

YTL HOSPITALITY REIT

Established in Malaysia

**Interim Financial Report
30 June 2021**

YTL HOSPITALITY REIT

Interim Financial Report 30 June 2021

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YTL HOSPITALITY REIT**INTERIM FINANCIAL REPORT**

Interim financial report on results for the financial year ended 30 June 2021.

The figures have not been audited.

CONDENSED INCOME STATEMENTS FOR THE QUARTER

	GROUP		TRUST	
	CURRENT	PRECEDING	CURRENT	PRECEDING
	YEAR	YEAR	YEAR	YEAR
	QUARTER	CORRESPONDING	QUARTER	CORRESPONDING
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
REALISED REVENUE	68,457	69,773	17,784	35,058
ACCRUED LEASE INCOME				
- UNBILLED	20,933	-	18,727	-
	-----	-----	-----	-----
TOTAL REVENUE	89,390	69,773	36,511	35,058
PROPERTY OPERATING EXPENSES	(34,673)	(25,492)	(1,833)	(1,849)
	-----	-----	-----	-----
NET PROPERTY INCOME	54,717	44,281	34,678	33,209
FINANCE INCOME	26	100	20,356	19,016
OTHER INCOME	408	359	(46)	-
MANAGER'S FEES	(2,310)	(2,046)	(2,310)	(2,046)
TRUSTEE'S FEES	(364)	(349)	(364)	(349)
DEPRECIATION	(15,212)	(13,177)	(1)	(1)
FINANCE COSTS	(15,004)	(21,372)	(14,982)	(21,350)
ADMINISTRATION EXPENSES	(1,760)	(1,898)	(545)	(1,031)
UNREALISED GAIN/(LOSS) ON FOREIGN EXCHANGE	59,627	(99,801)	(1,770)	16,906
CHANGES IN FAIR VALUE:				
- Fair value on investment properties	54,907	(2,115)	23,500	15,000
- revaluation gain/(loss) on properties	25,767	(26,005)	-	-
- accrued lease income - unbilled	(63,963)	-	(57,537)	-
	-----	-----	-----	-----
PROFIT/(LOSS) BEFORE TAX	96,839	(122,023)	979	59,354
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YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

CONDENSED INCOME STATEMENTS FOR THE QUARTER – continued

	GROUP		TRUST	
	CURRENT YEAR QUARTER 30.06.2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2020 RM'000	CURRENT YEAR QUARTER 30.06.2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2020 RM'000
PROFIT/(LOSS) BEFORE TAX	96,839	(122,023)	979	59,354
INCOME TAX EXPENSE	(1,908)	(1,139)	(388)	(416)
PROFIT/(LOSS) FOR THE QUARTER	94,931	(123,162)	591	58,938
DISTRIBUTION ADJUSTMENTS:				
- Accrued lease income - unbilled	(20,933)	-	(18,727)	-
- Depreciation	15,212	13,179	1	3
- Fair value changes	(16,711)	28,120	34,037	(15,000)
- Net income from foreign operations	4,800	9,097	-	-
- Unrealised foreign translation differences	(59,627)	99,801	1,770	(16,906)
INCOME AVAILABLE FOR DISTRIBUTION / TOTAL DISTRIBUTABLE INCOME	17,672	27,035	17,672	27,035
UNDISTRIBUTED DISTRIBUTABLE INCOME BROUGHT FORWARD	22,435	34,033	22,435	34,033
UNDISTRIBUTED DISTRIBUTABLE INCOME AVAILABLE FOR DISTRIBUTION	40,107	61,068	40,107	61,068

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CONDENSED INCOME STATEMENTS FOR THE QUARTER – continued

	GROUP		TRUST	
	CURRENT YEAR QUARTER 30.06.2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2020 RM'000	CURRENT YEAR QUARTER 30.06.2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2020 RM'000
UNDISTRIBUTED DISTRIBUTABLE INCOME AVAILABLE FOR DISTRIBUTION	40,107	61,068	40,107	61,068
PROVISION FOR INCOME DISTRIBUTION	(40,106)	(48,358)	(40,106)	(48,358)
UNDISTRIBUTED DISTRIBUTABLE INCOME	1	12,710	1	12,710
DISTRIBUTABLE INCOME PER UNIT (Sen)	1.0369	1.5862	1.0369	1.5862
GROSS DISTRIBUTION PER UNIT (Sen)	2.3531	2.8373	2.3531	2.8373

The Condensed Income Statements should be read in conjunction with the audited annual financial statements for the year ended 30 June 2020 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 30.06.2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2020 RM'000	CURRENT YEAR QUARTER 30.06.2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2020 RM'000
PROFIT/(LOSS) FOR THE QUARTER	94,931	(123,162)	591	58,938
OTHER COMPREHENSIVE INCOME/(LOSS):-				
<i>ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT:-</i>				
CASH FLOW HEDGE	-	4,705	-	4,705
CURRENCY TRANSLATION DIFFERENCES	(67,257)	194,631	-	-
<i>ITEM THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT:-</i>				
SURPLUS/(DEFICIT) ON REVALUATION OF PROPERTIES	101,489	(131,774)	-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE QUARTER	<u>129,163</u>	<u>(55,600)</u>	<u>591</u>	<u>63,643</u>

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INTERIM FINANCIAL REPORT

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

	GROUP		TRUST	
	CURRENT YEAR QUARTER 30.06.2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2020 RM'000	CURRENT YEAR QUARTER 30.06.2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2020 RM'000
PROFIT/(LOSS) FOR THE QUARTER IS MADE UP AS FOLLOWS:-				
REALISED PROFIT	12,872	17,938	17,672	27,035
UNREALISED PROFIT / (LOSS)	82,059	(141,100)	(17,081)	31,903
	<u>94,931</u>	<u>(123,162)</u>	<u>591</u>	<u>58,938</u>
Weighted average number of units ('000)	<u>1,704,389</u>	<u>1,704,389</u>	<u>1,704,389</u>	<u>1,704,389</u>
EARNINGS/(LOSS) PER UNIT (Sen)	<u>5.57</u>	<u>(7.23)</u>	<u>0.03</u>	<u>3.46</u>

The Condensed Statements of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED INCOME STATEMENTS FOR THE YEAR

	GROUP		TRUST	
	12 MONTHS ENDED		12 MONTHS ENDED	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
REALISED REVENUE	242,575	426,446	71,136	140,234
ACCRUED LEASE INCOME - UNBILLED	83,701	-	74,908	-
TOTAL REVENUE	326,276	426,446	146,044	140,234
PROPERTY OPERATING EXPENSES	(121,007)	(191,227)	(7,388)	(7,355)
NET PROPERTY INCOME	205,269	235,219	138,656	132,879
FINANCE INCOME	230	1,010	80,335	97,770
OTHER INCOME	2,477	1,520	789	-
MANAGER'S FEES	(8,866)	(9,469)	(8,866)	(9,469)
TRUSTEE'S FEES	(1,428)	(1,430)	(1,428)	(1,430)
DEPRECIATION	(58,786)	(67,196)	(3)	(3)
FINANCE COSTS	(61,168)	(87,934)	(61,078)	(87,844)
ADMINISTRATION EXPENSES	(4,700)	(8,299)	(939)	(3,180)
UNREALISED (LOSS)/GAIN ON FOREIGN EXCHANGE	(3,321)	(22,160)	2,577	8,074
CHANGES IN FAIR VALUE:				
- Fair value on investment properties	54,907	(2,115)	23,500	15,000
- revaluation gain/(loss) on properties	25,767	(26,005)	-	-
- accrued lease income - unbilled	(63,963)	-	(57,537)	-
PROFIT BEFORE TAX	86,418	13,141	116,006	151,797

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INTERIM FINANCIAL REPORT

CONDENSED INCOME STATEMENTS FOR THE YEAR – continued

	GROUP		TRUST	
	12 MONTHS ENDED		12 MONTHS ENDED	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
PROFIT BEFORE TAX	86,418	13,141	116,006	151,797
INCOME TAX EXPENSE	(3,588)	(3,547)	(1,596)	(1,626)
	-----	-----	-----	-----
PROFIT FOR THE YEAR	82,830	9,594	114,410	150,171
DISTRIBUTION ADJUSTMENTS:				
- Accrued lease income - unbilled	(83,701)	-	(74,908)	-
- Depreciation	58,786	67,196	3	3
- Fair value changes	(16,711)	28,120	34,037	(15,000)
- Net income from foreign operations	26,440	30	-	-
- Unrealised foreign translation differences	3,321	22,160	(2,577)	(8,074)
	-----	-----	-----	-----
INCOME AVAILABLE FOR DISTRIBUTION / TOTAL DISTRIBUTABLE INCOME	70,965	127,100	70,965	127,100
DISTRIBUTION PAID	(30,858)	(66,032)	(30,858)	(66,032)
PROVISION FOR INCOME DISTRIBUTION	(40,106)	(48,358)	(40,106)	(48,358)
	-----	-----	-----	-----
UNDISTRIBUTED DISTRIBUTABLE INCOME	1	12,710	1	12,710
	=====	=====	=====	=====
DISTRIBUTABLE INCOME PER UNIT (Sen)	4.1637	7.4572	4.1637	7.4572
	=====	=====	=====	=====
GROSS DISTRIBUTION PER UNIT (Sen)	4.1636	6.7115	4.1636	6.7115
	=====	=====	=====	=====

The Condensed Income Statements should be read in conjunction with the audited annual financial statements for the year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR

	GROUP		TRUST	
	12 MONTHS ENDED		12 MONTHS ENDED	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
PROFIT FOR THE YEAR	82,830	9,594	114,410	150,171
OTHER COMPREHENSIVE INCOME/(LOSS):-				
<i>ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT:-</i>				
CASH FLOW HEDGE	-	14,548	-	14,548
CURRENCY TRANSLATION DIFFERENCES	36,065	40,821	-	-
<i>ITEM THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT:-</i>				
SURPLUS/(DEFICIT) ON REVALUATION OF PROPERTIES	101,489	(131,774)	-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	<u>220,384</u>	<u>(66,811)</u>	<u>114,410</u>	<u>164,719</u>

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

	GROUP		TRUST	
	12 MONTHS ENDED		12 MONTHS ENDED	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
PROFIT FOR THE YEAR IS MADE UP AS FOLLOWS:-				
REALISED PROFIT	44,525	127,070	70,965	127,100
UNREALISED PROFIT / (LOSS)	38,305	(117,476)	43,445	23,071
	<u>82,830</u>	<u>9,594</u>	<u>114,410</u>	<u>150,171</u>
Weighted average number of units ('000)	<u>1,704,389</u>	<u>1,704,389</u>	<u>1,704,389</u>	<u>1,704,389</u>
EARNINGS PER UNIT (Sen)	<u>4.86</u>	<u>0.56</u>	<u>6.71</u>	<u>8.81</u>

The Condensed Statements of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements.

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INTERIM FINANCIAL REPORT

CONDENSED STATEMENTS OF FINANCIAL POSITION

	GROUP		TRUST	
	UNAUDITED AS AT 30.06.2021 RM'000	AUDITED AS AT 30.06.2020 RM'000	UNAUDITED AS AT 30.06.2021 RM'000	AUDITED AS AT 30.06.2020 RM'000
ASSETS				
Non-current Assets				
Investment properties	2,772,788	2,747,190	2,241,500	2,218,000
Property, plant and equipment	1,928,046	1,750,176	-	-
Accrued lease income - unbilled	19,666	-	17,371	-
Right-of-use asset	203	206	203	206
Investment in subsidiaries	-	-	527,536	527,536
Amount due from subsidiaries	-	-	1,420,962	1,374,807
Deferred tax assets	1,796	1,671	-	-
	<u>4,722,499</u>	<u>4,499,243</u>	<u>4,207,572</u>	<u>4,120,549</u>
Current Assets				
Inventories	337	400	-	-
Trade and other receivables	41,924	46,521	15,743	12,949
Amount due from subsidiaries	-	-	139,393	135,150
Income tax assets	412	1,464	-	-
Deposits with licensed financial institutions	18,130	40,124	-	9,794
Cash at banks	88,572	105,784	2,956	2,507
	<u>149,375</u>	<u>194,293</u>	<u>158,092</u>	<u>160,400</u>
TOTAL ASSETS	<u><u>4,871,874</u></u>	<u><u>4,693,536</u></u>	<u><u>4,365,664</u></u>	<u><u>4,280,949</u></u>
UNITHOLDERS' FUNDS				
Unitholders' capital	1,690,806	1,690,806	1,690,806	1,690,806
Distributable income	197,144	223,583	197,410	197,409
Reserves	817,369	641,510	341,451	298,006
	<u>2,705,319</u>	<u>2,555,899</u>	<u>2,229,667</u>	<u>2,186,221</u>

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YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

CONDENSED STATEMENTS OF FINANCIAL POSITION – continued

	GROUP		TRUST	
	UNAUDITED AS AT 30.06.2021 RM'000	AUDITED AS AT 30.06.2020 RM'000	UNAUDITED AS AT 30.06.2021 RM'000	AUDITED AS AT 30.06.2020 RM'000
LIABILITIES				
Non-current Liabilities				
Borrowings	2,010,260	2,036,559	1,275,260	1,226,559
Lease liability	203	203	203	203
Other payables	998	702	-	-
Amount due to a subsidiary	-	-	735,000	810,000
	-----	-----	-----	-----
	2,011,461	2,037,464	2,010,463	2,036,762
	-----	-----	-----	-----
Current Liabilities				
Borrowings	75,000	-	-	-
Trade and other payables	38,274	51,815	10,458	9,608
Amount due to a subsidiary	-	-	74,970	-
Income tax liabilities	1,714	-	-	-
Provision for income distribution	40,106	48,358	40,106	48,358
	-----	-----	-----	-----
	155,094	100,173	125,534	57,966
	-----	-----	-----	-----
TOTAL LIABILITIES	2,166,555	2,137,637	2,135,997	2,094,728
	-----	-----	-----	-----
TOTAL UNITHOLDERS' FUNDS & LIABILITIES	4,871,874	4,693,536	4,365,664	4,280,949
	=====	=====	=====	=====
Net asset value (RM'000)				
- before income distribution	2,776,283	2,670,289	2,300,631	2,300,611
- after income distribution	2,705,319	2,555,899	2,229,667	2,186,221
	=====	=====	=====	=====
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	1.629	1.567	1.350	1.350
- after income distribution	1.587	1.500	1.308	1.283
	=====	=====	=====	=====

The Condensed Statements of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2020 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 2021**

GROUP	Unitholders' Capital RM'000	Distributable Undistributed Realised Income RM'000	<-----Non-distributable----->				Cash Flow Hedge Reserve RM'000	Total Unitholders' Funds RM'000
			Unrealised Loss RM'000	Currency Translation Reserves RM'000	Revaluation Reserve RM'000			
At 1 July 2020	1,690,806	223,583	(254,329)	(64,529)	960,368	-	2,555,899	
Operations for the year								
Profit for the year	-	44,525	38,305	-	-	-	82,830	
Other comprehensive income	-	-	-	(24,069)	161,623	-	137,554	
Increase/(Decrease) in net assets resulting from operations	-	44,525	38,305	(24,069)	161,623	-	220,384	
Unitholders' transactions								
Distribution paid	-	(30,858)	-	-	-	-	(30,858)	
Provision for income distribution	-	(40,106)	-	-	-	-	(40,106)	
Decrease in net assets resulting from Unitholders' transaction	-	(70,964)	-	-	-	-	(70,964)	
At 30 June 2021	1,690,806	197,144	(216,024)	(88,598)	1,121,991	-	2,705,319	

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INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 - 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		
At 1 July 2020	1,690,806	197,409	298,006	-	2,186,221
Operations for the year					
Profit for the year	-	70,965	43,445	-	114,410
Other comprehensive income	-	-	-	-	-
Increase in net assets resulting from operations	-	70,965	43,445	-	114,410
Unitholders' transactions					
Distribution paid	-	(30,858)	-	-	(30,858)
Provision for income distribution	-	(40,106)	-	-	(40,106)
Decrease in net assets resulting from Unitholders' transaction	-	(70,964)	-	-	(70,964)
At 30 June 2021	1,690,806	197,410	341,451	-	2,229,667

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INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

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 2019	1,690,806	210,903	(136,853)	(95,066)	1,081,858	(14,548)	2,737,100
Operations for the year							
Profit/(Loss) for the year	-	127,070	(117,476)	-	-	-	9,594
Other comprehensive income/(loss)	-	-	-	30,537	(121,490)	14,548	(76,405)

Increase/(Decrease) in net assets resulting from operations	-	127,070	(117,476)	30,537	(121,490)	14,548	(66,811)
Unitholders' transactions							
Distribution paid	-	(66,032)	-	-	-	-	(66,032)
Provision for income distribution	-	(48,358)	-	-	-	-	(48,358)

Decrease in net assets resulting from Unitholders' transaction	-	(114,390)	-	-	-	-	(114,390)

At 30 June 2020	1,690,806	223,583	(254,329)	(64,529)	960,368	-	2,555,899
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INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 - 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 2019	1,690,806	184,699	274,935	(14,548)	2,135,892
Operations for the year					
Profit for the year	-	127,100	23,071	-	150,171
Other comprehensive income	-	-	-	14,548	14,548
	-----	-----	-----	-----	-----
Increase in net assets resulting from operations	-	127,100	23,071	14,548	164,719
Unitholders' transactions					
Distribution paid	-	(66,032)	-	-	(66,032)
Provision for income distribution	-	(48,358)	-	-	(48,358)
	-----	-----	-----	-----	-----
Decrease in net assets resulting from Unitholders' transaction	-	(114,390)	-	-	(114,390)
	-----	-----	-----	-----	-----
At 30 June 2020	<u>1,690,806</u>	<u>197,409</u>	<u>298,006</u>	<u>-</u>	<u>2,186,221</u>

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 2020 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 2021**

	12 MONTHS ENDED	
	30.06.2021	30.06.2020
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	86,418	13,141
Adjustments for:-		
Accrued lease income	(83,701)	-
Amortisation of transaction costs	2,093	2,421
Depreciation	58,786	67,196
Fair value changes	(16,711)	28,120
Interest income	(230)	(1,010)
Interest expense	58,868	85,308
Loss on disposal of property, plant and equipment	214	129
Unrealised loss on foreign currency exchange	3,321	22,160
	-----	-----
Operating profit before changes in working capital	109,058	217,465
Net changes in current assets	5,406	(12,261)
Net changes in current liabilities	(15,270)	(16,307)
	-----	-----
Cash generated from operations	99,194	188,897
Income tax refunded	1,496	-
Income tax paid	(2,341)	(3,516)
	-----	-----
Net cash from operating activities	98,349	185,381
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	230	1,010
Acquisition of property, plant and equipment	(1,773)	(9,657)
Proceed from disposal of equipment	2	23
	-----	-----
Net cash used in investing activities	(1,541)	(8,624)
	-----	-----

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 - continued**

	12 MONTHS ENDED	
	30.06.2021	30.06.2020
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution paid	(79,216)	(101,805)
Interest paid	(58,857)	(85,298)
Proceeds of borrowings	-	6,480
Transaction costs paid	(3,923)	(3,671)
Payment of lease liability	(11)	(11)
	-----	-----
Net cash used in financing activities	(142,007)	(184,305)
	-----	-----
Net decrease in cash and cash equivalents	(45,199)	(7,548)
Effect on exchange rate changes	5,993	4,484
Cash and cash equivalents at beginning of financial year	145,908	148,972
	-----	-----
Cash and cash equivalents at end of financial year (note a)	106,702	145,908
	=====	=====

Note (a)

	As At	As At
	30.06.2021	30.06.2020
	RM'000	RM'000
Cash and cash equivalents:-		
Deposits with licensed financial institutions	18,130	40,124
Cash at banks	88,572	105,784
	-----	-----
	106,702	145,908
	=====	=====

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2020 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 2020.

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 2020, 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 to date, 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.

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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 2021:-

	RM'000
In respect of the six months ended 30 June 2020:-	
A final distribution of 2.8373 sen per unit each paid on 28 August 2020	48,358
In respect of the six months ended 31 December 2020:-	
An interim distribution of 1.8105 sen per unit each paid on 31 March 2021	30,858

	79,216
	=====

A7. Segment Information

The Group's segmental result for the financial year ended 30 June 2021 is as follows:-

	< ---Property rental--->		< --Hotel-- >	Total RM'000
	Malaysia RM'000	Japan RM'000	Australia RM'000	
External revenue	146,044	29,169	151,063	326,276
Operating expenses	(7,388)	(3,629)	(109,990)	(121,007)
	-----	-----	-----	-----
Net property income	138,656	25,540	41,073	205,269
	-----	-----	-----	-----
Finance income				230
Other income				2,477
Changes in fair value				16,711

Total income				224,687
Trust and administration expenses				(14,994)
Depreciation				(58,786)
Finance costs				(61,168)
Unrealised loss on foreign exchange				(3,321)

Profit before tax				86,418
				=====
Total assets	2,277,953	548,775	2,045,146	4,871,874
	=====	=====	=====	=====

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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 2020 is as follows:-

	< ---Property rental--->		< --Hotel-- >	
	Malaysia	Japan	Australia	Total
	RM'000	RM'000	RM'000	RM'000
External revenue	140,234	28,659	257,553	426,446
Operating expenses	(7,355)	(4,609)	(179,263)	(191,227)
Net property income	132,879	24,050	78,290	235,219
Finance income				1,010
Other income				1,520
Total income				237,749
Trust and administration expenses				(19,198)
Depreciation				(67,196)
Finance costs				(87,934)
Unrealised loss on foreign exchange				(22,160)
Changes in fair value				(28,120)
Profit before tax				13,141
Total assets	2,243,533	544,496	1,905,507	4,693,536

A8. Subsequent Events

There was no item, transaction or event of a material and 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 2021 and the fund size stood at 1,704,388,889.

A10. Changes in Contingent Liabilities

There were no contingent liabilities to be disclosed.

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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

	Individual Quarter		Variance %	Cumulative Quarter		Variance %
	30.06.2021 RM'000	30.06.2020 RM'000		30.06.2021 RM'000	30.06.2020 RM'000	
Revenue:						
- Hotel (Management contracts)	45,659	27,254	67.53	151,063	257,553	-41.35
- Property rental (Master leases)	43,731	42,519	2.85	175,213	168,893	3.74
	-----	-----		-----	-----	
	89,390	69,773	28.12	326,276	426,446	-23.49
	=====	=====		=====	=====	
Net Property Income:						
- Hotel (Management contracts)	13,541	4,616	193.35	41,073	78,290	-47.54
- Property rental (Master leases)	41,176	39,665	3.81	164,196	156,929	4.63
	-----	-----		-----	-----	
	54,717	44,281	23.57	205,269	235,219	-12.73
	=====	=====		=====	=====	
Profit/(Loss) Before Tax	96,839	(122,023)	179.36	86,418	13,141	557.62
Income Available For Distribution	17,672	27,035	-34.63	70,965	127,100	-44.17

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YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B1. Review of Performance – continued

Current Financial Quarter vs Preceding Year Corresponding Quarter

For the current financial quarter under review, the Group recorded revenue and net property income of RM89.390 million and RM54.717 million, respectively, as compared to RM69.773 million and RM44.281 million, respectively, recorded in the preceding year corresponding quarter. This represented an increase of 28.12% and 23.57%, respectively.

The Group recorded a profit before tax of RM96.839 million for the current financial quarter ended 30 June 2021, an increase of 179.36% as compared to a loss before tax of RM122.023 million recorded in the preceding year corresponding quarter due to the following factors:-

- (i) Net fair value gain on properties of RM16.711 million comprising RM80.674 million fair value gain from the annual valuation carried out in May 2021 which was offset by the unbilled lease income of RM63.963 million recognised during the current financial quarter as compared to the fair value loss of RM28.120 million recorded in the preceding year corresponding quarter;
- (ii) unrealised foreign currency translation gain on borrowings denominated in foreign currencies of RM59.627 million as compared to a translation loss of RM99.801 million recognised during the preceding year corresponding quarter; and
- (iii) reduction in finance costs as a result of lower interest rates.

The income available for distribution in the current financial quarter of RM17.672 million, represented a decrease of 34.63% as compared to RM27.035 million recorded in the preceding year corresponding quarter. During the quarter under review, the Australian portfolio improved in performance as compared to the preceding year corresponding quarter, which was the first full quarter impacted most by the COVID-19 pandemic. The improvement was set off by the rental variations approved for the Malaysian and Japanese Properties (except The Green Leaf Niseko Village) where the lease rentals were deferred by 50% for twenty-four months commencing 1 July 2020 until 30 June 2022. Repayment of the rental differences will be on a staggered basis within 7 years after 30 June 2022 or over remaining tenures of the existing leases, whichever is earlier (“Rental Variations”).

Current Financial Year vs Preceding Year

For the current financial year under review, the Group recorded revenue and net property income of RM326.276 million and RM205.269 million, respectively, as compared to RM426.446 million and RM235.219 million, respectively, recorded in the preceding year ended 30 June 2020. This represented a decrease of 23.49% and 12.73%, respectively as compared to the preceding year.

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YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B1. Review of Performance – continued

Current Financial Year vs Preceding Year - continued

The Group recorded a profit before tax of RM86.418 million for the current financial year ended 30 June 2021, an increase of 557.62% as compared to a profit before tax of RM13.141 million recorded in the preceding financial year due to the following factors:-

- (i) net fair value gain on properties of RM16.711 million comprising RM80.674 million fair value gain from the annual valuation carried out in May 2021 which was offset by the unbilled lease income of RM63.963 million recognised during the current financial year as compared to the fair value loss of RM28.120 million recorded in the preceding year;
- (ii) an unrealised foreign currency translation loss of RM22.160 million on borrowings denominated in foreign currencies recognised during the preceding year; and
- (iii) reduction in finance costs as a result of lower interest rates.

The income available for distribution in the current financial year of RM70.965 million, represented a decrease of 44.17% as compared to RM127.100 million recorded in the preceding year mainly due to lower performance from Australian portfolio following the COVID-19 pandemic and Rental Variations as mentioned above.

Performance of the respective operating business segments for the financial quarter/year ended 30 June 2021 as compared to the preceding year corresponding quarter/year are analysed as follows:

Hotel

Revenue and net property income from Australian portfolio have been impacted by the COVID-19 pandemic since February 2020 and the implementation of stricter social distancing measures by the Australian government to contain the spread in late March 2020. Since then, the hotel portfolio performance has been continuously impacted by various restrictions imposed by the Australian government. Various measures were introduced by the government to mitigate the financial challenges faced by the hospitality sector during the pandemic which includes government isolation group business and JobKeeper programme.

The Australian portfolio generated consistent revenue from the participation in government isolation group business and managed to reduce the costs from the JobKeeper programme as well as its internal cost saving efforts.

Property rental

Revenue and net property income from Malaysian and Japanese Properties approximate to that in the preceding year corresponding quarter/year. Lease rentals are recognised on a straight line basis over the tenure of the lease in accordance with accounting standards notwithstanding the Rental Variations as mentioned above.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B2. Comparison with Preceding Quarter

	Current Quarter 30.06.2021 RM'000	Preceding Quarter 31.03.2021 RM'000	Variance % +/-
Revenue:			
- Hotel (Management contracts)	45,659	35,287	29.39
- Property rental (Master leases)	43,731	43,759	-0.06
	-----	-----	
	89,390	79,046	13.09
	=====	=====	
Net Property Income:			
- Hotel (Management contracts)	13,541	7,468	81.32
- Property rental (Master leases)	41,176	40,953	0.54
	-----	-----	
	54,717	48,421	13.00
	=====	=====	
Profit/(Loss) Before Tax	96,839	(1,469)	6,692.17
Income Available For Distribution	17,672	19,006	-7.02

The income available for distribution in the current financial quarter recorded at RM17.672 million, represented a decrease of 7.02% as compared to RM19.006 million recorded in the preceding quarter.

For the current financial quarter, Group revenue and net property income increased by 13.09% and 13.00%, respectively as compared to the preceding financial quarter ended 31 March 2021.

The Group recorded a profit before tax of RM96.839 million for the current financial quarter ended 30 June 2021, an increase of 6,692.17%, as compared to the preceding financial quarter ended 31 March 2021 due to reasons mentioned in Note B1 above.

Performance of the respective operating business segments for the financial quarter ended 30 June 2021 as compared to the preceding quarter are analysed as follows:-

Hotel

Revenue and net property income from Australian portfolio improved mainly contributed from the participation in government isolation group business.

Property rental

Revenue and net property income from Malaysian and Japanese Properties approximate to that in the preceding financial quarter.

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YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B3. Prospects

The World Health Organization declared the COVID-19 outbreak a global pandemic while the International Monetary Fund in the World Economic Outlook (“WEO”) for April 2021 projected the global economy to grow at 6% in year 2021, moderating to 4.4% in year 2022. The projections are stronger than in the October 2020 WEO. The upward revision reflects additional fiscal support in a few large economies, the anticipated vaccine-powered recovery in the second half of year 2021, and continued adaptation of economic activity to subdued mobility. High uncertainty surrounds this outlook, related to the path of the pandemic, the effectiveness of policy support to provide a bridge to vaccine-powered normalization, and the evolution of financial conditions. *(Source: International Monetary Fund, World Economic Outlook, April 2021 – Managing Divergent Recoveries, 23 March 2021).*

The prolonged pandemic has clouded the outlook of tourism, travel and hospitality industries worldwide and business recovery is expected to take a longer period in view of the uncertainties and challenges that are ahead. The roll-out of vaccination programmes boosted hopes for recovery but challenges remain, with the sector expected to remain in survival mode until well into year 2021.

The Group is taking steps to proactively manage the business and take the necessary actions to ensure that the Group’s long-term business prospects remain stable. Notwithstanding the short term challenges, the Manager remains confident of the long term prospects of hospitality sector.

B4. Audit Report of the preceding financial year ended 30 June 2020

The Auditor’s Report on the financial statements of the financial year ended 30 June 2020 did not contain any qualification.

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YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B5. Portfolio Composition

As at 30 June 2021, YTL Hospitality REIT's composition of investment portfolio is as follows:-

	Fair Value As At 30.06.2021 RM'000	% of total investment %	
<u>Real Estate - Commercial</u>			
<u>Malaysian Properties</u>			
(i)	JW Marriott Hotel Kuala Lumpur	523,500	11
(ii)	The Majestic Hotel Kuala Lumpur	396,500	8
(iii)	The Ritz-Carlton, Kuala Lumpur - Hotel Wing	360,000	8
(iv)	The Ritz-Carlton, Kuala Lumpur - Suite Wing	316,500	7
(v)	AC Hotel Kuala Lumpur Titiwangsa	142,000	3
(vi)	AC Hotel Penang Bukit Jambul	122,900	3
(vii)	Pangkor Laut Resort	122,000	3
(viii)	Tanjong Jara Resort	104,700	2
(ix)	AC Hotel Kuantan City Centre	92,400	2
(x)	Cameron Highlands Resort	61,000	1
<u>Japanese Properties</u>			
(xi)	Hilton Niseko Village*	303,056	6
(xii)	The Green Leaf Niseko Village*	228,232	5
<u>Australian Properties</u>			
(xiii)	Sydney Harbour Marriott^	1,434,008	30
(xiv)	Brisbane Marriott^	264,737	6
(xv)	Melbourne Marriott^	229,301	5
	Total	4,700,834	100

Note :

* Translated on 30 June 2021 at the exchange rate of JPY100 : RM3.7600

^ Translated on 30 June 2021 at the exchange rate of AUD1 : RM3.1252

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YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B6. Change in Net Asset Value (“NAV”)

The total NAV and NAV per unit of the Group as at 30 June 2021 were RM2,705,319,000 and RM1.5873, respectively. The increase in total NAV was mainly due to the recognition of revaluation surplus on the real estate properties during the current financial year.

	Current Quarter 30.06.2021	Preceding Quarter 31.03.2021
NAV (RM'000)	2,705,319	2,616,262
Number of units in circulations ('000)	1,704,389	1,704,389
NAV per unit (after distribution) (RM)	1.5873	1.5350
NAV per unit (before distribution) (RM)	1.6289	1.5531

B7. Status of property development activities

There were no property development activities during the current financial quarter ended 30 June 2021.

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 2021.

B10. Material Litigation

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

B11. Maintenance Costs and Major Capital Expenditure

During the financial year ended 30 June 2021, RM1,773,000 (AUD576,000) was incurred on refurbishment works on the Australian Properties.

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YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B12. Taxation

Taxation comprises the following:-

	Current Quarter 30.06.2021 RM'000	Year To Date 30.06.2021 RM'000
Malaysian income tax	(15)	27
Foreign income tax	2,154	3,584
Deferred tax	(231)	(23)
	-----	-----
	1,908	3,588
	=====	=====

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 2021.

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%

B13. Corporate Development

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

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YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B14. Borrowings and Debt Securities

The Group's borrowings as at 30 June 2021 are as follows:-

	Short term RM'000	Long term RM'000	Total RM'000
Term Loan – secured	-	1,281,883	1,281,883
Medium Term Notes - secured	75,000	735,000	810,000
	-----	-----	-----
Total borrowings	75,000	2,016,883	2,091,883
Capitalised transaction costs	-	(6,623)	(6,623)
	-----	-----	-----
	75,000	2,010,260	2,085,260
	=====	=====	=====
Total Assets			4,871,874
			=====
Gearing ratio (%)			42.94
			=====

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

	Foreign currency '000	RM equivalents RM'000
Australian Dollar [^]	345,193	1,078,796
Japanese Yen [*]	5,401,250	203,087

		1,281,883
		=====

Note :

[^] Translated on 30 June 2021 at the exchange rate of AUD1 : RM3.1252

^{*} Translated on 30 June 2021 at the exchange rate of JPY100 : RM3.7600

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 in combination of fixed and floating coupon.

B15. Income Distribution

The Board of Pintar Projek Sdn. Bhd. has declared a final distribution of 2.3531 sen per unit of which 1.0265 sen is taxable and 1.3266 sen is non-taxable in the hands of unitholders, totalling RM40,105,975 (which is tax exempt at the Trust level under the amended Section 61A of the Income Tax Act 1967) for the six months period from 1 January 2021 to 30 June 2021.

The total income distribution paid and declared for the financial year ended 30 June 2021 is 4.1636 sen per unit, totalling RM70,963,936 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 16 and 30 August 2021, respectively.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B15. Income Distribution - continued

The final income distribution is from the following sources:-

	Current Year Quarter 30.06.2021 RM'000	Preceding Year Corresponding Quarter 30.06.2020 RM'000	Current Year To Date 30.06.2021 RM'000	Preceding Year To Date 30.06.2020 RM'000
Net property income	54,717	44,281	205,269	235,219
Other income	434	459	2,707	2,530
Expenses	41,688	(166,763)	(121,558)	(224,608)
	-----	-----	-----	-----
Profit/(Loss) before tax	96,839	(122,023)	86,418	13,141
Income tax expense	(1,908)	(1,139)	(3,588)	(3,547)
	-----	-----	-----	-----
Profit after tax	94,931	(123,162)	82,830	9,594
Distribution adjustments	(77,259)	150,197	(11,865)	117,506
	-----	-----	-----	-----
Realised income for the quarter/year	17,672	27,035	70,965	127,100
Total undistributed realised income brought forward	219,844	218,732	197,409	184,699
	-----	-----	-----	-----
Total realised income available for distribution	237,516	245,767	268,374	311,799
Less: income distribution	(40,106)	(48,358)	(70,964)	(114,390)
	-----	-----	-----	-----
Balance undistributed realised income	197,410	197,409	197,410	197,409
	=====	=====	=====	=====
Distribution per unit (sen)	2.3531	2.8373	4.1636	6.7115
	=====	=====	=====	=====

By Order of the Board
 HO SAY KENG
 Secretary
 Pintar Projek Sdn Bhd
 Company No : 199401028328 (314009-W)
 (As the Manager of YTL Hospitality REIT)

Kuala Lumpur
 Dated: 30 July 2021