

**KLCC PROPERTY HOLDINGS BERHAD (641576-U)**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Fourth quarter ended		Financial year ended	
	31-Dec-19 RM'000	31-Dec-18 RM'000	31-Dec-19 RM'000	31-Dec-18 RM'000
Revenue	<b>364,961</b>	366,348	<b>1,423,021</b>	1,405,941
Operating expenses	<b>(106,655)</b>	(107,101)	<b>(403,001)</b>	(395,050)
<b>Operating profit</b>	<b>258,306</b>	259,247	<b>1,020,020</b>	1,010,891
Fair value adjustments to investment properties	<b>118,471</b>	20,050	<b>118,471</b>	20,050
Interest/profit income	<b>9,285</b>	7,218	<b>31,636</b>	27,574
Finance costs	<b>(28,097)</b>	(27,185)	<b>(111,421)</b>	(107,710)
Share of profit of an associate	<b>4,503</b>	3,625	<b>12,615</b>	13,288
<b>Profit before taxation</b>	<b>362,468</b>	262,955	<b>1,071,321</b>	964,093
Taxation	<b>(47,292)</b>	(48,870)	<b>(125,650)</b>	(125,173)
<b>Profit for the period, representing total comprehensive income</b>	<b>315,176</b>	214,085	<b>945,671</b>	838,920
<b>Profit attributable to:</b>				
Equity holders of the Company	<b>151,671</b>	79,848	<b>356,503</b>	284,253
Non-controlling interests relating to KLCC Real Estate Investment Trust (KLCC REIT)	<b>92,741</b>	103,813	<b>433,648</b>	440,661
	<b>244,412</b>	183,661	<b>790,151</b>	724,914
Other non-controlling interests	<b>70,764</b>	30,424	<b>155,520</b>	114,006
	<b>315,176</b>	214,085	<b>945,671</b>	838,920
<b>Dividend/income distribution to stapled security holders:</b>				
<u>Quarter ended 31 December 2019/2018</u>				
Realised distributable income - KLCCP	<b>73,530</b>	71,942	<b>278,362</b>	276,347
Realised distributable income - KLCC REIT	<b>112,854</b>	113,292	<b>451,569</b>	421,928
Total realised distributable income	<b>186,384</b>	185,234	<b>729,931</b>	698,275
Unrealised distributable income - KLCCP	<b>78,141</b>	7,906	<b>78,141</b>	7,906
Unrealised distributable income - KLCC REIT	<b>(20,113)</b>	(9,479)	<b>(17,921)</b>	18,733
	<b>244,412</b>	183,661	<b>790,151</b>	724,914
Distribution rate (%) <sup>1</sup>	<b>112.36%</b>	106.23%	<b>93.99%</b>	95.66%
Dividend/income distribution	<b>209,418</b>	196,781	<b>686,026</b>	667,973
<b>Dividend/income distribution per stapled security (sen)</b>	<b>11.60</b>	10.90	<b>38.00</b>	37.00
<b>Earnings per stapled security (sen)</b>				
– Basic	<b>13.54</b>	10.17	<b>43.77</b>	40.15

<sup>1</sup> Rounded to two decimal points.

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

**KLCC PROPERTY HOLDINGS BERHAD (641576-U)**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2019**

	<b>31-Dec-19</b>	<b>31-Dec-18</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	671,690	673,620
Investment properties	15,894,180	15,714,934
Right-of-use assets	11,807	–
Investment in an associate	265,588	252,973
Deferred tax assets	1,330	1,225
Other receivables	426,488	418,939
	<u>17,271,083</u>	<u>17,061,691</u>
<b>Current assets</b>		
Inventories	1,810	1,613
Trade and other receivables	52,962	59,980
Tax recoverable	1,493	1,321
Cash and cash equivalents	883,908	735,724
	<u>940,173</u>	<u>798,638</u>
<b>TOTAL ASSETS</b>	<u>18,211,256</u>	<u>17,860,329</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the company</b>		
Share capital	1,823,386	1,823,386
Capital reserve	3,015,397	2,937,256
Retained profits	299,821	243,209
	<u>5,138,604</u>	<u>5,003,851</u>
<b>Equity attributable to unit holders of the KLCC REIT</b>	<u>8,073,356</u>	<u>8,091,402</u>
<b>Total equity attributable to equity holders of KLCCP and KLCC REIT</b>	<u>13,211,960</u>	<u>13,095,253</u>
<b>Other non-controlling interests</b>	<u>2,081,478</u>	<u>2,029,836</u>
<b>Total equity</b>	<u>15,293,438</u>	<u>15,125,089</u>
<b>Non-current liabilities</b>		
Deferred revenue	46,947	48,266
Other long term liabilities	171,288	156,132
Long term borrowings	2,317,386	1,817,166
Deferred taxation	71,994	49,180
	<u>2,607,615</u>	<u>2,070,744</u>
<b>Current liabilities</b>		
Trade and other payables	257,843	214,362
Short term borrowings	29,210	427,548
Taxation	23,150	22,586
	<u>310,203</u>	<u>664,496</u>
<b>Total liabilities</b>	<u>2,917,818</u>	<u>2,735,240</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>18,211,256</u>	<u>17,860,329</u>
<b>Net asset value per stapled security (RM)</b>	<b>7.32</b>	<b>7.25</b>

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

**KLCC PROPERTY HOLDINGS BERHAD (641576-U)**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	← Attributable to equity holders of the Company →			Total equity attributable to equity holders of KLCCP RM'000	Equity attributable to unit holders of KLCC REIT <sup>2</sup> RM'000	Other non- controlling interests RM'000	Total Equity RM'000
	Share capital RM'000	Retained profits RM'000	Capital reserve <sup>1</sup> RM'000				
<b>As at 1 January 2018</b>	1,823,386	225,492	2,929,350	<b>4,978,228</b>	8,050,264	2,018,364	<b>15,046,856</b>
Adjustment on initial application of MFRS 9 <sup>3</sup>	–	(106)	–	<b>(106)</b>	(3)	(34)	<b>(143)</b>
<b>At 1 January 2018, restated</b>	<b>1,823,386</b>	<b>225,386</b>	<b>2,929,350</b>	<b>4,978,122</b>	8,050,261	2,018,330	<b>15,046,713</b>
Total comprehensive income for the year	–	284,253	–	<b>284,253</b>	440,661	114,006	<b>838,920</b>
Transfer of fair value surplus	–	(7,906)	7,906	–	–	–	–
Dividends paid/declared	–	(258,524)	–	<b>(258,524)</b>	(399,520)	(102,500)	<b>(760,544)</b>
<b>As at 31 December 2018</b>	<b>1,823,386</b>	<b>243,209</b>	<b>2,937,256</b>	<b>5,003,851</b>	8,091,402	2,029,836	<b>15,125,089</b>
<b>As at 1 January 2019</b>	<b>1,823,386</b>	<b>243,209</b>	<b>2,937,256</b>	<b>5,003,851</b>	8,091,402	2,029,836	<b>15,125,089</b>
Adjustment on initial application of MFRS 16 <sup>4</sup>	–	(55)	–	<b>(55)</b>	–	(11)	<b>(66)</b>
<b>At 1 January 2019, restated</b>	<b>1,823,386</b>	<b>243,154</b>	<b>2,937,256</b>	<b>5,003,796</b>	8,091,402	2,029,825	<b>15,125,023</b>
Total comprehensive income for the year	–	356,503	–	<b>356,503</b>	433,648	155,520	<b>945,671</b>
Transfer of fair value surplus	–	(78,141)	78,141	–	–	–	–
Dividends paid/declared	–	(221,695)	–	<b>(221,695)</b>	(451,694)	(103,867)	<b>(777,256)</b>
<b>As at 31 December 2019</b>	<b>1,823,386</b>	<b>299,821</b>	<b>3,015,397</b>	<b>5,138,604</b>	8,073,356	2,081,478	<b>15,293,438</b>

<sup>1</sup> Capital reserve arises from the surplus of revaluation of investment properties that will be distributed upon the sale of investment properties.

<sup>2</sup> Equity attributable to unit holders of KLCC REIT consists of Unitholders' Fund (RM7,212,684,000), Merger Reserve (RM6,212,000), Capital Reserve (RM392,367,000) and Retained Profit (RM462,093,000).

<sup>3</sup> Recognition of expected credit losses ('ECL') on trade receivables balances.

<sup>4</sup> Cumulative effect of initial application of MFRS 16 under modified retrospective approach.

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

**KLCC PROPERTY HOLDINGS BERHAD (641576-U)**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Financial year ended	
	31-Dec-19 RM'000	31-Dec-18 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	1,071,321	964,093
Adjustments for:		
Interest/profit income	(31,636)	(27,574)
Finance costs	111,421	107,710
Accrued rental income	(13,777)	(36,708)
Net gain on fair value adjustments on investment properties	(118,471)	(20,050)
Depreciation	43,334	38,073
Allowance for impairment losses	23	24
Write off of receivables	-	13
Loss on disposal of property, plant and equipment	38	148
Write off of property, plant and equipment	9	28
Impairment of investment property under construction	2,786	-
Share of results of an associate	(12,615)	(13,288)
	<u>(18,888)</u>	<u>48,376</u>
Operating profit before changes in working capital	1,052,433	1,012,469
Changes in working capital:		
Trade and other receivables	521	3,267
Amount due from/to ultimate holding company	1,849	(7,019)
Amount due from/to immediate holding company	(1,483)	551
Amount due from/to related companies	4,058	3,400
Trade and other payables	53,926	(20,472)
Inventories	(197)	130
	<u>58,674</u>	<u>(20,143)</u>
Interest/profit income received	31,998	26,532
Tax paid	(102,549)	(103,681)
<b>Net cash generated from operating activities</b>	<u>1,040,556</u>	<u>915,177</u>
<b>Cash flows from investing activities</b>		
Dividends received	-	16,756
Purchase of property, plant and equipment	(39,686)	(45,472)
Cost incurred for investment properties	(59,511)	(31,103)
Proceeds from disposal of property, plant and equipment	110	110
<b>Net cash used in investing activities</b>	<u>(99,087)</u>	<u>(59,709)</u>
<b>Cash flows from financing activities</b>		
Proceeds from drawdown of borrowings	500,000	-
Repayment of borrowings	(408,500)	(7,500)
Dividends paid to equity holders of the company	(221,695)	(258,524)
Dividends paid to non-controlling interests relating to KLCC REIT	(451,694)	(399,364)
Dividends paid to other non-controlling interests	(103,867)	(102,500)
Interest/profit expense paid	(105,545)	(102,118)
Payment of lease liabilities	(1,984)	-
Decrease in deposits restricted	2,971	7,952
<b>Net cash used in financing activities</b>	<u>(790,314)</u>	<u>(862,054)</u>

**KLCC PROPERTY HOLDINGS BERHAD (641576-U)**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Financial year ended	
	31-Dec-19 RM'000	31-Dec-18 RM'000
<b>Net increase in cash and cash equivalents</b>	<b>151,155</b>	<b>(6,586)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>730,431</b>	<b>737,017</b>
<b>Cash and cash equivalents at the end of year</b>	<b><u>881,586</u></b>	<b><u>730,431</u></b>
<b>Cash and cash equivalents at the end of period comprises:</b>		
Cash and bank balances	<b>549,696</b>	449,319
Deposits	<b><u>334,212</u></b>	<u>286,405</u>
	<b>883,908</b>	735,724
Less: Deposits restricted <sup>1</sup>	<b><u>(2,322)</u></b>	<u>(5,293)</u>
	<b><u>881,586</u></b>	<u>730,431</u>

<sup>1</sup> Deposits restricted relate to monies held on behalf of clients in designated accounts which represent cash calls less payments in the course of rendering management services on behalf of clients.

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

## **KLCC PROPERTY HOLDINGS BERHAD (641576-U)**

(Incorporated in Malaysia)

### **NOTES ON THE QUARTERLY REPORT — 31 DECEMBER 2019**

#### **A EXPLANATORY NOTES PURSUANT TO MFRS 134**

##### **A1 Corporate information**

KLCC Property Holdings Berhad (“KLCCP”) is a public limited liability company incorporated and domiciled in Malaysia. One ordinary share of KLCCP is stapled with one unit of KLCC Real Estate Investment Trust (“KLCC REIT”) to create the stapled securities. These stapled securities are listed on Bursa Malaysia Securities Berhad.

By virtue of KLCCP and KLCC REIT agreeing to combine their business by contract (i.e. Stapling Deed between KLCCP and KLCC REIT even though KLCCP owns no units in KLCC REIT and vice versa), KLCCP is deemed to be the controlling entity (i.e. parent) for accounting purposes as it is identified to be the party with power to govern the financial and operating policies of KLCC REIT. Therefore, the consolidated accounts of KLCCP will reflect 100% non-controlling interest relating to KLCC REIT.

These condensed consolidated interim financial statements were approved by the Board of Directors on 23 January 2020.

##### **A2 Basis of preparation**

These condensed consolidated interim financial statements, for the period ended 31 December 2019, are unaudited and have been prepared in compliance with the requirements of paragraph 9.22 and 9.44 of the *Main Market Listing Requirements* of Bursa Malaysia Securities Berhad, MFRS 134 *Interim Financial Reporting* issued by Malaysian Accounting Standards Board (“MASB”) and with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board.

The consolidated financial statements of the Group for the year ended 31 December 2018 are available upon request from the Company’s registered office at Level 54, Tower 2, PETRONAS Twin Towers, Kuala Lumpur City Centre, 50088 Kuala Lumpur.

##### **A3 Accounting policies**

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

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

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

# KLCC PROPERTY HOLDINGS BERHAD (641576-U)

(Incorporated in Malaysia)

## NOTES ON THE QUARTERLY REPORT — 31 DECEMBER 2019

### A EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTD.)

#### A3 Accounting policies (Contd.)

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

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

	<b>Impact of adoption of MFRS 16 to opening balance at 1 January 2019 RM'000</b>
Property, Plant and Equipment	
- Right of use asset	2,646
Borrowings	
- Lease liabilities	(2,712)
	<u>(66)</u>
Retained earnings attributable to:	
- Equity holders of KLCCP	(55)
- Other non-controlling interests	(11)
	<u>(66)</u>

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

#### A4 Audit Report

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

**KLCC PROPERTY HOLDINGS BERHAD (641576-U)**

(Incorporated in Malaysia)

**NOTES ON THE QUARTERLY REPORT — 31 DECEMBER 2019****A EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTD.)****A5 Segmental information**

	Fourth quarter ended			Financial year ended		
	31-Dec-19			31-Dec-19		
	KLCCP	KLCC REIT	Group	KLCCP	KLCC REIT	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>						
Property investment:						
Office	9,928	138,871	<b>148,799</b>	39,838	557,486	<b>597,324</b>
Retail	123,219	8,660	<b>131,879</b>	480,830	33,877	<b>514,707</b>
Hotel operations	49,101	–	<b>49,101</b>	177,481	–	<b>177,481</b>
Management services	53,435	–	<b>53,435</b>	206,930	–	<b>206,930</b>
	235,683	147,531	<b>383,214</b>	905,079	591,363	<b>1,496,442</b>
Eliminations			<b>(18,253)</b>			<b>(73,421)</b>
			<b>364,961</b>			<b>1,423,021</b>
<b>Operating profit</b>						
Property investment:						
Office	5,187	122,637	<b>127,824</b>	29,398	494,200	<b>523,598</b>
Retail	101,678	6,276	<b>107,954</b>	397,228	21,078	<b>418,306</b>
Hotel operations	6,165	–	<b>6,165</b>	16,695	–	<b>16,695</b>
Management services	19,495	–	<b>19,495</b>	75,266	–	<b>75,266</b>
	132,525	128,913	<b>261,438</b>	518,587	515,278	<b>1,033,865</b>
Eliminations			<b>(3,132)</b>			<b>(13,845)</b>
			<b>258,306</b>			<b>1,020,020</b>
Fair value adjustment on investment properties	117,378	1,093	<b>118,471</b>	117,378	1,093	<b>118,471</b>
Interest/profit income	8,377	908	<b>9,285</b>	28,002	3,634	<b>31,636</b>
Finance cost	(11,777)	(16,320)	<b>(28,097)</b>	(48,206)	(63,215)	<b>(111,421)</b>
Share of profit of an associate company	4,503	–	<b>4,503</b>	12,615	–	<b>12,615</b>
Taxation	(47,292)	–	<b>(47,292)</b>	(125,650)	–	<b>(125,650)</b>
<b>Profit for the period / Total comprehensive income for the period</b>			<b>315,176</b>			<b>945,671</b>



**KLCC PROPERTY HOLDINGS BERHAD (641576-U)**

(Incorporated in Malaysia)

**NOTES ON THE QUARTERLY REPORT — 31 DECEMBER 2019****A EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTD.)****A5 Segmental information (Contd.)**

	As at 31-Dec-19		
	KLCCP	KLCC REIT	Group
	RM'000	RM'000	RM'000
<b>Total assets</b>			
Property investment — Office	1,153,182	9,170,909	<b>10,324,091</b>
Property investment — Retail	5,839,873	525,532	<b>6,365,405</b>
Hotel operations	679,115	–	<b>679,115</b>
Management services	213,510	–	<b>213,510</b>
	<u>7,885,680</u>	<u>9,696,441</u>	<u><b>17,582,121</b></u>
Eliminations and adjustments			<u><b>629,135</b></u>
			<u><b>18,211,256</b></u>
<b>Total liabilities</b>			
Property investment — Office	22,905	1,603,600	<b>1,626,505</b>
Property investment — Retail	818,066	19,485	<b>837,551</b>
Hotel operations	418,378	–	<b>418,378</b>
Management services	51,904	–	<b>51,904</b>
	<u>1,311,253</u>	<u>1,623,085</u>	<u><b>2,934,338</b></u>
Eliminations and adjustments			<u><b>(16,520)</b></u>
			<u><b>2,917,818</b></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 — 31 DECEMBER 2019**

**A EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTD.)**

**A10 Dividends paid**

The Board of Directors declared interim dividends comprising 2.56 sen and 6.24 sen relating to KLCCP and KLCC REIT respectively in respect of the three month period ended 30 September 2019 totaling 8.80 sen per stapled security.

The KLCCP dividend of 2.56 sen per share (tax exempt under the single-tier tax system) amounting to RM46.2 million and the KLCC REIT income distribution of 6.24 sen per unit amounting to RM112.7 million were paid on 18 December 2019.

**A11 Debt and equity securities**

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

**A12 Changes in the composition of the Group**

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

**A13 Discontinued operations**

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

**A14 Capital commitments**

The amount of capital commitments not provided for in the interim financial statements as at 31 December 2019 is as follows:

	<b>RM'000</b>
Approved and contracted for	194,471
Approved but not contracted for	218,499
	<u>412,970</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 2019**

**B EXPLANATORY NOTES PURSUANT TO PART A AND PART D OF APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1 Performance review**

	Fourth quarter ended			Financial year ended		
	31-Dec-19 RM'000	31-Dec-18 RM'000	Change %	31-Dec-19 RM'000	31-Dec-18 RM'000	Change %
Revenue:						
Property investment:						
Office	148,799	150,096	(0.86)	597,324	597,134	0.03
Retail	131,879	132,284	(0.31)	514,707	503,285	2.27
Hotel operations	49,101	45,735	7.36	177,481	172,375	2.96
Management services	53,435	56,760	(5.86)	206,930	207,105	(0.08)
Eliminations/Adjustments	(18,253)	(18,527)		(73,421)	(73,958)	
	<b>364,961</b>	<b>366,348</b>	(0.38)	<b>1,423,021</b>	<b>1,405,941</b>	1.21
Profit before tax ("PBT"):						
Property investment:						
Office *	118,313	121,101	(2.30)	479,768	481,424	(0.34)
Retail	101,268	101,535	(0.26)	392,147	384,698	1.94
Hotel operations	2,303	295	>100	671	87	>100
Management services	19,938	19,341	3.09	76,652	76,246	0.53
Eliminations/Adjustments	2,175	633		3,612	1,588	>100
	<b>243,997</b>	<b>242,905</b>	0.45	<b>952,850</b>	<b>944,043</b>	0.93
Fair value adjustment on investment properties	118,471	20,050	>100	118,471	20,050	>100
	<b>362,468</b>	<b>262,955</b>	37.84	<b>1,071,321</b>	<b>964,093</b>	11.12

\* Includes share of profit of an associate.

**Variance analysis by segment**

**Property investment — Office**

The revenue of office segment remained stable backed by the triple net lease agreements (TNL) and long term leases.

PBT in Q4 2019 and year to date (YTD) decreased by 2.3% and 0.3% respectively mainly due to an impairment of investment property under construction of RM2.8 million.

**Property investment — Retail**

Revenue and PBT in Q4 2019 recorded a marginal decrease by 0.3% mainly due to lower advertising income.

However, the revenue and PBT YTD increased by 2.3% and 1.9% respectively despite loss of space from the reconfiguration exercise, contributed by the better rental rate and overall stronger advertising income for the year.

**NOTES ON THE QUARTERLY REPORT — 31 DECEMBER 2019**

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

**B1 Performance review (contd.)**

**Hotel operations**

Revenue and PBT increased in Q4 2019 mainly from the improved performance in the F&B segment.

The increase in YTD revenue and PBT mainly reflecting a full year result after the refurbishment of rooms in Q3 of 2018 and higher contribution from F&B segment. Occupancy for the year was at 64% compared to 55% in the previous year.

**Management services**

The Q4 2019 revenue decreased by 5.9% mainly from the lower revenue of one-off projects under the facilities management operations. However, lower maintenance cost incurred during the quarter resulted to a marginal increase in PBT by RM0.6 million.

YTD Revenue and PBT leveled with 2018 of RM206 million and RM76 million respectively.

**Fair Value Adjustment on Investment Properties**

Fair value adjustment (FVA) of RM118.5 million was recorded during the year mainly on the uplift value in Suria KLCC subsequent to the reconfiguration exercise.

**B2 Variation of results against preceding quarter**

	Quarter ended		Change %
	31-Dec-19 RM'000	30-Sep-19 RM'000	
Revenue:			
Property investment:			
Office	148,799	149,521	(0.48)
Retail	131,879	125,172	5.36
Hotel operations	49,101	44,126	11.27
Management services	53,435	53,525	(0.17)
Eliminations/Adjustments	(18,253)	(18,823)	
	<b>364,961</b>	<b>353,521</b>	3.24
Profit before tax:			
Property investment:			
Office *	118,313	119,108	(0.67)
Retail	101,268	97,316	4.06
Hotel operations	2,303	(424)	>100
Management services	19,938	18,628	7.03
Eliminations/Adjustments	2,175	608	
	<b>243,997</b>	<b>235,236</b>	3.72
Fair value adjustments on investment properties	118,471	–	>100
	<b>362,468</b>	<b>235,236</b>	54.09

\* Includes share of profit of an associate.

**NOTES ON THE QUARTERLY REPORT — 31 DECEMBER 2019**

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

**B2 Variation of results against preceding quarter (Contd.)**

Compared to Q3 2019, overall revenue and PBT (excluding fair value adjustment) increased by 3.2% and 3.3% respectively mainly contributed by the increase in rental income from retail upon partial completion of the configuration exercise at the mall coupled with the higher internal advertising income and better contribution from the F&B segment of the hotel.

**B3 Prospects for financial year 2020**

The Directors expect the Group to continue to remain resilient, leveraging on the long term profile of office leases and the positive results from the retail segment arising from the reconfiguration exercise in Suria KLCC despite the challenging market outlook.

The Directors remain cautious on the hotel segment due to competitive market and the increasing F&B outlets within the KLCC area. However, higher tourist arrival from the Visit Malaysia 2020 campaign is expected to cushion the impact.

**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-19 RM'000	31-Dec-18 RM'000	31-Dec-19 RM'000	31-Dec-18 RM'000
In respect of the current period:				
Malaysian income tax	24,281	27,529	102,941	104,463
Deferred tax	23,011	21,341	22,709	20,710
	<b>47,292</b>	48,870	<b>125,650</b>	125,173

Overall effective tax rate of 13% is lower as income from KLCC REIT is not subject to tax in accordance with Section 61A of the Malaysian Income Tax Act 1967.

Including in the deferred tax, RM21.9 million was recognised to reflect a 10% 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 and Finance Bill 2019.

**B6 Sales of unquoted investments and/or properties**

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

**KLCC PROPERTY HOLDINGS BERHAD (641576-U)**

(Incorporated in Malaysia)

**NOTES ON THE QUARTERLY REPORT — 31 DECEMBER 2019****B EXPLANATORY NOTES PURSUANT TO PART A AND PART D OF APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTD.)****B7 Quoted and marketable securities**

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

**B8 Status of corporate proposal announced**

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

**B9 Borrowings**

	As at 31-Dec-19		Group RM'000
	KLCCP RM'000	KLCC REIT RM'000	
Short term:			
<u>Secured</u>			
Term loans	9,333	–	9,333
Sukuk Murabahah	–	15,737	15,737
Lease liabilities	4,140	–	4,140
	<u>13,473</u>	<u>15,737</u>	<u>29,210</u>
Long term:			
<u>Secured</u>			
Term loans	354,666	–	354,666
Sukuk Murabahah	600,000	1,355,000	1,955,000
Lease liabilities	7,720	–	7,720
	<u>962,386</u>	<u>1,355,000</u>	<u>2,317,386</u>
	<u>975,859</u>	<u>1,370,737</u>	<u>2,346,596</u>

Repayment schedule:

	Within 1 year RM'000	1–2 years RM'000	2–5 years RM'000	More than 5 years RM'000	Group total RM'000
<u>KLCCP</u>					
Term loans	9,333	7,500	22,500	324,666	363,999
Sukuk Murabahah	–	–	600,000	–	600,000
Lease liabilities	4,140	3,408	4,312	–	11,860
	<u>13,473</u>	<u>10,908</u>	<u>626,812</u>	<u>324,666</u>	<u>975,859</u>
<u>KLCC REIT</u>					
Sukuk Murabahah	15,737	400,000	455,000	500,000	1,370,737
	<u>29,210</u>	<u>410,908</u>	<u>1,081,812</u>	<u>824,666</u>	<u>2,346,596</u>

**KLCC PROPERTY HOLDINGS BERHAD (641576-U)**

(Incorporated in Malaysia)

**NOTES ON THE QUARTERLY REPORT — 31 DECEMBER 2019****B EXPLANATORY NOTES PURSUANT TO PART A AND PART D OF APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTD.)****B10 Material litigation**

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

**B11 Dividend/income distribution**

The Board of Directors has declared the following dividend/income distribution for the quarter ended 31 December 2019:

	<b>Total stapled securities</b>	<b>Dividend/ income distribution per stapled securities Sen</b>	<b>Total dividend/ income distribution payable RM'000</b>
KLCCP <sup>1</sup>	1,805,333,083	5.35	96,585
KLCC REIT <sup>2, 3</sup>	1,805,333,083	6.25	112,833
Group		<u>11.60</u>	<u>209,418</u>

The dividend and income distribution for KLCCP and KLCC REIT will be paid on 28 February 2020. The book closure date in respect of both the aforesaid interim dividend and income distribution is 10 February 2020.

<sup>1</sup> Dividend declared under KLCCP is tax exempt under the single-tier system.

<sup>2</sup> Income distribution to unitholders will be subjected to withholding tax at the following rates:

<u>Unitholders</u>	<b>Withholding tax rate</b>
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%

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

**B11 Dividend/income distribution (contd.)**

<sup>3</sup> Distribution by KLCC REIT to unitholders are from the following sources:

	Fourth quarter ended		Financial year ended	
	31-Dec-19 RM'000	31-Dec-18 RM'000	31-Dec-19 RM'000	31-Dec-18 RM'000
<b>Revenue</b>				
Property investment - Office	138,871	140,129	557,486	557,500
Property investment - Retail	8,660	7,889	33,877	31,024
	<b>147,531</b>	<b>148,018</b>	<b>591,363</b>	<b>588,524</b>
Profit income	908	868	3,634	3,196
Fair value adjustment on investment properties	1,093	12,041	1,093	12,041
	<b>149,532</b>	<b>160,927</b>	<b>596,090</b>	<b>603,761</b>
Less: Expenses	(34,938)	(35,370)	(140,589)	(141,356)
Taxation	(21,853)	(21,744)	(21,853)	(21,744)
<b>Profit for the period</b>	<b>92,741</b>	<b>103,813</b>	<b>433,648</b>	<b>440,661</b>
Less: Non-cash items	20,113	9,479	17,921	(18,733)
<b>Total realised income available for the period</b>	<b>112,854</b>	<b>113,292</b>	<b>451,569</b>	<b>421,928</b>
Add: Brought forward undistributed realised income available for distribution	41,448	41,135	41,233	40,850
<b>Total realised income available for distribution *</b>	<b>154,302</b>	<b>154,427</b>	<b>492,802</b>	<b>462,778</b>
Less: Total income distributed for the period	–	–	(338,500)	(308,351)
Less: Income to be distributed for the quarter	(112,833)	(113,194)	(112,833)	(113,194)
<b>Balance undistributed realised income available for distribution</b>	<b>41,469</b>	<b>41,233</b>	<b>41,469</b>	<b>41,233</b>
<b>Distribution per unit (sen)</b>	<b>6.25</b>	<b>6.27</b>	<b>25.00</b>	<b>23.35</b>

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



**NOTES ON THE QUARTERLY REPORT — 31 DECEMBER 2019**

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

**B12 Summary of Net Asset Value ("NAV")**

	No. of units listed	NAV RM'000	NAV per unit	
			before distribution RM	after distribution RM
KLCC REIT <sup>1</sup>	1,805,333,083	8,073,356	4.47	4.41
KLCCP Stapled Group	1,805,333,083	13,211,960	7.32	7.20

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

	As at 31-Dec-19	As at 30-Sep-19	Changes
NAV (after distribution) (RM'000)	<b>7,960,523</b>	7,980,614	(20,091)
NAV per unit (after distribution) (RM)	<b>4.41</b>	4.42	(0.01)

The NAV per unit (after distribution) decrease by RM0.01 due to lower profit generated during the quarter arising from higher deferred tax. Excluding the deferred tax impact, the NAV (after distribution) is at RM4.42, which is the same as 30 September 2019.

**B13 Profit for the period**

	Fourth quarter ended		Financial year ended	
	31-Dec-19 RM'000	31-Dec-18 RM'000	31-Dec-19 RM'000	31-Dec-18 RM'000
Profit for the period is arrived after charging:				
Depreciation of property, plant and equipment <sup>1</sup>	<b>11,020</b>	10,037	<b>43,334</b>	38,073
(Reversal of)/Allowance for impairment losses	–	(9)	<b>23</b>	24
Write off of receivables	–	13	–	13
(Gain)/Loss on disposal of property, plant and equipment	<b>(5)</b>	44	<b>38</b>	148
Impairment of investment property under construction	<b>2,786</b>	–	<b>2,786</b>	–
Write off of property, plant and equipment	–	28	<b>9</b>	28

<sup>1</sup> Depreciation of property, plant and equipment for the period ended 31 December 2019 is inclusive of depreciation resulting from the new pronouncement, MFRS 16: Leases.

Other than the above, the items listed under Appendix 9B Note 16 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

**NOTES ON THE QUARTERLY REPORT — 31 DECEMBER 2019**

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

**B13 Earnings per stapled securities ("EPSS")**

	Fourth quarter ended		Financial year ended	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Profit attributable to ordinary equity holders of the Company (RM'000)	151,671	79,848	356,503	284,253
Profit attributable to unitholders of KLCC REIT (RM'000)	92,741	103,813	433,648	440,661
	<u>244,412</u>	<u>183,661</u>	<u>790,151</u>	<u>724,914</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>13.54</u>	<u>10.17</u>	<u>43.77</u>	<u>40.15</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