

KLCC PROPERTY HOLDINGS BERHAD (641576-U)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2019**

	Second quarter ended		Cumulative 6 months ended	
	30-Jun-19 RM'000	30-Jun-18 RM'000	30-Jun-19 RM'000	30-Jun-18 RM'000
Revenue	351,093	345,001	704,539	690,113
Operating expenses	(99,880)	(95,683)	(196,519)	(189,798)
Operating profit	251,213	249,318	508,020	500,315
Interest/profit income	7,491	6,953	14,437	13,228
Finance costs	(27,971)	(26,769)	(55,338)	(53,350)
Share of profit of an associate	3,289	3,233	6,498	6,429
Profit before taxation	234,022	232,735	473,617	466,622
Taxation	(26,326)	(26,522)	(53,291)	(51,737)
Profit for the period, representing total comprehensive income	207,696	206,213	420,326	414,885
Profit attributable to:				
Equity holders of the Company	67,039	67,655	137,095	135,579
Non-controlling interests relating to KLCC Real Estate Investment Trust (KLCC REIT)	113,337	111,493	227,239	224,240
	180,376	179,148	364,334	359,819
Other non-controlling interests	27,320	27,065	55,992	55,066
	207,696	206,213	420,326	414,885
Dividend/income distribution to stapled security holders:				
<u>Quarter ended 30 June 2019/2018</u>				
Realised distributable income - KLCCP	67,039	67,655	137,095	135,579
Realised distributable income - KLCC REIT	112,517	102,099	225,926	205,415
Total realised distributable income	179,556	169,754	363,021	340,994
Unrealised distributable income - KLCC REIT	820	9,394	1,313	18,825
	180,376	179,148	364,334	359,819
Distribution rate (%) ¹	88.48%	92.52%	87.53%	92.12%
Dividend/income distribution	158,869	157,064	317,738	314,128
Dividend/income distribution per stapled security (sen)	8.80	8.70	17.60	17.40
Earnings per stapled security (sen)				
– Basic	9.99	9.92	20.18	19.93

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 2018 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 30 JUNE 2019**

	30-Jun-19 RM'000	31-Dec-18 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	669,540	673,620
Investment properties	15,723,978	15,714,934
Investment in an associate	259,471	252,973
Deferred tax assets	1,216	1,225
Other receivables	420,266	418,939
	<u>17,074,471</u>	<u>17,061,691</u>
Current assets		
Inventories	1,718	1,613
Trade and other receivables	60,341	59,980
Tax recoverable	1,377	1,321
Cash and cash equivalents	851,501	735,724
	<u>914,937</u>	<u>798,638</u>
TOTAL ASSETS	<u>17,989,408</u>	<u>17,860,329</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the company		
Share capital	1,823,386	1,823,386
Capital reserve	2,937,256	2,937,256
Retained profits	251,168	243,209
	<u>5,011,810</u>	<u>5,003,851</u>
Equity attributable to unit holders of the KLCC REIT	<u>8,092,072</u>	<u>8,091,402</u>
Total equity attributable to equity holders of KLCCP and KLCC REIT	<u>13,103,882</u>	<u>13,095,253</u>
Other non-controlling interests	<u>2,033,884</u>	<u>2,029,836</u>
Total equity	<u>15,137,766</u>	<u>15,125,089</u>
Non-current liabilities		
Deferred revenue	50,263	48,266
Other long term liabilities	167,482	156,132
Long term borrowings	2,309,666	1,817,166
Deferred taxation	48,975	49,180
	<u>2,576,386</u>	<u>2,070,744</u>
Current liabilities		
Trade and other payables	215,856	214,362
Short term borrowings	27,610	427,548
Taxation	31,790	22,586
	<u>275,256</u>	<u>664,496</u>
Total liabilities	<u>2,851,642</u>	<u>2,735,240</u>
TOTAL EQUITY AND LIABILITIES	<u>17,989,408</u>	<u>17,860,329</u>
Net asset value per stapled security (RM)	7.26	7.25

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.)

KLCC PROPERTY HOLDINGS BERHAD (641576-U)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2019**

	←—— 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 2018	1,823,386	225,492	2,929,350	4,978,228	8,050,264	2,018,364	15,046,856
Adjustment on initial application of MFRS 9 ³	—	(109)	—	(109)	—	(34)	(143)
At 1 January 2018, restated	1,823,386	225,383	2,929,350	4,978,119	8,050,264	2,018,330	15,046,713
Total comprehensive income for the period	—	135,579	—	135,579	224,240	55,066	414,885
Dividends paid/declared	—	(149,482)	—	(149,482)	(194,434)	(43,733)	(387,649)
As at 30 June 2018	1,823,386	211,480	2,929,350	4,964,216	8,080,070	2,029,663	15,073,949
As at 1 January 2019	1,823,386	243,209	2,937,256	5,003,851	8,091,402	2,029,836	15,125,089
Adjustment on initial application of MFRS 16 ⁴	—	(55)	—	(55)	—	(11)	(66)
At 1 January 2019, restated	1,823,386	243,154	2,937,256	5,003,796	8,091,402	2,029,825	15,125,023
Total comprehensive income for the period	—	137,095	—	137,095	227,239	55,992	420,326
Dividends paid/declared	—	(129,081)	—	(129,081)	(226,569)	(51,933)	(407,583)
As at 30 June 2019	1,823,386	251,168	2,937,256	5,011,810	8,092,072	2,033,884	15,137,766

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 (RM413,127,000) and Retained Profit (RM460,049,000).

³ Recognition of expected credit losses ('ECL') on trade receivables balances.

⁴ Cumulative effect of initial application of MFRS 16 under modified retrospective approach.

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.)

KLCC PROPERTY HOLDINGS BERHAD (641576-U)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2019**

	Cumulative 6 months ended	
	30-Jun-19 RM'000	30-Jun-18 RM'000
Cash flows from operating activities		
Profit before tax	473,617	466,622
Adjustments for:		
Interest/profit income	(14,437)	(13,228)
Finance costs	55,338	53,350
Accrued rental income	(5,388)	(20,343)
Depreciation	20,853	18,463
Allowance for impairment losses	23	226
Loss on disposal of property, plant and equipment	44	83
Share of results of an associate	(6,498)	(6,429)
	<u>49,935</u>	<u>32,122</u>
Operating profit before changes in working capital	523,552	498,744
Changes in working capital:		
Trade and other receivables	(2,052)	(916)
Amount due from/to ultimate holding company	495	(8,278)
Amount due from/to immediate holding company	(299)	503
Amount due from/to related companies	(238)	(4,853)
Trade and other payables	15,902	(14,890)
Inventories	(105)	154
	<u>13,703</u>	<u>(28,280)</u>
Interest/profit income received	15,032	12,265
Tax paid	(44,341)	(43,974)
Net cash generated from operating activities	<u>507,946</u>	<u>438,755</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(14,352)	(28,444)
Cost incurred for investment properties	(8,925)	(9,097)
Proceeds from disposal of property, plant and equipment	62	87
Net cash used in investing activities	<u>(23,215)</u>	<u>(37,454)</u>
Cash flows from financing activities		
Proceeds from drawdown of borrowings	500,000	–
Repayment of borrowings	(408,500)	(7,500)
Dividends paid to equity holders of the company	(129,081)	(149,482)
Dividends paid to non-controlling interests relating to KLCC REIT	(226,465)	(194,147)
Dividends paid to other non-controlling interests	(51,933)	(43,733)
Interest/profit expense paid	(51,981)	(50,488)
Payment of lease liabilities	(994)	–
Decrease in deposits restricted	777	2,425
Net cash used in financing activities	<u>(368,177)</u>	<u>(442,925)</u>

KLCC PROPERTY HOLDINGS BERHAD (641576-U)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2019**

	Cumulative 6 months ended	
	30-Jun-19 RM'000	30-Jun-18 RM'000
Net increase/(decrease) in cash and cash equivalents	116,554	(41,624)
Cash and cash equivalents at the beginning of the year	730,431	737,017
Cash and cash equivalents at the end of period	<u>846,985</u>	<u>695,393</u>
Cash and cash equivalents at the end of period comprises:		
Cash and bank balances	502,121	400,225
Deposits	<u>349,380</u>	<u>305,988</u>
	851,501	706,213
Less: Deposits restricted ¹	<u>(4,516)</u>	<u>(10,820)</u>
	<u>846,985</u>	<u>695,393</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 2018 and the accompanying explanatory notes attached to this interim financial report.)

KLCC PROPERTY HOLDINGS BERHAD (641576-U)

(Incorporated in Malaysia)

NOTES ON THE QUARTERLY REPORT — 30 JUNE 2019

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 20 August 2019.

A2 Basis of preparation

These condensed consolidated interim financial statements, for the period ended 30 June 2019, 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 2018 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 accounting policies applied in this interim financial report are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 31 December 2018, except MFRS 16 Leases which the Group adopted from 1 January 2019.

MFRS 16 supersedes MFRS 117 *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases—Incentives and* IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The Group has applied the standard using the modified retrospective approach, under which the cumulative effect of initial recognition is recognised in the retained earnings.

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NOTES ON THE QUARTERLY REPORT — 30 JUNE 2019

A EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTD.)

A3 Accounting policies (Contd.)

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117 and therefore does not have any impact for lease where the Group is the lessor.

As for lessee accounting, the adoption of MFRS 16 does not have a material effect on the Group's financial statements. Minor adjustments arising from the initial application of the new lease model in the opening balance as at 1 January 2019 are disclosed below:

	Impact of adoption of MFRS 16 to opening balance at 1 January 2019 RM'000
Property, Plant and Equipment	
- Right of use asset	2,592
Borrowings	
- Lease liabilities	<u>(2,658)</u>
	<u>(66)</u>
Retained earnings attributable to:	
- Equity holders of KLCCP	(55)
- Other non-controlling interests	<u>(11)</u>
	<u>(66)</u>

Any other revised MFRSs, amendments to MFRS and IC Interpretations which are mandatory for companies with financial periods beginning on or after 1 January 2019 did not give rise to any significant effects on the financial statements of the Group.

A4 Audit Report

The auditors' report on the financial statements for the year ended 31 December 2018 was not qualified.

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NOTES ON THE QUARTERLY REPORT — 30 JUNE 2019**A EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTD.)****A5 Segmental information**

	Second quarter ended			Cumulative 6 months ended		
	30-Jun-19			30-Jun-19		
	KLCCP	KLCC REIT	Group	KLCCP	KLCC REIT	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
Property investment:						
Office	10,038	139,634	149,672	19,981	279,023	299,004
Retail	119,439	8,262	127,701	240,943	16,713	257,656
Hotel operations	41,834	–	41,834	84,254	–	84,254
Management services	50,045	–	50,045	99,970	–	99,970
	221,356	147,896	369,252	445,148	295,736	740,884
Eliminations			(18,159)			(36,345)
			351,093			704,539
Operating profit						
Property investment:						
Office	8,063	123,496	131,559	16,409	247,770	264,179
Retail	96,941	4,774	101,715	196,993	9,785	206,778
Hotel operations	3,258	–	3,258	6,980	–	6,980
Management services	18,833	–	18,833	37,451	–	37,451
	127,095	128,270	255,365	257,833	257,555	515,388
Eliminations			(4,152)			(7,368)
			251,213			508,020
Interest/profit income	6,428	1,063	7,491	12,616	1,821	14,437
Finance cost	(12,361)	(15,610)	(27,971)	(24,595)	(30,743)	(55,338)
Share of profit of an associate company	3,289	–	3,289	6,498	–	6,498
Taxation	(26,326)	–	(26,326)	(53,291)	–	(53,291)
Profit for the period / Total comprehensive income for the period			207,696			420,326

NOTES ON THE QUARTERLY REPORT — 30 JUNE 2019

A EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTD.)

A5 Segmental information (Contd.)

	As at 30-Jun-19		
	KLCCP RM'000	KLCC REIT RM'000	Group RM'000
Total assets			
Property investment — Office	1,123,593	9,172,763	10,296,356
Property investment — Retail	5,700,470	523,768	6,224,238
Hotel operations	676,173	—	676,173
Management services	209,462	—	209,462
	<u>7,709,698</u>	<u>9,696,531</u>	<u>17,406,229</u>
Eliminations and adjustments			<u>583,179</u>
			<u>17,989,408</u>
Total liabilities			
Property investment — Office	20,090	1,587,671	1,607,761
Property investment — Retail	796,474	16,787	813,261
Hotel operations	417,315	—	417,315
Management services	30,793	—	30,793
	<u>1,264,672</u>	<u>1,604,458</u>	<u>2,869,130</u>
Eliminations and adjustments			<u>(17,488)</u>
			<u>2,851,642</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 JUNE 2019

A EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTD.)

A10 Dividends paid

The Board of Directors declared interim dividends comprising 2.52 sen and 6.28 sen relating to KLCCP and KLCC REIT respectively in respect of the three month period ended 31 March 2019 totaling 8.80 sen per stapled security.

The KLCCP dividend of 2.52 sen per share (tax exempt under the single-tier tax system) amounting to RM45.5 million and the KLCC REIT income distribution of 6.28 sen per unit amounting to RM113.4 million were paid on 20 June 2019.

A11 Debt and equity securities

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

A12 Changes in the composition of the Group

There were no changes in the composition of the Group during the quarter under review.

A13 Discontinued operations

There were no discontinued operations in the Group during the quarter under review.

A14 Capital commitments

The amount of capital commitments not provided for in the interim financial statements as at 30 June 2019 is as follows:

	RM'000
Approved and contracted for	61,994
Approved but not contracted for	<u>273,843</u>
	<u><u>335,837</u></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 (641576-U)

(Incorporated in Malaysia)

NOTES ON THE QUARTERLY REPORT — 30 JUNE 2019**B EXPLANATORY NOTES PURSUANT TO PART A AND PART D OF APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B1 Performance review**

	Second quarter ended			Cumulative 6 months ended		
	30-Jun-19 RM'000	30-Jun-18 RM'000	Change %	30-Jun-19 RM'000	30-Jun-18 RM'000	Change %
Revenue:						
Property investment:						
Office	149,672	149,119	0.37	299,004	297,902	0.37
Retail	127,701	122,980	3.84	257,656	246,679	4.45
Hotel operations	41,834	37,188	12.49	84,254	81,080	3.91
Management services	50,045	53,619	(6.67)	99,970	101,081	(1.10)
Eliminations/Adjustments	(18,159)	(17,905)		(36,345)	(36,629)	
	351,093	345,001	1.77	704,539	690,113	2.09
Profit before tax ("PBT"):						
Property investment:						
Office *	120,925	119,112	1.52	242,347	239,416	1.22
Retail	94,917	95,667	(0.78)	193,563	189,930	1.91
Hotel operations	(816)	(4,099)	80.09	(1,208)	(1,720)	29.77
Management services	19,198	21,396	(10.27)	38,086	39,066	(2.51)
Eliminations/Adjustments	(202)	659		829	(70)	
	234,022	232,735	0.55	473,617	466,622	1.50

* Includes share of profit of an associate.

Variance analysis by segment**Property investment — Office**

Q2 2019 revenue and PBT remained relatively stable.

Compared to Q2 2018, PBT increased by 1.5% mainly due to higher recovery of utility charges coupled with lower operating expenditure recorded during the quarter. Q2 2018 recorded higher operating expenditure mainly from a one-off expense on Mechanical, Electrical and Plumbing audit.

Property investment — Retail

During the quarter, revenue increased by 3.8% mainly as a result of higher rental rates and revenue from internal advertising income.

However, the growth in revenue was partially offset mostly by numerous maintenance works and upgrades in and around the mall.

NOTES ON THE QUARTERLY REPORT — 30 JUNE 2019

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

B1 Performance review (contd.)

Hotel operations

Better performance in the hotel segment mainly contributed by the improved occupancy (Q2 2019: 58% vs. Q2 2018: 47%) and higher revenue from the Food & Beverage segment.

Management services

The Q2 2019 revenue and PBT decreased by 6.7% and 10.3% respectively. Q2 2018 recorded higher revenue from one-off projects under the facilities management operations.

B2 Variation of results against preceding quarter

	Quarter ended		
	30-Jun-19	31-Mar-19	Change
	RM'000	RM'000	%
Revenue:			
Property investment:			
Office	149,672	149,332	0.23
Retail	127,701	129,955	(1.73)
Hotel operations	41,834	42,420	(1.38)
Management services	50,045	49,925	0.24
Eliminations/Adjustments	<u>(18,159)</u>	<u>(18,186)</u>	
	351,093	353,446	(0.67)
Profit before tax:			
Property investment:			
Office *	120,925	121,422	(0.41)
Retail	94,917	98,646	(3.78)
Hotel operations	(816)	(392)	(108.16)
Management services	19,198	18,888	1.64
Eliminations/Adjustments	<u>(202)</u>	<u>1,031</u>	
	234,022	239,595	(2.33)

* Includes share of profit of an associate.

NOTES ON THE QUARTERLY REPORT — 30 JUNE 2019

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 (Contd.)

Compared to Q1 2019, overall revenue decreased by 0.7% as the retail segment was impacted by the reduction in leased area due to the reconfiguration exercise at the mall.

Lower PBT of 2.3% was reflected by higher marketing and promotional expenses in the retail segment during the festive season whilst the hotel observed lower occupancy (Q2: 58%, Q1: 64%) and slower demand on the F&B front.

B3 Prospects for financial year 2019

The directors expect that the overall group performance to be relatively stable, underpinned by the long term lease arrangements of the office segment.

The retail segment will be marginally affected by the reconfiguration exercise at the mall which commenced in April 2019 and the first phase is expected to complete by end of 2019.

Whilst, the hotel will continue to operate in a competitive environment as a result of an increase in room inventory within the KLCC area and new F&B outlets in the market.

B4 Profit forecast

No profit forecast was issued for the financial period.

B5 Taxation

Taxation comprises the following:

	Second quarter ended		Cumulative 6 months ended	
	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:				
Malaysian income tax	26,429	26,624	53,488	51,940
Deferred tax	(103)	(102)	(197)	(203)
	<u>26,326</u>	<u>26,522</u>	<u>53,291</u>	<u>51,737</u>

Overall effective tax rate of 11% 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.

KLCC PROPERTY HOLDINGS BERHAD (641576-U)

(Incorporated in Malaysia)

NOTES ON THE QUARTERLY REPORT — 30 JUNE 2019**B EXPLANATORY NOTES PURSUANT TO PART A AND PART D OF APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTD.)****B7 Quoted and marketable securities**

There was no purchase or disposal of quoted and marketable securities during the quarter under review.

B8 Status of corporate proposal announced

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

B9 Borrowings

	As at 30-Jun-19		Group RM'000
	KLCCP RM'000	KLCC REIT RM'000	
Short term:			
<u>Secured</u>			
Term loans	9,407	–	9,407
Sukuk Murabahah	–	16,478	16,478
Lease liabilities	1,725	–	1,725
	<u>11,132</u>	<u>16,478</u>	<u>27,610</u>
Long term:			
<u>Secured</u>			
Term loans	354,666	–	354,666
Sukuk Murabahah	600,000	1,355,000	1,955,000
	<u>954,666</u>	<u>1,355,000</u>	<u>2,309,666</u>
	<u>965,798</u>	<u>1,371,478</u>	<u>2,337,276</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	9,407	7,500	22,500	324,666	364,073
Sukuk Murabahah	–	–	–	600,000	600,000
Lease liabilities	1,725	–	–	–	1,725
	<u>11,132</u>	<u>7,500</u>	<u>22,500</u>	<u>924,666</u>	<u>965,798</u>
<u>KLCC REIT</u>					
Sukuk Murabahah	16,478	–	400,000	955,000	1,371,478
	<u>27,610</u>	<u>7,500</u>	<u>422,500</u>	<u>1,879,666</u>	<u>2,337,276</u>

KLCC PROPERTY HOLDINGS BERHAD (641576-U)

(Incorporated in Malaysia)

NOTES ON THE QUARTERLY REPORT — 30 JUNE 2019**B EXPLANATORY NOTES PURSUANT TO PART A AND PART D OF APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTD.)****B10 Material litigation**

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

B11 Dividend/income distribution

The Board of Directors has declared the following dividend/income distribution for the quarter ended 30 June 2019:

	Total stapled securities	Dividend/ income distribution per stapled securities Sen	Total dividend/ income distribution payable RM'000
KLCCP ¹	1,805,333,083	2.57	46,397
KLCC REIT ^{2,3}	1,805,333,083	6.23	112,472
Group		<u>8.80</u>	<u>158,869</u>

The dividend and income distribution for KLCCP and KLCC REIT will be paid on 4 October 2019. The book closure date in respect of both the aforesaid interim dividend and income distribution is 10 September 2019.

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 JUNE 2019

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:

	Second quarter ended		Cumulative 6 months ended	
	30-Jun-19 RM'000	30-Jun-18 RM'000	30-Jun-19 RM'000	30-Jun-18 RM'000
Revenue				
Property investment - Office	139,634	139,263	279,023	278,174
Property investment - Retail	8,262	7,638	16,713	15,827
	147,896	146,901	295,736	294,001
Profit income	1,063	837	1,821	1,391
	148,959	147,738	297,557	295,392
Less: Expenses	(35,622)	(36,245)	(70,318)	(71,152)
Profit for the period	113,337	111,493	227,239	224,240
Less: Non-cash items	(820)	(9,394)	(1,313)	(18,825)
Total realised income available for the period	112,517	102,099	225,926	205,415
Add: Brought forward undistributed realised income available for distribution	41,267	40,901	41,233	40,850
Total realised income available for distribution *	153,784	143,000	267,159	246,265
Less: Total income distributed for the period	—	—	(113,375)	(103,265)
Less: Income to be distributed for the quarter	(112,472)	(102,001)	(112,472)	(102,001)
Balance undistributed realised income available for distribution	41,312	40,999	41,312	40,999
Distribution per unit (sen)	6.23	5.65	12.51	11.37

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

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

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	8,092,072	4.48	4.42
KLCCP Stapled Group	1,805,333,083	13,103,882	7.26	7.17

¹ An analysis of KLCC REIT's performance based on changes in NAV and NAV per unit, after distribution, since 31 December 2018 is as follows:

	As at 30-Jun-19	As at 31-Mar-19	Changes
NAV (after distribution) (RM'000)	7,979,600	7,978,735	865
NAV per unit (after distribution) (RM)	4.42	4.42	-

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

B13 Profit for the period

	Second quarter ended		Cumulative 6 months ended	
	30-Jun-19 RM'000	30-Jun-18 RM'000	30-Jun-19 RM'000	30-Jun-18 RM'000
Profit for the period is arrived after charging:				
Depreciation of property, plant and equipment ¹	10,442	9,098	20,853	18,463
Allowance for impairment losses	-	14	23	226
Loss on disposal of property, plant and equipment	39	34	44	83
Write off of property, plant and equipment	-	-	9	-

¹ Depreciation of property, plant and equipment for the period ended 30 June 2019 is inclusive of depreciation resulting from the new pronouncement, 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.

KLCC PROPERTY HOLDINGS BERHAD (641576-U)

(Incorporated in Malaysia)

NOTES ON THE QUARTERLY REPORT — 30 JUNE 2019**B EXPLANATORY NOTES PURSUANT TO PART A AND PART D OF APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTD.)****B13 Earnings per stapled securities ("EPSS")**

	Second quarter ended		Cumulative 6 months ended	
	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18
Profit attributable to ordinary equity holders of the Company (RM'000)	67,039	67,655	137,095	135,579
Profit attributable to unitholders of KLCC REIT (RM'000)	113,337	111,493	227,239	224,240
	<u>180,376</u>	<u>179,148</u>	<u>364,334</u>	<u>359,819</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>9.99</u>	<u>9.92</u>	<u>20.18</u>	<u>19.93</u>

B14 Limits or restrictions imposed under the Guidelines on Listed REITs issued by Securities Commission Malaysia ("the Guidelines")

The Group is in compliance with the limits or restrictions imposed under the Guidelines.

BY ORDER OF THE BOARD

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