

KLCC PROPERTY HOLDINGS BERHAD (641576-U)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Fourth quarter ended		Financial year ended	
	31-Dec-18 RM'000	31-Dec-17 RM'000	31-Dec-18 RM'000	31-Dec-17 RM'000
Revenue	366,348	352,072	1,405,941	1,366,751
Operating expenses	(107,101)	(97,180)	(395,050)	(367,002)
Operating profit	259,247	254,892	1,010,891	999,749
Fair value adjustments to investment properties	20,050	182,483	20,050	182,483
Interest/profit income	7,218	6,508	27,574	30,597
Finance costs	(27,185)	(24,919)	(107,710)	(110,963)
Share of profit of an associate	3,625	3,852	13,288	13,465
Profit before taxation	262,955	422,816	964,093	1,115,331
Taxation	(48,870)	(22,641)	(125,173)	(101,766)
Profit for the period, representing total comprehensive income	214,085	400,175	838,920	1,013,565
Profit attributable to:				
Equity holders of the Company	79,848	151,796	284,253	350,256
Non-controlling interests relating to KLCC Real Estate Investment Trust (KLCC REIT)	103,813	193,720	440,661	527,644
	183,661	345,516	724,914	877,900
Other non-controlling interests	30,424	54,659	114,006	135,665
	214,085	400,175	838,920	1,013,565
Dividend/income distribution to stapled security holders:				
<u>Quarter ended 31 December 2018/2017</u>				
Realised distributable income - KLCCP	71,942	75,827	276,347	274,287
Realised distributable income - KLCC REIT	113,292	100,053	421,928	397,177
Total realised distributable income	185,234	175,880	698,275	671,464
Unrealised distributable income - KLCCP	7,906	75,969	7,906	75,969
Unrealised distributable income - KLCC REIT	(9,479)	93,667	18,733	130,467
	183,661	345,516	724,914	877,900
Distribution rate (%) ¹	106.23%	106.24%	95.66%	97.19%
Dividend/income distribution	196,781	186,852	667,973	652,628
Dividend/income distribution per stapled security (sen)	10.90	10.35	37.00	36.15
Earnings per stapled security (sen)				
– Basic	10.17	19.14	40.15	48.63

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 31 DECEMBER 2018**

	31-Dec-18 RM'000	31-Dec-17 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	673,620	667,237
Investment properties	15,714,934	15,667,475
Investment in an associate	252,973	256,441
Deferred tax assets	1,225	690
Other receivables	418,939	388,842
	<u>17,061,691</u>	<u>16,980,685</u>
Current assets		
Inventories	1,613	1,743
Trade and other receivables	59,980	57,888
Tax recoverable	1,321	1,984
Cash and cash equivalents	735,724	750,262
	<u>798,638</u>	<u>811,877</u>
TOTAL ASSETS	<u>17,860,329</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	2,937,256	2,929,350
Retained profits	243,209	225,492
	<u>5,003,851</u>	<u>4,978,228</u>
Equity attributable to unit holders of the KLCC REIT	<u>8,091,402</u>	<u>8,050,264</u>
Total equity attributable to equity holders of KLCCP and KLCC REIT	<u>13,095,253</u>	<u>13,028,492</u>
Other non-controlling interests	<u>2,029,836</u>	<u>2,018,364</u>
Total equity	<u>15,125,089</u>	<u>15,046,856</u>
Non-current liabilities		
Deferred revenue	48,266	41,934
Other long term liabilities	156,132	133,945
Long term borrowings	1,817,166	2,225,666
Deferred taxation	49,180	27,935
	<u>2,070,744</u>	<u>2,429,480</u>
Current liabilities		
Trade and other payables	214,362	268,346
Short term borrowings	427,548	25,411
Taxation	22,586	22,469
	<u>664,496</u>	<u>316,226</u>
Total liabilities	<u>2,735,240</u>	<u>2,745,706</u>
TOTAL EQUITY AND LIABILITIES	<u>17,860,329</u>	<u>17,792,562</u>
Net asset value per stapled security (RM)	7.25	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 YEAR ENDED 31 DECEMBER 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 year	–	–	350,256	–	350,256	527,644	135,665	1,013,565
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)	–	–	–	–	–	–
Transfer of fair value surplus	–	–	(75,309)	75,309	–	–	–	–
Dividends paid/declared	–	–	(254,010)	–	(254,010)	(389,591)	(101,133)	(744,734)
As at 31 December 2017	1,823,386	–	225,492	2,929,350	4,978,228	8,050,264	2,018,364	15,046,856
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	–	–	(106)	–	(106)	(3)	(34)	(143)
At 1 January 2018, restated	1,823,386	–	225,386	2,929,350	4,978,122	8,050,261	2,018,330	15,046,713
Total comprehensive income for the year	–	–	284,253	–	284,253	440,661	114,006	838,920
Transfer of fair value surplus	–	–	(7,906)	7,906	–	–	–	–
Dividends paid/declared	–	–	(258,524)	–	(258,524)	(399,520)	(102,500)	(760,544)
As at 31 December 2018	1,823,386	–	243,209	2,937,256	5,003,851	8,091,402	2,029,836	15,125,089

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 (RM459,379,000).

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.)

KLCC PROPERTY HOLDINGS BERHAD (641576-U)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Financial year ended	
	31-Dec-18 RM'000	31-Dec-17 RM'000
Cash flows from operating activities		
Profit before tax	964,093	1,115,331
Adjustments for:		
Interest/profit income	(27,574)	(30,597)
Finance costs	107,710	110,963
Accrued rental income	(36,708)	(54,987)
Net gain on fair value adjustments on investment properties	(20,050)	(182,483)
Depreciation	38,073	33,152
Allowance for impairment losses	24	214
Write off of receivables	13	6
Loss on disposal of property, plant and equipment	148	359
Write off of property, plant and equipment	28	-
Share of results of an associate	(13,288)	(13,465)
	<u>48,376</u>	<u>(136,838)</u>
Operating profit before changes in working capital	1,012,469	978,493
Changes in working capital:		
Trade and other receivables	3,267	(4,589)
Amount due from/to ultimate holding company	(7,019)	(2,429)
Amount due from/to immediate holding company	551	(663)
Amount due from/to related companies	3,400	3,924
Trade and other payables	(20,472)	50,618
Inventories	130	187
	<u>(20,143)</u>	<u>47,048</u>
Interest/profit income received	26,532	32,943
Tax paid	(103,681)	(104,353)
Tax refund received	-	18
Net cash generated from operating activities	<u>915,177</u>	<u>954,149</u>
Cash flows from investing activities		
Dividends received	16,756	33,110
Purchase of property, plant and equipment	(45,472)	(63,723)
Cost incurred for investment properties	(31,103)	(37,556)
Proceeds from disposal of property, plant and equipment	110	199
Net cash used in investing activities	<u>(59,709)</u>	<u>(67,970)</u>
Cash flows from financing activities		
Repayment of borrowings	(7,500)	(300,000)
Dividends paid to equity holders of the company	(258,524)	(254,010)
Dividends paid to non-controlling interests relating to KLCC REIT	(399,364)	(388,158)
Dividends paid to other non-controlling interests	(102,500)	(101,133)
Interest/profit expense paid	(102,118)	(107,836)
(Increase)/Decrease in deposits restricted	7,952	(10,016)
Net cash used in financing activities	<u>(862,054)</u>	<u>(1,161,153)</u>

KLCC PROPERTY HOLDINGS BERHAD (641576-U)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Financial year ended	
	31-Dec-18 RM'000	31-Dec-17 RM'000
Net decrease in cash and cash equivalents	(6,586)	(274,974)
Cash and cash equivalents at the beginning of the year	737,017	1,011,991
Cash and cash equivalents at the end of the year	<u>730,431</u>	<u>737,017</u>
Cash and cash equivalents at the end of the year comprises:		
Cash and bank balances	449,319	446,441
Deposits	<u>286,405</u>	<u>303,821</u>
	735,724	750,262
Less: Deposits restricted ¹	<u>(5,293)</u>	<u>(13,245)</u>
	<u>730,431</u>	<u>737,017</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.)

KLCC PROPERTY HOLDINGS BERHAD (641576-U)

(Incorporated in Malaysia)

NOTES ON THE QUARTERLY REPORT — 31 DECEMBER 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 24 January 2019.

A2 Basis of preparation

These condensed consolidated interim financial statements, for the year ended 31 December 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 — 31 DECEMBER 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	(106)
Decrease in equity attributable to non-controlling interests	(37)
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 — 31 DECEMBER 2018

A EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTD.)

A5 Segmental information

	Fourth quarter ended			Financial year ended		
	31-Dec-18			31-Dec-18		
	KLCCP	KLCC REIT	Group	KLCCP	KLCC REIT	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
Property investment:						
Office	9,967	140,129	150,096	39,634	557,500	597,134
Retail	124,395	7,889	132,284	472,261	31,024	503,285
Hotel operations	45,735	–	45,735	172,375	–	172,375
Management services	56,760	–	56,760	207,105	–	207,105
	<u>236,857</u>	<u>148,018</u>	<u>384,875</u>	<u>891,375</u>	<u>588,524</u>	<u>1,479,899</u>
Eliminations			(18,527)			(73,958)
			<u>366,348</u>			<u>1,405,941</u>
Operating profit						
Property investment:						
Office	7,710	124,270	131,980	31,606	494,249	525,855
Retail	102,491	4,840	107,331	390,084	17,988	408,072
Hotel operations	4,532	–	4,532	16,592	–	16,592
Management services	18,932	–	18,932	75,191	–	75,191
	<u>133,665</u>	<u>129,110</u>	<u>262,775</u>	<u>513,473</u>	<u>512,237</u>	<u>1,025,710</u>
Eliminations			(3,528)			(14,819)
			<u>259,247</u>			<u>1,010,891</u>
Fair value adjustment on investment properties	8,009	12,041	20,050	8,009	12,041	20,050
Interest/profit income	6,350	868	7,218	24,378	3,196	27,574
Finance cost	(11,754)	(15,431)	(27,185)	(46,731)	(60,979)	(107,710)
Share of profit of an associate company	3,625	–	3,625	13,288	–	13,288
Taxation	(48,870)	–	(48,870)	(125,173)	–	(125,173)
Profit for the period / Total comprehensive income for the period			<u>214,085</u>			<u>838,920</u>

NOTES ON THE QUARTERLY REPORT — 31 DECEMBER 2018

A EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTD.)

A5 Segmental information (Contd.)

	As at 31-Dec-18		
	KLCCP	KLCC REIT	Group
	RM'000	RM'000	RM'000
Total assets			
Property investment — Office	1,110,143	9,130,681	10,240,824
Property investment — Retail	5,681,876	532,674	6,214,550
Hotel operations	690,893	—	690,893
Management services	184,164	—	184,164
	<u>7,667,076</u>	<u>9,663,355</u>	<u>17,330,431</u>
Eliminations and adjustments			<u>529,898</u>
			<u>17,860,329</u>
Total liabilities			
Property investment — Office	18,858	1,548,466	1,567,324
Property investment — Retail	788,754	23,486	812,240
Hotel operations	430,827	—	430,827
Management services	40,276	—	40,276
	<u>1,278,715</u>	<u>1,571,952</u>	<u>2,850,667</u>
Eliminations and adjustments			<u>(115,427)</u>
			<u>2,735,240</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 — 31 DECEMBER 2018

A EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTD.)

A10 Dividends paid

The Board of Directors declared interim dividends comprising 2.99 sen and 5.71 sen relating to KLCCP and KLCC REIT respectively in respect of the three month period ended 30 September 2018 totaling 8.70 sen per stapled security.

The KLCCP dividend of 2.99 sen per share (tax exempt under the single-tier tax system) amounting to RM53.98 million and the KLCC REIT income distribution of 5.71 sen per unit amounting to RM103.09 million were paid on 28 December 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 31 December 2018 is as follows:

	RM'000
Approved and contracted for	65,034
Approved but not contracted for	273,843
	<u>338,877</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 — 31 DECEMBER 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

	Fourth quarter ended			Financial year ended		
	31-Dec-18 RM'000	31-Dec-17 RM'000	Change %	31-Dec-18 RM'000	31-Dec-17 RM'000	Change %
Revenue:						
Property investment:						
Office	150,096	148,824	0.85	597,134	591,839	0.89
Retail	132,284	125,019	5.81	503,285	488,444	3.04
Hotel operations	45,735	48,277	(5.27)	172,375	167,200	3.10
Management services	56,760	48,744	16.45	207,105	192,758	7.44
Eliminations/Adjustments	(18,527)	(18,792)		(73,958)	(73,490)	
	366,348	352,072	4.05	1,405,941	1,366,751	2.87
Profit before tax ("PBT"):						
Property investment:						
Office *	121,101	120,143	0.80	481,424	476,660	1.00
Retail	101,535	94,389	7.57	384,698	374,170	2.81
Hotel operations	295	4,383	(93.27)	87	5,247	(98.34)
Management services	19,341	19,588	(1.26)	76,246	75,696	0.73
Eliminations/Adjustments	633	1,830		1,588	1,075	
	242,905	240,333	1.07	944,043	932,848	1.20
Fair value adjustment on investment properties	20,050	182,483	(89.01)	20,050	182,483	(89.01)
	262,955	422,816	(37.81)	964,093	1,115,331	(13.56)

* Includes share of profit of an associate.

Variance analysis by segment

Property investment — Office

Q4 2018 revenue and PBT remained relatively stable.

YTD revenue and PBT increased by 0.9% and 1.0% respectively reflecting the 100% occupancy in Menara ExxonMobil as compared to YTD 2017.

Property investment — Retail

Q4 2018 and YTD revenue and PBT increased as a result of higher rental rates coupled with higher occupancy.

NOTES ON THE QUARTERLY REPORT — 31 DECEMBER 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

The drop in revenue in Q4 2018 was mostly contributed by the decrease in F&B due to intense competition in the banqueting market. Nonetheless, YTD revenue remained positive with an increase of 3.1% arising from higher occupancy (2018: 55%; 2017: 51%).

Q4 2018 and YTD PBT reported a decrease mainly due to higher depreciation on the fully refurbished rooms.

Management services

Q4 2018 and YTD revenue increased by 16.5% and 7.4% respectively contributed by additional revenue from special projects under the facilities management operations.

Whilst the Q4 2018 PBT reported a decrease by 1.3%, the YTD PBT remained positive with a reported increase of 0.7%.

B2 Variation of results against preceding quarter

	Quarter ended		Change %
	31-Dec-18 RM'000	30-Sep-18 RM'000	
Revenue:			
Property investment:			
Office	150,096	149,136	0.64
Retail	132,284	124,322	6.40
Hotel operations	45,735	45,560	0.38
Management services	56,760	49,264	15.22
Eliminations/Adjustments	(18,527)	(18,802)	
	366,348	349,480	4.83
Profit before tax:			
Property investment:			
Office *	121,101	120,907	0.16
Retail	101,535	93,233	8.90
Hotel operations	295	1,512	(80.49)
Management services	19,341	17,839	8.42
Eliminations/Adjustments	633	1,025	
	242,905	234,516	3.58
Fair value adjustment on investment properties	20,050	—	
	262,955	234,516	12.13

* Includes share of profit of an associate.

Both the revenue and PBT for Q4 2018 reported an increase of 4.8% and 12.1% respectively as compared to Q3 2018.

This is mainly contributed by higher rental income from retail as a result of increased average base rental rate.

NOTES ON THE QUARTERLY REPORT — 31 DECEMBER 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 2019

The Directors are of the view that the performance of the Group in 2019 will continue to remain resilient reinforced by the long term office tenancies which, as the mainstay of the Group, will contribute to its stability. Similarly, the retail segment is expected to maintain its competitiveness with its strong fundamentals.

The recently completed refurbished rooms provide the hotel segment with the opportunity to compete in a more challenging market with additional rooms coming from new competitors.

B4 Profit forecast

No profit forecast was issued for the financial period.

B5 Taxation

Taxation comprises the following:

	Fourth quarter ended		Financial year ended	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:				
Malaysian income tax	27,529	24,668	104,463	104,002
Deferred tax	21,341	(2,027)	20,710	(2,236)
	48,870	22,641	125,173	101,766

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.

A deferred tax expense of RM21.7 million was recognised to reflect a 5% Real Property Gains Tax ("RPGT") on the assumption of future sale of KLCC REIT investment properties in accordance with the amendment to Schedule 5, Real Property Gains Tax Act 1976 effective 1 January 2019.

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 — 31 DECEMBER 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 31-Dec-18		
	KLCCP RM'000	KLCC REIT RM'000	Group RM'000
Short term:			
<u>Secured</u>			
Term loans	10,641	–	10,641
Sukuk Murabahah	–	416,907	416,907
	<u>10,641</u>	<u>416,907</u>	<u>427,548</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>972,807</u>	<u>1,271,907</u>	<u>2,244,714</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	10,641	7,500	22,500	332,166	372,807
Sukuk Murabahah	–	–	–	600,000	600,000
	<u>10,641</u>	<u>7,500</u>	<u>22,500</u>	<u>932,166</u>	<u>972,807</u>
<u>KLCC REIT</u>					
Sukuk Murabahah	416,907	–	400,000	455,000	1,271,907
	<u>427,548</u>	<u>7,500</u>	<u>422,500</u>	<u>1,387,166</u>	<u>2,244,714</u>

B10 Material litigation

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

NOTES ON THE QUARTERLY REPORT — 31 DECEMBER 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 31 December 2018:

	Total stapled securities	Dividend/ income distribution per stapled securities Sen	Total dividend/ income distribution payable RM'000
KLCCP ¹	1,805,333,083	4.63	83,587
KLCC REIT ^{2, 3}	1,805,333,083	6.27	113,194
Group		<u>10.90</u>	<u>196,781</u>

The dividend and income distribution for KLCCP and KLCC REIT will be paid on 28 February 2019. The book closure date in respect of both the aforesaid interim dividend and income distribution is 13 February 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 — 31 DECEMBER 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:

	Fourth quarter ended		Financial year ended	
	31-Dec-18 RM'000	31-Dec-17 RM'000	31-Dec-18 RM'000	31-Dec-17 RM'000
Revenue				
Property investment - Office	140,129	138,832	557,500	551,735
Property investment - Retail	7,889	9,124	31,024	33,735
	148,018	147,956	588,524	585,470
Profit income	868	634	3,196	4,733
Fair value adjustment on investment properties	12,041	81,497	12,041	81,497
	160,927	230,087	603,761	671,700
Less: Expenses	(35,370)	(36,367)	(141,356)	(144,056)
Taxation	(21,744)	–	(21,744)	–
Profit for the period	103,813	193,720	440,661	527,644
Less: Non cash items	9,479	(93,667)	(18,733)	(130,467)
Total realised income available for the period	113,292	100,053	421,928	397,177
Add: Brought forward undistributed realised income available for distribution	41,135	31,966	40,850	21,890
Total realised income available for distribution *	154,427	132,019	462,778	419,067
Less: Total income distributed for the period	–	–	(308,351)	(287,048)
Less: Income to be distributed for the quarter	(113,194)	(91,169)	(113,194)	(91,169)
Balance undistributed realised income available for distribution	41,233	40,850	41,233	40,850
Distribution per unit (sen)	6.27	5.05	23.35	20.95

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

NOTES ON THE QUARTERLY REPORT — 31 DECEMBER 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	8,091,402	4.48	4.42
KLCCP Stapled Group	1,805,333,083	13,095,253	7.25	7.14

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

	As at 31-Dec-18	As at 30-Sep-18	Changes
NAV (after distribution) (RM'000)	7,978,208	7,987,592	(9,384)
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

	Fourth quarter ended		Financial year ended	
	31-Dec-18 RM'000	31-Dec-17 RM'000	31-Dec-18 RM'000	31-Dec-17 RM'000
Profit for the period is arrived after charging:				
Depreciation of property, plant and equipment	10,037	8,706	38,073	33,152
(Reversal)/Allowance for impairment losses	(9)	214	24	214
Write off of receivables	13	-	13	6
Loss on disposal of property, plant and equipment	44	115	148	359
Write off of property, plant and equipment	28	-	28	-

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 — 31 DECEMBER 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")

	Fourth quarter ended		Financial year ended	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
With fair value adjustments				
Profit attributable to ordinary equity holders of the Company (RM'000)	79,848	151,796	284,253	350,256
Profit attributable to unitholders of KLCC REIT (RM'000)	103,813	193,720	440,661	527,644
	<u>183,661</u>	<u>345,516</u>	<u>724,914</u>	<u>877,900</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>10.17</u>	<u>19.14</u>	<u>40.15</u>	<u>48.63</u>
Without fair value adjustments				
Profit attributable to ordinary equity holders of the Company (RM'000)	79,848	151,796	284,253	350,256
Profit attributable to unitholders of KLCC REIT (RM'000)	103,813	193,720	440,661	527,644
Less: Fair value adjustments	1,797	(157,466)	1,797	(157,466)
	<u>185,458</u>	<u>188,050</u>	<u>726,711</u>	<u>720,434</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>10.27</u>	<u>10.42</u>	<u>40.25</u>	<u>39.91</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