

KLCC PROPERTY HOLDINGS BERHAD (641576-U)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

	Third quarter ended		Cumulative 9 months ended	
	30-Sep-18 RM'000	30-Sep-17 RM'000	30-Sep-18 RM'000	30-Sep-17 RM'000
Revenue	349,480	340,503	1,039,593	1,014,679
Operating expenses	(98,151)	(89,898)	(287,949)	(269,822)
Operating profit	251,329	250,605	751,644	744,857
Interest/profit income	7,128	6,668	20,356	22,319
Finance costs	(27,175)	(27,419)	(80,525)	(84,274)
Share of profit of an associate	3,234	3,204	9,663	9,613
Profit before taxation	234,516	233,058	701,138	692,515
Taxation	(24,566)	(27,953)	(76,303)	(79,125)
Profit for the period, representing total comprehensive income	209,950	205,105	624,835	613,390
Profit attributable to:				
Equity holders of the Company	68,826	66,732	204,405	198,460
Non-controlling interests relating to KLCC Real Estate Investment Trust (KLCC REIT)	112,608	110,969	336,848	333,924
	181,434	177,701	541,253	532,384
Other non-controlling interests	28,516	27,404	83,582	81,006
	209,950	205,105	624,835	613,390
Dividend/income distribution to stapled security holders:				
<u>Quarter ended 30 September 2018/2017</u>				
Realised distributable income - KLCCP	68,826	66,732	204,405	198,460
Realised distributable income - KLCC REIT	103,221	99,481	308,636	297,124
Total realised distributable income	172,047	166,213	513,041	495,584
Unrealised distributable income - KLCC REIT	9,387	11,488	28,212	36,800
	181,434	177,701	541,253	532,384
Distribution rate (%) ¹	91.29%	93.41%	91.84%	93.99%
Dividend/income distribution	157,064	155,259	471,192	465,776
Dividend/income distribution per stapled security (sen)	8.70	8.60	26.10	25.80
Earnings per stapled security (sen)				
– Basic	10.05	9.84	29.98	29.49

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 2017 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 2018**

	30-Sep-18 RM'000	31-Dec-17 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	674,321	667,237
Investment properties	15,677,115	15,667,475
Investment in an associate	255,354	256,441
Deferred tax assets	1,016	690
Other receivables	415,711	388,842
	<u>17,023,517</u>	<u>16,980,685</u>
Current assets		
Inventories	1,413	1,743
Trade and other receivables	63,507	57,888
Tax recoverable	1,340	1,984
Cash and cash equivalents	754,543	750,262
	<u>820,803</u>	<u>811,877</u>
TOTAL ASSETS	<u>17,844,320</u>	<u>17,792,562</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the company		
Share capital	1,823,386	1,823,386
Capital reserve	2,929,350	2,929,350
Retained profits	225,244	225,492
	<u>4,977,980</u>	<u>4,978,228</u>
Equity attributable to unit holders of the KLCC REIT	<u>8,090,676</u>	<u>8,050,264</u>
Total equity attributable to equity holders of KLCCP and KLCC REIT	<u>13,068,656</u>	<u>13,028,492</u>
Other non-controlling interests	<u>2,032,212</u>	<u>2,018,364</u>
Total equity	<u>15,100,868</u>	<u>15,046,856</u>
Non-current liabilities		
Deferred revenue	38,289	41,934
Other long term liabilities	137,206	133,945
Long term borrowings	1,817,166	2,225,666
Deferred taxation	27,630	27,935
	<u>2,020,291</u>	<u>2,429,480</u>
Current liabilities		
Trade and other payables	256,039	268,346
Short term borrowings	448,129	25,411
Taxation	18,993	22,469
	<u>723,161</u>	<u>316,226</u>
Total liabilities	<u>2,743,452</u>	<u>2,745,706</u>
TOTAL EQUITY AND LIABILITIES	<u>17,844,320</u>	<u>17,792,562</u>
Net asset value per stapled security (RM)	7.24	7.22

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 2018**

	← 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	Capital redemption reserve RM'000	Retained profits RM'000	Capital reserve ¹ RM'000				
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	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
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

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 (RM422,828,000) and Retained Profit (RM448,952,000).

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

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to this interim financial report.)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

	Cumulative 9 months ended	
	30-Sep-18 RM'000	30-Sep-17 RM'000
Cash flows from operating activities		
Profit before tax	701,138	692,515
Adjustments for:		
Interest/profit income	(20,356)	(22,319)
Finance costs	80,525	84,274
Accrued rental income	(30,515)	(31,667)
Depreciation	28,037	24,446
Allowance for impairment losses	33	-
Write off of receivables	-	6
Loss on disposal of property, plant and equipment	104	244
Share of results of an associate	(9,663)	(9,613)
	<u>48,165</u>	<u>45,371</u>
Operating profit before changes in working capital	749,303	737,886
Changes in working capital:		
Trade and other receivables	678	(2,333)
Amount due from/to ultimate holding company	(6,003)	(8,467)
Amount due from/to immediate holding company	242	-
Amount due from/to related companies	(2,179)	(2,063)
Trade and other payables	(4,595)	30,608
Inventories	330	123
	<u>(11,527)</u>	<u>17,868</u>
Interest/profit income received	18,221	24,083
Tax paid	(79,766)	(80,290)
Net cash generated from operating activities	<u>676,231</u>	<u>699,547</u>
Cash flows from investing activities		
Dividends received	10,750	21,070
Purchase of property, plant and equipment	(35,334)	(43,660)
Cost incurred for investment properties	(15,417)	(27,065)
Proceeds from disposal of property, plant and equipment	109	109
Net cash used in investing activities	<u>(39,892)</u>	<u>(49,546)</u>
Cash flows from financing activities		
Repayment of borrowings	(7,500)	(300,000)
Dividends paid to equity holders of the company	(204,544)	(131,247)
Dividends paid to non-controlling interests relating to KLCC REIT	(294,777)	(201,836)
Dividends paid to other non-controlling interests	(69,700)	(77,900)
Interest/profit expense paid	(55,537)	(60,918)
Increase in deposits restricted	(1,022)	(8,716)
Net cash used in financing activities	<u>(633,080)</u>	<u>(780,617)</u>

KLCC PROPERTY HOLDINGS BERHAD (641576-U)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

	Cumulative 9 months ended	
	30-Sep-18	30-Sep-17
	RM'000	RM'000
Net increase/(decrease) in cash and cash equivalents	3,259	(130,616)
Cash and cash equivalents at the beginning of the period	737,017	1,011,991
Cash and cash equivalents at the end of the period	<u>740,276</u>	<u>881,375</u>
Cash and cash equivalents at the end of the period comprises:		
Cash and bank balances	429,392	375,852
Deposits	<u>325,151</u>	<u>517,468</u>
	754,543	893,320
Less: Deposits restricted ¹	<u>(14,267)</u>	<u>(11,945)</u>
	<u>740,276</u>	<u>881,375</u>

¹ *Deposit restricted 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 2017 and the accompanying explanatory notes attached to this interim financial report.)

NOTES ON THE QUARTERLY REPORT — 30 SEPTEMBER 2018

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 13 November 2018.

A2 Basis of preparation

These condensed consolidated interim financial statements, for the period ended 30 September 2018 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 2017 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 2017, except as described below.

The Group has adopted MFRS 15 *Revenue from Contracts with Customers* and MFRS 9 *Financial Instruments* from 1 January 2018. Other new standards with effective date from 1 January 2018 do not have a material effect on the Group’s financial statements. The changes arising from these adoptions are as described below:

(a) MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111 *Construction Contracts*, MFRS 118 *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue – Barter Transactions Involving Advertising Services*. The standard provides a single model for accounting for revenue arising from contracts with customers, focusing on the identification and satisfaction of performance obligations.

The adoption of MFRS 15 does not have a material effect on the Group’s financial statements.

NOTES ON THE QUARTERLY REPORT — 30 SEPTEMBER 2018

A EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTD.)

A3 Accounting policies (Contd.)

(b) MFRS 9 *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139 *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, impairment of financial assets, and on hedge accounting.

MFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available for sale.

There was no material impact on the accounting for the Group's financial assets upon initial application of the new classification requirements.

MFRS 9 also replaces the incurred loss model in MFRS 139 with a forward-looking expected credit loss (ECL) model. Under MFRS 9, loss allowances will be measured on either 12 month ECLs or Lifetime ECLs. As allowed by the transitional provision for MFRS 9, the Group has elected not to restate the comparatives. Adjustments arising from the initial application of the new impairment model has been recognised in the opening balance of the retained profits, equity attributable to non-controlling interests and the carrying amount of the financial assets as at 1 January 2018 as disclosed below:

	Impact of adoption of MFRS 9 to opening balance at 1 January 2018 RM'000
Decrease in retained profits	(109)
Decrease in equity attributable to non-controlling interests	(34)
Decrease in trade receivables	<u>(143)</u>

A4 Audit Report

The auditors' report on the financial statements for the year ended 31 December 2017 was not qualified.

NOTES ON THE QUARTERLY REPORT — 30 SEPTEMBER 2018

A EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTD.)

A5 Segmental information

	Third quarter ended 30-Sep-18			Cumulative 9 months ended 30-Sep-18		
	KLCCP RM'000	KLCC REIT RM'000	Group RM'000	KLCCP RM'000	KLCC REIT RM'000	Group RM'000
Revenue						
Property investment:						
Office	9,939	139,197	149,136	29,667	417,371	447,038
Retail	117,014	7,308	124,322	347,866	23,135	371,001
Hotel operations	45,560	–	45,560	126,640	–	126,640
Management services	49,264	–	49,264	150,345	–	150,345
	<u>221,777</u>	<u>146,505</u>	<u>368,282</u>	<u>654,518</u>	<u>440,506</u>	<u>1,095,024</u>
Eliminations			(18,802)			(55,431)
			<u>349,480</u>			<u>1,039,593</u>
Operating profit						
Property investment:						
Office	8,054	124,004	132,058	23,896	369,979	393,875
Retail	95,053	4,049	99,102	287,593	13,148	300,741
Hotel operations	5,761	–	5,761	12,060	–	12,060
Management services	17,595	–	17,595	56,259	–	56,259
	<u>126,463</u>	<u>128,053</u>	<u>254,516</u>	<u>379,808</u>	<u>383,127</u>	<u>762,935</u>
Eliminations			(3,187)			(11,291)
			<u>251,329</u>			<u>751,644</u>
Interest/profit income	6,191	937	7,128	18,028	2,328	20,356
Finance cost	(11,824)	(15,351)	(27,175)	(34,977)	(45,548)	(80,525)
Share of profit of an associate company	3,234	–	3,234	9,663	–	9,663
Taxation	(24,566)	–	(24,566)	(76,303)	–	(76,303)
Profit for the period / Total comprehensive income for the period			<u>209,950</u>			<u>624,835</u>

NOTES ON THE QUARTERLY REPORT — 30 SEPTEMBER 2018

A EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTD.)

A5 Segmental information (Contd.)

	As at 30-Sep-18		
	KLCCP RM'000	KLCC REIT RM'000	Group RM'000
Total assets			
Property investment — Office	1,115,731	9,167,029	10,282,760
Property investment — Retail	5,678,080	531,928	6,210,008
Hotel operations	688,036	—	688,036
Management services	200,186	—	200,186
	<u>7,682,033</u>	<u>9,698,957</u>	<u>17,380,990</u>
Eliminations and adjustments			<u>463,330</u>
			<u>17,844,320</u>
Total liabilities			
Property investment — Office	23,142	1,584,539	1,607,681
Property investment — Retail	778,830	23,742	802,572
Hotel operations	428,127	—	428,127
Management services	36,143	—	36,143
	<u>1,266,242</u>	<u>1,608,281</u>	<u>2,874,523</u>
Eliminations and adjustments			<u>(131,071)</u>
			<u>2,743,452</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 except the impairment on financial assets under MFRS 9 explained under Note A3 Accounting Policies.

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 2018

A EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTD.)

A10 Dividends paid

The Board of Directors declared interim dividends comprising 3.05 sen and 5.65 sen relating to KLCCP and KLCC REIT respectively in respect of the three month period ended 30 June 2018 totaling 8.70 sen per stapled security.

The KLCCP dividend of 3.05 sen per share (tax exempt under the single-tier tax system) amounting to RM55.06 million and the KLCC REIT income distribution of 5.65 sen per unit amounting to RM102.00 million were paid on 28 September 2018.

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 2018 is as follows:

	RM'000
Approved and contracted for	109,933
Approved but not contracted for	213,383
	<u>323,316</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 2018

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-18 RM'000	30-Sep-17 RM'000	Change %	30-Sep-18 RM'000	30-Sep-17 RM'000	Change %
Revenue:						
Property investment:						
Office	149,136	148,081	0.71	447,038	443,015	0.91
Retail	124,322	119,642	3.91	371,001	363,425	2.08
Hotel operations	45,560	43,288	5.25	126,640	118,923	6.49
Management services	49,264	48,225	2.15	150,345	144,014	4.40
Eliminations/Adjustments	(18,802)	(18,733)		(55,431)	(54,698)	
	349,480	340,503	2.64	1,039,593	1,014,679	2.46
Profit before tax ("PBT"):						
Property investment:						
Office *	120,907	118,692	1.87	360,323	356,517	1.07
Retail	93,233	92,702	0.57	283,163	279,781	1.21
Hotel operations	1,512	2,359	(35.91)	(208)	864	(124.07)
Management services	17,839	19,539	(8.70)	56,905	56,108	1.42
Eliminations/Adjustments	1,025	(234)		955	(755)	
	234,516	233,058	0.63	701,138	692,515	1.25

* Includes share of profit of an associate.

Variance analysis by segment

Property investment — Office

Q3 2018 revenue and PBT remained relatively stable.

YTD revenue and PBT increased by 0.9% and 1.1% respectively reflecting the 100% occupancy in Menara ExxonMobil compared to YTD 2017.

Property investment — Retail

Q3 2018 and YTD revenue and PBT increased as a result of higher rental rates becoming effective coupled with higher occupancy rates.

NOTES ON THE QUARTERLY REPORT — 30 SEPTEMBER 2018

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

Q3 2018 and YTD revenue increased by 5.3% and 6.5% respectively driven by higher occupancy and average room rate generated by the new refurbished rooms.

However, lower PBT in Q3 2018 and YTD was mainly due to higher depreciation on the fully refurbished rooms.

Management services

Q3 2018 and YTD revenue increased by 2.2% and 4.4% respectively contributed by additional revenue from new contracts under the facilities management operations.

Whilst the Q3 2018 PBT reported a decrease in PBT by 8.7%, the YTD PBT remained positive with a reported increase of 1.4%.

B2 Variation of results against preceding quarter

	Quarter ended		
	30-Sep-18	30-Jun-18	Change
	RM'000	RM'000	%
Revenue:			
Property investment:			
Office	149,136	149,119	0.01
Retail	124,322	122,980	1.09
Hotel operations	45,560	37,188	22.51
Management services	49,264	53,619	(8.12)
Eliminations/Adjustments	(18,802)	(17,905)	
	<u>349,480</u>	<u>345,001</u>	1.30
Profit before tax:			
Property investment:			
Office *	120,907	119,112	1.51
Retail	93,233	95,667	(2.54)
Hotel operations	1,512	(4,099)	136.89
Management services	17,839	21,396	(16.62)
Eliminations/Adjustments	1,025	659	
	<u>234,516</u>	<u>232,735</u>	0.77

* Includes share of profit of an associate.

Both the revenue and PBT for Q3 2018 reported an increase of 1.3% and 0.8% respectively as compared to Q2 2018.

This is mainly contributed by the hotel segment of which Q3 2018 reported an increase in revenue of 22.5% as a result of higher occupancy compounded with higher revenue from food and beverage.

NOTES ON THE QUARTERLY REPORT — 30 SEPTEMBER 2018

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

B3 Prospects for financial year 2018

The Directors expect the performance of the Group to be stable for the remainder of the year. The office segment, being the biggest contributor, is expected to remain stable on the back of its long term tenancies.

The retail segment is expected to remain resilient despite the challenging market conditions. Similarly, the hotel segment is still operating in a competitive environment despite the newly completed refurbished rooms.

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-18	30-Sep-17	30-Sep-18	30-Sep-17
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:				
Malaysian income tax	24,994	28,053	76,934	79,334
Deferred tax	(428)	(100)	(631)	(209)
	24,566	27,953	76,303	79,125

Overall effective tax rate 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.

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.

KLCC PROPERTY HOLDINGS BERHAD (641576-U)

(Incorporated in Malaysia)

NOTES ON THE QUARTERLY REPORT — 30 SEPTEMBER 2018**B EXPLANATORY NOTES PURSUANT TO PART A AND PART D OF APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTD.)****B9 Borrowings**

	As at 30-Sep-18		Group RM'000
	KLCCP RM'000	KLCC REIT RM'000	
Short term:			
<u>Secured</u>			
Term loans	10,605	–	10,605
Sukuk Murabahah	7,231	430,293	437,524
	<u>17,836</u>	<u>430,293</u>	<u>448,129</u>
Long term:			
<u>Secured</u>			
Term loans	362,166	–	362,166
Sukuk Murabahah	600,000	855,000	1,455,000
	<u>962,166</u>	<u>855,000</u>	<u>1,817,166</u>
	<u>980,002</u>	<u>1,285,293</u>	<u>2,265,295</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	10,605	7,500	22,500	332,166	372,771
Sukuk Murabahah	7,231	–	–	600,000	607,231
	<u>17,836</u>	<u>7,500</u>	<u>22,500</u>	<u>932,166</u>	<u>980,002</u>
<u>KLCC REIT</u>					
Sukuk Murabahah	430,293	400,000	400,000	55,000	1,285,293
	<u>448,129</u>	<u>407,500</u>	<u>422,500</u>	<u>987,166</u>	<u>2,265,295</u>

B10 Material litigation

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

NOTES ON THE QUARTERLY REPORT — 30 SEPTEMBER 2018

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

The Board of Directors has declared the following dividend/income distribution for the quarter ended 30 September 2018:

	Total stapled securities	Dividend/ income distribution per stapled securities Sen	Total dividend/ income distribution payable RM'000
KLCCP ¹	1,805,333,083	2.99	53,979
KLCC REIT ^{2, 3}	1,805,333,083	5.71	103,085
Group		<u>8.70</u>	<u>157,064</u>

The dividend and income distribution for KLCCP and KLCC REIT will be paid on 28 December 2018. The book closure date in respect of both the aforesaid interim dividend and income distribution is 30 November 2018.

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 2018

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 Distributions by KLCC REIT to unitholders are from the following sources:

	Third quarter ended		Cumulative 9 months ended	
	30-Sep-18 RM'000	30-Sep-17 RM'000	30-Sep-18 RM'000	30-Sep-17 RM'000
Revenue				
Property investment - Office	139,197	138,187	417,371	412,903
Property investment - Retail	7,308	7,916	23,135	24,611
	146,505	146,103	440,506	437,514
Profit income	937	750	2,328	4,099
	147,442	146,853	442,834	441,613
Less: Expenses	(34,834)	(35,884)	(105,986)	(107,689)
Profit for the period	112,608	110,969	336,848	333,924
Less: Non cash items	(9,387)	(11,488)	(28,212)	(36,800)
Total realised income available for the period	103,221	99,481	308,636	297,124
Add: Brought forward undistributed realised income available for distribution	40,999	22,030	40,850	21,890
Total realised income available for distribution *	144,220	121,511	349,486	319,014
Less: Total income distributed for the period	–	–	(205,266)	(197,503)
Less: Income to be distributed for the quarter	(103,085)	(89,545)	(103,085)	(89,545)
Balance undistributed realised income available for distribution	41,135	31,966	41,135	31,966
Distribution per unit (sen)	5.71	4.96	17.08	15.90

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

NOTES ON THE QUARTERLY REPORT — 30 SEPTEMBER 2018

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	8,090,676	4.48	4.42
KLCCP Stapled Group	1,805,333,083	13,068,656	7.24	7.15

¹ An analysis of KLCC REIT's performance based on changes in NAV and NAV per unit, after distribution, since 30 June 2018 is as follows:

	As at 30-Sep-18	As at 30-Jun-18	Changes
NAV (after distribution) (RM'000)	7,987,591	7,978,069	9,522
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-18 RM'000	30-Sep-17 RM'000	30-Sep-18 RM'000	30-Sep-17 RM'000
Profit for the period is arrived after charging:				
Depreciation of property, plant and equipment (Reversal)/Allowance for impairment losses	9,574 (193)	8,386 -	28,037 33	24,446 -
Write off of receivables	-	-	-	6
Loss on disposal of property, plant and equipment	21	244	104	244

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 2018

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-18	30-Sep-17	30-Sep-18	30-Sep-17
Profit attributable to ordinary equity holders of the Company (RM'000)	68,826	66,732	204,405	198,460
Profit attributable to unitholders of KLCC REIT (RM'000)	112,608	110,969	336,848	333,924
	<u>181,434</u>	<u>177,701</u>	<u>541,253</u>	<u>532,384</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>9.84</u>	<u>29.98</u>	<u>29.49</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