

YTL HOSPITALITY REIT

Established in Malaysia

**Interim Financial Report
31 December 2020**

YTL HOSPITALITY REIT

Interim Financial Report 31 December 2020

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YTL HOSPITALITY REIT**INTERIM FINANCIAL REPORT**

Interim financial report on results for the financial period ended 31 December 2020.

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
	31.12.2020	QUARTER	31.12.2020	QUARTER
	RM'000	31.12.2019	RM'000	31.12.2019
		RM'000		RM'000
REALISED REVENUE	57,874	131,100	17,784	35,058
ACCRUED LEASE INCOME	20,925	-	18,727	-
TOTAL REVENUE	78,799	131,100	36,511	35,058
PROPERTY OPERATING EXPENSES	(29,671)	(60,063)	(1,847)	(1,828)
NET PROPERTY INCOME	49,128	71,037	34,664	33,230
FINANCE INCOME	46	361	19,899	26,763
OTHER INCOME	439	396	15	-
MANAGER'S FEES	(2,166)	(2,638)	(2,166)	(2,638)
TRUSTEE'S FEES	(354)	(365)	(354)	(365)
DEPRECIATION	(14,264)	(18,283)	-	-
ADMINISTRATION EXPENSES	(939)	(2,521)	(108)	(1,423)
FINANCE COSTS	(15,392)	(22,543)	(15,370)	(22,520)
UNREALISED (LOSS)/GAIN ON FOREIGN EXCHANGE	(42,506)	(6,396)	5,286	(432)
(LOSS)/PROFIT BEFORE TAX	(26,008)	19,048	41,866	32,615

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INTERIM FINANCIAL REPORT

CONDENSED INCOME STATEMENTS FOR THE QUARTER – continued

	GROUP		TRUST	
	CURRENT YEAR QUARTER 31.12.2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2019 RM'000	CURRENT YEAR QUARTER 31.12.2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2019 RM'000
(LOSS)/PROFIT BEFORE TAX	(26,008)	19,048	41,866	32,615
INCOME TAX EXPENSE	(365)	(940)	(409)	(394)
(LOSS)/PROFIT FOR THE QUARTER	(26,373)	18,108	41,457	32,221
DISTRIBUTION ADJUSTMENTS:				
- Accrued lease income	(20,925)	-	(18,727)	-
- Depreciation	14,264	18,283	-	-
- Net income from foreign operations	7,972	(10,134)	-	-
- Unrealised foreign translation differences	42,506	6,396	(5,286)	432
INCOME AVAILABLE FOR DISTRIBUTION / TOTAL DISTRIBUTABLE INCOME	17,444	32,653	17,444	32,653
UNDISTRIBUTED DISTRIBUTABLE INCOME BROUGHT FORWARD	16,843	1	16,843	1
UNDISTRIBUTED DISTRIBUTABLE INCOME AVAILABLE FOR DISTRIBUTION	34,287	32,654	34,287	32,654

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INTERIM FINANCIAL REPORT

CONDENSED INCOME STATEMENTS FOR THE QUARTER – continued

	GROUP		TRUST	
	CURRENT	PRECEDING	CURRENT	PRECEDING
	YEAR	YEAR	YEAR	YEAR
	QUARTER	CORRESPONDING	QUARTER	CORRESPONDING
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
UNDISTRIBUTED DISTRIBUTABLE INCOME AVAILABLE FOR DISTRIBUTION	34,287	32,654	34,287	32,654
PROVISION FOR INCOME DISTRIBUTION	(30,858)*	(32,653)	(30,858)*	(32,653)
UNDISTRIBUTED DISTRIBUTABLE INCOME	3,429	1	3,429	1
DISTRIBUTABLE INCOME PER UNIT (Sen)	1.0235	1.9158	1.0235	1.9158
GROSS DISTRIBUTION PER UNIT (Sen)	1.8105*	1.9158	1.8105*	1.9158

* The income distribution frequency has been changed from quarterly to semi-annually effective from the financial quarter ended 31 March 2020.

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

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CONDENSED STATEMENTS OF COMPREHENSIVE INCOME FOR THE QUARTER

	GROUP		TRUST	
	CURRENT	PRECEDING	CURRENT	PRECEDING
	YEAR	YEAR	YEAR	YEAR
	QUARTER	CORRESPONDING	QUARTER	CORRESPONDING
	31.12.2020	QUARTER	31.12.2020	QUARTER
	RM'000	31.12.2019	RM'000	31.12.2019
		RM'000		RM'000
(LOSS)/PROFIT FOR THE QUARTER	(26,373)	18,108	41,457	32,221
OTHER COMPREHENSIVE INCOME:-				
<i>ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT:-</i>				
CASH FLOW HEDGE	-	3,876	-	3,876
CURRENCY TRANSLATION DIFFERENCES	74,132	10,705	-	-
	-----	-----	-----	-----
TOTAL COMPREHENSIVE INCOME FOR THE QUARTER	47,759	32,689	41,457	36,097
	=====	=====	=====	=====
(LOSS)/PROFIT FOR THE QUARTER IS MADE UP AS FOLLOWS:-				
REALISED PROFIT	9,472	42,787	17,444	32,653
UNREALISED (LOSS)PROFIT	(35,845)	(24,679)	24,013	(432)
	-----	-----	-----	-----
	(26,373)	18,108	41,457	32,221
	=====	=====	=====	=====
Weighted average number of units ('000)	1,704,389	1,704,389	1,704,389	1,704,389
	=====	=====	=====	=====
(LOSS)/EARNINGS PER UNIT (Sen)	(1.55)	1.06	2.43	1.89
	=====	=====	=====	=====

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.

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

	GROUP		TRUST	
	6 MONTHS ENDED		6 MONTHS ENDED	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
REALISED REVENUE	115,990	251,818	35,568	70,117
ACCRUED LEASE INCOME	41,850	-	37,454	-
TOTAL REVENUE	157,840	251,818	73,022	70,117
PROPERTY OPERATING EXPENSES	(55,709)	(118,043)	(3,700)	(3,656)
NET PROPERTY INCOME	102,131	133,775	69,322	66,461
FINANCE INCOME	150	607	39,904	53,362
OTHER INCOME	828	780	15	-
MANAGER'S FEES	(4,411)	(5,107)	(4,411)	(5,107)
TRUSTEE'S FEES	(710)	(729)	(710)	(729)
DEPRECIATION	(28,703)	(36,659)	(1)	(1)
ADMINISTRATION EXPENSES	(1,754)	(5,347)	(234)	(2,173)
FINANCE COSTS	(31,368)	(45,024)	(31,323)	(44,979)
UNREALISED (LOSS)/GAIN ON FOREIGN EXCHANGE	(45,115)	17,084	5,226	(2,974)
(LOSS)/PROFIT BEFORE TAX	(8,952)	59,380	77,788	63,860

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

CONDENSED INCOME STATEMENTS FOR THE PERIOD – continued

	GROUP		TRUST	
	6 MONTHS ENDED		6 MONTHS ENDED	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
(LOSS)/PROFIT BEFORE TAX	(8,952)	59,380	77,788	63,860
INCOME TAX EXPENSE	(863)	(1,609)	(822)	(801)
	-----	-----	-----	-----
(LOSS)/PROFIT FOR THE PERIOD	(9,815)	57,771	76,966	63,059
DISTRIBUTION ADJUSTMENTS:				
- Accrued lease income	(41,850)	-	(37,454)	-
- Depreciation	28,703	36,658	1	-
- Net income from foreign operations	12,134	(11,312)	-	-
- Unrealised foreign translation differences	45,115	(17,084)	(5,226)	2,974
	-----	-----	-----	-----
INCOME AVAILABLE FOR DISTRIBUTION / TOTAL DISTRIBUTABLE INCOME	34,287	66,033	34,287	66,033
DISTRIBUTION PAID	-*	(33,379)	-*	(33,379)
PROVISION FOR INCOME DISTRIBUTION	(30,858)*	(32,653)	(30,858)*	(32,653)
	-----	-----	-----	-----
UNDISTRIBUTED DISTRIBUTABLE INCOME	3,429	1	3,429	1
	=====	=====	=====	=====
DISTRIBUTABLE INCOME PER UNIT (Sen)	2.0117	3.8743	2.0117	3.8743
	=====	=====	=====	=====
GROSS DISTRIBUTION PER UNIT (Sen)	1.8105	3.8742	1.8105	3.8742
	=====	=====	=====	=====

* The income distribution frequency has been changed from quarterly to semi-annually effective from the financial quarter ended 31 March 2020.

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 PERIOD

	GROUP		TRUST	
	6 MONTHS ENDED		6 MONTHS ENDED	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
(LOSS)/PROFIT FOR THE PERIOD	(9,815)	57,771	76,966	63,059
OTHER COMPREHENSIVE INCOME/(EXPENSE):-				
<i>ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT:-</i>				
CASH FLOW HEDGE	-	6,838	-	6,838
CURRENCY TRANSLATION DIFFERENCES	78,180	(36,495)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	68,365	28,114	76,966	69,897
(LOSS)/PROFIT FOR THE PERIOD IS MADE UP AS FOLLOWS:-				
REALISED PROFIT	22,153	77,345	34,287	66,033
UNREALISED (LOSS) / PROFIT	(31,968)	(19,574)	42,679	(2,974)
	(9,815)	57,771	76,966	63,059
Weighted average number of units ('000)	1,704,389	1,704,389	1,704,389	1,704,389
(LOSS)/EARNINGS PER UNIT (Sen)	(0.58)	3.39	4.52	3.70

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 31.12.2020 RM'000	AUDITED AS AT 30.06.2020 RM'000	UNAUDITED AS AT 31.12.2020 RM'000	AUDITED AS AT 30.06.2020 RM'000
ASSETS				
Non-current Assets				
Investment properties	2,736,028	2,747,190	2,218,000	2,218,000
Property, plant and equipment	1,807,391	1,750,176	-	-
Accrued lease income	41,780	-	37,454	-
Right-of-use asset	205	206	205	206
Investment in subsidiaries	-	-	527,536	527,536
Amount due from subsidiaries	-	-	1,419,020	1,374,807
Deferred tax assets	1,735	1,671	-	-
	-----	-----	-----	-----
	4,587,139	4,499,243	4,202,215	4,120,549
	-----	-----	-----	-----
Current Assets				
Inventories	348	400	-	-
Trade and other receivables	47,286	46,521	8,706	12,949
Income tax assets	1,840	1,464	-	-
Amount due from subsidiaries	-	-	134,093	135,150
Deposits with licensed financial institutions	37,574	40,124	5,751	9,794
Cash at banks	79,446	105,784	3,498	2,507
	-----	-----	-----	-----
	166,494	194,293	152,048	160,400
	-----	-----	-----	-----
TOTAL ASSETS	4,753,633	4,693,536	4,354,263	4,280,949
	=====	=====	=====	=====
UNITHOLDERS' FUNDS				
Unitholders' capital	1,690,806	1,690,806	1,690,806	1,690,806
Distributable income	214,878	223,583	200,838	197,409
Reserves	687,722	641,510	340,685	298,006
	-----	-----	-----	-----
Net Asset Value	2,593,406	2,555,899	2,232,329	2,186,221
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YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

CONDENSED STATEMENTS OF FINANCIAL POSITION – continued

	GROUP		TRUST	
	UNAUDITED AS AT 31.12.2020 RM'000	AUDITED AS AT 30.06.2020 RM'000	UNAUDITED AS AT 31.12.2020 RM'000	AUDITED AS AT 30.06.2020 RM'000
LIABILITIES				
Non-current Liabilities				
Borrowings	2,078,900	2,036,559	1,268,900	1,226,559
Lease liability	209	203	209	203
Other payables	-	702	-	-
Amount due to a subsidiary	-	-	810,000	810,000
	-----	-----	-----	-----
	2,079,109	2,037,464	2,079,109	2,036,762
	-----	-----	-----	-----
Current Liabilities				
Trade and other payables	50,260	51,815	11,967	9,608
Provision for income distribution	30,858	48,358	30,858	48,358
	-----	-----	-----	-----
	81,118	100,173	42,825	57,966
	-----	-----	-----	-----
TOTAL LIABILITIES	2,160,227	2,137,637	2,121,934	2,094,728
	-----	-----	-----	-----
TOTAL UNITHOLDERS' FUNDS & LIABILITIES	4,753,633	4,693,536	4,354,263	4,280,949
	=====	=====	=====	=====
Net asset value (RM'000)				
- before income distribution	2,624,264	2,670,289	2,263,187	2,300,611
- after income distribution	2,593,406	2,555,899	2,232,329	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	1.540	1.567	1.328	1.350
- after income distribution	1.522	1.500	1.310	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 PERIOD ENDED 31 DECEMBER 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 2020	1,690,806	223,583	(254,329)	(64,529)	960,368	-	2,555,899
Operations for the period							
Profit/(Loss) for the period	-	22,153	(31,968)	-	-	-	(9,815)
Other comprehensive income	-	-	-	31,196	46,984	-	78,180
Increase/(Decrease) in net assets resulting from operations	-	22,153	(31,968)	31,196	46,984	-	68,365
Unitholders' transactions							
Provision for income distribution*	-	(30,858)	-	-	-	-	(30,858)
Decrease in net assets resulting from Unitholders' transaction	-	(30,858)	-	-	-	-	(30,858)
At 31 December 2020	1,690,806	214,878	(286,297)	(33,333)	1,007,352	-	2,593,406

* The income distribution frequency has been changed from quarterly to semi-annually effective from the financial quarter ended 31 March 2020.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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 2020	1,690,806	197,409	298,006	-	2,186,221
Operations for the period					
Profit for the period	-	34,287	42,679	-	76,966
Other comprehensive income	-	-	-	-	-
	-----	-----	-----	-----	-----
Increase in net assets resulting from operations	-	34,287	42,679	-	76,966
Unitholders' transactions					
Provision for income distribution*	-	(30,858)	-	-	(30,858)
	-----	-----	-----	-----	-----
Decrease in net assets resulting from Unitholders' transaction	-	(30,858)	-	-	(30,858)
	-----	-----	-----	-----	-----
At 31 December 2020	1,690,806	200,838	340,685	-	2,232,329
	=====	=====	=====	=====	=====

* The income distribution frequency has been changed from quarterly to semi-annually effective from the financial quarter ended 31 March 2020.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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 2019	1,690,806	210,903	(136,853)	(95,066)	1,081,858	(14,548)	2,737,100
Operations for the period							
Profit/(Loss) for the period	-	77,345	(19,574)	-	-	-	57,771
Other comprehensive (loss)/income	-	-	-	(22,744)	(13,751)	6,838	(29,657)

Increase/(Decrease) in net assets resulting from operations	-	77,345	(19,574)	(22,744)	(13,751)	6,838	28,114
Unitholders' transactions							
Distribution paid	-	(33,379)	-	-	-	-	(33,379)
Provision for income distribution	-	(32,653)	-	-	-	-	(32,653)

Decrease in net assets resulting from Unitholders' transaction	-	(66,032)	-	-	-	-	(66,032)

At 31 December 2019	1,690,806	222,216	(156,427)	(117,810)	1,068,107	(7,710)	2,699,182
=====							

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019 - 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 period					
Profit/(Loss) for the period	-	66,033	(2,974)	-	63,059
Other comprehensive income	-	-	-	6,838	6,838
	-----	-----	-----	-----	-----
Increase/(Decrease) in net assets resulting from operations	-	66,033	(2,974)	6,838	69,897
Unitholders' transactions					
Distribution paid	-	(33,379)	-	-	(33,379)
Provision for income distribution	-	(32,653)	-	-	(32,653)
	-----	-----	-----	-----	-----
Decrease in net assets resulting from Unitholders' transaction	-	(66,032)	-	-	(66,032)
	-----	-----	-----	-----	-----
At 31 December 2019	1,690,806	184,700	271,961	(7,710)	2,139,757
	=====	=====	=====	=====	=====

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 PERIOD ENDED 31 DECEMBER 2020**

	6 MONTHS ENDED	
	31.12.2020	31.12.2019
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(8,952)	59,380
Adjustments for:-		
Accrued lease income	(41,850)	-
Amortisation of transaction costs	1,049	1,208
Depreciation	28,703	36,659
Interest income	(150)	(607)
Interest expense	30,215	43,709
Loss on disposal of property, plant and equipment	28	41
Unrealised loss/(gain) on foreign currency exchange	45,115	(17,084)
	-----	-----
Operating profit before changes in working capital	54,158	123,306
Net changes in current assets	138	(11,032)
Net changes in current liabilities	(3,914)	4,098
	-----	-----
Cash generated from operations	50,382	116,372
Income tax paid	(1,221)	(1,879)
	-----	-----
Net cash from operating activities	49,161	114,493
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	150	607
Acquisition of property, plant and equipment	(1,143)	(5,075)
	-----	-----
Net cash used in investing activities	(993)	(4,468)
	-----	-----

YTL HOSPITALITY REIT**INTERIM FINANCIAL REPORT****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020 - continued**

	6 MONTHS ENDED	
	31.12.2020	31.12.2019
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(30,210)	(43,709)
Distribution paid	(48,358)	(69,152)
Transaction costs paid	(3,923)	-
	-----	-----
Net cash used in financing activities	(82,491)	(112,861)
	-----	-----
Net decrease in cash and cash equivalents	(34,323)	(2,836)
Effect on exchange rate changes	5,435	(329)
Cash and cash equivalents at beginning of financial period	145,908	148,972
	-----	-----
Cash and cash equivalents at end of financial period (note a)	117,020	145,807
	=====	=====

Note (a)

	As At	As At
	31.12.2020	31.12.2019
	RM'000	RM'000
Cash and cash equivalents:-		
Deposits with licensed financial institutions	37,574	33,062
Cash at banks	79,446	112,745
	-----	-----
	117,020	145,807
	=====	=====

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 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 period 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 period ended 31 December 2020:-

	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 =====

A7. Segment Information

The Group's segmental result for the financial period ended 31 December 2020 is as follows:-

	< ---Property rental--- >		< --Hotel-- >	
	Malaysia RM'000	Japan RM'000	Australia RM'000	Total RM'000
External revenue	73,022	14,701	70,117	157,840
Operating expenses	(3,700)	(1,956)	(50,053)	(55,709)
	-----	-----	-----	-----
Net property income	69,322	12,745	20,064	102,131
	-----	-----	-----	
Finance income				150
Other income				828

Total income				103,109
Trust and administration expenses				(6,875)
Depreciation				(28,703)
Finance costs				(31,368)
Unrealised loss on foreign exchange				(45,115)

Loss before tax				(8,952)
				=====
Total assets	2,273,696	536,587	1,943,350	4,753,633
	=====	=====	=====	=====

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YTL HOSPITALITY REIT**INTERIM FINANCIAL REPORT**

Notes : - continued

A7. Segment Information - continued

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

	< ---Property rental--->		< --Hotel-- >	Total
	Malaysia	Japan	Australia	
	RM'000	RM'000	RM'000	RM'000
External revenue	70,117	14,151	167,550	251,818
Operating expenses	(3,656)	(2,566)	(111,821)	(118,043)
Net property income	66,461	11,585	55,729	133,775
Finance income				607
Other income				780
Unrealised gain on foreign exchange				17,084
Total income				152,246
Trust and administration expenses				(11,183)
Depreciation				(36,659)
Finance costs				(45,024)
Profit before tax				59,380
Total assets	2,211,082	528,897	2,064,748	4,804,727

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 period ended 31 December 2020 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 % +/-
	31.12.2020 RM'000	31.12.2019 RM'000		31.12.2020 RM'000	31.12.2019 RM'000	
Revenue:						
- Hotel (Management contracts)	34,950	89,041	-60.75	70,117	167,550	-58.15
- Property rental (Master leases)	43,849	42,059	4.26	87,723	84,268	4.10
	-----	-----		-----	-----	
	78,799	131,100	-39.89	157,840	251,818	-37.32
	=====	=====		=====	=====	
Net Property Income:						
- Hotel (Management contracts)	8,100	32,284	-74.91	20,064	55,729	-64.00
- Property rental (Master leases)	41,028	38,753	5.87	82,067	78,046	5.15
	-----	-----		-----	-----	
	49,128	71,037	-30.84	102,131	133,775	-23.65
	=====	=====		=====	=====	
(Loss)/Profit Before Tax	(26,008)	19,048	-236.54	(8,952)	59,380	-115.08
Income Available For Distribution	17,444	32,653	-46.58	34,287	66,033	-48.08

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YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B1. Review of Performance - continued

For the current financial quarter under review, the Group recorded revenue and net property income of RM78.799 million and RM49.128 million, respectively, as compared to RM131.100 million and RM71.037 million, respectively, recorded in the preceding year corresponding quarter. This represented a decrease of 39.89% and 30.84%, respectively.

The Group recorded a loss before tax of RM26.008 million for the current financial quarter ended 31 December 2020, a decrease of 236.54% as compared to a profit before tax of RM19.048 million recorded in the preceding year corresponding quarter due to the unrealised foreign currency translation loss of RM45.220 million on borrowings denominated in Australian Dollar as compared to a translation loss of RM12.546 million recorded in the preceding year corresponding quarter. The Australian Dollar strengthened against the Ringgit at the end of the quarter under review.

The income available for distribution in the current financial quarter of RM17.444 million, represented a decrease of 46.58% as compared to RM32.653 million recorded in the preceding year corresponding quarter mainly due to lower performance from the Australian portfolio arising from the COVID-19 pandemic and rental variations approved for the Malaysian and Japanese Properties (except The Green Leaf Niseko Village) which reduced the lease rentals by 50% for twenty-four months commencing 1 July 2020 until 30 June 2022 (“Rental Variations”).

For the current financial period under review, the Group recorded revenue and net property income of RM157.840 million and RM102.131 million, respectively, as compared to RM251.818 million and RM133.775 million, respectively, recorded in the preceding year corresponding period ended 31 December 2019. This represented a decrease of 37.32% and 23.65%, respectively as compared to the preceding year corresponding period.

The Group recorded a loss before tax of RM8.952 million for the current financial period ended 31 December 2020, a decrease of 115.08% as compared to a profit before tax of RM59.380 million recorded in the preceding financial period due to the unrealised foreign currency translation loss of RM49.742 million on borrowings denominated in Australian Dollar as compared to a translation gain of RM12.649 million recognised during the preceding year corresponding period.

The income available for distribution in the current financial period of RM34.287 million, represented a decrease of 48.08% as compared to RM66.033 million recorded in the preceding year corresponding period 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/period ended 31 December 2020 as compared to the preceding year corresponding quarter/period 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.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B1. Review of Performance - continued

Property rental

The Rental Variations mentioned above was set off by the recognition of lease income on a straight-line basis over the tenure of the lease due to the variation in the terms.

B2. Comparison with Preceding Quarter

	Current Quarter 31.12.2020 RM'000	Preceding Quarter 30.09.2020 RM'000	Variance % +/-
Revenue:			
- Hotel (Management contracts)	34,950	35,167	-0.62
- Property rental (Master leases)	43,849	43,874	-0.06
	-----	-----	
	78,799	79,041	-0.31
	=====	=====	
Net Property Income:			
- Hotel (Management contracts)	8,100	11,964	-32.30
- Property rental (Master leases)	41,028	41,039	-0.03
	-----	-----	
	49,128	53,003	-7.31
	=====	=====	
(Loss)/Profit Before Tax	(26,008)	17,056	-252.49
Income Available For Distribution	17,444	16,843	3.57

The income available for distribution in the current financial quarter recorded at RM17.444 million, represented an increase of 3.57% as compared to RM16.843 million recorded in the preceding quarter.

For the current financial quarter, Group revenue and net property income decreased by 0.31% and 7.31%, respectively as compared to the preceding financial quarter ended 30 September 2020.

The Group recorded a loss before tax of RM26.008 million for the current financial quarter ended 31 December 2020, a decrease of 252.49%, as compared to the preceding financial quarter ended 30 September 2020 due to the unrealised foreign currency translation loss of RM45.220 million on borrowings denominated in Australian Dollar as compared to a loss of RM4.522 million recorded during the preceding financial quarter.

Performance of the respective operating business segments for the financial quarter ended 31 December 2020 as compared to the preceding quarter are analysed as follows:-

Hotel

Revenue from Australian portfolio approximate to that in the preceding financial quarter mainly contributed from the participation in government isolation group business, while net property income from Australian portfolio have decreased due to the cessation of Brisbane Marriott for government subsidies from October 2020.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B2. Comparison with Preceding Quarter - continued

Property rental

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

B3. Prospects

The World Health Organization declared the COVID-19 outbreak a global pandemic while the International Monetary Fund in the World Economic Outlook update in January 2021 expected the recent vaccine approvals to raise hopes of a turnaround in the pandemic later this year, however renewed waves and new variants of the virus pose concerns for the outlook. Amid exceptional uncertainty, the global economy is projected to grow 5.5% in 2021 and 4.2% in 2022. *(Source: International Monetary Fund, World Economic Outlook Update, January 2021 – Policy Support and Vaccines Expected to Lift Activity, 20 January 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. Encouraging news on vaccines has boosted hopes for recovery but challenges remain, with the sector expected to remain in survival mode until well into 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 31 December 2020, YTL Hospitality REIT's composition of investment portfolio is as follows:-

	Fair Value As At 31.12.2020 RM'000	% of total investment %
<u>Real Estate - Commercial</u>		
<u>Malaysian Properties</u>		
(i) JW Marriott Hotel Kuala Lumpur	523,000	11
(ii) The Majestic Hotel Kuala Lumpur	390,000	9
(iii) The Ritz-Carlton, Kuala Lumpur - Hotel Wing	360,000	8
(iv) The Ritz-Carlton, Kuala Lumpur - Suite Wing	313,000	7
(v) AC Hotel Kuala Lumpur Titiwangsa	139,000	3
(vi) AC Hotel Penang Bukit Jambul	121,000	3
(vii) Pangkor Laut Resort	119,000	3
(viii) Tanjong Jara Resort	103,000	2
(ix) AC Hotel Kuantan City Centre	90,000	2
(x) Cameron Highlands Resort	60,000	1
<u>Japanese Properties</u>		
(xi) Hilton Niseko Village*	281,960	6
(xii) The Green Leaf Niseko Village*	236,068	5
<u>Australian Properties</u>		
(xiii) Sydney Harbour Marriott^	1,348,659	30
(xiv) Brisbane Marriott^	240,743	5
(xv) Melbourne Marriott^	217,989	5
	-----	-----
Total	4,543,419	100
	=====	=====

Note :

* Translated on 31 December 2020 at the exchange rate of JPY100 : RM3.8891

^ Translated on 31 December 2020 at the exchange rate of AUD1 : RM3.0896

B6. Change in Net Asset Value ("NAV")

The total NAV and NAV per unit of the Group as at 31 December 2020 were RM2,593,406,000 and RM1.5216, respectively. The increase in total NAV was mainly due to the unrealised gain items recorded in respect of the investments in the Australian subsidiary.

	Current Quarter 31.12.2020	Preceding Quarter 30.09.2020
NAV (RM'000)	2,593,406	2,576,505
Number of units in circulations ('000)	1,704,389	1,704,389
NAV per unit (after distribution) (RM)	1.5216	1.5117
NAV per unit (before distribution) (RM)	1.5397	1.5117

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B7. Status of property development activities

There were no property development activities during the current financial quarter ended 31 December 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 period ended 31 December 2020.

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 December 2020, RM1,143,000 (AUD381,000) 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 31.12.2020 RM'000	Year To Date 31.12.2020 RM'000
Malaysian income tax	2	24
Foreign income tax	409	822
Deferred tax	(46)	17
	-----	-----
	365	863
	=====	=====

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 December 2020.

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 31 December 2020 are as follows:-

	RM'000
Non-current	
Term Loan – secured	1,276,567
Medium Term Notes - secured	810,000

Total borrowings	2,086,567
Capitalised transaction costs	(7,667)

	2,078,900
	=====
Total Assets	4,753,633
	=====
Gearing ratio (%)	43.89
	=====

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

	Foreign currency '000	RM equivalents RM'000
Australian Dollar [^]	345,193	1,066,507
Japanese Yen [*]	5,401,250	210,060

		1,276,567
		=====

Note :

[^] Translated on 31 December 2020 at the exchange rate of AUD1 : RM3.0896

^{*} Translated on 31 December 2020 at the exchange rate of JPY100 : RM3.8891

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

YTL Hospitality REIT changed its income distribution frequency from quarterly to semi-annually distributions effective from the financial quarter ended 31 March 2020.

For the 6 months from 1 July 2020 to 31 December 2020, The Board of Pintar Projek Sdn. Bhd. has declared an interim distribution of 1.8105 sen per unit of which all is taxable in the hands of unitholders, totalling RM30,857,961 (which is tax exempt at the Trust level under the amended Section 61A of the Income Tax Act 1967), representing approximately 90% of the total distributable income for the financial period ended 31 December 2020. The book closure and payment dates in respect of the interim distribution have been fixed on 11 and 31 March 2021, respectively.

YTL HOSPITALITY REIT**INTERIM FINANCIAL REPORT**

Notes : - continued

B15. Income Distribution - continued

The interim income distribution is from the following sources:-

	Current Year Quarter 31.12.2020 RM'000	Preceding Year Corresponding Quarter 31.12.2019 RM'000	Current Year To Date 31.12.2020 RM'000	Preceding Year To Date 31.12.2019 RM'000
Net property income	49,128	71,037	102,131	133,775
Other income	485	757	978	18,471
Expenses	(75,621)	(52,746)	(112,061)	(92,866)
(Loss)/Profit before tax	(26,008)	19,048	(8,952)	59,380
Income tax expense	(365)	(940)	(863)	(1,609)
(Loss)/Profit after tax	(26,373)	18,108	(9,815)	57,771
Distribution adjustments	43,817	14,545	44,102	8,262
Realised income for the quarter/period	17,444	32,653	34,287	66,033
Total undistributed realised income brought forward	214,252	184,700	197,409	184,699
Total realised income available for distribution	231,696	217,353	231,696	250,732
Less: income distribution	(30,858)	(32,653)	(30,858)	(66,032)
Balance undistributed realised income	200,838	184,700	200,838	184,700
Distribution per unit (sen)	1.8105	1.9158	1.8105	3.8742

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: 25 February 2021