

YTL HOSPITALITY REIT

Established in Malaysia

**Interim Financial Report
31 March 2019**

YTL HOSPITALITY REIT

Interim Financial Report 31 March 2019

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YTL HOSPITALITY REIT**INTERIM FINANCIAL REPORT**

Interim financial report on results for the financial period ended 31 March 2019.

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
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	RM'000	RM'000	RM'000	RM'000
NET REVENUE	125,906	129,162	33,485	33,547
PROPERTY OPERATING EXPENSES	(58,533)	(61,275)	(1,756)	(1,812)
NET PROPERTY INCOME	67,373	67,887	31,729	31,735
FINANCE INCOME	455	215	26,592	26,008
OTHER INCOME	453	692	63	55
MANAGER'S FEES	(3,607)	(2,404)	(3,607)	(2,404)
TRUSTEE'S FEES	(347)	(313)	(347)	(313)
DEPRECIATION	(19,191)	(20,037)	-	-
ADMINISTRATION EXPENSES	(1,357)	(1,628)	(133)	(409)
FINANCE COSTS	(21,361)	(21,455)	(21,338)	(21,432)
INCOME BEFORE UNREALISED ITEMS	22,418	22,957	32,959	33,240
UNREALISED ITEM: - Unrealised gain/(loss) on foreign exchange	13,841	64,146	(3,725)	(12,319)
PROFIT BEFORE TAX	36,259	87,103	29,234	20,921

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

CONDENSED INCOME STATEMENTS FOR THE QUARTER – continued

	GROUP		TRUST	
	CURRENT YEAR QUARTER 31.03.2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.03.2018 RM'000	CURRENT YEAR QUARTER 31.03.2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.03.2018 RM'000
PROFIT BEFORE TAX	36,259	87,103	29,234	20,921
INCOME TAX EXPENSE	(891)	(725)	(377)	(211)
PROFIT FOR THE QUARTER	35,368	86,378	28,857	20,710
DISTRIBUTION ADJUSTMENTS:				
- Depreciation	19,191	20,037	-	-
- Net income from foreign operations	(8,136)	(9,240)	-	-
- Unrealised foreign translation differences	(13,841)	(64,146)	3,725	12,319
INCOME AVAILABLE FOR DISTRIBUTION / TOTAL DISTRIBUTABLE INCOME	32,582	33,029	32,582	33,029
UNDISTRIBUTED DISTRIBUTABLE INCOME BROUGHT FORWARD	-	-	-	-
PROVISION FOR INCOME DISTRIBUTION	(32,581)	(33,028)	(32,581)	(33,028)
UNDISTRIBUTED DISTRIBUTABLE INCOME	1	1	1	1
DISTRIBUTABLE INCOME PER UNIT (Sen)	1.9117	1.9379	1.9117	1.9379
GROSS DISTRIBUTION PER UNIT (Sen)	1.9116	1.9378	1.9116	1.9378

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.

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CONDENSED STATEMENTS OF COMPREHENSIVE INCOME FOR THE QUARTER

	GROUP		TRUST	
	CURRENT YEAR QUARTER 31.03.2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.03.2018 RM'000	CURRENT YEAR QUARTER 31.03.2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.03.2018 RM'000
PROFIT FOR THE QUARTER	35,368	86,378	28,857	20,710
OTHER COMPREHENSIVE EXPENSE:-				
<i>ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT:-</i>				
CASH FLOW HEDGE	(1,824)	1,599	(1,824)	1,599
CURRENCY TRANSLATION DIFFERENCES	(30,257)	(116,564)	-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE QUARTER	3,287	(28,587)	27,033	22,309
PROFIT FOR THE QUARTER IS MADE UP AS FOLLOWS:-				
REALISED PROFIT	40,718	42,269	32,582	33,029
UNREALISED (LOSS) / PROFIT	(5,350)	44,109	(3,725)	(12,319)
	35,368	86,378	28,857	20,710
Weighted average number of units ('000)	1,704,389	1,704,389	1,704,389	1,704,389
EARNINGS PER UNIT (Sen)	2.08	5.07	1.69	1.22

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 PERIOD**

	GROUP		TRUST	
	9 MONTHS ENDED		9 MONTHS ENDED	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	RM'000	RM'000	RM'000	RM'000
NET REVENUE	372,239	384,350	100,641	91,155
PROPERTY OPERATING EXPENSES	(179,222)	(193,628)	(5,247)	(4,925)
NET PROPERTY INCOME	193,017	190,722	95,394	86,230
FINANCE INCOME	1,383	916	80,373	83,019
OTHER INCOME	1,294	2,609	115	1,068
MANAGER'S FEES	(8,472)	(6,949)	(8,472)	(6,949)
TRUSTEE'S FEES	(1,053)	(940)	(1,053)	(940)
DEPRECIATION	(58,406)	(62,582)	-	-
ADMINISTRATION EXPENSES	(8,239)	(4,579)	(2,477)	(973)
FINANCE COSTS	(64,568)	(60,250)	(64,500)	(60,182)
INCOME BEFORE UNREALISED ITEM	54,956	58,947	99,380	101,273
UNREALISED ITEM: - Unrealised gain/(loss) on foreign exchange	28,898	111,903	(3,035)	(31,062)
PROFIT BEFORE TAX	83,854	170,850	96,345	70,211
INCOME TAX EXPENSE	(2,301)	(1,845)	(998)	(658)
PROFIT FOR THE PERIOD	81,553	169,005	95,347	69,553

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

CONDENSED INCOME STATEMENTS FOR THE PERIOD – continued

	GROUP		TRUST	
	9 MONTHS ENDED		9 MONTHS ENDED	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	RM'000	RM'000	RM'000	RM'000
PROFIT FOR THE PERIOD	81,553	169,005	95,347	69,553
DISTRIBUTION				
ADJUSTMENTS:				
- Depreciation	58,406	62,582	-	-
- Unrealised foreign translation differences	(28,898)	(111,903)	3,035	31,062
- Net income from foreign operations	(12,679)	(19,069)	-	-
	-----	-----	-----	-----
INCOME AVAILABLE FOR DISTRIBUTION / TOTAL DISTRIBUTABLE INCOME	98,382	100,615	98,382	100,615
DISTRIBUTION PAID	(65,800)	(67,586)	(65,800)	(67,586)
PROVISION FOR INCOME DISTRIBUTION	(32,581)	(33,028)	(32,581)	(33,028)
	-----	-----	-----	-----
UNDISTRIBUTED DISTRIBUTABLE INCOME	1	1	1	1
	=====	=====	=====	=====
DISTRIBUTABLE INCOME PER UNIT (Sen)	5.7723	5.9032	5.7723	5.9032
	=====	=====	=====	=====
GROSS DISTRIBUTION PER UNIT (Sen)	5.7722	5.9032	5.7722	5.9032
	=====	=====	=====	=====

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 PERIOD

	GROUP		TRUST	
	9 MONTHS ENDED		9 MONTHS ENDED	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	RM'000	RM'000	RM'000	RM'000
PROFIT FOR THE PERIOD	81,553	169,005	95,347	69,553
OTHER COMPREHENSIVE INCOME/(EXPENSE):-				
<i>ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT:-</i>				
CASH FLOW HEDGE	(2,389)	3,381	(2,389)	3,381
CURRENCY TRANSLATION DIFFERENCES	(55,981)	(219,467)	-	-
	-----	-----	-----	-----
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	23,183	(47,081)	92,958	72,934
	=====	=====	=====	=====
PROFIT FOR THE PERIOD IS MADE UP AS FOLLOWS:-				
REALISED PROFIT	111,061	119,684	98,382	100,615
UNREALISED (LOSS) / PROFIT	(29,508)	49,321	(3,035)	(31,062)
	-----	-----	-----	-----
	81,553	169,005	95,347	69,553
	=====	=====	=====	=====
EARNINGS PER UNIT (Sen)	4.78	9.92	5.59	4.08
	=====	=====	=====	=====

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 31.03.2019 RM'000	AUDITED AS AT 30.06.2018 RM'000	UNAUDITED AS AT 31.03.2019 RM'000	AUDITED AS AT 30.06.2018 RM'000
ASSETS				
Non-current Assets				
Investment properties	2,595,908	2,371,618	2,079,000	2,079,000
Property, plant and equipment	1,874,326	1,947,753	-	-
Investment in subsidiaries	-	-	516,796	401,037
Amount due from subsidiaries	-	-	1,331,932	1,232,840
Deferred tax assets	2,474	2,550	-	-
	-----	-----	-----	-----
	4,472,708	4,321,921	3,927,728	3,712,877
	-----	-----	-----	-----
Current Assets				
Inventories	646	707	-	-
Trade and other receivables	40,681	33,570	10,348	7,916
Income tax assets	37	-	-	-
Amount due from subsidiaries	-	-	132,777	126,351
Deposits with licensed financial institutions	46,368	45,754	2,990	1,350
Cash at banks	102,768	109,703	1,221	135
	-----	-----	-----	-----
	190,500	189,734	147,336	135,752
	-----	-----	-----	-----
TOTAL ASSETS	4,663,208	4,511,655	4,075,064	3,848,629
	=====	=====	=====	=====
UNITHOLDERS' FUNDS				
Unitholders' capital	1,690,806	1,690,806	1,690,806	1,690,806
Undistributed income	86,703	103,531	420,656	423,690
Reserves	865,804	924,174	(11,944)	(9,555)
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Net Asset Value	2,643,313	2,718,511	2,099,518	2,104,941
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YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

CONDENSED STATEMENTS OF FINANCIAL POSITION – continued

	GROUP		TRUST	
	UNAUDITED AS AT 31.03.2019 RM'000	AUDITED AS AT 30.06.2018 RM'000	UNAUDITED AS AT 31.03.2019 RM'000	AUDITED AS AT 30.06.2018 RM'000
LIABILITIES				
Non-current Liabilities				
Borrowings	1,896,986	1,678,164	1,181,986	963,164
Other payables	-	963	-	-
Derivative financial instruments	11,944	9,555	11,944	9,555
Amount due to a subsidiary	-	-	715,000	715,000
	<u>1,908,930</u>	<u>1,688,682</u>	<u>1,908,930</u>	<u>1,687,719</u>
Current Liabilities				
Medium Term Notes	9,923	9,530	-	-
Trade and other payables	68,461	60,234	24,065	12,472
Amount due to a subsidiary	-	-	9,970	10,004
Income tax liabilities	-	1,205	-	-
Provision for income distribution	32,581	33,493	32,581	33,493
	<u>110,965</u>	<u>104,462</u>	<u>66,616</u>	<u>55,969</u>
TOTAL LIABILITIES	<u>2,019,895</u>	<u>1,793,144</u>	<u>1,975,546</u>	<u>1,743,688</u>
TOTAL UNITHOLDERS' FUNDS & LIABILITIES	<u>4,663,208</u>	<u>4,511,655</u>	<u>4,075,064</u>	<u>3,848,629</u>
Net asset value (RM'000)				
- before income distribution	2,741,694	2,852,618	2,197,899	2,239,048
- after income distribution	2,643,313	2,718,511	2,099,518	2,104,941
	<u>2,643,313</u>	<u>2,718,511</u>	<u>2,099,518</u>	<u>2,104,941</u>
Number of units in circulations ('000)				
	<u>1,704,389</u>	<u>1,704,389</u>	<u>1,704,389</u>	<u>1,704,389</u>
Net asset value per unit (RM)				
- before income distribution	1.609	1.674	1.290	1.314
- after income distribution	1.551	1.595	1.232	1.235
	<u>1.551</u>	<u>1.595</u>	<u>1.232</u>	<u>1.235</u>

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.

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INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 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 period							
Profit/(Loss) for the period	-	111,061	(29,508)	-	-	-	81,553
Other comprehensive expense	-	-	-	(25,112)	(30,869)	(2,389)	(58,370)

Increase/(Decrease) in net assets resulting from operations	-	111,061	(29,508)	(25,112)	(30,869)	(2,389)	23,183
Unitholders' transactions							
Distribution paid	-	(65,800)	-	-	-	-	(65,800)
Provision for income distribution	-	(32,581)	-	-	-	-	(32,581)

Decrease in net assets resulting from Unitholders' transaction	-	(98,381)	-	-	-	-	(98,381)

At 31 March 2019	1,690,806	215,508	(128,805)	(122,995)	1,000,743	(11,944)	2,643,313
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YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019 - continued**

TRUST	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
At 1 July 2018	1,690,806	184,699	238,991	(9,555)	2,104,941
Operations for the period					
Profit/(Loss) for the period	-	98,382	(3,035)	-	95,347
Other comprehensive expense	-	-	-	(2,389)	(2,389)
	-----	-----	-----	-----	-----
Increase/(Decrease) in net assets resulting from operations	-	98,382	(3,035)	(2,389)	92,958
Unitholders' transactions					
Distribution paid	-	(65,800)	-	-	(65,800)
Provision for income distribution	-	(32,581)	-	-	(32,581)
	-----	-----	-----	-----	-----
Decrease in net assets resulting from Unitholders' transaction	-	(98,381)	-	-	(98,381)
	-----	-----	-----	-----	-----
At 31 March 2019	1,690,806	184,700	235,956	(11,944)	2,099,518
	=====	=====	=====	=====	=====

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 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 period							
Profit for the period	-	119,684	49,321	-	-	-	169,005
Other comprehensive income/(expense)	-	-	-	(134,945)	(84,522)	3,381	(216,086)

Increase/(Decrease) in net assets resulting from operations	-	119,684	49,321	(134,945)	(84,522)	3,381	(47,081)
Unitholders' transactions							
Distribution paid	-	(67,586)	-	-	-	-	(67,586)
Provision for income distribution	-	(33,028)	-	-	-	-	(33,028)

Decrease in net assets resulting from Unitholders' transaction	-	(100,614)	-	-	-	-	(100,614)

At 31 March 2018	1,690,806	201,285	(131,815)	(104,410)	737,922	(10,492)	2,383,296
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YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 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 period					
Profit/(Loss) for the period	-	100,615	(31,062)	-	69,553
Other comprehensive income	-	-	-	3,381	3,381
	-----	-----	-----	-----	-----
Increase/(Decrease) in net assets resulting from operations	-	100,615	(31,062)	3,381	72,934
Unitholders' transactions					
Distribution paid	-	(67,586)	-	-	(67,586)
Provision for income distribution	-	(33,028)	-	-	(33,028)
	-----	-----	-----	-----	-----
Decrease in net assets resulting from Unitholders' transaction	-	(100,614)	-	-	(100,614)
	-----	-----	-----	-----	-----
At 31 March 2018	1,690,806	184,700	205,937	(10,492)	2,070,951
	=====	=====	=====	=====	=====

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 PERIOD ENDED 31 MARCH 2019**

	9 MONTHS ENDED	
	31.03.2019	31.03.2018
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	83,854	170,850
Adjustments for:-		
Amortisation of transaction costs	1,730	3,518
Depreciation of property, plant and equipment	58,406	62,582
Interest income	(1,383)	(916)
Interest expense	62,271	56,124
Loss on disposal of property, plant and equipment	2,320	111
Unrealised gain on foreign currency exchange	(28,898)	(111,903)
	-----	-----
Operating profit before changes in working capital	178,300	180,366
Net changes in current assets	(7,436)	(6,785)
Net changes in current liabilities	8,693	18,024
	-----	-----
Cash generated from operations	179,557	191,605
Income tax paid	(3,509)	(1,028)
	-----	-----
Net cash from operating activities	176,048	190,577
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,383	258
Acquisition of property, plant and equipment	(45,184)	(3,070)
Acquisition of investment property (note a)	(220,190)	(380,000)
Proceed from disposal of equipment	32	44
	-----	-----
Net cash used in investing activities	(263,959)	(382,768)
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YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019 - continued**

	9 MONTHS ENDED	
	31.03.2019	31.03.2018
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(62,271)	(56,124)
Distribution paid	(99,293)	(100,491)
Transaction costs paid	(1,740)	(1,368)
Net proceed of borrowings	247,821	383,200
	-----	-----
Net cash from financing activities	84,517	225,217
	-----	-----
Net (decrease)/increase in cash and cash equivalents	(3,394)	33,026
Effect on exchange rate changes	(2,927)	(14,390)
Cash and cash equivalents at beginning of financial period	155,457	142,462
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Cash and cash equivalents at end of financial period (note a)	149,136	161,098
	=====	=====

Note (a)

Cash and cash equivalents

	As At	As At
	31.03.2019	31.03.2018
	RM'000	RM'000
Deposits with licensed financial institutions	46,368	32,390
Cash at banks	102,768	128,708
	-----	-----
	149,136	161,098
	=====	=====
Analysis of acquisition of investment property:-		
Cash	24,353	-
Borrowings	195,837	380,000
	-----	-----
	220,190	380,000
	=====	=====

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 period 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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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 period ended 31 March 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

	99,293
	=====

A7. Segment Information

The Group's segmental result for the financial period ended 31 March 2019 is as follows:-

	< ---Property rental--->		< --Hotel-- >	
	Malaysia	Japan	Australia	Total
	RM'000	RM'000	RM'000	RM'000
External revenue	100,641	18,165	253,433	372,239
Operating expenses	(5,247)	(3,477)	(170,498)	(179,222)
	-----	-----	-----	-----
Net property income	95,394	14,688	82,935	193,017
	-----	-----	-----	-----
Finance income				1,383
Other income				1,294
Unrealised gain on foreign exchange				28,898

Total income				224,592
Trust and administration expenses				(17,764)
Depreciation				(58,406)
Finance costs				(64,568)

Profit before tax				83,854
				=====
Total assets	2,093,548	523,975	2,045,685	4,663,208
	=====	=====	=====	=====

YTL HOSPITALITY REIT**INTERIM FINANCIAL REPORT**

Notes : - continued

A7. Segment Information - continued

The Group's segmental result for the financial period ended 31 March 2018 is as follows:-

	< ---Property rental--->		< --Hotel-- >	Total
	Malaysia	Japan	Australia	
	RM'000	RM'000	RM'000	RM'000
External revenue	91,155	12,251	280,944	384,350
Operating expenses	(4,925)	(2,988)	(185,715)	(193,628)
	-----	-----	-----	-----
Net property income	86,230	9,263	95,229	190,722
	-----	-----	-----	-----
Finance income				916
Other income				2,609
Unrealised gain on foreign exchange				111,903

Total income				306,150
Trust and administration expenses				(12,468)
Depreciation				(62,582)
Finance costs				(60,250)

Profit before tax				170,850
				=====
				=====
Total assets	2,074,573	285,415	1,815,279	4,175,267
	=====	=====	=====	=====

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 period ended 31 March 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 31.03.2019 RM'000	Preceding Year Corresponding Quarter 31.03.2018 RM'000	Changes %
Revenue	125,906	129,162	(2.52)
Net Property Income	67,373	67,887	(0.76)
Profit Before Tax	36,259	87,103	(58.37)
Income Available For Distribution	32,582	33,029	(1.35)

The income available for distribution in the current financial quarter of RM32.582 million, represented a slight decrease of 1.35% as compared to RM33.029 million recorded in the preceding year corresponding quarter.

For the current financial quarter ended 31 March 2019, Group revenue and net property income decreased by 2.52% and 0.76%, respectively as compared to the preceding year corresponding quarter.

Australian Properties contributed 67.89% of total revenue, or RM85.478 million in the current financial quarter. Australian Properties recorded lower revenue and net property income in the current financial quarter due substantially to 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 translated the revenue and net property income in Australian Dollar to a lower value in Ringgit Malaysia. As a result, the revenue was 6.61% lower as compared to RM91.524 million recorded in the preceding year corresponding quarter. Net property income contributed by the Australian Properties was RM29.596 million, a decrease of 9.85% as compared to RM32.829 million recorded in the preceding year corresponding quarter for the reasons mentioned above.

Malaysian Properties contributed 26.60% of total revenue, or RM33.485 million in the current financial quarter. Revenue and net property income from Malaysian Properties at RM33.485 million and RM31.729 million respectively, approximate to that in the preceding year corresponding quarter of RM33.547 million and RM31.735 million, respectively.

Japanese Properties contributed 5.51% of total revenue, or RM6.943 million in the current financial quarter, which was 69.71% higher as compared to RM4.091 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 RM6.048 million, an increase of 82.00% from RM3.323 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 RM36.259 million for the current financial quarter ended 31 March 2019, a decrease of 58.37%, as compared to a profit before tax of RM87.103 million recorded in the preceding year corresponding quarter. The preceding year corresponding quarter recorded a higher unrealised foreign currency translation gain of RM64.146 million on the Australian Dollar denominated term loan as compared to RM13.841 million gain recorded in the current financial quarter.

Comparison with Preceding Year Corresponding Period

	Current Year To Date 31.03.2019 RM'000	Preceding Year Corresponding Period 31.03.2018 RM'000	Changes %
Revenue	372,239	384,350	(3.15)
Net Property Income	193,017	190,722	1.20
Profit Before Tax	83,854	170,850	(50.92)
Income Available For Distribution	98,382	100,615	(2.22)

The income available for distribution in the current financial period of RM98.382 million, represented a slight decrease of 2.22% as compared to RM100.615 million recorded in the preceding year corresponding period.

For the current financial period ended 31 March 2019, Group revenue decreased by 3.15% while net property income increased by 1.20%, respectively as compared to the preceding year corresponding period.

Australian Properties contributed 68.08% of total revenue, or RM253.433 million in the current financial period, which was 9.79% lower as compared to RM280.944 million recorded in the preceding year corresponding period. Net property income for Australian Properties was RM82.935 million, a decrease of 12.91% as compared to RM95.229 million recorded in the preceding year corresponding period. The decrease in revenue and net property income in the current financial period were due substantially to the reasons set out above.

Malaysian Properties contributed 27.04% of total revenue, or RM100.641 million in the current financial period, which was 10.41% higher as compared to RM91.155 million recorded in the preceding year corresponding period. Net property income for Malaysian Properties was RM95.394 million, an increase of 10.63% from RM86.230 million recorded in the preceding year corresponding period. The increase in revenue and net property income was mainly contributed by The Majestic Hotel Kuala Lumpur which was 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

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Notes : - continued

B1. Review of Performance – continued

Hilton Niseko Village contributed 4.88% of total revenue, or RM18.165 million in the current financial period, which was 48.27% higher than that recorded in the preceding year corresponding period. Net property income for the current period was RM14.688 million, an increase of 58.57% from RM9.263 million recorded in the preceding year corresponding period. 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 RM83.854 million for the current financial period ended 31 March 2019, a decrease of 50.92%, as compared to a profit before tax of RM170.850 million recorded in the preceding year corresponding period. The preceding year corresponding period recorded a higher unrealised foreign currency translation gain of RM111.903 million on the Australian Dollar denominated term loan as compared to RM28.898 million gain recorded in the current financial period.

B2. Comparison with Preceding Quarter

	Current Quarter 31.03.2019 RM'000	Preceding Quarter 31.12.2018 RM'000	Changes %
Revenue	125,906	132,466	(4.95)
Net Property Income	67,373	69,323	(2.81)
Profit Before Tax	36,259	35,598	1.86
Income Available For Distribution	32,582	33,043	(1.40)

The income available for distribution in the current financial quarter recorded at RM32.582 million, represented a slight decrease of 1.40% as compared to RM33.043 million recorded in the preceding quarter.

For the current financial quarter, Group revenue and net property income decreased by 4.95% and 2.81%, respectively as compared to the preceding quarter ended 31 December 2018.

Revenue and net property income from Australian Properties at RM85.478 million and RM29.596 million, respectively in the current financial quarter decreased by 7.00% and 7.22%, respectively as compared to RM91.908 million and RM31.899 million, respectively recorded in the preceding quarter. The Australian portfolio generated lower revenue and net property income in the current financial quarter ended 31 March 2019 due to the reasons set out in Note B1.

Revenue and net property income from Malaysian Properties at RM33.485 million and RM31.729 million respectively, approximate to that in the preceding quarter of RM33.547 million and RM31.799 million, respectively.

For the current financial quarter, Japanese Properties recorded a revenue of RM6.943 million representing a decrease of 0.97% whilst net property income was RM6.048 million, representing an increase of 7.52% as compared to the revenue and net property income recorded in the preceding quarter of RM7.011 million and RM5.625 million, respectively. The increase in net property income was mainly due to costs of maintenance works carried out at a Hilton Niseko Village in the preceding quarter.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B2. Comparison with Preceding Quarter - continued

The Group recorded a profit before tax of RM36.259 million for the current financial quarter ended 31 March 2019, a slight increase of 1.86%, as compared to the preceding quarter ended 31 December 2018.

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 31 March 2019, YTL Hospitality REIT's composition of investment portfolio is as follows:-

	Fair Value As At 31.03.2019 RM'000	% of total investment %
<u>Real Estate - Commercial</u>		
<u>Malaysian Properties</u>		
(i) JW Marriott Hotel Kuala Lumpur	424,000	9
(ii) The Majestic Hotel Kuala Lumpur	385,000	8
(iii) The Ritz-Carlton, Kuala Lumpur - Hotel Wing	343,000	8
(iv) The Ritz-Carlton, Kuala Lumpur - Suite Wing	306,000	7
(v) Vistana Kuala Lumpur Titiwangsa	136,000	3
(vi) Vistana Penang Bukit Jambul	118,000	3
(vii) Pangkor Laut Resort	117,000	3
(viii) Tanjong Jara Resort	102,000	2
(ix) Vistana Kuantan City Centre	88,000	2
(x) Cameron Highlands Resort	60,000	1
<u>Japanese Properties</u>		
(xi) Hilton Niseko Village*	295,577	7
(xii) The Green Leaf Niseko Village*	221,331	5
<u>Australian Properties</u>		
(xiii) Sydney Harbour Marriott^	1,386,617	31
(xiv) Brisbane Marriott^	267,354	6
(xv) Melbourne Marriott^	220,355	5
	-----	-----
Total	4,470,234	100
	=====	=====

Note :

* Translated on 29 March 2019 at the exchange rate of JPY100 : RM3.6855

^ Translated on 29 March 2019 at the exchange rate of AUD1 : RM2.8918

During the current the financial period, the Group completed the acquisition of The Green Leaf Niseko Village.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B5. Change in Net Asset Value (“NAV”)

The total NAV and NAV per unit of the Group as at 31 March 2019 were RM2,643,313,000 and RM1.5509, respectively. The decrease in total NAV was mainly due to the unrealised loss items recorded in respect of the investments in the Japanese and Australian subsidiaries. The unrealised loss items, which are non-distributable, include depreciation and foreign translation differences.

	Current Quarter 31.03.2019	Preceding Quarter 31.12.2018
NAV (RM'000)	2,643,313	2,672,608
Number of units in circulations ('000)	1,704,389	1,704,389
NAV per unit (after distribution) (RM)	1.5509	1.5681
NAV per unit (before distribution) (RM)	1.6086	1.6067

B6. Status of property development activities

There were no property development activities during the current financial quarter ended 31 March 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 2019.

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 period ended 31 March 2019.

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 period ended 31 March 2019, the Australian Properties and Hilton Niseko Village incurred RM45,184,000 (AUD15,195,000) and RM579,000 (JPY15,700,000) for the refurbishment works and property repair and maintenance, respectively.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B12. Taxation

Taxation comprises the following:-

	Current Quarter 31.03.2019 RM'000	Year To Date 31.03.2019 RM'000
Malaysian income tax	34	83
Foreign income tax	476	2,219
Deferred tax	381	(1)
	-----	-----
	891	2,301
	=====	=====

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 period ended 31 March 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%

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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 31 March 2019 are as follows:-

	Short term RM'000	Long term RM'000	Total RM'000
Term Loan – secured	-	1,186,133	1,186,133
Medium Term Notes - secured	10,000	715,000	725,000
	-----	-----	-----
Total borrowings	10,000	1,901,133	1,911,133
Capitalised transaction costs	(77)	(4,147)	(4,224)
	-----	-----	-----
	9,923	1,896,986	1,906,909
	=====	=====	=====
Total Assets			4,663,208
			=====
Gearing ratio (%)			40.98
			=====

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

	Foreign currency '000	RM equivalents RM'000
Australian Dollar [^]	341,334	987,070
Japanese Yen [*]	5,401,250	199,063

		1,186,133
		=====

Note :

[^] Translated on 29 March 2019 at the exchange rate of AUD1 : RM2.8918

^{*} Translated on 29 March 2019 at the exchange rate of JPY100 : RM3.6855

During the current financial period, the Group raised a borrowing in Japanese Yen equivalent to RM199.063 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 hedged its exposure to changes in the variable interest rates by entering into interest rate swaps for the Australian Dollar term loan and issued the medium term notes with fixed coupon rates.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B15. Derivative Financial Instruments

The Group's outstanding derivatives as at 31 March 2019 were as follows:-

Type of Derivative	Contract/ Notional Value RM'000	Fair Value RM'000
Interest rate swap contracts		
- 1 to 5 years	934,100 [^]	(11,944)
	=====	=====

Note :

[^] Translated on 29 March 2019 at the exchange rate of AUD1 : RM2.8918

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 of interest rate swap recognised in other comprehensive income for the current financial quarter and financial period amounted to losses of RM1.824 million and RM2.389 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 an interim distribution of 1.9116 sen per unit of which 1.7390 sen is taxable and 0.1726 sen is not taxable in the hands of unitholders, totalling RM32,581,098 (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 31 March 2019.

The total income distribution paid and declared for the financial period ended 31 March 2019 is 5.7722 sen per unit, totalling RM98,380,735 and representing approximately 100% of the total distributable income. The book closure and payment dates in respect of the interim distribution will be fixed on 18 and 28 June 2019, respectively.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B16. Income Distribution - continued

The interim income distribution is from the following sources:-

	Current Year Quarter 31.03.2019 RM'000	Preceding Year Corresponding Quarter 31.03.2018 RM'000	Current Year To Date 31.03.2019 RM'000	Preceding Year To Date 31.03.2018 RM'000
Net property income	67,373	67,887	193,017	190,722
Other income	14,749	65,053	31,575	115,428
Expenses	(45,863)	(45,837)	(140,738)	(135,300)
	-----	-----	-----	-----
Profit before tax	36,259	87,103	83,854	170,850
Income tax expense	(891)	(725)	(2,301)	(1,845)
	-----	-----	-----	-----
Profit after taxation	35,368	86,378	81,553	169,005
Distribution adjustments	(2,786)	(53,349)	16,829	(68,390)
	-----	-----	-----	-----
Realised income for the quarter/period	32,582	33,029	98,382	100,615
Total undistributed realised income brought forward	184,699	184,699	184,699	184,699
	-----	-----	-----	-----
Total realised income available for distribution	217,281	217,728	283,081	285,314
Less: Income distribution	(32,581)	(33,028)	(98,381)	(100,614)
	-----	-----	-----	-----
Balance undistributed realised income	184,700	184,700	184,700	184,700
	=====	=====	=====	=====

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B16. Income Distribution - continued

	Current Year To Date 31.03.2019 RM'000	Preceding Year To Date 31.03.2018 RM'000
Distribution per unit (sen)		
- first interim	1.9219	1.9737
- second interim	1.9387	1.9917
- third interim	1.9116	1.9378
	-----	-----
Total income distribution per unit (sen)	5.7722	5.9032
	=====	=====

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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 May 2019