS (RM'000) | - | 310 | - | 1,552 |
| Profit attributable to holders of the company/ stapled security including assumed conversion (RM'000) | <u>373,101</u> | <u>99,909</u> | <u>825,504</u> | <u>1,465,649</u> |
| Weighted average number of stapled securities in issue ('000) | 1,805,333 | 934,074 | 1,569,019 | 934,074 |
| Effect of dilution – RCULS | - | 360,662 | - | 360,662 |
| Adjusted weighted average number of stapled securities in issue and issuable ('000) | <u>1,805,333</u> | <u>1,294,736</u> | <u>1,569,019</u> | <u>1,294,736</u> |
| Diluted earnings per stapled security (sen) | <u>20.67</u> | <u>7.72</u> | <u>52.61</u> | <u>113.20</u> |

*Refers to calculation of Basic Earnings per share of KLCCP prior to the stapled group.

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b) Without Fair Value Adjustment

| | 3 Months Ended | | Year Ended | |
|---|------------------|------------------|------------------|------------------|
| | 31-Dec-13 | 31-Dec-12 * | 31-Dec-13 | 31-Dec-12 * |
| (i) Basic earnings per stapled security | | | | |
| Profit attributable to ordinary equity holders of the company (RM'000) | 193,600 | 99,599 | 459,092 | 1,464,097 |
| Profit attributable to unit holders of KLCC REIT (RM'000) | 179,501 | - | 366,412 | - |
| Less: Fair Value adjustment | (200,443) | - | (200,443) | (1,082,166) |
| Profit attributable to holders of KLCCP and KLCC REIT excluding fair value adjustment (RM'000) | <u>172,658</u> | <u>99,599</u> | <u>625,061</u> | <u>381,931</u> |
| Weighted average number of stapled securities in issue ('000) | 1,805,333 | 934,074 | 1,569,019 | 934,074 |
| Basic earnings per stapled security (sen) | <u>9.56</u> | <u>10.66</u> | <u>39.84</u> | <u>40.89</u> |
| (ii) Diluted earnings per stapled security | | | | |
| Profit attributable to holders of KLCCP and KLCC REIT excluding fair value adjustment (RM'000) | 172,658 | 99,599 | 625,061 | 381,931 |
| Interest on RCULS (RM'000) | - | 310 | - | 1,552 |
| Profit attributable to holders of the company/ stapled security including assumed conversion (RM'000) | <u>172,658</u> | <u>99,909</u> | <u>625,061</u> | <u>383,483</u> |
| Weighted average number of stapled securities in issue ('000) | 1,805,333 | 934,074 | 1,569,019 | 934,074 |
| Effect of dilution – RCULS | - | 360,662 | - | 360,662 |
| Adjusted weighted average number of stapled securities in issue and issuable ('000) | <u>1,805,333</u> | <u>1,294,736</u> | <u>1,569,019</u> | <u>1,294,736</u> |
| Diluted earnings per stapled security (sen) | <u>9.56</u> | <u>7.72</u> | <u>39.84</u> | <u>29.62</u> |

*Refers to calculation of Basic Earnings per share of KLCCP prior to the stapled group.

BY ORDER OF THE BOARD

Abd Aziz Bin Abd Kadir (LS0001718)
 Yeap Kok Leong (MAICSA0862549)
 Company Secretaries
 Kuala Lumpur