

KLCC PROPERTY HOLDINGS BERHAD (641576-U)

(Incorporated in Malaysia)

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

	Third quarter ended		Cumulative 9 months ended	
	30-Sep-19 RM'000	30-Sep-18 RM'000	30-Sep-19 RM'000	30-Sep-18 RM'000
Revenue	353,521	349,480	1,058,060	1,039,593
Operating expenses	(99,827)	(98,151)	(296,346)	(287,949)
Operating profit	253,694	251,329	761,714	751,644
Interest/profit income	7,914	7,128	22,351	20,356
Finance costs	(27,986)	(27,175)	(83,324)	(80,525)
Share of profit of an associate	1,614	3,234	8,112	9,663
Profit before taxation	235,236	234,516	708,853	701,138
Taxation	(25,067)	(24,566)	(78,358)	(76,303)
Profit for the period, representing total comprehensive income	210,169	209,950	630,495	624,835
Profit attributable to:				
Equity holders of the Company	67,737	68,826	204,832	204,405
Non-controlling interests relating to KLCC Real Estate Investment Trust (KLCC REIT)	113,668	112,608	340,907	336,848
	181,405	181,434	545,739	541,253
Other non-controlling interests	28,764	28,516	84,756	83,582
	210,169	209,950	630,495	624,835
Dividend/income distribution to stapled security holders:				
<u>Quarter ended 30 September 2019/2018</u>				
Realised distributable income - KLCCP	67,737	68,826	204,832	204,405
Realised distributable income - KLCC REIT	112,789	103,221	338,715	308,636
Total realised distributable income	180,526	172,047	543,547	513,041
Unrealised distributable income - KLCC REIT	879	9,387	2,192	28,212
	181,405	181,434	545,739	541,253
Distribution rate (%) ¹	88.00%	91.29%	87.68%	91.84%
Dividend/income distribution	158,870	157,064	476,608	471,192
Dividend/income distribution per stapled security (sen)	8.80	8.70	26.40	26.10
Earnings per stapled security (sen)				
– Basic	10.05	10.05	30.23	29.98

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 SEPTEMBER 2019**

	30-Sep-19	31-Dec-18
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	669,194	673,620
Investment properties	15,739,518	15,714,934
Investment in an associate	261,085	252,973
Deferred tax assets	1,217	1,225
Other receivables	422,203	418,939
	<u>17,093,217</u>	<u>17,061,691</u>
Current assets		
Inventories	1,656	1,613
Trade and other receivables	47,562	59,980
Tax recoverable	1,629	1,321
Cash and cash equivalents	1,043,540	735,724
	<u>1,094,387</u>	<u>798,638</u>
TOTAL ASSETS	<u>18,187,604</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	272,508	243,209
	<u>5,033,150</u>	<u>5,003,851</u>
Equity attributable to unit holders of the KLCC REIT	<u>8,093,267</u>	<u>8,091,402</u>
Total equity attributable to equity holders of KLCCP and KLCC REIT	<u>13,126,417</u>	<u>13,095,253</u>
Other non-controlling interests	<u>2,036,681</u>	<u>2,029,836</u>
Total equity	<u>15,163,098</u>	<u>15,125,089</u>
Non-current liabilities		
Deferred revenue	53,381	48,266
Other long term liabilities	168,936	156,132
Long term borrowings	2,309,666	1,817,166
Deferred taxation	48,872	49,180
	<u>2,580,855</u>	<u>2,070,744</u>
Current liabilities		
Trade and other payables	373,464	214,362
Short term borrowings	49,502	427,548
Taxation	20,685	22,586
	<u>443,651</u>	<u>664,496</u>
Total liabilities	<u>3,024,506</u>	<u>2,735,240</u>
TOTAL EQUITY AND LIABILITIES	<u>18,187,604</u>	<u>17,860,329</u>
Net asset value per stapled security (RM)	7.27	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)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 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	—	204,405	—	204,405	336,848	83,582	624,835
Dividends paid/declared	—	(204,544)	—	(204,544)	(296,436)	(69,700)	(570,680)
As at 30 September 2018	1,823,386	225,244	2,929,350	4,977,980	8,090,676	2,032,212	15,100,868
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	—	204,832	—	204,832	340,907	84,756	630,495
Dividends paid/declared	—	(175,478)	—	(175,478)	(339,042)	(77,900)	(592,420)
As at 30 September 2019	1,823,386	272,508	2,937,256	5,033,150	8,093,267	2,036,681	15,163,098

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 (RM461,244,000).

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)

(Incorporated in Malaysia)

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

	Cumulative 9 months ended	
	30-Sep-19 RM'000	30-Sep-18 RM'000
Cash flows from operating activities		
Profit before tax	708,853	701,138
Adjustments for:		
Interest/profit income	(22,351)	(20,356)
Finance costs	83,324	80,525
Accrued rental income	(9,270)	(30,515)
Depreciation	32,314	28,037
Allowance for impairment losses	23	33
Loss on disposal of property, plant and equipment	43	104
Write off of property, plant and equipment	9	–
Share of results of an associate	(8,112)	(9,663)
	<u>75,980</u>	<u>48,165</u>
Operating profit before changes in working capital	784,833	749,303
Changes in working capital:		
Trade and other receivables	(790)	678
Amount due from/to ultimate holding company	11,590	(6,003)
Amount due from/to immediate holding company	131	242
Amount due from/to related companies	539	(2,179)
Trade and other payables	26,378	(4,595)
Inventories	(43)	330
	<u>37,805</u>	<u>(11,527)</u>
Interest/profit income received	22,810	18,221
Tax paid	(80,869)	(79,766)
Net cash generated from operating activities	<u>764,579</u>	<u>676,231</u>
Cash flows from investing activities		
Dividends received	–	10,750
Purchase of property, plant and equipment	(25,401)	(35,334)
Cost incurred for investment properties	(24,388)	(15,417)
Proceeds from disposal of property, plant and equipment	(47)	109
Net cash used in investing activities	<u>(49,836)</u>	<u>(39,892)</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)	(204,544)
Dividends paid to non-controlling interests relating to KLCC REIT	(226,569)	(294,777)
Dividends paid to other non-controlling interests	(77,900)	(69,700)
Interest/profit expense paid	(63,388)	(55,537)
Payment of lease liabilities	(1,489)	–
Decrease in deposits restricted	(4,507)	(1,022)
Net cash used in financing activities	<u>(411,434)</u>	<u>(633,080)</u>

KLCC PROPERTY HOLDINGS BERHAD (641576-U)

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

	Cumulative 9 months ended	
	30-Sep-19 RM'000	30-Sep-18 RM'000
Net increase in cash and cash equivalents	303,309	3,259
Cash and cash equivalents at the beginning of the year	730,431	737,017
Cash and cash equivalents at the end of period	<u>1,033,740</u>	<u>740,276</u>
Cash and cash equivalents at the end of period comprises:		
Cash and bank balances	543,978	429,392
Deposits	<u>499,562</u>	<u>325,151</u>
	1,043,540	754,543
Less: Deposits restricted ¹	<u>(9,800)</u>	<u>(14,267)</u>
	<u>1,033,740</u>	<u>740,276</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 SEPTEMBER 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 11 November 2019.

A2 Basis of preparation

These condensed consolidated interim financial statements, for the period ended 30 September 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 SEPTEMBER 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 SEPTEMBER 2019**A EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTD.)****A5 Segmental information**

	Third quarter ended			Cumulative 9 months ended		
	30-Sep-19			30-Sep-19		
	KLCCP	KLCC	Group	KLCCP	KLCC	Group
	REIT		REIT			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
Property investment:						
Office	9,929	139,592	149,521	29,910	418,615	448,525
Retail	116,668	8,504	125,172	357,611	25,217	382,828
Hotel operations	44,126	–	44,126	128,380	–	128,380
Management services	53,525	–	53,525	153,495	–	153,495
	224,248	148,096	372,344	669,396	443,832	1,113,228
Eliminations			(18,823)			(55,168)
			353,521			1,058,060
Operating profit						
Property investment:						
Office	7,802	123,793	131,595	24,211	371,563	395,774
Retail	98,557	5,017	103,574	295,550	14,802	310,352
Hotel operations	3,550	–	3,550	10,530	–	10,530
Management services	18,320	–	18,320	55,771	–	55,771
	128,229	128,810	257,039	386,062	386,365	772,427
Eliminations			(3,345)			(10,713)
			253,694			761,714
Interest/profit income	7,009	905	7,914	19,625	2,726	22,351
Finance cost	(11,939)	(16,047)	(27,986)	(36,429)	(46,895)	(83,324)
Share of profit of an associate company	1,614	–	1,614	8,112	–	8,112
Taxation	(25,067)	–	(25,067)	(78,358)	–	(78,358)
Profit for the period / Total comprehensive income for the period			210,169			630,495

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

	As at 30-Sep-19		
	KLCCP	KLCC REIT	Group
	RM'000	RM'000	RM'000
Total assets			
Property investment — Office	1,129,128	9,297,205	10,426,333
Property investment — Retail	5,704,380	524,363	6,228,743
Hotel operations	674,843	—	674,843
Management services	210,563	—	210,563
	<u>7,718,914</u>	<u>9,821,568</u>	<u>17,540,482</u>
Eliminations and adjustments			<u>647,122</u>
			<u>18,187,604</u>
Total liabilities			
Property investment — Office	19,812	1,711,126	1,730,938
Property investment — Retail	793,126	17,173	810,299
Hotel operations	416,409	—	416,409
Management services	83,233	—	83,233
	<u>1,312,580</u>	<u>1,728,299</u>	<u>3,040,879</u>
Eliminations and adjustments			<u>(16,373)</u>
			<u>3,024,506</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.

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NOTES ON THE QUARTERLY REPORT — 30 SEPTEMBER 2019

A EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTD.)

A10 Dividends paid

The Board of Directors declared interim dividends comprising 2.57 sen and 6.23 sen relating to KLCCP and KLCC REIT respectively in respect of the three month period ended 30 June 2019 totaling 8.80 sen per stapled security.

The KLCCP dividend of 2.57 sen per share (tax exempt under the single-tier tax system) amounting to RM46.4 million and the KLCC REIT income distribution of 6.23 sen per unit amounting to RM112.5 million were paid on 4 October 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 September 2019 is as follows:

	RM'000
Approved and contracted for	114,169
Approved but not contracted for	166,694
	<u>280,863</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.

NOTES ON THE QUARTERLY REPORT — 30 SEPTEMBER 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

	Third quarter ended			Cumulative 9 months ended		
	30-Sep-19 RM'000	30-Sep-18 RM'000	Change %	30-Sep-19 RM'000	30-Sep-18 RM'000	Change %
Revenue:						
Property investment:						
Office	149,521	149,136	0.26	448,525	447,038	0.33
Retail	125,172	124,322	0.68	382,828	371,001	3.19
Hotel operations	44,126	45,560	(3.15)	128,380	126,640	1.37
Management services	53,525	49,264	8.65	153,495	150,345	2.10
Eliminations/Adjustments	(18,823)	(18,802)		(55,168)	(55,431)	
	353,521	349,480	1.16	1,058,060	1,039,593	1.78
Profit before tax ("PBT"):						
Property investment:						
Office *	119,108	120,907	(1.49)	361,455	360,323	0.31
Retail	97,316	93,233	4.38	290,879	283,163	2.72
Hotel operations	(424)	1,512	(128.04)	(1,632)	(208)	(684.62)
Management services	18,628	17,839	4.42	56,714	56,905	(0.34)
Eliminations/Adjustments	608	1,025		1,437	955	
	235,236	234,516	0.31	708,853	701,138	1.10

* Includes share of profit of an associate.

Variance analysis by segment

Property investment — Office

The performance in the office segment remained relatively stable during the quarter and year to date (YTD).

However, compared to Q3 2018, PBT decreased slightly by 1.5% mainly due to lower share of profit received from associate company.

Property investment — Retail

Higher revenue and PBT in Q3 2019 and YTD were achieved at the back of better rent rate and strong advertising income albeit the reconfiguration exercise at the mall which commenced in the previous quarter.

NOTES ON THE QUARTERLY REPORT — 30 SEPTEMBER 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

Revenue in Q3 2019 declined by 3.2% compared to previous year due to weaker performance in the F&B segment particularly in September due to higher competitions for events and activities.

YTD revenue reported improvement with better occupancy (2019: 62.6% vs. 2018: 55.0%) however was partially offset by a decrease in F&B by 3%.

PBT in Q3 2019 and YTD were lower than last year as the hotel incurred higher depreciation on the fully refurbished rooms, marketing and promotional expenses as well as repairs.

Management services

The Q3 2019 revenue and PBT increased by 8.7% and 4.4% respectively. Q3 2019 recorded higher revenue from one-off projects under the facilities management operations.

PBT in YTD reported a slight decrease by 0.3% mainly due to higher depreciation on the digital initiatives for better users' experience at the North West Development carpark.

B2 Variation of results against preceding quarter

	Quarter ended		Change %
	30-Sep-19 RM'000	30-Jun-19 RM'000	
Revenue:			
Property investment:			
Office	149,521	149,672	(0.10)
Retail	125,172	127,701	(1.98)
Hotel operations	44,126	41,834	5.48
Management services	53,525	50,045	6.95
Eliminations/Adjustments	(18,823)	(18,159)	
	353,521	351,093	0.69
Profit before tax:			
Property investment:			
Office *	119,108	120,925	(1.50)
Retail	97,316	94,917	2.53
Hotel operations	(424)	(816)	48.04
Management services	18,628	19,198	(2.97)
Eliminations/Adjustments	608	(202)	
	235,236	234,022	0.52

* Includes share of profit of an associate.

NOTES ON THE QUARTERLY REPORT — 30 SEPTEMBER 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 Q2 2019, overall revenue and PBT increased by 0.7% and 0.5% respectively mainly from the hotel's improved occupancy and higher revenue from one-off projects under the facilities management operations.

A slight decrease in revenue in the retail segment mainly due to lower advertising income generated during the quarter where most seasonal events (Hari Raya, Fashion Week) occurred in Q2 2019.

However, PBT was higher by 2.5% mainly due to lower maintenance incurred during the quarter.

B3 Prospects for financial year 2019

The Directors expect the Group to remain resilient as it continues to leverage on the long term profile of office leases.

Despite the on-going reconfiguration exercise, the retail segment is expected to remain competitive with its strong fundamentals.

Due to increase in room inventory within the KLCC area and new F&B outlets in the market, the hotel segment is expected to trade in challenging market conditions for the rest of the year.

B4 Profit forecast

No profit forecast was issued for the financial period.

B5 Taxation

Taxation comprises the following:

	Third quarter ended		Cumulative 9 months ended	
	30-Sep-19 RM'000	30-Sep-18 RM'000	30-Sep-19 RM'000	30-Sep-18 RM'000
In respect of the current period:				
Malaysian income tax	25,172	24,994	78,660	76,934
Deferred tax	(105)	(428)	(302)	(631)
	25,067	24,566	78,358	76,303

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.

NOTES ON THE QUARTERLY REPORT — 30 SEPTEMBER 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-Sep-19		
	KLCCP RM'000	KLCC REIT RM'000	Group RM'000
Short term:			
<u>Secured</u>			
Term loans	9,529	–	9,529
Sukuk Murabahah	7,309	31,414	38,723
Lease liabilities	1,250	–	1,250
	<u>18,088</u>	<u>31,414</u>	<u>49,502</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>972,754</u>	<u>1,386,414</u>	<u>2,359,168</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	9,529	7,500	22,500	324,666	364,195
Sukuk Murabahah	7,309	–	–	600,000	607,309
Lease liabilities	1,250	–	–	–	1,250
	<u>18,088</u>	<u>7,500</u>	<u>22,500</u>	<u>924,666</u>	<u>972,754</u>
<u>KLCC REIT</u>					
Sukuk Murabahah	31,414	400,000	455,000	500,000	1,386,414
	<u>49,502</u>	<u>407,500</u>	<u>477,500</u>	<u>1,424,666</u>	<u>2,359,168</u>

KLCC PROPERTY HOLDINGS BERHAD (641576-U)

(Incorporated in Malaysia)

NOTES ON THE QUARTERLY REPORT — 30 SEPTEMBER 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 September 2019:

	Total stapled securities	Dividend/ income distribution per stapled securities Sen	Total dividend/ income distribution payable RM'000
KLCCP ¹	1,805,333,083	2.56	46,217
KLCC REIT ^{2, 3}	1,805,333,083	6.24	112,653
Group		<u>8.80</u>	<u>158,870</u>

The dividend and income distribution for KLCCP and KLCC REIT will be paid on 18 December 2019. The book closure date in respect of both the aforesaid interim dividend and income distribution is 26 November 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 SEPTEMBER 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:

	Third quarter ended		Cumulative 9 months ended	
	30-Sep-19 RM'000	30-Sep-18 RM'000	30-Sep-19 RM'000	30-Sep-18 RM'000
Revenue				
Property investment - Office	139,592	139,197	418,615	417,371
Property investment - Retail	8,504	7,308	25,217	23,135
	148,096	146,505	443,832	440,506
Profit income	905	937	2,726	2,328
	149,001	147,442	446,558	442,834
Less: Expenses	(35,333)	(34,834)	(105,651)	(105,986)
Profit for the period	113,668	112,608	340,907	336,848
Less: Non-cash items	(879)	(9,387)	(2,192)	(28,212)
Total realised income available for the period	112,789	103,221	338,715	308,636
Add: Brought forward undistributed realised income available for distribution	41,312	40,999	41,233	40,850
Total realised income available for distribution *	154,101	144,220	379,948	349,486
Less: Total income distributed for the period	–	–	(225,847)	(205,266)
Less: Income to be distributed for the quarter	(112,653)	(103,085)	(112,653)	(103,085)
Balance undistributed realised income available for distribution	41,448	41,135	41,448	41,135
Distribution per unit (sen)	6.24	5.71	18.75	17.08

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

NOTES ON THE QUARTERLY REPORT — 30 SEPTEMBER 2019

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	8,093,267	4.48	4.42
KLCCP Stapled Group	1,805,333,083	13,126,417	7.27	7.18

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-Sep-19	As at 30-Jun-19	Changes
NAV (after distribution) (RM'000)	7,980,614	7,979,600	1,014
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

	Third quarter ended		Cumulative 9 months ended	
	30-Sep-19 RM'000	30-Sep-18 RM'000	30-Sep-19 RM'000	30-Sep-18 RM'000
Profit for the period is arrived after charging:				
Depreciation of property, plant and equipment ¹	11,461	9,574	32,314	28,037
(Reversal of)/Allowance for impairment losses	-	(193)	23	33
(Gain)/Loss on disposal of property, plant and equipment	(1)	21	43	104
Write off of property, plant and equipment	-	-	9	-

¹ Depreciation of property, plant and equipment for the period ended 30 September 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.

NOTES ON THE QUARTERLY REPORT — 30 SEPTEMBER 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")

	Third quarter ended		Cumulative 9 months ended	
	30-Sep-19	30-Sep-18	30-Sep-19	30-Sep-18
Profit attributable to ordinary equity holders of the Company (RM'000)	67,737	68,826	204,832	204,405
Profit attributable to unitholders of KLCC REIT (RM'000)	113,668	112,608	340,907	336,848
	<u>181,405</u>	<u>181,434</u>	<u>545,739</u>	<u>541,253</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>10.05</u>	<u>10.05</u>	<u>30.23</u>	<u>29.98</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