

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

| | Third quarter ended | | Cumulative 9 months ended | |
|--|---------------------|---------------------|---------------------------|---------------------|
| | 30-Sep-17 RM'000 | 30-Sep-16 RM'000 | 30-Sep-17 RM'000 | 30-Sep-16 RM'000 |
| Revenue | 340,503 | 329,535 | 1,014,679 | 998,857 |
| Operating Expenses | (89,898) | (83,156) | (269,822) | (253,585) |
| Operating profit | 250,605 | 246,379 | 744,857 | 745,272 |
| Interest/profit income | 6,668 | 10,263 | 22,319 | 32,707 |
| Finance costs | (27,419) | (30,242) | (84,274) | (91,201) |
| Share of profit of an associate | 3,204 | 3,722 | 9,613 | 9,771 |
| Profit before taxation | 233,058 | 230,122 | 692,515 | 696,549 |
| Taxation | (27,953) | (25,719) | (79,125) | (78,331) |
| Profit for the period, representing total comprehensive income | 205,105 | 204,403 | 613,390 | 618,218 |
| Profit attributable to: | | | | |
| Equity holders of the Company | 66,732 | 65,259 | 198,460 | 197,805 |
| Non-controlling interests relating to KLCC Real Estate Investment Trust (KLCC REIT) | 110,969 | 112,967 | 333,924 | 341,038 |
| Other non-controlling interests | 27,404 | 26,177 | 81,006 | 79,375 |
| | 205,105 | 204,403 | 613,390 | 618,218 |
| Dividend/income distribution to stapled security holders: | | | | |
| <u>Quarter ended 30 September 2017/2016</u> | | | | |
| Realised distributable income - KLCCP | 66,732 | 65,259 | 198,460 | 197,805 |
| Realised distributable income - KLCC REIT | 99,481 | 102,252 | 297,124 | 308,823 |
| Total realised distributable income | 166,213 | 167,511 | 495,584 | 506,628 |
| Distribution rate (%) * | 93.41% | 92.69% | 93.99% | 91.57% |
| Dividend/Income distribution | 155,259 | 155,259 | 465,776 | 463,907 |
| Dividend/income distribution per stapled security (sen) | 8.60 | 8.60 | 25.80 | 25.80 |
| Earnings per stapled security (sen) | | | | |
| Basic | 9.84 | 9.87 | 29.49 | 29.85 |

* Rounded to two decimal point

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 2017**

| | 30-Sep-17 RM'000 | 31-Dec-16 RM'000 |
|---|---------------------|---------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 657,296 | 636,674 |
| Investment properties | 15,468,946 | 15,454,001 |
| Investment in an associate | 264,629 | 255,016 |
| Deferred tax assets | 247 | 247 |
| Trade and other receivables | 375,082 | 339,106 |
| | <u>16,766,200</u> | <u>16,685,044</u> |
| Current assets | | |
| Inventories | 1,807 | 1,930 |
| Trade and other receivables | 69,388 | 58,849 |
| Dividend receivables | - | 21,070 |
| Tax recoverable | 29 | 12 |
| Cash and cash equivalents | 893,320 | 1,015,220 |
| | <u>964,544</u> | <u>1,097,081</u> |
| TOTAL ASSETS | <u>17,730,744</u> | <u>17,782,125</u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the company | | |
| Share capital | 1,823,386 | 1,805,333 |
| Capital redemption reserve | - | 18,053 |
| Capital reserve | 2,854,041 | 2,854,041 |
| Retained profits | 214,719 | 204,555 |
| | <u>4,892,146</u> | <u>4,881,982</u> |
| Equity attributable to unit holders of the KLCC REIT | <u>7,946,089</u> | <u>7,912,211</u> |
| Total equity attributable to equity holders of KLCCP and KLCC REIT | <u>12,838,235</u> | <u>12,794,193</u> |
| Other non-controlling interests | <u>1,986,938</u> | <u>1,983,832</u> |
| Total equity | <u>14,825,173</u> | <u>14,778,025</u> |
| Non-current liabilities | | |
| Deferred revenue | 45,948 | 41,639 |
| Other long term liabilities | 81,860 | 78,477 |
| Long term borrowings | 2,225,666 | 2,233,166 |
| Deferred taxation | 29,518 | 29,728 |
| | <u>2,382,992</u> | <u>2,383,010</u> |
| Current liabilities | | |
| Trade and other payables | 300,735 | 280,996 |
| Short term borrowings | 46,693 | 319,264 |
| Dividend payable | 155,259 | - |
| Taxation | 19,892 | 20,830 |
| | <u>522,579</u> | <u>621,090</u> |
| Total liabilities | <u>2,905,571</u> | <u>3,004,100</u> |
| TOTAL EQUITY AND LIABILITIES | <u>17,730,744</u> | <u>17,782,125</u> |
| Net assets value per stapled security (RM) | 7.11 | 7.09 |

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 2017**

| | ← 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 ³ RM'000 | Other non- controlling interests RM'000 | Total Equity RM'000 |
|---|---|--|-------------------------------|---|--|---|--|---------------------------|
| | Share capital RM'000 | Capital redemption reserve RM'000 | Retained profits RM'000 | Capital reserve ² RM'000 | | | | |
| As at 1 January 2016 | 1,805,333 | 18,053 | 172,982 | 2,778,200 | 4,774,568 | 7,776,713 | 1,959,773 | 14,511,054 |
| Total comprehensive income for the period | – | – | 197,805 | – | 197,805 | 341,038 | 79,375 | 618,218 |
| Dividends paid/declared | – | – | (178,547) | – | (178,547) | (309,254) | (75,030) | (562,831) |
| As at 30 September 2016 | 1,805,333 | 18,053 | 192,240 | 2,778,200 | 4,793,826 | 7,808,497 | 1,964,118 | 14,566,441 |
| As at 1 January 2017 | 1,805,333 | 18,053 | 204,555 | 2,854,041 | 4,881,982 | 7,912,211 | 1,983,832 | 14,778,025 |
| Total comprehensive income for the period | – | – | 198,460 | – | 198,460 | 333,924 | 81,006 | 613,390 |
| Transition in accordance with Section 618(2) of the Companies Act 2016 to no par value regime on 31 January 2017 ¹ | 18,053 | (18,053) | – | – | – | – | – | – |
| Dividends paid/declared | – | – | (188,296) | – | (188,296) | (300,046) | (77,900) | (566,242) |
| As at 30 September 2017 | 1,823,386 | – | 214,719 | 2,854,041 | 4,892,146 | 7,946,089 | 1,986,938 | 14,825,173 |

¹ Pursuant to Section 74 of the Companies Act 2016 ('the Act'), the Company's shares no longer have a par or nominal value with effect from 31 January 2017. In accordance with the transitional provision set out in Section 618 of the Act, the capital redemption reserve now becomes part of the Company's share capital. There are no impact on the number of shares in issue or the relative entitlement of any of the members as a result of this transition.

² Capital reserve arises from the surplus of revaluation of investment properties that will be distributed upon the sale of investment properties.

³ Equity attributable to unit holders of KLCC REIT consists of Unitholders' Fund (RM7,212,684,000), Merger Reserve (RM6,212,000), Capital Reserve (RM341,332,000) and Retained Profit (RM385,861,000).

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to this interim financial report.)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

| | Cumulative 9 months ended | |
|---|------------------------------|---------------------|
| | 30-Sep-17 RM'000 | 30-Sep-16 RM'000 |
| Cash flows from operating activities | | |
| Profit before tax | 692,515 | 696,549 |
| Adjustments for: | | |
| Interest/profit income | (22,319) | (32,707) |
| Finance costs | 84,274 | 91,201 |
| Accrued rental income (MFRS 117 and MFRS 139) | (31,667) | (37,688) |
| Depreciation | 24,446 | 26,876 |
| Write off of receivables | 6 | - |
| Loss on disposal of property, plant and equipment | 244 | - |
| Share of results of an associate | (9,613) | (9,771) |
| | <u>45,371</u> | <u>37,911</u> |
| Operating profit before changes in working capital | 737,886 | 734,460 |
| Changes in working capital: | | |
| Changes in trade and other receivables | (2,333) | (4,272) |
| Changes in ultimate holding company's balances | (8,467) | 5,719 |
| Changes in related companies' balances | (2,063) | 4,110 |
| Changes trade and other payables | 30,608 | (20,573) |
| Other changes | 123 | 126 |
| | <u>17,868</u> | <u>(14,890)</u> |
| Interest/profit income received | 24,083 | 33,268 |
| Tax paid | (80,290) | (82,970) |
| Net cash generated from operating activities | <u>699,547</u> | <u>669,868</u> |
| Cash flows from investing activities | | |
| Dividends received | 21,070 | - |
| Purchase of property, plant and equipment | (43,660) | (20,580) |
| Cost incurred for investment properties | (27,065) | (77,836) |
| Proceeds from disposal of property, plant and equipment | 109 | 178 |
| Net cash used in investing activities | <u>(49,546)</u> | <u>(98,238)</u> |
| Cash flows from financing activities | | |
| Proceeds from drawdown of borrowings | - | 1,000 |
| Repayment of borrowings | (300,000) | (11,400) |
| Dividends paid to equity holders of the company | (131,247) | (178,547) |
| Dividends paid to non-controlling interests relating to KLCC REIT | (201,836) | (309,212) |
| Dividends paid to other non-controlling interests | (77,900) | (75,030) |
| Interest/Profit expense paid | (60,918) | (57,149) |
| Increase in deposits restricted | (8,716) | (2,523) |
| Net cash used in financing activities | <u>(780,617)</u> | <u>(632,861)</u> |

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

| | Cumulative 9 months ended | |
|--|--------------------------------------|-------------------------|
| | 30-Sep-17 | 30-Sep-16 |
| | RM'000 | RM'000 |
| Net decrease in cash and cash equivalents | (130,616) | (61,231) |
| Cash and cash equivalents at the beginning of the period | 1,011,991 | 1,104,437 |
| Cash and cash equivalents at the end of the period | <u>881,375</u> | <u>1,043,206</u> |
| Cash and cash equivalents at the end of the period comprise of: | | |
| Cash and bank balances | 375,852 | 50,745 |
| Deposits | <u>517,468</u> | <u>1,001,404</u> |
| | 893,320 | 1,052,149 |
| Less: Deposits restricted * | <u>(11,945)</u> | <u>(8,943)</u> |
| | <u>881,375</u> | <u>1,043,206</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 2016 and the accompanying explanatory notes attached to this interim financial report.)

NOTES ON THE QUARTERLY REPORT — 30 SEPTEMBER 2017

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 13 November 2017.

A2 Basis of preparation

These condensed consolidated interim financial statements, for the period ended 30 September 2017 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 2016 are available upon request from the Company’s registered office at Level 54, Tower 2, PETRONAS Twin Towers, Kuala Lumpur City Centre, 50088 Kuala Lumpur.

A3 Accounting policies

The new and revised MFRSs, Amendments to MFRS and IC Interpretations which are mandatory for companies with financial periods beginning on or after 1 January 2017 did not give rise to any significant effects on the financial statements of the Group and the Company.

A4 Basis of preparation

The auditors’ report on the financial statements for the year ended 31 December 2016 was not qualified.

NOTES ON THE QUARTERLY REPORT — 30 SEPTEMBER 2017

A EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTD.)

A5 Segmental information

| | Third quarter ended | | | Cumulative 9 months ended | | |
|--|---------------------|----------------|------------------------|---------------------------|----------------|-------------------------|
| | 30-Sep-17 | | | 30-Sep-17 | | |
| | KLCCP | KLCC REIT | Group | KLCCP | KLCC REIT | Group |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | | | | | | |
| Property investment: | | | | | | |
| Office | 9,894 | 138,187 | 148,081 | 30,112 | 412,903 | 443,015 |
| Retail | 111,726 | 7,916 | 119,642 | 338,814 | 24,611 | 363,425 |
| Hotel operation | 43,288 | – | 43,288 | 118,923 | – | 118,923 |
| Management services | 48,225 | – | 48,225 | 144,014 | – | 144,014 |
| | <u>213,133</u> | <u>146,103</u> | <u>359,236</u> | <u>631,863</u> | <u>437,514</u> | <u>1,069,377</u> |
| Elimination | | | <u>(18,733)</u> | | | <u>(54,698)</u> |
| | | | <u>340,503</u> | | | <u>1,014,679</u> |
| Operating profit | | | | | | |
| Property investment: | | | | | | |
| Office | 8,480 | 122,334 | 130,814 | 25,247 | 366,665 | 391,912 |
| Retail | 93,578 | 4,807 | 98,385 | 282,727 | 14,951 | 297,678 |
| Hotel operation | 6,081 | – | 6,081 | 11,725 | – | 11,725 |
| Management services | 19,137 | – | 19,137 | 55,222 | – | 55,222 |
| | <u>127,276</u> | <u>127,141</u> | <u>254,417</u> | <u>374,921</u> | <u>381,616</u> | <u>756,537</u> |
| Elimination | | | <u>(3,812)</u> | | | <u>(11,680)</u> |
| | | | <u>250,605</u> | | | <u>744,857</u> |
| Interest income | 6,948 | 750 | 7,698 | 19,990 | 4,099 | 24,089 |
| Finance cost | (11,527) | (16,922) | (28,449) | (34,253) | (51,791) | (86,044) |
| Share of profit of an associate company | 3,204 | – | 3,204 | 9,613 | – | 9,613 |
| Taxation | (27,953) | – | (27,953) | (79,125) | – | (79,125) |
| Profit for the period / Total comprehensive income for the period | | | <u>205,105</u> | | | <u>613,390</u> |

NOTES ON THE QUARTERLY REPORT — 30 SEPTEMBER 2017

A EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTD.)

A5 Segmental information (Contd.)

| | As at 30-Sep-17 | | |
|------------------------------|------------------------|----------------------|---------------------------|
| | KLCCP | KLCC REIT | Group |
| | RM'000 | RM'000 | RM'000 |
| Total assets | | | |
| Property investment — Office | 1,084,648 | 9,115,307 | 10,199,955 |
| Property investment — Retail | 5,563,321 | 523,838 | 6,087,159 |
| Hotel operation | 699,333 | | 699,333 |
| Management services | 2,263,407 | | 2,263,407 |
| | <u>9,610,709</u> | <u>9,639,145</u> | <u>19,249,854</u> |
| Elimination | | | <u>(1,519,110)</u> |
| | | | <u>17,730,744</u> |
| Total liabilities | | | |
| Property investment — Office | 31,328 | 1,671,633 | 1,702,961 |
| Property investment — Retail | 774,728 | 21,423 | 796,151 |
| Hotel operation | 443,599 | | 443,599 |
| Management services | 97,500 | | 97,500 |
| | <u>1,347,155</u> | <u>1,693,056</u> | <u>3,040,211</u> |
| Elimination | | | <u>(134,640)</u> |
| | | | <u>2,905,571</u> |

A6 Unusual items

During the quarter under review, there were no items or events that arose, which affected assets, liabilities, equity, net income or cash flows, that are unusual by reason of their nature, size or incidence.

A7 Changes in estimates

There were no changes in the estimates of amounts reported that have a material effect on the results in the quarter under review.

A8 Changes in statutory tax rate

There were no changes to the corporate tax rate during the quarter under review. However, Section 61A of the Malaysian Income Tax Act 1967 exempts KLCC REIT from the normal corporate tax in a year of assessment ("YA") if KLCC REIT distributes at least 90% of its total taxable income in the same YA.

A9 Seasonal or cyclical factors

The Group's hotel operations were impacted by the seasonal or cyclical factors affecting the occupancy rate and food and beverage business of the hotel.

The other segments are not affected by seasonal or cyclical factors.

NOTES ON THE QUARTERLY REPORT — 30 SEPTEMBER 2017

A EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTD.)

A10 Dividends paid

The Board of Directors has declared interim dividends comprising 3.16 sen and 5.44 sen relating to KLCCP and KLCC REIT respectively in respect of three months period ended 30 June 2017 totaling 8.60 sen per stapled security.

The KLCCP dividend of 3.16 sen per share (tax exempt under the single-tier tax system) amounting to RM57.05 million and the KLCC REIT income distribution of 5.44 sen per unit amounting to RM98.21 million were paid on 4 October 2017.

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 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 30 September 2017 is as follows:

| | RM'000 |
|---------------------------------|----------------|
| Approved and contracted for | 527,415 |
| Approved but not contracted for | 188,105 |
| | <u>715,520</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 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 2017

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

B1 Performance review

| | Third quarter ended | | | Cumulative 9 months ended | | |
|----------------------------|---------------------|---------------------|-------------|---------------------------|---------------------|-------------|
| | 30-Sep-17 RM'000 | 30-Sep-16 RM'000 | Change % | 30-Sep-17 RM'000 | 30-Sep-16 RM'000 | Change % |
| Revenue: | | | | | | |
| Property investment: | | | | | | |
| Office | 148,081 | 148,528 | (0.30) | 443,015 | 444,230 | (0.27) |
| Retail | 119,642 | 115,905 | 3.22 | 363,425 | 362,719 | 0.19 |
| Hotel operation | 43,288 | 35,057 | 23.48 | 118,923 | 106,126 | 12.06 |
| Management services | 48,225 | 47,613 | 1.29 | 144,014 | 138,285 | 4.14 |
| Elimination | (18,733) | (17,568) | | (54,698) | (52,503) | |
| | 340,503 | 329,535 | 3.33 | 1,014,679 | 998,857 | 1.58 |
| Profit before tax ("PBT"): | | | | | | |
| Property investment: | | | | | | |
| Office * | 118,692 | 117,944 | 0.63 | 356,517 | 354,689 | 0.52 |
| Retail | 92,702 | 91,191 | 1.66 | 279,781 | 280,184 | (0.14) |
| Hotel operation | 2,359 | (1,493) | 258.00 | 864 | (6,185) | 113.97 |
| Management services | 19,539 | 20,723 | (5.71) | 56,108 | 60,611 | (7.43) |
| Elimination | (234) | 1,757 | | (755) | 7,250 | |
| | 233,058 | 230,122 | 1.28 | 692,515 | 696,549 | (0.58) |

* Includes share of profit of an associate.

Variance analysis by segment

Property investment — Office

Revenue for Q3 marginally decreased by 0.3% (RM0.4 million) mainly from lower utility income from Menara ExxonMobil. However, PBT increased by 0.6% (RM0.7 million) at the back of saving in finance costs from repayment of Sukuk Murabahah in Q2 2017.

YTD Revenue decreased marginally as 40% of Menara Exxon Mobil was vacant for 2 months during the period. Despite the decrease in revenue, PBT reported a slight increase contributed by savings in the finance cost explained above.

Property investment — Retail

Q3 and YTD Revenue reported an increase of 3.2% and 0.2% respectively at the back of higher rental renewals and reviews became effective. The marginal decrease in YTD PBT was due to an one-off back rental recognition in 2016. Excluding the said back rental, YTD PBT would improved by 1.0%

NOTES ON THE QUARTERLY REPORT — 30 SEPTEMBER 2017

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

Hotel operation

Q3 revenue increased by 23.5% at the back of stronger occupancy of 52% (Q3 2016: 46%). This had contributed a profitable quarter for the hotel operations. The higher occupancy was contributed by the SEA Games held in August. The positive contribution of Q3 resulted in a higher YTD revenue of 12.1 % and a breakeven position for YTD hotel performance.

Management services

Q3 and YTD revenue increased by 1.3% and 4.1% respectively as a result of increase in car park rates and one off facility management projects in 2017. Despite the increase in revenue, PBT decreased as a result of higher manpower costs and lower interest income.

B2 Variation of results against preceding quarter

| | Third quarter ended | | Change % |
|----------------------|------------------------|-----------------------|-------------|
| | 30-Sep-17 RM'000 | 30-Jun-17 RM'000 | |
| Revenue: | | | |
| Property investment: | | | |
| Office | 148,081 | 149,186 | (0.74) |
| Retail | 119,642 | 121,972 | (1.91) |
| Hotel operation | 43,288 | 36,549 | 18.44 |
| Management services | 48,225 | 48,122 | 0.21 |
| Elimination | <u>(18,733)</u> | <u>(18,310)</u> | |
| | <u>340,503</u> | <u>337,519</u> | 0.88 |
| Profit before tax: | | | |
| Property investment: | | | |
| Office * | 118,692 | 120,150 | (1.21) |
| Retail | 92,702 | 94,266 | (1.66) |
| Hotel operation | 2,359 | (1,670) | 241.26 |
| Management services | 19,539 | 17,976 | 8.69 |
| Elimination | <u>(234)</u> | <u>(645)</u> | |
| | <u>233,058</u> | <u>230,077</u> | 1.30 |

* Includes share of profit of an associate.

Overall Revenue and PBT improved by 0.9% and 1.3% respectively as compared to Q2 2017, supported by better hotel performance. The SEA Games event had positively contributed to the Q3 2017 hotel performance with hotel achieving higher occupancy at 52% (Q2 2017: 47%).

The positive contribution by the hotel performance is offset by the marginal decrease in PBT of the office segment and retail segments.

NOTES ON THE QUARTERLY REPORT — 30 SEPTEMBER 2017

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

B3 Prospect for financial year 2017

The Directors expect performance of the Group to be stable for the remainder of the year.

The office segment which accounts for approximately 44% of the Group's revenue and 57% of the Group's Profit Before Tax is expected to remain stable on the back of long term tenancies.

The hotel and retail segments continue to be impacted by challenging market conditions. However, barring any unforeseen circumstances, their performance for the remainder of the year is not expected to have a material impact on the Group's results.

B4 Profit forecast

No profit forecast was issued for the financial period.

B5 Taxation

Taxation comprises of the following:

| | Third quarter ended | | Cumulative 9 months ended | |
|-----------------------------------|---------------------|---------------|---------------------------|---------------|
| | 30-Sep-17 | 30-Sep-16 | 30-Sep-17 | 30-Sep-16 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| In respect of the current period: | | | | |
| Malaysian income tax | 28,053 | 25,607 | 79,334 | 78,027 |
| Deferred tax | (100) | 112 | (209) | 304 |
| | 27,953 | 25,719 | 79,125 | 78,331 |

Overall effective tax rate is lower as income from KLCC REIT is not being subject to tax in accordance with Section 61A of the Malaysian Income Tax Act 1967.

B6 Sales of unquoted investments and/or properties

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

B7 Quoted and marketable securities

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

B8 Status of corporate proposal announced

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

NOTES ON THE QUARTERLY REPORT — 30 SEPTEMBER 2017

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

B9 Borrowings

| | As at 30-Sep-17 | | |
|-----------------|------------------------|----------------------|-------------------------|
| | KLCCP | KLCC REIT | Group |
| | RM'000 | RM'000 | RM'000 |
| Short term: | | | |
| <u>Secured</u> | | | |
| Term loans | 9,374 | – | 9,374 |
| Sukuk Murabahah | 7,153 | 30,166 | 37,319 |
| | <u>16,527</u> | <u>30,166</u> | <u>46,693</u> |
| Long term: | | | |
| <u>Secured</u> | | | |
| Term loans | 370,666 | – | 370,666 |
| Sukuk Murabahah | 600,000 | 1,255,000 | 1,855,000 |
| | <u>970,666</u> | <u>1,255,000</u> | <u>2,225,666</u> |
| | <u>987,193</u> | <u>1,285,166</u> | <u>2,272,359</u> |

KLCC REIT paid its RM300 million Sukuk Murabahah upon maturity on 25 April 2017.

B10 Material litigation

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

NOTES ON THE QUARTERLY REPORT — 30 SEPTEMBER 2017

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

B11 Dividend/income distribution

The Board of Directors has declared the following dividend/income distribution for the quarter ended 30 September 2017:

| | Total stapled securities | Dividend/income distribution per stapled securities Sen | Total dividend/income distribution payable RM'000 |
|------------------------|---------------------------------|--|--|
| KLCCP ¹ | 1,805,333,083 | 3.64 | 65,714 |
| KLCC REIT ² | 1,805,333,083 | 4.96 | 89,545 |
| Group | | <u>8.60</u> | <u>155,259</u> |

¹ Dividend declared under KLCCP is tax exempt under 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% |

The dividend and income distribution for KLCCP and KLCC REIT will be paid on 28 December 2017. The book closure date in respect of both the aforesaid interim dividend and income distribution is 4 December 2017.

B12 Profit for the period

| | Third quarter ended | | Cumulative 9 months ended | |
|--|-----------------------------|-----------------------------|----------------------------------|-----------------------------|
| | 30-Sep-17 RM'000 | 30-Sep-16 RM'000 | 30-Sep-17 RM'000 | 30-Sep-16 RM'000 |
| Profit for the period is arrived after charging: | | | | |
| Depreciation of property, plant and equipment | 8,386 | 9,130 | 24,446 | 26,876 |
| Write off of receivables | - | - | 6 | - |
| | | | <u>6</u> | <u>-</u> |

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 2017

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

B13 Realised and unrealised profit

The breakdown of the retained profits of the Group as at 30 September 2017 into realised and unrealised profits is as follows:

| | As at 30-Sep-17 | | |
|--|------------------------|----------------------|-----------------------|
| | KLCCP | KLCC REIT | Group |
| | RM'000 | RM'000 | RM'000 |
| Total retained profits of KLCCP and its subsidiaries: | | | |
| Realised | 478,839 | 385,861 | 864,700 |
| Unrealised | 20,949 | – | 20,949 |
| | <u>499,788</u> | <u>385,861</u> | <u>885,649</u> |
| Total share of retained profits of an associate: | | | |
| Realised | 92,639 | – | 92,639 |
| Unrealised | – | – | – |
| | <u>92,639</u> | <u>–</u> | <u>92,639</u> |
| Total retained profits of the Group | 592,427 | 385,861 | 978,288 |
| Less: Consolidation adjustments | | | (763,569) |
| Total retained profits of the Group as per consolidated accounts | | | <u>214,719</u> |

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

B14 Summary of Net Assets Value ("NAV")

| | No. of units listed | NAV RM'000 | NAV per unit RM |
|---------------------|--------------------------------|-----------------------|--------------------------------|
| KLCC REIT | 1,805,333,083 | 7,946,089 | 4.40 |
| KLCCP Stapled Group | 1,805,333,083 | <u>12,838,235</u> | <u>7.11</u> |

NOTES ON THE QUARTERLY REPORT — 30 SEPTEMBER 2017

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

B15 Earnings per stapled securities ("EPSS")

| | Third quarter ended | | Cumulative 9 months ended | |
|--|---------------------|----------------|---------------------------|----------------|
| | 30-Sep-17 | 30-Sep-16 | 30-Sep-17 | 30-Sep-16 |
| Profit attributable to ordinary equity holders of the Company (RM'000) | 66,732 | 65,259 | 198,460 | 197,805 |
| Profit attributable to unitholders of KLCC REIT (RM'000) | 110,969 | 112,967 | 333,924 | 341,038 |
| | <u>177,701</u> | <u>178,226</u> | <u>532,384</u> | <u>538,843</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>9.84</u> | <u>9.87</u> | <u>29.49</u> | <u>29.85</u> |

BY ORDER OF THE BOARD

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