

YTL HOSPITALITY REIT

Established in Malaysia

**Interim Financial Report
30 June 2019**

YTL HOSPITALITY REIT

Interim Financial Report 30 June 2019

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YTL HOSPITALITY REIT**INTERIM FINANCIAL REPORT**

Interim financial report on results for the financial year ended 30 June 2019.

The figures have not been audited.

CONDENSED INCOME STATEMENTS FOR THE QUARTER

	GROUP		TRUST	
	CURRENT	PRECEDING	CURRENT	PRECEDING
	YEAR	YEAR	YEAR	YEAR
	CORRESPONDING	CORRESPONDING	CORRESPONDING	CORRESPONDING
	QUARTER	QUARTER	QUARTER	QUARTER
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
NET REVENUE	118,666	116,603	33,547	33,546
PROPERTY OPERATING EXPENSES	(58,404)	(58,498)	(1,831)	(1,806)
NET PROPERTY INCOME	60,262	58,105	31,716	31,740
FINANCE INCOME	418	276	26,761	25,753
OTHER INCOME - others	387	2,635	-	2
- dividend	-	-	5,028	-
MANAGER'S FEES	(3,498)	(2,293)	(3,498)	(2,293)
TRUSTEE'S FEES	(359)	(338)	(359)	(338)
DEPRECIATION	(18,989)	(21,085)	-	-
ADMINISTRATION EXPENSES	(3,623)	(1,889)	(1,949)	(452)
FINANCE COSTS	(21,552)	(20,726)	(21,530)	(20,703)
INCOME BEFORE UNREALISED ITEMS	13,046	14,685	36,169	33,709
UNREALISED ITEMS:				
- Fair value of investment properties	22,851	63,816	32,702	31,279
- Fair value on trade receivable	(395)	-	(395)	-
- Unrealised (loss)/gain on foreign exchange	(12,539)	(4,631)	6,672	1,775
- Revaluation gain/(loss) on property	1,024	(5,582)	-	-
PROFIT BEFORE TAX	23,987	68,288	75,148	66,763

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

CONDENSED INCOME STATEMENTS FOR THE QUARTER – continued

	GROUP		TRUST	
	CURRENT YEAR QUARTER 30.06.2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2018 RM'000	CURRENT YEAR QUARTER 30.06.2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2018 RM'000
PROFIT BEFORE TAX	23,987	68,288	75,148	66,763
INCOME TAX EXPENSE	(867)	(734)	(397)	(217)
PROFIT FOR THE QUARTER	23,120	67,554	74,751	66,546
DISTRIBUTION ADJUSTMENTS:				
- Depreciation	18,989	21,085	-	-
- Net income from foreign operations	4,604	(1,544)	-	-
- Unrealised foreign translation differences	12,539	4,631	(6,672)	(1,775)
- Unrealised loss on fair value of trade receivable	395	-	395	-
- Unrealised gain on fair value of investment properties	(22,851)	(63,816)	(32,702)	(31,279)
- Revaluation (gain)/loss on property	(1,024)	5,582	-	-
INCOME AVAILABLE FOR DISTRIBUTION / TOTAL DISTRIBUTABLE INCOME	35,772	33,492	35,772	33,492
UNDISTRIBUTED DISTRIBUTABLE INCOME BROUGHT FORWARD	1	1	1	1
UNDISTRIBUTED DISTRIBUTABLE INCOME AVAILABLE FOR DISTRIBUTION	35,773	33,493	35,773	33,493

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

CONDENSED INCOME STATEMENTS FOR THE QUARTER – continued

	GROUP		TRUST	
	CURRENT YEAR QUARTER 30.06.2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2018 RM'000	CURRENT YEAR QUARTER 30.06.2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2018 RM'000
UNDISTRIBUTED DISTRIBUTABLE INCOME AVAILABLE FOR DISTRIBUTION	35,773	33,493	35,773	33,493
PROVISION FOR INCOME DISTRIBUTION	(35,773)	(33,493)	(35,773)	(33,493)
	-----	-----	-----	-----
UNDISTRIBUTED DISTRIBUTABLE INCOME	-	-	-	-
	=====	=====	=====	=====
DISTRIBUTABLE INCOME PER UNIT (Sen)	2.0988	1.9651	2.0988	1.9651
	=====	=====	=====	=====
GROSS DISTRIBUTION PER UNIT (Sen)	2.0989	1.9651	2.0989	1.9651
	=====	=====	=====	=====

The Condensed Income Statements should be read in conjunction with the audited annual financial statements for the year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial statements.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME FOR THE QUARTER

	GROUP		TRUST	
	CURRENT YEAR QUARTER 30.06.2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2018 RM'000	CURRENT YEAR QUARTER 30.06.2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2018 RM'000
PROFIT FOR THE QUARTER	23,120	67,554	74,751	66,546
OTHER COMPREHENSIVE INCOME:-				
<i>ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT:-</i>				
CASH FLOW HEDGE	(2,604)	937	(2,604)	937
CURRENCY TRANSLATION DIFFERENCES	58,798	91,049	-	-
<i>ITEM THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT:-</i>				
SURPLUS ON REVALUATION OF PROPERTIES	50,246	209,168	-	-
TOTAL COMPREHENSIVE INCOME FOR THE QUARTER	129,560	368,708	72,147	67,483

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INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF COMPREHENSIVE INCOME FOR THE QUARTER -
continued**

	GROUP		TRUST	
	CURRENT YEAR QUARTER 30.06.2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2018 RM'000	CURRENT YEAR QUARTER 30.06.2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2018 RM'000
PROFIT FOR THE QUARTER IS MADE UP AS FOLLOWS:-				
REALISED PROFIT	31,168	35,036	35,772	33,492
UNREALISED (LOSS) / PROFIT	(8,048)	32,518	38,979	33,054
	----- 23,120 =====	----- 67,554 =====	----- 74,751 =====	----- 66,546 =====
Weighted average number of units ('000)	1,704,389 =====	1,704,389 =====	1,704,389 =====	1,704,389 =====
EARNINGS PER UNIT (Sen)	1.36 =====	3.96 =====	4.39 =====	3.90 =====

The Condensed Statements of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial statements.

YTL HOSPITALITY REIT**INTERIM FINANCIAL REPORT****CONDENSED INCOME STATEMENTS FOR THE YEAR**

	GROUP		TRUST	
	12 MONTHS ENDED		12 MONTHS ENDED	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
NET REVENUE	490,905	500,953	134,188	124,701
PROPERTY OPERATING EXPENSES	(237,626)	(252,126)	(7,078)	(6,731)
NET PROPERTY INCOME	253,279	248,827	127,110	117,970
FINANCE INCOME	1,801	1,192	107,134	108,773
OTHER INCOME - others	1,681	5,244	115	1,069
- dividend	-	-	5,028	-
MANAGER'S FEES	(11,970)	(9,242)	(11,970)	(9,242)
TRUSTEE'S FEES	(1,412)	(1,278)	(1,412)	(1,278)
DEPRECIATION	(77,395)	(83,667)	-	-
ADMINISTRATION EXPENSES	(11,862)	(6,468)	(4,426)	(1,425)
FINANCE COSTS	(86,120)	(80,976)	(86,030)	(80,885)
INCOME BEFORE UNREALISED ITEMS	68,002	73,632	135,549	134,982
UNREALISED ITEMS:				
- Fair value of investment properties	22,851	63,816	32,702	31,279
- Fair value on trade receivable	(395)	-	(395)	-
- Unrealised gain/(loss) on foreign exchange	16,359	107,272	3,637	(29,287)
- Revaluation gain/(loss) on property	1,024	(5,582)	-	-
PROFIT BEFORE TAX	107,841	239,138	171,493	136,974
INCOME TAX EXPENSE	(3,168)	(2,579)	(1,395)	(875)
PROFIT FOR THE YEAR	104,673	236,559	170,098	136,099

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INTERIM FINANCIAL REPORT

CONDENSED INCOME STATEMENTS FOR THE YEAR – continued

	GROUP		TRUST	
	12 MONTHS ENDED		12 MONTHS ENDED	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
PROFIT FOR THE YEAR	104,673	236,559	170,098	136,099
DISTRIBUTION				
ADJUSTMENTS:				
- Depreciation	77,395	83,667	-	-
- Net income from foreign operations	(8,075)	(20,613)	-	-
- Unrealised foreign translation differences	(16,359)	(107,272)	(3,637)	29,287
- Unrealised loss on fair value of trade receivable	395	-	395	-
- Unrealised gain on fair value of investment properties	(22,851)	(63,816)	(32,702)	(31,279)
- Revaluation (gain)/loss on property	(1,024)	5,582	-	-
	-----	-----	-----	-----
INCOME AVAILABLE FOR DISTRIBUTION / TOTAL DISTRIBUTABLE INCOME	134,154	134,107	134,154	134,107
DISTRIBUTION PAID	(98,381)	(100,614)	(98,381)	(100,614)
PROVISION FOR INCOME DISTRIBUTION	(35,773)	(33,493)	(35,773)	(33,493)
	-----	-----	-----	-----
UNDISTRIBUTED DISTRIBUTABLE INCOME	-	-	-	-
	=====	=====	=====	=====
DISTRIBUTABLE INCOME PER UNIT (Sen)	7.8711	7.8683	7.8711	7.8683
	=====	=====	=====	=====
GROSS DISTRIBUTION PER UNIT (Sen)	7.8711	7.8683	7.8711	7.8683
	=====	=====	=====	=====

The Condensed Income Statements should be read in conjunction with the audited annual financial statements for the year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial statements.

YTL HOSPITALITY REIT**INTERIM FINANCIAL REPORT****CONDENSED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR**

	GROUP		TRUST	
	12 MONTHS ENDED		12 MONTHS ENDED	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
PROFIT FOR THE YEAR	104,673	236,559	170,098	136,099
OTHER COMPREHENSIVE INCOME/(EXPENSE):-				
<i>ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT:-</i>				
CASH FLOW HEDGE	(4,993)	4,318	(4,993)	4,318
CURRENCY TRANSLATION DIFFERENCES	2,817	(128,418)	-	-
<i>ITEM THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT:-</i>				
SURPLUS ON REVALUATION OF PROPERTIES	50,246	209,168	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	152,743	321,627	165,105	140,417

YTL HOSPITALITY REIT**INTERIM FINANCIAL REPORT****CONDENSED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR -
continued**

	GROUP		TRUST	
	12 MONTHS ENDED		12 MONTHS ENDED	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
PROFIT FOR THE YEAR IS MADE UP AS FOLLOWS:-				
REALISED PROFIT	142,229	154,720	134,154	134,107
UNREALISED (LOSS) / PROFIT	(37,556)	81,839	35,944	1,992
	-----	-----	-----	-----
	104,673	236,559	170,098	136,099
	=====	=====	=====	=====
Weighted average number of units ('000)	1,704,389	1,704,389	1,704,389	1,704,389
	=====	=====	=====	=====
EARNINGS PER UNIT (Sen)	6.14	13.88	9.98	7.99
	=====	=====	=====	=====

The Condensed Statements of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial statements.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

CONDENSED STATEMENTS OF FINANCIAL POSITION

	GROUP		TRUST	
	UNAUDITED AS AT 30.06.2019 RM'000	AUDITED AS AT 30.06.2018 RM'000	UNAUDITED AS AT 30.06.2019 RM'000	AUDITED AS AT 30.06.2018 RM'000
ASSETS				
Non-current Assets				
Investment properties	2,732,554	2,371,618	2,203,000	2,079,000
Property, plant and equipment	1,946,226	1,947,753	-	-
Investment in subsidiaries	-	-	521,056	401,037
Amount due from subsidiaries	-	-	1,349,378	1,232,840
Deferred tax assets	2,679	2,550	-	-
	-----	-----	-----	-----
	4,681,459	4,321,921	4,073,434	3,712,877
	-----	-----	-----	-----
Current Assets				
Inventories	664	707	-	-
Trade and other receivables	33,682	33,570	6,014	7,916
Amount due from subsidiaries	-	-	123,399	126,351
Deposits with licensed financial institutions	58,935	45,754	10,130	1,350
Cash at banks	90,037	109,703	317	135
	-----	-----	-----	-----
	183,318	189,734	139,860	135,752
	-----	-----	-----	-----
TOTAL ASSETS	4,864,777	4,511,655	4,213,294	3,848,629
	=====	=====	=====	=====
UNITHOLDERS' FUNDS				
Unitholders' capital	1,690,806	1,690,806	1,690,806	1,690,806
Undistributed income	74,050	103,531	459,634	423,690
Reserves	972,244	924,174	(14,548)	(9,555)
	-----	-----	-----	-----
Net Asset Value	2,737,100	2,718,511	2,135,892	2,104,941
	-----	-----	-----	-----

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YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

CONDENSED STATEMENTS OF FINANCIAL POSITION – continued

	GROUP		TRUST	
	UNAUDITED AS AT 30.06.2019 RM'000	AUDITED AS AT 30.06.2018 RM'000	UNAUDITED AS AT 30.06.2019 RM'000	AUDITED AS AT 30.06.2018 RM'000
LIABILITIES				
Non-current Liabilities				
Borrowings	1,016,393	1,678,164	206,393	963,164
Other payables	963	963	-	-
Derivative financial instruments	-	9,555	-	9,555
Amount due to a subsidiary	-	-	810,000	715,000
	-----	-----	-----	-----
	1,017,356	1,688,682	1,016,393	1,687,719
	-----	-----	-----	-----
Current Liabilities				
Borrowings	993,031	9,530	993,031	-
Derivative financial instruments	14,548	-	14,548	-
Trade and other payables	66,948	60,234	17,648	12,472
Amount due to a subsidiary	-	-	9	10,004
Income tax liabilities	21	1,205	-	-
Provision for income distribution	35,773	33,493	35,773	33,493
	-----	-----	-----	-----
	1,110,321	104,462	1,061,009	55,969
	-----	-----	-----	-----
TOTAL LIABILITIES	2,127,677	1,793,144	2,077,402	1,743,688
	-----	-----	-----	-----
TOTAL UNITHOLDERS' FUNDS & LIABILITIES	4,864,777	4,511,655	4,213,294	3,848,629
	=====	=====	=====	=====
Net asset value (RM'000)				
- before income distribution	2,871,254	2,852,618	2,270,046	2,239,048
- after income distribution	2,737,100	2,718,511	2,135,892	2,104,941
	=====	=====	=====	=====
Number of units in circulations ('000)				
	1,704,389	1,704,389	1,704,389	1,704,389
	=====	=====	=====	=====
Net asset value per unit (RM)				
- before income distribution	1.685	1.674	1.332	1.314
- after income distribution	1.606	1.595	1.253	1.235
	=====	=====	=====	=====

The Condensed Statements of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial statements.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019**

GROUP	Unitholders' Capital RM'000	Distributable Undistributed Realised Income RM'000	<-----Non distributable----->				Total Unitholders' Funds RM'000
			Unrealised Loss RM'000	Currency Translation Reserves RM'000	Revaluation Reserve RM'000	Cash Flow Hedge Reserve RM'000	
At 1 July 2018	1,690,806	202,828	(99,297)	(97,883)	1,031,612	(9,555)	2,718,511
Operations for the year							
Profit/(Loss) for the year	-	142,229	(37,556)	-	-	-	104,673
Other comprehensive expense	-	-	-	2,817	50,246	(4,993)	48,070
Increase/(Decrease) in net assets resulting from operations	-	142,229	(37,556)	2,817	50,246	(4,993)	152,743
Unitholders' transactions							
Distribution paid	-	(98,381)	-	-	-	-	(98,381)
Provision for income distribution	-	(35,773)	-	-	-	-	(35,773)
Decrease in net assets resulting from Unitholders' transaction	-	(134,154)	-	-	-	-	(134,154)
At 30 June 2019	1,690,806	210,903	(136,853)	(95,066)	1,081,858	(14,548)	2,737,100

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 - continued**

	Unitholders' Capital RM'000	Distributable	<-----Non distributable---->	Cash Flow Hedge Reserve RM'000	Total Unitholders' Funds RM'000
		Undistributed Realised Income RM'000	Unrealised Income RM'000		
TRUST					
At 1 July 2018	1,690,806	184,699	238,991	(9,555)	2,104,941
Operations for the year					
Profit for the year	-	134,154	35,944	-	170,098
Other comprehensive expense	-	-	-	(4,993)	(4,993)
	-----	-----	-----	-----	-----
Increase/(Decrease) in net assets resulting from operations	-	134,154	35,944	(4,993)	165,105
Unitholders' transactions					
Distribution paid	-	(98,381)	-	-	(98,381)
Provision for income distribution	-	(35,773)	-	-	(35,773)
	-----	-----	-----	-----	-----
Decrease in net assets resulting from Unitholders' transaction	-	(134,154)	-	-	(134,154)
	-----	-----	-----	-----	-----
At 30 June 2019	1,690,806	184,699	274,935	(14,548)	2,135,892
	=====	=====	=====	=====	=====

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018**

GROUP	Unitholders' Capital RM'000	Distributable Undistributed Realised Income RM'000	<-----Non distributable----->				Total Unitholders' Funds RM'000
			Unrealised Loss RM'000	Currency Translation Reserves RM'000	Revaluation Reserve RM'000	Cash Flow Hedge Reserve RM'000	
At 1 July 2017	1,690,806	182,215	(181,136)	30,535	822,444	(13,873)	2,530,991
Operations for the year							
Profit for the year	-	154,720	81,839	-	-	-	236,559
Other comprehensive (expense)/income	-	-	-	(128,418)	209,168	4,318	85,068
Increase/(Decrease) in net assets resulting from operations	-	154,720	81,839	(128,418)	209,168	4,318	321,627
Unitholders' transactions							
Distribution paid	-	(100,614)	-	-	-	-	(100,614)
Provision for income distribution	-	(33,493)	-	-	-	-	(33,493)
Decrease in net assets resulting from Unitholders' transaction	-	(134,107)	-	-	-	-	(134,107)
At 30 June 2018	1,690,806	202,828	(99,297)	(97,883)	1,031,612	(9,555)	2,718,511

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 - continued**

	Unitholders' Capital RM'000	Distributable Undistributed Realised Income RM'000	<-----Non distributable----> Unrealised Income RM'000	Cash Flow Hedge Reserve RM'000	Total Unitholders' Funds RM'000
TRUST					
At 1 July 2017	1,690,806	184,699	236,999	(13,873)	2,098,631
Operations for the year					
Profit for the year	-	134,107	1,992	-	136,099
Other comprehensive income	-	-	-	4,318	4,318
Increase in net assets resulting from operations	----- -	----- 134,107	----- 1,992	----- 4,318	----- 140,417
Unitholders' transactions					
Distribution paid	-	(100,614)	-	-	(100,614)
Provision for income distribution	-	(33,493)	-	-	(33,493)
Decrease in net assets resulting from Unitholders' transaction	----- -	----- (134,107)	----- -	----- -	----- (134,107)
At 30 June 2018	----- 1,690,806	----- 184,699	----- 238,991	----- (9,555)	----- 2,104,941

The Condensed Statements of Changes in Net Asset Value should be read in conjunction with the audited annual financial statements for the year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial statements.

YTL HOSPITALITY REIT**INTERIM FINANCIAL REPORT****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019**

	12 MONTHS ENDED	
	30.06.2019	30.06.2018
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	107,841	239,138
Adjustments for:-		
Amortisation of transaction costs	2,334	4,035
Depreciation of property, plant and equipment	77,395	83,667
Impairment losses on trade receivable – net	395	-
Interest income	(1,801)	(1,192)
Interest expense	83,086	76,141
Fair value on investment properties	(22,851)	(63,816)
Loss on disposal of property, plant and equipment	2,801	400
Unrealised gain on foreign currency exchange	(16,359)	(107,272)
Revaluation (gain)/loss in property	(1,024)	5,582
	-----	-----
Operating profit before changes in working capital	231,817	236,683
Net changes in current assets	(6,531)	(1,670)
Net changes in current liabilities	908	9,913
	-----	-----
Cash generated from operations	226,194	244,926
Income tax paid	(4,517)	(2,302)
	-----	-----
Net cash from operating activities	221,677	242,624
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,801	1,192
Acquisition of property, plant and equipment	(50,916)	(10,088)
Acquisition of investment property (note a)	(220,190)	(4,221)
Enhancement of investment property (note a)	(78,414)	-
Proceed from disposal of equipment	26	60
	-----	-----
Net cash used in investing activities	(347,693)	(13,057)
	-----	-----

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 - continued**

	12 MONTHS ENDED	
	30.06.2019	30.06.2018
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(83,086)	(76,141)
Distribution paid	(131,874)	(133,519)
Transaction costs paid	(1,740)	(1,368)
Proceeds of borrowings	337,081	9,380
Repayment of borrowings	-	(1,800)
	-----	-----
Net cash from financing activities	120,381	(203,448)
	-----	-----
Net (decrease)/increase in cash and cash equivalents	(5,635)	26,119
Effect on exchange rate changes	(850)	(13,124)
Cash and cash equivalents at beginning of financial year	155,457	142,462
	-----	-----
Cash and cash equivalents at end of financial year (note a)	148,972	155,457
	=====	=====

Note (a)

	As At	As At
	30.06.2019	30.06.2018
	RM'000	RM'000
Cash and cash equivalents:-		
Deposits with licensed financial institutions	58,935	45,754
Cash at banks	90,037	109,703
	-----	-----
	148,972	155,457
	=====	=====
Analysis of acquisition and enhancement of investment properties:-		
Cash	24,495	4,221
Borrowings	274,109	380,000*
Prepayment	5,882	-
Payable	7,002	-
	-----	-----
	311,488	384,221
	=====	=====

* Proceed from loan from subsidiary is directly used to set off the acquisition of investment property.

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial statements.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes :

Disclosure requirement pursuant to MFRS 134

The condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 30 June 2018.

A1. Accounting Policies and Methods of Computation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134: “Interim Financial Reporting”, and Chapter 9, Part M3 paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The accounting policies and methods of computation adopted by the Group and the Trust in the interim financial report are consistent with those adopted in the latest audited annual financial statements.

The adoption of MFRSs, interpretations and amendments to MFRSs, which were effective for the financial year beginning 1 July 2018, do not have significant financial impacts on the interim financial report of the Group and of the Trust.

A2. Seasonality or Cyclicity of Operations

Save for Sydney Harbour Marriott, Brisbane Marriott and Melbourne Marriott (“Australian Properties”), the business operations of the Group and of the Trust are not materially affected by any seasonal or cyclical factors.

A3. Unusual Items

For the current financial year, there was no item of an unusual nature that affects the assets, liabilities, equity, net income or cash flows of the Group and of the Trust.

A4. Changes in estimates of amounts reported

There was no significant change in estimates of amounts reported in prior interim periods or prior financial years.

A5. Changes in Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current financial quarter and financial year to date save as disclosed in Note B14.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

A6. Income Distribution

The following distribution payment (which was tax exempt at the Trust level under the amended Section 61A, Income Tax Act, 1967) was made during the financial year ended 30 June 2019:-

RM'000

In respect of the three months ended 30 June 2018:- A final distribution of 1.9651 sen per unit each paid on 30 August 2018	33,493
In respect of the three months ended 30 September 2018:- An interim distribution of 1.9219 sen per unit each paid on 28 December 2018	32,757
In respect of the three months ended 31 December 2018:- An interim distribution of 1.9387 sen per unit each paid on 29 March 2019	33,043
In respect of the three months ended 31 March 2019:- An interim distribution of 1.9116 sen per unit each paid on 28 June 2019	32,581

	131,874
	=====

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YTL HOSPITALITY REIT**INTERIM FINANCIAL REPORT**

Notes : - continued

A7. Segment Information

The Group's segmental result for the financial year ended 30 June 2019 is as follows:-

	< ---Property rental--->		< --Hotel-- >	
	Malaysia	Japan	Australia	Total
	RM'000	RM'000	RM'000	RM'000
External revenue	134,188	25,235	331,482	490,905
Operating expenses	(7,078)	(4,388)	(226,160)	(237,626)
	-----	-----	-----	-----
Net property income	127,110	20,847	105,322	253,279
	-----	-----	-----	-----
Finance income				1,801
Other income				1,681
Unrealised gain on foreign exchange				16,359
Fair value gain on investment properties				22,851
Revaluation gain on property				1,024

Total income				296,995
Trust and administration expenses				(25,639)
Depreciation				(77,395)
Finance costs				(86,120)

Profit before tax				107,841
				=====
Total assets	2,214,463	538,512	2,111,802	4,864,777
	=====	=====	=====	=====

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YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

A7. Segment Information - continued

The Group's segmental result for the financial year ended 30 June 2018 is as follows:-

	< ---Property rental--->		< --Hotel-- >	Total
	Malaysia	Japan	Australia	
	RM'000	RM'000	RM'000	RM'000
External revenue	124,701	16,335	359,917	500,953
Operating expenses	(6,731)	(3,671)	(241,724)	(252,126)
Net property income	117,970	12,664	118,193	248,827
Finance income				1,192
Fair value gain on investment properties				63,816
Other income				5,244
Unrealised gain on foreign exchange				107,272
Total income				426,351
Trust and administration expenses				(16,988)
Depreciation				(83,667)
Finance costs				(80,976)
Revaluation loss on property				(5,582)
Profit before tax				239,138
Total assets	2,087,961	319,447	2,104,247	4,511,655

A8. Subsequent Events

There was no item, transaction or event of a material or unusual in nature during the period from the end of the quarter under review to the date of this report.

A9. Changes in the Composition of the Group

There was no change in the composition of the Group and of the Trust for the current financial year ended 30 June 2019 and the fund size stood at 1,704,388,889.

A10. Changes in Contingent Liabilities

There were no contingent liabilities to be disclosed.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes :

Disclosure requirements pursuant to Part M3 paragraph 9.44 of Chapter 9 of the Main Market Listing Requirements of Bursa Securities

B1. Review of Performance

Comparison with Preceding Year Corresponding Quarter

	Current Quarter 30.06.2019 RM'000	Preceding Year Corresponding Quarter 30.06.2018 RM'000	Changes %
Revenue	118,666	116,603	1.77
Net Property Income	60,262	58,105	3.71
Profit Before Tax	23,987	68,288	(64.87)
Income Available For Distribution	35,772	33,492	6.81

The income available for distribution in the current financial quarter of RM35.772 million, represented an increase of 6.81% as compared to RM33.492 million recorded in the preceding year corresponding quarter.

For the current financial quarter ended 30 June 2019, Group revenue and net property income increased by 1.77% and 3.71%, respectively as compared to the preceding year corresponding quarter.

Australian Properties contributed 65.77% of total revenue, or RM78.049 million in the current financial quarter. Revenue contributed by Australian Properties was 1.17% lower as compared to RM78.973 million recorded in the preceding year corresponding quarter. Net property income contributed by the Australian Properties was RM22.387 million, a slight decrease of 2.51% as compared to RM22.964 million recorded in the preceding year corresponding quarter.

Malaysian Properties contributed 28.27% of total revenue, or RM33.547 million in the current financial quarter. Revenue and net property income from Malaysian Properties at RM33.547 million and RM31.716 million respectively, approximate to that in the preceding year corresponding quarter of RM33.546 million and RM31.710 million, respectively.

Japanese Properties contributed 5.96% of total revenue, or RM7.070 million in the current financial quarter, which was 73.11% higher as compared to RM4.084 million recorded in the preceding year corresponding quarter. The increase in revenue was mainly due to the acquisition of The Green Leaf Niseko Village in September 2018. Net property income for the current quarter was RM6.159 million, an increase of 81.09% from RM3.401 million recorded in the preceding year corresponding quarter due to the said acquisition.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B1. Review of Performance - continued

The Group recorded a profit before tax of RM23.987 million for the current financial quarter ended 30 June 2019, a decrease of 64.87%, as compared to a profit before tax of RM68.288 million recorded in the preceding year corresponding quarter due to the following factors:

- (i) fair value gain on properties of RM23.875 million recorded during the current financial quarter as compared to the gain of RM58.234 million recorded in the preceding year corresponding quarter; and
- (ii) unrealised foreign currency translation loss on borrowings denominated in foreign currencies of RM12.539 million recorded during the current financial quarter as compared to a translation loss of RM4.631 million recognised during the preceding year corresponding quarter.

Comparison with Preceding Year

	Current Year To Date 30.06.2019 RM'000	Preceding Year 30.06.2018 RM'000	Changes %
Revenue	490,905	500,953	(2.01)
Net Property Income	253,279	248,827	1.79
Profit Before Tax	107,841	239,138	(54.90)
Income Available For Distribution	134,154	134,107	0.04

The income available for distribution in the current financial year of RM134,154 million, represented a slight increase of 0.04% as compared to RM134.107 million recorded in the preceding financial year.

For the current financial year ended 30 June 2019, Group revenue decreased by 2.01% while net property income increased by 1.79%, respectively as compared to the preceding financial year.

Australian Properties contributed 67.52% of total revenue, or RM331.482 million in the current financial year, which was 7.90% lower as compared to RM359.917 million recorded in the preceding financial year. Net property income for Australian Properties was RM105.322 million, a decrease of 10.89% as compared to RM118.193 million recorded in the preceding financial year. The decrease in revenue and net property income in the current financial year were substantially due to business interruptions following the refurbishment exercise at Brisbane Marriott which commenced since the financial quarter ended 30 September 2018 and also the continuous weakening of Australian Dollar against Ringgit Malaysia which resulted in lower translated revenue and net property income in Ringgit Malaysia.

Malaysian Properties contributed 27.33% of total revenue, or RM134.188 million in the current financial year, which was 7.61% higher as compared to RM124.701 million recorded in the preceding financial year. Net property income for Malaysian Properties was RM127.110 million, an increase of 7.75% from RM117.970 million recorded in the preceding financial year. The increase in revenue and net property income was mainly contributed by The Majestic Hotel Kuala Lumpur acquired in November 2017. Step-up lease rental income of 5% every five years from the commencement of lease agreement for JW Marriott Hotel Kuala Lumpur also contributed to the increase in revenue and net property income.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B1. Review of Performance – continued

Japanese Properties contributed 5.14% of total revenue, or RM25.235 million in the current financial year, which was 54.48% higher than that recorded in the preceding financial year. Net property income for the current financial year was RM20.847 million, an increase of 64.62% from RM12.664 million recorded in the preceding financial year. The increase in revenue and net property income were mainly due to the reasons set out above.

The Group recorded a profit before tax of RM107.841 million for the current financial year ended 30 June 2019, a decrease of 54.90%, as compared to a profit before tax of RM239.138 million recorded in the preceding financial year. The following factors contributed to the decrease:

- (i) fair value gain on properties of RM23.875 million recorded during the current financial year as compared to the gain of RM58.234 million recorded in the preceding financial year; and
- (ii) unrealised foreign currency translation gain on borrowings denominated in foreign currencies of RM16.359 million recorded during the current financial year as compared to a translation gain of RM107.272 million recognised during the preceding financial year.

B2. Comparison with Preceding Quarter

	Current Quarter 30.06.2019 RM'000	Preceding Quarter 31.03.2019 RM'000	Changes %
Revenue	118,666	125,906	(5.75)
Net Property Income	60,262	67,373	(10.55)
Profit Before Tax	23,987	36,259	(33.85)
Income Available For Distribution	35,772	32,582	9.79

The income available for distribution in the current financial quarter recorded at RM35.772 million, represented an increase of 9.79% as compared to RM32.582 million recorded in the preceding quarter.

For the current financial quarter, Group revenue and net property income decreased by 5.75% and 10.55%, respectively as compared to the preceding financial quarter ended 31 March 2019.

Revenue and net property income from Australian Properties at RM78.049 million and RM22.387 million, respectively in the current financial quarter decreased by 8.69% and 24.36%, respectively as compared to RM85.478 million and RM29.596 million, respectively recorded in the preceding financial quarter. The Australian portfolio generated lower revenue and net property income in the current financial quarter ended 30 June 2019 owing to the winter seasonal factor.

Revenue and net property income from Malaysian Properties at RM33.547 million and RM31.716 million respectively, approximate to that in the preceding financial quarter of RM33.485 million and RM31.729 million, respectively.

Revenue and net property income from Japanese Properties at RM7.070 million and RM6.159 million respectively, approximate to that in the preceding financial quarter of RM6.943 million and RM6.048 million, respectively.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B2. Comparison with Preceding Quarter - continued

The Group recorded a profit before tax of RM23.987 million for the current financial quarter ended 30 June 2019, a decrease of 33.85%, as compared to the preceding financial quarter ended 31 March 2019 due to the following factors:

- (i) fair value gain on properties of RM23.875 million recorded during the current financial quarter; set off by
- (ii) unrealised foreign currency translation loss on borrowings denominated in foreign currencies of RM12.539 million recorded during the current financial quarter as compared to a translation gain of RM13.841 million recognised during the preceding financial quarter.

B3. Audit Report of the preceding financial year ended 30 June 2018

The Auditor's Report on the financial statements of the financial year ended 30 June 2018 did not contain any qualification.

B4. Portfolio Composition

As at 30 June 2019, YTL Hospitality REIT's composition of investment portfolio is as follows:-

	Fair Value As At 30.06.2019 RM'000	% of total investment %
<u>Real Estate - Commercial</u>		
<u>Malaysian Properties</u>		
(i) JW Marriott Hotel Kuala Lumpur	519,000	11
(ii) The Majestic Hotel Kuala Lumpur	388,000	8
(iii) The Ritz-Carlton, Kuala Lumpur - Hotel Wing	357,000	8
(iv) The Ritz-Carlton, Kuala Lumpur - Suite Wing	311,000	7
(v) Vistana Kuala Lumpur Titiwangsa	138,000	3
(vi) Vistana Penang Bukit Jambul	120,000	3
(vii) Pangkor Laut Resort	118,000	2
(viii) Tanjong Jara Resort	103,000	2
(ix) Vistana Kuantan City Centre	89,000	2
(x) Cameron Highlands Resort	60,000	1
<u>Japanese Properties</u>		
(xi) Hilton Niseko Village*	296,335	6
(xii) The Green Leaf Niseko Village*	233,219	5
<u>Australian Properties</u>		
(xiii) Sydney Harbour Marriott^	1,447,848	31
(xiv) Brisbane Marriott^	270,540	6
(xv) Melbourne Marriott^	227,838	5
Total	4,678,780	100

Note :

* Translated on 28 June 2019 at the exchange rate of JPY100 : RM3.8485

^ Translated on 28 June 2019 at the exchange rate of AUD1 : RM2.9029

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B4. Portfolio Composition - continued

The Group completed the acquisition of The Green Leaf Niseko Village in September 2018.

B5. Change in Net Asset Value (“NAV”)

The total NAV and NAV per unit of the Group as at 30 June 2019 were RM2,737,100,000 and RM1.6059, respectively. The increase in total NAV was mainly due to the recognition of revaluation surpluses on the properties during the current financial quarter.

	Current Quarter 30.06.2019	Preceding Quarter 31.03.2019
NAV (RM'000)	2,737,100	2,643,313
Number of units in circulations ('000)	1,704,389	1,704,389
NAV per unit (after distribution) (RM)	1.6059	1.5509
NAV per unit (before distribution) (RM)	1.6846	1.6086

B6. Status of property development activities

There were no property development activities during the current financial quarter ended 30 June 2019.

B7. Prospects

The Manager, after considering the strength of the real estate portfolio invested, expects the Group to achieve satisfactory performance for the financial year ending 30 June 2020.

B8. Profit forecast

The Group did not issue any profit forecast or profit guarantee for the current financial quarter.

B9. Utilisation of Proceeds Raised from Issuance of New Units

There was no issuance of new units during the current financial year ended 30 June 2019.

B10. Material Litigation

There was no material litigation pending as at the date of this report.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B11. Maintenance Costs and Major Capital Expenditure

During the financial year ended 30 June 2019, RM50,916,000 (AUD17,223,000) and RM91,298,000 were incurred on refurbishment works on the Australian Properties and JWM Marriott Kuala Lumpur, respectively while Hilton Niseko Village incurred RM583,000 (JPY15,700,000) for property repairs and maintenance.

B12. Taxation

Taxation comprises the following:-

	Current Quarter 30.06.2019 RM'000	Current Year 30.06.2019 RM'000
Malaysian income tax	199	282
Foreign income tax	867	3,086
Deferred tax	(199)	(200)
	-----	-----
	867	3,168
	=====	=====

Trust level

It is the policy of the Trust to distribute at least 90% of the total income to unitholders for each financial year. Income of the Trust shall be exempted from tax if it distributes 90% or more of its taxable income for that year of assessment, in accordance with the amended Section 61A, Income Tax Act, 1967, thus no Malaysian income tax is payable by the Trust for the financial year ended 30 June 2019.

Unitholders' level

Pursuant to the amended Section 109D(2) of the Income Tax Act, 1967 under the Finance Act 2009 which was gazetted on 8 January 2009, the following withholding tax rates would be applicable on distribution of income which is tax exempt at YTL Hospitality REIT's level:-

Category of unitholders	Withholding tax rate
Resident and non-resident individuals	10%
Resident and non-resident institutions	10%
Resident companies	No withholding tax. Subject to tax at the prevailing corporate tax rate.
Non-resident companies	24%

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B13. Corporate Development

As at the date of this report, there is no corporate proposal announced and pending completion.

B14. Borrowings and Debt Securities

The Group's borrowings as at 30 June 2019 are as follows:-

	Short term RM'000	Long term RM'000	Total RM'000
Term Loan – secured	995,099	207,867	1,202,966
Medium Term Notes - secured	-	810,000	810,000
	-----	-----	-----
Total borrowings	995,099	1,017,867	2,012,966
Capitalised transaction costs	(2,068)	(1,474)	(3,542)
	-----	-----	-----
	993,031	1,016,393	2,009,424
	=====	=====	=====
Total Assets			4,864,777
			=====
Gearing ratio (%)			41.38
			=====

Foreign currency borrowings included in the above are as follows:-

	Foreign currency '000	RM equivalents RM'000
Australian Dollar [^]	342,795	995,099
Japanese Yen [*]	5,401,250	207,867

		1,202,966
		=====

Note :

[^] Translated on 28 June 2019 at the exchange rate of AUD1 : RM2.9029

^{*} Translated on 28 June 2019 at the exchange rate of JPY100 : RM3.8485

During the current financial year, the Group borrowed in Japanese Yen equivalent to RM207.867 million to finance the acquisition of The Green Leaf Niseko Village.

In order to protect the Group's distributable income from the volatility in interest rates and provide stability to unitholder's returns, the Group issued medium term notes with fixed coupon and entered into interest rate swaps for the term loan denominated in Australian Dollar.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B15. Derivative Financial Instruments

The Group's outstanding derivatives as at 30 June 2019 were as follows:-

Type of Derivative	Contract/ Notional Value RM'000	Fair Value RM'000
Interest rate swap contracts		
- 1 to 5 years	937,686 [^]	(14,548)
	=====	=====

Note :

[^] Translated on 28 June 2019 at the exchange rate of AUD1 : RM2.9029

The Group entered into interest rate swap contracts to manage its interest rate risk arising primarily from interest-bearing borrowings. Borrowings at floating rate expose the Group to fair value interest rates and the derivative financial instruments minimise the fluctuation of cash flow due to changes in the market interest rates. The derivative financial instruments are executed with credit-worthy financial institutions which are governed by appropriate policies and procedures with a view to limit the credit risk exposure of the Group.

The derivative financial instruments are stated at fair value based on banks' quotes. The fair value changes on the effective portion of the derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

The fair value on interest rate swap recognised in other comprehensive income for the current financial quarter and financial year amounted to losses of RM2.604 million and RM4.993 million, respectively.

The Group's derivative financial instruments are classified in Level 2 of the fair value hierarchy.

B16. Income Distribution

The Board of Pintar Projek Sdn. Bhd. has declared a final distribution of 2.0989 sen per unit of which 1.7022 sen is taxable and 0.3967 sen is not taxable in the hands of unitholders, totalling RM35,773,418 (which is tax exempt at the Trust level under the amended Section 61A of the Income Tax Act 1967), representing approximately 100% of the total distributable income for the financial quarter ended 30 June 2019.

The total income distribution paid and declared for the financial year ended 30 June 2019 is 7.8711 sen per unit, totalling RM134,154,153 and representing approximately 100% of the total distributable income. The book closure and payment dates in respect of the final distribution have been fixed on 15 and 30 August 2019, respectively.

YTL HOSPITALITY REIT**INTERIM FINANCIAL REPORT**

Notes : - continued

B16. Income Distribution - continued

The final income distribution is from the following sources:-

	Current Year Quarter 30.06.2019 RM'000	Preceding Year Corresponding Quarter 30.06.2018 RM'000	Current Year 30.06.2019 RM'000	Preceding Year 30.06.2018 RM'000
Net property income	60,262	58,105	253,279	248,827
Other income	24,680	66,727	43,716	177,524
Expenses	(60,955)	(56,544)	(189,154)	(187,213)
	-----	-----	-----	-----
Profit before tax	23,987	68,288	107,841	239,138
Income tax expense	(867)	(734)	(3,168)	(2,579)
	-----	-----	-----	-----
Profit after taxation	23,120	67,554	104,673	236,559
Distribution adjustments	12,652	(34,062)	29,481	(102,452)
	-----	-----	-----	-----
Realised income for the quarter/year	35,772	33,492	134,154	134,107
Total undistributed realised income brought forward	184,700	184,700	184,699	184,699
	-----	-----	-----	-----
Total realised income available for distribution	220,472	218,192	318,853	318,806
Less: Income distribution	(35,773)	(33,493)	(134,154)	(134,107)
	-----	-----	-----	-----
Balance undistributed realised income	184,699	184,699	184,699	184,699
	=====	=====	=====	=====

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B16. Income Distribution - continued

	Current Year 30.06.2019 RM'000	Preceding Year 30.06.2018 RM'000
Distribution per unit (sen)		
- first interim	1.9219	1.9737
- second interim	1.9387	1.9917
- third interim	1.9116	1.9378
- final	2.0989	1.9651
	-----	-----
Total income distribution per unit (sen)	7.8711	7.8683
	=====	=====

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By Order of the Board
HO SAY KENG
Secretary
Pintar Projek Sdn Bhd
Company No : 314009-W
(As the Manager of YTL Hospitality REIT)

Kuala Lumpur
Dated:31 July 2019